



Information Item

Date: February 14, 2012

To: Mayor and City Council
From: Gigi Decavalles-Hughes, Director of Finance/City Treasurer
Subject: City Monthly Cash and Investment Report for November 2011

Introduction

In compliance with the City Charter, State law, and the City's Investment Policy, the attached monthly report provides information concerning City investments and cash held and/or managed by the Director of Finance/City Treasurer as of November 30, 2011.

Discussion

The November 2011 Investment Report highlights changes from October. The value of cash and investments held in the pooled portfolio decreased by \$4.5 million in October to \$581 million. The decrease primarily reflects return of disputed Transient Occupancy taxes to an on-line travel company in exchange for a letter of credit pending final outcome of litigation. In addition, a large unscheduled debt service payment was made related to the refunding of Public Safety Facility bonds. The pooled portfolio yield-to-maturity of 1.06% was one basis point less than in October and sixteen basis points lower than one year earlier. Investment earnings for the month were \$0.4 million. Fiscal year-to-date earnings are down 13.5% from the same period last year. Interest rates have remained near record lows resulting in callable investments being called and reinvested in lower yielding investments. Current projections are that FY 2011-12 interest earnings (exclusive of year-end adjustments) will be similar to FY 2010-11 results. However, earnings could fall short of expectations without some modest upturn in interest rates.

In addition to the pooled portfolio, the City's total cash holdings as of November 30, 2011 included \$28.8 million in Charnock settlement-related funds held in an escrow account at

Union Bank, \$143 million in debt proceeds held in trust with various fiscal agents, \$11.3 million in other funds held in trust, and \$58,322 in petty cash/change funds for a total balance of \$764.2 million.

In compliance with Governmental Accounting Standards, the Monthly Cash and Investment Report provides the fair market value of all investments held by the City, with certain exceptions, as of the last day of the month. The fair market value may be greater or less than the original purchase price (book/reported value) of the investments due to fluctuations in the market resulting in either an unrealized gain or loss for financial disclosure purposes only. Since it is the City's policy to hold most securities to maturity, these fluctuations in market value do not affect the redemption value of the securities or the overall yield to maturity of the portfolio. The book values of investments shown in this report are exclusive of amortization/accretion of premiums/discounts. As of November 30, 2011, the market value of the City's portfolio was about \$0.1 million greater than the book value.

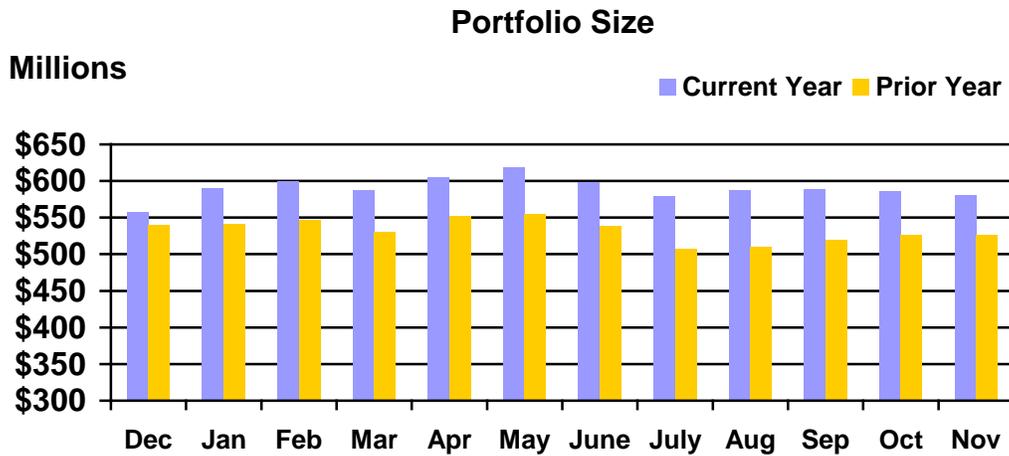
Attached is a summary of investment activity as well as a detailed report of public monies held by the City Treasurer for the month of November 30, 2011.

Prepared by: David Carr, Treasury Administrator

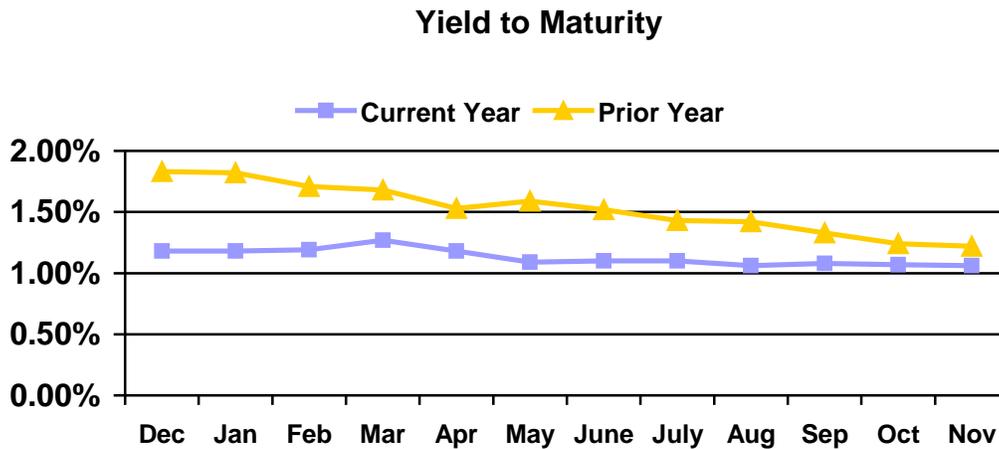
Attachments: 1 – Investment Highlights
2 – Investment Report

Investment Highlights

November 30, 2011

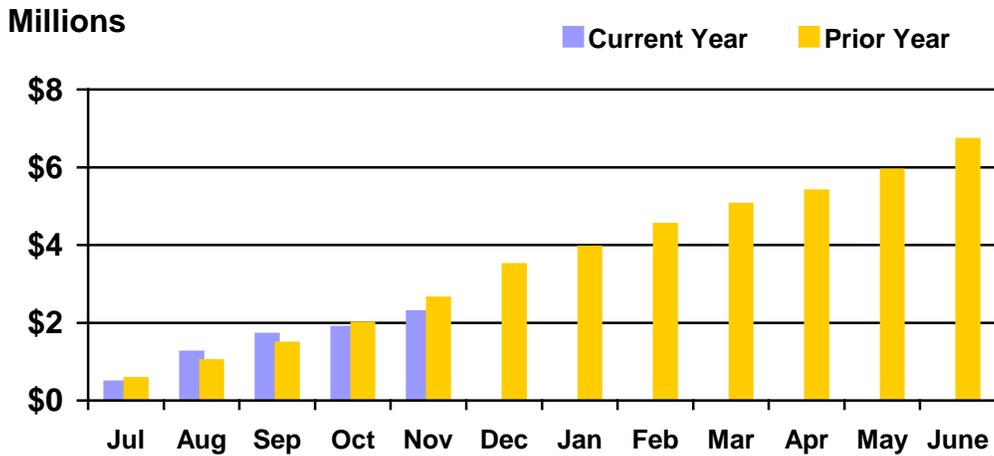


- As of November 30, the portfolio size is \$581 million, \$4.5 million less than in October, but \$54.8 million greater than in November 2010.

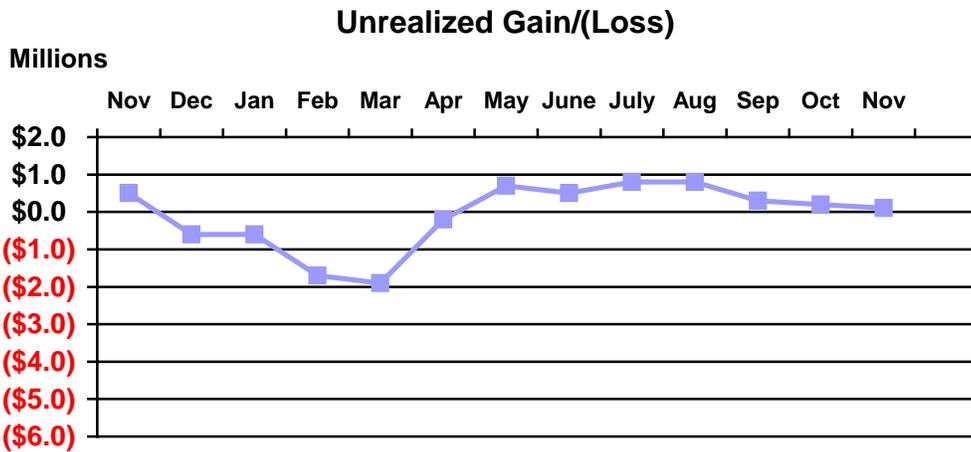


- As of November 30, yield to maturity is 1.06%.
- Decrease of one basis point from October and sixteen basis points from one year earlier.

Fiscal Year-to-Date Interest Earnings (Cumulative by Month)



- November fiscal year-to-date earnings were 13.5% less than for the same period one year earlier.



- The unrealized gain of \$0.1 million reported as of November 30, 2011 is the difference between market value and the unamortized book value (purchase price).



Investment Report

November 2011

Prepared by:
Gigi Decavalles-Hughes, Acting Director of Finance/City Treasurer
David R. Carr, Treasury Administrator

**City of Santa Monica
Report of Public Monies Held by the City Treasurer
As of November 30, 2011**

Petty Cash/Change Funds \$53,822.00

Pooled Portfolio

Bank of America (1)	
General Account	\$1,816,255.56
Columbia Money Market Sweep Account	\$11,261,891.59
Total Bank of America	<u>\$13,078,147.15</u>
Bank of New York (BNY)	
Corporate Bonds - FDIC Insured	\$44,620,650.00
Federal Agencies Securities	\$476,215,300.59
Treasury Bills	\$0.00
Total Bank of New York	<u>\$520,835,950.59</u>
State of California Local Agency Investment Fund - RDA	\$17.57
State of California Local Agency Investment Fund - City	<u>\$47,133,561.60</u>

Total Pooled Portfolio \$581,047,676.91

Restricted Cash/Investments Held in Trust/Debt Proceeds

Union Bank - Redevelopment Agency Term Loan	\$60,246,621.58
Union Bank-Earthquake Recovery Redevelopment 2006	
Tax Allocation Refunding Bonds Series A & B	\$24.18
BNY-Library Improvement Project 2002 Series	\$0.12
BNY-Ocean Park Redevelopment Project 2002 Refunding	\$2,465,340.24
BNY-Parking Authority Lease Revenue Bonds 2002 Refunding	\$2.08
BNY-Public Safety Facility Bonds 2002 Series	\$1,355,450.00
BNY-Public Safety Facility Bonds 2009 Refunding	\$1,199,863.10
BNY-2011 Series A & B Bonds	\$34,111,254.59
U.S. Bank-Wastewater Enterprise Revenue Bonds-1993 Refunding	\$0.00
U.S. Bank-Wastewater Enterprise Revenue Bonds-2005 Refunding	\$1.00
Union Bank-Civic Center Parking Project 2004 Lease Revenue Bonds	\$2,827,033.04
Union Bank-RDA 2011 Tax Allocation Bonds	<u>\$40,806,735.55</u>

Total Restricted Cash/Investments Held in Trust \$143,012,325.48

Charnock Settlement Funds

Union Bank (December 2006 Settlement)	
Money Market Funds	\$418,861.60
Federal Agencies Securities	\$28,365,523.34
Total Union Bank (December 2006 Settlement)	<u>\$28,784,384.94</u>

Total Charnock Settlement Funds \$28,784,384.94

Other Restricted Funds/Funds Held in Trust

Cemetery Perpetual Care Fund (3)	\$7,845,740.00
Mausoleum Perpetual Care Fund (3)	\$852,051.00
HUD Depository Account (4)	\$2,521,939.55
Public Agency Family Self Sufficiency Program (2)	<u>\$94,947.12</u>

Total Other Funds Held in Trust \$11,314,677.67

GRAND TOTAL \$764,212,887.00

City of Santa Monica
Report of Public Monies Held by the City Treasurer
As of November 30, 2011

- (1) This is the actual bank account balance as of 11/30/11. It only reflects checks and warrants that have been presented for payment and deposits received by the bank. The balance on deposit per the City books would reflect reductions for all checks and warrants issued and an increase for all deposits transmitted. Redevelopment Agency, Housing Authority, and Parking Authority Funds included in totals.
- (2) The City of Santa Monica Housing Authority administers the Family Self Sufficiency Program. An escrow account is set up for each family in the program. The Housing Authority maintains and releases the escrow funds as required by HUD regulations.
- (3) The Cemetery Perpetual Care Funds and the Mausoleum Perpetual Care Funds are held in trust by Charles Schwab & Company, Inc. and administered by the investment firm RNC Genter Capital Management Company. Market value is shown since a large portion of the portfolio is in equities.
- (4) HUD Depository account is used to receive monthly housing assistance payments from HUD.

**City of Santa Monica
Cash Receipts, Disbursements and Cash Balances*
November 30, 2011**

Pursuant to Section 711d of the City Charter, I submit the following:

Cash and Investments - October 31, 2011	585,511,442.86
Receipts	34,700,307.67
Disbursements	(39,164,073.62)
Cash and Investments - November 30, 2011	\$581,047,676.91

* Pooled portfolio only. Excludes certain investments held in trust by third parties such as bond proceeds, perpetual care funds, and Charnock settlement funds.

Gigi Decavalles-Hughes
Acting Director of Finance/City Treasurer

Overview

As of November 30, 2011, total City cash and investments were \$764.2 million, a \$29.4 million increase from October. The increase primarily reflects the issuance of Public Financing Authority bonds for the Parking Structure No. 6 project (\$34.1 million), partially offset by a decrease in the pooled investment portfolio (\$4.5 million). Total cash and investments are categorized as follows:

Petty Cash	\$	53,822.00
Pooled Investment Portfolio	\$	581,047,676.91
Restricted Cash/Investment Held in Trust	\$	143,012,325.48
Charnock Settlement Funds	\$	28,784,384.94
Other Funds Held in Trust	\$	11,314,677.67
Total	\$	<u>764,212,887.00</u>

Definitions

- Basis Point – One hundredth of one percent (.01%)
- Book (Reported) Value – The price paid for the security at purchase.
- Bullets – A security with a fixed coupon or interest rate that cannot be redeemed by the issuer before the maturity date.
- Callable Securities – A security that can be redeemed by the issuer before the maturity date.
- Duration – A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a security. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.
- Market Value – The price at which a security is currently trading and could be presumably bought or sold.
- Par Value – The full face value of the security.
- Rebalancing – Strategy whereby low yielding securities are sold at a loss with the proceeds used to purchase higher yielding securities.
- TLGP (Temporary Loan Guarantee Program) – Federal program through which the Federal Deposit Insurance Corporation guarantees repayment of certain bonds issued by financial institutions.
- Unrealized Gain/Loss – Difference between the current market value and purchase price (book value) of a security.

- Yield to Maturity – The rate of return of a security held to maturity when both interest payments and the investor’s gain or loss (premium paid or discount taken) on the security is taken into account.

Pooled Investment Portfolio

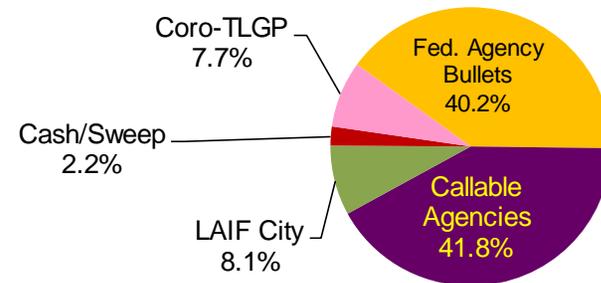
As of November 30, 2011, the portfolio size (unamortized book value/purchase price) of City pooled cash and investments is \$581 million, a \$4.5 million decrease from October. Since the City holds most investments to maturity, variations in portfolio book value are typically due to receipt and expenditure patterns during the month rather than any realized gains or losses on securities. Additionally, the City does not amortize premiums or accrete discounts except for financial reporting purposes on the last day of each fiscal year. The decrease primarily reflects return of disputed Transient Occupancy taxes to an on-line travel company in exchange for a letter of credit pending final outcome of litigation. In addition, a large unscheduled debt service payment was made related to the refunding of Public Safety Facility bonds. Four investments were made during the month (\$18.8 million), two investments matured (\$10.1 million), and four investments were called (\$15 million). No investments were sold. The net total State Local Agency Investment Fund (LAIF) account balances decreased by \$2 million in November. The balance of the money market sweep account as of November month-end was \$11.3 million.

Details of the main portfolio follow.

Portfolio Composition

The portfolio is well-diversified and is in compliance with the City’s Investment Policy and applicable provisions of the State Government Code. The largest sector of the portfolio is Federal Agency Securities (82%). The remaining 18% is invested in the State Local Agency Investment Fund (8.1%); corporate notes (7.7%), all of which are currently FDIC insured bonds (AAA rated) issued under the FDIC’s Temporary Liquidity Guarantee Program (TLGP); and cash including the money market sweep account (2.2%). This portfolio mix allows the City to maintain its primary investment objectives of safety and liquidity while attaining a rate of return consistent with the City’s

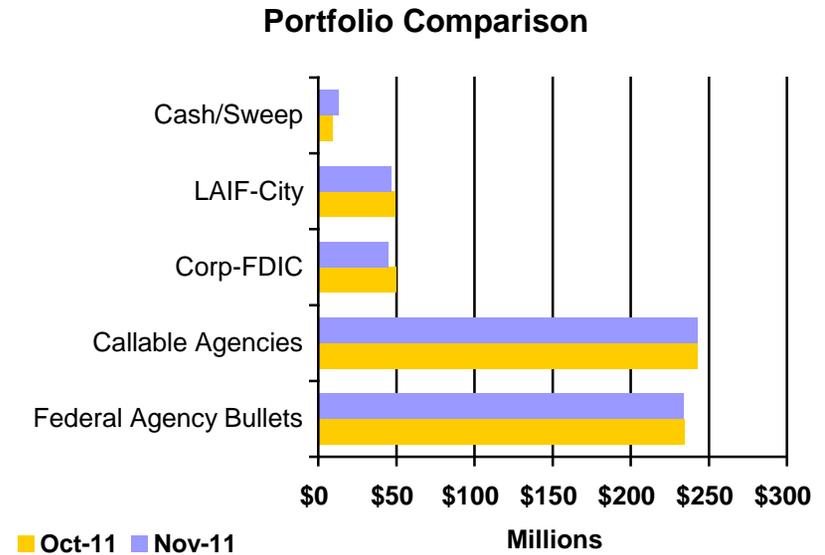
Portfolio Composition



Investment Policy and Investment Plan.

Portfolio Comparison

The chart to the right shows the overall structure of the portfolio by type of investment compared to last month. There were no material changes in November. The City continues to hold a major balance in short term funds as interest rates remain at historic lows, and LAIF is still a significant benefit over other types of investments with maturities one year and under. The bond market, financial and economic conditions, and portfolio structure are continuously evaluated when making investment decisions.



Rebalancing of Portfolio

No portfolio rebalancing occurred in November due to the low interest rate environment. As noted in previous reports, rebalancing opportunities will be evaluated when rates begin to show a consistent pattern of increase.

**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
November 30, 2011**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
Federal Agency Coupon												
31331JBL6	10921	Federal Farm Credit Bank		01/14/2010	5,000,000.00	5,005,550.00	5,003,900.00	1.100	728	1.060	42	01/12/2012
3133XWFP9	10930	Federal Home Loan Bank		02/04/2010	1,205,000.00	1,207,578.70	1,205,554.30	1.050	750	1.025	85	02/24/2012
3133XY6F7	10965	Federal Home Loan Bank		06/04/2010	5,000,000.00	5,010,600.00	5,011,150.00	1.000	634	0.866	89	02/28/2012
3133XWW47	11003	Federal Home Loan Bank		10/06/2010	2,000,000.00	2,005,460.00	2,021,720.00	1.125	520	0.360	99	03/09/2012
31398AH54	11028	Federal National Mort Assoc		12/09/2010	5,000,000.00	5,015,550.00	5,032,150.00	1.000	482	0.510	125	04/04/2012
31331GVL0	10860	Federal Farm Credit Bank		05/07/2009	5,000,000.00	5,037,700.00	5,000,000.00	1.875	1,096	1.875	158	05/07/2012
3133MNVV0	10814	Federal Home Loan Bank		01/16/2009	5,000,000.00	5,127,700.00	5,620,170.41	5.750	1,215	1.880	166	05/15/2012
313375BU0	11131	Federal Home Loan Bank		08/17/2011	5,000,000.00	4,999,250.00	4,998,800.00	0.120	274	0.152	168	05/17/2012
3133XWKU2	10980	Federal Home Loan Bank		07/29/2010	5,000,000.00	5,030,650.00	5,058,750.00	1.375	680	0.737	190	06/08/2012
313374Z37	11121	Federal Home Loan Bank		07/25/2011	2,500,000.00	2,501,000.00	2,499,392.50	0.250	366	0.274	237	07/25/2012
3133XXP68	10946	Federal Home Loan Bank		03/26/2010	5,000,000.00	5,033,100.00	4,990,800.00	1.250	854	1.331	239	07/27/2012
3133.XWXJ3	10938	Federal Home Loan Bank		02/16/2010	4,000,000.00	4,026,800.00	4,000,000.00	1.250	895	1.250	242	07/30/2012
3133XWQ36	10999	Federal Home Loan Bank		09/30/2010	2,500,000.00	2,518,800.00	2,539,400.00	1.375	669	0.514	242	07/30/2012
31398AYM8	10911	Federal National Mort Assoc		12/04/2009	5,000,000.00	5,053,400.00	5,066,400.00	1.750	980	1.245	253	08/10/2012
3133XUE41	10906	Federal Home Loan Bank		11/19/2009	5,000,000.00	5,054,400.00	5,056,600.00	1.750	1,007	1.337	265	08/22/2012
3134G1GQ1	10981	Fed Home Loan Mortgage Corp		08/13/2010	2,500,000.00	2,514,650.00	2,514,900.00	1.000	746	0.668	271	08/28/2012
3133XUK93	10890	Federal Home Loan Bank		08/19/2009	5,000,000.00	5,068,650.00	5,007,335.75	2.000	1,122	1.951	288	09/14/2012
3133XUK93	10995	Federal Home Loan Bank		09/30/2010	2,500,000.00	2,534,325.00	2,571,200.00	2.000	715	0.534	288	09/14/2012
3134G1VG6	11001	Fed Home Loan Mortgage Corp		10/06/2010	3,000,000.00	3,011,100.00	3,006,600.00	0.625	755	0.509	334	10/30/2012
3136FPUC9	11015	Federal National Mort Assoc		11/23/2010	4,000,000.00	4,006,560.00	3,994,480.00	0.500	707	0.572	334	10/30/2012
3134G1WT7	11012	Fed Home Loan Mortgage Corp		11/16/2010	5,000,000.00	5,014,100.00	4,991,650.00	0.515	741	0.612	361	11/26/2012
3134G1WT7	11026	Fed Home Loan Mortgage Corp		12/08/2010	5,000,000.00	5,014,100.00	4,988,000.00	0.515	719	0.638	361	11/26/2012
3133XW7L7	11007	Federal Home Loan Bank		11/04/2010	4,000,000.00	4,053,240.00	4,092,600.00	1.500	804	0.441	412	01/16/2013
31331KAE0	11075	Federal Farm Credit Bank		01/19/2011	5,000,000.00	5,026,950.00	5,000,000.00	0.750	762	0.750	446	02/19/2013
31331JBV4	10929	Federal Farm Credit Bank		02/04/2010	2,500,000.00	2,540,900.00	2,502,800.00	1.750	1,113	1.709	448	02/21/2013
31359MQV8	10909	Federal National Mort Assoc		12/03/2009	5,000,000.00	5,270,200.00	5,496,750.00	4.750	1,176	1.570	448	02/21/2013
3133XWX87	10945	Federal Home Loan Bank		03/23/2010	2,000,000.00	2,033,680.00	2,003,100.00	1.750	1,081	1.696	463	03/08/2013
31331KNE6	11111	Federal Farm Credit Bank		06/23/2011	5,000,000.00	4,982,450.00	4,998,750.00	0.480	629	0.493	468	03/13/2013
31331GVD8	11085	Federal Farm Credit Bank		05/13/2011	2,000,000.00	2,050,520.00	2,061,180.00	2.200	696	0.581	494	04/08/2013
3137EACJ6	11095	Fed Home Loan Mortgage Corp		05/20/2011	3,000,000.00	3,052,950.00	3,062,100.00	1.625	696	0.530	501	04/15/2013
3137EABJ7	11153	Fed Home Loan Mortgage Corp		09/27/2011	4,000,000.00	4,187,720.00	4,211,120.00	3.500	610	0.332	545	05/29/2013
313376GT6	11166	Federal Home Loan Bank		11/30/2011	4,000,000.00	3,999,440.00	4,000,000.00	0.350	547	0.350	546	05/30/2013
3133XR5U0	10901	Federal Home Loan Bank		10/02/2009	5,000,000.00	5,254,100.00	5,312,250.00	3.750	1,351	1.990	561	06/14/2013
3133XYHDO	10962	Federal Home Loan Bank		05/28/2010	5,000,000.00	5,096,250.00	4,995,200.00	1.625	1,113	1.657	561	06/14/2013
3133XYHDO	11151	Federal Home Loan Bank		09/22/2011	3,940,000.00	4,015,845.00	4,047,458.03	1.625	631	0.298	561	06/14/2013
3133XXYX9	11150	Federal Home Loan Bank		09/22/2011	5,000,000.00	5,117,350.00	5,162,747.92	1.875	638	0.278	568	06/21/2013

Portfolio INVT
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**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
November 30, 2011**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
Federal Agency Coupon												
313371AR7	10996	Federal Home Loan Bank		10/01/2010	2,500,000.00	2,514,750.00	2,501,475.00	0.750	1,001	0.730	575	06/28/2013
31331KQK9	11123	Federal Farm Credit Bank		07/22/2011	5,000,000.00	5,004,300.00	5,004,195.83	0.570	714	0.541	582	07/05/2013
3134G2BB7	11078	Fed Home Loan Mortgage Corp		04/05/2011	5,000,000.00	5,002,950.00	4,988,700.00	1.000	822	1.102	582	07/05/2013
31331KSF8	11114	Federal Farm Credit Bank		07/25/2011	4,000,000.00	4,003,040.00	4,000,000.00	0.550	731	0.550	602	07/25/2013
3134G2SQ6	11118	Fed Home Loan Mortgage Corp		07/26/2011	4,000,000.00	3,997,240.00	4,000,000.00	0.400	731	0.400	603	07/26/2013
31331KUY4	11141	Federal Farm Credit Bank		08/31/2011	3,000,000.00	2,993,070.00	2,995,540.00	0.250	719	0.330	627	08/19/2013
3136FJ4C2	10924	Federal National Mort Assoc		02/23/2010	5,000,000.00	5,017,400.00	5,000,000.00	2.000	1,277	2.000	631	08/23/2013
313372H64	11049	Federal Home Loan Bank		01/28/2011	2,200,000.00	2,222,638.00	2,200,000.00	1.000	943	1.000	636	08/28/2013
3133XUPZ0	10942	Federal Home Loan Bank		03/05/2010	3,000,000.00	3,117,840.00	3,076,230.00	2.625	1,288	1.876	652	09/13/2013
313370LB2	10982	Federal Home Loan Bank		08/13/2010	2,500,000.00	2,526,100.00	2,502,850.00	1.000	1,127	0.962	652	09/13/2013
3133747F1	11110	Federal Home Loan Bank		06/27/2011	5,000,000.00	5,007,600.00	5,000,000.00	0.700	823	0.700	666	09/27/2013
3137EACL1	11002	Fed Home Loan Mortgage Corp		10/06/2010	2,000,000.00	2,015,740.00	2,005,360.00	0.875	1,118	0.787	697	10/28/2013
3137EACL1	11011	Fed Home Loan Mortgage Corp		11/16/2010	4,000,000.00	4,031,480.00	4,007,200.00	0.875	1,077	0.814	697	10/28/2013
3137EACL1	11024	Fed Home Loan Mortgage Corp		12/08/2010	5,000,000.00	5,039,350.00	4,988,000.00	0.875	1,055	0.957	697	10/28/2013
3133XVWW7	11048	Federal Home Loan Bank		01/25/2011	5,000,000.00	5,162,950.00	5,134,550.00	2.100	1,035	1.132	725	11/25/2013
31331KY53	11165	Federal Farm Credit Bank		11/29/2011	4,000,000.00	3,993,640.00	4,000,000.00	0.600	731	0.600	729	11/29/2013
3134G2HU9	11102	Fed Home Loan Mortgage Corp		06/09/2011	2,500,000.00	2,500,325.00	2,503,000.00	1.000	914	0.951	739	12/09/2013
3136FPEX1	10989	Federal National Mort Assoc		09/17/2010	2,500,000.00	2,530,078.00	2,500,000.00	1.125	1,187	1.125	747	12/17/2013
313370NL8	10990	Federal Home Loan Bank		08/27/2010	2,500,000.00	2,527,400.00	2,500,650.00	1.000	1,218	0.992	757	12/27/2013
3136FP3T2	11040	Federal National Mort Assoc		01/27/2011	5,000,000.00	5,001,800.00	5,000,000.00	0.750	1,096	0.750	788	01/27/2014
31398AVD1	10914	Federal National Mort Assoc		12/22/2009	5,000,000.00	5,234,650.00	5,092,600.00	2.750	1,506	2.276	797	02/05/2014
31331KCA6	11051	Federal Farm Credit Bank		02/10/2011	2,500,000.00	2,548,200.00	2,500,000.00	1.375	1,096	1.375	802	02/10/2014
31331GNA3	10937	Federal Farm Credit Bank		02/12/2010	4,000,000.00	4,223,560.00	4,117,520.00	3.000	1,461	2.228	804	02/12/2014
3134G2VD1	11143	Fed Home Loan Mortgage Corp		08/31/2011	3,000,000.00	3,002,580.00	3,007,007.50	0.750	908	0.660	816	02/24/2014
313372U93	11058	Federal Home Loan Bank		03/03/2011	5,000,000.00	5,099,100.00	5,000,000.00	1.400	1,093	1.400	820	02/28/2014
31398AVZ2	11016	Federal National Mort Assoc		11/23/2010	3,000,000.00	3,147,870.00	3,175,080.00	2.750	1,206	0.952	833	03/13/2014
3136FREA7	11069	Federal National Mort Assoc		03/21/2011	5,000,000.00	5,001,200.00	5,000,000.00	0.875	1,096	0.875	841	03/21/2014
3134G2CL4	11094	Fed Home Loan Mortgage Corp		05/20/2011	5,000,000.00	5,093,150.00	5,042,750.00	1.350	1,075	1.054	880	04/29/2014
31331KKQ2	11090	Federal Farm Credit Bank		05/19/2011	5,000,000.00	5,062,500.00	5,012,850.00	1.150	1,089	1.062	893	05/12/2014
3134G2HP0	11089	Fed Home Loan Mortgage Corp		06/02/2011	2,500,000.00	2,500,075.00	2,500,000.00	1.300	1,096	1.300	914	06/02/2014
3134G2JV5	11099	Fed Home Loan Mortgage Corp		06/06/2011	2,500,000.00	2,509,150.00	2,500,000.00	1.250	1,096	1.250	918	06/06/2014
313373WB4	11091	Federal Home Loan Bank		06/09/2011	2,500,000.00	2,500,150.00	2,500,000.00	0.700	1,096	0.700	921	06/09/2014
3133XWE70	11008	Federal Home Loan Bank		11/04/2010	4,000,000.00	4,193,080.00	4,237,120.00	2.500	1,317	0.829	925	06/13/2014
3136FRQJ5	11103	Federal National Mort Assoc		06/20/2011	5,000,000.00	5,019,400.00	5,000,000.00	1.170	1,096	1.170	932	06/20/2014
313371YA8	11018	Federal Home Loan Bank		12/27/2010	2,500,000.00	2,501,350.00	2,500,000.00	1.200	1,278	1.200	939	06/27/2014
3136FRTW3	11109	Federal National Mort Assoc		06/30/2011	5,000,000.00	5,002,800.00	5,000,000.00	1.100	1,096	1.100	942	06/30/2014

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**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
November 30, 2011**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
Federal Agency Coupon												
3636FRD59	11124	Federal National Mort Assoc		07/25/2011	5,000,000.00	5,003,906.00	5,000,000.00	1.125	1,096	1.125	967	07/25/2014
3136FP4G9	11045	Federal National Mort Assoc		01/27/2011	10,000,000.00	10,006,800.00	10,000,000.00	1.000	1,277	1.000	969	07/27/2014
31331KVP2	11134	Federal Farm Credit Bank		08/25/2011	5,000,000.00	4,987,750.00	5,000,000.00	0.750	1,096	0.750	998	08/25/2014
3135G0BY8	11117	Federal National Mort Assoc		07/19/2011	4,000,000.00	4,016,960.00	3,997,920.00	0.875	1,136	0.890	1,001	08/28/2014
3136FRW74	11145	Federal National Mort Assoc		09/07/2011	3,000,000.00	2,993,790.00	3,000,260.42	0.625	1,091	0.625	1,006	09/02/2014
3135G0CU5	11138	Federal National Mort Assoc		09/12/2011	5,000,000.00	4,991,150.00	5,000,000.00	0.625	1,096	0.625	1,016	09/12/2014
3134G2JZ6	11100	Fed Home Loan Mortgage Corp		06/15/2011	2,500,000.00	2,500,875.00	2,500,000.00	1.450	1,188	1.450	1,019	09/15/2014
313371YB6	11022	Federal Home Loan Bank		12/23/2010	2,500,000.00	2,501,350.00	2,500,000.00	1.300	1,370	1.300	1,027	09/23/2014
3136FTCT4	11157	Federal National Mort Assoc		10/20/2011	3,000,000.00	3,002,250.00	3,000,000.00	0.600	1,096	0.600	1,054	10/20/2014
3136FRMX8	11088	Federal National Mort Assoc		05/24/2011	2,500,000.00	2,511,025.00	2,500,000.00	1.520	1,280	1.520	1,089	11/24/2014
3134G2AK8	11070	Fed Home Loan Mortgage Corp		03/30/2011	5,000,000.00	5,019,850.00	5,000,000.00	2.020	1,371	2.020	1,125	12/30/2014
3134G2TJ1	11120	Fed Home Loan Mortgage Corp		07/26/2011	4,000,000.00	4,015,720.00	4,000,000.00	1.270	1,280	1.270	1,152	01/26/2015
3134G2TJ1	11122	Fed Home Loan Mortgage Corp		07/26/2011	5,000,000.00	5,019,650.00	5,000,000.00	1.270	1,280	1.270	1,152	01/26/2015
3136FR6N8	11148	Federal National Mort Assoc		09/30/2011	1,500,000.00	1,500,270.00	1,500,000.00	0.810	1,277	0.810	1,215	03/30/2015
3136FR6N8	11149	Federal National Mort Assoc		09/30/2011	3,500,000.00	3,500,630.00	3,500,000.00	0.810	1,277	0.810	1,215	03/30/2015
3134G23S9	11167	Fed Home Loan Mortgage Corp		11/30/2011	5,835,000.00	5,835,116.70	5,838,914.31	1.050	1,254	1.050	1,253	05/07/2015
31331KLE8	11086	Federal Farm Credit Bank		05/18/2011	2,500,000.00	2,565,500.00	2,501,250.00	1.600	1,461	1.587	1,264	05/18/2015
3136FRKZ5	11082	Federal National Mort Assoc		05/18/2011	5,000,000.00	5,005,800.00	5,000,000.00	0.850	1,461	0.850	1,264	05/18/2015
3136FRRB1	11108	Federal National Mort Assoc		06/22/2011	10,000,000.00	10,056,100.00	10,000,000.00	1.550	1,461	1.550	1,299	06/22/2015
3134G2V25	11154	Fed Home Loan Mortgage Corp		10/20/2011	5,000,000.00	4,993,150.00	5,000,000.00	1.000	1,369	1.000	1,327	07/20/2015
3136FRE41	11119	Federal National Mort Assoc		07/27/2011	4,000,000.00	4,007,800.00	4,000,000.00	1.550	1,461	1.550	1,334	07/27/2015
3136FRE41	11125	Federal National Mort Assoc		07/27/2011	5,000,000.00	5,009,750.00	5,000,000.00	1.550	1,461	1.550	1,334	07/27/2015
313375PT8	11147	Federal Home Loan Bank		09/19/2011	2,500,000.00	2,501,325.00	2,500,000.00	0.750	1,410	0.750	1,337	07/30/2015
31331KUU2	11142	Federal Farm Credit Bank		08/31/2011	3,000,000.00	3,002,700.00	3,001,166.67	1.000	1,447	0.999	1,355	08/17/2015
3136FRX40	11140	Federal National Mort Assoc		08/26/2011	9,000,000.00	8,962,290.00	9,000,000.00	1.000	1,461	1.000	1,364	08/26/2015
3136FPKK2	10991	Federal National Mort Assoc		09/28/2010	5,000,000.00	5,005,800.00	5,000,000.00	1.000	1,826	1.000	1,397	09/28/2015
3136FTCL1	11156	Federal National Mort Assoc		10/26/2011	3,000,000.00	2,988,600.00	2,997,000.00	1.000	1,461	1.026	1,425	10/26/2015
3136FTDU0	11158	Federal National Mort Assoc		10/26/2011	5,000,000.00	4,999,650.00	5,000,000.00	1.125	1,461	1.125	1,425	10/26/2015
3134G23F7	11163	Fed Home Loan Mortgage Corp		11/22/2011	5,000,000.00	4,984,650.00	5,001,041.67	1.250	1,455	1.250	1,446	11/16/2015
31331J4J9	11020	Federal Farm Credit Bank		12/07/2010	2,000,000.00	2,055,300.00	2,000,000.00	1.740	1,826	1.740	1,467	12/07/2015
3136FTAK5	11152	Federal National Mort Assoc		09/28/2011	4,000,000.00	3,989,920.00	4,000,000.00	1.000	1,552	0.998	1,488	12/28/2015
3136FPY76	11129	Federal National Mort Assoc		08/11/2011	1,000,000.00	1,002,520.00	1,010,679.17	2.375	1,614	2.167	1,502	01/11/2016
3136FRS61	11136	Federal National Mort Assoc		09/07/2011	5,000,000.00	4,973,550.00	5,000,000.00	1.250	1,643	1.250	1,558	03/07/2016
31331KFK1	11073	Federal Farm Credit Bank		03/24/2011	1,155,000.00	1,174,069.05	1,153,845.00	2.440	1,827	2.461	1,575	03/24/2016
31331KYL8	11146	Federal Farm Credit Bank		09/14/2011	2,500,000.00	2,496,800.00	2,500,000.00	1.450	1,735	1.450	1,657	06/14/2016
3136FRTD5	11112	Federal National Mort Assoc		06/30/2011	5,000,000.00	5,003,300.00	5,000,000.00	1.500	1,827	2.229	1,673	06/30/2016

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**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
November 30, 2011**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
Federal Agency Coupon												
3134G2SS2	11113	Fed Home Loan Mortgage Corp		07/27/2011	4,000,000.00	4,007,880.00	4,000,000.00	1.750	1,827	1.750	1,700	07/27/2016
3134G2YL0	11132	Fed Home Loan Mortgage Corp		08/24/2011	2,500,000.00	2,502,650.00	2,500,000.00	1.125	1,827	1.125	1,728	08/24/2016
3136FRQ71	11130	Federal National Mort Assoc		08/24/2011	2,500,000.00	2,492,225.00	2,500,000.00	1.450	1,827	1.450	1,728	08/24/2016
3136FRS38	11135	Federal National Mort Assoc		09/06/2011	5,000,000.00	4,981,950.00	5,000,000.00	1.400	1,827	1.400	1,741	09/06/2016
3136FRT37	11139	Federal National Mort Assoc		09/14/2011	5,000,000.00	5,000,050.00	5,000,000.00	1.050	1,827	1.050	1,749	09/14/2016
3136FR3Q4	11144	Federal National Mort Assoc		09/28/2011	5,000,000.00	4,978,800.00	5,000,000.00	1.320	1,827	1.320	1,763	09/28/2016
3135G0EN9	11159	Federal National Mort Assoc		10/28/2011	5,000,000.00	5,009,700.00	5,000,486.11	1.750	1,825	1.750	1,791	10/26/2016
Subtotal and Average			458,185,085.51		460,835,000.00	464,480,046.45	464,220,250.59		1,138	1.094	848	
Federal Agency Discount												
313588SD8	11128	Federal National Mort Assoc		08/11/2011	12,000,000.00	11,999,640.00	11,995,050.00	0.090	165	0.091	53	01/23/2012
Subtotal and Average			16,481,437.50		12,000,000.00	11,999,640.00	11,995,050.00		165	0.091	53	
Local Agency Investment Funds												
SYS10090	10090	Local Agency Investment Fund			47,133,561.60	47,133,561.60	47,133,561.60	0.401	1	0.401	1	
Subtotal and Average			47,733,561.60		47,133,561.60	47,133,561.60	47,133,561.60		1	0.401	1	
Columbia Money Market Fund												
SYS10091	10091	Columbia Money Market Reserves		09/15/2006	11,261,891.59	11,261,891.59	11,261,891.59	0.010	1	0.010	1	
Subtotal and Average			9,290,028.95		11,261,891.59	11,261,891.59	11,261,891.59		1	0.010	1	
Local Agency Investment Funds - RDA												
SYS10092	10092	LAIF - RDA		03/17/2009	17.57	17.57	17.57	0.401	1	0.401	1	
Subtotal and Average			17.57		17.57	17.57	17.57		1	0.401	1	
Corporate Bonds												
949744AA4	10790	Wells Fargo Bank		12/10/2008	5,000,000.00	5,001,650.00	4,994,150.00	3.000	1,094	3.041	8	12/09/2011
4042EPAA5	10823	HSBC		02/06/2009	5,000,000.00	5,004,550.00	5,151,350.00	3.125	1,043	2.030	15	12/16/2011
9116OHAA5	10842	US Bank		03/13/2009	5,000,000.00	5,030,750.00	4,999,400.00	2.250	1,096	2.254	103	03/13/2012
17314AAF9	11116	Citigroup		07/19/2011	4,000,000.00	4,024,800.00	4,050,040.00	2.000	255	0.203	120	03/30/2012
06050BAA9	10808	Bank of America		01/20/2009	5,000,000.00	5,082,700.00	5,199,100.00	3.125	1,242	1.913	197	06/15/2012
38146FAA9	10816	Goldman Sachs		01/26/2009	5,000,000.00	5,084,000.00	5,206,850.00	3.250	1,236	1.984	197	06/15/2012
61757UAH3	10846	Morgan Stanley		04/13/2009	5,000,000.00	5,054,400.00	4,998,450.00	1.950	1,164	1.960	202	06/20/2012
17313YAG6	10895	Citigroup		08/28/2009	2,000,000.00	2,025,000.00	2,015,520.00	2.125	1,049	1.844	224	07/12/2012
17313YAL5	10899	Citigroup		10/05/2009	3,000,000.00	3,047,370.00	3,011,940.00	1.875	1,113	1.741	326	10/22/2012

**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
November 30, 2011**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
Corporate Bonds												
481247AM6	10847	JP Morgan Chase		04/13/2009	5,000,000.00	5,108,200.00	4,993,850.00	2.125	1,353	2.160	391	12/26/2012
		Subtotal and Average	47,197,375.00		44,000,000.00	44,463,420.00	44,620,650.00		1,082	1.962	170	
		Total and Average	578,887,506.13		575,230,470.76	579,338,577.21	579,231,421.35		999	1.063	694	

**City of Santa Monica
Portfolio Management
Activity By Type
November 1, 2011 through November 30, 2011**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Federal Agency Coupon							
31331KKR0	11084	Federal Farm Credit Bank	0.530	11/08/2011	0.00	2,499,750.00	
31331KY53	11165	Federal Farm Credit Bank	0.600	11/29/2011	4,000,000.00	0.00	
313376GT6	11166	Federal Home Loan Bank	0.350	11/30/2011	4,000,000.00	0.00	
3134G2GQ9	11081	Fed Home Loan Mortgage Corp	1.350	11/23/2011	0.00	5,000,000.00	
3134G2GE6	11083	Fed Home Loan Mortgage Corp	1.500	11/25/2011	0.00	5,000,000.00	
3134G23F7	11163	Fed Home Loan Mortgage Corp	1.250	11/22/2011	5,000,000.00	0.00	
3134G23S9	11167	Fed Home Loan Mortgage Corp	1.050	11/30/2011	5,835,000.00	0.00	
3136FPB22	11013	Federal National Mort Assoc	2.000	11/30/2011	0.00	2,500,000.00	
Subtotal					18,835,000.00	14,999,750.00	464,220,250.59
Federal Agency Discount							
313384PV5	11021	Federal Home Loan Bank	0.300	11/28/2011	0.00	4,984,875.00	
Subtotal					0.00	4,984,875.00	11,995,050.00
Local Agency Investment Funds (Monthly Summary)							
SYS10090	10090	Local Agency Investment Fund	0.401		0.00	2,000,000.00	
Subtotal					0.00	2,000,000.00	47,133,561.60
Columbia Money Market Fund (Monthly Summary)							
SYS10091	10091	Columbia Money Market Reserves	0.010		30,311,307.99	27,683,513.70	
Subtotal					30,311,307.99	27,683,513.70	11,261,891.59
Local Agency Investment Funds - RDA (Monthly Summary)							
Subtotal							17.57
Corporate Bonds							
86801BAB1	10798	Suntrust Bank	3.000	11/16/2011	0.00	5,153,450.00	
Subtotal					0.00	5,153,450.00	44,620,650.00
Total					49,146,307.99	54,821,588.70	579,231,421.35

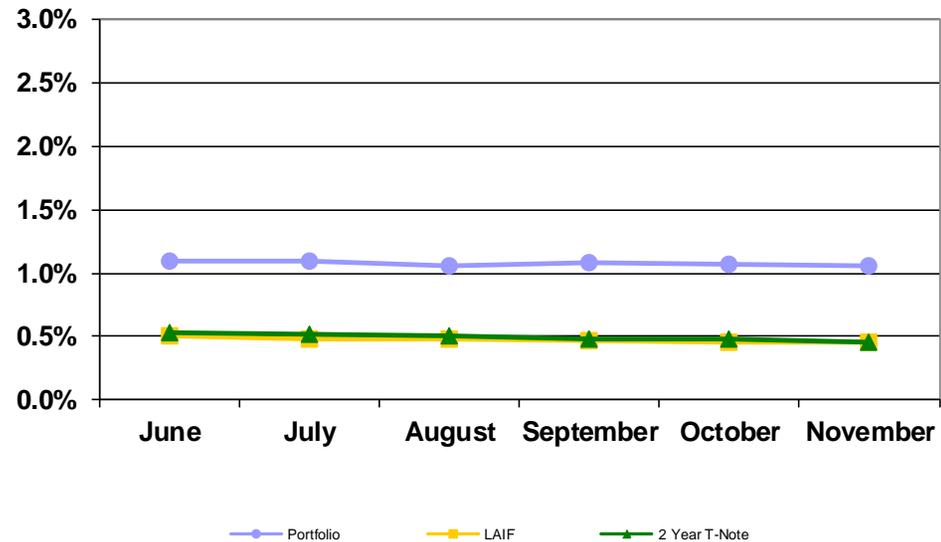
**SM Water Treatment Facility
Portfolio Management
Portfolio Details - Investments
November 30, 2011**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
Money Market Sweep Fund												
SYS1	1	Blackrock Institutional Funds-		12/19/2006	418,861.60	418,861.60	418,861.60	0.010	0.010	0.010	1	
Subtotal and Average			418,861.60		418,861.60	418,861.60	418,861.60		0.010	0.010	1	
Federal Agency Coupon Securities												
3133XT2T2	57	Federal Home Loan Bank		07/17/2009	5,000,000.00	5,020,400.00	5,087,600.00	2.250	1.529	1.550	71	02/10/2012
313375XD4	64	Federal Home Loan Bank		10/25/2011	5,000,000.00	5,001,750.00	5,000,000.00	0.300	0.296	0.300	329	10/25/2012
3137EACG2	63	Federal Home Loan Mortgage Cor		10/04/2011	6,000,000.00	6,073,740.00	6,086,609.17	1.375	0.301	0.305	405	01/09/2013
3134G1VX9	62	Federal Home Loan Mortgage Cor		10/03/2011	6,000,000.00	6,030,780.00	6,062,486.67	0.800	0.355	0.360	505	04/19/2013
31331JPK3	65	Federal Farm Credit Bank		10/04/2011	6,000,000.00	6,102,540.00	6,128,827.50	1.375	0.341	0.345	572	06/25/2013
Subtotal and Average			28,365,523.34		28,000,000.00	28,229,210.00	28,365,523.34		0.540	0.548	389	
Total and Average			28,784,384.94		28,418,861.60	28,648,071.60	28,784,384.94		0.533	0.540	384	

Portfolio Yield

The portfolio yield-to-maturity was 1.06% as of November 30, 2011, down one (1) basis point from October and sixteen (16) basis points from November 2010. During the last seven months, the yield has remained in a narrow range of 1.07% to 1.10% as the extended record low interest rate environment continues to affect portfolio returns. This month's yield is three hundred ninety-four (394) basis points below the most recent high mark of 5.1% in September 2007 and continues near the lowest point for which records are available. The chart compares the month-end portfolio yield to the twelve-month moving averages of the two-year Constant Maturing Treasury security yield (CMT) and State Local Agency Investment Fund (LAIF) yield.

Portfolio Yield



Overall, interest rates in the two to five year maturity range have remained relatively flat for the last two months and remain near the record lows reached last year. The twelve month moving average CMT fell two (2) basis points in November and is now four hundred twenty-eight (428) basis points off its February 2007 high. Rates are now expected to remain relatively low into 2013. LAIF rates also continue to reflect the low interest rate environment. The twelve month moving average LAIF yield fell one basis point in November to 0.45%, and has not shown a monthly increase since September 2007. The monthly LAIF yield for November was 0.4%, near the lowest month on record.

At its November meeting, the Federal Open Market Committee (Fed) left the target Fed Funds rate unchanged at a range of 0% to 0.25%. The Fed noted that although economic activity has been showing signs of improvement, there are still weaknesses in the labor and housing markets. Based on this, the Fed policy statements continue to indicate that they intend to keep rates at low levels for an extended time period, possibly into 2013. Third quarter GDP growth was 1.8% after

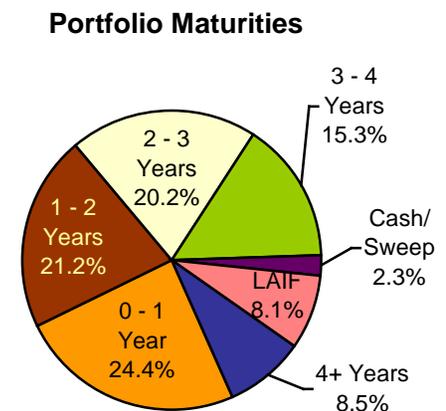
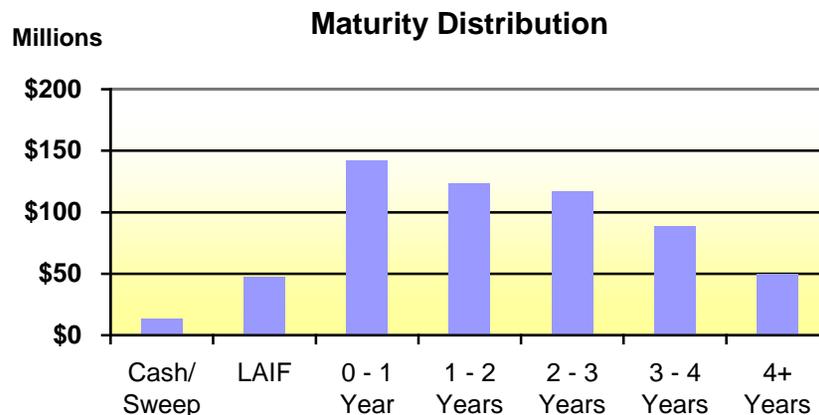
increases of just 1.3% and 0.4% the previous two quarters. A recent Bloomberg survey of economists predicted modest growth of 2.1% and 2.5% in 2012 and 2013 respectively. The housing market continues weak and unemployment remains persistently high, a major factor in the mild projections for economic growth. The unemployment rate did fall to 8.7% in November, the fourth consecutive monthly decrease and the first month in the last eight below 9%. The stock market was relatively flat in November but remains at its highest levels since the beginning of August. The European debt crisis is still a concern.

The City’s portfolio yield-to-maturity has decreased significantly over the last four and a half years as interest rates have reached historic lows resulting in many investments being called and reinvested at lower rates. Overall, the yield should remain relatively stable over the next few months. More bonds will be called in the next few months as interest rates are expected to remain near historic lows. Eventually the portfolio yield will begin to fall if some uptick in rates does not occur in 2012.

Investment earnings in November were \$0.4 million. Fiscal year-to-date earnings are down 13.5% from the same period last year. For the entire fiscal year, current projections are that investment earnings will be similar to last fiscal year, but a decrease is possible if rates don’t begin to show at least a modest upward trend.

Maturity Distribution

The weighted average days to maturity as of November 30, 2011 is 685 days (1.88 years), twenty days less than the prior month. The current volatile and low interest rate environment continues to result in bonds being called, and the portfolio’s average days to maturity may vary over the next several months. Investments continue to be made primarily in maturities of three



years or less as rates are not expected to begin a period of significant increase until a number of months in the future. However, since most of the bonds being called have longer maturities, some bonds of longer maturities are being purchased to replace the called bonds and maintain appropriate diversification in the portfolio.

Unrealized Gains/Losses

The Governmental Accounting Standards Board Statement No. 31 (GASB 31) requires public agencies to report all investments, with certain exceptions, at current fair market value rather than at the original purchase price. Current fair market value is defined in GASB 31 as “the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation state.”

The current fair market value and unrealized gain/loss of a security do not affect its redemption value or yield if held to maturity. There is an inverse relationship between the price of the bond and the market interest rate. The City’s practice is to purchase most securities with the intent to hold them to maturity. Book value and market values are exclusive of interest realized to date on investments. Also, the book value shown is the purchase price and is exclusive of any amortization of premiums or accretion of discounts. As of November 30, 2011, the market value and the book value of the City’s pooled investments (excluding cash) are:

Market Value	\$	579,338,577.21
Book Value (purchase price)		579,231,421.35
		107,155.86
Unrealized Gain/(Loss)	\$	107,155.86

Charnock Settlement

All remaining restricted settlement funds are now held in an escrow account with Union Bank and being used to pay for the operation of the water treatment facility at the Charnock Wells. These funds are invested under the same guidelines as the pooled portfolio with maturity dates to match the estimated cash flow needs of the Water Treatment Facility project. In accordance with the December 2006 settlement agreement, investment income earned in the escrow account is not restricted for use on the project. In August 2009, all investment income earned from date of account opening (December 2006) through July 2009 was transferred to the City (approximately \$9.7 million) and interest is now being transferred on a monthly basis.

Funds remaining in the account (approximately \$28.8 million) should be sufficient to cover costs related to operations for the first three to four years. The plant has been operational since the beginning of 2011. In October, most of the funds were moved out of the money market fund and invested in higher yielding securities to match anticipated cash flow needs. The yield to maturity on these funds as of November 30, 2011 is 0.54%. On November 30, 2011, the portfolio showed an unrealized loss of \$136,313.34. The weighted average days-to-maturity was 384 days (1.05 years). Most investments are being held in relatively short maturity/low yield investments.

Wells Fargo Term Loan Proceeds

In March, a \$60 million term loan was taken out with Wells Fargo Bank to be used to finance certain capital projects. The credit line was drawn down in its entirety with funds transferred to a new custodial account with Union Bank. The funds have been invested to match cash flow requirements of eligible capital projects. As of November 30, \$51.9 million is invested in Federal agency securities with the remainder invested in a money market mutual fund. The month-end yield to maturity was 0.55%. The weighted average days to maturity were 292 days. The month-end unrealized loss was \$115,437.67.

Compliance

California State law and the City's Investment Policy set certain legal standards for allowable investments that can be included in the City's portfolio. Additionally, there are certain maximum limits for classes of investments, as well as minimum credit quality requirements. In testing for compliance, the City considers all funds under the direct control and invested directly by the City including the pooled portfolio and the Water Treatment Facility account. Bond proceeds and the Cemetery and Mausoleum Perpetual Care Funds are excluded.

The following tables summarize portfolio compliance as of November 30, 2011. All investments were in compliance with State law and the City's Investment Policy at the time of purchase. State law requires that any investment subject to a credit downgrade subsequent to the time of purchase shall be reviewed for possible sale within a reasonable amount of time after the downgrade. As of the date of this report, the portfolio includes no bonds that have been downgraded since the time of purchase and all remaining corporate bonds are FDIC insured and rated AAA.

Further detail regarding City compliance with State law and City investment guidelines is presented as follows:

**Santa Monica Custodial 2011
Portfolio Management
Portfolio Details - Investments
November 30, 2011**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Money Market Sweep Account												
SYS2000	2000	Blackrock Institutional Funds		03/24/2011	8,382,968.91	8,382,968.91	8,382,968.91	0.010		0.010	1	
Subtotal and Average			8,382,968.91		8,382,968.91	8,382,968.91	8,382,968.91			0.010	1	
Federal Agency Coupon Securities												
313373BP6	2007	Federal Home Loan Bank		04/11/2011	8,300,000.00	8,308,217.00	8,298,174.00	0.300		0.321	151	04/30/2012
31398AT77	2006	Federal National Mortgage Asso		04/01/2011	12,700,000.00	12,777,851.00	12,810,236.00	1.125		0.638	242	07/30/2012
3136FPUC9	2002	Federal National Mortgage Asso		03/31/2011	8,400,000.00	8,413,776.00	8,377,824.00	0.500		0.668	334	10/30/2012
31398AME9	2010	Federal National Mortgage Asso		05/05/2011	6,500,000.00	6,770,660.00	6,887,660.00	4.000		0.533	424	01/28/2013
3137EACJ6	2003	Federal Home Loan Mortgage Cor		03/31/2011	6,900,000.00	7,021,785.00	7,004,328.00	1.625		1.077	501	04/15/2013
31398ASD5	2008	Federal National Mortgage Asso		05/05/2011	4,100,000.00	4,335,586.00	4,382,490.00	3.875		0.694	589	07/12/2013
31398A4S8	2009	Federal National Mortgage Asso		05/05/2011	1,900,000.00	1,920,406.00	1,906,688.00	1.050		0.905	691	10/22/2013
Subtotal and Average			49,667,400.00		48,800,000.00	49,548,281.00	49,667,400.00			0.653	352	
Federal Agency Disc. -At Cost												
313396RY1	2004	Federal Home Loan Mortgage Cor		04/01/2011	2,200,000.00	2,199,934.00	2,196,252.67	0.210		0.217	48	01/18/2012
Subtotal and Average			2,196,252.67		2,200,000.00	2,199,934.00	2,196,252.67			0.217	48	
Total and Average			60,246,621.58		59,382,968.91	60,131,183.91	60,246,621.58			0.547	292	

Portfolio Allocation as of 11/30/11

	Pooled Portfolio	SM Water Treatment Facility Account (1)	Total Portfolio (2) (4)	% of Portfolio	Legal/ Policy Limit	In Compliance (Yes/No)
Federal Agency Securities						
Federal Home Loan Bank	\$122,347,103.91	\$10,087,600.00	\$132,434,703.91	21.7%	50.0%	Yes
Federal National Mortgage Association	188,358,855.70	0.00	188,358,855.70	30.9%	50.0%	Yes
Federal Home Loan Mortgage Corporation	97,156,343.48	12,149,095.84	109,305,439.32	17.9%	50.0%	Yes
Federal Farm Credit Bank	68,352,997.50	6,128,827.50	74,481,825.00	12.2%	50.0%	Yes
Total Federal Agency Securities	\$476,215,300.59	28,365,523.34	504,580,823.93	82.7%	n/a	Yes
Corporate Bonds						
Corporate Bonds - TGLP (FDIC Insured)	\$44,620,650.00	\$0.00	44,620,650.00			
Corporate Bonds - Other	\$0.00		0.00			
Total Corporate Bonds	\$44,620,650.00	\$0.00	\$44,620,650.00	7.3%	30.0%	Yes
Money Market Mutual Funds						
Columbia Money Market Reserves Advisor Class	11,261,891.59		11,261,891.59	1.8%	10.0%	Yes
BlackrockT-Find Cash Management Sweep		418,861.60	418,861.60	0.1%	10.0%	Yes
Total-Money Market Mutual Funds	\$11,261,891.59	\$418,861.60	\$11,680,753.19	1.9%	20.0%	Yes
State Local Agency Investment Fund-City	\$47,133,561.60		\$47,133,561.60	7.7%	\$50 million	Yes
State Local Agency Investment Fund-RDA	\$17.57		\$17.57	0.0%	\$50 million	Yes
Cash (3)	1,816,255.56		1,816,255.56	0.3%	None	Yes
Total (Book Value)	\$581,047,676.91	\$28,784,384.94	\$609,832,061.85	100.00%		

Notes:

- (1) Held by Union Bank
- (2) Excludes bond proceeds, funds held in trust for others, petty cash accounts, and other funds which are not entirely under City ownership and control
- (3) City's general bank account held at Bank of America. Does not include balance of HUD depository account (\$2,521,939.55)
- (4) Value used to test compliance is reported value (book value plus unrealized purchased interest).

Credit Ratings - Corporate Medium Term Notes

	Standard & Poors/ Fitch	Moodys	In Compliance (Yes/No)
	Best Quality	AAA	Aaa
	AA+	Aa1	Yes
High Quality	AA	Aa2	Yes
	AA-	Aa3	Yes
	A+	A1	Yes
Upper Medium Grade	A	A2	Yes
	A-	A3	Yes
	BBB+	Baa1	No
Medium Grade	BBB	Baa2	No
	BBB-	Baa3	No

City Portfolio as of 11/30/11 (Book Value)

Security	Pooled Portfolio	MTBE Custodial Account	SM Water Treatment Facility Account	Total Portfolio	Credit Rating*	In Compliance (Yes/No)
Corporate - TLGP (FDIC Guaranteed)						
Bank of America 3.125% (TLGP) 6/15/2012	\$5,199,100.00			\$5,199,100.00	AAA	Yes
Goldman Sachs 3.25% (TLGP) 6/15/2012	\$5,206,850.00			\$5,206,850.00	AAA	Yes
HSBC 3.125% (TLGP) maturing 12/16/11	\$5,151,350.00			\$5,151,350.00	AAA	Yes
JP Morgan Chase 2.125% (TLGP) maturing 12/26/12	\$4,993,850.00			\$4,993,850.00	AAA	Yes
Wells Fargo Bank 3% (TLGP) maturing 1/12/12	\$4,994,150.00			\$4,994,150.00	AAA	Yes
Morgan Stanley 1.95% (TLGP) maturing 6/20/12	\$4,998,450.00			\$4,998,450.00	AAA	Yes
U.S. Bank 2.25% (TLGP) maturing 3/13/12	\$4,999,400.00			\$4,999,400.00	AAA	Yes
Citigroup 2.125% (TLGP) maturing 7/12/12	\$2,015,520.00			\$2,015,520.00	AAA	Yes
Citigroup 2% (TLGP) maturing 3/30/12	\$4,050,040.00			\$4,050,040.00	AAA	Yes
Citigroup 1.875% (TLGP) maturing 10/22/12	\$3,011,940.00			\$3,011,940.00	AAA	Yes

* Per Standard and Poors

Certification

In compliance with California Government Code Section 53546 as amended January 1, 1996, I hereby certify that sufficient investment liquidity and anticipated revenues are available to meet the City's budgeted expenditure requirements for the next six months.

Gigi Decavalles-Hughes, Director of Finance/City Treasurer