



Information Item

Date: August 8, 2012

To: Mayor and City Council
From: Gigi Decavalles-Hughes, Director of Finance/City Treasurer
Subject: City Monthly Cash and Investment Report for May 2012

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 May 31, 2012.

Discussion

The May 2012 Cash and Investment Report provides an updated review of the City's investment portfolio and cash position. The value of cash and investments held in the pooled portfolio increased by \$8.7 million in May to \$593.7 million. The pooled portfolio yield-to-maturity of 0.89% was two basis points less than in April and twenty-one basis points less than one year earlier. Investment income for the month showed a loss of \$0.1 million. The loss reflects City recording practices for the amortization of premiums. The City does not amortize premiums except for reporting purposes in the City's year-end financial statements. Instead, premiums are recognized at the time of bond maturity, and the May figures reflect an atypically large premium from an investment maturing in May (\$0.6 million). Exclusive of this, May earnings were about \$0.5 million.

Fiscal year-to-date earnings are down 13.9% from the same period last year. Interest rates have remained near record lows resulting in many 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 down a similar percentage.

In addition to the pooled portfolio, the City's total cash holdings as of May 31, 2012 included \$28.3 million in Charnock settlement-related funds held in an escrow account at Union Bank, \$120.5 million in debt proceeds held in trust with various fiscal agents, \$10.3 million in other funds held in trust, and \$54,422 in petty cash/change funds for a total balance of \$752.9 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 May 31, 2012, the market value of the City's portfolio was approximately \$0.3 million greater than the book value.

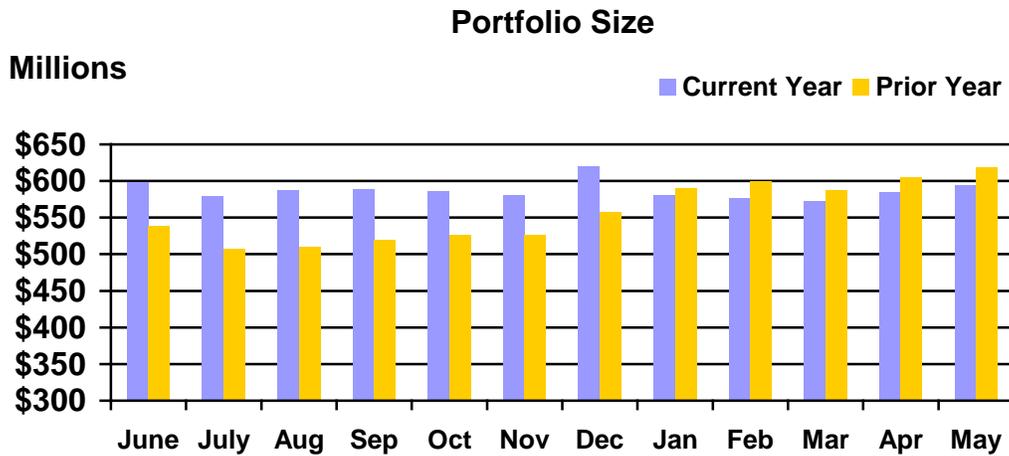
Attached is a summary of investment activity as well as a detailed report of public monies held by the City Treasurer for the month of May 31, 2012.

Prepared by: David Carr, Treasury Administrator

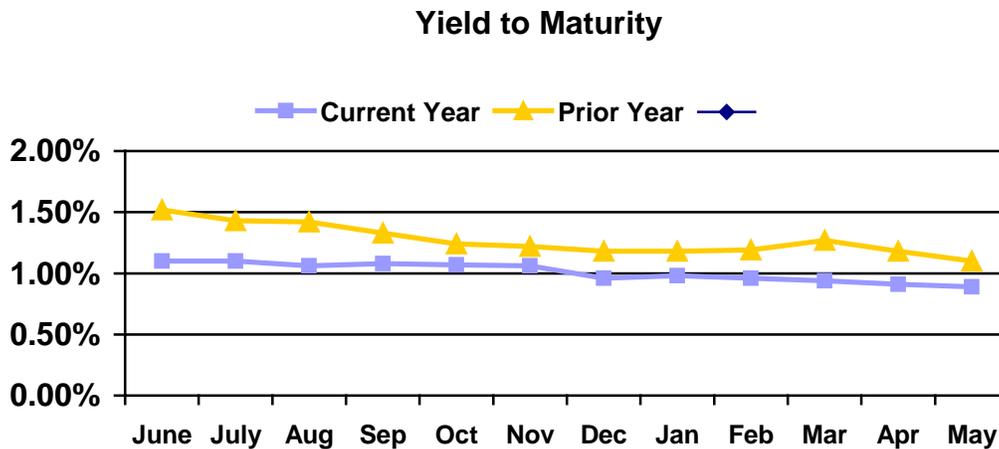
Attachments: 1 – Investment Highlights
2 – Investment Report

Investment Highlights

May 31, 2012

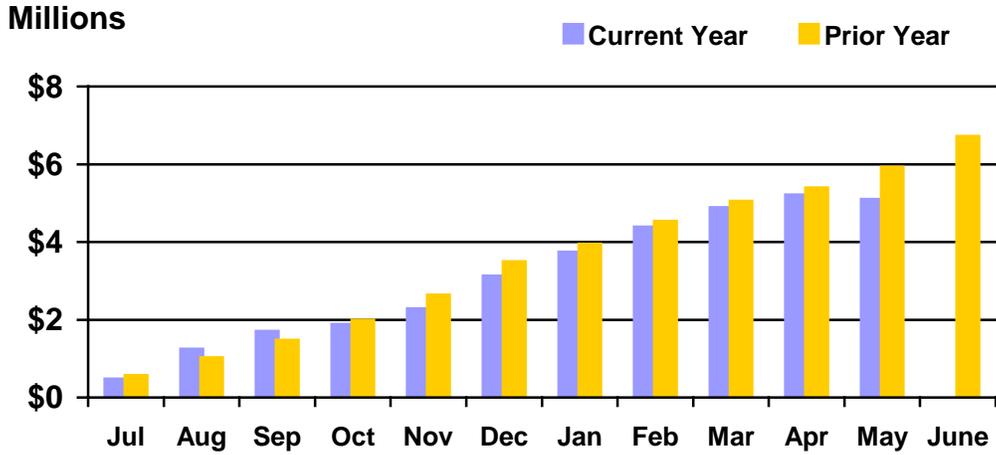


- As of May 31, the portfolio size is \$593.7 million, \$8.7 million greater than in April, but \$24.5 million less than in May 2012. A good portion of the year-over-year decrease reflects the dissolution of the Redevelopment Agency and the loss of tax increment revenue.



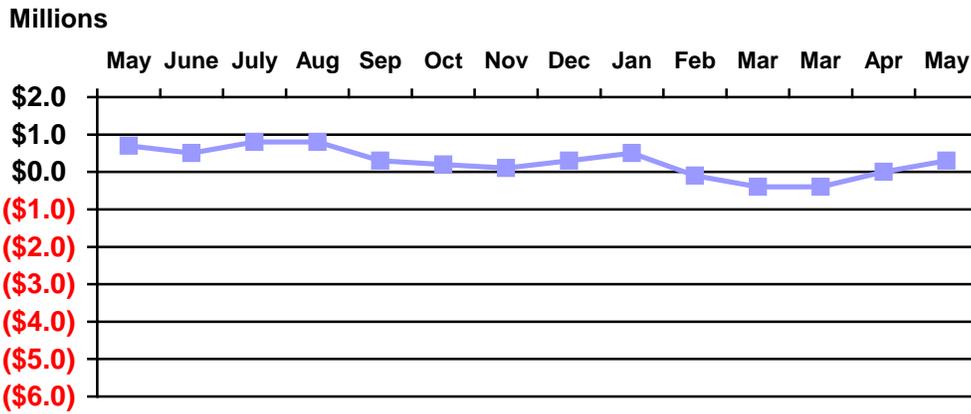
- As of May 31, yield to maturity is 0.89%.
- Decrease of two basis points from April and twenty-one basis points from one year earlier.

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



- May fiscal year-to-date earnings were 13.9% less than for the same period one year earlier.

Unrealized Gain/(Loss)



- As of May 31, 2012, the market value is about \$0.3 million more than the unamortized book value (purchase price).



Investment Report

May 2012

Prepared by:
Gigi Decavalles-Hughes, 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 May 31, 2012**

Petty Cash/Change Funds \$54,422.00

Pooled Portfolio

Bank of America (1)		
General Account	\$634,177.06	
Columbia Money Market Sweep Account	\$16,288,480.16	
Total Bank of America	\$16,922,657.22	
Bank of New York (BNY)		
Corporate Bonds - FDIC Insured	\$25,425,710.00	
Corporate Bonds	\$9,037,733.64	
Federal Agencies Securities	\$492,642,147.76	
Total Bank of New York	\$527,105,591.40	
State of California Local Agency Investment Fund - City	\$49,721,150.00 *	
Total Pooled Portfolio		\$593,749,398.62

Restricted Cash/Investments Held in Trust/Debt Proceeds

Union Bank - Redevelopment Agency Term Loan	\$51,508,393.53 *	
Union Bank - Housing Authority Custodial Escrow	\$20,282,822.20 *	
Union Bank - RDA Successor Agency Custodial Escrow	\$4,425,223.43 *	
Union Bank-Earthquake Recovery Redevelopment 2006		
Tax Allocation Refunding Bonds Series A & B	\$3.70 *	
BNY-Library Improvement Project 2012 Refunding	\$42,072.92 *	
BNY-Ocean Park Redevelopment Project 2002 Refunding	\$2,465,340.24 *	
BNY-Parking Authority Lease Revenue Bonds 2002 Refunding	\$2.00 *	
BNY-Public Safety Facility Bonds 2009 Refunding	\$1,081,786.94 *	
BNY-2011 Series A & B Bonds	\$35,560,973.08 *	
U.S. Bank-Wastewater Enterprise Revenue Bonds-2012 Refunding	\$30,114.93 *	
U.S. Bank-Wastewater Enterprise Revenue Bonds-2005 Refunding	\$2.00 *	
Union Bank-Civic Center Parking Project 2004 Lease Revenue Bonds	\$2,826,965.18 *	
Union Bank-RDA 2011 Tax Allocation Bonds	\$2,262,668.33 *	
Total Restricted Cash/Investments Held in Trust		\$120,486,368.48

Charnock Settlement Funds

Union Bank (December 2006 Settlement)		
Money Market Funds	\$10,089,148.08	
Federal Agencies Securities	\$18,227,640.00	
Total Union Bank (December 2006 Settlement)	\$28,316,788.08 *	
Total Charnock Settlement Funds		\$28,316,788.08

Other Restricted Funds/Funds Held in Trust

Cemetery Perpetual Care Fund (3)	\$8,023,212.00 *	
Mausoleum Perpetual Care Fund (3)	\$900,065.00 *	
HUD Depository Account (4)	\$1,330,058.00 *	
Public Agency Family Self Sufficiency Program (2)	\$85,160.47 *	
Total Other Funds Held in Trust		\$10,338,495.47

GRAND TOTAL **\$752,945,472.65**

City of Santa Monica
Report of Public Monies Held by the City Treasurer
As of May 31, 2012

- (1) This is the actual bank account balance as of 5/31/12. 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*
May 31, 2012**

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

Cash and Investments - April 30, 2012	\$585,003,755.39
Receipts	53,243,548.05
Disbursements	(44,497,904.82)
Cash and Investments - May 31, 2012	\$593,749,398.62

* Pooled portfolio only. Excludes certain investments held in trust by third parties

Gigi Decavalles-Hughes
Director of Finance/City Treasurer

Overview

As of May 31, 2012, total City cash and investments were \$752.9 million, a \$0.3 million decrease from April . Restricted Cash and Investments Held in Trust/Debt Proceeds decreased by \$7.6 million primarily reflecting the use of Wells Fargo loan proceeds for eligible capital projects. Other Restricted Funds/Funds Held in trust decreased by \$0.8 million and Charnock Settlement funds decreased by \$0.5 million. These decreases were partially offset by an increase in the pooled portfolio of \$8.7 million, which is a normal pattern for May where revenues typically exceed expenditures due to large property tax apportionments from Los Angeles County. Total cash and investments are categorized as follows:

Petty Cash	\$	54,422.00
Pooled Investment Portfolio	\$	593,749,398.62
Restricted Cash/Investment Held in Trust	\$	120,486,368.48
Charnock Settlement Funds	\$	28,316,788.08
Other Funds Held in Trust	\$	10,338,495.47
Total	\$	<u><u>752,945,472.65</u></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.

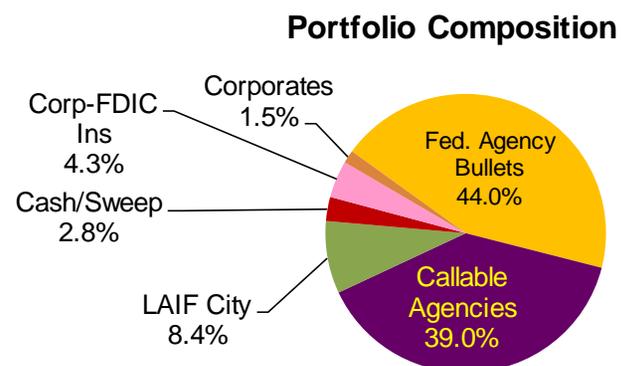
Pooled Investment Portfolio

As of May 31, 2012, the portfolio size (unamortized book value/purchase price) of City pooled cash and investments is \$593.7 million, an \$8.7 million increase from April. 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 increase primarily reflects an anticipated large property tax allocation from Los Angeles County. Nine investments were made during the month (\$30.4 million), four investments matured (\$22.6 million) and two investments were called (\$7.5 million). No investments were sold. State Local Agency Investment Fund (LAIF) account balances increased by \$1 million in May. The balance of the money market sweep account as of May month-end was \$16.3 million.

Details of the main portfolio follow.

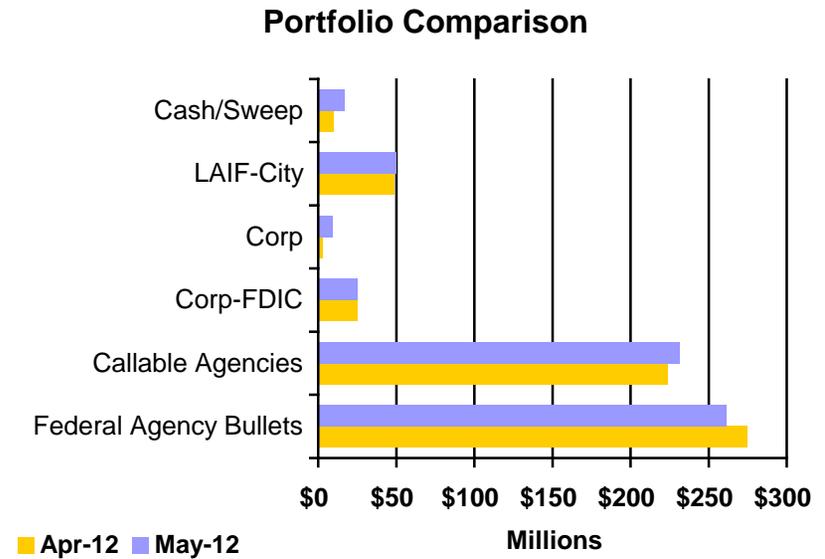
Portfolio Composition

The portfolio is appropriately 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 (83%). The remaining 17% is invested in the State Local Agency Investment Fund (8.4%); FDIC insured (AAA rated) corporate notes (4.3%), other corporate bonds (1.5%), and cash including the money market sweep account (2.8%). 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 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 May. The City continues to hold a significant portion of the portfolio 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 May 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
May 31, 2012**

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												
3133XWKU2	10980	Federal Home Loan Bank		07/29/2010	5,000,000.00	5,001,200.00	5,058,750.00	1.375	680	0.737	7	06/08/2012
3133XWKU2	11186	Federal Home Loan Bank		01/09/2012	2,000,000.00	2,000,480.00	2,013,148.06	1.375	151	0.072	7	06/08/2012
313374Z37	11121	Federal Home Loan Bank		07/25/2011	2,500,000.00	2,500,550.00	2,499,392.50	0.250	366	0.274	54	07/25/2012
3133XVP68	10946	Federal Home Loan Bank		03/26/2010	5,000,000.00	5,008,550.00	4,990,800.00	1.250	854	1.331	56	07/27/2012
3133.XWXJ3	10938	Federal Home Loan Bank		02/16/2010	4,000,000.00	4,007,200.00	4,000,000.00	1.250	895	1.250	59	07/30/2012
3133XWQ36	10999	Federal Home Loan Bank		09/30/2010	2,500,000.00	2,505,025.00	2,539,400.00	1.375	669	0.514	59	07/30/2012
31398AYM8	10911	Federal National Mort Assoc		12/04/2009	5,000,000.00	5,015,300.00	5,066,400.00	1.750	980	1.245	70	08/10/2012
3133XUE41	10906	Federal Home Loan Bank		11/19/2009	5,000,000.00	5,018,000.00	5,056,600.00	1.750	1,007	1.337	82	08/22/2012
3134G1GQ1	10981	Fed Home Loan Mortgage Corp		08/13/2010	2,500,000.00	2,505,125.00	2,514,900.00	1.000	746	0.668	88	08/28/2012
3133XUK93	10890	Federal Home Loan Bank		08/19/2009	5,000,000.00	5,026,450.00	5,007,335.75	2.000	1,122	1.951	105	09/14/2012
3133XUK93	10995	Federal Home Loan Bank		09/30/2010	2,500,000.00	2,513,225.00	2,571,200.00	2.000	715	0.534	105	09/14/2012
3134G1VG6	11001	Fed Home Loan Mortgage Corp		10/06/2010	3,000,000.00	3,005,880.00	3,006,600.00	0.625	755	0.509	151	10/30/2012
3136FPUC9	11015	Federal National Mort Assoc		11/23/2010	4,000,000.00	4,004,120.00	3,994,480.00	0.500	707	0.572	151	10/30/2012
3134G1WT7	11012	Fed Home Loan Mortgage Corp		11/16/2010	5,000,000.00	5,008,650.00	4,991,650.00	0.515	741	0.612	178	11/26/2012
3134G1WT7	11026	Fed Home Loan Mortgage Corp		12/08/2010	5,000,000.00	5,008,650.00	4,988,000.00	0.515	719	0.638	178	11/26/2012
313376NH4	11171	Federal Home Loan Bank		01/11/2012	5,000,000.00	5,000,850.00	5,000,500.00	0.300	366	0.290	224	01/11/2013
3133XW7L7	11007	Federal Home Loan Bank		11/04/2010	4,000,000.00	4,031,560.00	4,092,600.00	1.500	804	0.441	229	01/16/2013
31331KAE0	11075	Federal Farm Credit Bank		01/19/2011	5,000,000.00	5,018,950.00	5,000,000.00	0.750	762	0.750	263	02/19/2013
31331JBV4	10929	Federal Farm Credit Bank		02/04/2010	2,500,000.00	2,525,781.25	2,502,800.00	1.750	1,113	1.709	265	02/21/2013
31359MQV8	10909	Federal National Mort Assoc		12/03/2009	5,000,000.00	5,160,750.00	5,496,750.00	4.750	1,176	1.570	265	02/21/2013
3133XWX87	10945	Federal Home Loan Bank		03/23/2010	2,000,000.00	2,021,920.00	2,003,100.00	1.750	1,081	1.696	280	03/08/2013
313372RK2	11223	Federal Home Loan Bank		05/30/2012	3,000,000.00	3,018,990.00	3,024,630.00	1.000	301	0.216	299	03/27/2013
313378TB7	11224	Federal Home Loan Bank		05/30/2012	2,970,000.00	2,970,504.90	2,972,149.13	0.250	302	0.214	300	03/28/2013
31331GVD8	11085	Federal Farm Credit Bank		05/13/2011	2,000,000.00	2,033,540.00	2,061,180.00	2.200	696	0.581	311	04/08/2013
3137EACJ6	11095	Fed Home Loan Mortgage Corp		05/20/2011	3,000,000.00	3,036,450.00	3,062,100.00	1.625	696	0.530	318	04/15/2013
3137EABJ7	11153	Fed Home Loan Mortgage Corp		09/27/2011	4,000,000.00	4,130,280.00	4,211,120.00	3.500	610	0.332	362	05/29/2013
313376GT6	11166	Federal Home Loan Bank		11/30/2011	4,000,000.00	4,004,400.00	4,000,000.00	0.350	547	0.350	363	05/30/2013
3133XR5U0	10901	Federal Home Loan Bank		10/02/2009	5,000,000.00	5,178,050.00	5,312,250.00	3.750	1,351	1.990	378	06/14/2013
3133XYHDO	10962	Federal Home Loan Bank		05/28/2010	5,000,000.00	5,071,400.00	4,995,200.00	1.625	1,113	1.657	378	06/14/2013
3133XYHD0	11151	Federal Home Loan Bank		09/22/2011	3,940,000.00	3,996,263.20	4,030,029.00	1.625	631	0.298	378	06/14/2013
3133XXYX9	11150	Federal Home Loan Bank		09/22/2011	5,000,000.00	5,086,300.00	5,139,050.00	1.875	638	0.278	385	06/21/2013
313371AR7	10996	Federal Home Loan Bank		10/01/2010	2,500,000.00	2,513,425.00	2,501,475.00	0.750	1,001	0.730	392	06/28/2013
31331KQK9	11123	Federal Farm Credit Bank		07/22/2011	5,000,000.00	5,001,300.00	5,002,850.00	0.570	714	0.541	399	07/05/2013
313376R98	11183	Federal Home Loan Bank		01/17/2012	5,000,000.00	5,003,906.00	5,000,000.00	0.350	547	0.350	411	07/17/2013
31331KSF8	11114	Federal Farm Credit Bank		07/25/2011	4,000,000.00	4,001,600.00	4,000,000.00	0.550	731	0.550	419	07/25/2013
3134G2SQ6	11118	Fed Home Loan Mortgage Corp		07/26/2011	4,000,000.00	4,000,200.00	4,000,000.00	0.400	731	0.400	420	07/26/2013

Portfolio INVT

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**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
May 31, 2012**

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												
31331KUY4	11141	Federal Farm Credit Bank		08/31/2011	3,000,000.00	2,998,440.00	2,995,290.00	0.250	719	0.330	444	08/19/2013
313372H64	11049	Federal Home Loan Bank		01/28/2011	2,200,000.00	2,219,822.00	2,200,000.00	1.000	943	1.000	453	08/28/2013
3133XUPZ0	10942	Federal Home Loan Bank		03/05/2010	3,000,000.00	3,090,270.00	3,076,230.00	2.625	1,288	1.876	469	09/13/2013
313370LB2	10982	Federal Home Loan Bank		08/13/2010	2,500,000.00	2,523,225.00	2,502,850.00	1.000	1,127	0.962	469	09/13/2013
3133747F1	11110	Federal Home Loan Bank		06/27/2011	5,000,000.00	5,001,450.00	5,000,000.00	0.700	823	0.700	483	09/27/2013
3137EACL1	11002	Fed Home Loan Mortgage Corp		10/06/2010	2,000,000.00	2,016,220.00	2,005,360.00	0.875	1,118	0.787	514	10/28/2013
3137EACL1	11011	Fed Home Loan Mortgage Corp		11/16/2010	4,000,000.00	4,032,440.00	4,007,200.00	0.875	1,077	0.814	514	10/28/2013
3137EACL1	11024	Fed Home Loan Mortgage Corp		12/08/2010	5,000,000.00	5,040,550.00	4,988,000.00	0.875	1,055	0.957	514	10/28/2013
3133XVWW7	11048	Federal Home Loan Bank		01/25/2011	5,000,000.00	5,133,200.00	5,134,550.00	2.100	1,035	1.132	542	11/25/2013
3136FPEX1	10989	Federal National Mort Assoc		09/17/2010	2,500,000.00	2,505,325.00	2,500,000.00	1.125	1,187	1.125	564	12/17/2013
313370NL8	10990	Federal Home Loan Bank		08/27/2010	2,500,000.00	2,527,075.00	2,500,650.00	1.000	1,218	0.992	574	12/27/2013
3134G33R2	11185	Fed Home Loan Mortgage Corp		01/09/2012	2,500,000.00	2,505,468.75	2,500,000.00	0.450	731	0.450	587	01/09/2014
31398AVD1	10914	Federal National Mort Assoc		12/22/2009	5,000,000.00	5,208,950.00	5,092,600.00	2.750	1,506	2.276	614	02/05/2014
31331KCA6	11051	Federal Farm Credit Bank		02/10/2011	2,500,000.00	2,541,250.00	2,500,000.00	1.375	1,096	1.375	619	02/10/2014
31331GNA3	10937	Federal Farm Credit Bank		02/12/2010	4,000,000.00	4,179,440.00	4,117,520.00	3.000	1,461	2.228	621	02/12/2014
3134G3MM9	11197	Fed Home Loan Mortgage Corp		02/27/2012	3,385,000.00	3,388,173.44	3,385,000.00	0.400	731	0.400	636	02/27/2014
313372U93	11058	Federal Home Loan Bank		03/03/2011	5,000,000.00	5,092,850.00	5,000,000.00	1.400	1,093	1.400	637	02/28/2014
3134G3QH6	11215	Fed Home Loan Mortgage Corp		05/18/2012	2,500,000.00	2,507,225.00	2,502,889.58	0.570	656	0.570	642	03/05/2014
31398AVZ2	11016	Federal National Mort Assoc		11/23/2010	3,000,000.00	3,128,760.00	3,175,080.00	2.750	1,206	0.952	650	03/13/2014
3134G3NS5	11225	Fed Home Loan Mortgage Corp		05/30/2012	3,000,000.00	3,000,180.00	2,998,185.00	0.300	660	0.366	658	03/21/2014
3134G2CL4	11094	Fed Home Loan Mortgage Corp		05/20/2011	5,000,000.00	5,095,050.00	5,042,750.00	1.350	1,075	1.054	697	04/29/2014
31331KKQ2	11090	Federal Farm Credit Bank		05/19/2011	5,000,000.00	5,061,900.00	5,012,850.00	1.150	1,089	1.062	710	05/12/2014
3134G2JV5	11099	Fed Home Loan Mortgage Corp		06/06/2011	2,500,000.00	2,500,300.00	2,500,000.00	1.250	1,096	1.250	735	06/06/2014
3133XWE70	11008	Federal Home Loan Bank		11/04/2010	4,000,000.00	4,172,560.00	4,237,120.00	2.500	1,317	0.829	742	06/13/2014
3136FRQJ5	11103	Federal National Mort Assoc		06/20/2011	5,000,000.00	5,002,250.00	5,000,000.00	1.170	1,096	1.170	749	06/20/2014
3134G3FL9	11169	Fed Home Loan Mortgage Corp		12/27/2011	5,000,000.00	5,007,450.00	5,000,000.00	0.650	913	0.650	756	06/27/2014
3134G3FG0	11176	Fed Home Loan Mortgage Corp		12/27/2011	5,000,000.00	5,007,450.00	5,000,000.00	0.650	913	0.650	756	06/27/2014
3133EAAR9	11193	Federal Farm Credit Bank		01/25/2012	3,000,000.00	3,000,090.00	2,998,500.00	0.460	912	0.480	784	07/25/2014
3137EACU1	11195	Fed Home Loan Mortgage Corp		01/23/2012	5,000,000.00	5,064,650.00	5,064,750.00	1.000	919	0.482	789	07/30/2014
3135G0BY8	11117	Federal National Mort Assoc		07/19/2011	4,000,000.00	4,040,720.00	3,997,920.00	0.875	1,136	0.890	818	08/28/2014
3135G0CU5	11138	Federal National Mort Assoc		09/12/2011	5,000,000.00	5,012,600.00	5,000,000.00	0.625	1,096	0.625	833	09/12/2014
3133EAAN8	11191	Federal Farm Credit Bank		01/27/2012	3,000,000.00	3,000,090.00	3,000,000.00	0.540	1,004	0.540	878	10/27/2014
3137EADA4	11179	Fed Home Loan Mortgage Corp		12/21/2011	2,500,000.00	2,508,475.00	2,497,442.01	0.625	1,104	0.662	941	12/29/2014
3134G2TJ1	11120	Fed Home Loan Mortgage Corp		07/26/2011	4,000,000.00	4,004,800.00	4,000,000.00	1.270	1,280	1.270	969	01/26/2015
3134G2TJ1	11122	Fed Home Loan Mortgage Corp		07/26/2011	5,000,000.00	5,006,000.00	5,000,000.00	1.270	1,280	1.270	969	01/26/2015
3134G3LF5	11198	Fed Home Loan Mortgage Corp		02/23/2012	3,000,000.00	3,029,010.00	3,027,275.33	1.000	1,086	0.700	987	02/13/2015

Portfolio INVT

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**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
May 31, 2012**

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												
3136FR6N8	11148	Federal National Mort Assoc		09/30/2011	1,500,000.00	1,500,660.00	1,500,000.00	0.810	1,277	0.810	1,032	03/30/2015
3136FR6N8	11149	Federal National Mort Assoc		09/30/2011	3,500,000.00	3,501,540.00	3,500,000.00	0.810	1,277	0.810	1,032	03/30/2015
3134G23S9	11167	Fed Home Loan Mortgage Corp		11/30/2011	5,835,000.00	5,847,603.60	5,835,000.00	1.050	1,254	1.050	1,070	05/07/2015
31331KLE8	11086	Federal Farm Credit Bank		05/18/2011	2,500,000.00	2,571,484.25	2,501,250.00	1.600	1,461	1.587	1,081	05/18/2015
3135G0LG6	11216	Federal National Mort Assoc		05/29/2012	2,500,000.00	2,495,925.00	2,499,750.00	0.650	1,095	0.653	1,092	05/29/2015
3134G3BM1	11164	Fed Home Loan Mortgage Corp		12/12/2011	5,000,000.00	5,010,200.00	4,997,500.00	1.020	1,278	1.035	1,106	06/12/2015
3136FRRB1	11108	Federal National Mort Assoc		06/22/2011	10,000,000.00	10,006,250.00	10,000,000.00	1.550	1,461	1.550	1,116	06/22/2015
31331K6R6	11192	Federal Farm Credit Bank		01/23/2012	3,000,000.00	3,000,150.00	3,000,410.00	0.820	1,271	0.820	1,141	07/17/2015
313375PT8	11147	Federal Home Loan Bank		09/19/2011	2,500,000.00	2,524,650.00	2,500,000.00	0.750	1,410	0.750	1,154	07/30/2015
313376VZ5	11196	Federal Home Loan Bank		01/30/2012	5,000,000.00	5,013,200.00	5,000,000.00	0.670	1,277	0.670	1,154	07/30/2015
31331KUU2	11142	Federal Farm Credit Bank		08/31/2011	3,000,000.00	3,003,990.00	3,000,000.00	1.000	1,447	0.999	1,172	08/17/2015
3136FRX40	11140	Federal National Mort Assoc		08/26/2011	9,000,000.00	9,033,390.00	9,000,000.00	1.000	1,461	1.000	1,181	08/26/2015
3136FPKK2	10991	Federal National Mort Assoc		09/28/2010	5,000,000.00	5,001,300.00	5,000,000.00	1.000	1,826	1.000	1,214	09/28/2015
3134G3GL8	11173	Fed Home Loan Mortgage Corp		01/13/2012	5,000,000.00	5,029,250.00	5,000,000.00	1.000	1,369	1.000	1,229	10/13/2015
3134G3GL8	11182	Fed Home Loan Mortgage Corp		01/13/2012	3,000,000.00	3,017,550.00	3,000,000.00	1.000	1,369	1.000	1,229	10/13/2015
3136FTCL1	11156	Federal National Mort Assoc		10/26/2011	3,000,000.00	3,005,940.00	2,997,000.00	1.000	1,461	1.026	1,242	10/26/2015
3136FTDU0	11158	Federal National Mort Assoc		10/26/2011	5,000,000.00	5,013,500.00	5,000,000.00	1.125	1,461	1.125	1,242	10/26/2015
3134G23F7	11163	Fed Home Loan Mortgage Corp		11/22/2011	5,000,000.00	5,013,200.00	5,000,000.00	1.250	1,455	1.250	1,263	11/16/2015
313378FP1	11199	Federal Home Loan Bank		02/24/2012	3,000,000.00	3,006,562.50	3,000,000.00	0.720	1,369	0.719	1,271	11/24/2015
31331J4J9	11020	Federal Farm Credit Bank		12/07/2010	2,000,000.00	2,071,320.00	2,000,000.00	1.740	1,826	1.740	1,284	12/07/2015
3136FTAK5	11152	Federal National Mort Assoc		09/28/2011	4,000,000.00	4,009,080.00	4,000,000.00	1.000	1,552	0.998	1,305	12/28/2015
3136FTYD5	11184	Federal National Mort Assoc		01/25/2012	5,000,000.00	5,018,200.00	5,000,000.00	1.100	1,461	1.100	1,333	01/25/2016
3136FRS61	11136	Federal National Mort Assoc		09/07/2011	5,000,000.00	5,009,300.00	5,000,000.00	1.250	1,643	1.250	1,375	03/07/2016
3134G3RK8	11205	Fed Home Loan Mortgage Corp		03/27/2012	5,000,000.00	5,035,100.00	4,996,305.56	1.000	1,448	1.028	1,382	03/14/2016
31331KFK1	11073	Federal Farm Credit Bank		03/24/2011	1,155,000.00	1,162,461.30	1,153,845.00	2.440	1,827	2.461	1,392	03/24/2016
3133EAJX7	11204	Federal Farm Credit Bank		03/28/2012	5,000,000.00	5,003,500.00	5,000,000.00	1.140	1,461	1.140	1,396	03/28/2016
3135G0LD3	11220	Federal National Mort Assoc		05/29/2012	5,000,000.00	4,996,600.00	5,000,729.17	0.875	1,455	0.875	1,452	05/23/2016
3134G3EW6	11168	Fed Home Loan Mortgage Corp		12/30/2011	3,400,000.00	3,432,538.00	3,400,000.00	1.270	1,644	1.270	1,490	06/30/2016
3136FTWY1	11174	Federal National Mort Assoc		12/30/2011	5,000,000.00	5,040,500.00	5,000,000.00	1.150	1,644	1.150	1,490	06/30/2016
3136FRQ71	11130	Federal National Mort Assoc		08/24/2011	2,500,000.00	2,505,600.00	2,500,000.00	1.450	1,827	1.450	1,545	08/24/2016
3136FRS38	11135	Federal National Mort Assoc		09/06/2011	5,000,000.00	5,049,300.00	5,000,000.00	1.400	1,827	1.400	1,558	09/06/2016
3136FRT37	11139	Federal National Mort Assoc		09/14/2011	5,000,000.00	5,012,350.00	5,000,000.00	1.050	1,827	1.050	1,566	09/14/2016
3136FR3Q4	11144	Federal National Mort Assoc		09/28/2011	5,000,000.00	5,033,150.00	5,000,000.00	1.320	1,827	1.320	1,580	09/28/2016
3135G0EN9	11159	Federal National Mort Assoc		10/28/2011	5,000,000.00	5,025,150.00	5,000,000.00	1.750	1,825	1.750	1,608	10/26/2016
3136FTQY8	11162	Federal National Mort Assoc		12/07/2011	5,000,000.00	5,016,550.00	5,000,000.00	1.250	1,827	1.250	1,650	12/07/2016
3136FTWG0	11172	Federal National Mort Assoc		12/28/2011	5,000,000.00	5,015,950.00	5,000,000.00	1.125	1,827	1.125	1,671	12/28/2016

**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
May 31, 2012**

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												
3134G3GJ3	11177	Fed Home Loan Mortgage Corp		01/17/2012	5,000,000.00	5,026,800.00	5,000,000.00	1.375	1,827	1.375	1,691	01/17/2017
3134G3LG3	11194	Fed Home Loan Mortgage Corp		02/14/2012	5,000,000.00	5,050,700.00	5,000,000.00	1.250	1,827	1.250	1,719	02/14/2017
3136G0BD2	11206	Federal National Mort Assoc		04/24/2012	5,000,000.00	5,061,200.00	5,000,000.00	1.000	1,826	1.000	1,788	04/24/2017
3136G0LS8	11222	Federal National Mort Assoc		05/30/2012	5,000,000.00	5,008,400.00	5,000,000.00	1.200	1,826	1.331	1,824	05/30/2017
Subtotal and Average			442,190,131.61		448,885,000.00	452,268,629.19	451,648,241.09		1,169	0.993	809	
Federal Agency Discount												
313384YZ6	11209	Federal Home Loan Bank		04/24/2012	19,000,000.00	18,999,240.00	18,997,340.00	0.070	72	0.071	34	07/05/2012
313384YZ6	11210	Federal Home Loan Bank		04/24/2012	20,000,000.00	19,999,200.00	19,997,200.00	0.070	72	0.071	34	07/05/2012
31396ZM8	11188	Fed Home Loan Mortgage Corp		01/09/2012	2,000,000.00	1,999,900.00	1,999,366.67	0.060	190	0.062	46	07/17/2012
Subtotal and Average			45,509,038.39		41,000,000.00	40,998,340.00	40,993,906.67		78	0.071	35	
Local Agency Investment Funds												
SYS10090	10090	Local Agency Investment Fund			49,721,150.00	49,721,150.00	49,721,150.00	0.367	1	0.367	1	
Subtotal and Average			47,495,343.55		49,721,150.00	49,721,150.00	49,721,150.00		1	0.367	1	
Columbia Money Market Fund												
SYS10091	10091	Columbia Money Market Reserves		09/15/2006	16,288,480.16	16,288,480.16	16,288,480.16	0.010	1	0.010	1	
Subtotal and Average			21,207,317.99		16,288,480.16	16,288,480.16	16,288,480.16		1	0.010	1	
Local Agency Investment Funds - RDA												
SYS10092	10092	LAIF - RDA		03/17/2009	0.00	0.00	0.00	0.385	1	0.385	1	
Subtotal and Average			0.00		0.00	0.00	0.00		0	0.000	0	
Corporate Bonds												
06050BAA9	10808	Bank of America		01/20/2009	5,000,000.00	5,003,950.00	5,199,100.00	3.125	1,242	1.913	14	06/15/2012
38146FAA9	10816	Goldman Sachs		01/26/2009	5,000,000.00	5,004,150.00	5,206,850.00	3.250	1,236	1.984	14	06/15/2012
61757UAH3	10846	Morgan Stanley		04/13/2009	5,000,000.00	5,003,800.00	4,998,450.00	1.950	1,164	1.960	19	06/20/2012
17313YAG6	10895	Citigroup		08/28/2009	2,000,000.00	2,003,940.00	2,015,520.00	2.125	1,049	1.844	41	07/12/2012
17313YAL5	10899	Citigroup		10/05/2009	3,000,000.00	3,020,040.00	3,011,940.00	1.875	1,113	1.741	143	10/22/2012
481247AM6	10847	JP Morgan Chase		04/13/2009	5,000,000.00	5,049,700.00	4,993,850.00	2.125	1,353	2.160	208	12/26/2012
38259PAA0	11213	Google		05/22/2012	1,245,000.00	1,263,973.80	1,264,999.89	1.250	727	0.444	717	05/19/2014
98458PAB1	11208	Yale University		04/10/2012	2,450,000.00	2,578,355.50	2,591,977.50	2.900	918	0.575	866	10/15/2014
594918AG9	11211	Microsoft		05/10/2012	5,000,000.00	5,167,300.00	5,180,756.25	1.625	1,233	0.602	1,211	09/25/2015
Subtotal and Average			32,102,417.71		33,695,000.00	34,095,209.30	34,463,443.64		1,179	1.596	326	

**City of Santa Monica
 Portfolio Management
 Portfolio Details - Investments
 May 31, 2012**

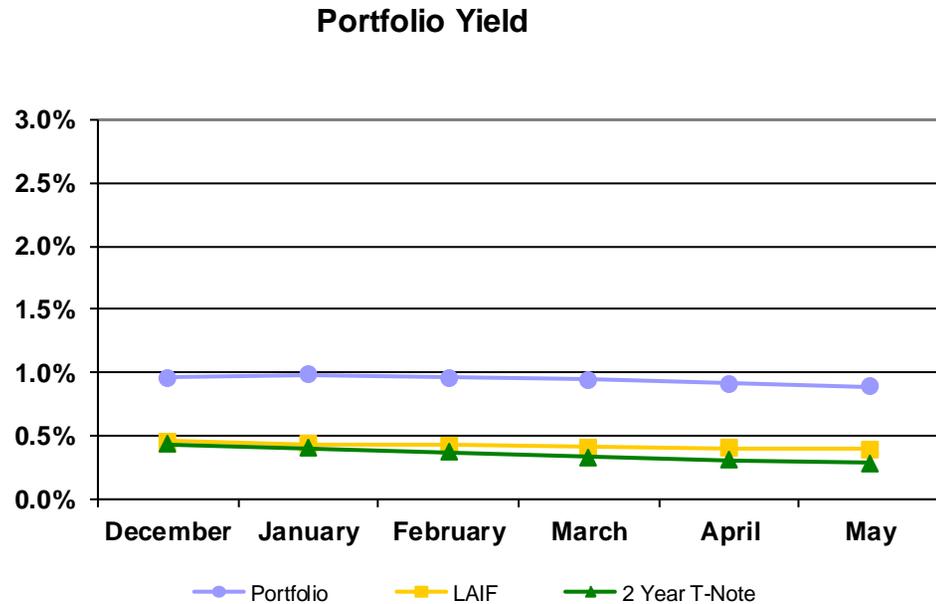
CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity
Total and Average			588,504,249.24		589,589,630.16	593,371,808.65	593,115,221.56		964	0.885	637

**City of Santa Monica
Portfolio Management
Activity By Type
May 1, 2012 through May 31, 2012**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Federal Agency Coupon							
31331GVL0	10860	Federal Farm Credit Bank	1.875	05/07/2012	0.00	5,000,000.00	
3133MNVV0	10814	Federal Home Loan Bank	5.750	05/15/2012	0.00	5,620,170.41	
313375BU0	11131	Federal Home Loan Bank	0.120	05/17/2012	0.00	4,998,800.00	
3133XXPV3	11187	Federal Home Loan Bank	1.125	05/18/2012	0.00	2,000,753.46	
313372RK2	11223	Federal Home Loan Bank	1.000	05/30/2012	3,019,380.00	0.00	
313378TB7	11224	Federal Home Loan Bank	0.250	05/30/2012	2,970,891.00	0.00	
3134G3QH6	11215	Fed Home Loan Mortgage Corp	0.570	05/18/2012	2,500,000.00	0.00	
3134G3NS5	11225	Fed Home Loan Mortgage Corp	0.300	05/30/2012	2,996,460.00	0.00	
3136FRKZ5	11082	Federal National Mort Assoc	2.500	05/18/2012	0.00	5,000,000.00	
3136FRMX8	11088	Federal National Mort Assoc	1.520	05/24/2012	0.00	2,500,000.00	
3135G0LG6	11216	Federal National Mort Assoc	0.650	05/29/2012	2,499,750.00	0.00	
3135G0LD3	11220	Federal National Mort Assoc	0.875	05/29/2012	5,000,000.00	0.00	
3136G0LS8	11222	Federal National Mort Assoc	1.200	05/30/2012	5,000,000.00	0.00	
		Subtotal			23,986,481.00	25,119,723.87	451,648,241.09
Federal Agency Discount							
313396XL2	11181	Fed Home Loan Mortgage Corp	0.050	05/29/2012	0.00	4,998,895.83	
		Subtotal			0.00	4,998,895.83	40,993,906.67
Local Agency Investment Funds (Monthly Summary)							
SYS10090	10090	Local Agency Investment Fund	0.367		4,000,000.00	3,000,000.00	
		Subtotal			4,000,000.00	3,000,000.00	49,721,150.00
Columbia Money Market Fund (Monthly Summary)							
SYS10091	10091	Columbia Money Market Reserves	0.010		42,754,220.75	35,355,622.86	
		Subtotal			42,754,220.75	35,355,622.86	16,288,480.16
Local Agency Investment Funds - RDA (Monthly Summary)							
		Subtotal					0.00
Corporate Bonds							
38259PAA0	11213	Google	1.250	05/22/2012	1,264,870.20	0.00	
594918AG9	11211	Microsoft	1.625	05/10/2012	5,170,600.00	0.00	
		Subtotal			6,435,470.20	0.00	34,463,443.64
		Total			77,176,171.95	68,474,242.56	593,115,221.56

Portfolio Yield

The portfolio yield-to-maturity was 0.89% as of May 31, 2012, down two (2) basis points from April and twenty-one (21) basis points from May 2011. The yield is now at a new low point for the time period that records are available as the extended record low interest rate environment continues to hamper portfolio returns. This month's yield is four hundred twenty-one (421) basis points below the most recent high mark of 5.1% in September 2007. 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.



Overall, May interest rates in the two to five year maturity were relatively flat with April levels. The two year CMT of .27% was unchanged while the twelve month moving average CMT fell two (2) basis points to another record low level of 0.28% and is now four hundred forty-six (446) basis points off its February 2007 high. Rates are now expected to remain relatively low into mid to late 2014. LAIF rates also remain at historic low points. The twelve month moving average LAIF yield fell to 0.39 in May, and has not shown a monthly increase since September 2007. The monthly LAIF yield also dropped one basis point in May to 0.36%.

The Federal Open Market Committee (Fed) did not meet in May, so the target Fed Funds rate remained unchanged at a range of 0% to 0.25%. The Fed continues to stress that although economic activity, including the labor market, has shown signs of improvement; only modest growth is anticipated in the near future, hindered in part by the global economic crisis. Fed policy statements indicate that it intends to keep the Fed Funds rate at low levels through late 2014. First quarter GDP growth was a disappointing 1.9%, below the expectations of most economists and second quarter growth is expected to be even lower. Most recent economic projections predicted modest growth of less than 2.5% for all of 2012 and in 2013. The housing market continues weak, but the labor market has shown some signs of recovery. However, the May unemployment rate actually rose

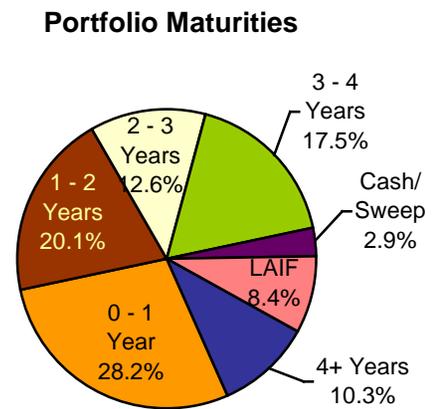
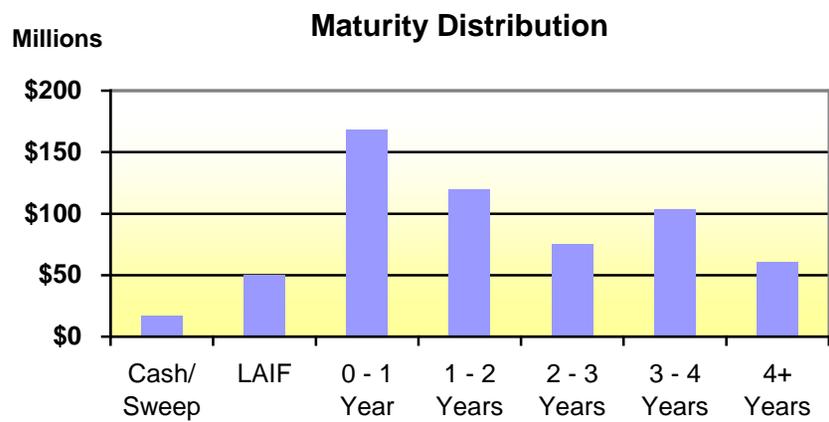
slightly to 8.2%, and the creation of new jobs in the work force remains below levels necessary for a strong economic recovery. The stock market performance also reflected some concerns about the global financial situation as the Dow Jones Industrial Average dropped 6.2% in May.

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 may continue to fall slightly over the next few months unless some uptick in rates occurs.

Portfolio investment income showed a \$0.1 million loss for the month. The loss is due to the City's accounting methodology for recognizing the amortization of premiums. As noted elsewhere in the report, the City does not amortize premiums except for reporting purposes in the City's year-end financial statements. Instead, premiums are recognized at the time of bond maturity, and the May figures reflect an atypically large premium from an investment maturing in May (\$0.6 million). Exclusive of this, May earnings were about \$0.5 million. Fiscal year-to-date earnings are down about 14% from the same period last year. In previous reports, it was noted that investment earnings might trail expectations if interest rates didn't begin to show at least a modest upward trend. It now appears that earnings will end the year approximately 15% below the prior year amount.

Maturity Distribution

The weighted average days to maturity as of May 31, 2012 is 637 days (1.75 years), a slight increase of four days from 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 continue to 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 2014. 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 May 31, 2012, the market value and the book value of the City’s pooled investments (excluding cash) are:

Market Value	\$	593,371,808.65
Book Value (purchase price)		593,115,221.56
		<hr/>
Unrealized Gain/(Loss)	\$	256,587.09

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 \$28.3 million) should be sufficient to cover costs related to operations for the next several to four years. The plant has been operational since the beginning of 2011. The yield to maturity on these funds as of May 31, 2012 is 0.23%. On May 31, 2012, the portfolio showed an unrealized loss of \$83,460. The weighted average days-to-maturity was 201 days (0.55 years). Most investments are being held in relatively short maturity/low yield investments.

**SM Water Treatment Facility
Portfolio Management
Portfolio Details - Investments
May 31, 2012**

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	10,089,148.08	10,089,148.08	10,089,148.08	0.010	0.010	0.010	1	
Subtotal and Average			10,218,180.34		10,089,148.08	10,089,148.08	10,089,148.08		0.010	0.010	1	
Federal Agency Coupon Securities												
3137EACG2	63	Federal Home Loan Mortgage Cor		10/04/2011	6,000,000.00	6,042,180.00	6,080,880.00	1.375	0.347	0.352	222	01/09/2013
3134G1VX9	62	Federal Home Loan Mortgage Cor		10/03/2011	6,000,000.00	6,025,380.00	6,040,620.00	0.800	0.355	0.360	322	04/19/2013
31331JPK3	65	Federal Farm Credit Bank		10/04/2011	6,000,000.00	6,076,620.00	6,106,140.00	1.375	0.341	0.345	389	06/25/2013
Subtotal and Average			18,227,640.00		18,000,000.00	18,144,180.00	18,227,640.00		0.348	0.352	311	
Total and Average			28,445,820.34		28,089,148.08	28,233,328.08	28,316,788.08		0.227	0.230	201	

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 and loan proceeds, as well as the Cemetery and Mausoleum Perpetual Care Funds are excluded.

The following tables summarize portfolio compliance as of May 31, 2012. 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:

Credit Ratings - Corporate Medium Term Notes

	<u>Standard & Poors/ Fitch</u>	<u>Moodys</u>	<u>In Compliance (Yes/No)</u>
Best Quality	AAA	Aaa	Yes
	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

Portfolio Allocation as of 5/31/12

	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	\$160,953,549.44	\$0.00	\$160,953,549.44	25.9%	50.0%	Yes
Federal National Mortgage Association	145,320,709.17	0.00	145,320,709.17	23.4%	50.0%	Yes
Federal Home Loan Mortgage Corporation	130,521,394.15	12,121,500.00	142,642,894.15	22.9%	50.0%	Yes
Federal Farm Credit Bank	55,846,495.00	6,106,140.00	61,952,635.00	10.0%	50.0%	Yes
Total Federal Agency Securities	\$492,642,147.76	\$18,227,640.00	\$510,869,787.76	82.1%	n/a	Yes
Corporate Bonds						
Corporate Bonds - TGLP (FDIC Insured)	\$25,425,710.00	\$0.00	25,425,710.00			
Corporate Bonds - Other	9,037,733.64		9,037,733.64			
Total Corporate Bonds	\$34,463,443.64	\$0.00	\$34,463,443.64	5.5%	30.0%	Yes
Money Market Mutual Funds						
Columbia Money Market Reserves Advisor Class	16,288,480.16		16,288,480.16	2.6%	10.0%	Yes
BlackrockT-Find Cash Management Sweep		10,089,148.08	10,089,148.08	1.6%	10.0%	Yes
Total-Money Market Mutual Funds	\$16,288,480.16	\$10,089,148.08	\$26,377,628.24	4.2%	20.0%	Yes
State Local Agency Investment Fund-City	\$49,721,150.00		\$49,721,150.00	8.0%	\$50 million	Yes
State Local Agency Investment Fund-RDA	\$0.00		\$0.00	0.0%	\$50 million	Yes
Cash (3)	634,177.06		634,177.06	0.1%	None	Yes
Total (Book Value)	\$593,749,398.62	\$28,316,788.08	\$622,066,186.70	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 (\$1,330,058)
- (4) Value used to test compliance is reported value (book value plus unrealized purchased interest).

City Portfolio as of 5/31/12 (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
JP Morgan Chase 2.125% (TLGP) maturing 12/26/12	\$4,993,850.00			\$4,993,850.00	Aaa	Yes
Morgan Stanley 1.95% (TLGP) maturing 6/20/12	\$4,998,450.00			\$4,998,450.00	Aaa	Yes
Citigroup 2.125% (TLGP) maturing 7/12/12	\$2,015,520.00			\$2,015,520.00	Aaa	Yes
Citigroup 1.875% (TLGP) maturing 10/22/12	\$3,011,940.00			\$3,011,940.00	Aaa	Yes
Yale University 2.9% maturing 10/14/14	\$2,591,977.50			\$2,591,977.50	Aaa	Yes
Google 1.25% maturing 5/19/14	\$1,264,999.89			\$1,264,999.89	Aa2	Yes
Microsoft 1.625% maturing 9/25/15	\$5,180,756.25			\$5,180,756.25	Aaa	Yes

* Per Moody's

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