



# Information Item

**Date: January 3, 2012**

To: Mayor and City Council  
From: Gigi Decavalles-Hughes, Director of Finance/City Treasurer  
Subject: City Monthly Cash and Investment Report for September 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 September 30, 2012.

## **Discussion**

The September 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 \$15.2 million in September to \$559.6 million. The pooled portfolio yield-to-maturity of 0.72% was seven basis points less than in August and thirty-six basis points less than year earlier. Investment income for the month was \$0.4 million. Fiscal year-to-date earnings are down 28.2% from last year. Interest rates have remained near record lows resulting in many callable investments being called and reinvested in lower yielding investments. Additionally, a significant portion of new investments are being made in securities with very short maturities.

In addition to the pooled portfolio, the City's total cash holdings as of September 30, 2012 included \$28.4 million in Charnock settlement-related funds held in an escrow account at Union Bank, \$88.9 million in debt proceeds held in trust with various fiscal agents, \$68.2 million in other funds held in trust, and \$54,222 in petty cash/change funds for a total balance of \$745.2 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 September 30, 2012, the market value of the City's portfolio was approximately \$0.5 million greater than the book value.

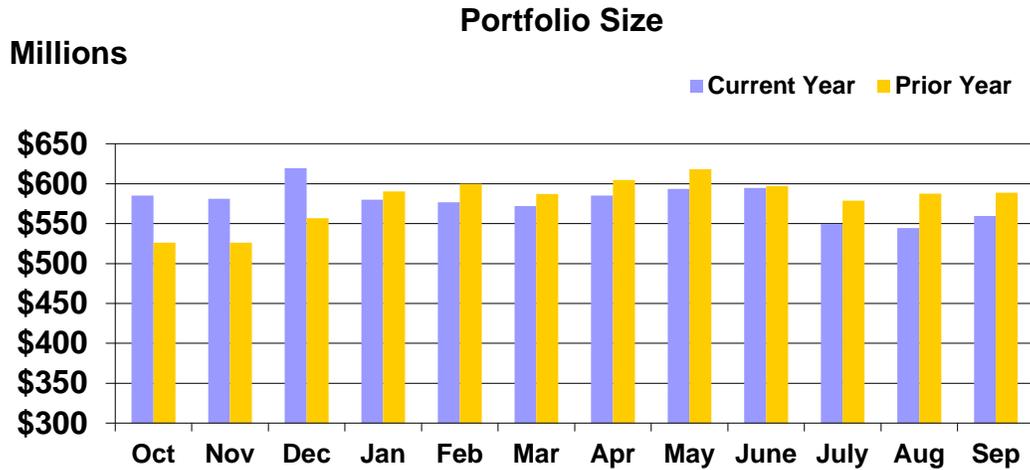
Attached is a summary of investment activity as well as a detailed report of public monies held by the City Treasurer for the month of September 30, 2012.

Prepared by: David Carr, Treasury Administrator

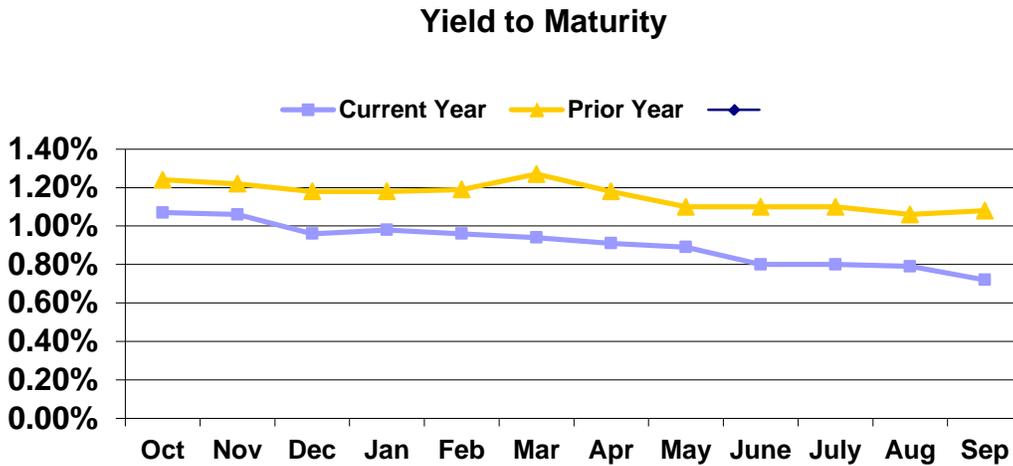
Attachments: 1 – Investment Highlights  
2 – Investment Report

# Investment Highlights

## September 30, 2012

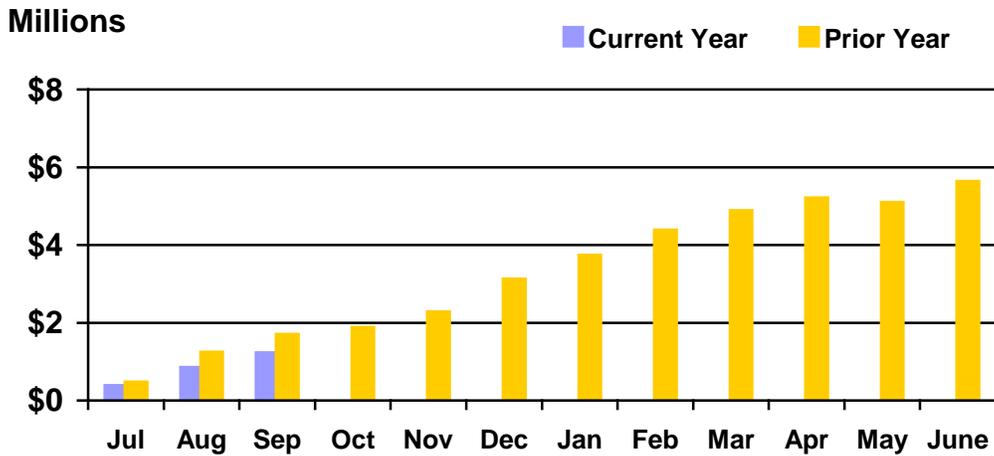


- As of September 30, the portfolio size is \$559.6 million, \$15.2 million more than in August, but \$29.3 million less than in September 2011.
- A large property sale in September was the main reason for the increase.

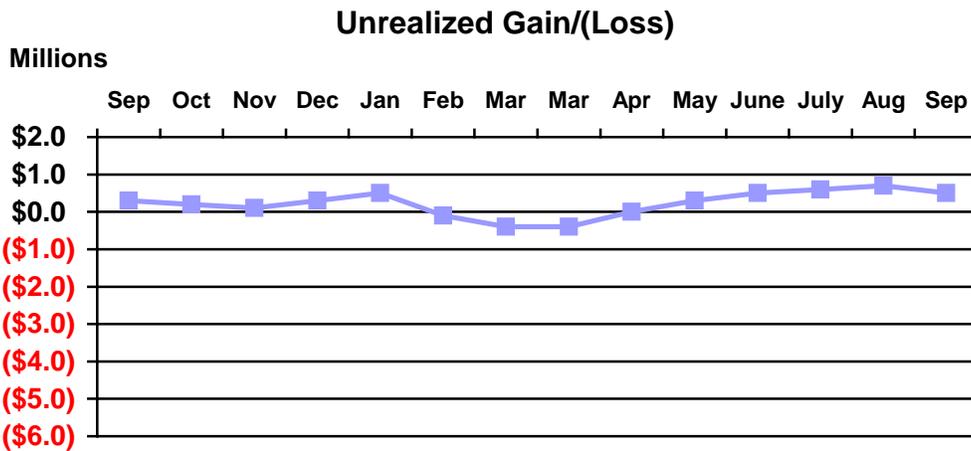


- As of September 30, yield to maturity is 0.72%.
- Down six basis points from August and thirty-six basis points from one year earlier.

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



- Year-to-date earnings through September are down 28.2% from one year earlier.



- As of September 30, 2012, the market value is about \$0.5 million more than the unamortized book value (purchase price).



# Investment Report

## September 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 September 30, 2012**

<b>Petty Cash/Change Funds</b>		<b>\$54,222.00</b>
<b>Pooled Portfolio</b>		
Bank of America (1)		
General Account	\$2,759,357.51	
Columbia Money Market Sweep Account	\$30,242,775.47	
Total Bank of America	<u>\$33,002,132.98</u>	
Bank of New York (BNY)		
Corporate Bonds - FDIC Insured	\$8,005,790.00	
Corporate Bonds	\$12,161,034.06	
Federal Agencies Securities	\$457,197,516.85	
Total Bank of New York	\$477,364,340.91	
State of California Local Agency Investment Fund - City	<u>\$49,263,083.51</u>	
<b>Total Pooled Portfolio</b>		<b>\$559,629,557.40</b>
<b>Restricted Cash/Investments Held in Trust/Debt Proceeds</b>		
Union Bank - Redevelopment Agency Term Loan	\$46,870,781.23	*
Union Bank-Earthquake Recovery Redevelopment 2006		
Tax Allocation Refunding Bonds Series A & B	\$3.37	*
Union Bank-Civic Center Parking Project 2004 Lease Revenue Bonds	\$2,826,964.84	*
Union Bank-RDA 2011 Tax Allocation Bonds	\$2,262,488.45	*
BNY-Library Improvement Project 2012 Refunding	\$13,517.79	*
BNY-Ocean Park Redevelopment Project 2002 Refunding	\$1,797,000.00	*
BNY-Parking Authority Lease Revenue Bonds 2002 Refunding	\$2.00	*
BNY-Public Safety Facility Bonds 2009 Refunding	\$1,008,716.41	*
BNY-2011 Series A & B Bonds	\$34,086,008.23	*
U.S. Bank-Wastewater Enterprise Revenue Bonds-2012 Refunding	\$14,596.40	*
U.S. Bank-Wastewater Enterprise Revenue Bonds-2005 Refunding	\$2.00	*
<b>Total Restricted Cash/Investments Held in Trust</b>		<b>\$88,880,080.72</b>
<b>Charnock Settlement Funds</b>		
Union Bank (December 2006 Settlement)		
Money Market Funds	\$10,171,800.06	
Federal Agencies Securities	\$18,227,640.00	
Total Union Bank (December 2006 Settlement)	<u>\$28,399,440.06</u>	*
<b>Total Charnock Settlement Funds</b>		<b>\$28,399,440.06</b>
<b>Other Restricted Funds/Funds Held in Trust</b>		
Cemetery Perpetual Care Fund (3)	\$8,521,706.00	*
Mausoleum Perpetual Care Fund (3)	\$968,406.00	*
Santa Monica Redevelopment Successor Agency RORF	\$13,187,200.70	*
HUD Depository Account (4)	\$2,415,495.19	*
U.S. Bank-W.E. O'Neil Retention Escrow Account	\$1,390,000.00	*
First Republic Bank - Keysor Marston Escrow	\$1,300,000.00	*
Wells Fargo Bank - High Place West Escrow	\$3,100,266.87	*
Wells Fargo Bank - Expo 4th and Colorado	\$8,400,101.78	*
Wells Fargo Bank - Expo 26th and 17th	\$1,570,000.35	*
Union Bank - Santa Monica Redevelopment Successor Agency Account	\$4,886,047.78	*
Union Bank - Housing Authority Custodial Account	\$19,639,540.85	*
Union Bank - W.E. O'Neil Direct Owner Costs PGW Escrow	\$2,606,583.90	*
Union Bank - W.E. O'Neil Direct Owner Costs Civic Escrow	\$171,122.24	*
Public Agency Family Self Sufficiency Program (2)	<u>\$90,199.74</u>	*
<b>Total Other Funds Held in Trust</b>		<b>\$68,246,671.40</b>
<b>GRAND TOTAL</b>		<b>\$745,209,971.58</b>

**City of Santa Monica**  
**Report of Public Monies Held by the City Treasurer**  
**As of September 30, 2012**

- (1) This is the actual bank account balance as of 9/30/12. 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\*  
September 30, 2012**

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

Cash and Investments - August 31, 2012	\$544,396,515.28
Receipts	54,451,004.42
Disbursements	(39,217,962.30)
Cash and Investments - September 30, 2012	\$559,629,557.40

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

Gigi Decavalles-Hughes  
Director of Finance/City Treasurer

**Overview**

As of September 30, 2012, total City cash and investments were \$745.2 million, a \$13.9 million increase from September. The pooled portfolio increased by \$15.2 million, primarily due to proceeds from a property sale. This increase was partially offset by a \$1.3 million decrease in Restricted Cash/Other Funds Held in Trust. Total cash and investments are categorized as follows:

Petty Cash	\$	54,222.00
Pooled Investment Portfolio	\$	559,629,557.40
Restricted Cash/Investment Held in Trust	\$	88,880,080.72
Charnock Settlement Funds	\$	28,399,440.06
Other Funds Held in Trust	\$	68,246,671.40
Total	\$	<u>745,209,971.58</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.

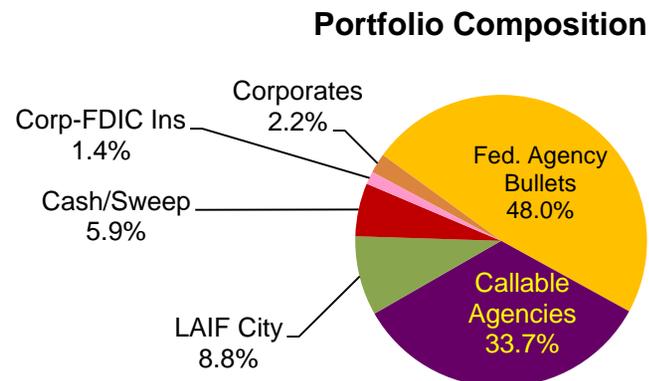
**Pooled Investment Portfolio**

As of September 30, 2012, the portfolio size (unamortized book value/purchase price) of City pooled cash and investments is \$559.6 million, a \$15.1 million increase from August. 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. As noted above, the increase primarily reflects proceeds from a property sale. Four investments were made during the month (\$45 million), two investments matured (\$7.6 million) and six investments were called (\$22.2 million). No investments were sold. State Local Agency Investment Fund (LAIF) account balances increased by \$2 million in September. The balance of the money market sweep account as of September month-end was \$30.2 million.

Details of the main portfolio follow.

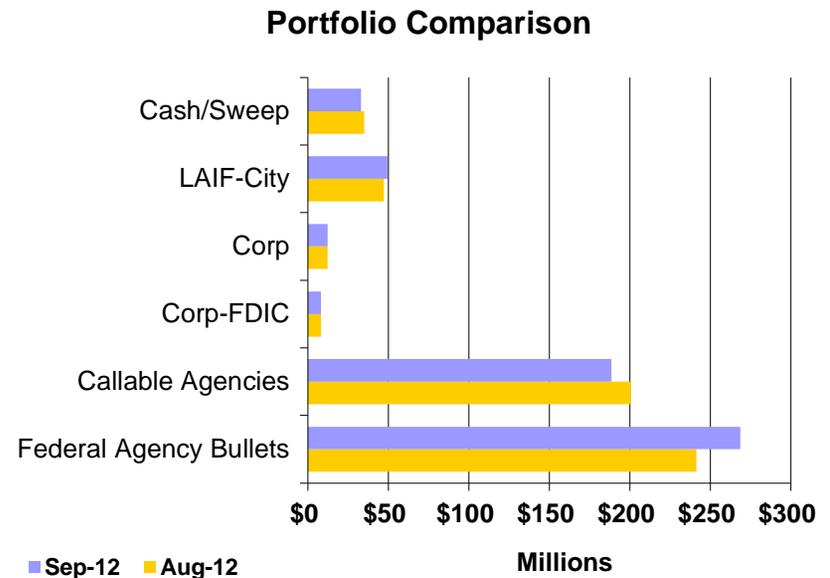
**Portfolio Composition**

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 (81.7%). The remaining 18.3% is invested in the State Local Agency Investment Fund (8.8%); FDIC insured (AAA rated) corporate bonds (1.4%), other corporate bonds (2.2%), and cash including the money market sweep account (5.9%). 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 September. 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 two years and under. Additionally, the portfolio is being kept very liquid reflecting continuing uncertainty regarding the impact of RDA dissolution on cash flow needs. 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 September 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  
September 30, 2012**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
<b>Federal Agency Coupon</b>												
3134G1VG6	11001	Fed Home Loan Mortgage Corp		10/06/2010	3,000,000.00	3,001,110.00	3,006,600.00	0.625	755	0.509	29	10/30/2012
3136FPUC9	11015	Federal National Mort Assoc		11/23/2010	4,000,000.00	4,000,760.00	3,994,480.00	0.500	707	0.572	29	10/30/2012
3134G1WT7	11012	Fed Home Loan Mortgage Corp		11/16/2010	5,000,000.00	5,002,700.00	4,991,650.00	0.515	741	0.612	56	11/26/2012
3134G1WT7	11026	Fed Home Loan Mortgage Corp		12/08/2010	5,000,000.00	5,002,700.00	4,988,000.00	0.515	719	0.638	56	11/26/2012
3133XW7L7	11007	Federal Home Loan Bank		11/04/2010	4,000,000.00	4,015,160.00	4,092,600.00	1.500	804	0.441	107	01/16/2013
31331KAE0	11075	Federal Farm Credit Bank		01/19/2011	5,000,000.00	5,011,300.00	5,000,000.00	0.750	762	0.750	141	02/19/2013
31331JBV4	10929	Federal Farm Credit Bank		02/04/2010	2,500,000.00	2,514,475.00	2,502,800.00	1.750	1,113	1.709	143	02/21/2013
31359MQV8	10909	Federal National Mort Assoc		12/03/2009	5,000,000.00	5,088,400.00	5,496,750.00	4.750	1,176	1.570	143	02/21/2013
3133XWX87	10945	Federal Home Loan Bank		03/23/2010	2,000,000.00	2,012,812.40	2,003,100.00	1.750	1,081	1.696	158	03/08/2013
313380QS9	11248	Federal Home Loan Bank		09/14/2012	25,000,000.00	24,997,250.00	25,000,000.00	0.150	181	0.150	164	03/14/2013
313372RK2	11223	Federal Home Loan Bank		05/30/2012	3,000,000.00	3,012,150.00	3,019,380.00	1.000	301	0.216	177	03/27/2013
313378TB7	11224	Federal Home Loan Bank		05/30/2012	2,970,000.00	2,971,158.30	2,970,891.00	0.250	302	0.214	178	03/28/2013
31331GVD8	11085	Federal Farm Credit Bank		05/13/2011	2,000,000.00	2,020,860.00	2,061,180.00	2.200	696	0.581	189	04/08/2013
3137EACJ6	11095	Fed Home Loan Mortgage Corp		05/20/2011	3,000,000.00	3,023,070.00	3,062,100.00	1.625	696	0.530	196	04/15/2013
3137EABJ7	11153	Fed Home Loan Mortgage Corp		09/27/2011	4,000,000.00	4,087,440.00	4,211,120.00	3.500	610	0.332	240	05/29/2013
313376GT6	11166	Federal Home Loan Bank		11/30/2011	4,000,000.00	4,003,960.00	4,000,000.00	0.350	547	0.350	241	05/30/2013
3133XR5U0	10901	Federal Home Loan Bank		10/02/2009	5,000,000.00	5,122,450.00	5,312,250.00	3.750	1,351	1.990	256	06/14/2013
3133XYHDO	10962	Federal Home Loan Bank		05/28/2010	5,000,000.00	5,050,000.00	4,995,200.00	1.625	1,113	1.657	256	06/14/2013
3133XYHDO	11151	Federal Home Loan Bank		09/22/2011	3,940,000.00	3,979,400.00	4,030,029.00	1.625	631	0.298	256	06/14/2013
3133XXYX9	11150	Federal Home Loan Bank		09/22/2011	5,000,000.00	5,060,750.00	5,139,050.00	1.875	638	0.278	263	06/21/2013
313371AR7	10996	Federal Home Loan Bank		10/01/2010	2,500,000.00	2,510,175.00	2,501,475.00	0.750	1,001	0.730	270	06/28/2013
313376R98	11183	Federal Home Loan Bank		01/17/2012	5,000,000.00	5,002,900.00	5,000,000.00	0.350	547	0.350	289	07/17/2013
313380AD9	11233	Federal Home Loan Bank		07/24/2012	2,500,000.00	2,498,475.00	2,497,800.00	0.125	365	0.213	296	07/24/2013
313380AD9	11234	Federal Home Loan Bank		07/24/2012	2,500,000.00	2,498,475.00	2,497,875.00	0.125	365	0.210	296	07/24/2013
31331KUY4	11141	Federal Farm Credit Bank		08/31/2011	3,000,000.00	3,001,050.00	2,995,290.00	0.250	719	0.330	322	08/19/2013
313372H64	11049	Federal Home Loan Bank		01/28/2011	2,200,000.00	2,216,038.00	2,200,000.00	1.000	943	1.000	331	08/28/2013
3133XUPZ0	10942	Federal Home Loan Bank		03/05/2010	3,000,000.00	3,068,850.00	3,076,230.00	2.625	1,288	1.876	347	09/13/2013
313370LB2	10982	Federal Home Loan Bank		08/13/2010	2,500,000.00	2,518,850.00	2,502,850.00	1.000	1,127	0.962	347	09/13/2013
3137EACL1	11002	Fed Home Loan Mortgage Corp		10/06/2010	2,000,000.00	2,014,100.00	2,005,360.00	0.875	1,118	0.787	392	10/28/2013
3137EACL1	11011	Fed Home Loan Mortgage Corp		11/16/2010	4,000,000.00	4,028,200.00	4,007,200.00	0.875	1,077	0.814	392	10/28/2013
3137EACL1	11024	Fed Home Loan Mortgage Corp		12/08/2010	5,000,000.00	5,035,250.00	4,988,000.00	0.875	1,055	0.957	392	10/28/2013
3133XVWW7	11048	Federal Home Loan Bank		01/25/2011	5,000,000.00	5,107,750.00	5,134,550.00	2.100	1,035	1.132	420	11/25/2013
3136FPEX1	10989	Federal National Mort Assoc		09/17/2010	2,500,000.00	2,506,400.00	2,500,000.00	1.125	1,187	1.125	442	12/17/2013
313370NL8	10990	Federal Home Loan Bank		08/27/2010	2,500,000.00	2,523,800.00	2,500,650.00	1.000	1,218	0.992	452	12/27/2013
3134G33R2	11185	Fed Home Loan Mortgage Corp		01/09/2012	2,500,000.00	2,506,900.00	2,500,000.00	0.450	731	0.450	465	01/09/2014
31398AVD1	10914	Federal National Mort Assoc		12/22/2009	5,000,000.00	5,172,750.00	5,092,600.00	2.750	1,506	2.276	492	02/05/2014

Portfolio INVT

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**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
September 30, 2012**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
<b>Federal Agency Coupon</b>												
31331KCA6	11051	Federal Farm Credit Bank		02/10/2011	2,500,000.00	2,537,875.00	2,500,000.00	1.375	1,096	1.375	497	02/10/2014
31331GNA3	10937	Federal Farm Credit Bank		02/12/2010	4,000,000.00	4,152,040.00	4,117,520.00	3.000	1,461	2.228	499	02/12/2014
3134G3MM9	11197	Fed Home Loan Mortgage Corp		02/27/2012	3,385,000.00	3,388,012.65	3,385,000.00	0.400	731	0.400	514	02/27/2014
313372U93	11058	Federal Home Loan Bank		03/03/2011	5,000,000.00	5,081,500.00	5,000,000.00	1.400	1,093	1.400	515	02/28/2014
31398AVZ2	11016	Federal National Mort Assoc		11/23/2010	3,000,000.00	3,108,240.00	3,175,080.00	2.750	1,206	0.952	528	03/13/2014
3134G3NS5	11225	Fed Home Loan Mortgage Corp		05/30/2012	3,000,000.00	3,004,050.00	2,996,460.00	0.300	660	0.366	536	03/21/2014
3134G2CL4	11094	Fed Home Loan Mortgage Corp		05/20/2011	5,000,000.00	5,084,950.00	5,042,750.00	1.350	1,075	1.054	575	04/29/2014
31331KKQ2	11090	Federal Farm Credit Bank		05/19/2011	5,000,000.00	5,064,350.00	5,012,850.00	1.150	1,089	1.062	588	05/12/2014
3133XWE70	11008	Federal Home Loan Bank		11/04/2010	4,000,000.00	4,151,720.00	4,237,120.00	2.500	1,317	0.829	620	06/13/2014
313379N47	11217	Federal Home Loan Bank		06/06/2012	3,000,000.00	3,007,050.00	3,000,000.00	0.400	751	0.400	634	06/27/2014
3134G3FL9	11169	Fed Home Loan Mortgage Corp		12/27/2011	5,000,000.00	5,004,550.00	5,000,000.00	0.650	913	0.650	634	06/27/2014
3134G3FG0	11176	Fed Home Loan Mortgage Corp		12/27/2011	5,000,000.00	5,004,550.00	5,000,000.00	0.650	913	0.650	634	06/27/2014
313379SK6	11236	Federal Home Loan Bank		07/25/2012	2,500,000.00	2,505,875.00	2,505,263.89	0.400	707	0.304	639	07/02/2014
3133EAAR9	11193	Federal Farm Credit Bank		01/25/2012	3,000,000.00	3,000,060.00	2,998,500.00	0.460	912	0.480	662	07/25/2014
3133806E2	11237	Federal Home Loan Bank		07/30/2012	2,500,000.00	2,499,800.00	2,500,000.00	0.350	730	0.350	667	07/30/2014
3137EACU1	11195	Fed Home Loan Mortgage Corp		01/23/2012	5,000,000.00	5,064,750.00	5,064,750.00	1.000	919	0.482	667	07/30/2014
313380A64	11245	Federal Home Loan Bank		08/16/2012	3,000,000.00	3,002,100.00	3,000,027.50	0.330	729	0.330	683	08/15/2014
3135G0BY8	11117	Federal National Mort Assoc		07/19/2011	4,000,000.00	4,044,374.80	3,997,920.00	0.875	1,136	0.890	696	08/28/2014
3135G0CU5	11138	Federal National Mort Assoc		09/12/2011	5,000,000.00	5,016,100.00	5,000,000.00	0.625	1,096	0.625	711	09/12/2014
3133EAAN8	11191	Federal Farm Credit Bank		01/27/2012	3,000,000.00	3,000,030.00	3,000,000.00	0.540	1,004	0.540	756	10/27/2014
3137EADA4	11179	Fed Home Loan Mortgage Corp		12/21/2011	2,500,000.00	2,515,350.00	2,497,225.00	0.625	1,104	0.662	819	12/29/2014
3134G3LF5	11198	Fed Home Loan Mortgage Corp		02/23/2012	3,000,000.00	3,030,540.00	3,026,442.00	1.000	1,086	0.700	865	02/13/2015
3134G3QH6	11215	Fed Home Loan Mortgage Corp		05/18/2012	2,500,000.00	2,513,050.00	2,500,000.00	0.570	1,021	0.570	885	03/05/2015
3134G23S9	11167	Fed Home Loan Mortgage Corp		11/30/2011	5,835,000.00	5,838,646.88	5,835,000.00	1.050	1,254	1.050	948	05/07/2015
31331KLE8	11086	Federal Farm Credit Bank		05/18/2011	2,500,000.00	2,579,687.50	2,501,250.00	1.600	1,461	1.587	959	05/18/2015
3135G0LG6	11216	Federal National Mort Assoc		05/29/2012	2,500,000.00	2,503,500.00	2,499,750.00	0.650	1,095	0.653	970	05/29/2015
3133EASK5	11221	Federal Farm Credit Bank		06/04/2012	5,000,000.00	5,013,100.00	5,000,000.00	0.610	1,095	0.610	976	06/04/2015
3134G3BM1	11164	Fed Home Loan Mortgage Corp		12/12/2011	5,000,000.00	5,005,750.00	4,997,500.00	1.020	1,278	1.035	984	06/12/2015
3133EAZJ0	11240	Federal Farm Credit Bank		07/25/2012	2,500,000.00	2,502,825.00	2,500,066.67	0.480	1,093	0.480	1,025	07/23/2015
313375PT8	11147	Federal Home Loan Bank		09/19/2011	2,500,000.00	2,535,937.50	2,500,000.00	0.750	1,410	0.750	1,032	07/30/2015
313376VZ5	11196	Federal Home Loan Bank		01/30/2012	5,000,000.00	5,039,350.00	5,000,000.00	0.670	1,277	0.670	1,032	07/30/2015
3135G0NA7	11238	Federal National Mort Assoc		07/30/2012	2,500,000.00	2,502,550.00	2,500,780.00	0.500	1,095	0.490	1,032	07/30/2015
3136FRX40	11140	Federal National Mort Assoc		08/26/2011	9,000,000.00	9,043,470.00	9,000,000.00	1.000	1,461	1.000	1,059	08/26/2015
3134G3GL8	11173	Fed Home Loan Mortgage Corp		01/13/2012	5,000,000.00	5,037,450.00	5,000,000.00	1.000	1,369	1.000	1,107	10/13/2015
3134G3GL8	11182	Fed Home Loan Mortgage Corp		01/13/2012	3,000,000.00	3,022,470.00	3,000,000.00	1.000	1,369	1.000	1,107	10/13/2015
3136FTDU0	11158	Federal National Mort Assoc		10/26/2011	5,000,000.00	5,002,750.00	5,000,000.00	1.125	1,461	1.125	1,120	10/26/2015

Portfolio INVT

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**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
September 30, 2012**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
<b>Federal Agency Coupon</b>												
3134G23F7	11163	Fed Home Loan Mortgage Corp		11/22/2011	5,000,000.00	5,004,600.00	5,000,000.00	1.250	1,455	1.250	1,141	11/16/2015
313378FP1	11199	Federal Home Loan Bank		02/24/2012	3,000,000.00	3,024,990.00	3,000,000.00	0.720	1,369	0.719	1,149	11/24/2015
31331J4J9	11020	Federal Farm Credit Bank		12/07/2010	2,000,000.00	2,081,100.00	2,000,000.00	1.740	1,826	1.740	1,162	12/07/2015
3136FTYD5	11184	Federal National Mort Assoc		01/25/2012	5,000,000.00	5,012,250.00	5,000,000.00	1.100	1,461	1.100	1,211	01/25/2016
313380C70	11247	Federal Home Loan Bank		09/07/2012	5,000,000.00	5,001,350.00	5,002,215.28	0.550	1,249	0.550	1,225	02/08/2016
3134G3RK8	11205	Fed Home Loan Mortgage Corp		03/27/2012	5,000,000.00	5,041,650.00	4,994,500.00	1.000	1,448	1.028	1,260	03/14/2016
3135G0LD3	11220	Federal National Mort Assoc		05/29/2012	5,000,000.00	5,029,150.00	5,000,729.17	0.875	1,455	0.875	1,330	05/23/2016
3134G3EW6	11168	Fed Home Loan Mortgage Corp		12/30/2011	3,400,000.00	3,432,334.00	3,400,000.00	1.270	1,644	1.270	1,368	06/30/2016
3136FTWY1	11174	Federal National Mort Assoc		12/30/2011	5,000,000.00	5,048,050.00	5,000,000.00	1.150	1,644	1.150	1,368	06/30/2016
3135G0MX8	11235	Federal National Mort Assoc		07/26/2012	5,000,000.00	5,013,150.00	5,000,000.00	0.750	1,461	0.750	1,394	07/26/2016
3136FRS38	11135	Federal National Mort Assoc		09/06/2011	5,000,000.00	5,050,450.00	5,000,000.00	1.400	1,827	1.400	1,436	09/06/2016
3136FR3Q4	11144	Federal National Mort Assoc		09/28/2011	5,000,000.00	5,027,500.00	5,000,000.00	1.320	1,827	1.320	1,458	09/28/2016
3136FTCL1	11156	Federal National Mort Assoc		10/26/2011	3,000,000.00	3,001,470.00	2,997,000.00	1.000	1,827	1.026	1,486	10/26/2016
3135G0EN9	11159	Federal National Mort Assoc		10/28/2011	5,000,000.00	5,005,000.00	5,000,000.00	1.750	1,825	1.750	1,486	10/26/2016
3136FTQY8	11162	Federal National Mort Assoc		12/07/2011	5,000,000.00	5,008,450.00	5,000,000.00	1.250	1,827	1.250	1,528	12/07/2016
3136FTWG0	11172	Federal National Mort Assoc		12/28/2011	5,000,000.00	5,010,050.00	5,000,000.00	1.125	1,827	1.125	1,549	12/28/2016
3134G3GJ3	11177	Fed Home Loan Mortgage Corp		01/17/2012	5,000,000.00	5,016,350.00	5,000,000.00	1.375	1,827	1.375	1,569	01/17/2017
3134G3LG3	11194	Fed Home Loan Mortgage Corp		02/14/2012	5,000,000.00	5,055,900.00	5,000,000.00	1.250	1,827	1.250	1,597	02/14/2017
3136G0BD2	11206	Federal National Mort Assoc		04/24/2012	5,000,000.00	5,078,000.00	5,000,000.00	1.400	1,826	1.400	1,666	04/24/2017
3136G0LS8	11222	Federal National Mort Assoc		05/30/2012	5,000,000.00	4,993,300.00	5,000,000.00	1.200	1,826	1.331	1,702	05/30/2017
3136G0HX2	11212	Federal National Mort Assoc		06/06/2012	4,000,000.00	4,018,880.00	4,000,000.00	1.000	1,826	1.000	1,709	06/06/2017
3136G0MK4	11218	Federal National Mort Assoc		06/21/2012	5,000,000.00	5,016,100.00	5,000,000.00	1.000	1,826	1.000	1,724	06/21/2017
3134G3B90	11243	Fed Home Loan Mortgage Corp		08/15/2012	2,000,000.00	1,999,920.00	1,998,520.00	0.875	1,826	0.890	1,779	08/15/2017
313380BD8	11239	Federal Home Loan Bank		08/21/2012	3,750,000.00	3,750,712.50	3,750,000.00	0.500	1,826	0.500	1,785	08/21/2017
3136G0G39	11250	Federal National Mort Assoc		09/27/2012	5,000,000.00	4,998,250.00	5,000,000.00	0.625	1,826	0.625	1,822	09/27/2017
<b>Subtotal and Average</b>			<b>403,054,191.72</b>		<b>400,480,000.00</b>	<b>403,315,229.53</b>	<b>402,911,279.51</b>		<b>1,142</b>	<b>0.879</b>	<b>772</b>	
<b>Federal Agency Discount</b>												
313384L31	11231	Federal Home Loan Bank		07/20/2012	15,000,000.00	14,999,850.00	14,995,450.00	0.120	91	0.122	18	10/19/2012
313396L68	11242	Fed Home Loan Mortgage Corp		07/30/2012	4,316,000.00	4,315,956.84	4,314,690.81	0.130	84	0.132	21	10/22/2012
313384L80	11241	Federal Home Loan Bank		07/30/2012	20,000,000.00	19,999,800.00	19,994,266.67	0.120	86	0.122	23	10/24/2012
313589DP5	11251	Federal National Mort Assoc		09/26/2012	10,000,000.00	9,995,100.00	9,992,669.44	0.145	182	0.147	177	03/27/2013
313397HW4	11230	Fed Home Loan Mortgage Corp		07/10/2012	5,000,000.00	4,994,531.00	4,989,160.42	0.215	363	0.221	280	07/08/2013
<b>Subtotal and Average</b>			<b>45,959,012.81</b>		<b>54,316,000.00</b>	<b>54,305,237.84</b>	<b>54,286,237.34</b>		<b>130</b>	<b>0.136</b>	<b>73</b>	

**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
September 30, 2012**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
<b>Local Agency Investment Funds</b>												
SYS10090	10090	Local Agency Investment Fund			49,263,083.51	49,263,083.51	49,263,083.51	0.348	1	0.348	1	
<b>Subtotal and Average</b>			<b>47,463,083.51</b>		<b>49,263,083.51</b>	<b>49,263,083.51</b>	<b>49,263,083.51</b>		<b>1</b>	<b>0.348</b>	<b>1</b>	
<b>Columbia Money Market Fund</b>												
SYS10091	10091	Columbia Money Market Reserves		09/15/2006	30,242,775.47	30,242,775.47	30,242,775.47	0.010	1	0.010	1	
<b>Subtotal and Average</b>			<b>25,274,045.08</b>		<b>30,242,775.47</b>	<b>30,242,775.47</b>	<b>30,242,775.47</b>		<b>1</b>	<b>0.010</b>	<b>1</b>	
<b>Local Agency Investment Funds - RDA</b>												
SYS10092	10092	LAIF - RDA		03/17/2009	0.00	0.00	0.00	0.385	1	0.385	1	
<b>Subtotal and Average</b>			<b>0.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0</b>	<b>0.000</b>	<b>0</b>	
<b>Corporate Bonds</b>												
17313YAL5	10899	Citigroup		10/05/2009	3,000,000.00	3,002,812.50	3,011,940.00	1.875	1,113	1.741	21	10/22/2012
481247AM6	10847	JP Morgan Chase		04/13/2009	5,000,000.00	5,024,300.00	4,993,850.00	2.125	1,353	2.160	86	12/26/2012
38259PAA0	11213	Google		05/22/2012	1,245,000.00	1,263,376.20	1,264,999.89	1.250	727	0.444	595	05/19/2014
98458PAB1	11208	Yale University		04/10/2012	2,450,000.00	2,574,925.50	2,591,977.50	2.900	918	0.575	744	10/15/2014
594918AG9	11211	Microsoft		05/10/2012	5,000,000.00	5,187,450.00	5,170,600.00	1.625	1,233	0.602	1,089	09/25/2015
084670BB3	11244	Berhshire Hathaway		08/20/2012	3,000,000.00	3,152,310.00	3,133,456.67	2.200	1,456	1.065	1,414	08/15/2016
<b>Subtotal and Average</b>			<b>20,174,949.06</b>		<b>19,695,000.00</b>	<b>20,205,174.20</b>	<b>20,166,824.06</b>		<b>1,207</b>	<b>1.216</b>	<b>656</b>	
<b>Total and Average</b>			<b>541,925,282.18</b>		<b>553,996,858.98</b>	<b>557,331,500.55</b>	<b>556,870,199.89</b>		<b>883</b>	<b>0.724</b>	<b>590</b>	

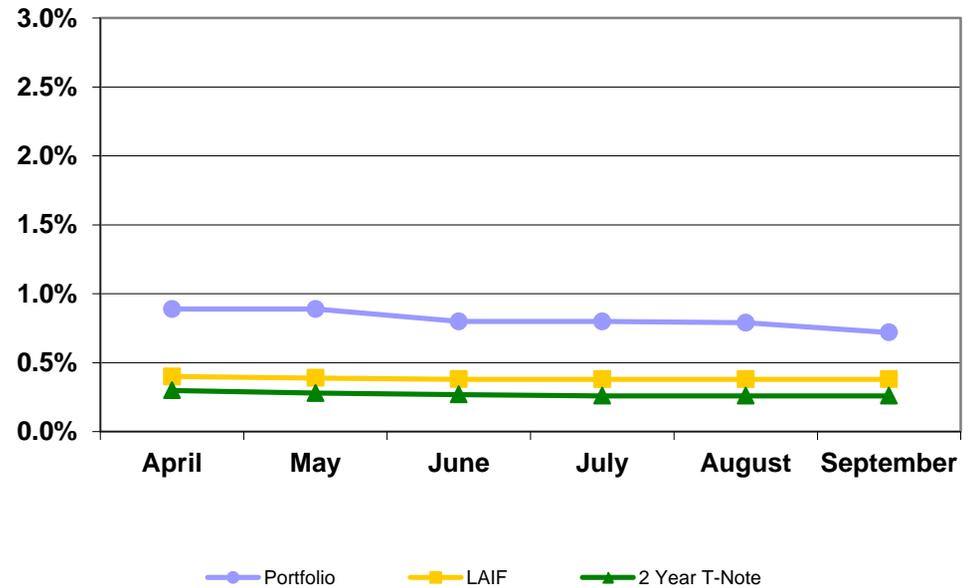
**City of Santa Monica  
Portfolio Management  
Activity By Type  
September 1, 2012 through September 30, 2012**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
<b>Federal Agency Coupon</b>							
31331KFK1	11073	Federal Farm Credit Bank	2.440	09/24/2012	0.00	1,153,845.00	
3133XUK93	10890	Federal Home Loan Bank	2.000	09/14/2012	0.00	5,007,335.75	
3133XUK93	10995	Federal Home Loan Bank	2.000	09/14/2012	0.00	2,571,200.00	
313379MH9	11214	Federal Home Loan Bank	0.500	09/14/2012	0.00	2,000,000.00	
313380C70	11247	Federal Home Loan Bank	0.550	09/07/2012	5,000,000.00	0.00	
313380QS9	11248	Federal Home Loan Bank	0.150	09/14/2012	25,000,000.00	0.00	
3136FPK2	10991	Federal National Mort Assoc	3.000	09/28/2012	0.00	5,000,000.00	
3136FRS61	11136	Federal National Mort Assoc	1.250	09/07/2012	0.00	5,000,000.00	
3136FRT37	11139	Federal National Mort Assoc	1.050	09/14/2012	0.00	5,000,000.00	
3136FTAK5	11152	Federal National Mort Assoc	1.000	09/28/2012	0.00	4,000,000.00	
3136G0G39	11250	Federal National Mort Assoc	0.625	09/27/2012	5,000,000.00	0.00	
		<b>Subtotal</b>			<b>35,000,000.00</b>	<b>29,732,380.75</b>	<b>402,911,279.51</b>
<b>Federal Agency Discount</b>							
313589DP5	11251	Federal National Mort Assoc	0.145	09/26/2012	9,992,669.44	0.00	
		<b>Subtotal</b>			<b>9,992,669.44</b>	<b>0.00</b>	<b>54,286,237.34</b>
<b>Local Agency Investment Funds (Monthly Summary)</b>							
SYS10090	10090	Local Agency Investment Fund	0.348		2,000,000.00	0.00	
		<b>Subtotal</b>			<b>2,000,000.00</b>	<b>0.00</b>	<b>49,263,083.51</b>
<b>Columbia Money Market Fund (Monthly Summary)</b>							
SYS10091	10091	Columbia Money Market Reserves	0.010		26,754,027.12	29,003,430.52	
		<b>Subtotal</b>			<b>26,754,027.12</b>	<b>29,003,430.52</b>	<b>30,242,775.47</b>
<b>Local Agency Investment Funds - RDA (Monthly Summary)</b>							
		<b>Subtotal</b>					<b>0.00</b>
<b>Corporate Bonds</b>							
		<b>Subtotal</b>					<b>20,166,824.06</b>
		<b>Total</b>			<b>73,746,696.56</b>	<b>58,735,811.27</b>	<b>556,870,199.89</b>

**Portfolio Yield**

The portfolio yield-to-maturity was 0.72% as of September 30, 2012, down seven (7) basis points from August and thirty-six (36) basis points from September 2011. The month-end yield is another new low point for the time period for which records are available as the extended record low interest rate environment continues to hamper portfolio returns. Additionally, as noted earlier, a significant amount of the portfolio is being held in very liquid investments with short maturities pending final resolution of impact of RDA dissolution. This month's yield is four hundred thirty-eight (438) 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.

**Portfolio Yield**



Overall, September interest rates in the two to five year maturity range were essentially unchanged from August and remained near record low levels. The month-end two year CMT rose one basis point to 0.23%, and the twelve month moving average CMT remained unchanged at the record low level of 0.26%, four hundred forty-seven (447) basis points off its February 2007 high. Rates are now expected to remain relatively low into 2015. LAIF rates also remain at historic low points. The twelve month moving average LAIF yield was unchanged in September at 0.38% and has not shown a monthly increase since for five years.

At its September 2012 meeting, the Federal Open Market Committee (Fed) left the target Fed Funds rate unchanged at a range of 0% to 0.25%. In its meeting statement, the Fed noted that the economy is showing signs of moderate growth.

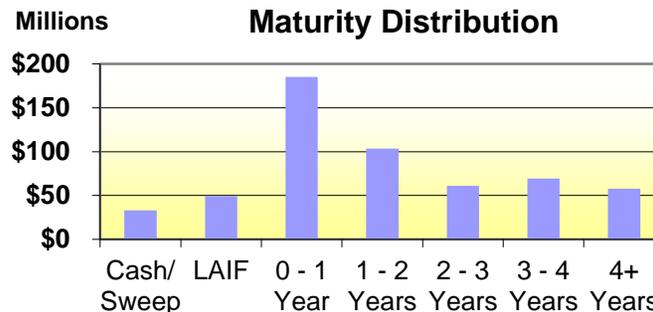
The statement also reiterated earlier comments by Fed Chairman Bernanke that interest rates are now expected to remain low into mid-2015. Preliminary third quarter GDP growth was 2% after only a 1.3% increase in the second quarter. Most recent economic projections predict modest annualized growth of less than 2.6% through 2014. The housing market continues to show some improvement and the labor market has also shown some modest improvement as the unemployment rate fell to 7.8% in September, the first time in nearly four years that the rate was under 8%. However, the creation of new jobs in the work force remains below levels necessary for a strong economic recovery. Consumer spending is positive, but business investment remains sluggish. The stock market continued to improve as the Dow Jones Industrial Average rose 2.7% in September, the fourth consecutive monthly increase.

The City’s portfolio yield-to-maturity has decreased significantly over the last five years as interest rates have reached historic lows resulting in many investments being called and reinvested at lower rates. Overall, the yield will likely continue to fall some over the next few months unless some unanticipated uptick in rates occurs.

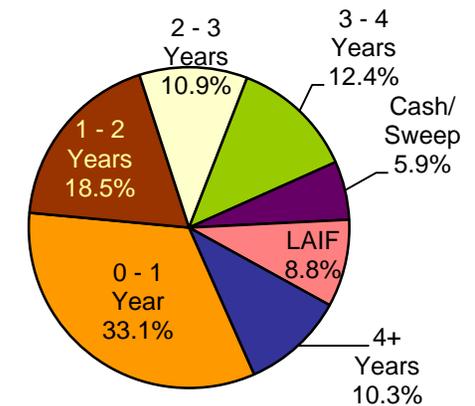
Portfolio investment income was \$0.4 million in September. Fiscal year-to-date earnings are down 28.2% from a year earlier.

**Maturity Distribution**

The weighted average days to maturity as of September 30, 2012 is 589 days (1.61 years), a decrease of fifty-five 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 will likely continue to vary over the next several months. Investments continue to be made primarily in maturities of three years or less as rates are now expected to remain low into 2015. Additionally, the City is maintaining additional liquidity in the portfolio pending the final impact of RDA dissolution, which further lowers the average days to maturity.



**Portfolio Maturities**



**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 September 30, 2012, the market value and the book value of the City’s pooled investments (excluding cash) are:

Market Value	\$	557,331,500.55
Book Value (purchase price)		556,870,199.89
Unrealized Gain/(Loss)	\$	461,300.66

**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 \$28.4 million) should be sufficient to cover costs related to operations for the next several years. The plant has been operational since the beginning of 2011. As of September 30, 2012, the yield to maturity on these funds 0.23%, and the portfolio showed an unrealized loss of \$136,320. The weighted average days-to-maturity was 122 days (0.33 years). Most investments are being held in relatively short maturity/low yield investments.

**SM Water Treatment Facility  
Portfolio Management  
Portfolio Details - Investments  
September 30, 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
<b>Money Market Sweep Fund</b>												
SYS1	1	Blackrock Institutional Funds-		12/19/2006	10,171,800.06	10,171,800.06	10,171,800.06	0.010	0.010	0.010	1	
<b>Subtotal and Average</b>			<b>10,171,800.06</b>		<b>10,171,800.06</b>	<b>10,171,800.06</b>	<b>10,171,800.06</b>		<b>0.010</b>	<b>0.010</b>	<b>1</b>	
<b>Federal Agency Coupon Securities</b>												
3137EACG2	63	Federal Home Loan Mortgage Cor		10/04/2011	6,000,000.00	6,019,800.00	6,080,880.00	1.375	0.347	0.352	100	01/09/2013
3134G1VX9	62	Federal Home Loan Mortgage Cor		10/03/2011	6,000,000.00	6,016,800.00	6,040,620.00	0.800	0.355	0.360	200	04/19/2013
31331JPK3	65	Federal Farm Credit Bank		10/04/2011	6,000,000.00	6,054,720.00	6,106,140.00	1.375	0.341	0.345	267	06/25/2013
<b>Subtotal and Average</b>			<b>18,227,640.00</b>		<b>18,000,000.00</b>	<b>18,091,320.00</b>	<b>18,227,640.00</b>		<b>0.348</b>	<b>0.352</b>	<b>189</b>	
<b>Total and Average</b>			<b>28,399,440.06</b>		<b>28,171,800.06</b>	<b>28,263,120.06</b>	<b>28,399,440.06</b>		<b>0.227</b>	<b>0.230</b>	<b>122</b>	

**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 September 30, 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**

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

**Portfolio Allocation as of 9/30/12**

	Pooled Portfolio	SM Water Treatment Facility Account (1)	Total Portfolio (2) (4)	% of Portfolio	Legal/ Policy Limit	In Compliance (Yes/No)
<b>Federal Agency Securities</b>						
Federal Home Loan Bank	\$162,958,273.34	\$0.00	\$162,958,273.34	27.7%	50.0%	Yes
Federal National Mortgage Association	130,247,758.61	0.00	130,247,758.61	22.1%	50.0%	Yes
Federal Home Loan Mortgage Corporation	121,802,028.23	12,121,500.00	133,923,528.23	22.8%	50.0%	Yes
Federal Farm Credit Bank	42,189,456.67	6,106,140.00	48,295,596.67	8.2%	50.0%	Yes
<b>Total Federal Agency Securities</b>	<b>\$457,197,516.85</b>	<b>\$18,227,640.00</b>	<b>\$475,425,156.85</b>	<b>80.9%</b>	n/a	Yes
<b>Corporate Bonds</b>						
Corporate Bonds - TGLP (FDIC Insured)	\$8,005,790.00	\$0.00	8,005,790.00			
Corporate Bonds - Other	12,161,034.06		12,161,034.06			
<b>Total Corporate Bonds</b>	<b>\$20,166,824.06</b>	<b>\$0.00</b>	<b>\$20,166,824.06</b>	<b>3.4%</b>	30.0%	Yes
<b>Money Market Mutual Funds</b>						
Columbia Money Market Reserves Advisor Class	30,242,775.47		30,242,775.47	5.1%	10.0%	Yes
BlackrockT-Find Cash Management Sweep		10,171,800.06	10,171,800.06	1.7%	10.0%	Yes
<b>Total-Money Market Mutual Funds</b>	<b>\$30,242,775.47</b>	<b>\$10,171,800.06</b>	<b>\$40,414,575.53</b>	<b>6.9%</b>	20.0%	Yes
<b>State Local Agency Investment Fund-City</b>	<b>\$49,263,083.51</b>		<b>\$49,263,083.51</b>	<b>8.4%</b>	\$50 million	Yes
<b>State Local Agency Investment Fund-Succ Agcy</b>	<b>\$0.00</b>		<b>\$0.00</b>	<b>0.0%</b>	\$50 million	Yes
<b>Cash (3)</b>	<b>2,759,357.51</b>		<b>2,759,357.51</b>	<b>0.5%</b>	None	Yes
<b>Total (Book Value)</b>	<b>\$559,629,557.40</b>	<b>\$28,399,440.06</b>	<b>\$588,028,997.46</b>	<b>100.00%</b>		

**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 (\$2,415,495.19) or Successor Agency Account (\$13,187,200.70).
- (4) Value used to test compliance is reported value (book value plus unrealized purchased interest).

**City Portfolio as of 9/30/12 (Book Value)**

Security	Pooled Portfolio	SM Water Treatment Facility Account	Total Portfolio	Credit Rating*	In Compliance (Yes/No)
<b>Corporate - TLGP (FDIC Guaranteed)</b>					
JP Morgan Chase 2.125% (TLGP) maturing 12/26/12	\$4,993,850.00		\$4,993,850.00	Aaa	Yes
Citigroup 1.875% (TLGP) maturing 10/22/12	\$3,011,940.00		\$3,011,940.00	Aaa	Yes
<b>Corporate</b>					
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	\$5,170,756.25		\$5,170,756.25	Aaa	Yes
Berkshire Hathaway 2.2% 8/15/16	\$3,133,456.67		\$3,133,456.67	Aa2	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