



# Information Item

**Date: March 14, 2013**

To: Mayor and City Council  
From: Gigi Decavalles-Hughes, Director of Finance/City Treasurer  
Subject: City Monthly Cash and Investment Report for December 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 December 31, 2012.

## **Discussion**

The December 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 decreased by \$3.1 million in December to \$566 million. The pooled portfolio yield-to-maturity of 0.65% reflects a decrease of six basis points from November and thirty-one basis points less than one year earlier. Investment income for the month was \$0.6 million. Fiscal year-to-date earnings are down 17.9% 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 continue to be made in securities with very short maturities pending final resolution of RDA dissolution.

In addition to the pooled portfolio, the City's total cash holdings as of December 31, 2012 included \$28 million in Charnock settlement-related funds held in an escrow account at Union Bank, \$70.8 million in debt proceeds held in trust with various fiscal agents, \$53.4 million in other funds held in trust, and \$54,222 in petty cash/change funds for a total balance of \$718.2 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 December 31, 2012, the market value of the City's portfolio was approximately \$0.3 million less than the book value.

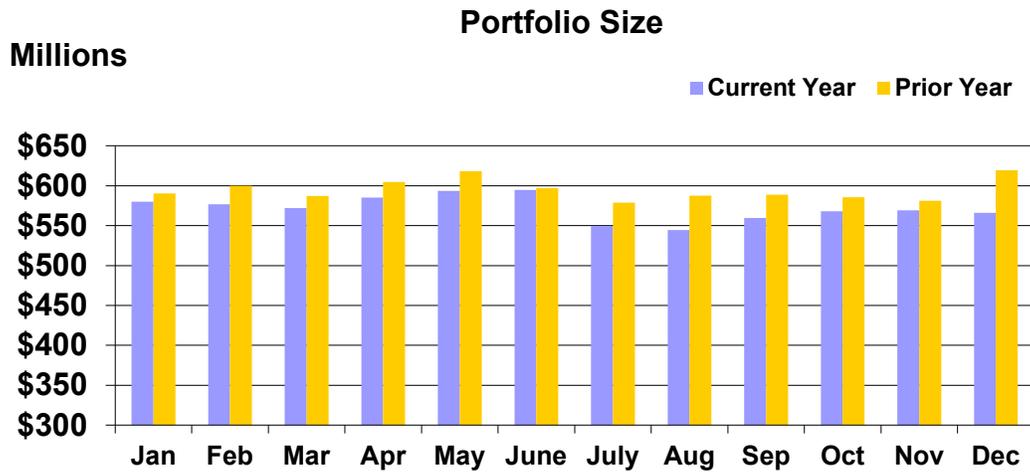
Attached is a summary of investment activity as well as a detailed report of public monies held by the City Treasurer for the month of December 31, 2012.

Prepared by: David Carr, Assistant City Treasurer

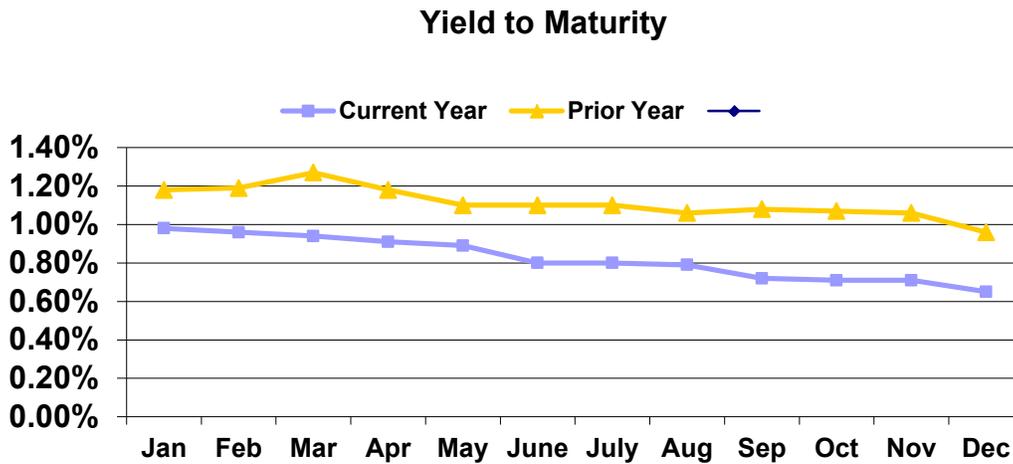
Attachments: 1 – Investment Highlights  
2 – Investment Report

# Investment Highlights

## December 31, 2012

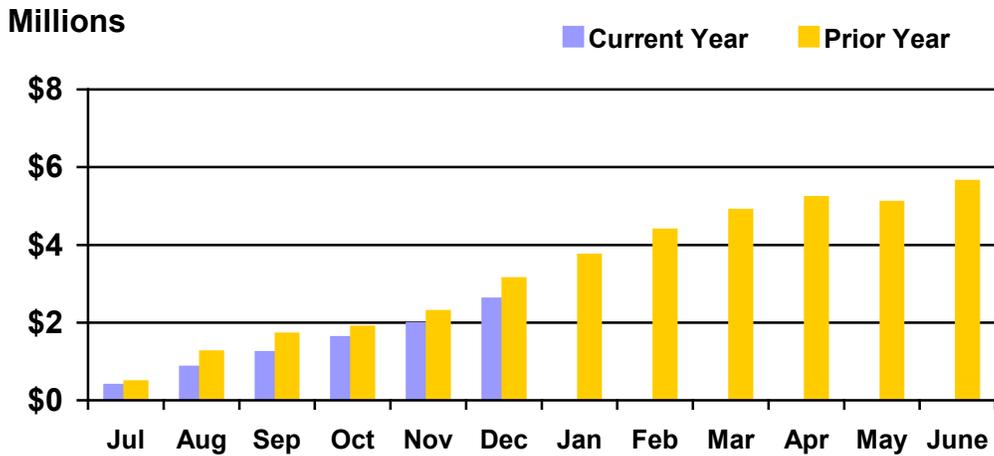


- As of December 31, the portfolio size is \$566 million, \$3.1 million less than in November and \$53.5 million less than in December 2011.



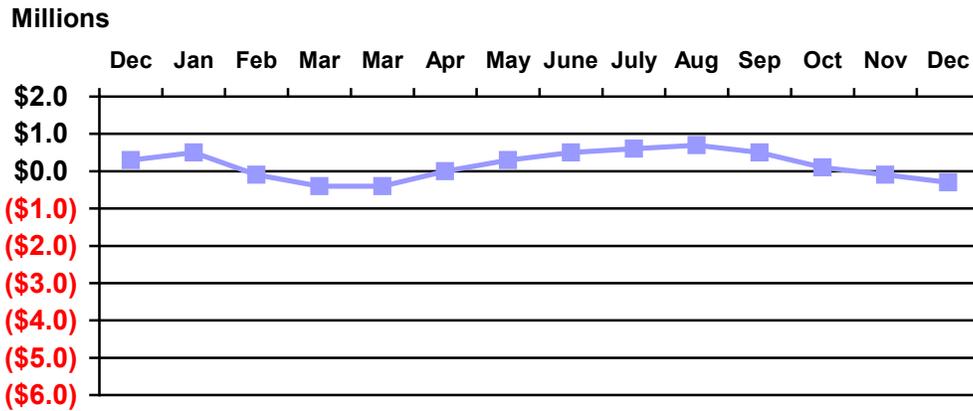
- As of December 31, yield to maturity is 0.65%.
- Down six basis points from November and thirty-one basis points less than one year earlier.

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



- Year-to-date earnings through December are down 17.9% from one year earlier.

### Unrealized Gain/(Loss)



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



# Investment Report

## December 2012

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

**City of Santa Monica  
Cash Receipts, Disbursements and Cash Balances\*  
December 31, 2012**

<b>Petty Cash/Change Funds</b>		<b>\$54,222.00</b>
<b>Pooled Portfolio</b>		
Bank of America (1)		
General Account	\$992,225.57	
Columbia Money Market Sweep Account	\$39,743,242.36	
Total Bank of America	<u>\$40,735,467.93</u>	
Bank of New York (BNY)		
Corporate Bonds - FDIC Insured	\$0.00	
Corporate Bonds	\$21,336,964.76	
Federal Agencies Securities	\$454,642,833.35	
Total Bank of New York	\$475,979,798.11	
State of California Local Agency Investment Fund - City	<u>\$49,305,338.92</u>	
<b>Total Pooled Portfolio</b>		<b>\$566,020,604.96</b>
<b>Restricted Cash/Investments Held in Trust/Debt Proceeds</b>		
Union Bank - Redevelopment Agency Term Loan	\$35,989,172.93	
Union Bank-Earthquake Recovery Redevelopment 2006		
Tax Allocation Refunding Bonds Series A & B	\$1,168,648.88	
Union Bank-Civic Center Parking Project 2004 Lease Revenue Bonds	\$3,587,678.96	
Union Bank-RDA 2011 Tax Allocation Bonds	\$3,393,617.75	
BNY-Library Improvement Project 2012 Refunding	\$13,517.79	
BNY-Ocean Park Redevelopment Project 2002 Refunding	\$1,967,982.10	
BNY-Parking Authority Lease Revenue Bonds 2002 Refunding	\$89,246.63	
BNY-Public Safety Facility Bonds 2009 Refunding	\$1,165,530.82	
BNY-2011 Series A & B Bonds	\$23,459,054.26	
U.S. Bank-Wastewater Enterprise Revenue Bonds-2012 Refunding	\$14,596.97	
U.S. Bank-Wastewater Enterprise Revenue Bonds-2005 Refunding	<u>\$2.00</u>	
<b>Total Restricted Cash/Investments Held in Trust</b>		<b>\$70,849,049.09</b>
<b>Charnock Settlement Funds</b>		
Union Bank (December 2006 Settlement)		
Money Market Funds	\$9,737,169.67	
Federal Agencies Securities	\$18,227,640.00	
Total Union Bank (December 2006 Settlement)	<u>\$27,964,809.67</u>	
<b>Total Charnock Settlement Funds</b>		<b>\$27,964,809.67</b>
<b>Other Restricted Funds/Funds Held in Trust</b>		
Cemetery Perpetual Care Fund (3)	\$8,519,579.00	
Mausoleum Perpetual Care Fund (3)	\$972,792.00	
Santa Monica Redevelopment Successor Agency RORF	\$10,492,177.53	
HUD Depository Account (4)	\$2,155,868.11	
U.S. Bank-W.E. O'Neil Retention Escrow Account	\$2,660,000.00	
First Republic Bank - Keysor Marston Escrow	\$1,057,125.89	
Wells Fargo Bank - High Place West Escrow	\$3,100,344.20	
Wells Fargo Bank - Expo 4th and Colorado	\$8,400,002.54	
Wells Fargo Bank - Expo 26th and 17th	\$1,570,000.50	
Union Bank - Santa Monica Redevelopment Successor Agency Account	\$4,886,129.72	
Union Bank - Housing Authority Custodial Account	\$7,121,290.21	
Union Bank - W.E. O'Neil Direct Owner Costs PGW Escrow	\$2,199,413.99	
Union Bank - W.E. O'Neil Direct Owner Costs Civic Escrow	\$135,693.36	
Public Agency Family Self Sufficiency Program (2)	<u>\$90,231.08</u>	
<b>Total Other Funds Held in Trust</b>		<b>\$53,360,648.13</b>
<b>GRAND TOTAL</b>		<b>\$718,249,333.85</b>

**City of Santa Monica  
Cash Receipts, Disbursements and Cash Balances\*  
December 31, 2012**

- (1) This is the actual bank account balance as of 12/31/12. 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.

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

Cash and Investments - November 30, 2012	\$569,103,035.77
Receipts	50,875,706.15
Disbursements	(53,958,236.96)
Cash and Investments - December 31, 2012	\$566,020,504.96

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

Gigi Decavalles-Hughes  
Director of Finance/City Treasurer

**Overview**

As of December 31, 2012, total City cash and investments were \$718.2 million, an \$18.3 decrease from November, primarily due to a \$15 million decrease in Other Restricted Funds/Funds Held in Trust. This decrease primarily reflects a \$12.5 million payment related to Redevelopment dissolution and \$2.5 million in transfers to bond trustees for January debt service payments on RDA bonds. The pool portfolio decreased \$3.1 million reflecting transfers to trustees for non-RDA debt service and a Master Facilities Use Agreement payment to the Santa Monica/Malibu Unified School District (SMMUSD), partially offset by the fiscal year's first secured property tax apportionment from Los Angeles County. Total cash and investments are categorized as follows:

Petty Cash	\$	54,222.00
Pooled Investment Portfolio	\$	566,020,604.96
Restricted Cash/Investment Held in Trust	\$	70,849,049.09
Charnock Settlement Funds	\$	27,964,809.67
Other Funds Held in Trust	\$	53,360,648.13
Total	\$	<u>718,249,333.85</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.

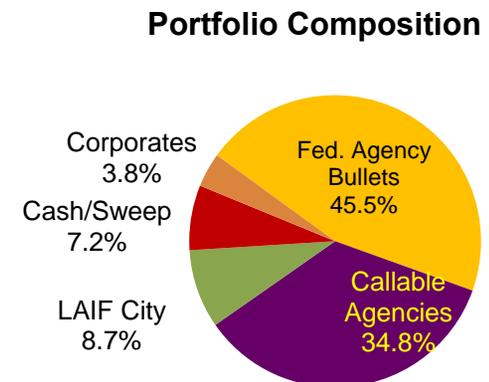
**Pooled Investment Portfolio**

As of December 31, 2012, the portfolio size (unamortized book value/purchase price) of City pooled cash and investments is \$566 million, a \$3.1 million decrease from November. 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 decrease reflects transfers to trustees for non-RDA debt service and a Master Facilities Use Agreement payment to SMMUSD, partially offset by property tax receipts. Three investments were made during the month (\$23 million), one investment matured (\$5 million) and six investments were called (\$30 million). No investments were sold. State Local Agency Investment Fund (LAIF) account balances were unchanged in December. The balance of the money market sweep account as of December month-end was \$39.7 million.

Details of the main portfolio follow.

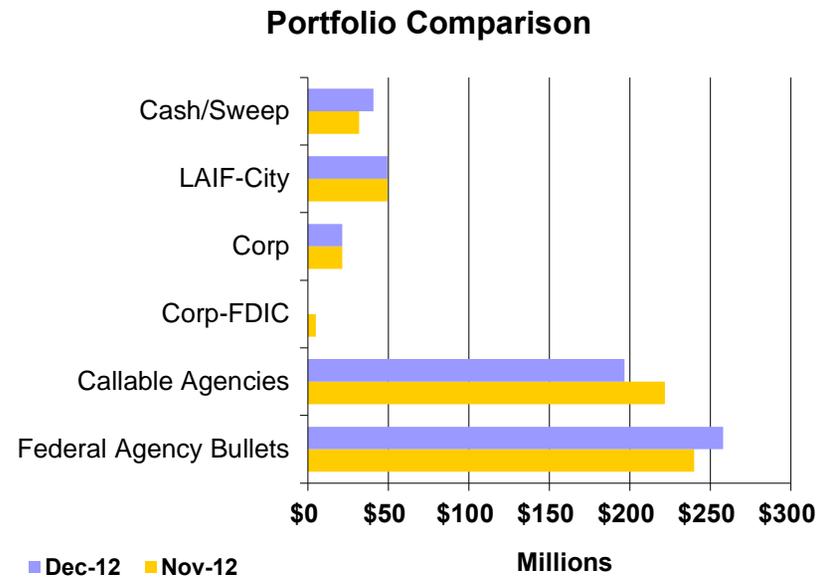
**Portfolio Composition**

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 (80.3%). The remaining 19.7% is invested in the State Local Agency Investment Fund (8.7%); corporate bonds (3.8%), and cash including the money market sweep account (7.2%). This portfolio mix allows the City to maintain its primary investment objectives of safety and liquidity while attaining a rate of return consistent with the City’s 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 December. 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 December 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  
December 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
<b>Federal Agency Coupon</b>												
3133XW7L7	11007	Federal Home Loan Bank		11/04/2010	4,000,000.00	4,002,160.00	4,092,600.00	1.500	804	0.441	15	01/16/2013
31331KAE0	11075	Federal Farm Credit Bank		01/19/2011	5,000,000.00	5,004,100.00	5,000,000.00	0.750	762	0.750	49	02/19/2013
31331JBV4	10929	Federal Farm Credit Bank		02/04/2010	2,500,000.00	2,505,200.00	2,502,800.00	1.750	1,113	1.709	51	02/21/2013
31359MQV8	10909	Federal National Mort Assoc		12/03/2009	5,000,000.00	5,031,200.00	5,496,750.00	4.750	1,176	1.570	51	02/21/2013
3133XWX87	10945	Federal Home Loan Bank		03/23/2010	2,000,000.00	2,005,600.00	2,003,100.00	1.750	1,081	1.696	66	03/08/2013
313380QS9	11248	Federal Home Loan Bank		09/14/2012	25,000,000.00	25,001,500.00	25,000,000.00	0.150	181	0.150	72	03/14/2013
313380QT7	11256	Federal Home Loan Bank		10/17/2012	5,000,000.00	5,000,300.00	5,000,767.50	0.150	148	0.146	72	03/14/2013
313372RK2	11223	Federal Home Loan Bank		05/30/2012	3,000,000.00	3,006,240.00	3,019,380.00	1.000	301	0.216	85	03/27/2013
313378TB7	11224	Federal Home Loan Bank		05/30/2012	2,970,000.00	2,970,928.13	2,970,891.00	0.250	302	0.214	86	03/28/2013
31331GVD8	11085	Federal Farm Credit Bank		05/13/2011	2,000,000.00	2,011,080.00	2,061,180.00	2.200	696	0.581	97	04/08/2013
3137EACJ6	11095	Fed Home Loan Mortgage Corp		05/20/2011	3,000,000.00	3,012,900.00	3,062,100.00	1.625	696	0.530	104	04/15/2013
3137EABJ7	11153	Fed Home Loan Mortgage Corp		09/27/2011	4,000,000.00	4,055,520.00	4,211,120.00	3.500	610	0.332	148	05/29/2013
313376GT6	11166	Federal Home Loan Bank		11/30/2011	4,000,000.00	4,003,750.00	4,000,000.00	0.350	547	0.350	149	05/30/2013
3133XR5U0	10901	Federal Home Loan Bank		10/02/2009	5,000,000.00	5,079,950.00	5,312,250.00	3.750	1,351	1.990	164	06/14/2013
3133XYHDO	10962	Federal Home Loan Bank		05/28/2010	5,000,000.00	5,033,550.00	4,995,200.00	1.625	1,113	1.657	164	06/14/2013
3133XYHDO	11151	Federal Home Loan Bank		09/22/2011	3,940,000.00	3,966,437.40	4,030,029.00	1.625	631	0.298	164	06/14/2013
3133XXYX9	11150	Federal Home Loan Bank		09/22/2011	5,000,000.00	5,040,950.00	5,139,050.00	1.875	638	0.278	171	06/21/2013
313371AR7	10996	Federal Home Loan Bank		10/01/2010	2,500,000.00	2,507,375.00	2,501,475.00	0.750	1,001	0.730	178	06/28/2013
313376R98	11183	Federal Home Loan Bank		01/17/2012	5,000,000.00	5,000,550.00	5,000,000.00	0.350	547	0.350	197	07/17/2013
313380AD9	11233	Federal Home Loan Bank		07/24/2012	2,500,000.00	2,499,350.00	2,497,800.00	0.125	365	0.213	204	07/24/2013
313380AD9	11234	Federal Home Loan Bank		07/24/2012	2,500,000.00	2,499,350.00	2,497,875.00	0.125	365	0.210	204	07/24/2013
31331KUY4	11141	Federal Farm Credit Bank		08/31/2011	3,000,000.00	3,001,320.00	2,995,290.00	0.250	719	0.330	230	08/19/2013
313372H64	11049	Federal Home Loan Bank		01/28/2011	2,200,000.00	2,211,836.00	2,200,000.00	1.000	943	1.000	239	08/28/2013
3133XUPZ0	10942	Federal Home Loan Bank		03/05/2010	3,000,000.00	3,051,093.60	3,076,230.00	2.625	1,288	1.876	255	09/13/2013
313370LB2	10982	Federal Home Loan Bank		08/13/2010	2,500,000.00	2,514,275.00	2,502,850.00	1.000	1,127	0.962	255	09/13/2013
3137EACL1	11002	Fed Home Loan Mortgage Corp		10/06/2010	2,000,000.00	2,011,420.00	2,005,360.00	0.875	1,118	0.787	300	10/28/2013
3137EACL1	11011	Fed Home Loan Mortgage Corp		11/16/2010	4,000,000.00	4,022,840.00	4,007,200.00	0.875	1,077	0.814	300	10/28/2013
3137EACL1	11024	Fed Home Loan Mortgage Corp		12/08/2010	5,000,000.00	5,028,550.00	4,988,000.00	0.875	1,055	0.957	300	10/28/2013
3133XVWW7	11048	Federal Home Loan Bank		01/25/2011	5,000,000.00	5,086,000.00	5,134,550.00	2.100	1,035	1.132	328	11/25/2013
3136FPEX1	10989	Federal National Mort Assoc		09/17/2010	2,500,000.00	2,506,300.00	2,500,000.00	1.125	1,187	1.125	350	12/17/2013
313370NL8	10990	Federal Home Loan Bank		08/27/2010	2,500,000.00	2,520,175.00	2,500,650.00	1.000	1,218	0.992	360	12/27/2013
3134G33R2	11185	Fed Home Loan Mortgage Corp		01/09/2012	2,500,000.00	2,506,775.00	2,500,000.00	0.450	731	0.450	373	01/09/2014
31398AVD1	10914	Federal National Mort Assoc		12/22/2009	5,000,000.00	5,143,200.00	5,092,600.00	2.750	1,506	2.276	400	02/05/2014
31331KCA6	11051	Federal Farm Credit Bank		02/10/2011	2,500,000.00	2,532,550.00	2,500,000.00	1.375	1,096	1.375	405	02/10/2014
31331GNA3	10937	Federal Farm Credit Bank		02/12/2010	4,000,000.00	4,126,680.00	4,117,520.00	3.000	1,461	2.228	407	02/12/2014
3134G33MM9	11197	Fed Home Loan Mortgage Corp		02/27/2012	3,385,000.00	3,386,557.10	3,385,000.00	0.400	731	0.400	422	02/27/2014

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**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
December 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
<b>Federal Agency Coupon</b>												
313372U93	11058	Federal Home Loan Bank		03/03/2011	5,000,000.00	5,069,150.00	5,000,000.00	1.400	1,093	1.400	423	02/28/2014
31398AVZ2	11016	Federal National Mort Assoc		11/23/2010	3,000,000.00	3,091,140.00	3,175,080.00	2.750	1,206	0.952	436	03/13/2014
3134G3NS5	11225	Fed Home Loan Mortgage Corp		05/30/2012	3,000,000.00	3,004,740.00	2,996,460.00	0.300	660	0.366	444	03/21/2014
3134G2CL4	11094	Fed Home Loan Mortgage Corp		05/20/2011	5,000,000.00	5,074,350.00	5,042,750.00	1.350	1,075	1.054	483	04/29/2014
31331KKQ2	11090	Federal Farm Credit Bank		05/19/2011	5,000,000.00	5,057,650.00	5,012,850.00	1.150	1,089	1.062	496	05/12/2014
3133XWE70	11008	Federal Home Loan Bank		11/04/2010	4,000,000.00	4,130,360.00	4,237,120.00	2.500	1,317	0.829	528	06/13/2014
313379N47	11217	Federal Home Loan Bank		06/06/2012	3,000,000.00	3,006,750.00	3,000,000.00	0.400	751	0.400	542	06/27/2014
313379SK6	11236	Federal Home Loan Bank		07/25/2012	2,500,000.00	2,505,600.00	2,505,263.89	0.400	707	0.304	547	07/02/2014
3133EAAR9	11193	Federal Farm Credit Bank		01/25/2012	3,000,000.00	3,000,120.00	2,998,500.00	0.460	912	0.480	570	07/25/2014
3133806E2	11237	Federal Home Loan Bank		07/30/2012	2,500,000.00	2,500,325.00	2,500,000.00	0.350	730	0.350	575	07/30/2014
3137EACU1	11195	Fed Home Loan Mortgage Corp		01/23/2012	5,000,000.00	5,060,000.00	5,064,750.00	1.000	919	0.482	575	07/30/2014
313380A64	11245	Federal Home Loan Bank		08/16/2012	3,000,000.00	3,002,190.00	3,000,027.50	0.330	729	0.330	591	08/15/2014
3135G0BY8	11117	Federal National Mort Assoc		07/19/2011	4,000,000.00	4,040,280.00	3,997,920.00	0.875	1,136	0.890	604	08/28/2014
3135G0CU5	11138	Federal National Mort Assoc		09/12/2011	5,000,000.00	5,012,650.00	5,000,000.00	0.625	1,096	0.625	619	09/12/2014
3135G0JD6	11261	Federal National Mort Assoc		10/25/2012	5,000,000.00	5,003,906.00	5,008,375.00	0.500	694	0.438	626	09/19/2014
3134G3H78	11268	Fed Home Loan Mortgage Corp		11/06/2012	5,000,000.00	5,004,650.00	5,003,250.00	0.350	759	0.319	703	12/05/2014
3137EADA4	11179	Fed Home Loan Mortgage Corp		12/21/2011	2,500,000.00	2,516,150.00	2,497,225.00	0.625	1,104	0.662	727	12/29/2014
3134G3LF5	11198	Fed Home Loan Mortgage Corp		02/23/2012	3,000,000.00	3,026,520.00	3,026,442.00	1.000	1,086	0.700	773	02/13/2015
3134G3NZ9	11259	Fed Home Loan Mortgage Corp		10/17/2012	5,000,000.00	5,003,450.00	5,010,069.44	0.550	863	0.497	787	02/27/2015
3134G3QH6	11215	Fed Home Loan Mortgage Corp		05/18/2012	2,500,000.00	2,512,175.00	2,500,000.00	0.570	1,021	0.570	793	03/05/2015
3135G0HG1	11267	Federal National Mort Assoc		11/06/2012	2,500,000.00	2,503,325.00	2,503,702.08	0.375	860	0.334	804	03/16/2015
31331KLE8	11086	Federal Farm Credit Bank		05/18/2011	2,500,000.00	2,573,775.00	2,501,250.00	1.600	1,461	1.587	867	05/18/2015
3135G0LG6	11216	Federal National Mort Assoc		05/29/2012	2,500,000.00	2,503,375.00	2,499,750.00	0.650	1,095	0.653	878	05/29/2015
3133EASK5	11221	Federal Farm Credit Bank		06/04/2012	5,000,000.00	5,010,300.00	5,000,000.00	0.610	1,095	0.610	884	06/04/2015
3135G0SE4	11272	Federal National Mort Assoc		12/05/2012	5,000,000.00	4,999,000.00	5,000,000.00	0.420	922	0.420	895	06/15/2015
3133EAZJ0	11240	Federal Farm Credit Bank		07/25/2012	2,500,000.00	2,502,925.00	2,500,066.67	0.480	1,093	0.480	933	07/23/2015
313375PT8	11147	Federal Home Loan Bank		09/19/2011	2,500,000.00	2,534,200.00	2,500,000.00	0.750	1,410	0.750	940	07/30/2015
313376VZ5	11196	Federal Home Loan Bank		01/30/2012	5,000,000.00	5,038,750.00	5,000,000.00	0.670	1,277	0.670	940	07/30/2015
3135G0NA7	11238	Federal National Mort Assoc		07/30/2012	2,500,000.00	2,503,025.00	2,500,780.00	0.500	1,095	0.490	940	07/30/2015
3136FRX40	11140	Federal National Mort Assoc		08/26/2011	9,000,000.00	9,035,370.00	9,000,000.00	1.000	1,461	1.000	967	08/26/2015
3134G3GL8	11173	Fed Home Loan Mortgage Corp		01/13/2012	5,000,000.00	5,034,550.00	5,000,000.00	1.000	1,369	1.000	1,015	10/13/2015
3134G3GL8	11182	Fed Home Loan Mortgage Corp		01/13/2012	3,000,000.00	3,020,730.00	3,000,000.00	1.000	1,369	1.000	1,015	10/13/2015
3133816B6	11263	Federal Home Loan Bank		11/13/2012	5,000,000.00	5,002,450.00	5,000,000.00	0.550	1,095	0.550	1,046	11/13/2015
313378FP1	11199	Federal Home Loan Bank		02/24/2012	3,000,000.00	3,027,630.00	3,000,000.00	0.720	1,369	0.719	1,057	11/24/2015
31331J4J9	11020	Federal Farm Credit Bank		12/07/2010	2,000,000.00	2,076,700.00	2,000,000.00	1.740	1,826	1.740	1,070	12/07/2015
3133EA3E6	11252	Federal Farm Credit Bank		10/04/2012	5,000,000.00	5,000,150.00	5,000,000.00	0.480	1,187	0.480	1,098	01/04/2016

Portfolio INVT

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**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
December 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
<b>Federal Agency Coupon</b>												
3136FTYD5	11184	Federal National Mort Assoc		01/25/2012	5,000,000.00	5,002,800.00	5,000,000.00	1.100	1,461	1.100	1,119	01/25/2016
313380C70	11247	Federal Home Loan Bank		09/07/2012	5,000,000.00	5,002,200.00	5,002,215.28	0.550	1,249	0.550	1,133	02/08/2016
3134G3RK8	11205	Fed Home Loan Mortgage Corp		03/27/2012	5,000,000.00	5,042,187.50	4,994,500.00	1.000	1,448	1.028	1,168	03/14/2016
3135G0JQ7	11257	Federal National Mort Assoc		10/17/2012	10,000,000.00	10,023,200.00	10,045,136.11	1.090	1,265	0.969	1,189	04/04/2016
3135G0LD3	11220	Federal National Mort Assoc		05/29/2012	5,000,000.00	5,028,950.00	5,000,000.00	0.875	1,455	0.875	1,238	05/23/2016
3134G3EW6	11168	Fed Home Loan Mortgage Corp		12/30/2011	3,400,000.00	3,431,552.00	3,400,000.00	1.270	1,644	1.270	1,276	06/30/2016
3136FTWY1	11174	Federal National Mort Assoc		12/30/2011	5,000,000.00	5,042,250.00	5,000,000.00	1.150	1,644	1.150	1,276	06/30/2016
3135G0MX8	11235	Federal National Mort Assoc		07/26/2012	5,000,000.00	5,010,800.00	5,000,000.00	0.750	1,461	0.750	1,302	07/26/2016
3136FRS38	11135	Federal National Mort Assoc		09/06/2011	5,000,000.00	5,037,700.00	5,000,000.00	1.400	1,827	1.400	1,344	09/06/2016
3136FR3Q4	11144	Federal National Mort Assoc		09/28/2011	5,000,000.00	5,014,350.00	5,000,000.00	1.320	1,827	1.320	1,366	09/28/2016
3133EA5W4	11260	Federal Farm Credit Bank		10/24/2012	5,000,000.00	4,992,400.00	5,000,000.00	0.650	1,461	0.650	1,392	10/24/2016
3134G3V98	11266	Fed Home Loan Mortgage Corp		11/21/2012	5,000,000.00	5,008,550.00	5,000,000.00	0.700	1,461	0.700	1,420	11/21/2016
3134G3GJ3	11177	Fed Home Loan Mortgage Corp		01/17/2012	5,000,000.00	5,002,800.00	5,000,000.00	1.375	1,827	1.375	1,477	01/17/2017
3134G3LG3	11194	Fed Home Loan Mortgage Corp		02/14/2012	5,000,000.00	5,056,350.00	5,000,000.00	1.250	1,827	1.250	1,505	02/14/2017
3136G0BD2	11206	Federal National Mort Assoc		04/24/2012	5,000,000.00	5,073,650.00	5,000,000.00	1.400	1,826	1.400	1,574	04/24/2017
3136G0LS8	11222	Federal National Mort Assoc		05/30/2012	5,000,000.00	4,999,300.00	5,000,000.00	1.200	1,826	1.331	1,610	05/30/2017
3136G0HX2	11212	Federal National Mort Assoc		06/06/2012	4,000,000.00	4,015,880.00	4,000,000.00	1.000	1,826	1.000	1,617	06/06/2017
3136G0MK4	11218	Federal National Mort Assoc		06/21/2012	5,000,000.00	5,015,100.00	5,000,000.00	1.000	1,826	1.000	1,632	06/21/2017
3134G3B90	11243	Fed Home Loan Mortgage Corp		08/15/2012	2,000,000.00	2,003,720.00	1,998,520.00	0.875	1,826	0.890	1,687	08/15/2017
313380BD8	11239	Federal Home Loan Bank		08/21/2012	3,750,000.00	3,752,137.50	3,750,000.00	0.500	1,826	0.500	1,693	08/21/2017
3136G0G39	11250	Federal National Mort Assoc		09/27/2012	5,000,000.00	5,003,700.00	5,000,000.00	0.625	1,826	0.625	1,730	09/27/2017
3133EA3J5	11253	Federal Farm Credit Bank		10/10/2012	5,000,000.00	4,994,531.00	5,000,000.00	0.900	1,826	0.900	1,743	10/10/2017
3136G03Y5	11264	Federal National Mort Assoc		11/21/2012	5,000,000.00	5,012,850.00	5,000,000.00	0.750	1,826	0.750	1,785	11/21/2017
3136G05Q0	11269	Federal National Mort Assoc		11/27/2012	5,000,000.00	5,004,050.00	5,000,000.00	0.700	1,826	0.700	1,791	11/27/2017
<b>Subtotal and Average</b>			<b>423,606,650.04</b>		<b>404,145,000.00</b>	<b>406,446,981.23</b>	<b>406,671,620.47</b>		<b>1,131</b>	<b>0.817</b>	<b>745</b>	
<b>Federal Agency Discount</b>												
313397CL3	11273	Fed Home Loan Mortgage Corp		12/21/2012	9,000,000.00	8,999,460.00	8,999,310.00	0.040	69	0.041	58	02/28/2013
313397CR0	11258	Fed Home Loan Mortgage Corp		10/17/2012	5,000,000.00	4,999,550.00	4,997,297.20	0.140	139	0.142	63	03/05/2013
313385DG8	11274	Federal Home Loan Bank		12/21/2012	9,000,000.00	8,999,010.00	8,998,442.50	0.070	89	0.071	78	03/20/2013
313589DP5	11251	Federal National Mort Assoc		09/26/2012	10,000,000.00	9,998,800.00	9,992,669.44	0.145	182	0.147	85	03/27/2013
313385DQ6	11254	Federal Home Loan Bank		10/09/2012	5,000,000.00	4,999,400.00	4,997,166.65	0.120	170	0.122	86	03/28/2013
313385DQ6	11255	Federal Home Loan Bank		10/09/2012	5,000,000.00	4,999,400.00	4,997,166.67	0.120	170	0.122	86	03/28/2013
313397HW4	11230	Fed Home Loan Mortgage Corp		07/10/2012	5,000,000.00	4,996,875.00	4,989,160.42	0.215	363	0.221	188	07/08/2013
<b>Subtotal and Average</b>			<b>36,359,759.65</b>		<b>48,000,000.00</b>	<b>47,992,495.00</b>	<b>47,971,212.88</b>		<b>155</b>	<b>0.115</b>	<b>87</b>	

**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
December 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
<b>Local Agency Investment Funds</b>												
SYS10090	10090	Local Agency Investment Fund			49,305,338.92	49,305,338.92	49,305,338.92	0.340	1	0.340	1	
<b>Subtotal and Average</b>			<b>49,305,338.92</b>		<b>49,305,338.92</b>	<b>49,305,338.92</b>	<b>49,305,338.92</b>		<b>1</b>	<b>0.340</b>	<b>1</b>	
<b>Columbia Money Market Fund</b>												
SYS10091	10091	Columbia Money Market Reserves		09/15/2006	39,743,242.36	39,743,242.36	39,743,242.36	0.010	1	0.010	1	
<b>Subtotal and Average</b>			<b>25,698,065.49</b>		<b>39,743,242.36</b>	<b>39,743,242.36</b>	<b>39,743,242.36</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>												
90520EAB7	11271	UnionBanc Investments		11/26/2012	4,050,000.00	4,113,342.00	4,122,009.00	2.125	385	0.435	349	12/16/2013
38259PAA0	11213	Google		05/22/2012	1,245,000.00	1,260,367.91	1,264,870.20	1.250	727	0.444	503	05/19/2014
98458PAB1	11208	Yale University		04/10/2012	2,450,000.00	2,556,477.00	2,591,977.50	2.900	918	0.575	652	10/15/2014
459200GZ8	11270	IBM Corp		11/14/2012	5,000,000.00	5,042,150.00	5,053,951.39	0.875	716	0.340	668	10/31/2014
594918AG9	11211	Microsoft		05/10/2012	5,000,000.00	5,145,200.00	5,170,600.00	1.625	1,233	0.602	997	09/25/2015
084670BB3	11244	Berkshire Hathaway		08/20/2012	3,000,000.00	3,130,170.00	3,133,456.67	2.200	1,456	1.065	1,322	08/15/2016
<b>Subtotal and Average</b>			<b>25,382,671.21</b>		<b>20,745,000.00</b>	<b>21,247,706.91</b>	<b>21,336,864.76</b>		<b>911</b>	<b>0.563</b>	<b>770</b>	
<b>Total and Average</b>			<b>560,352,485.31</b>		<b>561,938,581.28</b>	<b>564,735,764.42</b>	<b>565,028,279.39</b>		<b>862</b>	<b>0.649</b>	<b>573</b>	

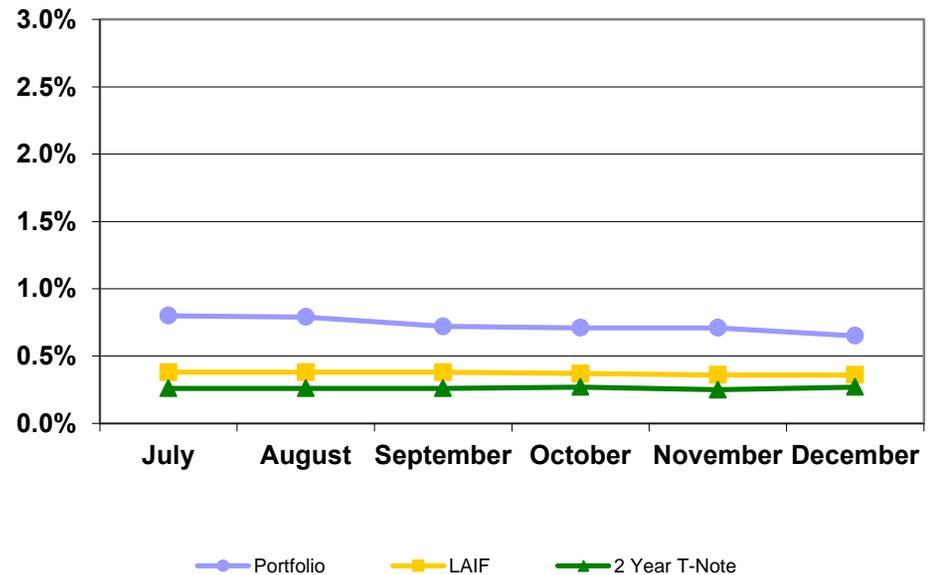
**City of Santa Monica  
Portfolio Management  
Activity By Type  
December 1, 2012 through December 31, 2012**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
<b>Federal Agency Coupon</b>							
3133813U7	11262	Federal Home Loan Bank	1.125	12/14/2012	0.00	5,000,000.00	
3134G3BM1	11164	Fed Home Loan Mortgage Corp	1.020	12/12/2012	0.00	4,997,500.00	
3134G3FL9	11169	Fed Home Loan Mortgage Corp	0.650	12/27/2012	0.00	5,000,000.00	
3134G3FG0	11176	Fed Home Loan Mortgage Corp	0.650	12/27/2012	0.00	5,000,000.00	
3136FTQY8	11162	Federal National Mort Assoc	1.250	12/07/2012	0.00	5,000,000.00	
3136FTWG0	11172	Federal National Mort Assoc	1.125	12/28/2012	0.00	5,000,000.00	
3135G0SE4	11272	Federal National Mort Assoc	0.420	12/05/2012	5,000,000.00	0.00	
<b>Subtotal</b>					<b>5,000,000.00</b>	<b>29,997,500.00</b>	<b>406,671,620.47</b>
<b>Federal Agency Discount</b>							
313385DG8	11274	Federal Home Loan Bank	0.070	12/21/2012	8,998,442.50	0.00	
313397CL3	11273	Fed Home Loan Mortgage Corp	0.040	12/21/2012	8,999,310.00	0.00	
<b>Subtotal</b>					<b>17,997,752.50</b>	<b>0.00</b>	<b>47,971,212.88</b>
<b>Local Agency Investment Funds (Monthly Summary)</b>							
<b>Subtotal</b>							<b>49,305,338.92</b>
<b>Columbia Money Market Fund (Monthly Summary)</b>							
SYS10091	10091	Columbia Money Market Reserves	0.010		49,860,904.02	41,517,891.56	
<b>Subtotal</b>					<b>49,860,904.02</b>	<b>41,517,891.56</b>	<b>39,743,242.36</b>
<b>Local Agency Investment Funds - RDA (Monthly Summary)</b>							
<b>Subtotal</b>							<b>0.00</b>
<b>Corporate Bonds</b>							
481247AM6	10847	JP Morgan Chase	2.125	12/26/2012	0.00	4,993,850.00	
<b>Subtotal</b>					<b>0.00</b>	<b>4,993,850.00</b>	<b>21,336,864.76</b>
<b>Total</b>					<b>72,858,656.52</b>	<b>76,509,241.56</b>	<b>565,028,279.39</b>

**Portfolio Yield**

The portfolio yield-to-maturity was 0.65% as of December 31, 2012, down six basis points from November and thirty-one (31) basis points from December 2011. The month-end yield hit another 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 the impact of RDA dissolution. This month's yield is four hundred forty-five (445) 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, December interest rates in the two to five year maturity range were essentially unchanged from November and remained near record low levels. The month-end two year CMT remained at 0.25%, and the twelve month moving average CMT remained at 0.27%, four hundred forty-six (446) 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 December at record low of 0.36% and has not shown a monthly increase for five years.

At its December meeting, the Federal Open Market Committee (Fed) left the target Fed Funds rate unchanged at a range of 0% to 0.25%. The Fed noted that economic activity and employment continue to expand at a moderate pace. However, the Fed noted that economic growth might not be strong enough to support stronger economic activity and

reduce unemployment without continued Fed intervention in the form of low interest rates and accommodative monetary policy. Fourth quarter GDP showed essentially no growth and most recent economic projections predict modest annualized growth of less than 2.6% through 2014. The housing market continues to improve. The unemployment rate remained at 7.8% in December, the fourth consecutive month under 8% after forty-third consecutive months over 8%. However, the creation of new jobs in the work force remains below levels necessary for a strong economic recovery, and the number of jobs is still approximately four million less than at the start of the recession. Consumer spending continued positive, but business investment remained sluggish as many businesses put plans on hold pending Congressional action on the “fiscal cliff” and the national debt limit. The stock market, as measured by the Dow Jones Industrial Average, was relatively flat in December.

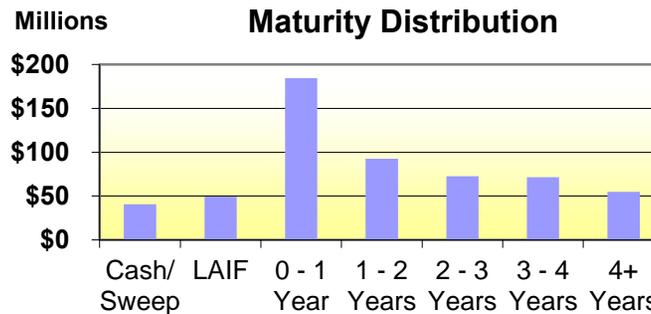
The City’s portfolio yield-to-maturity has decreased significantly over the last five years as interest rates have reached historic lows resulting in many investments being called and reinvested at lower rates. Overall, the yield will likely continue to fall some over the next few months unless some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

Portfolio investment income was \$0.6 million in December. Fiscal year-to-date earnings are down 17.9% from a year earlier.

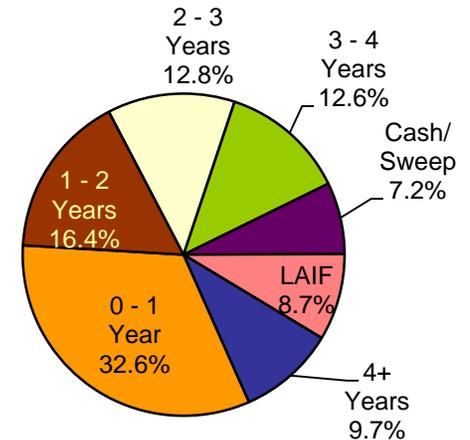
**Maturity Distribution**

The weighted average days to maturity as of December 31, 2012 is 573 days (1.57 years), a decrease of seventy-one days from the prior month. As noted earlier, the City is maintaining additional liquidity in the portfolio pending the final impact of RDA dissolution, which has lowered the average days to maturity.

Additionally, 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.



**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 December 31, 2012, the market value and the book value of the City’s pooled investments (excluding cash) are:

Market Value	\$	564,735,764.42
Book Value (purchase price)		565,028,279.39
Unrealized Gain/(Loss)	\$	(292,514.79)

**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 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 December 31, 2012, the yield to maturity on these funds was 0.23%, and the portfolio showed an unrealized loss of \$177,900. Most investments are being held in relatively short maturity/low yield investments. Per terms of the settlement agreement, the account can be closed when the plant receives an operating permit from the State Department of Health Services. It is now anticipated that this will occur in February 2013.

**SM Water Treatment Facility  
Portfolio Management  
Portfolio Details - Investments  
March 1, 2013**

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	9,737,169.68	9,737,169.68	9,737,169.68	0.010	0.010	0.010	1	
<b>Subtotal and Average</b>			<b>9,737,169.68</b>		<b>9,737,169.68</b>	<b>9,737,169.68</b>	<b>9,737,169.68</b>		<b>0.010</b>	<b>0.010</b>	<b>1</b>	
<b>Federal Agency Coupon Securities</b>												
3134G1VX9	62	Federal Home Loan Mortgage Cor		10/03/2011	6,000,000.00	6,010,500.00	6,040,620.00	0.800	0.355	0.360	48	04/19/2013
31331JPK3	65	Federal Farm Credit Bank		10/04/2011	6,000,000.00	6,037,800.00	6,106,140.00	1.375	0.341	0.345	115	06/25/2013
<b>Subtotal and Average</b>			<b>12,146,760.00</b>		<b>12,000,000.00</b>	<b>12,048,300.00</b>	<b>12,146,760.00</b>		<b>0.348</b>	<b>0.353</b>	<b>82</b>	
<b>Total and Average</b>			<b>21,883,929.68</b>		<b>21,737,169.68</b>	<b>21,785,469.68</b>	<b>21,883,929.68</b>		<b>0.197</b>	<b>0.200</b>	<b>46</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 December 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**

	Standard & Poors/ Fitch	Moodys	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 12/31/12**

	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	\$156,962,099.99	\$0.00	\$156,962,099.99	26.4%	50.0%	Yes
Federal National Mortgage Association	135,812,762.63	0.00	135,812,762.63	22.9%	50.0%	Yes
Federal Home Loan Mortgage Corporation	107,678,514.06	12,121,500.00	119,800,014.06	20.2%	50.0%	Yes
Federal Farm Credit Bank	54,189,456.67	6,106,140.00	60,295,596.67	10.2%	50.0%	Yes
<b>Total Federal Agency Securities</b>	<b>\$454,642,833.35</b>	<b>\$18,227,640.00</b>	<b>\$472,870,473.35</b>	<b>79.6%</b>	n/a	Yes
<b>Corporate Bonds</b>						
Corporate Bonds - TGLP (FDIC Insured)	\$0.00		0.00			
Corporate Bonds - Other	21,336,864.76		21,336,864.76			
<b>Total Corporate Bonds</b>	<b>\$21,336,864.76</b>	<b>\$0.00</b>	<b>\$21,336,864.76</b>	<b>3.6%</b>	30.0%	Yes
<b>Money Market Mutual Funds</b>						
Columbia Money Market Reserves Advisor Class	39,743,242.36		39,743,242.36	6.7%	10.0%	Yes
BlackrockT-Find Cash Management Sweep		9,737,169.68	9,737,169.68	1.6%	10.0%	Yes
<b>Total-Money Market Mutual Funds</b>	<b>\$39,743,242.36</b>	<b>\$9,737,169.68</b>	<b>\$49,480,412.04</b>	<b>8.3%</b>	20.0%	Yes
<b>State Local Agency Investment Fund-City</b>	<b>\$49,305,338.92</b>		<b>\$49,305,338.92</b>	<b>8.3%</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>992,225.57</b>		<b>992,225.57</b>	<b>0.2%</b>	None	Yes
<b>Total (Book Value)</b>	<b>\$566,020,504.96</b>	<b>\$27,964,809.68</b>	<b>\$593,985,314.64</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 (\$2,155,868.11) or Successor Agency Account (\$10,492,177.53).
- (4) Value used to test compliance is reported value (book value plus unrealized purchased interest).

**City Portfolio as of 12/31/12 (Book Value)**

Security	Pooled Portfolio	SM Water Treatment Facility Account	Total Portfolio	Credit Rating*	In Compliance (Yes/No)
<b>Corporate</b>					
Union Bank 2.125% maturing 12/16/13	\$4,122,009.00		\$4,122,009.00	A2	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	\$1,264,870.20		\$1,264,870.20	Aa2	Yes
IBM .875% maturing 10/31/14	\$5,053,951.39		\$5,053,951.39	Aa3	Yes
Microsoft 1.625% maturing 9/25/15	\$5,170,600.00		\$5,170,600.00	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.

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Gigi Decavalles-Hughes, Director of Finance/City Treasurer