



Information Item

Date: July 3, 2013

To: Mayor and City Council
From: Gigi Decavalles-Hughes, Director of Finance/City Treasurer
Subject: City Monthly Cash and Investment Report for March 2013

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 March 31, 2013.

Discussion

The March 2013 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 slightly (\$0.7 million) in March to \$620.5 million representing a typical revenue and expense pattern for the month of March. The pooled portfolio yield-to-maturity of 0.56% reflects a decrease of three basis points from February and is thirty-eight basis points less than one year earlier. Investment income for the month was \$0.4 million. Fiscal year-to-date earnings are down 34.6% 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 with low yields pending final resolution of RDA dissolution.

In addition to the pooled portfolio, the City's total cash holdings as of March 31, 2013 included \$55.7 million in debt proceeds held in trust with various fiscal agents, \$39.6 million in other funds held in trust, and \$53,772 in petty cash/change funds for a total balance of \$715.7 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 March 31, 2013, the market value of the City's portfolio was approximately \$0.4 million less than the book value.

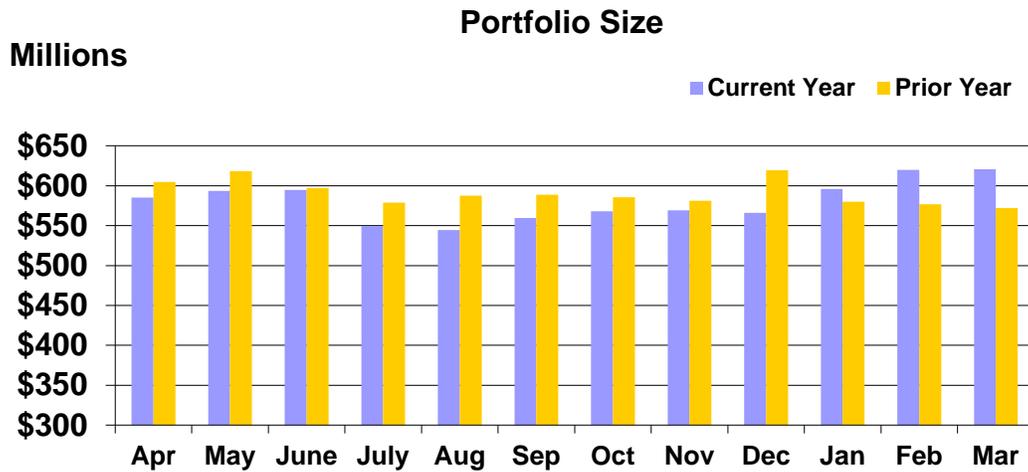
Attached is a summary of investment activity as well as a detailed report of public monies held by the City Treasurer as of March 31, 2013.

Prepared by: David Carr, Assistant City Treasurer

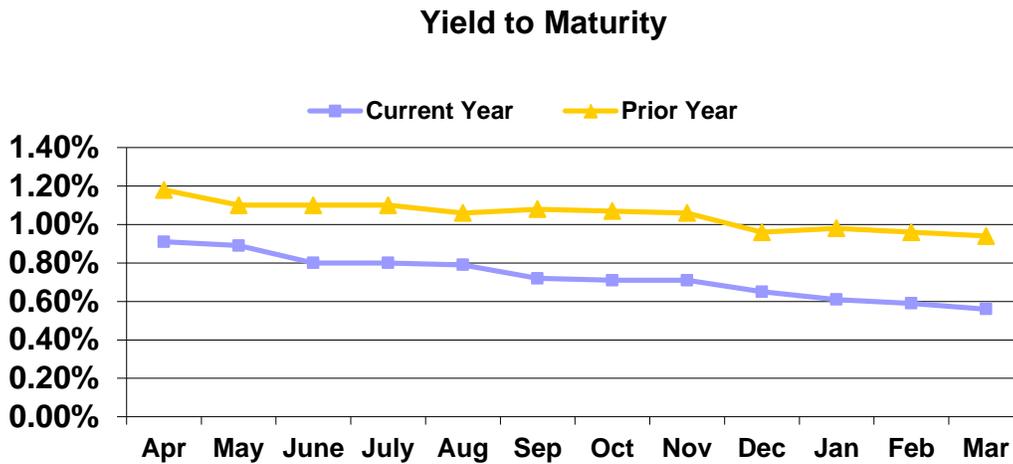
Attachments: 1 – Investment Highlights
2 – Investment Report

Investment Highlights

March 31, 2013

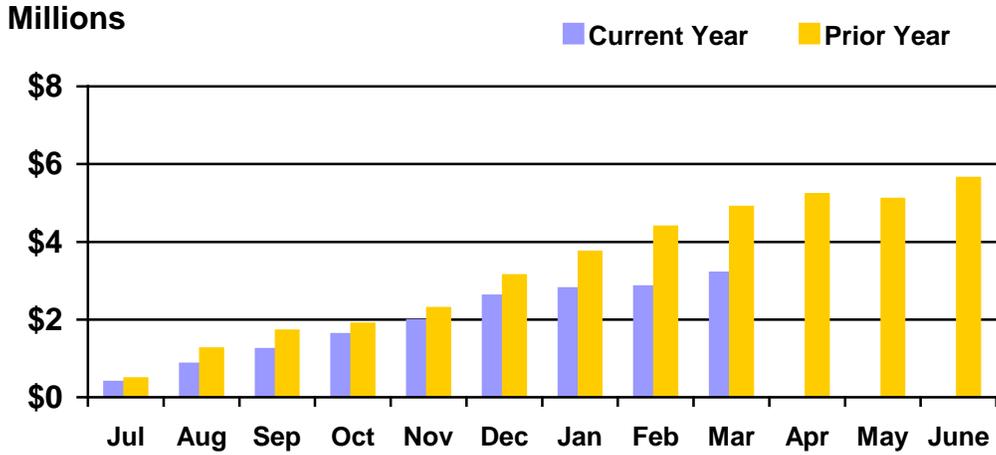


- As of March 31, 2013, the portfolio size is \$620.5 million, \$0.7 million more than in the prior month and \$48.7 million more than one year earlier.



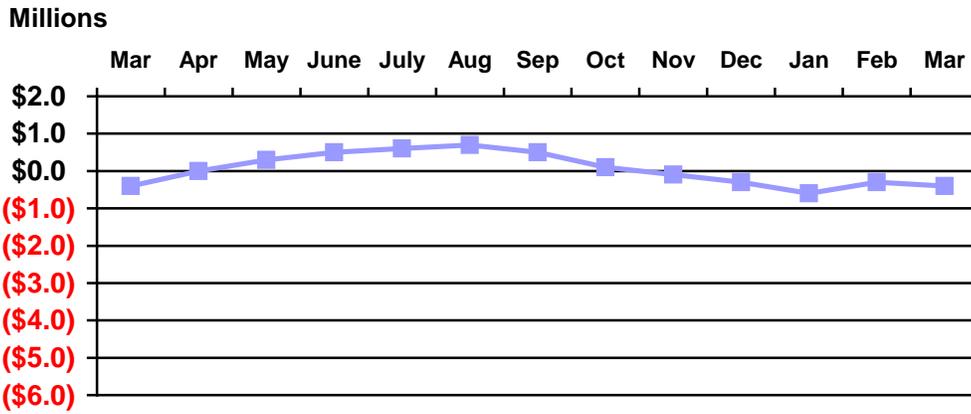
- As of March 31, 2013, yield to maturity is 0.56%.
- Down three basis points from the prior month and thirty-eight basis points less than one year earlier.

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



- Year-to-date earnings through March 31, 2013 are down 34.6% from one year earlier.

Unrealized Gain/(Loss)



- As of March 31, 2013, the market value is about \$0.4 million less than the unamortized book value (purchase price).



Investment Report

March 2013

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*
March 31, 2013

Petty Cash/Change Funds		\$53,772.00
Pooled Portfolio		
Bank of America (1)		
General Account	\$1,476,993.01	
Columbia Money Market Sweep Account	\$44,887,983.17	
Total Bank of America	<u>\$46,364,976.18</u>	
Wells Fargo Bank (1)	\$2,724,543.41	
Bank of New York (BNY)		
Corporate Bonds	\$29,687,618.03	
Treasury Bills	\$29,998,366.67	
Federal Agencies Securities	\$462,340,024.20	
Total Bank of New York	<u>\$522,026,008.90</u>	
State of California Local Agency Investment Fund - City	\$49,344,279.18	
Total Pooled Portfolio		\$620,459,807.67
Restricted Cash/Investments Held in Trust/Debt Proceeds		
Union Bank - Redevelopment Agency Term Loan	\$27,898,723.07	
Union Bank-Earthquake Recovery Redevelopment 2006		
Tax Allocation Refunding Bonds Series A & B	\$2.49	
Union Bank-Civic Center Parking Project 2004 Lease Revenue Bonds	\$2,826,954.81	
Union Bank-RDA 2011 Tax Allocation Bonds	\$2,262,470.47	
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	\$1,029,008.30	
BNY-2011 Series A & B Bonds	\$19,835,929.92	
U.S. Bank-Wastewater Enterprise Revenue Bonds-2012 Refunding	\$0.56	
U.S. Bank-Wastewater Enterprise Revenue Bonds-2005 Refunding	\$2.00	
Total Restricted Cash/Investments Held in Trust		\$55,663,611.41
Other Restricted Funds/Funds Held in Trust		
Cemetery Perpetual Care Fund (3)	\$9,012,181.00	
Mausoleum Perpetual Care Fund (3)	\$1,031,341.00	
Santa Monica Redevelopment Successor Agency RORF	\$1,976,142.48	
HUD Depository Account (4)	\$4,283,003.75	
U.S. Bank-W.E. O'Neil Retention Escrow Account	\$3,315,000.00	
First Republic Bank - Keysor Marston Escrow	\$1,055,800.89	
Wells Fargo Bank - High Place West Escrow	\$3,100,420.65	
Wells Fargo Bank - Expo 26th and 17th	\$1,570,025.87	
Union Bank - Santa Monica Redevelopment Successor Agency Account	\$4,886,290.32	
Union Bank - Housing Authority Custodial Account	\$7,121,530.88	
Union Bank - W.E. O'Neil Direct Owner Costs PGW Escrow	\$2,021,843.91	
Union Bank - W.E. O'Neil Direct Owner Costs Civic Escrow	\$68,681.61	
Public Agency Family Self Sufficiency Program (2)	\$125,367.73	
Total Other Funds Held in Trust		\$39,567,630.09
GRAND TOTAL		\$715,744,821.17

**City of Santa Monica
Cash Receipts, Disbursements and Cash Balances*
March 31, 2013**

- (1) These are the actual bank account balances as of 3/31/13. 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. 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 - February 28, 2013	\$619,762,360.45
Receipts	46,244,947.56
Disbursements	(45,547,500.34)
Cash and Investments - March 31, 2013	\$620,459,807.67

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

Gigi Decavalles-Hughes
Director of Finance/City Treasurer

Overview

As of March 31, 2013, total City cash and investments were \$715.7 million, a \$10.9 million decrease from the prior month. The decrease primarily reflects the drawdown of loan and debt proceeds to reimburse the City for eligible capital expenditure costs. Total cash and investments are categorized as follows:

Petty Cash	\$	53,772.00
Pooled Investment Portfolio	\$	620,459,807.67
Restricted Cash/Investment Held in Trust	\$	55,663,611.41
Other Funds Held in Trust	\$	39,567,630.09
Total	\$	<u>715,744,821.17</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
- 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

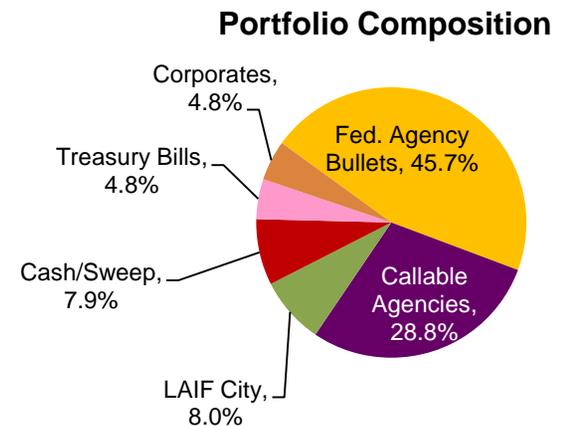
Pooled Investment Portfolio

As of March 31, 2013, the portfolio size (unamortized book value/purchase price) of City pooled cash and investments is \$620.5, a \$0.7 million increase from the prior month. 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. Six investments were made during the month (\$120 million), fourteen investments matured (\$127 million), and four investments were called (\$15.7 million). No investments were sold. State Local Agency Investment Fund (LAIF) account balances were essentially unchanged in March. The balance of the money market sweep account as of March month-end was \$44.8 million.

Details of the main portfolio follow.

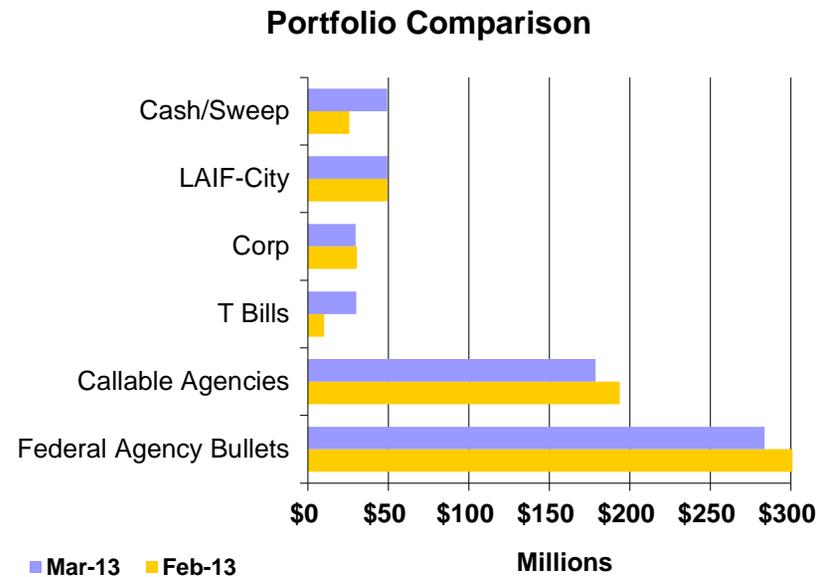
Portfolio Composition

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 (74.5%). The remaining 25.5% is invested in the State Local Agency Investment Fund (8%); corporate bonds (4.8%), Treasury Bills (4.8%), and cash including the money market sweep account (7.9%). 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. The only significant changes in March were increases in Cash/Sweep funds offset by a decrease in Federal Agency Securities. A large portion of the portfolio is being kept very liquid reflecting continuing uncertainty regarding the impact of RDA dissolution on cash flow needs. Additionally, The City continues to hold a significant portion of the remainder of the portfolio in short term funds as interest rates remain at historic lows, and LAIF is still a benefit over other types of investments with maturities two years and under. The bond market, financial and economic conditions, and portfolio structure are continuously evaluated when making investment decisions.



Rebalancing of Portfolio

No portfolio rebalancing occurred in March 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
March 31, 2013**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
Treasury Discount Securities												
912796AB5	11298	Treasury Bill		03/28/2013	30,000,000.00	29,999,310.00	29,998,366.67	0.070	28	0.072	24	04/25/2013
Subtotal and Average			5,806,034.41		30,000,000.00	29,999,310.00	29,998,366.67		28	0.072	24	
Federal Agency Coupon												
31331GVD8	11085	Federal Farm Credit Bank		05/13/2011	2,000,000.00	2,001,040.00	2,061,180.00	2.200	696	0.581	7	04/08/2013
3137EACJ6	11095	Fed Home Loan Mortgage Corp		05/20/2011	3,000,000.00	3,001,980.00	3,062,100.00	1.625	696	0.530	14	04/15/2013
3134G1VX9	11309	Fed Home Loan Mortgage Corp		10/03/2011	6,000,000.00	6,002,280.00	6,040,620.00	0.800	564	0.360	18	04/19/2013
3137EABJ7	11153	Fed Home Loan Mortgage Corp		09/27/2011	4,000,000.00	4,022,600.00	4,211,120.00	3.500	610	0.332	58	05/29/2013
313376GT6	11166	Federal Home Loan Bank		11/30/2011	4,000,000.00	4,001,480.00	4,000,000.00	0.350	547	0.350	59	05/30/2013
3133XR5U0	10901	Federal Home Loan Bank		10/02/2009	5,000,000.00	5,037,050.00	5,312,250.00	3.750	1,351	1.990	74	06/14/2013
3133XYHDO	10962	Federal Home Loan Bank		05/28/2010	5,000,000.00	5,015,550.00	4,995,200.00	1.625	1,113	1.657	74	06/14/2013
3133XYHDO	11151	Federal Home Loan Bank		09/22/2011	3,940,000.00	3,952,253.40	4,030,029.00	1.625	631	0.298	74	06/14/2013
3133XXYX9	11150	Federal Home Loan Bank		09/22/2011	5,000,000.00	5,019,950.00	5,139,050.00	1.875	638	0.278	81	06/21/2013
31331JPK3	11310	Federal Farm Credit Bank		10/04/2011	6,000,000.00	6,018,960.00	6,106,140.00	1.375	630	0.454	85	06/25/2013
313371AR7	10996	Federal Home Loan Bank		10/01/2010	2,500,000.00	2,503,825.00	2,501,475.00	0.750	1,001	0.730	88	06/28/2013
313380AD9	11233	Federal Home Loan Bank		07/24/2012	2,500,000.00	2,499,950.00	2,497,800.00	0.125	365	0.213	114	07/24/2013
313380AD9	11234	Federal Home Loan Bank		07/24/2012	2,500,000.00	2,499,950.00	2,497,875.00	0.125	365	0.210	114	07/24/2013
31331KUY4	11141	Federal Farm Credit Bank		08/31/2011	3,000,000.00	3,001,406.10	2,995,290.00	0.250	719	0.330	140	08/19/2013
313372H64	11049	Federal Home Loan Bank		01/28/2011	2,200,000.00	2,207,920.00	2,200,000.00	1.000	943	1.000	149	08/28/2013
3133XUPZ0	10942	Federal Home Loan Bank		03/05/2010	3,000,000.00	3,033,990.00	3,076,230.00	2.625	1,288	1.876	165	09/13/2013
313370LB2	10982	Federal Home Loan Bank		08/13/2010	2,500,000.00	2,509,825.00	2,502,850.00	1.000	1,127	0.962	165	09/13/2013
3137EACL1	11002	Fed Home Loan Mortgage Corp		10/06/2010	2,000,000.00	2,008,300.00	2,005,360.00	0.875	1,118	0.787	210	10/28/2013
3137EACL1	11011	Fed Home Loan Mortgage Corp		11/16/2010	4,000,000.00	4,016,600.00	4,007,200.00	0.875	1,077	0.814	210	10/28/2013
3137EACL1	11024	Fed Home Loan Mortgage Corp		12/08/2010	5,000,000.00	5,020,750.00	4,988,000.00	0.875	1,055	0.957	210	10/28/2013
3133XVWW7	11048	Federal Home Loan Bank		01/25/2011	5,000,000.00	5,063,200.00	5,134,550.00	2.100	1,035	1.132	238	11/25/2013
3136FPEX1	10989	Federal National Mort Assoc		09/17/2010	2,500,000.00	2,517,100.00	2,500,000.00	1.125	1,187	1.125	260	12/17/2013
313370NL8	10990	Federal Home Loan Bank		08/27/2010	2,500,000.00	2,515,425.00	2,500,650.00	1.000	1,218	0.992	270	12/27/2013
3134G33R2	11185	Fed Home Loan Mortgage Corp		01/09/2012	2,500,000.00	2,505,350.00	2,500,000.00	0.450	731	0.450	283	01/09/2014
31398AVD1	10914	Federal National Mort Assoc		12/22/2009	5,000,000.00	5,112,100.00	5,092,600.00	2.750	1,506	2.276	310	02/05/2014
31331KCA6	11051	Federal Farm Credit Bank		02/10/2011	2,500,000.00	2,525,781.25	2,500,000.00	1.375	1,096	1.375	315	02/10/2014
31331GNA3	10937	Federal Farm Credit Bank		02/12/2010	4,000,000.00	4,099,720.00	4,117,520.00	3.000	1,461	2.228	317	02/12/2014
313372U93	11058	Federal Home Loan Bank		03/03/2011	5,000,000.00	5,055,650.00	5,000,000.00	1.400	1,093	1.400	333	02/28/2014
31398AVZ2	11016	Federal National Mort Assoc		11/23/2010	3,000,000.00	3,073,440.00	3,175,080.00	2.750	1,206	0.952	346	03/13/2014
3134G3NS5	11225	Fed Home Loan Mortgage Corp		05/30/2012	3,000,000.00	3,004,470.00	2,996,460.00	0.300	660	0.366	354	03/21/2014
3134G2CL4	11094	Fed Home Loan Mortgage Corp		05/20/2011	5,000,000.00	5,062,150.00	5,042,750.00	1.350	1,075	1.054	393	04/29/2014
31331KKQ2	11090	Federal Farm Credit Bank		05/19/2011	5,000,000.00	5,048,900.00	5,012,850.00	1.150	1,089	1.062	406	05/12/2014

Portfolio INVT
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**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
March 31, 2013**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
Federal Agency Coupon												
3133XWE70	11008	Federal Home Loan Bank		11/04/2010	4,000,000.00	4,109,760.00	4,237,120.00	2.500	1,317	0.829	438	06/13/2014
313379N47	11217	Federal Home Loan Bank		06/06/2012	3,000,000.00	3,006,540.00	3,000,000.00	0.400	751	0.400	452	06/27/2014
313379SK6	11236	Federal Home Loan Bank		07/25/2012	2,500,000.00	2,505,450.00	2,504,625.00	0.400	707	0.304	457	07/02/2014
3137EACU1	11195	Fed Home Loan Mortgage Corp		01/23/2012	5,000,000.00	5,052,650.00	5,064,750.00	1.000	919	0.482	485	07/30/2014
313380A64	11245	Federal Home Loan Bank		08/16/2012	3,000,000.00	3,001,380.00	3,000,000.00	0.330	729	0.330	501	08/15/2014
3135G0BY8	11117	Federal National Mort Assoc		07/19/2011	4,000,000.00	4,035,360.00	3,997,920.00	0.875	1,136	0.890	514	08/28/2014
3135G0CU5	11138	Federal National Mort Assoc		09/12/2011	5,000,000.00	5,008,593.50	5,000,000.00	0.625	1,096	0.625	529	09/12/2014
3133EA6W3	11280	Federal Farm Credit Bank		01/17/2013	2,500,000.00	2,500,200.00	2,501,550.00	0.270	657	0.266	583	11/05/2014
3134G3H78	11268	Fed Home Loan Mortgage Corp		11/06/2012	5,000,000.00	5,005,350.00	5,003,250.00	0.350	759	0.319	613	12/05/2014
3137EADA4	11179	Fed Home Loan Mortgage Corp		12/21/2011	2,500,000.00	2,514,800.00	2,497,225.00	0.625	1,104	0.662	637	12/29/2014
313381PG4	11282	Federal Home Loan Bank		01/17/2013	3,000,000.00	2,999,760.00	3,000,025.00	0.300	729	0.300	655	01/16/2015
3134G3LF5	11198	Fed Home Loan Mortgage Corp		02/23/2012	3,000,000.00	3,020,625.00	3,026,442.00	1.000	1,086	0.700	683	02/13/2015
3134G3QH6	11215	Fed Home Loan Mortgage Corp		05/18/2012	2,500,000.00	2,509,875.00	2,500,000.00	0.570	1,021	0.570	703	03/05/2015
3134G3QH6	11279	Fed Home Loan Mortgage Corp		01/07/2013	2,500,000.00	2,509,875.00	2,509,125.00	0.570	787	0.400	703	03/05/2015
3135G0HG1	11267	Federal National Mort Assoc		11/06/2012	2,500,000.00	2,503,375.00	2,502,400.00	0.375	860	0.334	714	03/16/2015
313378XS5	11278	Federal Home Loan Bank		01/07/2013	2,500,000.00	2,511,250.00	2,515,024.31	0.650	843	0.441	759	04/30/2015
31331KLE8	11086	Federal Farm Credit Bank		05/18/2011	2,500,000.00	2,567,025.00	2,501,250.00	1.600	1,461	1.587	777	05/18/2015
3135G0LG6	11216	Federal National Mort Assoc		05/29/2012	2,500,000.00	2,501,400.00	2,499,750.00	0.650	1,095	0.653	788	05/29/2015
3133EASK5	11221	Federal Farm Credit Bank		06/04/2012	5,000,000.00	5,004,550.00	5,000,000.00	0.610	1,095	0.610	794	06/04/2015
3135G0SE4	11272	Federal National Mort Assoc		12/05/2012	5,000,000.00	4,999,250.00	5,000,000.00	0.420	922	0.420	805	06/15/2015
3133EAZJ0	11240	Federal Farm Credit Bank		07/25/2012	2,500,000.00	2,502,075.00	2,500,000.00	0.480	1,093	0.480	843	07/23/2015
3133ECHV9	11296	Federal Farm Credit Bank		03/21/2013	5,000,000.00	4,998,000.00	4,997,841.67	0.350	861	0.371	850	07/30/2015
313375PT8	11147	Federal Home Loan Bank		09/19/2011	2,500,000.00	2,530,425.00	2,500,000.00	0.750	1,410	0.750	850	07/30/2015
313376VZ5	11196	Federal Home Loan Bank		01/30/2012	5,000,000.00	5,034,000.00	5,000,000.00	0.670	1,277	0.670	850	07/30/2015
3135G0NA7	11238	Federal National Mort Assoc		07/30/2012	2,500,000.00	2,501,900.00	2,500,780.00	0.500	1,095	0.490	850	07/30/2015
3136FRX40	11140	Federal National Mort Assoc		08/26/2011	9,000,000.00	9,022,500.00	9,000,000.00	1.000	1,461	1.000	877	08/26/2015
3134G3GL8	11173	Fed Home Loan Mortgage Corp		01/13/2012	5,000,000.00	5,025,700.00	5,000,000.00	1.000	1,369	1.000	925	10/13/2015
3134G3GL8	11182	Fed Home Loan Mortgage Corp		01/13/2012	3,000,000.00	3,015,420.00	3,000,000.00	1.000	1,369	1.000	925	10/13/2015
313378FP1	11199	Federal Home Loan Bank		02/24/2012	3,000,000.00	3,024,300.00	3,000,000.00	0.720	1,369	0.719	967	11/24/2015
31331J4J9	11020	Federal Farm Credit Bank		12/07/2010	2,000,000.00	2,071,520.00	2,000,000.00	1.740	1,826	1.740	980	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	1,008	01/04/2016
313380C70	11247	Federal Home Loan Bank		09/07/2012	5,000,000.00	5,002,100.00	5,000,000.00	0.550	1,249	0.550	1,043	02/08/2016
3134G3RK8	11205	Fed Home Loan Mortgage Corp		03/27/2012	5,000,000.00	5,033,950.00	4,994,500.00	1.000	1,448	1.028	1,078	03/14/2016
3135G0JQ7	11257	Federal National Mort Assoc		10/17/2012	10,000,000.00	10,000,500.00	10,045,136.11	1.090	1,265	0.969	1,099	04/04/2016
3135G0LD3	11220	Federal National Mort Assoc		05/29/2012	5,000,000.00	5,025,400.00	5,000,000.00	0.875	1,455	0.875	1,148	05/23/2016
3134G3EW6	11168	Fed Home Loan Mortgage Corp		12/30/2011	3,400,000.00	3,422,950.00	3,400,000.00	1.270	1,644	1.270	1,186	06/30/2016

Portfolio INVT

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**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
March 31, 2013**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
Federal Agency Coupon												
3136FTWY1	11174	Federal National Mort Assoc		12/30/2011	5,000,000.00	5,031,100.00	5,000,000.00	1.150	1,644	1.150	1,186	06/30/2016
3135G0MX8	11235	Federal National Mort Assoc		07/26/2012	5,000,000.00	5,007,650.00	5,000,000.00	0.750	1,461	0.750	1,212	07/26/2016
3135G0MX8	11288	Federal National Mort Assoc		01/31/2013	2,500,000.00	2,503,825.00	2,502,760.42	0.750	1,272	0.721	1,212	07/26/2016
313381VK8	11292	Federal Home Loan Bank		02/08/2013	2,000,000.00	2,001,600.00	1,998,287.50	0.575	1,267	0.604	1,215	07/29/2016
3136FRS38	11135	Federal National Mort Assoc		09/06/2011	5,000,000.00	5,024,300.00	5,000,000.00	1.400	1,827	1.400	1,254	09/06/2016
3133EA5W4	11260	Federal Farm Credit Bank		10/24/2012	5,000,000.00	4,996,550.00	5,000,000.00	0.650	1,461	0.650	1,302	10/24/2016
3134G3V98	11266	Fed Home Loan Mortgage Corp		11/21/2012	5,000,000.00	5,004,850.00	5,000,000.00	0.700	1,461	0.700	1,330	11/21/2016
3134G3LG3	11194	Fed Home Loan Mortgage Corp		02/14/2012	5,000,000.00	5,045,400.00	5,000,000.00	1.250	1,827	1.250	1,415	02/14/2017
3136G0BD2	11206	Federal National Mort Assoc		04/24/2012	5,000,000.00	5,064,750.00	5,000,000.00	1.400	1,826	1.400	1,484	04/24/2017
3136G0LS8	11222	Federal National Mort Assoc		05/30/2012	5,000,000.00	5,001,700.00	5,000,000.00	1.200	1,826	1.331	1,520	05/30/2017
3136G0HX2	11212	Federal National Mort Assoc		06/06/2012	4,000,000.00	4,006,680.00	4,000,000.00	1.000	1,826	1.000	1,527	06/06/2017
3136G0MK4	11218	Federal National Mort Assoc		06/21/2012	5,000,000.00	5,008,550.00	5,000,000.00	1.000	1,826	1.000	1,542	06/21/2017
3137EADJ5	11290	Fed Home Loan Mortgage Corp		01/31/2013	2,500,000.00	2,523,350.00	2,510,083.33	1.000	1,639	0.910	1,579	07/28/2017
3134G3B90	11243	Fed Home Loan Mortgage Corp		08/15/2012	2,000,000.00	2,000,220.00	1,998,520.00	0.875	1,826	0.890	1,597	08/15/2017
313380BD8	11239	Federal Home Loan Bank		08/21/2012	3,750,000.00	3,752,512.50	3,750,000.00	0.500	1,826	0.500	1,603	08/21/2017
3136G0G39	11250	Federal National Mort Assoc		09/27/2012	5,000,000.00	5,004,550.00	5,000,000.00	0.625	1,826	0.625	1,640	09/27/2017
3133EA3J5	11253	Federal Farm Credit Bank		10/10/2012	5,000,000.00	4,995,050.00	5,000,000.00	0.900	1,826	0.900	1,653	10/10/2017
3136G03Y5	11264	Federal National Mort Assoc		11/21/2012	5,000,000.00	5,004,850.00	5,000,000.00	0.750	1,826	0.750	1,695	11/21/2017
3136G05Q0	11269	Federal National Mort Assoc		11/27/2012	5,000,000.00	5,009,900.00	5,000,000.00	0.700	1,826	0.700	1,701	11/27/2017
3133823A9	11285	Federal Home Loan Bank		02/22/2013	5,000,000.00	5,008,950.00	5,000,000.00	1.150	1,826	1.150	1,788	02/22/2018
3136G1DA4	11286	Federal National Mort Assoc		02/28/2013	5,000,000.00	5,020,000.00	5,000,000.00	1.000	1,826	1.171	1,794	02/28/2018
Subtotal and Average			376,489,058.18		350,290,000.00	352,053,241.75	352,360,594.34		1,229	0.852	775	
Federal Agency Discount												
313385DW3	11277	Federal Home Loan Bank		01/03/2013	15,000,000.00	15,000,000.00	14,996,812.50	0.085	90	0.086	2	04/03/2013
313397EB3	11295	Fed Home Loan Mortgage Corp		03/12/2013	20,000,000.00	20,000,000.00	19,998,800.00	0.080	27	0.081	7	04/08/2013
313397ER8	11297	Fed Home Loan Mortgage Corp		03/26/2013	25,000,000.00	24,999,750.00	24,998,875.00	0.060	27	0.061	21	04/22/2013
313385ET9	11299	Federal Home Loan Bank		03/27/2013	15,000,000.00	14,999,850.00	14,999,183.33	0.070	28	0.071	23	04/24/2013
313589FA6	11300	Federal National Mort Assoc		03/27/2013	25,000,000.00	24,999,000.00	24,998,298.61	0.070	35	0.071	30	05/01/2013
313397HR5	11289	Fed Home Loan Mortgage Corp		01/31/2013	5,000,000.00	4,999,218.50	4,998,300.00	0.080	153	0.081	93	07/03/2013
313397HW4	11230	Fed Home Loan Mortgage Corp		07/10/2012	5,000,000.00	4,999,218.50	4,989,160.42	0.215	363	0.221	98	07/08/2013
Subtotal and Average			106,290,068.17		110,000,000.00	109,997,037.00	109,979,429.86		59	0.080	25	
Local Agency Investment Funds												
SYS10090	10090	Local Agency Investment Fund			49,344,279.18	49,344,279.18	49,344,279.18	0.285	1	0.285	1	

**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
March 31, 2013**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
Subtotal and Average			49,344,279.18		49,344,279.18	49,344,279.18	49,344,279.18		1	0.285	1	
Columbia Money Market Fund												
SYS10091	10091	Columbia Money Market Reserves		09/15/2006	44,887,983.17	44,887,983.17	44,887,983.17	0.010	1	0.010	1	
Subtotal and Average			47,391,911.58		44,887,983.17	44,887,983.17	44,887,983.17		1	0.010	1	
Local Agency Investment Funds - RDA												
SYS10092	10092	LAIF - RDA		03/17/2009	0.00	0.00	0.00	0.385	1	0.385	1	
Subtotal and Average			0.00		0.00	0.00	0.00		0	0.000	0	
Corporate Bonds												
90520EAB7	11271	UnionBanc Investments		11/26/2012	4,050,000.00	4,091,067.00	4,122,009.00	2.125	385	0.435	259	12/16/2013
38259PAA0	11213	Google		05/22/2012	1,245,000.00	1,258,508.25	1,264,870.20	1.250	727	0.444	413	05/19/2014
98458PAB1	11208	Yale University		04/10/2012	1,802,000.00	1,868,079.34	1,906,425.90	2.900	918	0.575	562	10/15/2014
459200GZ8	11270	IBM Corp		11/14/2012	5,000,000.00	5,039,950.00	5,053,951.39	0.875	716	0.340	578	10/31/2014
94974BFE5	11287	Wells Fargo Bank		01/31/2013	2,000,000.00	2,033,040.00	2,034,980.00	1.500	881	0.820	821	07/01/2015
594918AG9	11211	Microsoft		05/10/2012	5,000,000.00	5,138,850.00	5,170,600.00	1.625	1,233	0.602	907	09/25/2015
084670BG2	11291	Berkshire Hathaway		02/11/2013	2,000,000.00	2,011,080.00	2,005,620.00	0.800	1,095	0.705	1,046	02/11/2016
478160AY0	11293	jJohnson & Johnson		02/12/2013	2,000,000.00	2,093,420.00	2,115,431.67	2.150	1,188	0.522	1,140	05/15/2016
084670BB3	11244	Berkshire Hathaway		08/20/2012	3,000,000.00	3,143,940.00	3,132,540.00	2.200	1,456	1.065	1,232	08/15/2016
64952WBK8	11283	New York Life		01/23/2013	2,855,000.00	2,854,371.90	2,881,189.87	1.300	1,741	1.167	1,673	10/30/2017
Subtotal and Average			29,997,221.98		28,952,000.00	29,532,306.49	29,687,618.03		1,022	0.646	847	
Total and Average			615,318,573.49		613,474,262.35	615,814,157.59	616,258,271.25		764	0.560	490	

**City of Santa Monica
Portfolio Management
Activity By Type
March 1, 2013 through March 31, 2013**

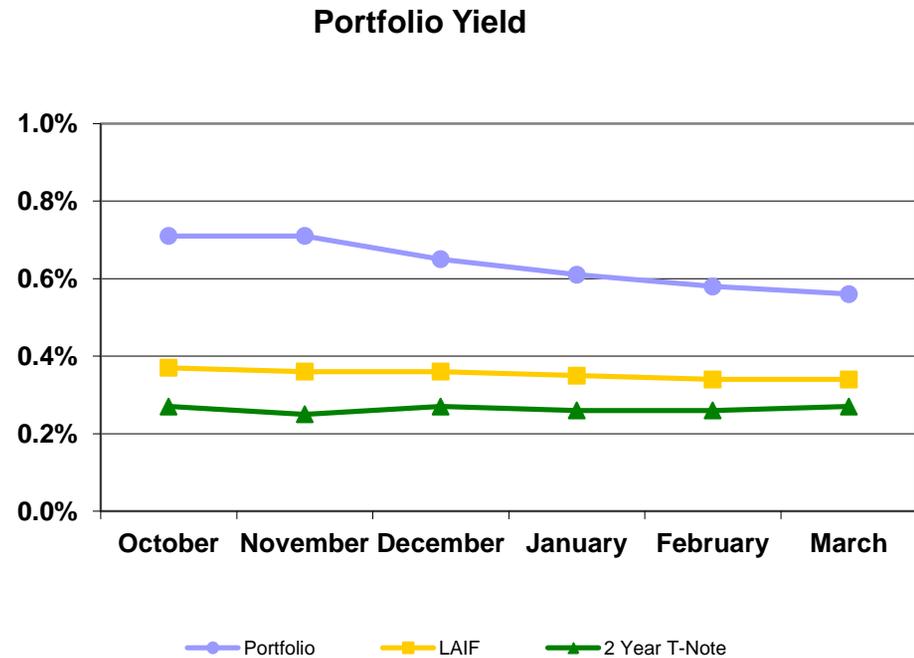
CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Treasury Discount Securities							
9127956E6	11281	Treasury Bill	0.080	03/07/2013	0.00	9,998,933.33	
912796AB5	11298	Treasury Bill	0.070	03/28/2013	29,998,366.67	0.00	
Subtotal					29,998,366.67	9,998,933.33	29,998,366.67
Federal Agency Coupon							
3133ECHV9	11296	Federal Farm Credit Bank	0.350	03/21/2013	4,997,550.00	0.00	
3133XWX87	10945	Federal Home Loan Bank	1.750	03/08/2013	0.00	2,003,100.00	
313372RK2	11223	Federal Home Loan Bank	1.000	03/27/2013	0.00	3,019,380.00	
313378TB7	11224	Federal Home Loan Bank	0.250	03/28/2013	0.00	2,970,891.00	
313380QS9	11248	Federal Home Loan Bank	0.150	03/14/2013	0.00	25,000,000.00	
313380QT7	11256	Federal Home Loan Bank	0.150	03/14/2013	0.00	5,000,767.50	
3133816B6	11263	Federal Home Loan Bank	0.550	03/13/2013	0.00	5,000,000.00	
3136FR3Q4	11144	Federal National Mort Assoc	1.320	03/28/2013	0.00	5,000,000.00	
3135G0JD6	11261	Federal National Mort Assoc	0.500	03/19/2013	0.00	5,008,375.00	
Subtotal					4,997,550.00	53,002,513.50	352,360,594.34
Federal Agency Discount							
313385DQ6	11254	Federal Home Loan Bank	0.120	03/28/2013	0.00	4,997,166.65	
313385DQ6	11255	Federal Home Loan Bank	0.120	03/28/2013	0.00	4,997,166.67	
313385DG8	11274	Federal Home Loan Bank	0.070	03/20/2013	0.00	8,998,442.50	
313385DM5	11294	Federal Home Loan Bank	0.040	03/25/2013	0.00	19,999,444.44	
313385ET9	11299	Federal Home Loan Bank	0.070	03/27/2013	14,999,183.33	0.00	
313397CR0	11258	Fed Home Loan Mortgage Corp	0.140	03/05/2013	0.00	4,997,297.20	
313397DM0	11276	Fed Home Loan Mortgage Corp	0.080	03/25/2013	0.00	14,997,300.00	
313397EB3	11295	Fed Home Loan Mortgage Corp	0.080	03/12/2013	19,998,800.00	0.00	
313397ER8	11297	Fed Home Loan Mortgage Corp	0.060	03/26/2013	24,998,875.00	0.00	
31315LDJ4	11284	Farmer Mac	0.050	03/22/2013	0.00	9,999,291.67	
313589DP5	11251	Federal National Mort Assoc	0.145	03/27/2013	0.00	9,992,669.44	
313589FA6	11300	Federal National Mort Assoc	0.070	03/27/2013	24,998,298.61	0.00	
Subtotal					84,995,156.94	78,978,778.57	109,979,429.86
Local Agency Investment Funds (Monthly Summary)							
Subtotal							49,344,279.18
Columbia Money Market Fund (Monthly Summary)							
SYS10091	10091	Columbia Money Market Reserves	0.010		123,258,626.05	101,491,441.33	

**City of Santa Monica
Portfolio Management
Activity By Type
March 1, 2013 through March 31, 2013**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Subtotal					123,258,626.05	101,491,441.33	44,887,983.17
Local Agency Investment Funds - RDA (Monthly Summary)							
Subtotal							0.00
Corporate Bonds							
98458PAB1	11208	Yale University	2.900	03/15/2013	0.00	685,551.60	
Subtotal					0.00	685,551.60	29,687,618.03
Total					243,249,699.66	244,157,218.33	616,258,271.25

Portfolio Yield

The portfolio yield-to-maturity was 0.56% as of March 31, 2013, down three basis points from the prior month and thirty-eight (38) basis points from one year earlier. 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. The chart compares the month-end portfolio yield to the twelve-month moving averages of the two-year Constant Maturing Treasury security yield (CMT) and State Local Agency Investment Fund (LAIF) yield.



Overall, interest rates in the two to five year maturity range were relatively flat in March and remained near record low levels. The two year CMT month-end rate and twelve month moving average remained at 0.25% and 0.27% respectively. Rates are now expected to remain relatively low into 2015 unless there are significant improvements in the national unemployment rate before then. LAIF rates also remain at historic low points. The twelve month moving average LAIF yield remained at a record low of 0.34% in March and has not shown a monthly increase for over five years. The month-end LAIF rate was 0.29%,

The Federal Open Market Committee (Fed) did not meet in February, so the target Fed Funds rate remained unchanged at a range of 0% to 0.25%. Job growth continued to expand at a moderate pace, but unemployment remains elevated. However, the rate did decrease to 7.6% in March, the seventh consecutive month under 8%. The Fed still believes that economic growth, while improving, 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. First quarter GDP showed 2.5% annual growth, and most recent economic projections predict modest annualized growth

in the 2% to 3% range through 2014. The housing market continues to improve, both in terms of sales and prices. Consumer spending continues positive, but business investment still remained somewhat sluggish. The stock market, as measured by the Dow Jones Industrial Average, had a strong month in March, rising 3.7%.

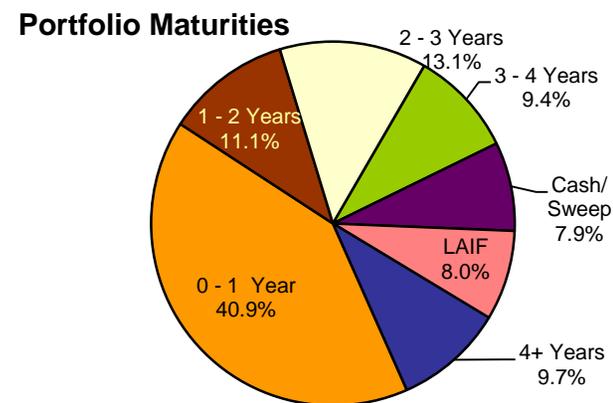
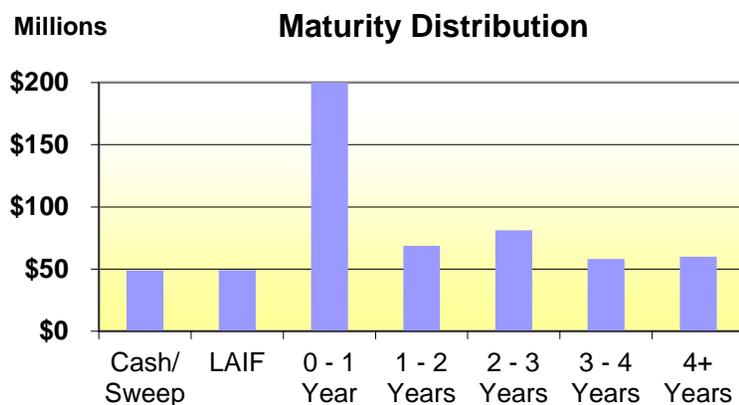
The City’s portfolio yield-to-maturity has decreased significantly over the last five years as interest rates have reached historic lows resulting in many investments being called and reinvested at lower rates. Overall, the yield will likely remain relatively flat over the next few months unless some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

Portfolio investment income was \$0.4 million in March. Fiscal year-to-date earnings are down 34.6% from a year earlier.

Maturity Distribution

The weighted average days to maturity as of March 31, 2013 is 490 days (1.34 years), a decrease of thirty-six 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. Nearly two-thirds of the portfolio is now held in maturities of 2 years or less and over one-half in maturities one year and less.

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 late 2014 or early 2015.



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 March 31, 2013, the market value and the book value of the City’s pooled investments (excluding cash) are:

Market Value	\$	615,814,157.59
Book Value (purchase price)		616,258,271.25
<hr/>		
Unrealized Gain/ (Loss)	\$	(444,113.66)

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 March 31, 2013. 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)
Best Quality	AAA	Aaa	Yes
	AA+	Aa1	Yes
High Quality	AA	Aa2	Yes
	AA-	Aa3	Yes
	A+	A1	Yes
Upper Medium Grade	A	A2	Yes
	A-	A3	Yes
	BBB+	Baa1	No
Medium Grade	BBB	Baa2	No
	BBB-	Baa3	No

Portfolio Allocation as of 3/31/13

	Pooled Portfolio (1) (3)	% of Portfolio	Legal/ Policy Limit	In Compliance (Yes/No)
Federal Agency Securities				
Federal Home Loan Bank	\$125,889,036.64	20.3%	50.0%	Yes
Federal National Mortgage Association	137,814,725.14	22.2%	50.0%	Yes
Federal Home Loan Mortgage Corporation	141,342,640.75	22.8%	50.0%	Yes
Federal Farm Credit Bank	57,293,621.67	9.2%	50.0%	Yes
Total Federal Agency Securities	\$462,340,024.20	74.5%	n/a	Yes
Treasury Bills	\$29,998,366.67	4.8%	n/a	Yes
Corporate Bonds	\$29,687,618.03	4.8%	30.0%	Yes
Money Market Mutual Funds				
Columbia Money Market Reserves Advisor Class	44,887,983.17	7.2%	10.0%	Yes
BlackrockT-Find Cash Management Sweep	0.00	0.0%	10.0%	Yes
Total-Money Market Mutual Funds	\$44,887,983.17	7.2%	20.0%	Yes
State Local Agency Investment Fund-City	\$49,344,279.18	8.0%	\$50 million	Yes
State Local Agency Investment Fund-Succ Agcy	\$0.00	0.0%	\$50 million	Yes
Cash (3)	\$4,201,536.42	0.7%	None	Yes
Total (Book Value)	\$620,459,807.67	100.00%		

Notes:

- (1) Excludes bond proceeds, funds held in trust for others, petty cash accounts, and other funds which are not entirely under City ownership and control
- (2) City's general bank accounts held at Bank of America and Wells Fargo Bank. Does not include balance of HUD depository account (\$4,283,003.75) or Successor Agency Account (\$1,976,142.48).
- (3) Value used to test compliance is reported value (book value plus unrealized purchased interest).

City Portfolio as of 3/31/13 (Book Value)

Security	Pooled Portfolio	SM Water Treatment Facility Account	Total Portfolio	Credit Rating*	In Compliance (Yes/No)
Corporate					
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	\$1,906,425.90		\$1,906,425.90	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
Wells Fargo and Company 1.5% maturing 7/1/15	\$2,034,980.00		\$2,034,980.00	A2	Yes
Microsoft 1.625% maturing 9/25/15	\$5,170,600.00		\$5,170,600.00	Aaa	Yes
Berkshire Hathaway 0.8% 2/11/16	\$2,005,620.00		\$2,005,620.00	Aa2	
Johnson & Johnson 2.15% 5/15/16	\$2,115,431.67		\$2,115,431.67	Aaa	Yes
Berkshire Hathaway 2.2% 8/15/16	\$3,132,540.00		\$3,132,540.00	Aa2	Yes
New York Life 1.3% maturing 10/30/17	\$2,881,189.87		\$2,881,189.87	Aaa	Yes

* Per Moody's

Certification

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

Gigi Decavalles-Hughes, Director of Finance/City Treasurer