



# Information Item

**Date: December 11, 2013**

To: Mayor and City Council  
From: Gigi Decavalles-Hughes, Director of Finance/City Treasurer  
Subject: City Monthly Cash and Investment Report for July 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 July 31, 2013.

## **Discussion**

The July 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 decreased by \$38.6 million in July to \$605.4 million. The decrease is primarily due to prepayment, at a discount, of the City's FY 2013-14 CalPERS liability. The pooled portfolio yield-to-maturity of 0.7% reflects an increase of ten basis points from June, but is ten basis points less than one year earlier. Net investment earnings were \$0.2 million, 35.2% less than July 2012. The extended low interest rate environment continues to limit investment returns. 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 July 31, 2013 included \$36.3 million in debt proceeds held in trust with various fiscal agents, \$52.6 million in other funds held in trust, and \$53,122 in petty cash/change funds for a total balance of \$694.3 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 July 31, 2013, the market value of the City's portfolio was approximately \$2.2 million less than the book value.

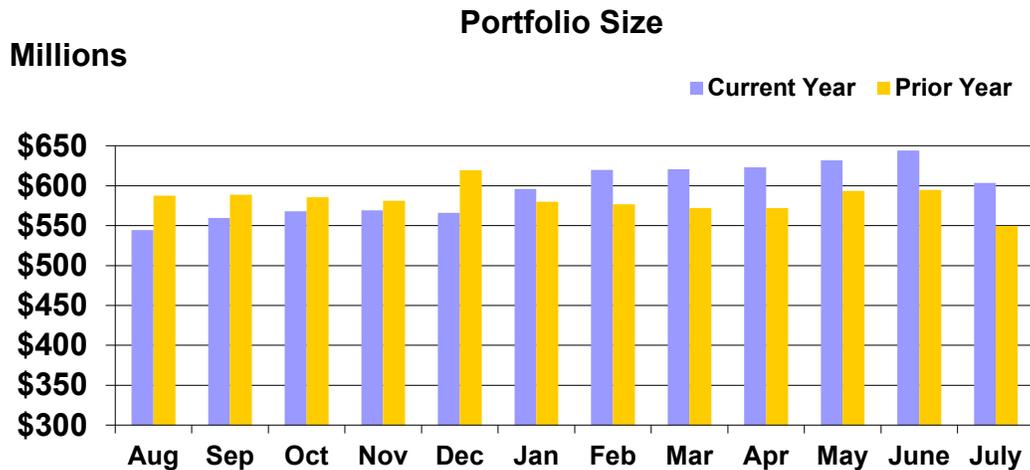
Attached is a summary of investment activity as well as a detailed report of public monies held by the City Treasurer as of July 31, 2013.

Prepared by: David Carr, Assistant City Treasurer

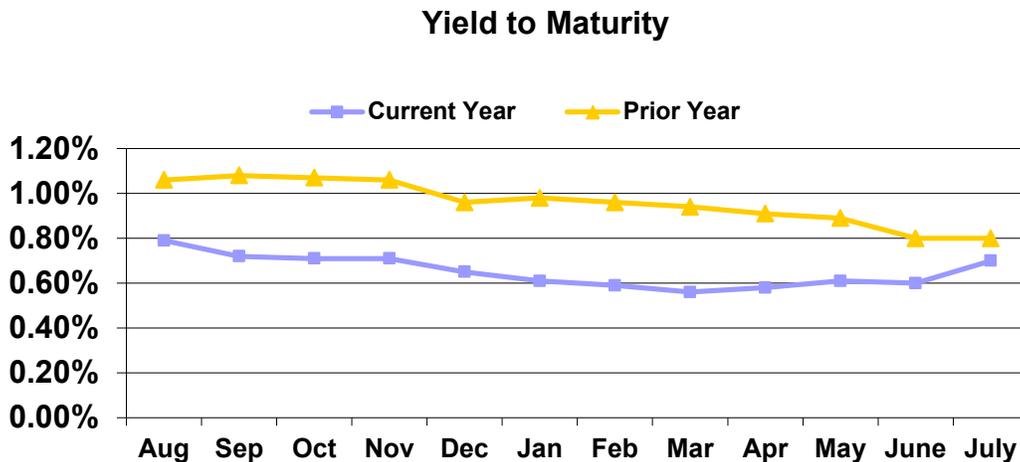
Attachments: 1 – Investment Highlights  
2 – Investment Report

# Investment Highlights

## July 31, 2013

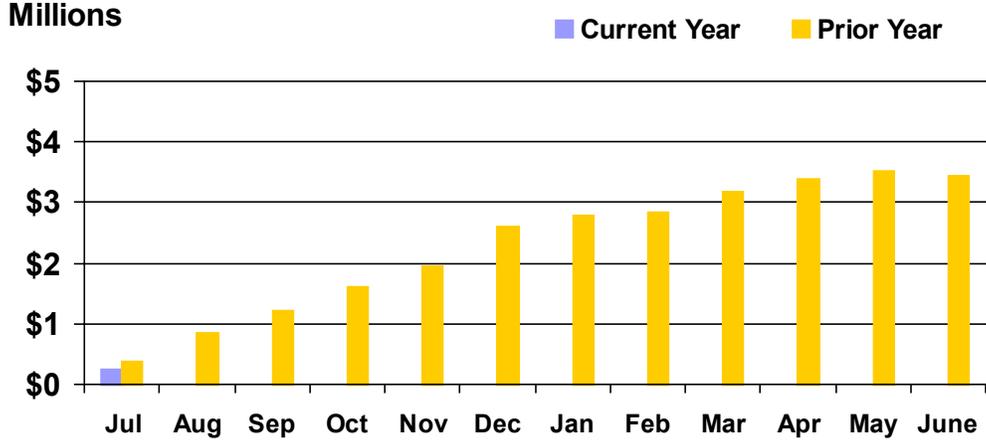


- As of July 31, 2013, the portfolio size is \$605.4 million, \$38.6 million less than in the prior month, but \$53.9 million more than one year earlier.
- The increase from last year largely reflects the consolidation of the Charnock pooled portfolios. In addition, no one-time CalPERS pay down was made in FY 2012-13.

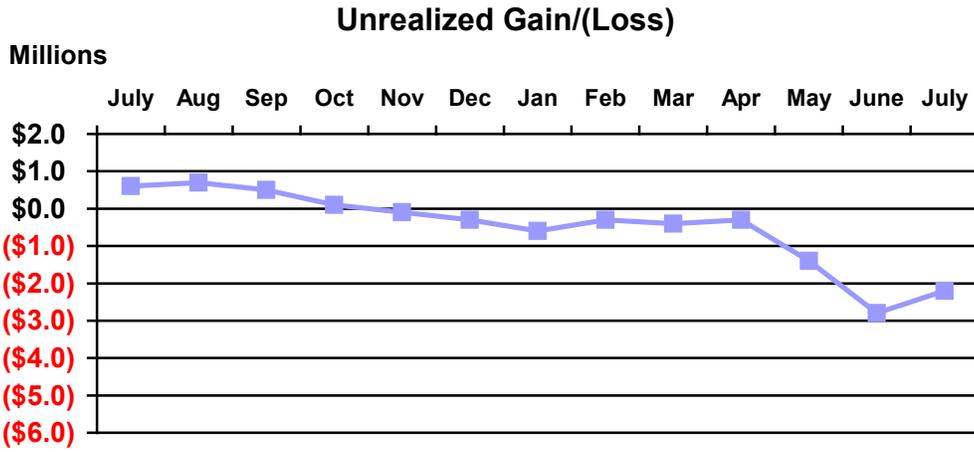


- As of July 31, 2013, yield to maturity is 0.70%.
- Up ten basis points from the prior month, but down ten basis points from one year earlier.

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



- July earnings were down 35.2% from one year earlier.



- As of July 31, 2013, the market value is about \$2.2 million less than the unamortized book value (purchase price).



# Investment Report

## July 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**  
**July 31, 2013**

<b>Petty Cash/Change Funds</b>	\$53,122.00
<b>Pooled Portfolio</b>	
Bank of America (1)	
General Account	\$0.00
Columbia Money Market Sweep Account	\$0.00
Total Bank of America	\$0.00
Wells Fargo Bank (1)	\$53,940,268.11
Bank of New York (BNY)	
Corporate Bonds	\$54,060,924.90
Treasury Bills	\$0.00
Federal Agencies Securities	\$447,966,755.09
Total Bank of New York	\$502,027,679.99
State of California Local Agency Investment Fund - City	\$49,408,120.08
<b>Total Pooled Portfolio</b>	<b>\$605,376,068.18</b>
<b>Restricted Cash/Investments Held in Trust/Debt Proceeds</b>	
Union Bank - Redevelopment Agency Term Loan	\$16,891,071.17
Union Bank-Earthquake Recovery Redevelopment 2006	
Tax Allocation Refunding Bonds Series A & B	\$11.00
Union Bank-Civic Center Parking Project 2004 Lease Revenue Bonds	\$2,826,986.18
Union Bank-RDA 2011 Tax Allocation Bonds	\$2,262,453.42
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	\$1,029,013.68
BNY-2011 Series A & B Bonds	\$11,305,981.48
U.S. Bank-Wastewater Enterprise Revenue Bonds-2012 Refunding	\$133,275.16
U.S. Bank-Wastewater Enterprise Revenue Bonds-2005 Refunding	\$2.00
<b>Total Restricted Cash/Investments Held in Trust</b>	<b>\$36,259,313.88</b>
<b>Other Restricted Funds/Funds Held in Trust</b>	
Cemetery Perpetual Care Fund (3)	\$9,393,102.00
Mausoleum Perpetual Care Fund (3)	\$1,052,758.00
Santa Monica Redevelopment Successor Agency RORF-Bank of America	\$15.68
Santa Monica Redevelopment Successor Agency RORF-Wells Fargo	\$19,125,814.11
Bank of America - HUD Depository Account (4)	\$0.00
Wells Fargo Bank - HUD Depository Account (4)	\$1,803,789.06
U.S. Bank-W.E. O'Neil Retention Escrow Account	\$3,060,000.00
First Republic Bank - Keysor Marston Escrow	\$1,055,404.89
Wells Fargo Bank - High Place West Escrow	\$3,100,524.30
Wells Fargo Bank - Expo 26th and 17th	\$1,570,026.05
Union Bank - Santa Monica Redevelopment Successor Agency Account	\$3,809,454.41
Union Bank - Housing Authority Custodial Account	\$6,646,080.24
Union Bank - W.E. O'Neil Direct Owner Costs PGW Escrow	\$1,803,833.50
Union Bank - W.E. O'Neil Direct Owner Costs Civic Escrow	\$61,234.21
Wells Fargo Bank - Public Agency Family Self Sufficiency Program (2)	\$130,126.99
<b>Total Other Funds Held in Trust</b>	<b>\$52,612,163.44</b>
<b>GRAND TOTAL</b>	<b>\$694,300,667.50</b>

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

- (1) These are the actual bank account balances as of 7/31/13. They only reflect 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 are 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 - June 30, 2013	\$643,968,914.15
Receipts	57,508,293.73
Disbursements	(96,101,139.70)
Cash and Investments - July 31, 2013	\$605,376,068.18

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

Gigi Decavalles-Hughes  
Director of Finance/City Treasurer

**Overview**

As of July 31, 2013, total City cash and investments (including cash held for the Successor Agency to the Redevelopment Agency) were \$694.3 million, a \$65.1 million decrease from the prior month. The pooled portfolio decreased by \$38.6 million, primarily reflecting the scheduled prepayment of the City's FY 2013-14 CalPERS liability. Additionally, Restricted Cash/Investments Held in Trust/Debt Proceeds decreased by \$16.9 million during the month reflecting semi-annual debt service payments and the draw down of Wells Fargo loan proceeds and Parking Structure 6 bond proceeds. Other Restricted Funds/Funds Held In Trust decreased by \$9.3 million during the month primarily due to Successor Agency debt payments. Total cash and investments are categorized as follows:

Petty Cash	\$	53,122.00
Pooled Investment Portfolio	\$	605,376,068.18
Restricted Cash/Investment Held in Trust	\$	36,259,313.88
Other Funds Held in Trust	\$	52,612,163.44
Total	\$	<u>694,300,667.50</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**

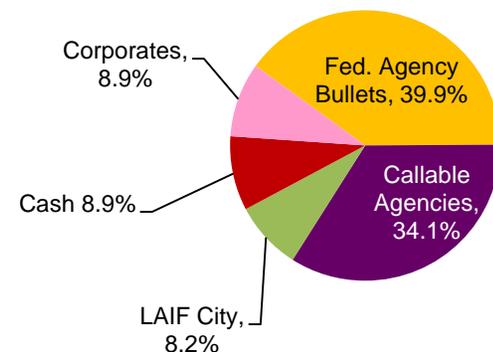
As of July 31, 2013, the portfolio size (unamortized book value/purchase price) of City pooled cash and investments is \$605.4 million, a \$38.6 million decrease from the prior month. Since the City holds most investments to maturity, variations in portfolio book value are typically due to receipt and 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. The portfolio value typically decreases in July due to the prepayment (at a discount) of the City’s annual CalPERS obligation (FY 2013/14 payment - \$39.4 million). Fifteen investments were made during the month (\$42 million), nine investments matured (\$81 million), and two investments were called (\$5.5 million). No investments were sold. State Local Agency Investment Fund (LAIF) account balance increased by \$29,982.35 in July reflecting a quarterly interest payment. During July, the City’s essentially completed transition of banking services from Bank of America to Wells Fargo Bank. As part of the transition, the money market sweep account, which had been earning .01% was closed. Funds on deposit with Wells Fargo now earn a net .0725% to be used as a credit against monthly banking expenses.

Details of the main portfolio follow.

**Portfolio Composition**

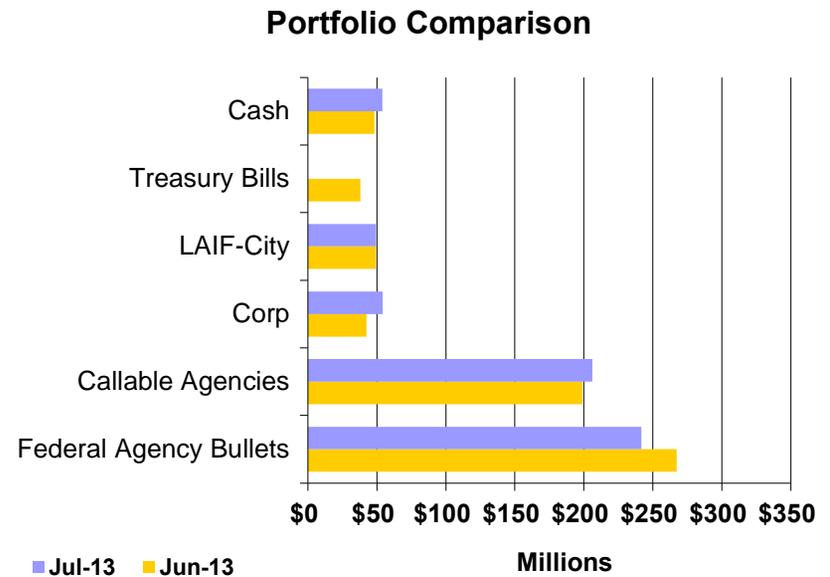
The portfolio is appropriately diversified and is in compliance with the City’s Investment Policy and applicable provisions of the State Government Code. The largest sector of the portfolio is Federal Agency Securities (74%). The remaining 26% includes the State Local Agency Investment Fund (8.2%); corporate bonds (8.9%), and cash (8.9%). 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 Composition**



**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 significant changes in July. A large portion of the portfolio is still 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, while beginning to show some upward movement, are still near historic lows. 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 July 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  
July 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
<b>Treasury Discount Securities</b>												
<b>Subtotal and Average</b>			<b>4,903,107.31</b>									
<b>Federal Agency Coupon</b>												
31331KUY4	11141	Federal Farm Credit Bank		08/31/2011	3,000,000.00	2,998,890.00	2,995,290.00	0.250	719	0.330	18	08/19/2013
313372H64	11049	Federal Home Loan Bank		01/28/2011	2,200,000.00	2,201,496.00	2,200,000.00	1.000	943	1.000	27	08/28/2013
3133XUPZ0	10942	Federal Home Loan Bank		03/05/2010	3,000,000.00	3,008,880.00	3,076,230.00	2.625	1,288	1.876	43	09/13/2013
313370LB2	10982	Federal Home Loan Bank		08/13/2010	2,500,000.00	2,502,650.00	2,502,850.00	1.000	1,127	0.962	43	09/13/2013
3137EACL1	11002	Fed Home Loan Mortgage Corp		10/06/2010	2,000,000.00	2,003,800.00	2,005,360.00	0.875	1,118	0.787	88	10/28/2013
3137EACL1	11011	Fed Home Loan Mortgage Corp		11/16/2010	4,000,000.00	4,007,600.00	4,007,200.00	0.875	1,077	0.814	88	10/28/2013
3137EACL1	11024	Fed Home Loan Mortgage Corp		12/08/2010	5,000,000.00	5,009,500.00	4,988,000.00	0.875	1,055	0.957	88	10/28/2013
3133XVWW7	11048	Federal Home Loan Bank		01/25/2011	5,000,000.00	5,031,800.00	5,134,550.00	2.100	1,035	1.132	116	11/25/2013
3136FPEX1	10989	Federal National Mort Assoc		09/17/2010	2,500,000.00	2,509,765.50	2,500,000.00	1.125	1,187	1.125	138	12/17/2013
313370NL8	10990	Federal Home Loan Bank		08/27/2010	2,500,000.00	2,509,225.00	2,500,650.00	1.000	1,218	0.992	148	12/27/2013
3134G3JR2	11185	Fed Home Loan Mortgage Corp		01/09/2012	2,500,000.00	2,503,800.00	2,500,000.00	0.450	731	0.450	161	01/09/2014
31398AVD1	10914	Federal National Mort Assoc		12/22/2009	5,000,000.00	5,069,000.00	5,092,600.00	2.750	1,506	2.276	188	02/05/2014
31331KCA6	11051	Federal Farm Credit Bank		02/10/2011	2,500,000.00	2,516,450.00	2,500,000.00	1.375	1,096	1.375	193	02/10/2014
31331GNA3	10937	Federal Farm Credit Bank		02/12/2010	4,000,000.00	4,062,160.00	4,117,520.00	3.000	1,461	2.228	195	02/12/2014
313372U93	11058	Federal Home Loan Bank		03/03/2011	5,000,000.00	5,036,500.00	5,000,000.00	1.400	1,093	1.400	211	02/28/2014
31398AVZ2	11016	Federal National Mort Assoc		11/23/2010	3,000,000.00	3,048,540.00	3,175,080.00	2.750	1,206	0.952	224	03/13/2014
3134G3NS5	11225	Fed Home Loan Mortgage Corp		05/30/2012	3,000,000.00	3,003,900.00	2,996,460.00	0.300	660	0.366	232	03/21/2014
3134G2CL4	11094	Fed Home Loan Mortgage Corp		05/20/2011	5,000,000.00	5,045,000.00	5,042,750.00	1.350	1,075	1.054	271	04/29/2014
31331KKQ2	11090	Federal Farm Credit Bank		05/19/2011	5,000,000.00	5,036,500.00	5,012,850.00	1.150	1,089	1.062	284	05/12/2014
31315PTZ2	11303	Farmer Mac		04/10/2013	3,000,000.00	3,001,710.00	3,000,000.00	0.220	426	0.220	313	06/10/2014
3133XWE70	11008	Federal Home Loan Bank		11/04/2010	4,000,000.00	4,080,880.00	4,237,120.00	2.500	1,317	0.829	316	06/13/2014
313379N47	11217	Federal Home Loan Bank		06/06/2012	3,000,000.00	3,006,270.00	3,000,000.00	0.400	751	0.400	330	06/27/2014
3135G0BJ1	11330	Federal National Mort Assoc		05/21/2013	3,128,000.00	3,155,901.76	3,161,331.97	1.125	402	0.155	330	06/27/2014
313379SK6	11236	Federal Home Loan Bank		07/25/2012	2,500,000.00	2,505,275.00	2,504,625.00	0.400	707	0.304	335	07/02/2014
3133ECLH5	11314	Federal Farm Credit Bank		04/30/2013	20,000,000.00	20,003,000.00	20,002,400.00	0.180	441	0.170	348	07/15/2014
3133ECLH5	11315	Federal Farm Credit Bank		04/30/2013	20,000,000.00	20,003,000.00	20,002,400.00	0.180	441	0.170	348	07/15/2014
3137EACU1	11195	Fed Home Loan Mortgage Corp		01/23/2012	5,000,000.00	5,042,350.00	5,064,750.00	1.000	919	0.482	363	07/30/2014
313380A64	11245	Federal Home Loan Bank		08/16/2012	3,000,000.00	3,000,240.00	3,000,000.00	0.330	729	0.330	379	08/15/2014
3135G0BY8	11117	Federal National Mort Assoc		07/19/2011	4,000,000.00	4,029,600.00	3,997,920.00	0.875	1,136	0.890	392	08/28/2014
3135G0CU5	11138	Federal National Mort Assoc		09/12/2011	5,000,000.00	5,002,650.00	5,000,000.00	0.625	1,096	0.625	407	09/12/2014
3133EA6W3	11280	Federal Farm Credit Bank		01/17/2013	2,500,000.00	2,501,650.00	2,500,200.00	0.270	657	0.266	461	11/05/2014
3134G3H78	11268	Fed Home Loan Mortgage Corp		11/06/2012	5,000,000.00	5,006,300.00	5,003,250.00	0.350	759	0.319	491	12/05/2014
3137EADA4	11179	Fed Home Loan Mortgage Corp		12/21/2011	2,500,000.00	2,513,100.00	2,497,225.00	0.625	1,104	0.662	515	12/29/2014

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**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
July 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
<b>Federal Agency Coupon</b>												
313381H24	11353	Federal Home Loan Bank		07/11/2013	3,000,000.00	2,999,940.00	2,998,200.00	0.250	554	0.290	533	01/16/2015
3134G3LF5	11198	Fed Home Loan Mortgage Corp		02/23/2012	3,000,000.00	3,013,320.00	3,026,442.00	1.000	1,086	0.700	561	02/13/2015
3134G3QH6	11215	Fed Home Loan Mortgage Corp		05/18/2012	2,500,000.00	2,506,925.00	2,500,000.00	0.570	1,021	0.570	581	03/05/2015
3134G3QH6	11279	Fed Home Loan Mortgage Corp		01/07/2013	2,500,000.00	2,506,925.00	2,509,125.00	0.570	787	0.400	581	03/05/2015
3135G0HG1	11267	Federal National Mort Assoc		11/06/2012	2,500,000.00	2,503,350.00	2,502,400.00	0.375	860	0.334	592	03/16/2015
313378XS5	11278	Federal Home Loan Bank		01/07/2013	2,500,000.00	2,508,400.00	2,512,000.00	0.650	843	0.441	637	04/30/2015
31331KLE8	11086	Federal Farm Credit Bank		05/18/2011	2,500,000.00	2,556,800.00	2,501,250.00	1.600	1,461	1.587	655	05/18/2015
313379ER6	11323	Federal Home Loan Bank		05/15/2013	3,000,000.00	3,007,230.00	3,015,210.00	0.500	758	0.255	680	06/12/2015
3135G0SE4	11272	Federal National Mort Assoc		12/05/2012	5,000,000.00	4,998,700.00	5,000,000.00	0.420	922	0.420	683	06/15/2015
3133ECTV6	11346	Federal Farm Credit Bank		07/02/2013	3,500,000.00	3,508,202.95	3,500,000.00	0.500	730	0.500	700	07/02/2015
3133EAZJ0	11240	Federal Farm Credit Bank		07/25/2012	2,500,000.00	2,500,100.00	2,500,000.00	0.480	1,093	0.480	721	07/23/2015
3133ECHV9	11296	Federal Farm Credit Bank		03/21/2013	5,000,000.00	4,997,100.00	4,997,550.00	0.350	861	0.371	728	07/30/2015
313375PT8	11147	Federal Home Loan Bank		09/19/2011	2,500,000.00	2,524,925.00	2,500,000.00	0.750	1,410	0.750	728	07/30/2015
313376VZ5	11196	Federal Home Loan Bank		01/30/2012	5,000,000.00	5,026,900.00	5,000,000.00	0.670	1,277	0.670	728	07/30/2015
3136FRX40	11140	Federal National Mort Assoc		08/26/2011	9,000,000.00	9,004,218.30	9,000,000.00	1.000	1,461	1.000	755	08/26/2015
3134G3GL8	11173	Fed Home Loan Mortgage Corp		01/13/2012	5,000,000.00	5,015,850.00	5,000,000.00	1.000	1,369	1.000	803	10/13/2015
3134G3GL8	11182	Fed Home Loan Mortgage Corp		01/13/2012	3,000,000.00	3,009,510.00	3,000,000.00	1.000	1,369	1.000	803	10/13/2015
313378FP1	11199	Federal Home Loan Bank		02/24/2012	3,000,000.00	3,014,640.00	3,000,000.00	0.720	1,369	0.719	845	11/24/2015
31331J4J9	11020	Federal Farm Credit Bank		12/07/2010	2,000,000.00	2,058,220.00	2,000,000.00	1.740	1,826	1.740	858	12/07/2015
3133EA3E6	11252	Federal Farm Credit Bank		10/04/2012	5,000,000.00	4,993,950.00	5,000,000.00	0.480	1,187	0.480	886	01/04/2016
3134G3RK8	11205	Fed Home Loan Mortgage Corp		03/27/2012	5,000,000.00	5,020,312.50	4,994,500.00	1.000	1,448	1.028	956	03/14/2016
3135G0WW9	11324	Federal National Mort Assoc		05/20/2013	3,000,000.00	2,979,750.00	3,000,000.00	0.520	1,096	0.520	1,023	05/20/2016
3135G0LD3	11220	Federal National Mort Assoc		05/29/2012	5,000,000.00	5,005,800.00	5,000,000.00	0.875	1,455	0.875	1,026	05/23/2016
313383BB6	11327	Federal Home Loan Bank		06/03/2013	3,000,000.00	2,983,560.00	3,000,000.00	0.550	1,096	0.550	1,037	06/03/2016
3133834R9	11322	Federal Home Loan Bank		05/15/2013	3,000,000.00	2,970,900.00	2,990,280.00	0.375	1,136	0.480	1,058	06/24/2016
3134G3EW6	11168	Fed Home Loan Mortgage Corp		12/30/2011	3,400,000.00	3,411,968.00	3,400,000.00	1.270	1,644	1.270	1,064	06/30/2016
3136FTWY1	11174	Federal National Mort Assoc		12/30/2011	5,000,000.00	5,015,625.00	5,000,000.00	1.150	1,644	1.150	1,064	06/30/2016
3133ECTL8	11344	Federal Farm Credit Bank		07/08/2013	2,500,000.00	2,506,775.00	2,500,000.00	1.050	1,096	1.050	1,072	07/08/2016
3135G0MX8	11235	Federal National Mort Assoc		07/26/2012	5,000,000.00	4,989,250.00	5,000,000.00	0.750	1,461	0.750	1,090	07/26/2016
3135G0MX8	11288	Federal National Mort Assoc		01/31/2013	2,500,000.00	2,494,625.00	2,502,500.00	0.750	1,272	0.721	1,090	07/26/2016
313381VK8	11292	Federal Home Loan Bank		02/08/2013	2,000,000.00	1,989,520.00	1,998,000.00	0.575	1,267	0.604	1,093	07/29/2016
3136FRS38	11135	Federal National Mort Assoc		09/06/2011	5,000,000.00	5,005,250.00	5,000,000.00	1.400	1,827	1.400	1,132	09/06/2016
3133EA5W4	11260	Federal Farm Credit Bank		10/24/2012	5,000,000.00	4,961,650.00	5,000,000.00	0.650	1,461	0.650	1,180	10/24/2016
3135G0WS8	11316	Federal National Mort Assoc		05/15/2013	3,000,000.00	2,967,360.00	3,000,000.00	0.600	1,280	0.600	1,202	11/15/2016
313383CM1	11329	Federal Home Loan Bank		06/20/2013	3,000,000.00	2,970,570.00	3,000,000.00	0.600	1,279	0.600	1,237	12/20/2016
3134G4CM8	11350	Fed Home Loan Mortgage Corp		07/24/2013	2,500,000.00	2,507,475.00	2,500,000.00	1.250	1,280	1.250	1,272	01/24/2017

Portfolio INVT

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**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
July 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
<b>Federal Agency Coupon</b>												
31315PN88	11351	Farmer Mac		07/05/2013	2,000,000.00	2,010,580.00	2,000,000.00	1.100	1,301	1.100	1,274	01/26/2017
3134G3LG3	11194	Fed Home Loan Mortgage Corp		02/14/2012	5,000,000.00	5,021,300.00	5,000,000.00	1.250	1,827	1.250	1,293	02/14/2017
3136FTH51	11347	Federal National Mort Assoc		06/26/2013	2,000,000.00	2,006,900.00	2,009,166.67	1.250	1,329	1.250	1,293	02/14/2017
3136G0BD2	11206	Federal National Mort Assoc		04/24/2012	5,000,000.00	5,031,100.00	5,000,000.00	1.400	1,826	1.400	1,362	04/24/2017
3133ECKV5	11302	Federal Farm Credit Bank		04/05/2013	3,000,000.00	2,948,460.00	3,000,000.00	0.700	1,522	0.700	1,404	06/05/2017
313383PD7	11349	Federal Home Loan Bank		06/28/2013	2,500,000.00	2,509,500.00	2,498,075.00	1.250	1,442	1.270	1,408	06/09/2017
3136G1NQ8	11336	Federal National Mort Assoc		06/19/2013	4,000,000.00	3,955,040.00	4,000,000.00	1.000	1,461	1.000	1,418	06/19/2017
3136G0MK4	11218	Federal National Mort Assoc		06/21/2012	5,000,000.00	4,983,900.00	5,000,000.00	1.000	1,826	1.000	1,420	06/21/2017
3137EADH9	11335	Fed Home Loan Mortgage Corp		05/29/2013	3,000,000.00	2,984,670.00	3,009,930.00	1.000	1,492	0.976	1,428	06/29/2017
3137EADH9	11348	Fed Home Loan Mortgage Corp		06/27/2013	2,500,000.00	2,487,225.00	2,474,375.00	1.000	1,463	1.346	1,428	06/29/2017
3133EA4H8	11305	Federal Farm Credit Bank		04/04/2013	5,000,000.00	4,905,200.00	4,999,250.00	0.820	1,559	0.824	1,440	07/11/2017
3134G3ZH6	11341	Fed Home Loan Mortgage Corp		06/06/2013	4,000,000.00	3,963,720.00	4,000,000.00	1.000	1,510	1.000	1,454	07/25/2017
3137EADJ5	11290	Fed Home Loan Mortgage Corp		01/31/2013	2,500,000.00	2,472,375.00	2,509,875.00	1.000	1,639	0.910	1,457	07/28/2017
3134G3B90	11243	Fed Home Loan Mortgage Corp		08/15/2012	2,000,000.00	1,968,860.00	1,998,520.00	0.875	1,826	0.890	1,475	08/15/2017
3136G0G39	11250	Federal National Mort Assoc		09/27/2012	5,000,000.00	4,900,781.00	5,000,000.00	0.625	1,826	0.625	1,518	09/27/2017
3133EA3J5	11253	Federal Farm Credit Bank		10/10/2012	5,000,000.00	4,893,950.00	5,000,000.00	0.900	1,826	0.900	1,531	10/10/2017
3136G03Y5	11264	Federal National Mort Assoc		11/21/2012	5,000,000.00	4,929,400.00	5,000,000.00	0.750	1,826	0.750	1,573	11/21/2017
3136G05Q0	11269	Federal National Mort Assoc		11/27/2012	5,000,000.00	4,934,450.00	5,000,000.00	0.700	1,826	0.700	1,579	11/27/2017
3134G44N5	11317	Fed Home Loan Mortgage Corp		05/28/2013	3,000,000.00	2,914,650.00	3,000,000.00	0.750	1,645	0.750	1,580	11/28/2017
3133823A9	11285	Federal Home Loan Bank		02/22/2013	5,000,000.00	4,921,875.00	5,000,000.00	1.150	1,826	1.150	1,666	02/22/2018
3136G1DA4	11286	Federal National Mort Assoc		02/28/2013	5,000,000.00	4,940,750.00	5,000,000.00	1.000	1,826	1.171	1,672	02/28/2018
3134G37H7	11301	Fed Home Loan Mortgage Corp		04/25/2013	5,000,000.00	4,899,218.50	5,000,000.00	1.150	1,826	1.150	1,728	04/25/2018
31315PYT0	11318	Farmer Mac		05/02/2013	3,000,000.00	2,908,260.00	3,000,000.00	0.990	1,826	0.990	1,735	05/02/2018
3135G0XA6	11319	Federal National Mort Assoc		05/21/2013	3,000,000.00	2,912,550.00	3,000,000.00	1.030	1,826	1.030	1,754	05/21/2018
313382Z63	11325	Federal Home Loan Bank		05/22/2013	5,000,000.00	4,897,200.00	5,000,000.00	0.500	1,826	0.500	1,755	05/22/2018
313383EN7	11334	Federal Home Loan Bank		06/20/2013	5,000,000.00	4,888,600.00	5,000,000.00	1.000	1,826	1.000	1,784	06/20/2018
313383C25	11345	Federal Home Loan Bank		06/25/2013	2,500,000.00	2,425,950.00	2,412,708.33	0.600	1,821	1.265	1,784	06/20/2018
3134G47M4	11338	Fed Home Loan Mortgage Corp		06/26/2013	3,000,000.00	2,955,000.00	2,999,250.00	1.500	1,826	1.505	1,790	06/26/2018
313383GK1	11337	Federal Home Loan Bank		06/27/2013	3,800,000.00	3,730,802.00	3,800,000.00	1.125	1,826	1.125	1,791	06/27/2018
3133ECTK0	11342	Federal Farm Credit Bank		07/02/2013	2,500,000.00	2,512,800.00	2,500,000.00	2.200	1,826	2.200	1,796	07/02/2018
3133ECTK0	11343	Federal Farm Credit Bank		07/02/2013	2,500,000.00	2,512,800.00	2,500,000.00	2.200	1,826	2.200	1,796	07/02/2018
3136G1RA9	11356	Federal National Mort Assoc		07/30/2013	2,000,000.00	2,002,440.00	2,000,000.00	1.000	1,826	1.000	1,824	07/30/2018
<b>Subtotal and Average</b>			<b>399,702,194.91</b>		<b>397,028,000.00</b>	<b>396,323,286.51</b>	<b>397,977,218.97</b>		<b>1,247</b>	<b>0.829</b>	<b>856</b>	

**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
July 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
<b>Federal Agency Discount</b>												
313397JX0	11308	Fed Home Loan Mortgage Corp		04/12/2013	25,000,000.00	25,000,000.00	24,993,777.78	0.080	112	0.081	1	08/02/2013
313385LR5	11354	Federal Home Loan Bank		07/16/2013	5,000,000.00	4,999,900.00	4,999,754.17	0.030	59	0.030	43	09/13/2013
313385LW4	11355	Federal Home Loan Bank		07/17/2013	5,000,000.00	4,999,850.00	4,999,737.50	0.030	63	0.030	48	09/18/2013
313397MF5	11331	Fed Home Loan Mortgage Corp		05/22/2013	15,000,000.00	14,999,550.00	14,996,266.67	0.070	128	0.071	57	09/27/2013
<b>Subtotal and Average</b>			<b>60,887,933.62</b>		<b>50,000,000.00</b>	<b>49,999,300.00</b>	<b>49,989,536.12</b>		<b>107</b>	<b>0.068</b>	<b>27</b>	
<b>Local Agency Investment Funds</b>												
SYS10090	10090	Local Agency Investment Fund			49,408,120.08	49,408,120.08	49,408,120.08	0.270	1	0.270	1	
<b>Subtotal and Average</b>			<b>49,394,579.66</b>		<b>49,408,120.08</b>	<b>49,408,120.08</b>	<b>49,408,120.08</b>		<b>1</b>	<b>0.270</b>	<b>1</b>	
<b>Columbia Money Market Fund</b>												
SYS10091	10091	Columbia Money Market Reserves		09/15/2006	0.00	0.00	0.00	0.010	1	0.010	1	
<b>Subtotal and Average</b>			<b>687,860.50</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0</b>	<b>0.000</b>	<b>0</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	4,076,284.50	4,122,009.00	2.125	385	0.435	137	12/16/2013
38259PAA0	11213	Google		05/22/2012	1,245,000.00	1,253,528.25	1,264,870.20	1.250	727	0.444	291	05/19/2014
98458PAB1	11208	Yale University		04/10/2012	1,178,000.00	1,211,490.54	1,246,265.10	2.900	918	0.575	440	10/15/2014
459200GZ8	11270	IBM Corp		11/14/2012	5,000,000.00	5,034,250.00	5,052,250.00	0.875	716	0.340	456	10/31/2014
89233P5N2	11358	Toyota Motor Credit Corp		07/19/2013	2,000,000.00	2,018,680.00	2,025,585.56	1.250	486	0.445	473	11/17/2014
94974BFE5	11287	Wells Fargo & Compnay		01/31/2013	2,000,000.00	2,024,940.00	2,032,480.00	1.500	881	0.820	699	07/01/2015
89233P6J0	11357	Toyota Motor Credit Corp		07/19/2013	2,000,000.00	2,011,460.00	2,009,817.22	0.875	728	0.629	715	07/17/2015
94985H5F7	11363	Wells Fargo Bank		07/29/2013	2,500,000.00	2,498,125.00	2,499,125.00	0.750	721	0.768	718	07/20/2015
594918AG9	11211	Microsoft		05/10/2012	5,000,000.00	5,123,950.00	5,170,600.00	1.625	1,233	0.602	785	09/25/2015
084670BG2	11291	Berkshire Hathaway		02/11/2013	2,000,000.00	2,003,200.00	2,005,620.00	0.800	1,095	0.705	924	02/11/2016
037833AH3	11320	Apple Inc.		05/06/2013	3,000,000.00	2,975,940.00	3,002,542.50	0.450	1,093	0.423	1,006	05/03/2016
478160AY0	11293	jJohnson & Johnson		02/12/2013	2,000,000.00	2,071,460.00	2,105,040.00	2.150	1,188	0.522	1,018	05/15/2016
89236TAL9	11333	Toyota Motor Credit Corp		05/28/2013	3,000,000.00	2,992,140.00	3,008,923.33	0.800	1,085	0.707	1,020	05/17/2016
94974BFL9	11362	Wells Fargo & Compnay		07/29/2013	3,000,000.00	2,999,531.10	2,997,120.00	1.250	1,087	1.283	1,084	07/20/2016
084670BB3	11244	Berkshire Hathaway		08/20/2012	3,000,000.00	3,114,810.00	3,132,540.00	2.200	1,456	1.065	1,110	08/15/2016
742718DV8	11352	Procter & Gamble		07/05/2013	1,985,000.00	2,023,786.90	2,022,851.74	1.450	1,137	1.010	1,110	08/15/2016

**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
July 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
<b>Corporate Bonds</b>												
64952WBK8	11283	New York Life		01/23/2013	2,855,000.00	2,780,884.20	2,872,529.70	1.300	1,741	1.167	1,551	10/30/2017
594918AP9	11311	Microsoft		04/30/2013	2,500,000.00	2,445,550.00	2,505,000.00	0.875	1,660	0.931	1,567	11/15/2017
037833AJ9	11321	Apple Inc.		05/06/2013	2,500,000.00	2,404,850.00	2,505,808.33	1.000	1,823	0.954	1,736	05/03/2018
037833AJ9	11326	Apple Inc.		05/17/2013	2,500,000.00	2,404,850.00	2,479,947.22	1.000	1,812	1.175	1,736	05/03/2018
<b>Subtotal and Average</b>			<b>46,489,924.35</b>		<b>53,313,000.00</b>	<b>53,469,710.49</b>	<b>54,060,924.90</b>		<b>1,096</b>	<b>0.736</b>	<b>917</b>	
<b>Total and Average</b>			<b>562,065,600.36</b>		<b>549,749,120.08</b>	<b>549,200,417.08</b>	<b>551,435,800.07</b>		<b>1,017</b>	<b>0.701</b>	<b>710</b>	

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

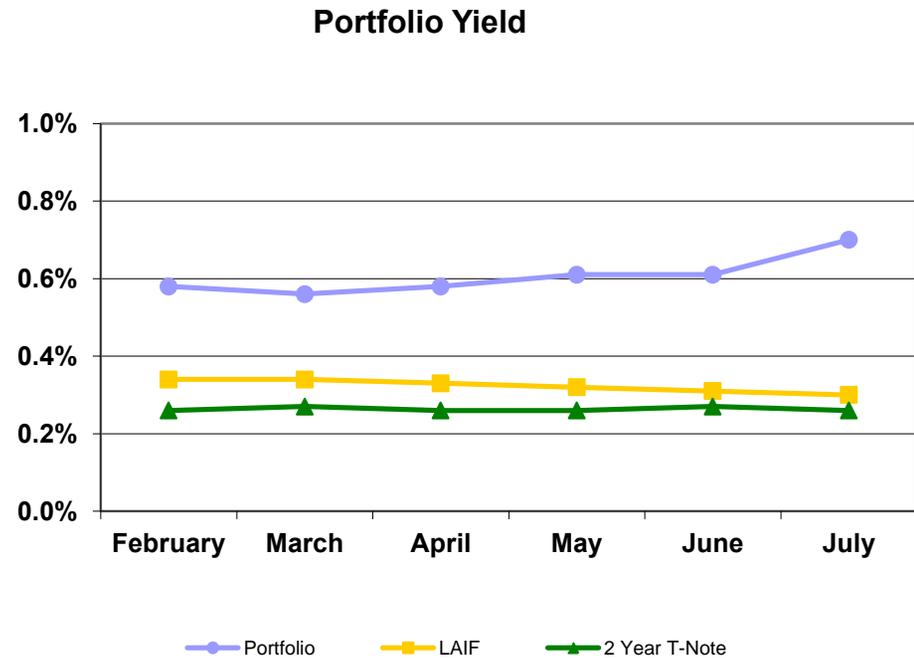
CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
<b>Treasury Discount Securities</b>							
912796AN9	11339	Treasury Bill	0.030	07/05/2013	0.00	17,999,565.00	
912796AN9	11340	Treasury Bill	0.030	07/05/2013	0.00	19,999,516.67	
<b>Subtotal</b>					<b>0.00</b>	<b>37,999,081.67</b>	<b>0.00</b>
<b>Federal Agency Coupon</b>							
3133ECTK0	11342	Federal Farm Credit Bank	2.200	07/02/2013	2,500,000.00	0.00	
3133ECTK0	11343	Federal Farm Credit Bank	2.200	07/02/2013	2,500,000.00	0.00	
3133ECTL8	11344	Federal Farm Credit Bank	1.050	07/08/2013	2,500,000.00	0.00	
3133ECTV6	11346	Federal Farm Credit Bank	0.500	07/02/2013	3,500,000.00	0.00	
313380AD9	11233	Federal Home Loan Bank	0.125	07/24/2013	0.00	2,497,800.00	
313380AD9	11234	Federal Home Loan Bank	0.125	07/24/2013	0.00	2,497,875.00	
313381PG4	11282	Federal Home Loan Bank	0.300	07/16/2013	0.00	3,000,025.00	
313381H24	11353	Federal Home Loan Bank	0.250	07/11/2013	2,998,200.00	0.00	
3134G4CM8	11350	Fed Home Loan Mortgage Corp	1.250	07/24/2013	2,500,000.00	0.00	
31315PN88	11351	Farmer Mac	1.100	07/05/2013	2,000,000.00	0.00	
3135G0NA7	11238	Federal National Mort Assoc	0.500	07/30/2013	0.00	2,500,780.00	
3136G1RA9	11356	Federal National Mort Assoc	1.000	07/30/2013	2,000,000.00	0.00	
<b>Subtotal</b>					<b>20,498,200.00</b>	<b>10,496,480.00</b>	<b>397,977,218.97</b>
<b>Federal Agency Discount</b>							
313313JQ2	11306	Federal Farm Credit Bank	0.080	07/26/2013	0.00	6,998,304.44	
313385HY5	11307	Federal Home Loan Bank	0.075	07/10/2013	0.00	14,997,218.75	
313385JN7	11332	Federal Home Loan Bank	0.045	07/24/2013	0.00	5,999,527.50	
313385LR5	11354	Federal Home Loan Bank	0.030	07/16/2013	4,999,754.17	0.00	
313385LW4	11355	Federal Home Loan Bank	0.030	07/17/2013	4,999,737.50	0.00	
313397HW4	11230	Fed Home Loan Mortgage Corp	0.215	07/08/2013	0.00	4,989,160.42	
313397HR5	11289	Fed Home Loan Mortgage Corp	0.080	07/03/2013	0.00	4,998,300.00	
<b>Subtotal</b>					<b>9,999,491.67</b>	<b>37,982,511.11</b>	<b>49,989,536.12</b>
<b>Local Agency Investment Funds (Monthly Summary)</b>							
SYS10090	10090	Local Agency Investment Fund	0.270		29,982.35	0.00	
<b>Subtotal</b>					<b>29,982.35</b>	<b>0.00</b>	<b>49,408,120.08</b>
<b>Columbia Money Market Fund (Monthly Summary)</b>							
SYS10091	10091	Columbia Money Market Reserves	0.010		1,113.07	5,003,154.32	

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

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
<b>Subtotal</b>					<b>1,113.07</b>	<b>5,003,154.32</b>	<b>0.00</b>
<b>Local Agency Investment Funds - RDA (Monthly Summary)</b>							
<b>Subtotal</b>							<b>0.00</b>
<b>Corporate Bonds</b>							
742718DV8	11352	Procter & Gamble	1.450	07/05/2013	2,011,658.55	0.00	
89233P6J0	11357	Toyota Motor Credit Corp	0.875	07/19/2013	2,009,720.00	0.00	
89233P5N2	11358	Toyota Motor Credit Corp	1.250	07/19/2013	2,021,280.00	0.00	
94974BFL9	11362	Wells Fargo & Compnay	1.250	07/29/2013	2,997,120.00	0.00	
94985H5F7	11363	Wells Fargo Bank	0.750	07/29/2013	2,499,125.00	0.00	
<b>Subtotal</b>					<b>11,538,903.55</b>	<b>0.00</b>	<b>54,060,924.90</b>
<b>Total</b>					<b>42,067,690.64</b>	<b>91,481,227.10</b>	<b>551,435,800.07</b>

**Portfolio Yield**

The portfolio yield-to-maturity was 0.7% as of July 31, 2013, up ten basis points from the prior month, but down ten basis points from one year earlier. The extended record low interest rate environment continues to hamper portfolio returns as rates remain at historically low levels. 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. The yield-to-maturity does not include the impact of the earnings allowance earned on deposits with Wells Fargo Bank. As noted earlier, these deposits earned a net .0725% in July. However, this allowance is not payable to the City in cash and can only be used to offset bank fees. Therefore, this allowance is not included in the yield-to-maturity calculation.



Overall, interest rates in the two to five year maturity range fell in July after two months of increases as recent gains in the housing market began to moderate. The two year CMT month-end rate fell five basis points to 0.31% after increasing fourteen basis points over the prior two months. The twelve month moving average was unchanged at 0.26%. Five year rates also fell after more than doubling in the prior two months. Rates are expected to remain relatively low into late 2014 or 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 fell to a new record low of 0.30% in July and has not shown a monthly increase for over five years. The month-end LAIF rate was 0.27%,

The Federal Open Market Committee (Fed) left the target Fed Funds rate at a range of 0% to 0.25% at its July meeting and announced a continuation of their bond buying program at current levels. The Fed still believes that economic

growth, while improving, has not reached the point where continued Fed intervention in the form of low interest rates and accommodative monetary policy is no longer needed. The unemployment rate did decrease to 7.4% in July and has been under 8% for nearly a year. Second quarter GDP showed an improved 2.5% increase after weak first quarter growth on only 1.1%. Most recent economic projections predict modest annualized growth in the 2.5% to 3% range through 2014. The housing market continues to improve, but the improvement may be moderating as mortgage rates begin to rise. Consumer spending continues positive. The stock market, as measured by the Dow Jones Industrial Average showed a strong 4% increase in July after a small pullback in June.

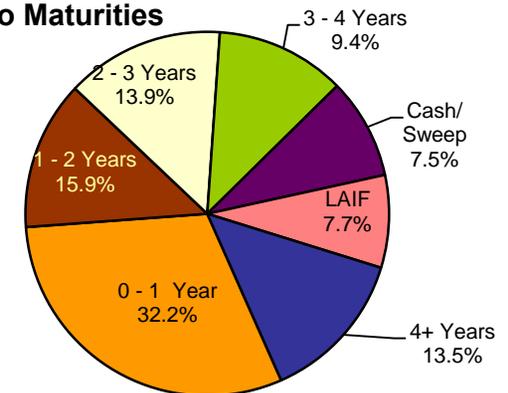
The City’s portfolio yield-to-maturity has decreased significantly over the last five years as interest rates have reached historic lows resulting in many investments being called and reinvested at lower rates. Overall, the yield will likely remain relatively flat over the next few months unless some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

Net investment income in July was \$0.2 million, 32.5% less than in July of 2012 reflecting the continuing impact of the historically low interest rate environment.

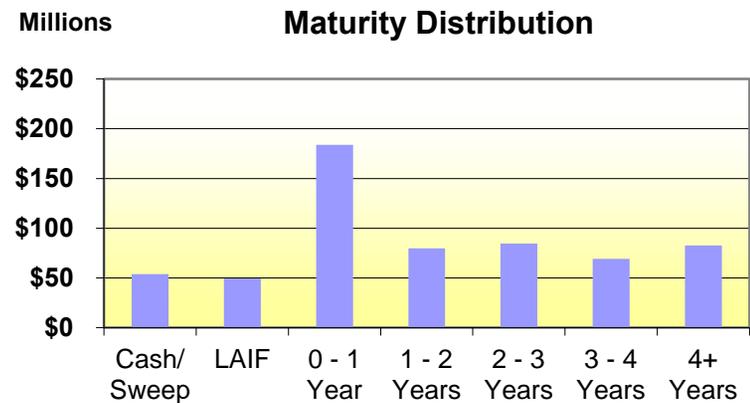
**Maturity Distribution**

The weighted average days to maturity as of July 31, 2013 is 710 days (1.95 years), an increase of eighty-six days from the prior month. The increase primarily reflects keeping the City’s primary liquidity funds in cash rather than in a money market sweep account with the transition to Wells Fargo Bank. As noted earlier, there are fiscal benefits to this strategy. However, cash is not included in the weighted average days to maturity calculation. The City continues to maintain high liquidity in the portfolio pending the final impact of RDA dissolution. Approximately 60% of the portfolio is now held in maturities of 2 years or less (including cash balances).

**Portfolio Maturities**



As interest rates started to advance in the previous two months, fewer bonds have been called. However, the interest rate environment is still low compared to historical standards and continues to be volatile. Based on this and pending the final outcome of Redevelopment dissolution, the portfolio's average days to maturity will likely continue to vary over the next several months. While most investments are still being made in shorter term securities, some investments in longer term securities are being made to take advantage of a steepening yield curve. As noted earlier, interest rates are still expected to remain relatively 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 July 31, 2013, the market value and the book value of the City’s pooled investments (excluding cash) are:

Market Value	\$ 549,200,417.08
Book Value (purchase price)	551,435,800.07
<hr/>	
Unrealized Gain/ (Loss)	\$ (2,235,382.99)

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

The following tables summarize portfolio compliance as of July 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. The City's investment portfolio includes two bonds issued by Berkshire Hathaway Company (BRK) with a total book value of \$5,138,160. In May 2013, BRK senior debt was downgraded slightly from AA+ to AA. The revised rating of AA is still within the second highest category of bond ratings (defined as high quality with a "very strong capacity to meet financial commitments"). Additionally, total holdings in BRK represent a minor (less than 1%) portion of the City portfolio. Based on this, staff does not recommend sale of these securities at this time.

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

**Credit Ratings - Corporate Medium Term Notes**

	<u>Standard &amp; Poors/ Fitch</u>	<u>Moody's</u>	<u>In Compliance (Yes/No)</u>
<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 7/31/13**

	Pooled Portfolio (1) (3)	% of Portfolio	Legal/ Policy Limit	In Compliance (Yes/No)
<b>Federal Agency Securities</b>				
Federal Home Loan Bank	\$96,879,990.00	16.0%	50.0%	Yes
Federal National Mortgage Association	108,940,999.00	18.0%	50.0%	Yes
Federal Home Loan Mortgage Corporation	131,017,056.00	21.6%	50.0%	Yes
Farmer Mac	8,000,000.00	1.3%	50.0%	Yes
Federal Farm Credit Bank	103,128,710.00	17.0%	50.0%	Yes
<b>Total Federal Agency Securities</b>	<b>\$447,966,755.00</b>	<b>74.0%</b>	n/a	Yes
<b>Treasury Bills</b>	<b>\$0.00</b>	<b>0.0%</b>	n/a	Yes
<b>Corporate Bonds</b>	<b>\$54,060,924.90</b>	<b>8.9%</b>	30.0%	Yes
<b>Money Market Mutual Funds</b>				
Columbia Money Market Reserves Advisor Class	0.00	0.0%	10.0%	Yes
BlackrockT-Find Cash Management Sweep	0.00	0.0%	10.0%	Yes
<b>Total-Money Market Mutual Funds</b>	<b>\$0.00</b>	<b>0.0%</b>	20.0%	Yes
<b>State Local Agency Investment Fund-City</b>	<b>\$49,408,120.06</b>	<b>8.2%</b>	\$50 million	Yes
<b>Cash (3)</b>	<b>\$53,940,268.11</b>	<b>8.9%</b>	None	Yes
<b>Total (Book Value)</b>	<b>\$605,376,068.07</b>	<b>100.00%</b>		

**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 (\$1,803,789.06) or Successor Agency account (\$19,125,814.11).

(3) Value used to test compliance is reported value (book value plus unrealized purchased interest).

**City Portfolio as of 7/31/13 (Book Value)**

Security	Pooled Portfolio	Credit Rating*	In Compliance (Yes/No)
<b>Corporate</b>			
Union Bank 2.125% maturing 12/16/13	\$4,122,009.00	A+	Yes
Yale University 2.9% maturing 10/14/14	\$1,246,265.10	AAA	Yes
Google 1.25% maturing 5/19/14	\$1,264,870.20	AA	Yes
IBM .875% maturing 10/31/14	\$5,052,250.00	AA-	Yes
Toyota Motor Credit Corp. 1.25% maturing 11/17/14	\$2,025,585.56	AA-	Yes
Wells Fargo and Company 1.5% maturing 7/1/15	\$2,032,480.00	A+	Yes
Toyota Motor Credit Corp. 0.875% maturing 7/7/15	\$2,009,817.22	AA-	Yes
Wells Fargo Bank 0.75% maturing 7/20/15	\$2,499,125.00	AA-	Yes
Microsoft 1.625% maturing 9/25/15	\$5,170,600.00	AAA	Yes
Berkshire Hathaway 0.8% 2/11/16	\$2,005,620.00	AA	Yes
Apple Inc. 0.45% maturing 5/3/16	\$3,002,542.50	AA+	Yes
Johnson & Johnson 2.15% 5/15/16	\$2,105,040.00	AAA	Yes
Toyota Motor Credit Corp. 0.8% 5/17/16	\$3,008,923.33	AA-	Yes
Wells Fargo and Company 1.25% maturing 7/20/16	\$2,997,120.00	A+	Yes
Berkshire Hathaway 2.2% 8/15/16	\$3,132,540.00	AA	Yes
Proctor & Gamble 1.45% maturing 8/15/16	\$2,022,851.74	AA-	
New York Life 1.3% maturing 10/30/17	\$2,872,529.70	AA+	Yes
Microsoft 0.875% maturing 11/15/17	\$2,505,000.00	AAA	Yes
Apple Inc. 1% maturing 5/3/18	\$4,985,755.55	AA+	Yes
* Per Standard and Poors	\$54,060,924.90		

**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