



# Information Item

**Date: December 12, 2013**

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

## **Discussion**

The August 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 by \$1.3 million in August to \$606.7 million. The increase reflects a typical receipt/expenditure pattern for the month of August. The pooled portfolio yield-to-maturity of 0.7% is unchanged from July and reflects a decrease of nine basis points from one year earlier. Net investment earnings were \$0.4 million. Fiscal year-to-date earnings are 18.3% less than for the same period last year. 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 August 31, 2013 included \$36.1 million in debt proceeds held in trust with various fiscal agents, \$53.2 million in other funds held in trust, and \$53,122 in petty cash/change funds for a total balance of \$696.1 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 August 31, 2013, the market value of the City's portfolio was approximately \$3.3 million less than the book value.

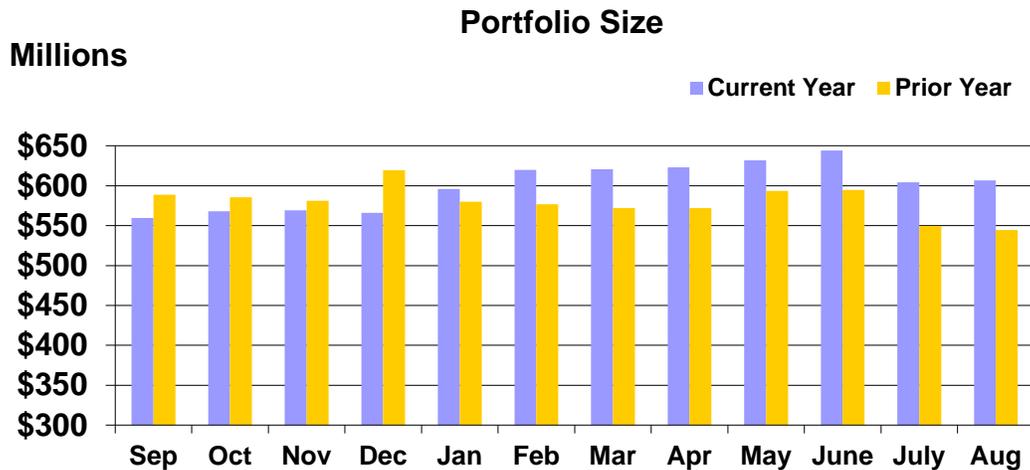
Attached is a summary of investment activity as well as a detailed report of public monies held by the City Treasurer as of August 31, 2013.

Prepared by: David Carr, Assistant City Treasurer

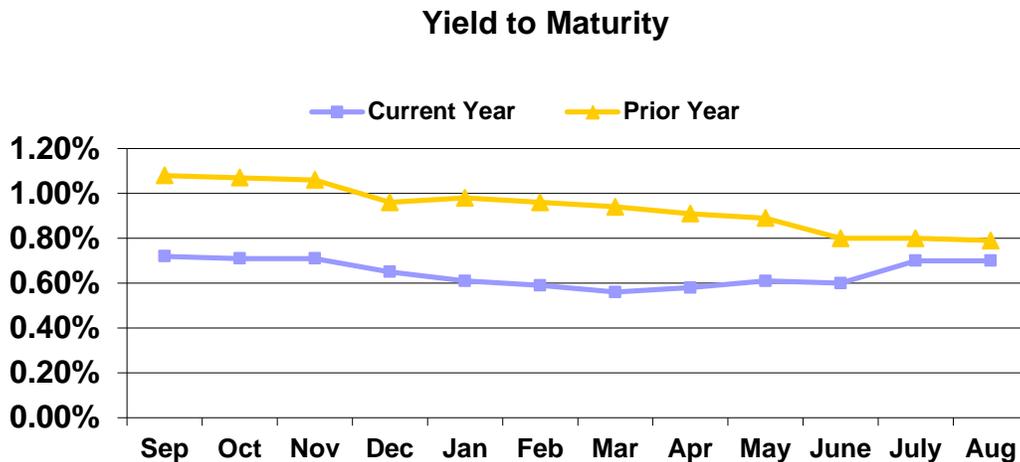
Attachments: 1 – Investment Highlights  
2 – Investment Report

# Investment Highlights

## August 31, 2013

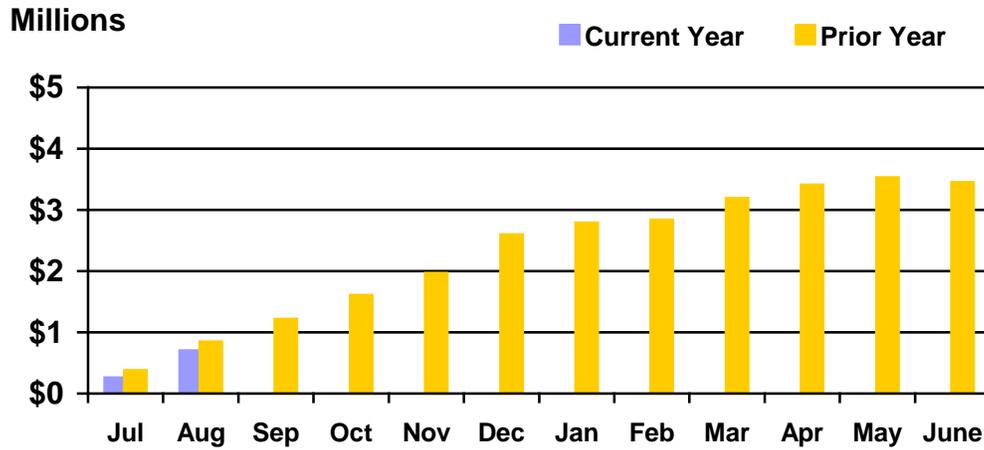


- As of August 31, 2013, the portfolio size is \$606.7 million, \$1.3 million more than in the prior month and \$63.2 million more than one year earlier.
- The increase from last year largely reflects the consolidation of the Charnock pooled portfolios. In addition, no one-time CalPERS pay down was made in FY 2012-13.

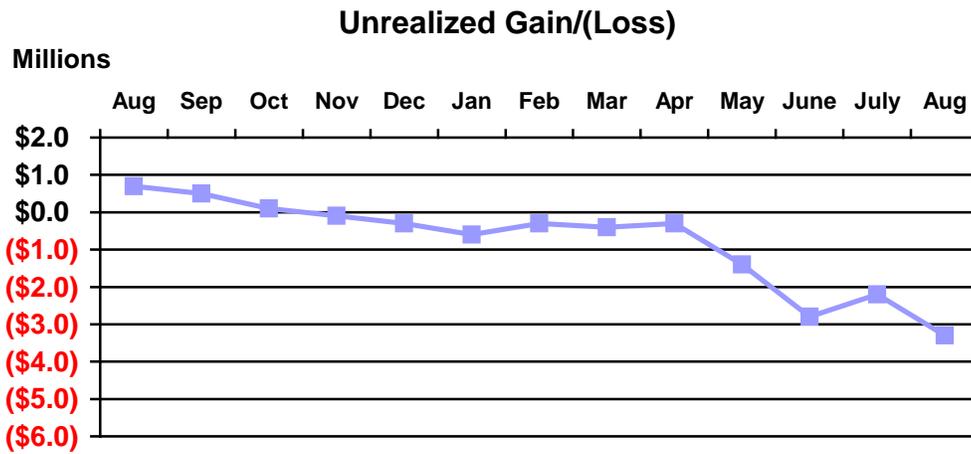


- As of August 31, 2013, yield to maturity is 0.70%.
- Unchanged from the prior month, but down nine basis points from one year earlier.

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



- Fiscal year-to-date earnings are down 18.3% from one year earlier.



- As of August 31, 2013, the market value is about \$3.3 million less than the unamortized book value (purchase price).



# Investment Report

## August 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  
August 31, 2013**

<b>Petty Cash/Change Funds</b>		<b>\$53,122.00</b>
<b>Pooled Portfolio</b>		
Wells Fargo Bank (1)	\$52,050,729.38	
Bank of New York (BNY)		
Corporate Bonds	\$54,049,731.71	
Treasury Bills	\$0.00	
Federal Agencies Securities	\$451,186,017.71	
Total Bank of New York	\$505,235,749.42	
State of California Local Agency Investment Fund - City	\$49,408,120.08	
<b>Total Pooled Portfolio</b>		<b>\$606,694,598.88</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	\$2,827,010.54 *	
Union Bank-RDA 2011 Tax Allocation Bonds	\$2,262,472.64 *	
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	\$1,029,014.24 *	
BNY-2011 Series A & B Bonds	\$11,305,981.48 *	
U.S. Bank-Wastewater Enterprise Revenue Bonds-2012 Refunding	\$0.97 *	
U.S. Bank-Wastewater Enterprise Revenue Bonds-2005 Refunding	\$2.00 *	
<b>Total Restricted Cash/Investments Held in Trust</b>		<b>\$36,126,083.83</b>
<b>Other Restricted Funds/Funds Held in Trust</b>		
Cemetery Perpetual Care Fund (3)	\$9,174,340.00 *	
Mausoleum Perpetual Care Fund (3)	\$1,054,841.00 *	
Santa Monica Redevelopment Successor Agency RORF-Wells Fargo	\$19,063,891.27 *	
Wells Fargo Bank - HUD Depository Account (4)	\$2,635,116.25 *	
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	\$3,100,550.64 *	
Wells Fargo Bank - Expo 26th and 17th	\$1,570,026.12 *	
Union Bank - Santa Monica Redevelopment Successor Agency Account	\$3,809,486.65 *	
Union Bank - Housing Authority Custodial Account	\$6,646,136.82 *	
Union Bank - W.E. O'Neil Direct Owner Costs PGW Escrow	\$1,803,848.73 *	
Union Bank - W.E. O'Neil Direct Owner Costs Civic Escrow	\$61,235.43 *	
Wells Fargo Bank - Public Agency Family Self Sufficiency Program (2)	\$146,467.35 *	
<b>Total Other Funds Held in Trust</b>		<b>\$53,181,345.15</b>
<b>GRAND TOTAL</b>		<b>\$696,055,149.86</b>

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

- (1) These are the actual bank account balances as of 8/31/13. 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 - July 31, 2013	\$605,376,068.18
Receipts	47,473,666.73
Disbursements	(46,155,136.03)
Cash and Investments - August 31, 2013	\$606,694,598.88

\* Pooled portfolio only. Excludes certain investments held in trust by third parties such as bond proceeds, perpetual care funds, and Charnock settlement funds.

Gigi Decavalles-Hughes  
Director of Finance/City Treasurer

**Overview**

As of August 31, 2013, total City cash and investments (including cash held for the Successor Agency to the Redevelopment Agency) were \$696.1 million, within \$0.7 million of the prior month's total. The pooled portfolio increased by a modest \$1.3 million. Restricted Cash/Investments Held in Trust/Debt Proceeds and Other Restricted Funds/Funds Held In Trust also showed only minor changes during the month. Total cash and investments are categorized as follows:

Petty Cash	\$	53,122.00
Pooled Investment Portfolio	\$	606,694,598.88
Restricted Cash/Investment Held in Trust	\$	36,126,083.83
Other Funds Held in Trust	\$	53,181,345.18
Total	\$	<u><u>696,055,149.89</u></u>

**Definitions**

- Basis Point – One hundredth of one percent (.01%)
- Book (Reported) Value – The price paid for the security at purchase
- Bullets – A security with a fixed coupon or interest rate that cannot be redeemed by the issuer before the maturity date
- Callable Securities – A security that can be redeemed by the issuer before the maturity date
- Duration – A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a security. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.
- Market Value – The price at which a security is currently trading and could be presumably bought or sold
- Par Value – The full face value of the security
- Rebalancing – Strategy whereby low yielding securities are sold at a loss with the proceeds used to purchase higher yielding securities
- 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.

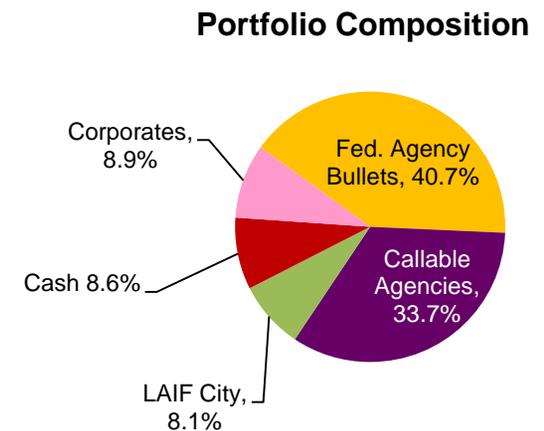
**Pooled Investment Portfolio**

As of August 31, 2013, the portfolio size (unamortized book value/purchase price) of City pooled cash and investments is \$606.7 million, a \$1.3 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. Twelve investments were made during the month (\$45.4 million), three investments matured (\$30.2 million), and two investments were called (\$12 million). No investments were sold. The State Local Agency Investment Fund (LAIF) account balance was unchanged in August. Cash held at Wells Fargo Bank was \$52.1 million as of month-end. Funds on deposit with Wells Fargo earn a net .0725% to be used as a credit against monthly banking expenses.

Details of the main portfolio follow.

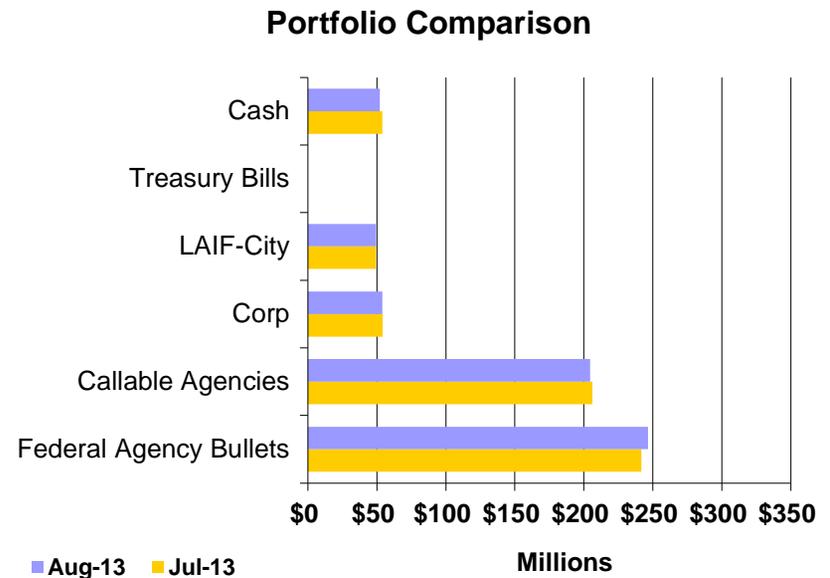
**Portfolio Composition**

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 (74.4%). The remaining 25.6% includes the State Local Agency Investment Fund (8.1%); corporate bonds (8.9%), and cash (8.6%). 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 significant changes in August. 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 August 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  
August 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>												
3133XUPZ0	10942	Federal Home Loan Bank		03/05/2010	3,000,000.00	3,002,130.00	3,076,230.00	2.625	1,288	1.876	12	09/13/2013
313370LB2	10982	Federal Home Loan Bank		08/13/2010	2,500,000.00	2,500,625.00	2,502,850.00	1.000	1,127	0.962	12	09/13/2013
3137EACL1	11002	Fed Home Loan Mortgage Corp		10/06/2010	2,000,000.00	2,002,420.00	2,005,360.00	0.875	1,118	0.787	57	10/28/2013
3137EACL1	11011	Fed Home Loan Mortgage Corp		11/16/2010	4,000,000.00	4,004,840.00	4,007,200.00	0.875	1,077	0.814	57	10/28/2013
3137EACL1	11024	Fed Home Loan Mortgage Corp		12/08/2010	5,000,000.00	5,006,050.00	4,988,000.00	0.875	1,055	0.957	57	10/28/2013
3133XVWW7	11048	Federal Home Loan Bank		01/25/2011	5,000,000.00	5,023,000.00	5,134,550.00	2.100	1,035	1.132	85	11/25/2013
3136FPEX1	10989	Federal National Mort Assoc		09/17/2010	2,500,000.00	2,507,550.00	2,500,000.00	1.125	1,187	1.125	107	12/17/2013
313370NL8	10990	Federal Home Loan Bank		08/27/2010	2,500,000.00	2,507,275.00	2,500,650.00	1.000	1,218	0.992	117	12/27/2013
3134G3JR2	11185	Fed Home Loan Mortgage Corp		01/09/2012	2,500,000.00	2,503,225.00	2,500,000.00	0.450	731	0.450	130	01/09/2014
313383T84	11364	Federal Home Loan Bank		08/01/2013	5,000,000.00	5,000,200.00	4,999,709.85	0.090	182	0.102	151	01/30/2014
31398AVD1	10914	Federal National Mort Assoc		12/22/2009	5,000,000.00	5,057,750.00	5,092,600.00	2.750	1,506	2.276	157	02/05/2014
31331KCA6	11051	Federal Farm Credit Bank		02/10/2011	2,500,000.00	2,514,025.00	2,500,000.00	1.375	1,096	1.375	162	02/10/2014
31331GNA3	10937	Federal Farm Credit Bank		02/12/2010	4,000,000.00	4,052,280.00	4,117,520.00	3.000	1,461	2.228	164	02/12/2014
313372U93	11058	Federal Home Loan Bank		03/03/2011	5,000,000.00	5,031,950.00	5,000,000.00	1.400	1,093	1.400	180	02/28/2014
31398AVZ2	11016	Federal National Mort Assoc		11/23/2010	3,000,000.00	3,041,670.00	3,175,080.00	2.750	1,206	0.952	193	03/13/2014
3134G3NS5	11225	Fed Home Loan Mortgage Corp		05/30/2012	3,000,000.00	3,003,510.00	2,996,460.00	0.300	660	0.366	201	03/21/2014
3134G2CL4	11094	Fed Home Loan Mortgage Corp		05/20/2011	5,000,000.00	5,039,300.00	5,042,750.00	1.350	1,075	1.054	240	04/29/2014
31331KKQ2	11090	Federal Farm Credit Bank		05/19/2011	5,000,000.00	5,032,000.00	5,012,850.00	1.150	1,089	1.062	253	05/12/2014
31315PTZ2	11303	Farmer Mac		04/10/2013	3,000,000.00	3,001,320.00	3,000,000.00	0.220	426	0.220	282	06/10/2014
3133XWE70	11008	Federal Home Loan Bank		11/04/2010	4,000,000.00	4,072,600.00	4,237,120.00	2.500	1,317	0.829	285	06/13/2014
313379N47	11217	Federal Home Loan Bank		06/06/2012	3,000,000.00	3,005,625.00	3,000,000.00	0.400	751	0.400	299	06/27/2014
3135G0BJ1	11330	Federal National Mort Assoc		05/21/2013	3,128,000.00	3,152,898.88	3,161,331.97	1.125	402	0.155	299	06/27/2014
313379SK6	11236	Federal Home Loan Bank		07/25/2012	2,500,000.00	2,504,750.00	2,504,625.00	0.400	707	0.304	304	07/02/2014
3133ECLH5	11314	Federal Farm Credit Bank		04/30/2013	20,000,000.00	20,000,800.00	20,002,400.00	0.180	441	0.170	317	07/15/2014
3133ECLH5	11315	Federal Farm Credit Bank		04/30/2013	20,000,000.00	20,000,800.00	20,002,400.00	0.180	441	0.170	317	07/15/2014
3137EACU1	11195	Fed Home Loan Mortgage Corp		01/23/2012	5,000,000.00	5,038,100.00	5,064,750.00	1.000	919	0.482	332	07/30/2014
313383UA7	11371	Federal Home Loan Bank		08/15/2013	3,000,000.00	2,999,640.00	3,000,069.17	0.170	358	0.171	341	08/08/2014
3135G0BY8	11117	Federal National Mort Assoc		07/19/2011	4,000,000.00	4,027,160.00	3,997,920.00	0.875	1,136	0.890	361	08/28/2014
3135G0CU5	11138	Federal National Mort Assoc		09/12/2011	5,000,000.00	5,000,550.00	5,000,000.00	0.625	1,096	0.625	376	09/12/2014
3133EA6W3	11280	Federal Farm Credit Bank		01/17/2013	2,500,000.00	2,500,725.00	2,500,200.00	0.270	657	0.266	430	11/05/2014
3134G3H78	11268	Fed Home Loan Mortgage Corp		11/06/2012	5,000,000.00	5,005,050.00	5,003,250.00	0.350	759	0.319	460	12/05/2014
3137EADA4	11179	Fed Home Loan Mortgage Corp		12/21/2011	2,500,000.00	2,511,075.00	2,497,225.00	0.625	1,104	0.662	484	12/29/2014
313381H24	11353	Federal Home Loan Bank		07/11/2013	3,000,000.00	2,999,010.00	2,998,200.00	0.250	554	0.290	502	01/16/2015
3134G3LF5	11198	Fed Home Loan Mortgage Corp		02/23/2012	3,000,000.00	3,011,400.00	3,026,442.00	1.000	1,086	0.700	530	02/13/2015
3134G3QH6	11215	Fed Home Loan Mortgage Corp		05/18/2012	2,500,000.00	2,506,050.00	2,500,000.00	0.570	1,021	0.570	550	03/05/2015
3134G3QH6	11279	Fed Home Loan Mortgage Corp		01/07/2013	2,500,000.00	2,506,050.00	2,509,125.00	0.570	787	0.400	550	03/05/2015

Portfolio INVT  
CC  
PM (PRF\_PM2) 7.3.0

**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
August 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>												
3135G0HG1	11267	Federal National Mort Assoc		11/06/2012	2,500,000.00	2,501,350.00	2,502,400.00	0.375	860	0.334	561	03/16/2015
313378XS5	11278	Federal Home Loan Bank		01/07/2013	2,500,000.00	2,507,421.75	2,512,000.00	0.650	843	0.441	606	04/30/2015
31331KLE8	11086	Federal Farm Credit Bank		05/18/2011	2,500,000.00	2,551,562.50	2,501,250.00	1.600	1,461	1.587	624	05/18/2015
313379ER6	11323	Federal Home Loan Bank		05/15/2013	3,000,000.00	3,004,890.00	3,015,210.00	0.500	758	0.255	649	06/12/2015
3135G0SE4	11272	Federal National Mort Assoc		12/05/2012	5,000,000.00	4,995,200.00	5,000,000.00	0.420	922	0.420	652	06/15/2015
3133ECTV6	11346	Federal Farm Credit Bank		07/02/2013	3,500,000.00	3,504,690.00	3,500,000.00	0.500	730	0.500	669	07/02/2015
3133EAZJ0	11240	Federal Farm Credit Bank		07/25/2012	2,500,000.00	2,500,025.00	2,500,000.00	0.480	1,093	0.480	690	07/23/2015
3133ECHV9	11296	Federal Farm Credit Bank		03/21/2013	5,000,000.00	4,992,300.00	4,997,550.00	0.350	861	0.371	697	07/30/2015
313375PT8	11147	Federal Home Loan Bank		09/19/2011	2,500,000.00	2,521,900.00	2,500,000.00	0.750	1,410	0.750	697	07/30/2015
313376VZ5	11196	Federal Home Loan Bank		01/30/2012	5,000,000.00	5,021,875.00	5,000,000.00	0.670	1,277	0.670	697	07/30/2015
3134G3GL8	11173	Fed Home Loan Mortgage Corp		01/13/2012	5,000,000.00	5,013,000.00	5,000,000.00	1.000	1,369	1.000	772	10/13/2015
3134G3GL8	11182	Fed Home Loan Mortgage Corp		01/13/2012	3,000,000.00	3,007,800.00	3,000,000.00	1.000	1,369	1.000	772	10/13/2015
313378FP1	11199	Federal Home Loan Bank		02/24/2012	3,000,000.00	3,011,010.00	3,000,000.00	0.720	1,369	0.719	814	11/24/2015
31331J4J9	11020	Federal Farm Credit Bank		12/07/2010	2,000,000.00	2,053,540.00	2,000,000.00	1.740	1,826	1.740	827	12/07/2015
3133EA3E6	11252	Federal Farm Credit Bank		10/04/2012	5,000,000.00	4,988,150.00	5,000,000.00	0.480	1,187	0.480	855	01/04/2016
3134G3RK8	11205	Fed Home Loan Mortgage Corp		03/27/2012	5,000,000.00	5,017,000.00	4,994,500.00	1.000	1,448	1.028	925	03/14/2016
3135G0WV9	11324	Federal National Mort Assoc		05/20/2013	3,000,000.00	2,974,620.00	3,000,000.00	0.520	1,096	0.520	992	05/20/2016
3135G0LD3	11220	Federal National Mort Assoc		05/29/2012	5,000,000.00	4,996,093.50	5,000,000.00	0.875	1,455	0.875	995	05/23/2016
313383BB6	11327	Federal Home Loan Bank		06/03/2013	3,000,000.00	2,976,300.00	3,000,000.00	0.550	1,096	0.550	1,006	06/03/2016
3133834R9	11322	Federal Home Loan Bank		05/15/2013	3,000,000.00	2,973,030.00	2,990,280.00	0.375	1,136	0.480	1,027	06/24/2016
3134G3EW6	11168	Fed Home Loan Mortgage Corp		12/30/2011	3,400,000.00	3,409,520.00	3,400,000.00	1.270	1,644	1.270	1,033	06/30/2016
3136FTWY1	11174	Federal National Mort Assoc		12/30/2011	5,000,000.00	5,012,850.00	5,000,000.00	1.150	1,644	1.150	1,033	06/30/2016
3133ECTL8	11344	Federal Farm Credit Bank		07/08/2013	2,500,000.00	2,504,100.00	2,500,000.00	1.050	1,096	1.050	1,041	07/08/2016
3135G0MX8	11235	Federal National Mort Assoc		07/26/2012	5,000,000.00	4,975,900.00	5,000,000.00	0.750	1,461	0.750	1,059	07/26/2016
3135G0MX8	11288	Federal National Mort Assoc		01/31/2013	2,500,000.00	2,487,950.00	2,502,500.00	0.750	1,272	0.721	1,059	07/26/2016
313381VK8	11292	Federal Home Loan Bank		02/08/2013	2,000,000.00	1,983,220.00	1,998,000.00	0.575	1,267	0.604	1,062	07/29/2016
3134G4ET1	11375	Fed Home Loan Mortgage Corp		08/29/2013	2,500,000.00	2,488,300.00	2,495,614.58	0.850	1,075	0.928	1,072	08/08/2016
3134G4E95	11359	Fed Home Loan Mortgage Corp		08/15/2013	3,000,000.00	2,992,200.00	3,000,000.00	0.850	1,096	0.850	1,079	08/15/2016
3136FRS38	11135	Federal National Mort Assoc		09/06/2011	5,000,000.00	5,000,500.00	5,000,000.00	1.400	1,827	1.400	1,101	09/06/2016
3133EA5W4	11260	Federal Farm Credit Bank		10/24/2012	5,000,000.00	4,943,750.00	5,000,000.00	0.650	1,461	0.650	1,149	10/24/2016
3135G0WS8	11316	Federal National Mort Assoc		05/15/2013	3,000,000.00	2,955,840.00	3,000,000.00	0.600	1,280	0.600	1,171	11/15/2016
313383CM1	11329	Federal Home Loan Bank		06/20/2013	3,000,000.00	2,957,190.00	3,000,000.00	0.600	1,279	0.600	1,206	12/20/2016
3134G4CM8	11350	Fed Home Loan Mortgage Corp		07/24/2013	2,500,000.00	2,494,175.00	2,500,000.00	1.250	1,280	1.250	1,241	01/24/2017
31315PN88	11351	Farmer Mac		07/05/2013	2,000,000.00	2,002,240.00	2,000,000.00	1.100	1,301	1.100	1,243	01/26/2017
3134G3LG3	11194	Fed Home Loan Mortgage Corp		02/14/2012	5,000,000.00	5,012,450.00	5,000,000.00	1.250	1,827	1.250	1,262	02/14/2017
3136FTH51	11347	Federal National Mort Assoc		06/26/2013	2,000,000.00	1,998,700.00	2,000,000.00	1.250	1,329	1.250	1,262	02/14/2017

**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
August 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>												
3134G3NT3	11370	Fed Home Loan Mortgage Corp		08/08/2013	2,500,000.00	2,476,925.00	2,499,125.00	1.000	1,299	1.010	1,275	02/27/2017
3136G0BD2	11206	Federal National Mort Assoc		04/24/2012	5,000,000.00	5,013,550.00	5,000,000.00	1.400	1,826	1.400	1,331	04/24/2017
3133ECKV5	11302	Federal Farm Credit Bank		04/05/2013	3,000,000.00	2,942,190.00	3,000,000.00	0.700	1,522	0.700	1,373	06/05/2017
313383PD7	11349	Federal Home Loan Bank		06/28/2013	2,500,000.00	2,493,200.00	2,498,075.00	1.250	1,442	1.270	1,377	06/09/2017
3136G1NQ8	11336	Federal National Mort Assoc		06/19/2013	4,000,000.00	3,936,480.00	4,000,000.00	1.000	1,461	1.000	1,387	06/19/2017
3136G0MK4	11218	Federal National Mort Assoc		06/21/2012	5,000,000.00	4,962,200.00	5,000,000.00	1.000	1,826	1.000	1,389	06/21/2017
3137EADH9	11335	Fed Home Loan Mortgage Corp		05/29/2013	3,000,000.00	2,968,200.00	3,009,930.00	1.000	1,492	0.976	1,397	06/29/2017
3137EADH9	11348	Fed Home Loan Mortgage Corp		06/27/2013	2,500,000.00	2,473,500.00	2,474,375.00	1.000	1,463	1.346	1,397	06/29/2017
3133EA4H8	11305	Federal Farm Credit Bank		04/04/2013	5,000,000.00	4,897,550.00	4,999,250.00	0.820	1,559	0.824	1,409	07/11/2017
3134G3ZH6	11341	Fed Home Loan Mortgage Corp		06/06/2013	4,000,000.00	3,938,840.00	4,000,000.00	1.000	1,510	1.000	1,423	07/25/2017
3137EADJ5	11290	Fed Home Loan Mortgage Corp		01/31/2013	2,500,000.00	2,459,375.00	2,509,875.00	1.000	1,639	0.910	1,426	07/28/2017
3134G3B90	11243	Fed Home Loan Mortgage Corp		08/15/2012	2,000,000.00	1,955,280.00	1,998,520.00	0.875	1,826	0.890	1,444	08/15/2017
3136G0G39	11250	Federal National Mort Assoc		09/27/2012	5,000,000.00	4,876,100.00	5,000,000.00	0.625	1,826	0.625	1,487	09/27/2017
3133EA3J5	11253	Federal Farm Credit Bank		10/10/2012	5,000,000.00	4,844,350.00	5,000,000.00	0.900	1,826	0.900	1,500	10/10/2017
3136G03Y5	11264	Federal National Mort Assoc		11/21/2012	5,000,000.00	4,903,450.00	5,000,000.00	0.750	1,826	0.750	1,542	11/21/2017
3136G05Q0	11269	Federal National Mort Assoc		11/27/2012	5,000,000.00	4,908,450.00	5,000,000.00	0.700	1,826	0.700	1,548	11/27/2017
3134G44N5	11317	Fed Home Loan Mortgage Corp		05/28/2013	3,000,000.00	2,897,700.00	3,000,000.00	0.750	1,645	0.750	1,549	11/28/2017
3133823A9	11285	Federal Home Loan Bank		02/22/2013	5,000,000.00	4,882,700.00	5,000,000.00	1.150	1,826	1.150	1,635	02/22/2018
3136G1DA4	11286	Federal National Mort Assoc		02/28/2013	5,000,000.00	4,915,350.00	5,000,000.00	1.000	1,826	1.171	1,641	02/28/2018
3134G37H7	11301	Fed Home Loan Mortgage Corp		04/25/2013	5,000,000.00	4,856,850.00	5,000,000.00	1.150	1,826	1.150	1,697	04/25/2018
31315PYT0	11318	Farmer Mac		05/02/2013	3,000,000.00	2,894,010.00	3,000,000.00	0.990	1,826	0.990	1,704	05/02/2018
3135G0XA6	11319	Federal National Mort Assoc		05/21/2013	3,000,000.00	2,893,950.00	3,000,000.00	1.030	1,826	1.030	1,723	05/21/2018
313382Z63	11325	Federal Home Loan Bank		05/22/2013	5,000,000.00	4,856,050.00	5,000,000.00	0.500	1,826	0.500	1,724	05/22/2018
313383EN7	11334	Federal Home Loan Bank		06/20/2013	5,000,000.00	4,849,650.00	5,000,000.00	1.000	1,826	1.000	1,753	06/20/2018
313383C25	11345	Federal Home Loan Bank		06/25/2013	2,500,000.00	2,403,225.00	2,412,708.33	0.600	1,821	1.265	1,753	06/20/2018
3134G47M4	11338	Fed Home Loan Mortgage Corp		06/26/2013	3,000,000.00	2,940,468.60	2,999,250.00	1.500	1,826	1.505	1,759	06/26/2018
313383GK1	11337	Federal Home Loan Bank		06/27/2013	3,800,000.00	3,695,310.00	3,800,000.00	1.125	1,826	1.125	1,760	06/27/2018
3133ECTK0	11342	Federal Farm Credit Bank		07/02/2013	2,500,000.00	2,506,450.00	2,500,000.00	2.200	1,826	2.200	1,765	07/02/2018
3133ECTK0	11343	Federal Farm Credit Bank		07/02/2013	2,500,000.00	2,506,450.00	2,500,000.00	2.200	1,826	2.200	1,765	07/02/2018
3136G1RA9	11356	Federal National Mort Assoc		07/30/2013	2,000,000.00	2,000,260.00	2,000,000.00	1.000	1,826	1.000	1,793	07/30/2018
3134G4EW4	11365	Fed Home Loan Mortgage Corp		08/29/2013	2,435,000.00	2,421,777.95	2,435,000.00	2.000	1,824	2.000	1,821	08/27/2018
<b>Subtotal and Average</b>			<b>403,753,724.96</b>		<b>398,263,000.00</b>	<b>396,573,888.18</b>	<b>399,202,280.90</b>		<b>1,234</b>	<b>0.827</b>	<b>842</b>	

**Federal Agency Discount**

313385LR5	11354	Federal Home Loan Bank		07/16/2013	5,000,000.00	4,999,950.00	4,999,754.17	0.030	59	0.030	12	09/13/2013
313385LW4	11355	Federal Home Loan Bank		07/17/2013	5,000,000.00	4,999,950.00	4,999,737.50	0.030	63	0.030	17	09/18/2013

**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
August 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>												
313397MF5	11331	Fed Home Loan Mortgage Corp		05/22/2013	15,000,000.00	14,999,850.00	14,996,266.67	0.070	128	0.071	26	09/27/2013
313385PW0	11367	Federal Home Loan Bank		08/02/2013	5,000,000.00	4,999,750.00	4,998,925.69	0.065	119	0.066	89	11/29/2013
313589QW6	11368	Federal National Mort Assoc		08/05/2013	5,000,000.00	4,999,700.00	4,998,638.89	0.070	140	0.071	113	12/23/2013
313385SE7	11369	Federal Home Loan Bank		08/02/2013	5,000,000.00	4,999,400.00	4,998,298.61	0.070	175	0.071	145	01/24/2014
313589TU7	11366	Federal National Mort Assoc		08/02/2013	5,000,000.00	4,998,250.00	4,997,337.50	0.090	213	0.093	183	03/03/2014
313397VY4	11376	Fed Home Loan Mortgage Corp		08/29/2013	3,000,000.00	2,998,230.00	2,998,016.67	0.100	238	0.103	235	04/24/2014
313397XB2	11374	Fed Home Loan Mortgage Corp		08/29/2013	4,000,000.00	3,997,120.00	3,996,761.11	0.110	265	0.113	262	05/21/2014
<b>Subtotal and Average</b>			<b>45,343,442.70</b>		<b>52,000,000.00</b>	<b>51,992,200.00</b>	<b>51,983,736.81</b>		<b>145</b>	<b>0.070</b>	<b>95</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>49,408,120.08</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>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>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	4,070,412.00	4,122,009.00	2.125	385	0.435	106	12/16/2013
38259PAA0	11213	Google		05/22/2012	1,245,000.00	1,252,681.65	1,264,870.20	1.250	727	0.444	260	05/19/2014
98458PAB1	11208	Yale University		04/10/2012	1,178,000.00	1,209,370.14	1,246,265.10	2.900	918	0.575	409	10/15/2014
459200GZ8	11270	IBM Corp		11/14/2012	5,000,000.00	5,027,650.00	5,052,250.00	0.875	716	0.340	425	10/31/2014
89233P5N2	11358	Toyota Motor Credit Corp		07/19/2013	2,000,000.00	2,017,840.00	2,025,585.56	1.250	486	0.445	442	11/17/2014
94974BFE5	11287	Wells Fargo & Compnay		01/31/2013	2,000,000.00	2,022,960.00	2,032,480.00	1.500	881	0.820	668	07/01/2015
89233P6J0	11357	Toyota Motor Credit Corp		07/19/2013	2,000,000.00	2,009,320.00	2,009,817.22	0.875	728	0.629	684	07/17/2015
94985H5F7	11363	Wells Fargo Bank		07/29/2013	2,500,000.00	2,502,175.00	2,499,125.00	0.750	721	0.768	687	07/20/2015
594918AG9	11211	Microsoft		05/10/2012	5,000,000.00	5,112,450.00	5,170,600.00	1.625	1,233	0.602	754	09/25/2015
084670BG2	11291	Berkshire Hathaway		02/11/2013	2,000,000.00	1,996,320.00	2,005,620.00	0.800	1,095	0.705	893	02/11/2016
037833AH3	11320	Apple Inc.		05/06/2013	3,000,000.00	2,969,550.00	3,002,542.50	0.450	1,093	0.423	975	05/03/2016
478160AY0	11293	Johnson & Johnson		02/12/2013	2,000,000.00	2,070,920.00	2,105,040.00	2.150	1,188	0.522	987	05/15/2016
89236TAL9	11333	Toyota Motor Credit Corp		05/28/2013	3,000,000.00	2,985,120.00	3,008,923.33	0.800	1,085	0.707	989	05/17/2016

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

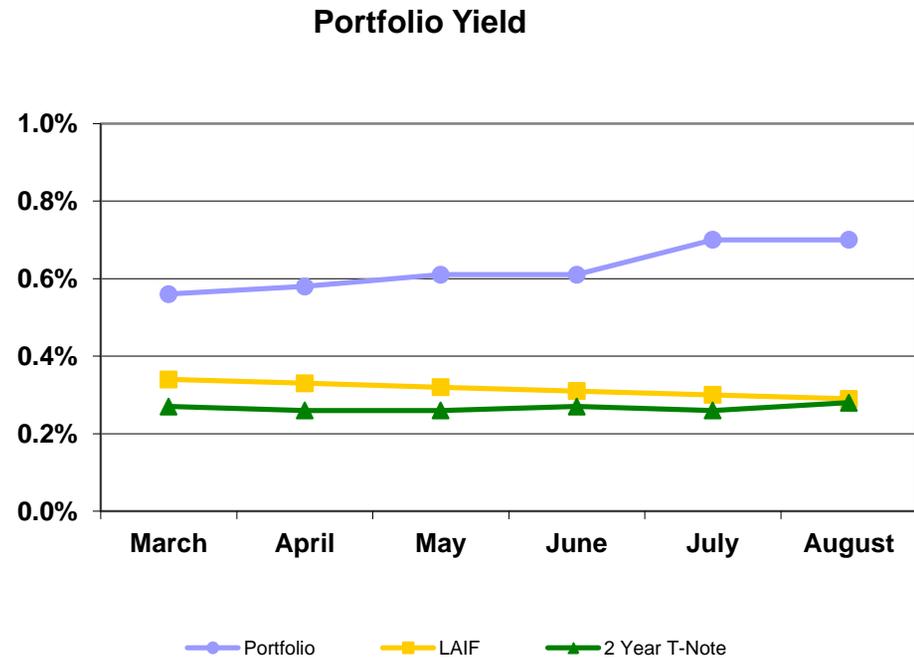
CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
<b>Corporate Bonds</b>												
94974BFL9	11362	Wells Fargo & Compnay		07/29/2013	3,000,000.00	2,995,230.00	2,997,120.00	1.250	1,087	1.283	1,053	07/20/2016
084670BB3	11244	Berkshire Hathaway		08/20/2012	3,000,000.00	3,099,180.00	3,132,540.00	2.200	1,456	1.065	1,079	08/15/2016
742718DV8	11352	Procter & Gamble		07/05/2013	1,985,000.00	2,013,365.65	2,011,658.55	1.450	1,137	1.010	1,079	08/15/2016
64952WBK8	11283	New York Life		01/23/2013	2,855,000.00	2,761,555.85	2,872,529.70	1.300	1,741	1.167	1,520	10/30/2017
594918AP9	11311	Microsoft		04/30/2013	2,500,000.00	2,427,000.00	2,505,000.00	0.875	1,660	0.931	1,536	11/15/2017
037833AJ9	11321	Apple Inc.		05/06/2013	2,500,000.00	2,388,450.00	2,505,808.33	1.000	1,823	0.954	1,705	05/03/2018
037833AJ9	11326	Apple Inc.		05/17/2013	2,500,000.00	2,388,450.00	2,479,947.22	1.000	1,812	1.175	1,705	05/03/2018
<b>Subtotal and Average</b>			<b>54,054,786.70</b>		<b>53,313,000.00</b>	<b>53,320,000.29</b>	<b>54,049,731.71</b>		<b>1,096</b>	<b>0.736</b>	<b>885</b>	
<b>Total and Average</b>			<b>552,560,074.43</b>		<b>552,984,120.08</b>	<b>551,294,208.55</b>	<b>554,643,869.50</b>		<b>1,008</b>	<b>0.698</b>	<b>701</b>	

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

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
<b>Federal Agency Coupon</b>							
31331KUY4	11141	Federal Farm Credit Bank	0.250	08/19/2013	0.00	2,995,290.00	
313372H64	11049	Federal Home Loan Bank	1.000	08/28/2013	0.00	2,200,000.00	
313380A64	11245	Federal Home Loan Bank	0.330	08/15/2013	0.00	3,000,000.00	
313383T84	11364	Federal Home Loan Bank	0.090	08/01/2013	4,999,709.85	0.00	
313383UA7	11371	Federal Home Loan Bank	0.170	08/15/2013	2,999,970.00	0.00	
3134G4E95	11359	Fed Home Loan Mortgage Corp	0.850	08/15/2013	3,000,000.00	0.00	
3134G4EW4	11365	Fed Home Loan Mortgage Corp	2.000	08/29/2013	2,435,000.00	0.00	
3134G3NT3	11370	Fed Home Loan Mortgage Corp	1.000	08/08/2013	2,499,125.00	0.00	
3134G4ET1	11375	Fed Home Loan Mortgage Corp	0.850	08/29/2013	2,494,375.00	0.00	
3136FRX40	11140	Federal National Mort Assoc	1.000	08/26/2013	0.00	9,000,000.00	
<b>Subtotal</b>					<b>18,428,179.85</b>	<b>17,195,290.00</b>	<b>399,202,280.90</b>
<b>Federal Agency Discount</b>							
313385PW0	11367	Federal Home Loan Bank	0.065	08/02/2013	4,998,925.69	0.00	
313385SE7	11369	Federal Home Loan Bank	0.070	08/02/2013	4,998,298.61	0.00	
313397JX0	11308	Fed Home Loan Mortgage Corp	0.080	08/02/2013	0.00	24,993,777.78	
313397XB2	11374	Fed Home Loan Mortgage Corp	0.110	08/29/2013	3,996,761.11	0.00	
313397VY4	11376	Fed Home Loan Mortgage Corp	0.100	08/29/2013	2,998,016.67	0.00	
313589TU7	11366	Federal National Mort Assoc	0.090	08/02/2013	4,997,337.50	0.00	
313589QW6	11368	Federal National Mort Assoc	0.070	08/05/2013	4,998,638.89	0.00	
<b>Subtotal</b>					<b>26,987,978.47</b>	<b>24,993,777.78</b>	<b>51,983,736.81</b>
<b>Local Agency Investment Funds (Monthly Summary)</b>							
<b>Subtotal</b>							<b>49,408,120.08</b>
<b>Columbia Money Market Fund (Monthly Summary)</b>							
<b>Subtotal</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>							
<b>Subtotal</b>							<b>54,049,731.71</b>
<b>Total</b>					<b>45,416,158.32</b>	<b>42,189,067.78</b>	<b>554,643,869.50</b>

**Portfolio Yield**

The portfolio yield-to-maturity was 0.7% as of August 31, 2013, unchanged from the prior month and down nine 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 August. 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 rose in August based on speculation that the Federal Reserve might start to taper its bond buying program before year-end. The two year CMT month-end rate fell eight basis points to 0.39%, its highest level since June 2011. The twelve month moving average moved up two basis points to 0.29%. Rates are still 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 August 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) did not meet in August so the target Fed Funds rate remained at a range of 0% to 0.25%. There was speculation that positive economic data might result in the Fed ending or at least tapering back

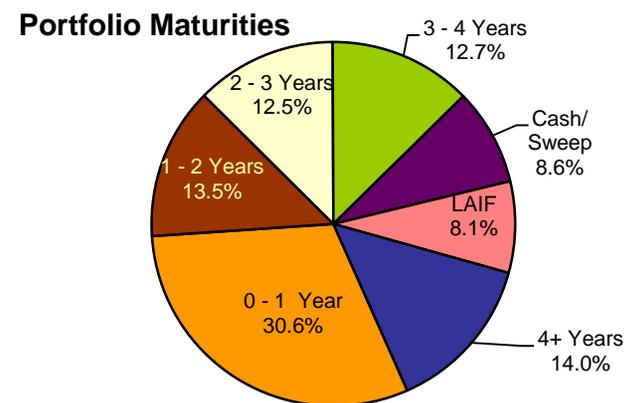
their bond buying program. However, the Fed still believes that economic growth, while improving, has not reached the point where continued Fed intervention in the form of low interest rates and accommodative monetary policy is no longer needed. The unemployment rate did decrease slightly to 7.3% in August and has been under 8% for nearly a year. However, the labor participation rate also dropped slightly. 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 decreased about 4.5% in August, the second negative month in the last three.

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.

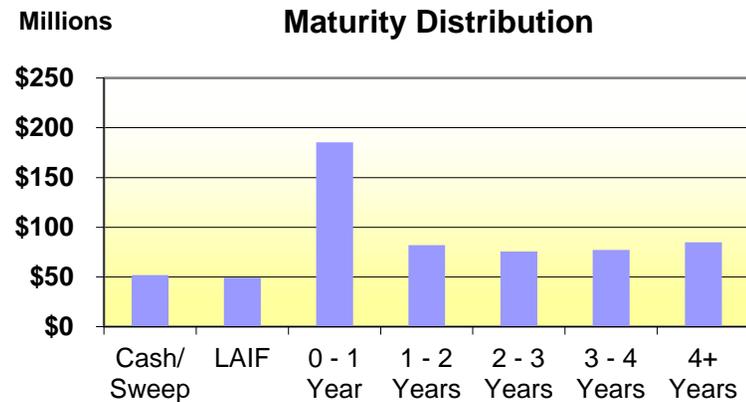
Net investment income in August was \$0.4 million. Fiscal year-to-date revenues are down 18.3% from the same period a year ago reflecting the continuing impact of the historically low interest rate environment.

**Maturity Distribution**

The weighted average days to maturity as of August 31, 2013 is 701 days (1.93 years), a decrease of nine days from the prior month. This calculation is for invested funds only and does not reflect the City’s primary liquidity funds being held in cash at Wells Fargo Bank. These funds were previously held in a money market sweep mutual fund. As noted earlier, there are fiscal benefits to this strategy. The City continues to maintain high liquidity in the portfolio pending the final impact of RDA dissolution. Approximately 61% of the portfolio is now held in maturities of 2 years or less (including cash balances).



As interest rates have started to advance, 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 August 31, 2013, the market value and the book value of the City’s pooled investments (excluding cash) are:

Market Value	\$ 551,294,308.55
Book Value (purchase price)	554,643,869.50
<hr/>	
Unrealized Gain/ (Loss)	\$ (3,349,560.95)

**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 August 31, 2013. All investments were in compliance with State law and the City's Investment Policy at the time of purchase and continue to be in compliance. 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 noted in prior reports, 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**

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

**Portfolio Allocation as of 8/31/13**

	Pooled Portfolio (1) (3)	% of Portfolio	Legal/ Policy Limit	In Compliance (Yes/No)
<b>Federal Agency Securities</b>				
Federal Home Loan Bank	\$109,676,993.32	18.1%	50.0%	Yes
Federal National Mortgage Association	109,927,808.36	18.1%	50.0%	Yes
Federal Home Loan Mortgage Corporation	123,447,796.03	20.3%	50.0%	Yes
Farmer Mac	8,000,000.00	1.3%	50.0%	Yes
Federal Farm Credit Bank	100,133,420.00	16.5%	50.0%	Yes
<b>Total Federal Agency Securities</b>	<b>\$451,186,017.71</b>	<b>74.4%</b>	n/a	Yes
<b>Treasury Bills</b>	<b>\$0.00</b>	<b>0.0%</b>	n/a	Yes
<b>Corporate Bonds</b>	<b>\$54,049,731.71</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>8.1%</b>	\$50 million	Yes
<b>Cash (2)</b>	<b>\$52,050,729.38</b>	<b>8.6%</b>	None	Yes
<b>Total (Book Value)</b>	<b>\$606,694,598.86</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 Wells Fargo Bank. Does not include balance of HUD depository account (\$2,635,116.25), Successor Agency account (\$19,125,814.11), or other cash accounts that are restricted as to use.

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

**City Portfolio as of 8/31/13 (Book Value)**

<u>Security</u>	<u>Pooled Portfolio</u>	<u>Credit Rating*</u>	<u>In Compliance (Yes/No)</u>
<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	\$2,011,658.55	AA-	Yes
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	\$54,049,731.71		

**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