



# Information Item

**Date: January 22, 2014**

To: Mayor and City Council  
From: Gigi Decavalles-Hughes, Director of Finance/City Treasurer  
Subject: City Monthly Cash and Investment Report for September 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 September 30, 2013.

## **Discussion**

The September 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 \$7.7 million in September to \$614.4 million reflecting drawdowns of Wells Fargo loan proceeds to reimburse the City for eligible capital project expenses and 2011 bond proceeds for reimbursement of Parking Structure 6 construction costs. The pooled portfolio yield-to-maturity of 0.73% is three basis points higher than in August and one basis point more than one year earlier. Net investment earnings were \$0.2 million. Fiscal year-to-date earnings are 29.2% 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 September 30, 2013 included \$27.4 million in debt proceeds held in trust with various fiscal agents, \$52.5 million in other funds held in trust, and \$27,952 in petty cash/change funds for a total balance of \$694.4 million.

In compliance with Governmental Accounting Standards, the Monthly Cash and Investment Report provides the fair market value of all investments held by the City, with certain exceptions, as of the last day of the month. The fair market value may be greater or less than the original purchase price (book/reported value) of the investments due to fluctuations in the market resulting in either an unrealized gain or loss for financial disclosure purposes only. Since it is the City's policy to hold most securities to maturity, these fluctuations in market value do not affect the redemption value of the securities or the overall yield to maturity of the portfolio. The book values of investments shown in this report are exclusive of amortization/accretion of premiums/discounts. As of September 30, 2013, the market value of the City's portfolio was approximately \$2 million less than the book value.

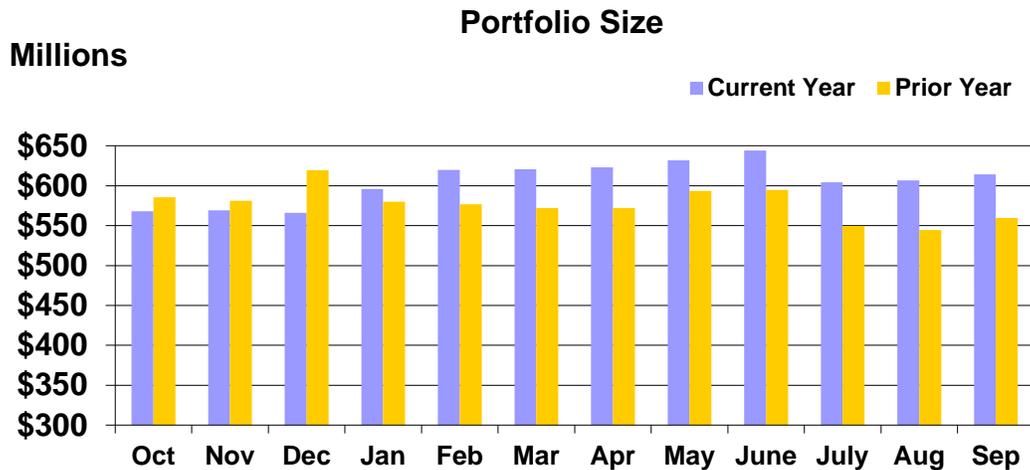
Attached is a summary of investment activity as well as a detailed report of public monies held by the City Treasurer as of September 30, 2013.

Prepared by: David Carr, Assistant City Treasurer

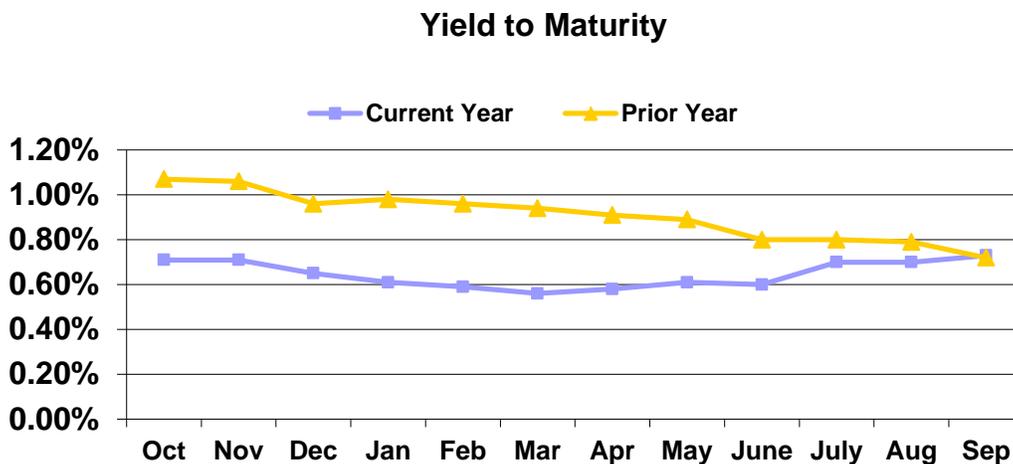
Attachments: 1 – Investment Highlights  
2 – Investment Report

# Investment Highlights

## September 30, 2013

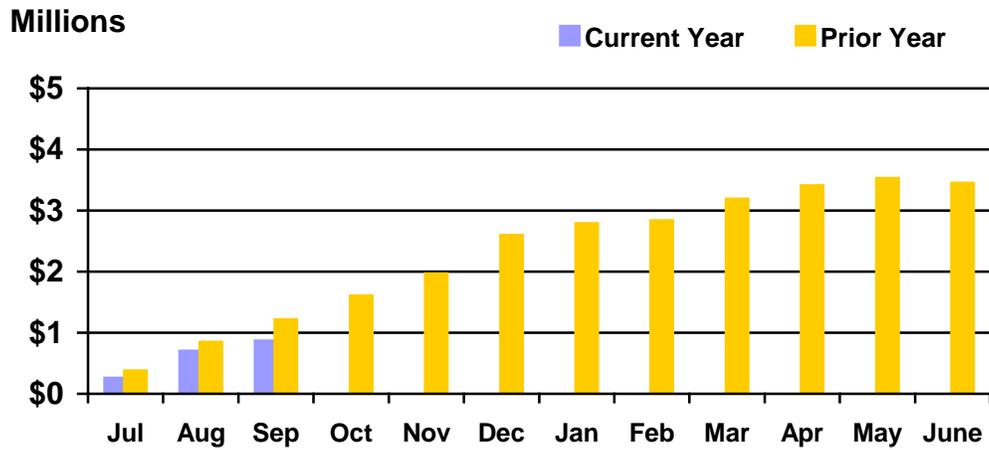


- As of September 30, 2013, the portfolio size is \$614.4 million, \$7.7 million more than in the prior month and \$54.8 million more than one year earlier.
- The increase from last year largely reflects the consolidation of the Charnock pooled portfolios and receipt of payment for a legal settlement.



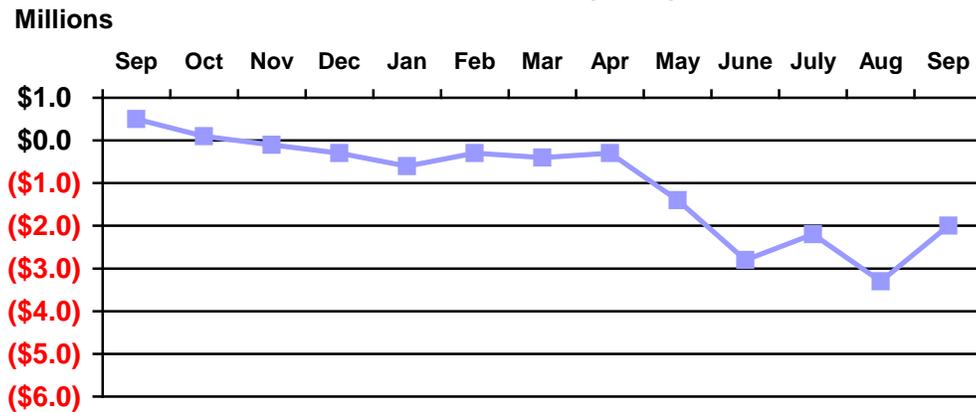
- As of September 30, yield to maturity is 0.73%.
- Up three basis points from the prior month and one basis point from one year earlier.

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



- Fiscal year-to-date earnings are down 29.2% from one year earlier.

### Unrealized Gain/(Loss)



- As of September 30, 2013, the market value is about \$2 million less than the unamortized book value (purchase price).



# Investment Report

## September 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  
September 30, 2013**

<b>Petty Cash/Change Funds</b>		<b>\$27,952.00</b>
<b>Pooled Portfolio</b>		
Wells Fargo Bank (1)	\$75,342,145.40	
Bank of New York (BNY)		
Corporate Bonds	\$54,049,731.71	
Treasury Bills	\$0.00	
Federal Agencies Securities	\$435,582,259.37	
Total Bank of New York	\$489,631,991.08	
State of California Local Agency Investment Fund - City	\$49,408,120.08	
<b>Total Pooled Portfolio</b>		<b>\$614,382,256.56</b>
<b>Restricted Cash/Investments Held in Trust/Debt Proceeds</b>		
Union Bank - Redevelopment Agency Term Loan	\$14,063,518.40 *	
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	\$2,827,034.41 *	
Union Bank-RDA 2011 Tax Allocation Bonds	\$2,262,491.86 *	
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	\$1,029,014.82 *	
BNY-2011 Series A & B Bonds	\$5,448,001.00 *	
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>\$27,440,594.25</b>
<b>Other Restricted Funds/Funds Held in Trust</b>		
Cemetery Perpetual Care Fund (3)	\$9,350,742.00 *	
Mausoleum Perpetual Care Fund (3)	\$1,074,853.00 *	
Santa Monica Redevelopment Successor Agency RORF-Wells Fargo	\$19,002,356.98 *	
Wells Fargo Bank - HUD Depository Account (4)	\$1,533,905.90 *	
U.S. Bank-W.E. O'Neil Retention Escrow Account	\$3,714,140.35 *	
First Republic Bank - Keysor Marston Escrow	\$1,055,321.89 *	
Wells Fargo Bank - High Place West Escrow	\$3,100,576.98 *	
Wells Fargo Bank - Expo 26th and 17th	\$1,570,026.17 *	
Union Bank - Santa Monica Redevelopment Successor Agency Account	\$3,809,518.89 *	
Union Bank - Housing Authority Custodial Account	\$6,617,925.24 *	
Union Bank - W.E. O'Neil Direct Owner Costs PGW Escrow	\$1,478,399.81 *	
Union Bank - W.E. O'Neil Direct Owner Costs Civic Escrow	\$59,966.05 *	
Wells Fargo Bank - Public Agency Family Self Sufficiency Program (2)	\$150,083.88 *	
<b>Total Other Funds Held in Trust</b>		<b>\$52,517,817.14</b>
<b>GRAND TOTAL</b>		<b>\$694,368,619.95</b>

**City of Santa Monica  
Cash Receipts, Disbursements and Cash Balances  
September 30, 2013**

- (1) These are the actual bank account balances as of 9/30/13. 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 - August 31, 2013	\$606,694,598.88
Receipts	51,179,675.83
Disbursements	(43,492,018.15)
Cash and Investments - September 30, 2013	\$614,382,256.56

\* Pooled portfolio only. Excludes certain investments held in trust by third parties such as bond proceeds, perpetual care funds, and other escrow accounts.  
Also excludes payroll account.

Gigi Decavalles-Hughes  
Director of Finance/City Treasurer

**Overview**

As of September 30, 2013, total City cash and investments (including cash held for the Successor Agency to the Redevelopment Agency) were \$694.4 million, a \$1.7 million decrease from the prior month. Restricted Cash/Investments Held in Trust/Debt Proceeds decreased by \$8.7 million reflecting drawdowns of Wells Fargo loan proceeds to reimburse the City for eligible capital project expenses and 2011 bond proceeds for reimbursement of Parking Structure 6 construction costs. Other Restricted Funds/Funds Held In Trust decreased by \$0.7 million during the month. These decreases were partially offset by a \$7.7 million increase in the pooled portfolio due in large part to receipts from business license renewals. Total cash and investments are categorized as follows:

Petty Cash/Change Funds	\$	27,952.00
Pooled Investment Portfolio	\$	614,382,256.56
Restricted Cash/Investment Held in Trust	\$	27,440,594.25
Other Funds Held in Trust	\$	52,517,817.14
Total	\$	<u>694,368,619.95</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.

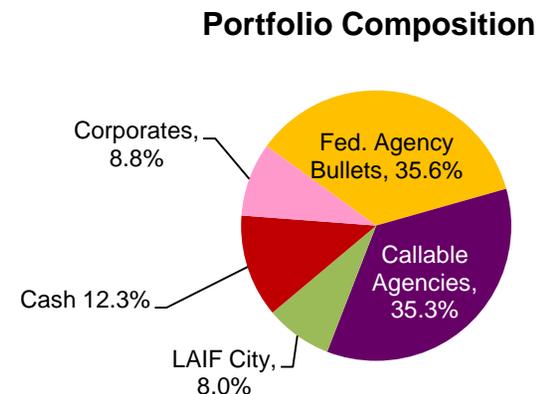
**Pooled Investment Portfolio**

As of September 30, 2013, the portfolio size (unamortized book value/purchase price) of City pooled cash and investments is \$614.4 million, a \$7.7 million increase from the prior month. Since the City holds most investments to maturity, variations in portfolio book value are typically due to receipt and expenditure patterns during the month rather than any realized gains or losses on securities. Additionally, the City does not amortize premiums or accrete discounts except for financial reporting purposes on the last day of each fiscal year. As noted earlier, the increase is primarily a result of receipts from business license renewals. Eight investments were made during the month (\$25 million), five investments matured (\$30.6 million), and two investments were called (\$10 million). No investments were sold. The State Local Agency Investment Fund (LAIF) account balance was unchanged in September. Cash held at Wells Fargo Bank was \$75.3 million as of month-end. Funds on deposit with Wells Fargo earn a net .0725%, earnings from which are used as a credit against monthly banking expenses.

Details of the main portfolio follow.

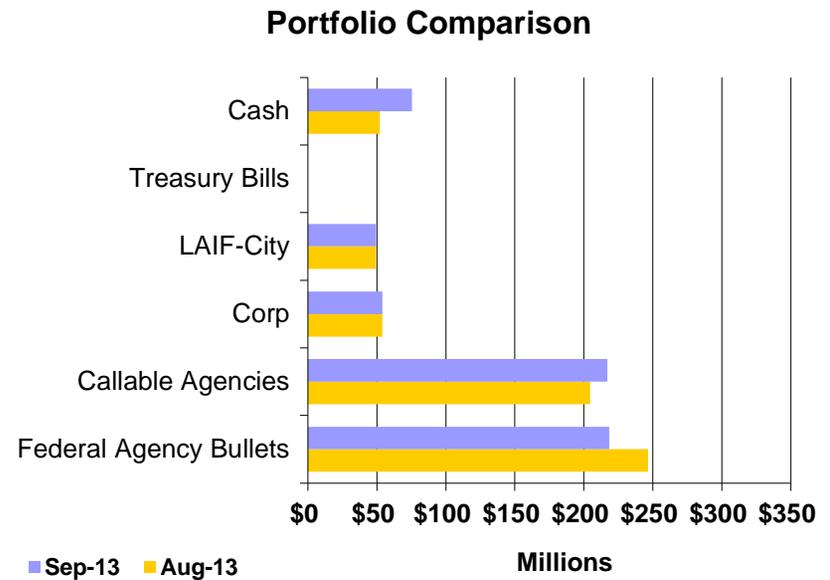
**Portfolio Composition**

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 (70.9%). The remaining 29.1% includes the State Local Agency Investment Fund (8.0%); corporate bonds (8.8%), and cash (12.3%). 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 September. 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 September due to the low interest rate environment. As noted in previous reports, rebalancing opportunities will be evaluated when rates begin to show a consistent pattern of increase.

**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
September 30, 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>												
3137EACL1	11002	Fed Home Loan Mortgage Corp		10/06/2010	2,000,000.00	2,001,200.00	2,005,360.00	0.875	1,118	0.787	27	10/28/2013
3137EACL1	11011	Fed Home Loan Mortgage Corp		11/16/2010	4,000,000.00	4,002,400.00	4,007,200.00	0.875	1,077	0.814	27	10/28/2013
3137EACL1	11024	Fed Home Loan Mortgage Corp		12/08/2010	5,000,000.00	5,003,000.00	4,988,000.00	0.875	1,055	0.957	27	10/28/2013
3133XVWW7	11048	Federal Home Loan Bank		01/25/2011	5,000,000.00	5,015,150.00	5,134,550.00	2.100	1,035	1.132	55	11/25/2013
3136FPEX1	10989	Federal National Mort Assoc		09/17/2010	2,500,000.00	2,505,500.00	2,500,000.00	1.125	1,187	1.125	77	12/17/2013
313370NL8	10990	Federal Home Loan Bank		08/27/2010	2,500,000.00	2,505,500.00	2,500,650.00	1.000	1,218	0.992	87	12/27/2013
3134G3JR2	11185	Fed Home Loan Mortgage Corp		01/09/2012	2,500,000.00	2,502,525.00	2,500,000.00	0.450	731	0.450	100	01/09/2014
313383T84	11364	Federal Home Loan Bank		08/01/2013	5,000,000.00	5,000,150.00	4,999,709.85	0.090	182	0.102	121	01/30/2014
31398AVD1	10914	Federal National Mort Assoc		12/22/2009	5,000,000.00	5,045,950.00	5,092,600.00	2.750	1,506	2.276	127	02/05/2014
31331KCA6	11051	Federal Farm Credit Bank		02/10/2011	2,500,000.00	2,511,600.00	2,500,000.00	1.375	1,096	1.375	132	02/10/2014
31331GNA3	10937	Federal Farm Credit Bank		02/12/2010	4,000,000.00	4,043,240.00	4,117,520.00	3.000	1,461	2.228	134	02/12/2014
313372U93	11058	Federal Home Loan Bank		03/03/2011	5,000,000.00	5,027,250.00	5,000,000.00	1.400	1,093	1.400	150	02/28/2014
31398AVZ2	11016	Federal National Mort Assoc		11/23/2010	3,000,000.00	3,035,970.00	3,175,080.00	2.750	1,206	0.952	163	03/13/2014
3134G3NS5	11225	Fed Home Loan Mortgage Corp		05/30/2012	3,000,000.00	3,003,600.00	2,996,460.00	0.300	660	0.366	171	03/21/2014
3134G2CL4	11094	Fed Home Loan Mortgage Corp		05/20/2011	5,000,000.00	5,035,850.00	5,042,750.00	1.350	1,075	1.054	210	04/29/2014
31331KKQ2	11090	Federal Farm Credit Bank		05/19/2011	5,000,000.00	5,029,650.00	5,012,850.00	1.150	1,089	1.062	223	05/12/2014
31315PTZ2	11303	Farmer Mac		04/10/2013	3,000,000.00	3,002,010.00	3,000,000.00	0.220	426	0.220	252	06/10/2014
3133XWE70	11008	Federal Home Loan Bank		11/04/2010	4,000,000.00	4,066,200.00	4,237,120.00	2.500	1,317	0.829	255	06/13/2014
313379N47	11217	Federal Home Loan Bank		06/06/2012	3,000,000.00	3,005,790.00	3,000,000.00	0.400	751	0.400	269	06/27/2014
3135G0BJ1	11330	Federal National Mort Assoc		05/21/2013	3,128,000.00	3,151,460.00	3,161,331.97	1.125	402	0.155	269	06/27/2014
313379SK6	11236	Federal Home Loan Bank		07/25/2012	2,500,000.00	2,504,875.00	2,504,625.00	0.400	707	0.304	274	07/02/2014
3133ECLH5	11314	Federal Farm Credit Bank		04/30/2013	20,000,000.00	20,007,200.00	20,002,400.00	0.180	441	0.170	287	07/15/2014
3133ECLH5	11315	Federal Farm Credit Bank		04/30/2013	20,000,000.00	20,007,200.00	20,002,400.00	0.180	441	0.170	287	07/15/2014
3137EACU1	11195	Fed Home Loan Mortgage Corp		01/23/2012	5,000,000.00	5,036,100.00	5,064,750.00	1.000	919	0.482	302	07/30/2014
313383UA7	11371	Federal Home Loan Bank		08/15/2013	3,000,000.00	3,000,450.00	3,000,069.17	0.170	358	0.171	311	08/08/2014
3135G0BY8	11117	Federal National Mort Assoc		07/19/2011	4,000,000.00	4,026,480.00	3,997,920.00	0.875	1,136	0.890	331	08/28/2014
313383ZC8	11378	Federal Home Loan Bank		09/12/2013	5,000,000.00	5,000,750.00	5,000,130.00	0.180	365	0.177	346	09/12/2014
3133EA6W3	11280	Federal Farm Credit Bank		01/17/2013	2,500,000.00	2,502,150.00	2,500,200.00	0.270	657	0.266	400	11/05/2014
3134G3H78	11268	Fed Home Loan Mortgage Corp		11/06/2012	5,000,000.00	5,007,850.00	5,003,250.00	0.350	759	0.319	430	12/05/2014
3137EADA4	11179	Fed Home Loan Mortgage Corp		12/21/2011	2,500,000.00	2,512,450.00	2,497,225.00	0.625	1,104	0.662	454	12/29/2014
313381H24	11353	Federal Home Loan Bank		07/11/2013	3,000,000.00	3,001,290.00	2,998,200.00	0.250	554	0.290	472	01/16/2015
3134G3LF5	11198	Fed Home Loan Mortgage Corp		02/23/2012	3,000,000.00	3,009,690.00	3,026,442.00	1.000	1,086	0.700	500	02/13/2015
3134G3QH6	11215	Fed Home Loan Mortgage Corp		05/18/2012	2,500,000.00	2,505,525.00	2,500,000.00	0.570	1,021	0.570	520	03/05/2015
3134G3QH6	11279	Fed Home Loan Mortgage Corp		01/07/2013	2,500,000.00	2,505,525.00	2,509,125.00	0.570	787	0.400	520	03/05/2015
3135G0HG1	11267	Federal National Mort Assoc		11/06/2012	2,500,000.00	2,504,200.00	2,502,400.00	0.375	860	0.334	531	03/16/2015
313378XS5	11278	Federal Home Loan Bank		01/07/2013	2,500,000.00	2,507,300.00	2,512,000.00	0.650	843	0.441	576	04/30/2015

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**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
September 30, 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>												
31331KLE8	11086	Federal Farm Credit Bank		05/18/2011	2,500,000.00	2,552,250.00	2,501,250.00	1.600	1,461	1.587	594	05/18/2015
313379ER6	11323	Federal Home Loan Bank		05/15/2013	3,000,000.00	3,007,140.00	3,015,210.00	0.500	758	0.255	619	06/12/2015
3135G0SE4	11272	Federal National Mort Assoc		12/05/2012	5,000,000.00	5,001,700.00	5,000,000.00	0.420	922	0.420	622	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	639	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	660	07/23/2015
3133ECHV9	11296	Federal Farm Credit Bank		03/21/2013	5,000,000.00	4,998,600.00	4,997,550.00	0.350	861	0.371	667	07/30/2015
313375PT8	11147	Federal Home Loan Bank		09/19/2011	2,500,000.00	2,522,875.00	2,500,000.00	0.750	1,410	0.750	667	07/30/2015
313376VZ5	11196	Federal Home Loan Bank		01/30/2012	5,000,000.00	5,024,700.00	5,000,000.00	0.670	1,277	0.670	667	07/30/2015
3134G3GL8	11173	Fed Home Loan Mortgage Corp		01/13/2012	5,000,000.00	5,010,400.00	5,000,000.00	1.000	1,369	1.000	742	10/13/2015
3134G3GL8	11182	Fed Home Loan Mortgage Corp		01/13/2012	3,000,000.00	3,006,240.00	3,000,000.00	1.000	1,369	1.000	742	10/13/2015
313378FP1	11199	Federal Home Loan Bank		02/24/2012	3,000,000.00	3,014,040.00	3,000,000.00	0.720	1,369	0.719	784	11/24/2015
31331J4J9	11020	Federal Farm Credit Bank		12/07/2010	2,000,000.00	2,054,980.00	2,000,000.00	1.740	1,826	1.740	797	12/07/2015
3133EA3E6	11252	Federal Farm Credit Bank		10/04/2012	5,000,000.00	4,996,500.00	5,000,000.00	0.480	1,187	0.480	825	01/04/2016
3134G3RK8	11205	Fed Home Loan Mortgage Corp		03/27/2012	5,000,000.00	5,016,150.00	4,994,500.00	1.000	1,448	1.028	895	03/14/2016
3135G0WW9	11324	Federal National Mort Assoc		05/20/2013	3,000,000.00	2,983,800.00	3,000,000.00	0.520	1,096	0.520	962	05/20/2016
3135G0LD3	11220	Federal National Mort Assoc		05/29/2012	5,000,000.00	5,010,350.00	5,000,000.00	0.875	1,455	0.875	965	05/23/2016
313383BB6	11327	Federal Home Loan Bank		06/03/2013	3,000,000.00	2,986,140.00	3,000,000.00	0.550	1,096	0.550	976	06/03/2016
313383FD8	11381	Federal Home Loan Bank		09/06/2013	3,000,000.00	2,986,590.00	2,970,950.00	0.600	1,015	1.002	990	06/17/2016
3133834R9	11322	Federal Home Loan Bank		05/15/2013	3,000,000.00	2,984,190.00	2,990,280.00	0.375	1,136	0.480	997	06/24/2016
3134G3EW6	11168	Fed Home Loan Mortgage Corp		12/30/2011	3,400,000.00	3,407,820.00	3,400,000.00	1.270	1,644	1.270	1,003	06/30/2016
3136FTWY1	11174	Federal National Mort Assoc		12/30/2011	5,000,000.00	5,010,550.00	5,000,000.00	1.150	1,644	1.150	1,003	06/30/2016
3133ECTL8	11344	Federal Farm Credit Bank		07/08/2013	2,500,000.00	2,504,687.50	2,500,000.00	1.050	1,096	1.050	1,011	07/08/2016
3135G0MX8	11235	Federal National Mort Assoc		07/26/2012	5,000,000.00	4,994,750.00	5,000,000.00	0.750	1,461	0.750	1,029	07/26/2016
3135G0MX8	11288	Federal National Mort Assoc		01/31/2013	2,500,000.00	2,497,375.00	2,502,500.00	0.750	1,272	0.721	1,029	07/26/2016
313381VK8	11292	Federal Home Loan Bank		02/08/2013	2,000,000.00	1,991,720.00	1,998,000.00	0.575	1,267	0.604	1,032	07/29/2016
3134G4ET1	11375	Fed Home Loan Mortgage Corp		08/29/2013	2,500,000.00	2,498,250.00	2,495,614.58	0.850	1,075	0.928	1,042	08/08/2016
3134G4E95	11359	Fed Home Loan Mortgage Corp		08/15/2013	3,000,000.00	3,004,350.00	3,000,000.00	0.850	1,096	0.850	1,049	08/15/2016
3136G1UX5	11377	Federal National Mort Assoc		09/26/2013	2,500,000.00	2,512,650.00	2,500,000.00	1.010	1,096	1.010	1,091	09/26/2016
3136G1V71	11379	Federal National Mort Assoc		09/27/2013	2,500,000.00	2,508,000.00	2,500,000.00	1.125	1,096	1.125	1,092	09/27/2016
3133EA5W4	11260	Federal Farm Credit Bank		10/24/2012	5,000,000.00	4,969,800.00	5,000,000.00	0.650	1,461	0.650	1,119	10/24/2016
3135G0WS8	11316	Federal National Mort Assoc		05/15/2013	3,000,000.00	2,973,750.00	3,000,000.00	0.600	1,280	0.600	1,141	11/15/2016
313383CM1	11329	Federal Home Loan Bank		06/20/2013	3,000,000.00	2,975,850.00	3,000,000.00	0.600	1,279	0.600	1,176	12/20/2016
3134G4CM8	11350	Fed Home Loan Mortgage Corp		07/24/2013	2,500,000.00	2,506,150.00	2,500,000.00	1.250	1,280	1.250	1,211	01/24/2017
31315PN88	11351	Farmer Mac		07/05/2013	2,000,000.00	2,012,500.00	2,000,000.00	1.100	1,301	1.100	1,213	01/26/2017
3134G3LG3	11194	Fed Home Loan Mortgage Corp		02/14/2012	5,000,000.00	5,016,000.00	5,000,000.00	1.250	1,827	1.250	1,232	02/14/2017
3136FTH51	11347	Federal National Mort Assoc		06/26/2013	2,000,000.00	2,005,420.00	2,000,000.00	1.250	1,329	1.250	1,232	02/14/2017

**City of Santa Monica  
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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	2,492,725.00	2,499,125.00	1.000	1,299	1.010	1,245	02/27/2017
3134G4FD5	11372	Fed Home Loan Mortgage Corp		09/10/2013	5,000,000.00	5,016,200.00	5,000,000.00	1.125	1,277	1.125	1,256	03/10/2017
3136G0BD2	11206	Federal National Mort Assoc		04/24/2012	5,000,000.00	5,026,950.00	5,000,000.00	1.400	1,826	1.400	1,301	04/24/2017
3133ECKV5	11302	Federal Farm Credit Bank		04/05/2013	3,000,000.00	2,957,160.00	3,000,000.00	0.700	1,522	0.700	1,343	06/05/2017
313383PD7	11349	Federal Home Loan Bank		06/28/2013	2,500,000.00	2,512,125.00	2,498,075.00	1.250	1,442	1.270	1,347	06/09/2017
3136G1NQ8	11336	Federal National Mort Assoc		06/19/2013	4,000,000.00	3,967,280.00	4,000,000.00	1.000	1,461	1.000	1,357	06/19/2017
3136G0MK4	11218	Federal National Mort Assoc		06/21/2012	5,000,000.00	5,000,550.00	5,000,000.00	1.000	1,826	1.000	1,359	06/21/2017
3137EADH9	11335	Fed Home Loan Mortgage Corp		05/29/2013	3,000,000.00	2,993,100.00	3,009,930.00	1.000	1,492	0.976	1,367	06/29/2017
3137EADH9	11348	Fed Home Loan Mortgage Corp		06/27/2013	2,500,000.00	2,494,250.00	2,474,375.00	1.000	1,463	1.346	1,367	06/29/2017
3133EA4H8	11305	Federal Farm Credit Bank		04/04/2013	5,000,000.00	4,921,400.00	4,999,250.00	0.820	1,559	0.824	1,379	07/11/2017
3134G3ZH6	11341	Fed Home Loan Mortgage Corp		06/06/2013	4,000,000.00	3,970,520.00	4,000,000.00	1.000	1,510	1.000	1,393	07/25/2017
3137EADJ5	11290	Fed Home Loan Mortgage Corp		01/31/2013	2,500,000.00	2,492,300.00	2,509,875.00	1.000	1,639	0.910	1,396	07/28/2017
3134G3B90	11243	Fed Home Loan Mortgage Corp		08/15/2012	2,000,000.00	1,972,220.00	1,998,520.00	0.875	1,826	0.890	1,414	08/15/2017
3136G0G39	11250	Federal National Mort Assoc		09/27/2012	5,000,000.00	4,918,900.00	5,000,000.00	0.625	1,826	0.625	1,457	09/27/2017
3133EA3J5	11253	Federal Farm Credit Bank		10/10/2012	5,000,000.00	4,867,500.00	5,000,000.00	0.900	1,826	0.900	1,470	10/10/2017
3136G03Y5	11264	Federal National Mort Assoc		11/21/2012	5,000,000.00	4,942,968.50	5,000,000.00	0.750	1,826	0.750	1,512	11/21/2017
3136G05Q0	11269	Federal National Mort Assoc		11/27/2012	5,000,000.00	4,948,100.00	5,000,000.00	0.700	1,826	0.700	1,518	11/27/2017
3134G44N5	11317	Fed Home Loan Mortgage Corp		05/28/2013	3,000,000.00	2,924,160.00	3,000,000.00	0.750	1,645	0.750	1,519	11/28/2017
3133823A9	11285	Federal Home Loan Bank		02/22/2013	5,000,000.00	4,926,750.00	5,000,000.00	1.150	1,826	1.150	1,605	02/22/2018
3136G1DA4	11286	Federal National Mort Assoc		02/28/2013	5,000,000.00	4,954,950.00	5,000,000.00	1.000	1,826	1.171	1,611	02/28/2018
3134G37H7	11301	Fed Home Loan Mortgage Corp		04/25/2013	5,000,000.00	4,905,050.00	5,000,000.00	1.150	1,826	1.150	1,667	04/25/2018
31315PYT0	11318	Farmer Mac		05/02/2013	3,000,000.00	2,921,220.00	3,000,000.00	0.990	1,826	0.990	1,674	05/02/2018
3135G0XA6	11319	Federal National Mort Assoc		05/21/2013	3,000,000.00	2,919,900.00	3,000,000.00	1.030	1,826	1.030	1,693	05/21/2018
313382Z63	11325	Federal Home Loan Bank		05/22/2013	5,000,000.00	4,905,950.00	5,000,000.00	0.500	1,826	0.500	1,694	05/22/2018
313383EN7	11334	Federal Home Loan Bank		06/20/2013	5,000,000.00	4,901,100.00	5,000,000.00	1.000	1,826	1.000	1,723	06/20/2018
313383C25	11345	Federal Home Loan Bank		06/25/2013	2,500,000.00	2,430,000.00	2,412,708.33	0.600	1,821	1.265	1,723	06/20/2018
3134G47M4	11338	Fed Home Loan Mortgage Corp		06/26/2013	3,000,000.00	2,964,240.00	2,999,250.00	1.500	1,826	1.505	1,729	06/26/2018
313383GK1	11337	Federal Home Loan Bank		06/27/2013	3,800,000.00	3,732,312.50	3,800,000.00	1.125	1,826	1.125	1,730	06/27/2018
3133ECTK0	11342	Federal Farm Credit Bank		07/02/2013	2,500,000.00	2,509,725.00	2,500,000.00	2.200	1,826	2.200	1,735	07/02/2018
3133ECTK0	11343	Federal Farm Credit Bank		07/02/2013	2,500,000.00	2,509,725.00	2,500,000.00	2.200	1,826	2.200	1,735	07/02/2018
3136G1RA9	11356	Federal National Mort Assoc		07/30/2013	2,000,000.00	2,003,140.00	2,000,000.00	1.000	1,826	1.000	1,763	07/30/2018
3134G4EW4	11365	Fed Home Loan Mortgage Corp		08/29/2013	2,435,000.00	2,439,845.65	2,435,000.00	2.000	1,824	2.000	1,791	08/27/2018
3136G1TR0	11373	Federal National Mort Assoc		09/13/2013	2,000,000.00	2,008,160.00	2,000,000.00	2.000	1,826	2.000	1,808	09/13/2018
3130A02E9	11380	Federal Home Loan Bank		09/25/2013	3,000,000.00	3,015,240.00	3,000,000.00	0.750	1,826	0.750	1,820	09/25/2018
3136G1VG1	11382	Federal National Mort Assoc		09/27/2013	2,000,000.00	2,014,120.00	2,000,000.00	2.200	1,826	2.200	1,822	09/27/2018
<b>Subtotal and Average</b>			<b>400,480,706.90</b>		<b>407,763,000.00</b>	<b>407,167,437.10</b>	<b>408,594,280.90</b>		<b>1,225</b>	<b>0.826</b>	<b>848</b>	

**City of Santa Monica  
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September 30, 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>												
313385PW0	11367	Federal Home Loan Bank		08/02/2013	5,000,000.00	4,999,850.00	4,998,925.69	0.065	119	0.066	59	11/29/2013
313589QW6	11368	Federal National Mort Assoc		08/05/2013	5,000,000.00	4,999,750.00	4,998,638.89	0.070	140	0.071	83	12/23/2013
313385SE7	11369	Federal Home Loan Bank		08/02/2013	5,000,000.00	4,999,700.00	4,998,298.61	0.070	175	0.071	115	01/24/2014
313589TU7	11366	Federal National Mort Assoc		08/02/2013	5,000,000.00	4,999,350.00	4,997,337.50	0.090	213	0.093	153	03/03/2014
313397VY4	11376	Fed Home Loan Mortgage Corp		08/29/2013	3,000,000.00	2,999,310.00	2,998,016.67	0.100	238	0.103	205	04/24/2014
313397XB2	11374	Fed Home Loan Mortgage Corp		08/29/2013	4,000,000.00	3,998,720.00	3,996,761.11	0.110	265	0.113	232	05/21/2014
<b>Subtotal and Average</b>			<b>44,817,829.17</b>		<b>27,000,000.00</b>	<b>26,996,680.00</b>	<b>26,987,978.47</b>		<b>186</b>	<b>0.084</b>	<b>133</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	4,063,921.88	4,122,009.00	2.125	385	0.435	76	12/16/2013
38259PAA0	11213	Google		05/22/2012	1,245,000.00	1,252,221.00	1,264,870.20	1.250	727	0.444	230	05/19/2014
98458PAB1	11208	Yale University		04/10/2012	1,178,000.00	1,208,580.88	1,246,265.10	2.900	918	0.575	379	10/15/2014
459200GZ8	11270	IBM Corp		11/14/2012	5,000,000.00	5,032,200.00	5,052,250.00	0.875	716	0.340	395	10/31/2014
89233P5N2	11358	Toyota Motor Credit Corp		07/19/2013	2,000,000.00	2,020,937.40	2,025,585.56	1.250	486	0.445	412	11/17/2014
94974BFE5	11287	Wells Fargo & Compnay		01/31/2013	2,000,000.00	2,025,080.00	2,032,480.00	1.500	881	0.820	638	07/01/2015
89233P6J0	11357	Toyota Motor Credit Corp		07/19/2013	2,000,000.00	2,013,880.00	2,009,817.22	0.875	728	0.629	654	07/17/2015
94985H5F7	11363	Wells Fargo Bank		07/29/2013	2,500,000.00	2,504,250.00	2,499,125.00	0.750	721	0.768	657	07/20/2015
594918AG9	11211	Microsoft		05/10/2012	5,000,000.00	5,116,100.00	5,170,600.00	1.625	1,233	0.602	724	09/25/2015
084670BG2	11291	Berkshire Hathaway		02/11/2013	2,000,000.00	2,002,140.00	2,005,620.00	0.800	1,095	0.705	863	02/11/2016
037833AH3	11320	Apple Inc.		05/06/2013	3,000,000.00	2,979,000.00	3,002,542.50	0.450	1,093	0.423	945	05/03/2016
478160AY0	11293	Johnson & Johnson		02/12/2013	2,000,000.00	2,075,920.00	2,105,040.00	2.150	1,188	0.522	957	05/15/2016
89236TAL9	11333	Toyota Motor Credit Corp		05/28/2013	3,000,000.00	2,997,360.00	3,008,923.33	0.800	1,085	0.707	959	05/17/2016
94974BFL9	11362	Wells Fargo & Compnay		07/29/2013	3,000,000.00	3,001,320.00	2,997,120.00	1.250	1,087	1.283	1,023	07/20/2016

**City of Santa Monica  
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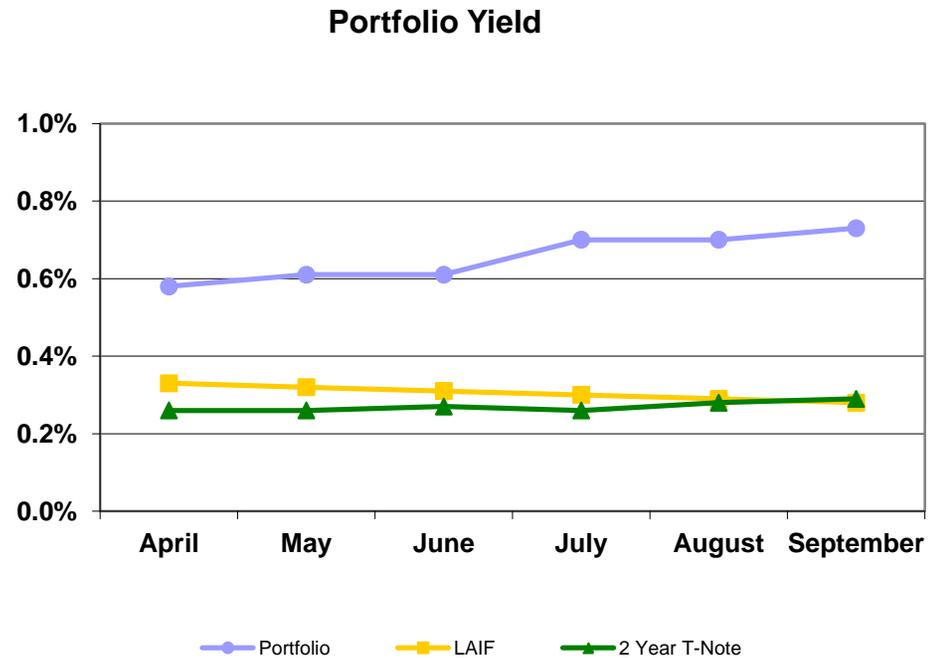
CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
<b>Corporate Bonds</b>												
084670BB3	11244	Berkshire Hathaway		08/20/2012	3,000,000.00	3,110,625.00	3,132,540.00	2.200	1,456	1.065	1,049	08/15/2016
742718DV8	11352	Procter & Gamble		07/05/2013	1,985,000.00	2,017,295.95	2,011,658.55	1.450	1,137	1.010	1,049	08/15/2016
64952WBK8	11283	New York Life		01/23/2013	2,855,000.00	2,789,277.90	2,872,529.70	1.300	1,741	1.167	1,490	10/30/2017
594918AP9	11311	Microsoft		04/30/2013	2,500,000.00	2,456,600.00	2,505,000.00	0.875	1,660	0.931	1,506	11/15/2017
037833AJ9	11321	Apple Inc.		05/06/2013	2,500,000.00	2,408,125.00	2,505,808.33	1.000	1,823	0.954	1,675	05/03/2018
037833AJ9	11326	Apple Inc.		05/17/2013	2,500,000.00	2,408,125.00	2,479,947.22	1.000	1,812	1.175	1,675	05/03/2018
<b>Subtotal and Average</b>			<b>54,049,731.71</b>		<b>53,313,000.00</b>	<b>53,482,960.01</b>	<b>54,049,731.71</b>		<b>1,096</b>	<b>0.736</b>	<b>855</b>	
<b>Total and Average</b>			<b>548,756,387.86</b>		<b>537,484,120.08</b>	<b>537,055,197.19</b>	<b>539,040,111.16</b>		<b>1,048</b>	<b>0.728</b>	<b>735</b>	

**City of Santa Monica  
Portfolio Management  
Activity By Type  
September 1, 2013 through September 30, 2013**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
<b>Federal Agency Coupon</b>							
3133XUPZ0	10942	Federal Home Loan Bank	2.625	09/13/2013	0.00	3,076,230.00	
313370LB2	10982	Federal Home Loan Bank	1.000	09/13/2013	0.00	2,502,850.00	
313383ZC8	11378	Federal Home Loan Bank	0.180	09/12/2013	5,000,130.00	0.00	
3130A02E9	11380	Federal Home Loan Bank	0.750	09/25/2013	3,000,000.00	0.00	
313383FD8	11381	Federal Home Loan Bank	0.600	09/06/2013	2,967,000.00	0.00	
3134G4FD5	11372	Fed Home Loan Mortgage Corp	1.125	09/10/2013	5,000,000.00	0.00	
3136FRS38	11135	Federal National Mort Assoc	1.400	09/06/2013	0.00	5,000,000.00	
3135G0CU5	11138	Federal National Mort Assoc	0.625	09/12/2013	0.00	5,000,000.00	
3136G1TR0	11373	Federal National Mort Assoc	2.000	09/13/2013	2,000,000.00	0.00	
3136G1UX5	11377	Federal National Mort Assoc	1.010	09/26/2013	2,500,000.00	0.00	
3136G1V71	11379	Federal National Mort Assoc	1.125	09/27/2013	2,500,000.00	0.00	
3136G1VG1	11382	Federal National Mort Assoc	2.200	09/27/2013	2,000,000.00	0.00	
<b>Subtotal</b>					<b>24,967,130.00</b>	<b>15,579,080.00</b>	<b>408,594,280.90</b>
<b>Federal Agency Discount</b>							
313385LR5	11354	Federal Home Loan Bank	0.030	09/13/2013	0.00	4,999,754.17	
313385LW4	11355	Federal Home Loan Bank	0.030	09/18/2013	0.00	4,999,737.50	
313397MF5	11331	Fed Home Loan Mortgage Corp	0.070	09/27/2013	0.00	14,996,266.67	
<b>Subtotal</b>					<b>0.00</b>	<b>24,995,758.34</b>	<b>26,987,978.47</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>24,967,130.00</b>	<b>40,574,838.34</b>	<b>539,040,111.16</b>

**Portfolio Yield**

The portfolio yield-to-maturity was 0.73% as of September 30, 2013, up three basis points from the prior month and one basis point from one year earlier. This is the first year over year increase in over five years. However, 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 September. 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 pulled back in September after increasing in August as the Federal Reserve dampened speculation that it might start to taper its bond buying program before year-end. The two year CMT month-end rate fell six basis points to 0.33%, after hitting its highest level 2.5 years in August. The twelve month moving average was unchanged at 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. However, the Fed is expected to be tapering around year-end. LAIF rates also remain at historic low points. The twelve month moving average LAIF yield fell to a new record low of 0.28% in September and has not shown a monthly increase for over five years. The month-end LAIF rate was 0.26%,

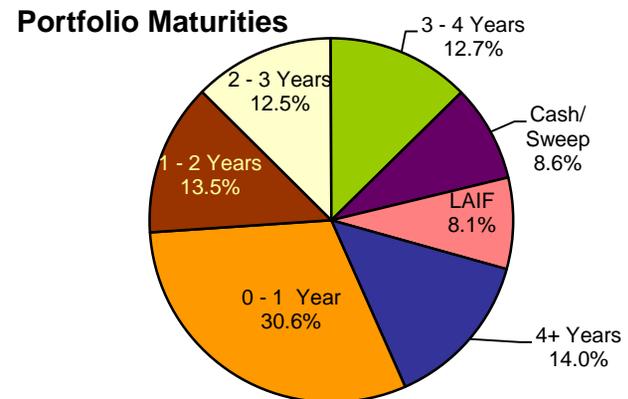
At its September meeting, Federal Open Market Committee (Fed) left the target Fed Funds rate unchanged at a range of 0% to 0.25%. The Fed stated that while economic growth was expanding at a moderate pace, they wanted to see more evidence of sustained economic growth before deviating from current policy. The unemployment rate did decrease slightly to 7.2% in September. However, the labor participation rate continued to be weak. Third quarter GDP showed a strong 4.1% increase, the highest since 2011, after rates of 2.5% and 1.1% in the first two quarters of the year. Most recent economic projections predict annualized growth in the 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 increased about 2.2% in September after falling in two of the previous three months.

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.

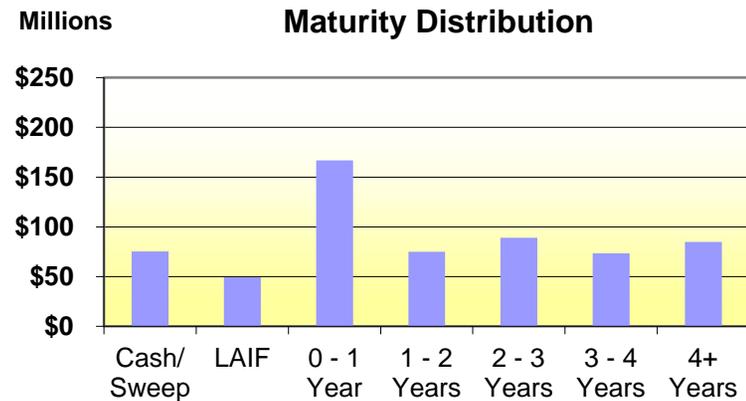
Net investment income in September was \$0.2 million. Fiscal year-to-date revenues are down 29.2% from the same period a year ago reflecting the continuing impact of the historically low interest rate environment.

**Maturity Distribution**

The weighted average days to maturity of the portfolio as of September 30, 2013 is 735 days (2.01 years), twenty-five days higher than 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 under the current interest rate environment. 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).



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 September 30, 2013, the market value and the book value of the City’s pooled investments (excluding cash) are:

Market Value	\$ 537,055,197.19
Book Value (purchase price)	539,040,111.16
<hr/>	
Unrealized Gain/ (Loss)	\$ (1,984,913.97)

**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 September 30, 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 that were slightly downgraded in May 2013 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 continues to recommend holding 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 9/30/13**

	Pooled Portfolio (1) (3)	% of Portfolio	Legal/ Policy Limit	In Compliance (Yes/No)
<b>Federal Agency Securities</b>				
Federal Home Loan Bank	\$105,069,501.65	17.1%	50.0%	Yes
Federal National Mortgage Association	108,927,808.36	17.7%	50.0%	Yes
Federal Home Loan Mortgage Corporation	113,451,529.36	18.5%	50.0%	Yes
Farmer Mac	8,000,000.00	1.3%	50.0%	Yes
Federal Farm Credit Bank	100,133,420.00	16.3%	50.0%	Yes
<b>Total Federal Agency Securities</b>	<b>\$435,582,259.37</b>	<b>70.9%</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>8.8%</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>8.0%</b>	\$50 million	Yes
<b>Cash (2)</b>	<b>\$75,342,145.40</b>	<b>12.3%</b>	None	Yes
<b>Total (Book Value)</b>	<b>\$614,382,256.54</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 (\$1,533,905.90), Successor Agency account (\$19,002,356.98), 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 9/30/13 (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	\$2,011,658.55	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

**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