



Information Item

Date: February 24, 2014

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

Discussion

The November 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 of \$631.5 million, a gain of \$16.9 million from the prior month. The increase primarily reflects federal grant funds to reimburse Big Blue Bus for vehicle purchases. The pooled portfolio yield-to-maturity of 0.69% is two basis points lower than last month and also from November 2012. Net investment earnings were \$0.2 million. Fiscal year-to-date earnings are 31.1% 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 November 30, 2013 included \$28.1 million in debt proceeds held in trust with various fiscal agents, \$45.8 million in other funds held in trust, and \$28,352 in petty cash/change funds for a total balance of \$705.4 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 November 30, 2013, the market value of the City's portfolio was approximately \$1.2 million less than the book value.

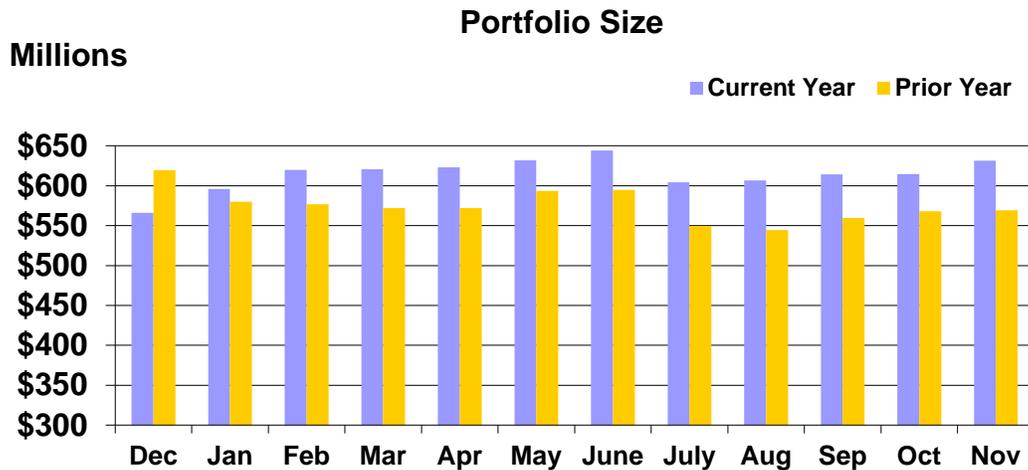
Attached is a summary of investment activity as well as a detailed report of public monies held by the City Treasurer as of November 30, 2013.

Prepared by: David Carr, Assistant City Treasurer

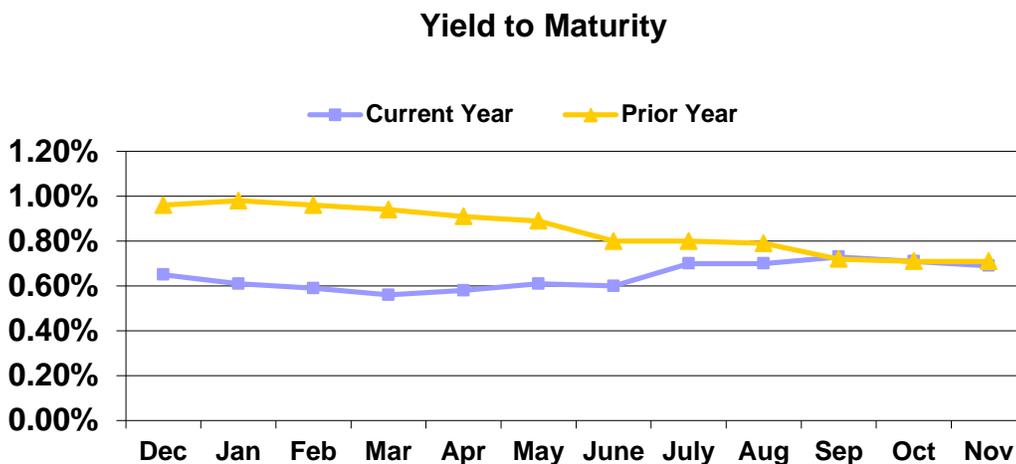
Attachments: 1 – Investment Highlights
2 – Investment Report

Investment Highlights

November 30, 2013

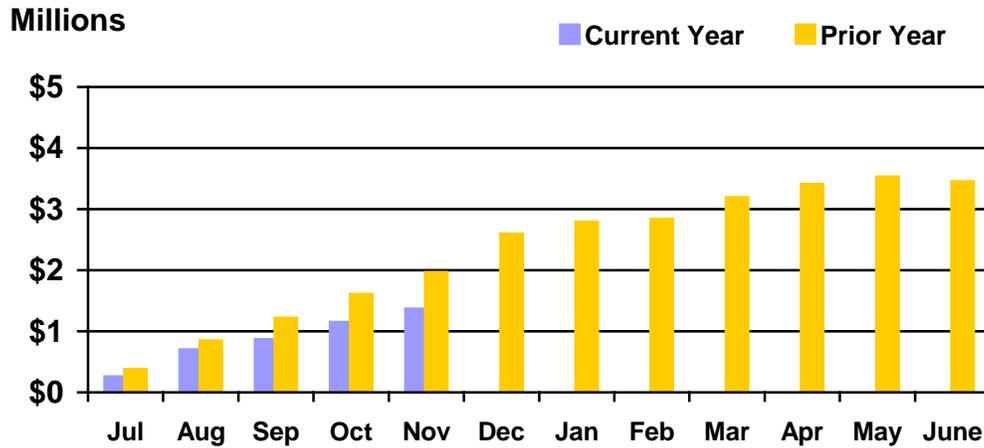


- As of November 30, 2013, the portfolio size is \$631.5 million, \$16.9 million more than in the prior month and \$62.4 million more than one year earlier.
- Increase from last month primarily reflects federal grant reimbursements for BBB bus purchases.
- The increase from last year largely reflects the consolidation of the Charnock pooled portfolios and receipt of payment for a legal settlement.

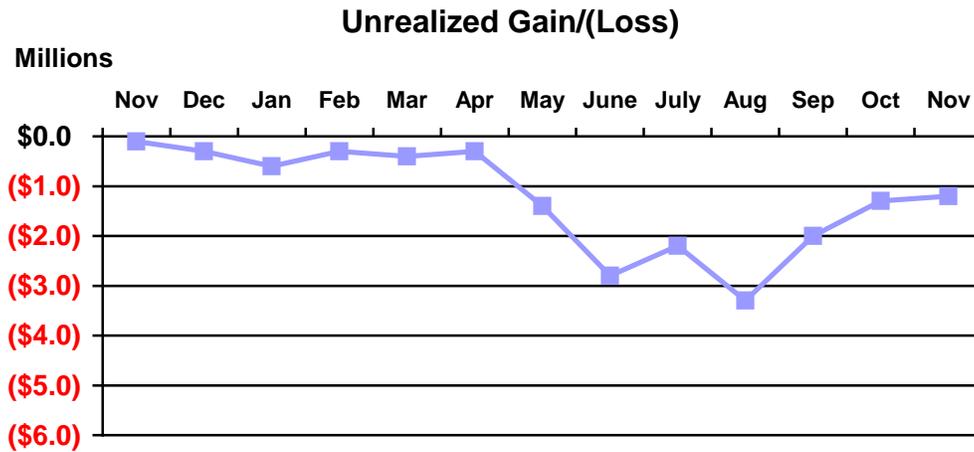


- As of November 30, yield to maturity is 0.69%.
- Down two basis points from the prior month and one year earlier.

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



- Fiscal year-to-date earnings are down 31.1% from one year earlier.



- As of November 30, 2013, the market value is about \$1.2 million less than the unamortized book value (purchase price).



Investment Report

November 30 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
November 30, 2013**

| | |
|--|-------------------------|
| Petty Cash/Change Funds | \$28,352.00 |
| Pooled Portfolio | |
| Wells Fargo Bank (1) | \$62,995,351.87 |
| Bank of New York (BNY) | |
| Corporate Bonds | \$54,043,399.77 |
| Treasury Bills | \$0.00 |
| Federal Agencies Securities | \$464,999,440.90 |
| Total Bank of New York | \$519,042,840.67 |
| State of California Local Agency Investment Fund - City | \$49,440,079.21 |
| Total Pooled Portfolio | \$631,478,271.75 |
| Restricted Cash/Investments Held in Trust/Debt Proceeds | |
| Union Bank - Redevelopment Agency Term Loan | \$13,052,072.05 |
| 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 | \$2,827,082.38 |
| Union Bank-RDA 2011 Tax Allocation Bonds | \$2,262,529.68 |
| 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 | \$1,029,015.94 |
| BNY-2011 Series A & B Bonds | \$7,111,941.80 |
| U.S. Bank-Wastewater Enterprise Revenue Bonds-2012 Refunding | \$0.97 |
| U.S. Bank-Wastewater Enterprise Revenue Bonds-2005 Refunding | \$2.00 |
| Total Restricted Cash/Investments Held in Trust | \$28,093,175.61 |
| Other Restricted Funds/Funds Held in Trust | |
| Cemetery Perpetual Care Fund (3) | \$9,613,633.00 |
| Mausoleum Perpetual Care Fund (3) | \$1,115,463.00 |
| Santa Monica Redevelopment Successor Agency RORF-Wells Fargo | \$18,821,467.34 |
| Wells Fargo Bank - HUD Depository Account (4) | \$1,710,329.81 |
| U.S. Bank-W.E. O'Neil Retention Escrow Account | \$558,448.20 |
| First Republic Bank - Keysor Marston Escrow | \$1,055,321.89 |
| Wells Fargo Bank - High Place West Escrow | \$871,477.92 |
| Wells Fargo Bank - Expo 26th and 17th | \$0.00 |
| Wells Fargo Bank -RDA Successor Agency - OP Special Fund | \$3,809,582.33 |
| Union Bank - Santa Monica Redevelopment Successor Agency Account | \$0.00 |
| Union Bank - Housing Authority Custodial Account | \$6,531,406.76 |
| Union Bank - W.E. O'Neil Direct Owner Costs PGW Escrow | \$1,478,425.98 |
| Union Bank - Morley Direct Owner Costs Civic Escrow | \$59,967.27 |
| Wells Fargo Bank - Public Agency Family Self Sufficiency Program (2) | \$155,690.49 |
| Total Other Funds Held in Trust | \$45,781,213.99 |
| GRAND TOTAL | \$705,381,013.35 |

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

- (1) These are the actual bank account balances as of 11/30/13. 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 - October 31, 2013 | \$614,609,751.36 |
| Receipts | 53,895,739.92 |
| Disbursements | (37,027,219.53) |
| Cash and Investments - November 30, 2013 | \$631,478,271.75 |

* 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 November 30, 2013, total City cash and investments (including cash held for the Successor Agency to the Redevelopment Agency) were \$705.4 million, a \$13.9 million increase from the prior month. The pooled portfolio increased by \$16.9 million, primarily due to Federal grant payments to reimburse the Big Blue Bus for vehicle purchases. Partially offsetting was a decrease in Other Restricted Funds/Funds Held in Trust reflecting a release of escrow funds related to the High Place West and Expo station betterment projects. Total cash and investments are categorized as follows:

| | | |
|--|----|-----------------------|
| Petty Cash/Change Funds | \$ | 28,352.00 |
| Pooled Investment Portfolio | \$ | 631,478,271.75 |
| Restricted Cash/Investment Held in Trust | \$ | 28,093,175.61 |
| Other Funds Held in Trust | \$ | 45,781,213.99 |
| Total | \$ | <u>705,381,013.35</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.

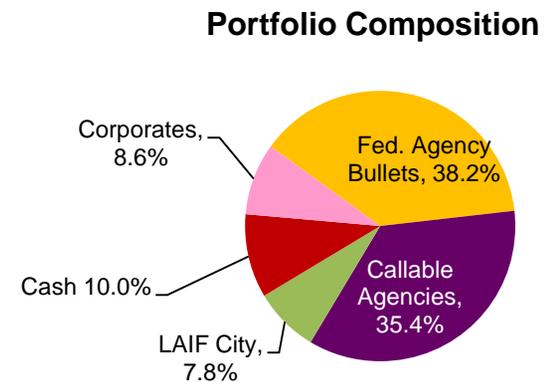
Pooled Investment Portfolio

As of November 30, 2013, the portfolio size (unamortized book value/purchase price) of City pooled cash and investments is \$631.5 million, \$16.9 million more than in 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 above, the increase was primarily due to Federal grant payments to reimburse the Big Blue Bus for vehicle purchases. Five investments were made during the month (\$40 million), two investments matured (\$10.1 million), and one investment was called (\$2.4 million). No investments were sold. The State Local Agency Investment Fund (LAIF) account balance was unchanged in November. Cash held at Wells Fargo Bank was \$63 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.

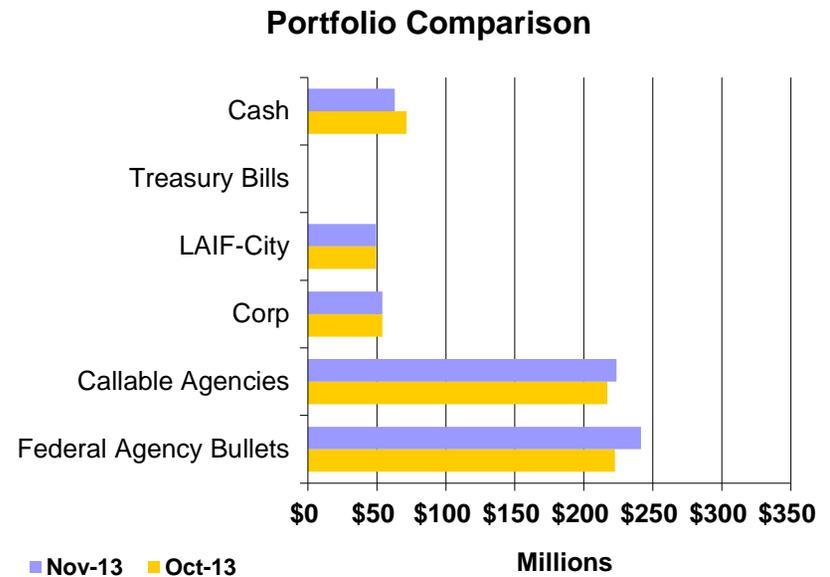
Portfolio Composition

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 (73.6%). The remaining 26.4% includes the State Local Agency Investment Fund (7.8%); corporate bonds (8.6%), and cash (10%). 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 November. A large portion of the portfolio has been kept very liquid reflecting continuing uncertainty regarding the impact of RDA dissolution on cash flow needs. In late October, the City, RDA Successor Agency, and the State Department of Finance entered in a settlement agreement, which will reduce some of the uncertainty over the next several months and eventually allow for increased investment of funds. However, 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 November 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
November 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 |
|------------------------------|--------------|-----------------------------|-----------------|---------------|---------------|---------------|---------------|-------------|-------|---------|------------------|---------------|
| Federal Agency Coupon | | | | | | | | | | | | |
| 3136FPEX1 | 10989 | Federal National Mort Assoc | | 09/17/2010 | 2,500,000.00 | 2,501,050.00 | 2,500,000.00 | 1.125 | 1,187 | 1.125 | 16 | 12/17/2013 |
| 313370NL8 | 10990 | Federal Home Loan Bank | | 08/27/2010 | 2,500,000.00 | 2,501,562.50 | 2,500,650.00 | 1.000 | 1,218 | 0.992 | 26 | 12/27/2013 |
| 3134G3JR2 | 11185 | Fed Home Loan Mortgage Corp | | 01/09/2012 | 2,500,000.00 | 2,500,875.00 | 2,500,000.00 | 0.450 | 731 | 0.450 | 39 | 01/09/2014 |
| 313383T76 | 11389 | Federal Home Loan Bank | | 11/26/2013 | 10,000,000.00 | 9,999,700.00 | 10,003,840.00 | 0.090 | 59 | 0.041 | 54 | 01/24/2014 |
| 313383T84 | 11364 | Federal Home Loan Bank | | 08/01/2013 | 5,000,000.00 | 4,999,850.00 | 4,999,709.85 | 0.090 | 182 | 0.102 | 60 | 01/30/2014 |
| 31398AVD1 | 10914 | Federal National Mort Assoc | | 12/22/2009 | 5,000,000.00 | 5,023,100.00 | 5,092,600.00 | 2.750 | 1,506 | 2.276 | 66 | 02/05/2014 |
| 31331KCA6 | 11051 | Federal Farm Credit Bank | | 02/10/2011 | 2,500,000.00 | 2,505,975.00 | 2,500,000.00 | 1.375 | 1,096 | 1.375 | 71 | 02/10/2014 |
| 31331GNA3 | 10937 | Federal Farm Credit Bank | | 02/12/2010 | 4,000,000.00 | 4,022,840.00 | 4,117,520.00 | 3.000 | 1,461 | 2.228 | 73 | 02/12/2014 |
| 313372U93 | 11058 | Federal Home Loan Bank | | 03/03/2011 | 5,000,000.00 | 5,015,550.00 | 5,000,000.00 | 1.400 | 1,093 | 1.400 | 89 | 02/28/2014 |
| 31398AVZ2 | 11016 | Federal National Mort Assoc | | 11/23/2010 | 3,000,000.00 | 3,022,200.00 | 3,175,080.00 | 2.750 | 1,206 | 0.952 | 102 | 03/13/2014 |
| 3134G3NS5 | 11225 | Fed Home Loan Mortgage Corp | | 05/30/2012 | 3,000,000.00 | 3,002,100.00 | 2,996,460.00 | 0.300 | 660 | 0.366 | 110 | 03/21/2014 |
| 3134G2CL4 | 11094 | Fed Home Loan Mortgage Corp | | 05/20/2011 | 5,000,000.00 | 5,025,300.00 | 5,042,750.00 | 1.350 | 1,075 | 1.054 | 149 | 04/29/2014 |
| 31331KKQ2 | 11090 | Federal Farm Credit Bank | | 05/19/2011 | 5,000,000.00 | 5,021,200.00 | 5,012,850.00 | 1.150 | 1,089 | 1.062 | 162 | 05/12/2014 |
| 31315PTZ2 | 11303 | Farmer Mac | | 04/10/2013 | 3,000,000.00 | 3,001,080.00 | 3,000,000.00 | 0.220 | 426 | 0.220 | 191 | 06/10/2014 |
| 3133XWE70 | 11008 | Federal Home Loan Bank | | 11/04/2010 | 4,000,000.00 | 4,049,840.00 | 4,237,120.00 | 2.500 | 1,317 | 0.829 | 194 | 06/13/2014 |
| 3130A04L1 | 11383 | Federal Home Loan Bank | | 10/28/2013 | 10,000,000.00 | 9,997,800.00 | 10,001,369.44 | 0.110 | 238 | 0.105 | 204 | 06/23/2014 |
| 313379N47 | 11217 | Federal Home Loan Bank | | 06/06/2012 | 3,000,000.00 | 3,004,260.00 | 3,000,000.00 | 0.400 | 751 | 0.400 | 208 | 06/27/2014 |
| 3135G0BJ1 | 11330 | Federal National Mort Assoc | | 05/21/2013 | 3,128,000.00 | 3,145,704.48 | 3,161,331.97 | 1.125 | 402 | 0.155 | 208 | 06/27/2014 |
| 313379SK6 | 11236 | Federal Home Loan Bank | | 07/25/2012 | 2,500,000.00 | 2,503,625.00 | 2,504,625.00 | 0.400 | 707 | 0.304 | 213 | 07/02/2014 |
| 3133ECLH5 | 11314 | Federal Farm Credit Bank | | 04/30/2013 | 20,000,000.00 | 20,003,000.00 | 20,002,400.00 | 0.180 | 441 | 0.170 | 226 | 07/15/2014 |
| 3133ECLH5 | 11315 | Federal Farm Credit Bank | | 04/30/2013 | 20,000,000.00 | 20,003,000.00 | 20,002,400.00 | 0.180 | 441 | 0.170 | 226 | 07/15/2014 |
| 3137EACU1 | 11195 | Fed Home Loan Mortgage Corp | | 01/23/2012 | 5,000,000.00 | 5,028,400.00 | 5,064,750.00 | 1.000 | 919 | 0.482 | 241 | 07/30/2014 |
| 313383UA7 | 11371 | Federal Home Loan Bank | | 08/15/2013 | 3,000,000.00 | 3,000,150.00 | 3,000,069.17 | 0.170 | 358 | 0.171 | 250 | 08/08/2014 |
| 3135G0BY8 | 11117 | Federal National Mort Assoc | | 07/19/2011 | 4,000,000.00 | 4,020,920.00 | 3,997,920.00 | 0.875 | 1,136 | 0.890 | 270 | 08/28/2014 |
| 313383ZC8 | 11378 | Federal Home Loan Bank | | 09/12/2013 | 5,000,000.00 | 5,000,200.00 | 5,000,130.00 | 0.180 | 365 | 0.177 | 285 | 09/12/2014 |
| 3133EA6W3 | 11280 | Federal Farm Credit Bank | | 01/17/2013 | 2,500,000.00 | 2,502,075.00 | 2,500,200.00 | 0.270 | 657 | 0.266 | 339 | 11/05/2014 |
| 3134G3H78 | 11268 | Fed Home Loan Mortgage Corp | | 11/06/2012 | 5,000,000.00 | 5,008,450.00 | 5,003,250.00 | 0.350 | 759 | 0.319 | 369 | 12/05/2014 |
| 3137EADA4 | 11179 | Fed Home Loan Mortgage Corp | | 12/21/2011 | 2,500,000.00 | 2,511,600.00 | 2,497,225.00 | 0.625 | 1,104 | 0.662 | 393 | 12/29/2014 |
| 313381H24 | 11353 | Federal Home Loan Bank | | 07/11/2013 | 3,000,000.00 | 3,002,670.00 | 2,998,200.00 | 0.250 | 554 | 0.290 | 411 | 01/16/2015 |
| 3134G3LF5 | 11198 | Fed Home Loan Mortgage Corp | | 02/23/2012 | 3,000,000.00 | 3,005,070.00 | 3,026,442.00 | 1.000 | 1,086 | 0.700 | 439 | 02/13/2015 |
| 3134G3QH6 | 11215 | Fed Home Loan Mortgage Corp | | 05/18/2012 | 2,500,000.00 | 2,503,175.00 | 2,500,000.00 | 0.570 | 1,021 | 0.570 | 459 | 03/05/2015 |
| 3134G3QH6 | 11279 | Fed Home Loan Mortgage Corp | | 01/07/2013 | 2,500,000.00 | 2,503,175.00 | 2,509,125.00 | 0.570 | 787 | 0.400 | 459 | 03/05/2015 |
| 3135G0HG1 | 11267 | Federal National Mort Assoc | | 11/06/2012 | 2,500,000.00 | 2,505,078.00 | 2,502,400.00 | 0.375 | 860 | 0.334 | 470 | 03/16/2015 |
| 313378XS5 | 11278 | Federal Home Loan Bank | | 01/07/2013 | 2,500,000.00 | 2,504,900.00 | 2,512,000.00 | 0.650 | 843 | 0.441 | 515 | 04/30/2015 |
| 31331KLE8 | 11086 | Federal Farm Credit Bank | | 05/18/2011 | 2,500,000.00 | 2,549,025.00 | 2,501,250.00 | 1.600 | 1,461 | 1.587 | 533 | 05/18/2015 |
| 313379ER6 | 11323 | Federal Home Loan Bank | | 05/15/2013 | 3,000,000.00 | 3,010,680.00 | 3,015,210.00 | 0.500 | 758 | 0.255 | 558 | 06/12/2015 |

Portfolio INVT
CC
PM (PRF_PM2) 7.3.0

**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
November 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 |
|------------------------------|--------------|-----------------------------|-----------------|---------------|--------------|--------------|--------------|-------------|-------|---------|------------------|---------------|
| Federal Agency Coupon | | | | | | | | | | | | |
| 3135G0SE4 | 11272 | Federal National Mort Assoc | | 12/05/2012 | 5,000,000.00 | 5,000,050.00 | 5,000,000.00 | 0.420 | 922 | 0.420 | 561 | 06/15/2015 |
| 3133ECTV6 | 11346 | Federal Farm Credit Bank | | 07/02/2013 | 3,500,000.00 | 3,506,160.00 | 3,500,000.00 | 0.500 | 730 | 0.500 | 578 | 07/02/2015 |
| 3133EAZJ0 | 11240 | Federal Farm Credit Bank | | 07/25/2012 | 2,500,000.00 | 2,500,050.00 | 2,500,000.00 | 0.480 | 1,093 | 0.480 | 599 | 07/23/2015 |
| 3133ECHV9 | 11296 | Federal Farm Credit Bank | | 03/21/2013 | 5,000,000.00 | 5,005,000.00 | 4,997,550.00 | 0.350 | 861 | 0.371 | 606 | 07/30/2015 |
| 313375PT8 | 11147 | Federal Home Loan Bank | | 09/19/2011 | 2,500,000.00 | 2,525,175.00 | 2,500,000.00 | 0.750 | 1,410 | 0.750 | 606 | 07/30/2015 |
| 313376VZ5 | 11196 | Federal Home Loan Bank | | 01/30/2012 | 5,000,000.00 | 5,031,200.00 | 5,000,000.00 | 0.670 | 1,277 | 0.670 | 606 | 07/30/2015 |
| 3134G3GL8 | 11173 | Fed Home Loan Mortgage Corp | | 01/13/2012 | 5,000,000.00 | 5,004,250.00 | 5,000,000.00 | 1.000 | 1,369 | 1.000 | 681 | 10/13/2015 |
| 3134G3GL8 | 11182 | Fed Home Loan Mortgage Corp | | 01/13/2012 | 3,000,000.00 | 3,002,550.00 | 3,000,000.00 | 1.000 | 1,369 | 1.000 | 681 | 10/13/2015 |
| 313378FP1 | 11199 | Federal Home Loan Bank | | 02/24/2012 | 3,000,000.00 | 3,021,450.00 | 3,000,000.00 | 0.720 | 1,369 | 0.719 | 723 | 11/24/2015 |
| 31331J4J9 | 11020 | Federal Farm Credit Bank | | 12/07/2010 | 2,000,000.00 | 2,055,520.00 | 2,000,000.00 | 1.740 | 1,826 | 1.740 | 736 | 12/07/2015 |
| 3133EA3E6 | 11252 | Federal Farm Credit Bank | | 10/04/2012 | 5,000,000.00 | 5,000,100.00 | 5,000,000.00 | 0.480 | 1,187 | 0.480 | 764 | 01/04/2016 |
| 3134G3RK8 | 11205 | Fed Home Loan Mortgage Corp | | 03/27/2012 | 5,000,000.00 | 5,010,937.50 | 4,994,500.00 | 1.000 | 1,448 | 1.028 | 834 | 03/14/2016 |
| 3135G0WW9 | 11324 | Federal National Mort Assoc | | 05/20/2013 | 3,000,000.00 | 2,995,590.00 | 3,000,000.00 | 0.520 | 1,096 | 0.520 | 901 | 05/20/2016 |
| 3135G0LD3 | 11220 | Federal National Mort Assoc | | 05/29/2012 | 5,000,000.00 | 5,011,900.00 | 5,000,000.00 | 0.875 | 1,455 | 0.875 | 904 | 05/23/2016 |
| 313383BB6 | 11327 | Federal Home Loan Bank | | 06/03/2013 | 3,000,000.00 | 2,997,780.00 | 3,000,000.00 | 0.550 | 1,096 | 0.550 | 915 | 06/03/2016 |
| 313383FD8 | 11381 | Federal Home Loan Bank | | 09/06/2013 | 3,000,000.00 | 2,998,380.00 | 2,970,950.00 | 0.600 | 1,015 | 1.002 | 929 | 06/17/2016 |
| 3133834R9 | 11322 | Federal Home Loan Bank | | 05/15/2013 | 3,000,000.00 | 2,997,390.00 | 2,990,280.00 | 0.375 | 1,136 | 0.480 | 936 | 06/24/2016 |
| 3134G3EW6 | 11168 | Fed Home Loan Mortgage Corp | | 12/30/2011 | 3,400,000.00 | 3,402,516.00 | 3,400,000.00 | 1.270 | 1,644 | 1.270 | 942 | 06/30/2016 |
| 3136FTWY1 | 11174 | Federal National Mort Assoc | | 12/30/2011 | 5,000,000.00 | 5,003,500.00 | 5,000,000.00 | 1.150 | 1,644 | 1.150 | 942 | 06/30/2016 |
| 3133ECTL8 | 11344 | Federal Farm Credit Bank | | 07/08/2013 | 2,500,000.00 | 2,501,953.00 | 2,500,000.00 | 1.050 | 1,096 | 1.050 | 950 | 07/08/2016 |
| 3135G0MX8 | 11235 | Federal National Mort Assoc | | 07/26/2012 | 5,000,000.00 | 5,004,050.00 | 5,000,000.00 | 0.750 | 1,461 | 0.750 | 968 | 07/26/2016 |
| 3135G0MX8 | 11288 | Federal National Mort Assoc | | 01/31/2013 | 2,500,000.00 | 2,502,025.00 | 2,502,500.00 | 0.750 | 1,272 | 0.721 | 968 | 07/26/2016 |
| 313381VK8 | 11292 | Federal Home Loan Bank | | 02/08/2013 | 2,000,000.00 | 1,999,840.00 | 1,998,000.00 | 0.575 | 1,267 | 0.604 | 971 | 07/29/2016 |
| 3134G4ET1 | 11375 | Fed Home Loan Mortgage Corp | | 08/29/2013 | 2,500,000.00 | 2,506,275.00 | 2,495,614.58 | 0.850 | 1,075 | 0.928 | 981 | 08/08/2016 |
| 3134G4E95 | 11359 | Fed Home Loan Mortgage Corp | | 08/15/2013 | 3,000,000.00 | 3,010,200.00 | 3,000,000.00 | 0.850 | 1,096 | 0.850 | 988 | 08/15/2016 |
| 3136G1UX5 | 11377 | Federal National Mort Assoc | | 09/26/2013 | 2,500,000.00 | 2,513,950.00 | 2,500,000.00 | 1.010 | 1,096 | 1.010 | 1,030 | 09/26/2016 |
| 3136G1V71 | 11379 | Federal National Mort Assoc | | 09/27/2013 | 2,500,000.00 | 2,506,275.00 | 2,500,000.00 | 1.125 | 1,096 | 1.125 | 1,031 | 09/27/2016 |
| 3133EA5W4 | 11260 | Federal Farm Credit Bank | | 10/24/2012 | 5,000,000.00 | 4,998,500.00 | 5,000,000.00 | 0.650 | 1,461 | 0.650 | 1,058 | 10/24/2016 |
| 3135G0WS8 | 11316 | Federal National Mort Assoc | | 05/15/2013 | 3,000,000.00 | 2,992,710.00 | 3,000,000.00 | 0.600 | 1,280 | 0.600 | 1,080 | 11/15/2016 |
| 313383CM1 | 11329 | Federal Home Loan Bank | | 06/20/2013 | 3,000,000.00 | 2,994,150.00 | 3,000,000.00 | 0.600 | 1,279 | 0.600 | 1,115 | 12/20/2016 |
| 3134G4CM8 | 11350 | Fed Home Loan Mortgage Corp | | 07/24/2013 | 2,500,000.00 | 2,503,400.00 | 2,500,000.00 | 1.250 | 1,280 | 1.250 | 1,150 | 01/24/2017 |
| 31315PN88 | 11351 | Farmer Mac | | 07/05/2013 | 2,000,000.00 | 2,026,600.00 | 2,000,000.00 | 1.100 | 1,301 | 1.100 | 1,152 | 01/26/2017 |
| 3134G3LG3 | 11194 | Fed Home Loan Mortgage Corp | | 02/14/2012 | 5,000,000.00 | 5,010,600.00 | 5,000,000.00 | 1.250 | 1,827 | 1.250 | 1,171 | 02/14/2017 |
| 3136FTH51 | 11347 | Federal National Mort Assoc | | 06/26/2013 | 2,000,000.00 | 2,003,800.00 | 2,000,000.00 | 1.250 | 1,329 | 1.250 | 1,171 | 02/14/2017 |
| 3134G3NT3 | 11370 | Fed Home Loan Mortgage Corp | | 08/08/2013 | 2,500,000.00 | 2,508,425.00 | 2,499,125.00 | 1.000 | 1,299 | 1.010 | 1,184 | 02/27/2017 |
| 3134G4FD5 | 11372 | Fed Home Loan Mortgage Corp | | 09/10/2013 | 5,000,000.00 | 5,029,500.00 | 5,000,000.00 | 1.125 | 1,277 | 1.125 | 1,195 | 03/10/2017 |

**City of Santa Monica
Portfolio Management
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November 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 |
|------------------------------|--------------|-----------------------------|-----------------------|---------------|-----------------------|-----------------------|-----------------------|-------------|--------------|--------------|------------------|---------------|
| Federal Agency Coupon | | | | | | | | | | | | |
| 3136G0BD2 | 11206 | Federal National Mort Assoc | | 04/24/2012 | 5,000,000.00 | 5,023,050.00 | 5,000,000.00 | 1.400 | 1,826 | 1.400 | 1,240 | 04/24/2017 |
| 3133ECKV5 | 11302 | Federal Farm Credit Bank | | 04/05/2013 | 3,000,000.00 | 2,981,370.00 | 3,000,000.00 | 0.700 | 1,522 | 0.700 | 1,282 | 06/05/2017 |
| 313383PD7 | 11349 | Federal Home Loan Bank | | 06/28/2013 | 2,500,000.00 | 2,530,700.00 | 2,498,075.00 | 1.250 | 1,442 | 1.270 | 1,286 | 06/09/2017 |
| 3136G1NQ8 | 11336 | Federal National Mort Assoc | | 06/19/2013 | 4,000,000.00 | 3,996,760.00 | 4,000,000.00 | 1.000 | 1,461 | 1.000 | 1,296 | 06/19/2017 |
| 3136G0MK4 | 11218 | Federal National Mort Assoc | | 06/21/2012 | 5,000,000.00 | 5,002,250.00 | 5,000,000.00 | 1.000 | 1,826 | 1.000 | 1,298 | 06/21/2017 |
| 3137EADH9 | 11335 | Fed Home Loan Mortgage Corp | | 05/29/2013 | 3,000,000.00 | 3,005,580.00 | 3,009,930.00 | 1.000 | 1,492 | 0.976 | 1,306 | 06/29/2017 |
| 3137EADH9 | 11348 | Fed Home Loan Mortgage Corp | | 06/27/2013 | 2,500,000.00 | 2,504,650.00 | 2,474,375.00 | 1.000 | 1,463 | 1.346 | 1,306 | 06/29/2017 |
| 3133EA4H8 | 11305 | Federal Farm Credit Bank | | 04/04/2013 | 5,000,000.00 | 4,958,150.00 | 4,999,250.00 | 0.820 | 1,559 | 0.824 | 1,318 | 07/11/2017 |
| 3134G3ZH6 | 11341 | Fed Home Loan Mortgage Corp | | 06/06/2013 | 4,000,000.00 | 4,000,880.00 | 4,000,000.00 | 1.000 | 1,510 | 1.000 | 1,332 | 07/25/2017 |
| 3137EADJ5 | 11290 | Fed Home Loan Mortgage Corp | | 01/31/2013 | 2,500,000.00 | 2,505,100.00 | 2,509,875.00 | 1.000 | 1,639 | 0.910 | 1,335 | 07/28/2017 |
| 3134G3B90 | 11243 | Fed Home Loan Mortgage Corp | | 08/15/2012 | 2,000,000.00 | 1,987,420.00 | 1,998,520.00 | 0.875 | 1,826 | 0.890 | 1,353 | 08/15/2017 |
| 3136G0G39 | 11250 | Federal National Mort Assoc | | 09/27/2012 | 5,000,000.00 | 4,959,850.00 | 5,000,000.00 | 0.625 | 1,826 | 0.625 | 1,396 | 09/27/2017 |
| 3133EA3J5 | 11253 | Federal Farm Credit Bank | | 10/10/2012 | 5,000,000.00 | 4,903,800.00 | 5,000,000.00 | 0.900 | 1,826 | 0.900 | 1,409 | 10/10/2017 |
| 3136G03Y5 | 11264 | Federal National Mort Assoc | | 11/21/2012 | 5,000,000.00 | 4,976,650.00 | 5,000,000.00 | 0.750 | 1,826 | 0.750 | 1,451 | 11/21/2017 |
| 3136G05Q0 | 11269 | Federal National Mort Assoc | | 11/27/2012 | 5,000,000.00 | 4,981,400.00 | 5,000,000.00 | 0.700 | 1,826 | 0.700 | 1,457 | 11/27/2017 |
| 3134G44N5 | 11317 | Fed Home Loan Mortgage Corp | | 05/28/2013 | 3,000,000.00 | 2,946,180.00 | 3,000,000.00 | 0.750 | 1,645 | 0.750 | 1,458 | 11/28/2017 |
| 3133823A9 | 11285 | Federal Home Loan Bank | | 02/22/2013 | 5,000,000.00 | 4,956,050.00 | 5,000,000.00 | 1.150 | 1,826 | 1.150 | 1,544 | 02/22/2018 |
| 3136G1DA4 | 11286 | Federal National Mort Assoc | | 02/28/2013 | 5,000,000.00 | 4,987,500.00 | 5,000,000.00 | 1.000 | 1,826 | 1.171 | 1,550 | 02/28/2018 |
| 3134G37H7 | 11301 | Fed Home Loan Mortgage Corp | | 04/25/2013 | 5,000,000.00 | 4,934,650.00 | 5,000,000.00 | 1.150 | 1,826 | 1.150 | 1,606 | 04/25/2018 |
| 31315PYT0 | 11318 | Farmer Mac | | 05/02/2013 | 3,000,000.00 | 2,934,030.00 | 3,000,000.00 | 0.990 | 1,826 | 0.990 | 1,613 | 05/02/2018 |
| 3135G0XA6 | 11319 | Federal National Mort Assoc | | 05/21/2013 | 3,000,000.00 | 2,939,850.00 | 3,000,000.00 | 1.030 | 1,826 | 1.030 | 1,632 | 05/21/2018 |
| 313382Z63 | 11325 | Federal Home Loan Bank | | 05/22/2013 | 5,000,000.00 | 4,939,200.00 | 5,000,000.00 | 0.500 | 1,826 | 0.500 | 1,633 | 05/22/2018 |
| 313379DT3 | 11386 | Federal Home Loan Bank | | 11/12/2013 | 4,000,000.00 | 3,973,720.00 | 3,982,268.89 | 1.250 | 1,669 | 1.472 | 1,650 | 06/08/2018 |
| 313383EN7 | 11334 | Federal Home Loan Bank | | 06/20/2013 | 5,000,000.00 | 4,937,850.00 | 5,000,000.00 | 1.000 | 1,826 | 1.000 | 1,662 | 06/20/2018 |
| 313383C25 | 11345 | Federal Home Loan Bank | | 06/25/2013 | 2,500,000.00 | 2,447,100.00 | 2,412,708.33 | 0.600 | 1,821 | 1.265 | 1,662 | 06/20/2018 |
| 3134G47M4 | 11338 | Fed Home Loan Mortgage Corp | | 06/26/2013 | 3,000,000.00 | 2,977,230.00 | 2,999,250.00 | 1.500 | 1,826 | 1.505 | 1,668 | 06/26/2018 |
| 313383GK1 | 11337 | Federal Home Loan Bank | | 06/27/2013 | 3,800,000.00 | 3,754,096.00 | 3,800,000.00 | 1.125 | 1,826 | 1.125 | 1,669 | 06/27/2018 |
| 3133ECTK0 | 11342 | Federal Farm Credit Bank | | 07/02/2013 | 2,500,000.00 | 2,504,125.00 | 2,500,000.00 | 2.200 | 1,826 | 2.200 | 1,674 | 07/02/2018 |
| 3133ECTK0 | 11343 | Federal Farm Credit Bank | | 07/02/2013 | 2,500,000.00 | 2,504,125.00 | 2,500,000.00 | 2.200 | 1,826 | 2.200 | 1,674 | 07/02/2018 |
| 3136G1RA9 | 11356 | Federal National Mort Assoc | | 07/30/2013 | 2,000,000.00 | 2,001,250.00 | 2,000,000.00 | 1.000 | 1,826 | 1.000 | 1,702 | 07/30/2018 |
| 3136G1TR0 | 11373 | Federal National Mort Assoc | | 09/13/2013 | 2,000,000.00 | 2,006,660.00 | 2,000,000.00 | 2.000 | 1,826 | 2.000 | 1,747 | 09/13/2018 |
| 3130A02E9 | 11380 | Federal Home Loan Bank | | 09/25/2013 | 3,000,000.00 | 3,015,270.00 | 3,000,000.00 | 0.750 | 1,826 | 0.750 | 1,759 | 09/25/2018 |
| 3136G1VG1 | 11382 | Federal National Mort Assoc | | 09/27/2013 | 2,000,000.00 | 2,010,800.00 | 2,000,000.00 | 2.200 | 1,826 | 2.200 | 1,761 | 09/27/2018 |
| 3134G4L30 | 11385 | Fed Home Loan Mortgage Corp | | 11/26/2013 | 5,000,000.00 | 4,990,750.00 | 5,000,000.00 | 1.700 | 1,826 | 1.700 | 1,821 | 11/26/2018 |
| 3134G4LG1 | 11387 | Fed Home Loan Mortgage Corp | | 11/27/2013 | 4,000,000.00 | 4,013,040.00 | 4,000,000.00 | 1.500 | 1,826 | 1.500 | 1,822 | 11/27/2018 |
| Subtotal and Average | | | 411,799,590.64 | | 422,328,000.00 | 422,278,017.48 | 423,011,649.23 | | 1,194 | 0.801 | 811 | |

**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
November 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 |
|--|--------------|--------------------------------|----------------------|---------------|----------------------|----------------------|----------------------|-------------|------------|--------------|------------------|---------------|
| Federal Agency Discount | | | | | | | | | | | | |
| 313589QW6 | 11368 | Federal National Mort Assoc | | 08/05/2013 | 5,000,000.00 | 4,999,950.00 | 4,998,638.89 | 0.070 | 140 | 0.071 | 22 | 12/23/2013 |
| 313589FV7 | 11390 | Federal National Mort Assoc | | 11/26/2013 | 15,000,000.00 | 14,999,250.00 | 14,999,166.67 | 0.040 | 50 | 0.041 | 45 | 01/15/2014 |
| 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 | 54 | 01/24/2014 |
| 313385SE7 | 11384 | Federal Home Loan Bank | | 10/28/2013 | 5,000,000.00 | 4,999,700.00 | 4,999,572.22 | 0.035 | 88 | 0.035 | 54 | 01/24/2014 |
| 313589TU7 | 11366 | Federal National Mort Assoc | | 08/02/2013 | 5,000,000.00 | 4,999,100.00 | 4,997,337.50 | 0.090 | 213 | 0.093 | 92 | 03/03/2014 |
| 313397VY4 | 11376 | Fed Home Loan Mortgage Corp | | 08/29/2013 | 3,000,000.00 | 2,999,040.00 | 2,998,016.67 | 0.100 | 238 | 0.103 | 144 | 04/24/2014 |
| 313397XB2 | 11374 | Fed Home Loan Mortgage Corp | | 08/29/2013 | 4,000,000.00 | 3,998,280.00 | 3,996,761.11 | 0.110 | 265 | 0.113 | 171 | 05/21/2014 |
| Subtotal and Average | | | 34,154,150.09 | | 42,000,000.00 | 41,995,020.00 | 41,987,791.67 | | 133 | 0.065 | 69 | |
| Local Agency Investment Funds | | | | | | | | | | | | |
| SYS10090 | 10090 | Local Agency Investment Fund | | | 49,440,079.21 | 49,440,079.21 | 49,440,079.21 | 0.263 | 1 | 0.263 | 1 | |
| Subtotal and Average | | | 49,440,079.21 | | 49,440,079.21 | 49,440,079.21 | 49,440,079.21 | | 1 | 0.263 | 1 | |
| Columbia Money Market Fund | | | | | | | | | | | | |
| SYS10091 | 10091 | Columbia Money Market Reserves | | 09/15/2006 | 0.00 | 0.00 | 0.00 | 0.010 | 1 | 0.010 | 1 | |
| Subtotal and Average | | | 0.00 | | 0.00 | 0.00 | 0.00 | | 0 | 0.000 | 0 | |
| Local Agency Investment Funds - RDA | | | | | | | | | | | | |
| SYS10092 | 10092 | LAIF - RDA | | 03/17/2009 | 0.00 | 0.00 | 0.00 | 0.385 | 1 | 0.385 | 1 | |
| Subtotal and Average | | | 0.00 | | 0.00 | 0.00 | 0.00 | | 0 | 0.000 | 0 | |
| Corporate Bonds | | | | | | | | | | | | |
| 90520EAB7 | 11271 | UnionBanc Investments | | 11/26/2012 | 4,050,000.00 | 4,052,592.00 | 4,122,009.00 | 2.125 | 385 | 0.435 | 15 | 12/16/2013 |
| 38259PAA0 | 11213 | Google | | 05/22/2012 | 1,245,000.00 | 1,251,162.75 | 1,264,870.20 | 1.250 | 727 | 0.444 | 169 | 05/19/2014 |
| 98458PAB1 | 11208 | Yale University | | 04/10/2012 | 1,178,000.00 | 1,202,278.58 | 1,246,265.10 | 2.900 | 918 | 0.575 | 318 | 10/15/2014 |
| 459200GZ8 | 11270 | IBM Corp | | 11/14/2012 | 5,000,000.00 | 5,027,400.00 | 5,052,250.00 | 0.875 | 716 | 0.340 | 334 | 10/31/2014 |
| 89233P5N2 | 11358 | Toyota Motor Credit Corp | | 07/19/2013 | 2,000,000.00 | 2,018,940.00 | 2,021,280.00 | 1.250 | 486 | 0.445 | 351 | 11/17/2014 |
| 94974BFE5 | 11287 | Wells Fargo & Compnay | | 01/31/2013 | 2,000,000.00 | 2,027,580.00 | 2,032,480.00 | 1.500 | 881 | 0.820 | 577 | 07/01/2015 |
| 89233P6J0 | 11357 | Toyota Motor Credit Corp | | 07/19/2013 | 2,000,000.00 | 2,013,750.00 | 2,009,817.22 | 0.875 | 728 | 0.629 | 593 | 07/17/2015 |
| 94985H5F7 | 11363 | Wells Fargo Bank | | 07/29/2013 | 2,500,000.00 | 2,509,375.00 | 2,499,125.00 | 0.750 | 721 | 0.768 | 596 | 07/20/2015 |
| 594918AG9 | 11211 | Microsoft | | 05/10/2012 | 5,000,000.00 | 5,116,800.00 | 5,170,600.00 | 1.625 | 1,233 | 0.602 | 663 | 09/25/2015 |
| 084670BG2 | 11291 | Berkshire Hathaway | | 02/11/2013 | 2,000,000.00 | 2,008,580.00 | 2,005,620.00 | 0.800 | 1,095 | 0.705 | 802 | 02/11/2016 |
| 037833AH3 | 11320 | Apple Inc. | | 05/06/2013 | 3,000,000.00 | 2,991,210.00 | 3,002,430.00 | 0.450 | 1,093 | 0.423 | 884 | 05/03/2016 |
| 478160AY0 | 11293 | Johnson & Johnson | | 02/12/2013 | 2,000,000.00 | 2,075,580.00 | 2,105,040.00 | 2.150 | 1,188 | 0.522 | 896 | 05/15/2016 |
| 89236TAL9 | 11333 | Toyota Motor Credit Corp | | 05/28/2013 | 3,000,000.00 | 3,005,670.00 | 3,008,190.00 | 0.800 | 1,085 | 0.707 | 898 | 05/17/2016 |

**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
November 30, 2013**

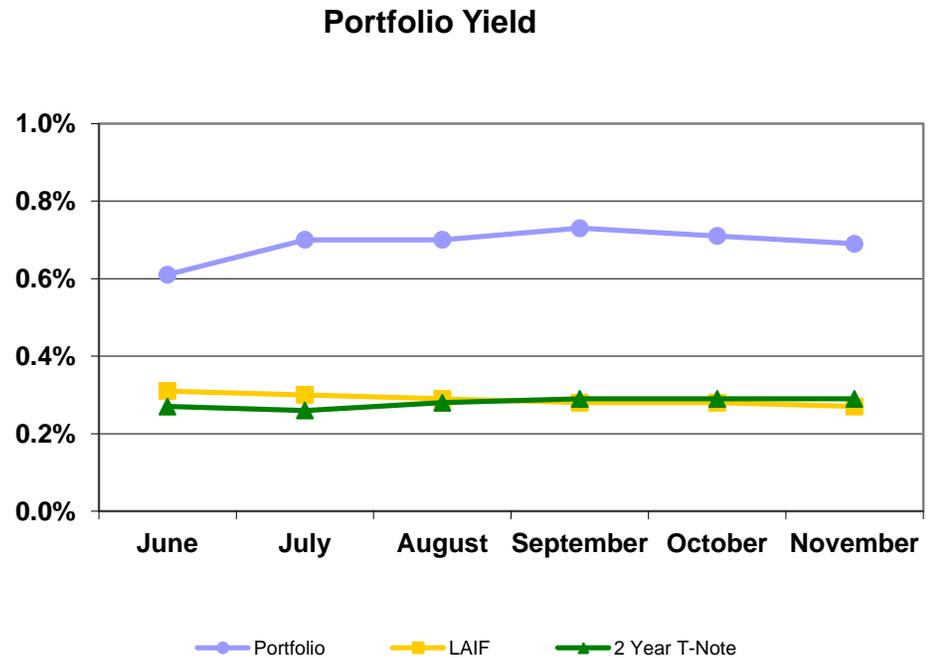
| CUSIP | Investment # | Issuer | Average Balance | Purchase Date | Par Value | Market Value | Book Value | Stated Rate | Term | YTM 365 | Days to Maturity | Maturity Date |
|-----------------------------|--------------|-----------------------|-----------------------|---------------|-----------------------|-----------------------|-----------------------|-------------|--------------|--------------|------------------|---------------|
| Corporate Bonds | | | | | | | | | | | | |
| 94974BFL9 | 11362 | Wells Fargo & Compnay | | 07/29/2013 | 3,000,000.00 | 3,025,470.00 | 2,997,120.00 | 1.250 | 1,087 | 1.283 | 962 | 07/20/2016 |
| 084670BB3 | 11244 | Berkshire Hathaway | | 08/20/2012 | 3,000,000.00 | 3,114,930.00 | 3,132,540.00 | 2.200 | 1,456 | 1.065 | 988 | 08/15/2016 |
| 742718DV8 | 11352 | Procter & Gamble | | 07/05/2013 | 1,985,000.00 | 2,023,509.00 | 2,011,658.55 | 1.450 | 1,137 | 1.010 | 988 | 08/15/2016 |
| 64952WBK8 | 11283 | New York Life | | 01/23/2013 | 2,855,000.00 | 2,803,781.30 | 2,872,529.70 | 1.300 | 1,741 | 1.167 | 1,429 | 10/30/2017 |
| 594918AP9 | 11311 | Microsoft | | 04/30/2013 | 2,500,000.00 | 2,469,975.00 | 2,505,000.00 | 0.875 | 1,660 | 0.931 | 1,445 | 11/15/2017 |
| 037833AJ9 | 11321 | Apple Inc. | | 05/06/2013 | 2,500,000.00 | 2,434,500.00 | 2,505,600.00 | 1.000 | 1,823 | 0.954 | 1,614 | 05/03/2018 |
| 037833AJ9 | 11326 | Apple Inc. | | 05/17/2013 | 2,500,000.00 | 2,434,500.00 | 2,478,975.00 | 1.000 | 1,812 | 1.175 | 1,614 | 05/03/2018 |
| Subtotal and Average | | | 54,046,173.38 | | 53,313,000.00 | 53,607,583.63 | 54,043,399.77 | | 1,096 | 0.736 | 794 | |
| Total and Average | | | 549,439,993.32 | | 567,081,079.21 | 567,320,700.32 | 568,482,919.88 | | 1,003 | 0.694 | 684 | |

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

| CUSIP | Investment # | Issuer | Stated Rate | Transaction Date | Purchases or Deposits | Redemptions or Withdrawals | Balance |
|--|--------------|-----------------------------|-------------|------------------|-----------------------|----------------------------|-----------------------|
| Federal Agency Coupon | | | | | | | |
| 3133XVWW7 | 11048 | Federal Home Loan Bank | 2.100 | 11/25/2013 | 0.00 | 5,134,550.00 | |
| 313379DT3 | 11386 | Federal Home Loan Bank | 1.250 | 11/12/2013 | 3,960,880.00 | 0.00 | |
| 313383T76 | 11389 | Federal Home Loan Bank | 0.090 | 11/26/2013 | 10,000,790.00 | 0.00 | |
| 3134G4EW4 | 11365 | Fed Home Loan Mortgage Corp | 2.000 | 11/27/2013 | 0.00 | 2,435,000.00 | |
| 3134G4L30 | 11385 | Fed Home Loan Mortgage Corp | 1.700 | 11/26/2013 | 5,000,000.00 | 0.00 | |
| 3134G4LG1 | 11387 | Fed Home Loan Mortgage Corp | 1.500 | 11/27/2013 | 4,000,000.00 | 0.00 | |
| Subtotal | | | | | 22,961,670.00 | 7,569,550.00 | 423,011,649.23 |
| Federal Agency Discount | | | | | | | |
| 313385PW0 | 11367 | Federal Home Loan Bank | 0.065 | 11/29/2013 | 0.00 | 4,998,925.69 | |
| 313589FV7 | 11390 | Federal National Mort Assoc | 0.040 | 11/26/2013 | 14,999,166.67 | 0.00 | |
| Subtotal | | | | | 14,999,166.67 | 4,998,925.69 | 41,987,791.67 |
| Local Agency Investment Funds (Monthly Summary) | | | | | | | |
| Subtotal | | | | | | | 49,440,079.21 |
| Columbia Money Market Fund (Monthly Summary) | | | | | | | |
| Subtotal | | | | | | | 0.00 |
| Local Agency Investment Funds - RDA (Monthly Summary) | | | | | | | |
| Subtotal | | | | | | | 0.00 |
| Corporate Bonds | | | | | | | |
| Subtotal | | | | | | | 54,043,399.77 |
| Total | | | | | 37,960,836.67 | 12,568,475.69 | 568,482,919.88 |

Portfolio Yield

The portfolio yield-to-maturity was 0.69% as of November 30, 2013, down two basis points from the prior month and 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 November. 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 decreased slightly for the third consecutive month in November. The two year CMT month-end rate fell two basis points to 0.28%, after hitting its highest level in 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 and other economic factors before then. The twelve month moving average LAIF yield hit a new record low of 0.27% in November and has not shown a monthly increase for over five years. The month-end LAIF rate was 0.26%,

The Federal Open Market Committee (Fed) did not meet in November, so the target Fed Funds rate remained unchanged at a range of 0% to 0.25%. The Fed previously stated that while economic growth was expanding at a moderate pace, downside economic risks continue and it wanted to see more evidence of sustained economic growth before deviating

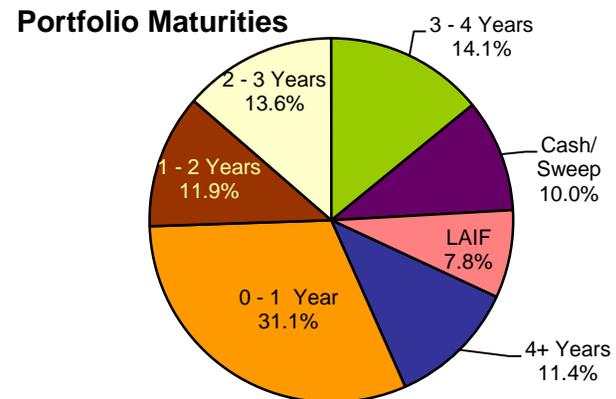
from current interest rate policy. The unemployment rate fell to 7.0% in November. Job growth was just over 200,000 and has averaged 195,000 per month for the last year. However, the labor participation rate also fell. Third quarter GDP showed a strong 4.1% increase, the highest since 2011, after increases 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 continued strong realizing a 3.4% gain in November.

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 completely resolved.

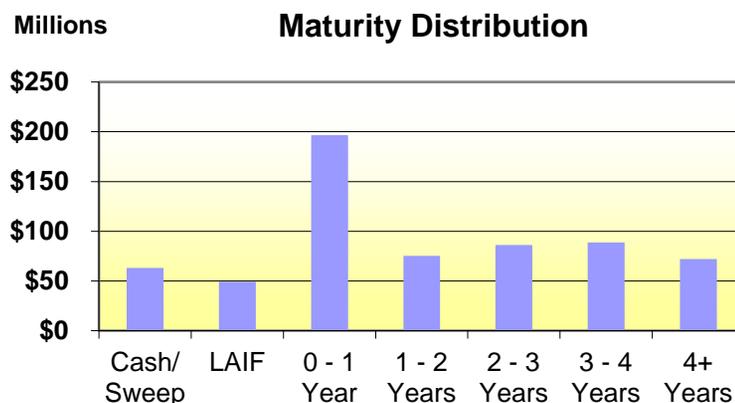
Net investment income in November was \$0.2 million. Fiscal year-to-date revenues are down 31.1% from the same period a year ago reflecting the continuing impact of the historically low interest rate environment.

Maturity Distribution

The weighted average days to maturity of the portfolio as of November 30, 2013 is 684 days (1.87 years), twenty-three days less 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. 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 continues to be 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 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 November 30, 2013, the market value and the book value of the City’s pooled investments (excluding cash) are:

| | |
|-----------------------------|-------------------|
| Market Value | \$ 567,320,700.32 |
| Book Value (purchase price) | 568,482,919.88 |
| <hr/> | |
| Unrealized Gain/ (Loss) | \$ (1,162,219.56) |

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 November 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) |
|---------------------------|----------------------------|---------|---------------------------|
| Best Quality | AAA | Aaa | Yes |
| | AA+ | Aa1 | Yes |
| High Quality | AA | Aa2 | Yes |
| | AA- | Aa3 | Yes |
| | A+ | A1 | Yes |
| Upper Medium Grade | A | A2 | Yes |
| | A- | A3 | Yes |
| | BBB+ | Baa1 | No |
| Medium Grade | BBB | Baa2 | No |
| | BBB- | Baa3 | No |

Portfolio Allocation as of 11/30/13

| | Pooled Portfolio (1) (3) | % of Portfolio | Legal/ Policy Limit | In Compliance (Yes/No) |
|--|-----------------------------|-------------------|---------------------------|------------------------------|
| Federal Agency Securities | | | | |
| Federal Home Loan Bank | \$123,923,076.51 | 19.6% | 50.0% | Yes |
| Federal National Mortgage Association | 123,926,975.03 | 19.6% | 50.0% | Yes |
| Federal Home Loan Mortgage Corporation | 109,015,969.36 | 17.3% | 50.0% | Yes |
| Farmer Mac | 8,000,000.00 | 1.3% | 50.0% | Yes |
| Federal Farm Credit Bank | 100,133,420.00 | 15.9% | 50.0% | Yes |
| Total Federal Agency Securities | \$464,999,440.90 | 73.6% | n/a | Yes |
| Treasury Bills | \$0.00 | 0.0% | n/a | Yes |
| Corporate Bonds | \$54,043,399.77 | 8.6% | 30.0% | Yes |
| Money Market Mutual Funds | | | | |
| 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 |
| Total-Money Market Mutual Funds | \$0.00 | 0.0% | 20.0% | Yes |
| State Local Agency Investment Fund-City | \$49,440,079.21 | 7.8% | \$50 million | Yes |
| Cash (2) | \$62,995,351.87 | 10.0% | None | Yes |
| Total (Book Value) | \$631,478,271.75 | 100.00% | | |

Notes:

(1) Excludes bond proceeds, funds held in trust for others, petty cash accounts, and other funds which are not entirely under City ownership and control

(2) City's general bank accounts held at Wells Fargo Bank. Does not include balance of HUD depository account (\$1,1,710,329.81), Successor Agency account (\$18,821,467.34), 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 11/30/13 (Book Value)

| Security | Pooled Portfolio | Credit Rating* | In Compliance (Yes/No) |
|---|---------------------|-------------------|------------------------------|
| Corporate | | | |
| 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 | \$2,021,280.00 | 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 | \$3,002,430.00 | AA+ | Yes |
| Johnson & Johnson 2.15% 5/15/16 | \$2,105,040.00 | AAA | Yes |
| Toyota Motor Credit Corp. 0.8% 5/17/16 | \$3,008,190.00 | 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 | \$4,984,575.00 | 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.

Gigi Decavalles-Hughes, Director of Finance/City Treasurer