City of Santa Monica®

Information Item

Date: May 6, 2014

To: Mayor and City Council

From: Gigi Decavalles-Hughes, Director of Finance/City Treasurer

Subject: City Monthly Cash and Investment Report for January 2014

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 January 31, 2014.

Discussion

The January 2014 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 is $650.3 million, a decrease of $6.8 million from the prior month. The decrease primarily reflects the first settlement payment to the State Department of Finance related to dissolution of Redevelopment, partially offset by the second large property tax apportionment of the fiscal year from Los Angeles County. The pooled portfolio yield-to-maturity of 0.71% is one basis point higher than last month and ten basis points higher than in January 2013. Net investment earnings were $0.5 million. Fiscal year-to-date earnings are 20% 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 following the State Controller's audit.

In addition to the pooled portfolio, the City's total cash holdings as of January 31, 2014 included $20.6 million in debt proceeds held in trust with various fiscal agents, $29.4 million in other funds held in trust, and $28,352 in petty cash/change funds for a total balance of $700.3 million.

In compliance with Governmental Accounting Standards, the Monthly Cash and Investment Report provides the fair market value of all investments held by the City, with certain exceptions, as of the last day of the month. The fair market value may be greater or less than the original purchase price (book/reported value) of the investments due to fluctuations in the market resulting in either an unrealized gain or loss for financial disclosure purposes only. Since it is the City's policy to hold most securities to maturity, these fluctuations in market value do not affect the redemption value of the securities or the overall yield to maturity of the portfolio. The book values of investments shown in this report are exclusive of amortization/accretion of premiums/discounts. As of January 31, 2014, the market value of the City's portfolio was approximately $1.4 million less than the book value.

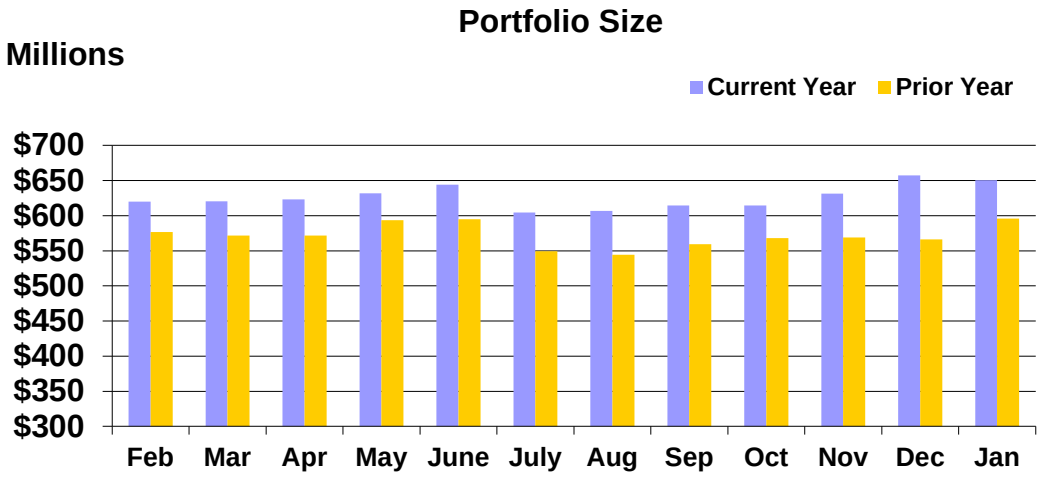
Attached is a summary of investment activity as well as a detailed report of public monies held by the City Treasurer as of January 31, 2014.

Prepared by: David Carr, Assistant City Treasurer

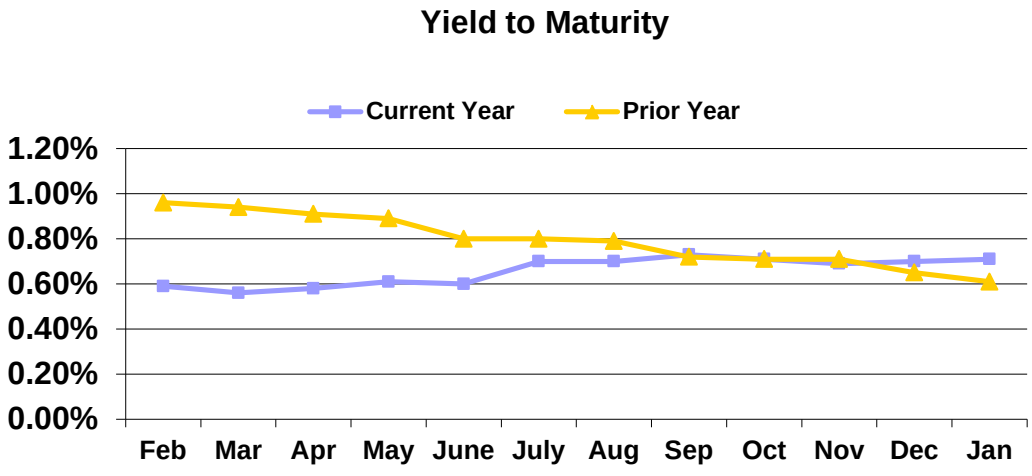
Attachments: 1 – Investment Highlights
2 – Investment Report

ATTACHMENT 1

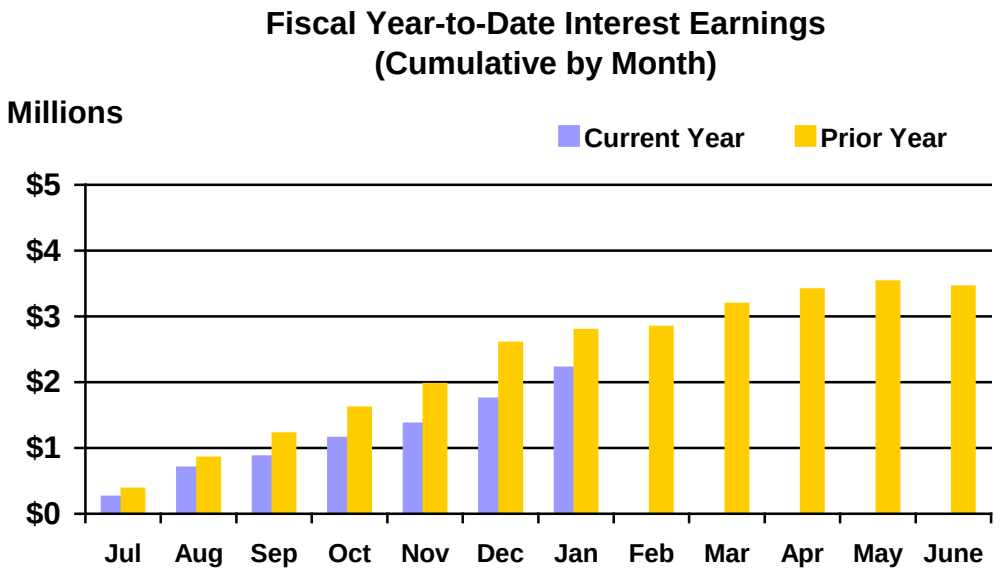
Investment Highlights
January 31, 2014



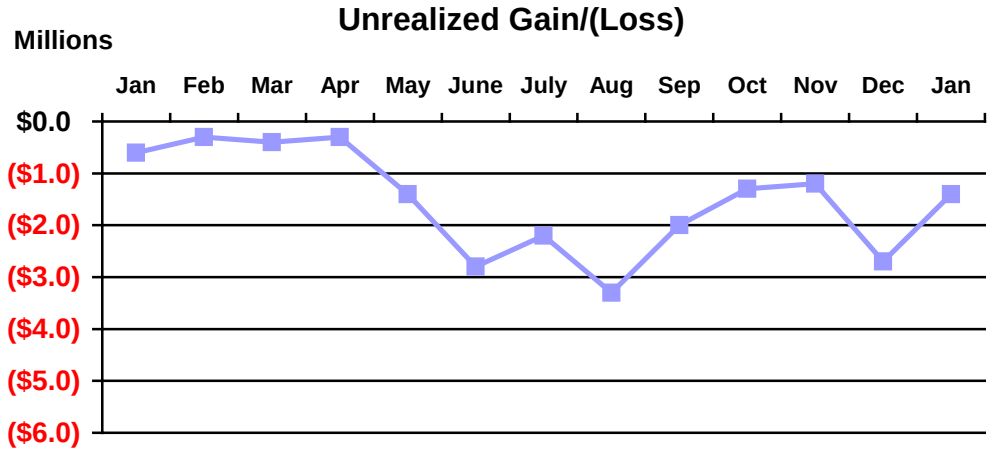
- As of January 31, 2014, the portfolio size is $650.3 million, $6.8 million less than in the prior month and $54.5 million more than one year earlier.
- The decrease from last month reflects First settlement payment to the State related to RDA dissolution.
- The increase from last year primarily reflects the consolidation of the Charnock pooled portfolios and receipt of payment for a legal settlement.



- As of January 31, yield to maturity is 0.71%.
- Up one basis point from the prior month and ten basis points from one year earlier.



- Fiscal year-to-date earnings are down 20% from one year earlier.



- As of January 31, 2014, the market value is about $1.4 million less than the unamortized book value (purchase price).

ATTACHMENT 2

City of
Santa Monica®

Investment Report

January 31, 2014

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
January 31, 2014

Petty Cash/Change Funds		$28,352.00
Pooled Portfolio		
Wells Fargo Bank (1)	$88,933,968.33	
Bank of New York (BNY)		
Corporate Bonds	$59,207,528.24	
Treasury Bills	$0.00	
Federal Agencies Securities	$452,737,254.26	
Total Bank of New York	$511,944,782.50	
State of California Local Agency Investment Fund - City	$49,471,934.87	
Total Pooled Portfolio		$650,350,685.70
Restricted Cash/Investments Held in Trust/Debt Proceeds		
Union Bank - Redevelopment Agency Term Loan	$12,414,247.55	
Union Bank-Earthquake Recovery Redevelopment 2006		
Tax Allocation Refunding Bonds Series A & B	$9.98	
Union Bank-Civic Center Parking Project 2004 Lease Revenue Bonds	$2,827,009.22	
Union Bank-RDA 2011 Tax Allocation Bonds	$2,262,575.55	
BNY-Library Improvement Project 2012 Refunding	$13,517.79	
BNY-Ocean Park Redevelopment Project 2002 Refunding	$1,845,647.90	
BNY-Parking Authority Lease Revenue Bonds 2002 Refunding	$2.00	
BNY-Public Safety Facility Bonds 2009 Refunding	$1,054,308.34	
U.S. Bank-Wastewater Enterprise Revenue Bonds-2012 Refunding	$133,275.97	
U.S. Bank-Wastewater Enterprise Revenue Bonds-2005 Refunding	$2.00	
Total Restricted Cash/Investments Held in Trust		$20,550,596.30
Other Restricted Funds/Funds Held in Trust		
Cemetery Perpetual Care Fund (3)	$9,428,577.73	
Mausoleum Perpetual Care Fund (3)	$1,080,918.13	
Santa Monica Redevelopment Successor Agency RPTTF-Wells Fargo	$9,126,843.08	
Wells Fargo Bank - HUD Depository Account (4)	$1,691,026.86	
U.S. Bank-W.E. O'Neil Retention Escrow Account	$561,165.30	
First Republic Bank - Keysor Marston Escrow	$1,055,321.89	
Wells Fargo Bank - High Place West Escrow	$871,538.64	
Wells Fargo Bank -RDA Successor Agency - OP Special Fund	$3,849,261.54	
Union Bank - Housing Authority Custodial Account	$2.49	
Union Bank - W.E. O'Neil Direct Owner Costs PGW Escrow	$1,478,520.32	
Union Bank - Morley Direct Owner Costs Civic Escrow	$59,971.10	
Wells Fargo Bank - Public Agency Family Self Sufficiency Program (2)	$162,307.42	
Total Other Funds Held in Trust		$29,365,454.50
GRAND TOTAL		$700,295,088.50

City of Santa Monica
Cash Receipts, Disbursements and Cash Balances
January 31, 2014

(1) These are the actual bank account balances as of 1/31/2014. 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 Invesments - December 31, 2013	657,083,155.50
Receipts	56,723,057.90
Disbursements	(63,455,527.70)
Cash and Investments - January 31, 2014	650,350,685.70

* Pooled porfolio 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 January 31, 2014, total City cash and investments (including cash held for the Successor Agency to the Redevelopment Agency) were $700.3 million, an $11.8 million decrease from the prior month. The pooled portfolio decreased by $6.8 million, primarily due the first settlement payment to the State related to dissolution of Redevelopment, partially offset by a large property tax apportionment from Los Angeles County. A decrease of $5.1 million in Restricted Cash/Investments Held in Trust/Debt Proceeds Trust reflects payment of semi-annual debt service payments to bondholders. Total cash and investments are categorized as follows:

Petty Cash/Change Funds	$ 28,352.00
Pooled Investment Portfolio	$650,350,685.70
Restricted Cash/Investment Held in Trust	$ 20,550,596.30
Other Funds Held in Trust	$ 29,365,454.50
Total	$700,295,088.50

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

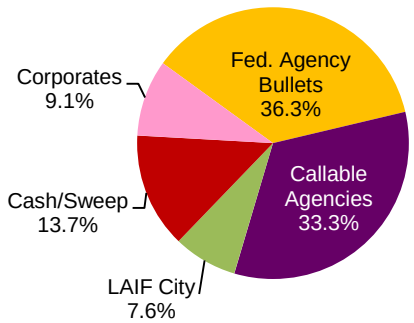
As of January 31, 2014, the portfolio size (unamortized book value/purchase price) of City pooled cash and investments is $650.3 million, $6.8 million less than in the prior month. Since the City holds most investments to maturity, variations in portfolio book value are typically due to receipt and expenditure 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 decrease was primarily due to the first settlement payment to the State related to dissolution of Redevelopment, partially offset by a large property tax apportionment from Los Angeles. Fifteen investments were made during the month ($63.4 million), six investments matured ($42.5 million), and seven investments were called ($20.0 million). No investments were sold. The State Local Agency Investment Fund (LAIF) account balance was essentially unchanged in January. Cash held at Wells Fargo Bank was $88.9 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

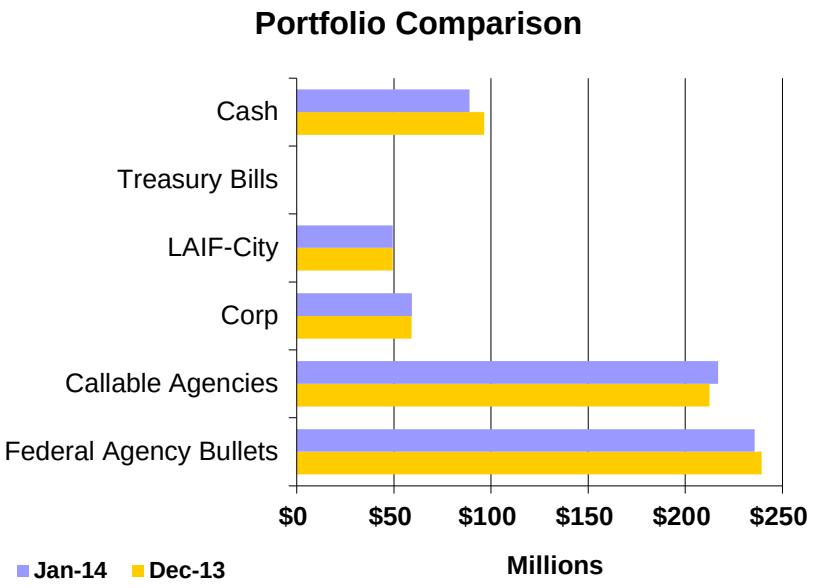
The portfolio is appropriately diversified and is in compliance with the City's Investment Policy and applicable provisions of the State Government Code. The largest sector of the portfolio is Federal Agency Securities (69.6%). The remaining 30.4% includes the State Local Agency Investment Fund (7.6%); corporate bonds (9.1%), and cash (13.7%). This portfolio mix allows the City to maintain its primary investment objectives of safety and liquidity while attaining a rate of return consistent with the City's Investment Policy and Investment Plan.

Portfolio Composition



Portfolio Comparison

The chart to the right shows the overall structure of the portfolio by type of investment compared to last month. There were no significant changes in January. 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 remain 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 January 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
January 31, 2014

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												
31398AVD1	10914	Federal National Mort Assoc		12/22/2009	5,000,000.00	5,000,750.00	5,092,600.00	2.750	1,506	2.276	4	02/05/2014
31331KCA6	11051	Federal Farm Credit Bank		02/10/2011	2,500,000.00	2,500,625.00	2,500,000.00	1.375	1,096	1.375	9	02/10/2014
31331GNA3	10937	Federal Farm Credit Bank		02/12/2010	4,000,000.00	4,002,960.00	4,117,520.00	3.000	1,461	2.228	11	02/12/2014
313372U93	11058	Federal Home Loan Bank		03/03/2011	5,000,000.00	5,004,650.00	5,000,000.00	1.400	1,093	1.400	27	02/28/2014
31398AVZ2	11016	Federal National Mort Assoc		11/23/2010	3,000,000.00	3,008,880.00	3,175,080.00	2.750	1,206	0.952	40	03/13/2014
3134G3NS5	11225	Fed Home Loan Mortgage Corp		05/30/2012	3,000,000.00	3,001,050.00	2,996,460.00	0.300	660	0.366	48	03/21/2014
3134G2CL4	11094	Fed Home Loan Mortgage Corp		05/20/2011	5,000,000.00	5,015,150.00	5,042,750.00	1.350	1,075	1.054	87	04/29/2014
31331KKQ2	11090	Federal Farm Credit Bank		05/19/2011	5,000,000.00	5,013,750.00	5,012,850.00	1.150	1,089	1.062	100	05/12/2014
31315PTZ2	11303	Farmer Mac		04/10/2013	3,000,000.00	3,001,470.00	3,000,000.00	0.220	426	0.220	129	06/10/2014
3133XWE70	11008	Federal Home Loan Bank		11/04/2010	4,000,000.00	4,034,920.00	4,237,120.00	2.500	1,317	0.829	132	06/13/2014
3130A04L1	11383	Federal Home Loan Bank		10/28/2013	10,000,000.00	10,001,200.00	10,000,300.00	0.110	238	0.105	142	06/23/2014
313379N47	11217	Federal Home Loan Bank		06/06/2012	3,000,000.00	3,003,840.00	3,000,000.00	0.400	751	0.400	146	06/27/2014
3135G0BJ1	11330	Federal National Mort Assoc		05/21/2013	3,128,000.00	3,141,325.28	3,161,331.97	1.125	402	0.155	146	06/27/2014
313379SK6	11236	Federal Home Loan Bank		07/25/2012	2,500,000.00	2,503,300.00	2,504,625.00	0.400	707	0.304	151	07/02/2014
3133ECLH5	11314	Federal Farm Credit Bank		04/30/2013	20,000,000.00	20,007,400.00	20,002,400.00	0.180	441	0.170	164	07/15/2014
3133ECLH5	11315	Federal Farm Credit Bank		04/30/2013	20,000,000.00	20,007,400.00	20,002,400.00	0.180	441	0.170	164	07/15/2014
313383QC8	11408	Federal Home Loan Bank		01/21/2014	4,000,000.00	4,001,560.00	4,001,800.00	0.190	182	0.100	171	07/22/2014
3137EACU1	11195	Fed Home Loan Mortgage Corp		01/23/2012	5,000,000.00	5,022,200.00	5,064,750.00	1.000	919	0.482	179	07/30/2014
313383UA7	11371	Federal Home Loan Bank		08/15/2013	3,000,000.00	3,000,780.00	3,000,069.17	0.170	358	0.171	188	08/08/2014
3135G0BY8	11117	Federal National Mort Assoc		07/19/2011	4,000,000.00	4,017,200.00	3,997,920.00	0.875	1,136	0.890	208	08/28/2014
313383ZC8	11378	Federal Home Loan Bank		09/12/2013	5,000,000.00	5,001,700.00	5,000,130.00	0.180	365	0.177	223	09/12/2014
3133EA6W3	11280	Federal Farm Credit Bank		01/17/2013	2,500,000.00	2,502,425.00	2,500,200.00	0.270	657	0.266	277	11/05/2014
3134G3H78	11268	Fed Home Loan Mortgage Corp		11/06/2012	5,000,000.00	5,008,400.00	5,003,250.00	0.350	759	0.319	307	12/05/2014
3137EADA4	11179	Fed Home Loan Mortgage Corp		12/21/2011	2,500,000.00	2,510,750.00	2,497,225.00	0.625	1,104	0.662	331	12/29/2014
3130A0JV3	11403	Federal Home Loan Bank		01/07/2014	10,000,000.00	10,003,500.00	10,000,752.78	0.190	364	0.183	339	01/06/2015
313381H24	11353	Federal Home Loan Bank		07/11/2013	3,000,000.00	3,003,570.00	2,998,200.00	0.250	554	0.290	349	01/16/2015
3130A0QU7	11412	Federal Home Loan Bank		01/23/2014	3,000,000.00	2,999,062.50	2,998,920.00	0.125	365	0.161	356	01/23/2015
313376YQ2	11409	Federal Home Loan Bank		01/21/2014	1,000,000.00	1,002,360.00	1,004,055.56	0.400	388	0.183	377	02/13/2015
3134G3LF5	11198	Fed Home Loan Mortgage Corp		02/23/2012	3,000,000.00	3,000,750.00	3,026,442.00	1.000	1,086	0.700	377	02/13/2015
3133ECG81	11410	Federal Farm Credit Bank		01/21/2014	1,060,000.00	1,061,378.00	1,062,646.47	0.300	400	0.183	389	02/25/2015
3134G3QH6	11215	Fed Home Loan Mortgage Corp		05/18/2012	2,500,000.00	2,501,200.00	2,500,000.00	0.570	1,021	0.570	397	03/05/2015
3134G3QH6	11279	Fed Home Loan Mortgage Corp		01/07/2013	2,500,000.00	2,501,200.00	2,509,125.00	0.570	787	0.400	397	03/05/2015
3135G0HG1	11267	Federal National Mort Assoc		11/06/2012	2,500,000.00	2,505,350.00	2,502,400.00	0.375	860	0.334	408	03/16/2015
313378XS5	11278	Federal Home Loan Bank		01/07/2013	2,500,000.00	2,503,175.00	2,512,000.00	0.650	843	0.441	453	04/30/2015
31331KLE8	11086	Federal Farm Credit Bank		05/18/2011	2,500,000.00	2,543,950.00	2,501,250.00	1.600	1,461	1.587	471	05/18/2015
313379ER6	11323	Federal Home Loan Bank		05/15/2013	3,000,000.00	3,009,720.00	3,015,210.00	0.500	758	0.255	496	06/12/2015

City of Santa Monica
Portfolio Management
Portfolio Details - Investments
January 31, 2014

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												
313379ER6	11396	Federal Home Loan Bank		12/23/2013	3,000,000.00	3,009,720.00	3,011,408.33	0.500	536	0.251	496	06/12/2015
3133ECTV6	11346	Federal Farm Credit Bank		07/02/2013	3,500,000.00	3,505,180.00	3,500,000.00	0.500	730	0.500	516	07/02/2015
3133ECHV9	11296	Federal Farm Credit Bank		03/21/2013	5,000,000.00	5,004,600.00	4,997,550.00	0.350	861	0.371	544	07/30/2015
313375PT8	11147	Federal Home Loan Bank		09/19/2011	2,500,000.00	2,522,425.00	2,500,000.00	0.750	1,410	0.750	544	07/30/2015
313376VZ5	11196	Federal Home Loan Bank		01/30/2012	5,000,000.00	5,027,700.00	5,000,000.00	0.670	1,277	0.670	544	07/30/2015
3133EDC59	11401	Federal Farm Credit Bank		01/03/2014	3,870,000.00	3,867,058.80	3,865,964.45	0.250	593	0.320	564	08/19/2015
3134G4HZ4	11404	Fed Home Loan Mortgage Corp		01/08/2014	3,000,000.00	3,007,110.00	3,007,746.67	0.500	658	0.410	634	10/28/2015
313378FP1	11199	Federal Home Loan Bank		02/24/2012	3,000,000.00	3,018,630.00	3,000,000.00	0.720	1,369	0.719	661	11/24/2015
31331J4J9	11020	Federal Farm Credit Bank		12/07/2010	2,000,000.00	2,050,700.00	2,000,000.00	1.740	1,826	1.740	674	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	702	01/04/2016
3134G3RK8	11205	Fed Home Loan Mortgage Corp		03/27/2012	5,000,000.00	5,004,687.50	4,994,500.00	1.000	1,448	1.028	772	03/14/2016
3135G0WW9	11324	Federal National Mort Assoc		05/20/2013	3,000,000.00	2,995,440.00	3,000,000.00	0.520	1,096	0.520	839	05/20/2016
3135G0LD3	11220	Federal National Mort Assoc		05/29/2012	5,000,000.00	5,009,300.00	5,000,000.00	0.875	1,455	0.875	842	05/23/2016
313383BB6	11327	Federal Home Loan Bank		06/03/2013	3,000,000.00	2,995,860.00	3,000,000.00	0.550	1,096	0.550	853	06/03/2016
3133834R9	11322	Federal Home Loan Bank		05/15/2013	3,000,000.00	2,991,060.00	2,990,280.00	0.375	1,136	0.480	874	06/24/2016
3134G4RT7	11399	Fed Home Loan Mortgage Corp		12/27/2013	3,000,000.00	3,000,720.00	3,000,000.00	0.530	913	0.530	877	06/27/2016
3135G0MX8	11235	Federal National Mort Assoc		07/26/2012	5,000,000.00	5,005,350.00	5,000,000.00	0.750	1,461	0.750	906	07/26/2016
3135G0MX8	11288	Federal National Mort Assoc		01/31/2013	2,500,000.00	2,502,675.00	2,502,500.00	0.750	1,272	0.721	906	07/26/2016
3134G4TE8	11407	Fed Home Loan Mortgage Corp		01/28/2014	2,000,000.00	2,002,920.00	1,998,520.00	0.700	912	0.730	908	07/28/2016
313381VK8	11292	Federal Home Loan Bank		02/08/2013	2,000,000.00	1,997,800.00	1,998,000.00	0.575	1,267	0.604	909	07/29/2016
3134G4ET1	11375	Fed Home Loan Mortgage Corp		08/29/2013	2,500,000.00	2,505,025.00	2,495,614.58	0.850	1,075	0.928	919	08/08/2016
3134G4E95	11359	Fed Home Loan Mortgage Corp		08/15/2013	3,000,000.00	3,008,100.00	3,000,000.00	0.850	1,096	0.850	926	08/15/2016
3136G1UX5	11377	Federal National Mort Assoc		09/26/2013	2,500,000.00	2,511,250.00	2,500,000.00	1.010	1,096	1.010	968	09/26/2016
3136G1V71	11379	Federal National Mort Assoc		09/27/2013	2,500,000.00	2,503,225.00	2,500,000.00	1.125	1,096	1.125	969	09/27/2016
3133EA5W4	11260	Federal Farm Credit Bank		10/24/2012	5,000,000.00	4,974,550.00	5,000,000.00	0.650	1,461	0.650	996	10/24/2016
3135G0WS8	11316	Federal National Mort Assoc		05/15/2013	3,000,000.00	2,986,830.00	3,000,000.00	0.600	1,280	0.600	1,018	11/15/2016
313383CM1	11329	Federal Home Loan Bank		06/20/2013	3,000,000.00	2,993,010.00	3,000,000.00	0.600	1,279	0.600	1,053	12/20/2016
3130A0KW9	11413	Federal Home Loan Bank		01/23/2014	2,500,000.00	2,501,500.00	2,500,000.00	0.500	1,096	0.500	1,087	01/23/2017
31315PN88	11351	Farmer Mac		07/05/2013	2,000,000.00	2,012,680.00	2,000,000.00	1.100	1,301	1.100	1,090	01/26/2017
3134G3LG3	11194	Fed Home Loan Mortgage Corp		02/14/2012	5,000,000.00	5,001,800.00	5,000,000.00	1.250	1,827	1.250	1,109	02/14/2017
3136FTH51	11347	Federal National Mort Assoc		06/26/2013	2,000,000.00	2,000,625.00	2,000,000.00	1.250	1,329	1.250	1,109	02/14/2017
3134G3NT3	11370	Fed Home Loan Mortgage Corp		08/08/2013	2,500,000.00	2,507,900.00	2,499,125.00	1.000	1,299	1.010	1,122	02/27/2017
3134G4FD5	11372	Fed Home Loan Mortgage Corp		09/10/2013	5,000,000.00	5,022,750.00	5,000,000.00	1.125	1,277	1.125	1,133	03/10/2017
3136G0BD2	11206	Federal National Mort Assoc		04/24/2012	5,000,000.00	5,013,050.00	5,000,000.00	1.400	1,826	1.400	1,178	04/24/2017
3133ECKV5	11302	Federal Farm Credit Bank		04/05/2013	3,000,000.00	2,971,875.00	3,000,000.00	0.700	1,522	0.700	1,220	06/05/2017
313383PD7	11349	Federal Home Loan Bank		06/28/2013	2,500,000.00	2,526,125.00	2,498,075.00	1.250	1,442	1.270	1,224	06/09/2017

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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
Federal Agency Coupon												
3136G1NQ8	11336	Federal National Mort Assoc		06/19/2013	4,000,000.00	3,988,000.00	4,000,000.00	1.000	1,461	1.000	1,234	06/19/2017
3134G4MP0	11388	Fed Home Loan Mortgage Corp		12/20/2013	2,700,000.00	2,696,085.00	2,700,000.00	0.500	1,278	1.137	1,235	06/20/2017
3137EADH9	11335	Fed Home Loan Mortgage Corp		05/29/2013	3,000,000.00	3,000,937.50	3,009,930.00	1.000	1,492	0.976	1,244	06/29/2017
3137EADH9	11348	Fed Home Loan Mortgage Corp		06/27/2013	2,500,000.00	2,500,781.25	2,474,375.00	1.000	1,463	1.346	1,244	06/29/2017
3133EA4H8	11305	Federal Farm Credit Bank		04/04/2013	5,000,000.00	4,950,550.00	4,999,250.00	0.820	1,559	0.824	1,256	07/11/2017
3134G3ZH6	11341	Fed Home Loan Mortgage Corp		06/06/2013	4,000,000.00	3,996,320.00	4,000,000.00	1.000	1,510	1.000	1,270	07/25/2017
3137EADJ5	11290	Fed Home Loan Mortgage Corp		01/31/2013	2,500,000.00	2,498,000.00	2,509,875.00	1.000	1,639	0.910	1,273	07/28/2017
3137EADJ5	11394	Fed Home Loan Mortgage Corp		12/17/2013	5,000,000.00	4,996,000.00	4,992,900.00	1.000	1,319	1.040	1,273	07/28/2017
3134G4TS7	11406	Fed Home Loan Mortgage Corp		01/28/2014	5,000,000.00	5,039,700.00	5,000,000.00	1.150	1,277	1.150	1,273	07/28/2017
3134G3B90	11243	Fed Home Loan Mortgage Corp		08/15/2012	2,000,000.00	1,985,400.00	1,998,520.00	0.875	1,826	0.890	1,291	08/15/2017
3136G0G39	11250	Federal National Mort Assoc		09/27/2012	5,000,000.00	4,956,450.00	5,000,000.00	0.625	1,826	0.625	1,334	09/27/2017
3133EA3J5	11253	Federal Farm Credit Bank		10/10/2012	5,000,000.00	4,911,900.00	5,000,000.00	0.900	1,826	0.900	1,347	10/10/2017
3136G03Y5	11264	Federal National Mort Assoc		11/21/2012	5,000,000.00	4,971,700.00	5,000,000.00	0.750	1,826	0.750	1,389	11/21/2017
3136G05Q0	11269	Federal National Mort Assoc		11/27/2012	5,000,000.00	4,976,562.50	5,000,000.00	0.700	1,826	0.700	1,395	11/27/2017
3134G44N5	11317	Fed Home Loan Mortgage Corp		05/28/2013	3,000,000.00	2,941,875.00	3,000,000.00	0.750	1,645	0.750	1,396	11/28/2017
3133823A9	11285	Federal Home Loan Bank		02/22/2013	5,000,000.00	4,947,150.00	5,000,000.00	1.150	1,826	1.150	1,482	02/22/2018
3136G1DA4	11286	Federal National Mort Assoc		02/28/2013	5,000,000.00	4,979,150.00	5,000,000.00	1.000	1,826	1.171	1,488	02/28/2018
3134G37H7	11301	Fed Home Loan Mortgage Corp		04/25/2013	5,000,000.00	4,927,550.00	5,000,000.00	1.150	1,826	1.150	1,544	04/25/2018
31315PYT0	11318	Farmer Mac		05/02/2013	3,000,000.00	2,942,730.00	3,000,000.00	0.990	1,826	0.990	1,551	05/02/2018
3135G0XA6	11319	Federal National Mort Assoc		05/21/2013	3,000,000.00	2,936,580.00	3,000,000.00	1.030	1,826	1.030	1,570	05/21/2018
313382Z63	11325	Federal Home Loan Bank		05/22/2013	5,000,000.00	4,938,450.00	5,000,000.00	0.500	1,826	0.500	1,571	05/22/2018
313379DT3	11386	Federal Home Loan Bank		11/12/2013	4,000,000.00	3,967,500.00	3,960,880.00	1.250	1,669	1.472	1,588	06/08/2018
313383EN7	11334	Federal Home Loan Bank		06/20/2013	5,000,000.00	4,941,350.00	5,000,000.00	1.000	1,826	1.000	1,600	06/20/2018
313383C25	11345	Federal Home Loan Bank		06/25/2013	2,500,000.00	2,447,250.00	2,412,500.00	0.600	1,821	1.265	1,600	06/20/2018
3134G47M4	11338	Fed Home Loan Mortgage Corp		06/26/2013	3,000,000.00	2,991,300.00	2,999,250.00	1.500	1,826	1.505	1,606	06/26/2018
3133EDCR1	11395	Federal Farm Credit Bank		12/27/2013	2,000,000.00	2,010,840.00	2,000,000.00	1.740	1,643	1.740	1,607	06/27/2018
313383GK1	11337	Federal Home Loan Bank		06/27/2013	3,800,000.00	3,750,296.00	3,800,000.00	1.125	1,826	1.125	1,607	06/27/2018
3136G1TR0	11373	Federal National Mort Assoc		09/13/2013	2,000,000.00	2,004,062.40	2,000,000.00	2.000	1,826	2.000	1,685	09/13/2018
3130A02E9	11380	Federal Home Loan Bank		09/25/2013	3,000,000.00	3,001,170.00	3,000,000.00	0.750	1,826	0.750	1,697	09/25/2018
3136G1VG1	11382	Federal National Mort Assoc		09/27/2013	2,000,000.00	2,006,440.00	2,000,000.00	2.200	1,826	2.200	1,699	09/27/2018
3134G4L30	11385	Fed Home Loan Mortgage Corp		11/26/2013	5,000,000.00	4,989,950.00	5,000,000.00	1.700	1,826	1.700	1,759	11/26/2018
3134G4LG1	11387	Fed Home Loan Mortgage Corp		11/27/2013	4,000,000.00	4,015,280.00	4,000,000.00	1.500	1,826	1.500	1,760	11/27/2018
3134G4RZ3	11400	Fed Home Loan Mortgage Corp		12/26/2013	5,000,000.00	5,014,450.00	5,000,000.00	1.000	1,826	1.000	1,789	12/26/2018
3134G4QX9	11405	Fed Home Loan Mortgage Corp		01/08/2014	5,000,000.00	5,014,062.50	4,994,791.67	1.500	1,814	1.531	1,790	12/27/2018
3130A0J76	11398	Federal Home Loan Bank		01/17/2014	2,000,000.00	2,005,900.00	2,000,000.00	2.000	1,826	2.000	1,811	01/17/2019
31315P4H9	11415	Farmer Mac		01/30/2014	5,000,000.00	5,000,000.00	5,000,000.00	1.950	1,826	1.950	1,824	01/30/2019

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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
		Subtotal and Average	**421,448,319.30**		**424,058,000.00**	**423,749,954.23**	**424,753,338.65**		**1,184**	**0.795**	**811**	
Federal Agency Discount												
313589TU7	11366	Federal National Mort Assoc		08/02/2013	5,000,000.00	4,999,900.00	4,997,337.50	0.090	213	0.093	30	03/03/2014
313397VY4	11376	Fed Home Loan Mortgage Corp		08/29/2013	3,000,000.00	2,999,730.00	2,998,016.67	0.100	238	0.103	82	04/24/2014
313397XB2	11374	Fed Home Loan Mortgage Corp		08/29/2013	4,000,000.00	3,999,400.00	3,996,761.11	0.110	265	0.113	109	05/21/2014
313385YV2	11402	Federal Home Loan Bank		01/03/2014	10,000,000.00	9,997,500.00	9,994,500.00	0.110	180	0.112	151	07/02/2014
313385ZM1	11411	Federal Home Loan Bank		01/21/2014	6,000,000.00	5,998,320.00	5,997,300.33	0.091	178	0.092	167	07/18/2014
		Subtotal and Average	**37,661,475.48**		**28,000,000.00**	**27,994,850.00**	**27,983,915.61**		**204**	**0.103**	**119**	
Local Agency Investment Funds												
SYS10090	10090	Local Agency Investment Fund			49,471,934.87	49,471,934.87	49,471,934.87	0.244	1	0.244	1	
		Subtotal and Average	**49,457,548.44**		**49,471,934.87**	**49,471,934.87**	**49,471,934.87**		**1**	**0.244**	**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												
38259PAA0	11213	Google		05/22/2012	1,245,000.00	1,249,096.05	1,264,870.20	1.250	727	0.444	107	05/19/2014
98458PAB1	11208	Yale University		04/10/2012	1,178,000.00	1,199,946.14	1,246,265.10	2.900	918	0.575	256	10/15/2014
459200GZ8	11270	IBM Corp		11/14/2012	5,000,000.00	5,024,850.00	5,052,250.00	0.875	716	0.340	272	10/31/2014
89233P5N2	11358	Toyota Motor Credit Corp		07/19/2013	2,000,000.00	2,016,020.00	2,021,280.00	1.250	486	0.445	289	11/17/2014
459200HD6	11397	IBM Corp		12/23/2013	2,278,000.00	2,291,525.63	2,294,754.69	0.750	504	0.280	464	05/11/2015
94974BFE5	11287	Wells Fargo & Compnay		01/31/2013	2,000,000.00	2,026,960.00	2,032,480.00	1.500	881	0.820	515	07/01/2015
89233P6J0	11357	Toyota Motor Credit Corp		07/19/2013	2,000,000.00	2,014,320.00	2,009,720.00	0.875	728	0.629	531	07/17/2015
94985H5F7	11363	Wells Fargo Bank		07/29/2013	2,500,000.00	2,512,350.00	2,499,125.00	0.750	721	0.768	534	07/20/2015
594918AG9	11211	Microsoft		05/10/2012	5,000,000.00	5,103,300.00	5,170,600.00	1.625	1,233	0.602	601	09/25/2015
084670BG2	11291	Berkshire Hathaway		02/11/2013	2,000,000.00	2,008,020.00	2,005,620.00	0.800	1,095	0.705	740	02/11/2016
037833AH3	11320	Apple Inc.		05/06/2013	3,000,000.00	2,990,670.00	3,002,430.00	0.450	1,093	0.423	822	05/03/2016
478160AY0	11293	Johnson & Johnson		02/12/2013	2,000,000.00	2,074,660.00	2,105,040.00	2.150	1,188	0.522	834	05/15/2016
89236TAL9	11333	Toyota Motor Credit Corp		05/28/2013	3,000,000.00	3,009,510.00	3,008,190.00	0.800	1,085	0.707	836	05/17/2016
94974BFL9	11362	Wells Fargo & Compnay		07/29/2013	3,000,000.00	3,028,410.00	2,997,120.00	1.250	1,087	1.283	900	07/20/2016

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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
Corporate Bonds												
084670BB3	11244	Berkshire Hathaway		08/20/2012	3,000,000.00	3,109,500.00	3,132,540.00	2.200	1,456	1.065	926	08/15/2016
742718DV8	11352	Procter & Gamble		07/05/2013	1,985,000.00	2,016,561.50	2,011,658.55	1.450	1,137	1.010	926	08/15/2016
88579YAE1	11392	3M		12/10/2013	2,500,000.00	2,489,200.00	2,495,925.00	1.000	1,294	1.047	1,241	06/26/2017
88579YAE1	11393	3M		12/10/2013	2,500,000.00	2,489,200.00	2,495,475.00	1.000	1,294	1.052	1,241	06/26/2017
64952WBK8	11283	New York Life		01/23/2013	2,855,000.00	2,836,356.85	2,872,529.70	1.300	1,741	1.167	1,367	10/30/2017
594918AP9	11311	Microsoft		04/30/2013	2,500,000.00	2,467,300.00	2,505,000.00	0.875	1,660	0.931	1,383	11/15/2017
037833AJ9	11321	Apple Inc.		05/06/2013	2,500,000.00	2,437,000.00	2,505,600.00	1.000	1,823	0.954	1,552	05/03/2018
037833AJ9	11326	Apple Inc.		05/17/2013	2,500,000.00	2,437,000.00	2,478,975.00	1.000	1,812	1.175	1,552	05/03/2018
478160BG8	11391	Johnson & Johnson		12/05/2013	2,000,000.00	2,012,360.00	2,000,080.00	1.650	1,826	1.649	1,768	12/05/2018
		Subtotal and Average	**59,207,578.42**		**58,541,000.00**	**58,844,116.17**	**59,207,528.24**		**1,164**	**0.796**	**854**	
		Total and Average	**567,774,921.64**		**560,070,934.87**	**560,060,855.27**	**561,416,717.37**		**1,029**	**0.712**	**710**	

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Activity By Type
January 1, 2014 through January 31, 2014

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Federal Agency Coupon							
3133ECTK0	11342	Federal Farm Credit Bank	2.200	01/02/2014	0.00	2,500,000.00	
3133ECTK0	11343	Federal Farm Credit Bank	2.200	01/02/2014	0.00	2,500,000.00	
3133ECTL8	11344	Federal Farm Credit Bank	1.050	01/08/2014	0.00	2,500,000.00	
3133EDC59	11401	Federal Farm Credit Bank	0.250	01/03/2014	3,865,588.20	0.00	
3133ECG81	11410	Federal Farm Credit Bank	0.300	01/21/2014	1,061,356.80	0.00	
313383T84	11364	Federal Home Loan Bank	0.090	01/30/2014	0.00	4,999,709.85	
313383T76	11389	Federal Home Loan Bank	0.090	01/24/2014	0.00	10,003,840.00	
3130A0J76	11398	Federal Home Loan Bank	2.000	01/17/2014	2,000,000.00	0.00	
3130A0JV3	11403	Federal Home Loan Bank	0.190	01/07/2014	10,000,700.00	0.00	
313383QC8	11408	Federal Home Loan Bank	0.190	01/21/2014	4,001,800.00	0.00	
313376YQ2	11409	Federal Home Loan Bank	0.400	01/21/2014	1,002,300.00	0.00	
3130A0QU7	11412	Federal Home Loan Bank	0.125	01/23/2014	2,998,920.00	0.00	
3130A0KW9	11413	Federal Home Loan Bank	0.500	01/23/2014	2,500,000.00	0.00	
3134G3GL8	11173	Fed Home Loan Mortgage Corp	1.000	01/13/2014	0.00	5,000,000.00	
3134G3GL8	11182	Fed Home Loan Mortgage Corp	1.000	01/13/2014	0.00	3,000,000.00	
3134G3JR2	11185	Fed Home Loan Mortgage Corp	0.450	01/09/2014	0.00	2,500,000.00	
3134G4CM8	11350	Fed Home Loan Mortgage Corp	1.250	01/24/2014	0.00	2,500,000.00	
3134G4HZ4	11404	Fed Home Loan Mortgage Corp	0.500	01/08/2014	3,004,830.00	0.00	
3134G4QX9	11405	Fed Home Loan Mortgage Corp	1.500	01/08/2014	4,992,500.00	0.00	
3134G4TS7	11406	Fed Home Loan Mortgage Corp	1.150	01/28/2014	5,000,000.00	0.00	
3134G4TE8	11407	Fed Home Loan Mortgage Corp	0.700	01/28/2014	1,998,520.00	0.00	
31315P4H9	11415	Farmer Mac	1.950	01/30/2014	5,000,000.00	0.00	
3136G1RA9	11356	Federal National Mort Assoc	2.000	01/30/2014	0.00	2,000,000.00	
		Subtotal			**47,426,515.00**	**37,503,549.85**	**424,753,338.65**
Federal Agency Discount							
313385SE7	11369	Federal Home Loan Bank	0.070	01/24/2014	0.00	4,998,298.61	
313385SE7	11384	Federal Home Loan Bank	0.035	01/24/2014	0.00	4,999,572.22	
313385YV2	11402	Federal Home Loan Bank	0.110	01/03/2014	9,994,500.00	0.00	
313385ZM1	11411	Federal Home Loan Bank	0.091	01/21/2014	5,997,300.33	0.00	
313589FV7	11390	Federal National Mort Assoc	0.040	01/15/2014	0.00	14,999,166.67	
		Subtotal			**15,991,800.33**	**24,997,037.50**	**27,983,915.61**
Local Agency Investment Funds (Monthly Summary)							
SYS10090	10090	Local Agency Investment Fund	0.244		31,855.66	0.00	

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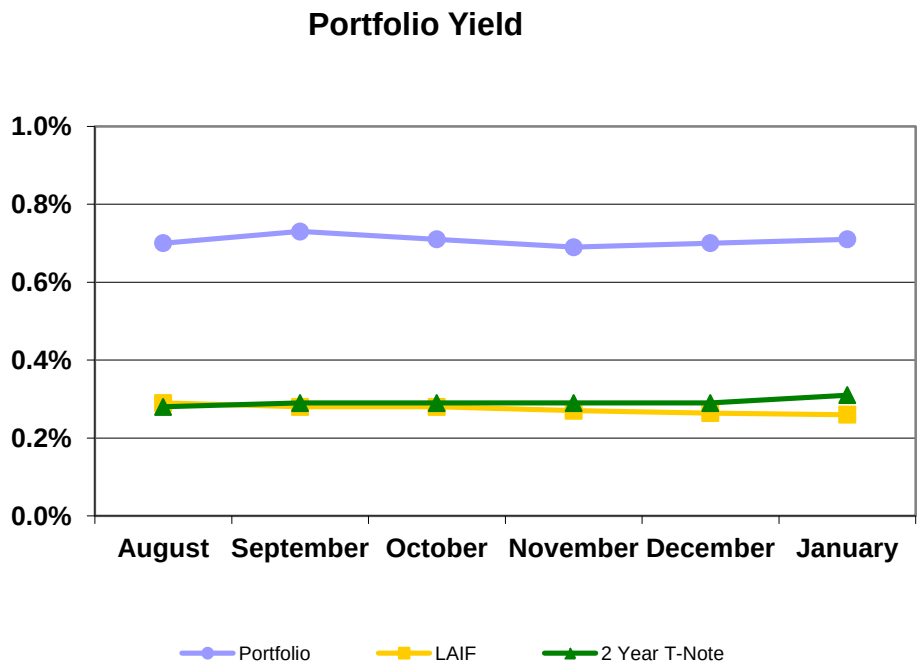
CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
		Subtotal			31,855.66	0.00	49,471,934.87
Columbia Money Market Fund (Monthly Summary)							
		Subtotal					0.00
Local Agency Investment Funds - RDA (Monthly Summary)							
		Subtotal					0.00
Corporate Bonds							
		Subtotal					59,207,528.24
		Total			63,450,170.99	62,500,587.35	561,416,717.37

Portfolio Yield



The portfolio yield-to-maturity was 0.71% as of January 31, 2014, up one basis point from last month and ten basis points from one year earlier. The extended record low interest rate environment continues to hamper portfolio returns as rates remain at historically low levels. Additionally, as noted earlier, a significant amount of the portfolio is being held in very liquid investments with short maturities pending final resolution of the impact of RDA dissolution. The chart compares the month-end portfolio yield to the twelve-month moving averages of the two-year Constant Maturing Treasury security yield (CMT) and State Local Agency Investment Fund (LAIF) yield. The yield-to-maturity does not include the impact of the earnings allowance earned on deposits with Wells Fargo Bank. As noted earlier, these deposits earned a net .0725% in January. However, this allowance is not payable to the City in cash and can only be used to offset bank fees. Therefore, this allowance is not included in the yield-to-maturity calculation.

Overall, interest rates in the two to five year maturity range fell back in January after rising sharply in December. This was the fourth month in the last five where rates decreased overall. The two year CMT month-end rate fell four basis points to 0.34% after approaching its highest level in three years in December. The twelve month moving average did increase one basis point to 0.31%. Rates are still expected to remain relatively low into late 2014 or early 2015 unless there are significant improvements in the national unemployment rate and other economic factors before then. The twelve month moving average LAIF yield fell to another new low of 0.26% in January and has not shown a monthly increase for over five years. The month-end LAIF rate was 0.24%,

The Federal Open Market Committee (Fed) left the target Fed Funds rate unchanged at a range of 0% to 0.25% at its January meeting. The Fed stated that economic activity continues to expand at a moderate pace and unemployment was

improving, but housing seemed to be slowing after a strong period of recovery. However, downside economic risks continue and the Fed wants to see more evidence of sustained economic growth before deviating from current interest rate policy. Additionally, the Fed continues to taper its bond buying program. The unemployment rate fell to 6.6% in January, but job growth was relatively weak. Fourth quarter GDP showed a 2.6% increase, down from the strong third quarter increase of 4.1%. Most recent economic projections predict annualized growth in the 3% range through 2014. As noted above, the improvement in the housing market appears to be slowing as mortgage rates begin to rise. Consumer spending continues positive for the most part. The stock market, as measured by the Dow Jones Industrial Average fell back by 4.7% in January after hitting an all-time high in December.

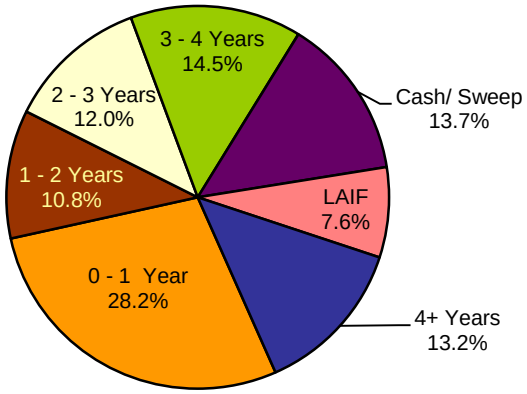
The City's portfolio yield-to-maturity has decreased significantly over the last five years as interest rates have reached historic lows resulting in many investments being called and reinvested at lower rates. Overall, the yield will likely remain relatively flat over the next few months unless some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

Net investment income in January was $0.5 million. Fiscal year-to-date revenues are down 20.3% from the same period a year ago reflecting the continuing impact of the historically low interest rate environment.

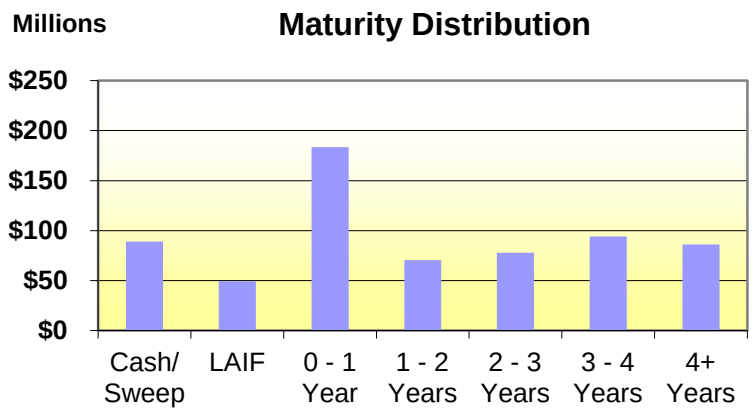
Maturity Distribution

The weighted average days to maturity of the portfolio as of January 31, 2014 is 710 days (1.95 years). 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. Over 60% of the portfolio continues to be held in maturities of 2 years or less (including cash balances).

Portfolio Maturities



As interest rates have started to advance, fewer bonds have been called. However, the interest rate environment is still extremely low compared to historical standards and continues to be volatile. Based on this and pending the final outcome of Redevelopment dissolution including the State Controller's audit, 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 at least 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 January 31, 2014, the market value and the book value of the City's pooled investments (excluding cash) are:

Market Value	$	560,060,855.27
Book Value (purchase price)		561,416,717.37
Unrealized Gain/ (Loss)	$	(1,355,862.10)

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 January 31, 2014. 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	Moodys	In Compliance (Yes/No)
Best Quality	AAA	Aaa	Yes
High Quality	AA+	Aa1	Yes
	AA	Aa2	Yes
	AA-	Aa3	Yes
Upper Medium Grade	A+	A1	Yes
	A	A2	Yes
	A-	A3	Yes
Medium Grade	BBB+	Baa1	No
	BBB	Baa2	No
	BBB-	Baa3	No

Portfolio Allocation as of 1/31/14

	Pooled Portfolio (1) (3)	% of Portfolio	Legal/ Policy Limit	In Compliance (Yes/No)
Federal Agency Securities				
Federal Home Loan Bank	$134,936,126.17	20.7%	50.0%	Yes
Federal National Mortgage Association	84,429,169.47	13.0%	50.0%	Yes
Federal Home Loan Mortgage Corporation	123,309,927.70	19.0%	50.0%	Yes
Farmer Mac	13,000,000.00	2.0%	50.0%	Yes
Federal Farm Credit Bank	97,062,030.92	14.9%	50.0%	Yes
Total Federal Agency Securities	$452,737,254.26	69.6%	n/a	Yes
Treasury Bills	$0.00	0.0%	n/a	Yes
Corporate Bonds	$59,207,528.24	9.1%	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	$49,471,934.87	7.6%	$50 million	Yes
Cash (2)	$88,933,968.33	13.7%	None	Yes
Total (Book Value)	**$650,350,685.70**	**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 ($1,691,026.86), Successor Agency account ($9,126,843.08), 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 1/31/14 (Book Value)

Security	Pooled Portfolio	Credit Rating*	In Compliance (Yes/No)
Corporate			
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
IBM 0.75% maturing 5/11/15	$2,294,754.69	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	$2,009,720.00	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%maturing 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% maturing 5/15/16	$2,105,040.00	AAA	Yes
Toyota Motor Credit Corp. 0.8% maturing 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% maturing 8/15/16	$3,132,540.00	AA	Yes
Proctor & Gamble 1.45% matujring 8/15/16	$2,011,658.55	AA-	Yes
3M Corp. 1% maturing 6/26/17	$4,991,400.00	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
Johnson & Johnson 1.65% maturing 12/05/2018	$2,000,080.00	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.

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Gigi Decavalles-Hughes, Director of Finance/City Treasurer