



Information Item

Date: March 30, 2009

To: Mayor and City Council
From: Carol Swindell, Director of Finance/City Treasurer
Subject: City Monthly Cash and Investment Report for January 31, 2009

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, 2009.

Discussion

The January 2009 Investment Report highlights changes from last month. The value of cash and investments held in the pooled portfolio increased by \$51.2 million from December. The January increase reflects the closure of one of the Charnock settlement fund accounts held in trust by the Bank of New York and the transfer of these funds (\$35 million) to the City pooled portfolio. Also contributing to the increase were a large property tax apportionment from Los Angeles County and the receipt of several large Big Blue Bus allocations from the Los Angeles County MTA. The pooled portfolio yield-to-maturity as of January 31, 2009 was 2.46%, a decrease of 54 basis points from the prior month and 232 basis points from January 2008. Investment earnings were \$2.5 million for the month, helped in part by the sale of four investments at a net gain. Year-to-date earnings are down 4.8% from the same period last year.

In addition to the pooled portfolio, the City's total cash holdings as of January 31, 2009 included \$105.7 million in restricted Charnock settlement-related funds, \$10.2 million in bond proceeds held in trust with fiscal agents, \$6.7 million in other funds held in trust, and \$56,182 in petty cash for a total balance of \$628.7 million.

In compliance with Governmental Accounting Standards, the City reports all investments, with certain exceptions, at their current fair market value on the last day of each month. The investments held by the City may have a current fair market value that is 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 of the portfolio. As of January 31, 2009, the City’s portfolio showed an unrealized loss of approximately \$0.6 million.

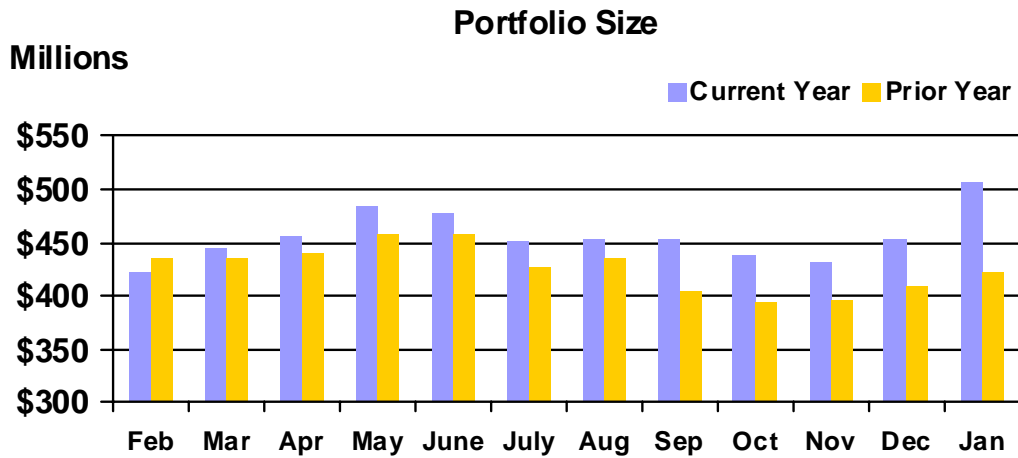
Attached is a summary of investment activity as well as a detailed report of public monies held by the City Treasurer for the month of January 2009.

Prepared by: David Carr, Principal Budget Analyst-Investments

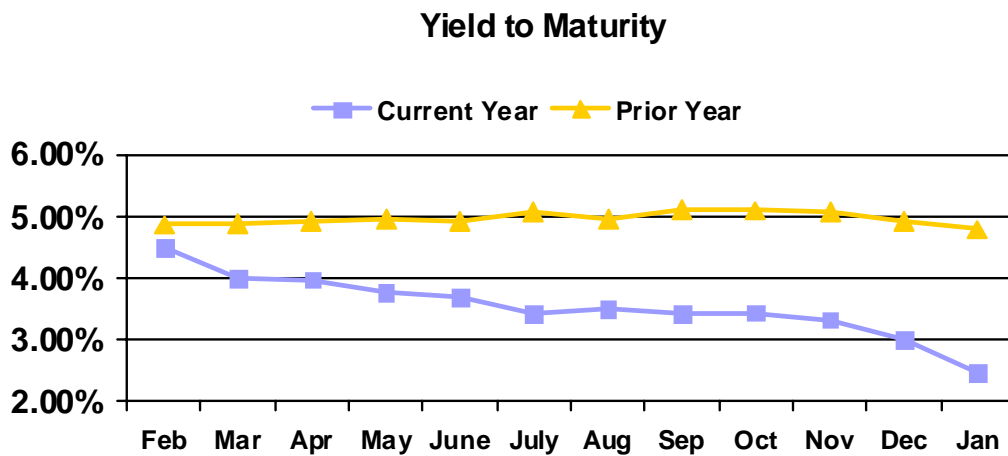
Attachments: 1 – Investment Highlights
2 – Investment Report

Investment Highlights

January 2009

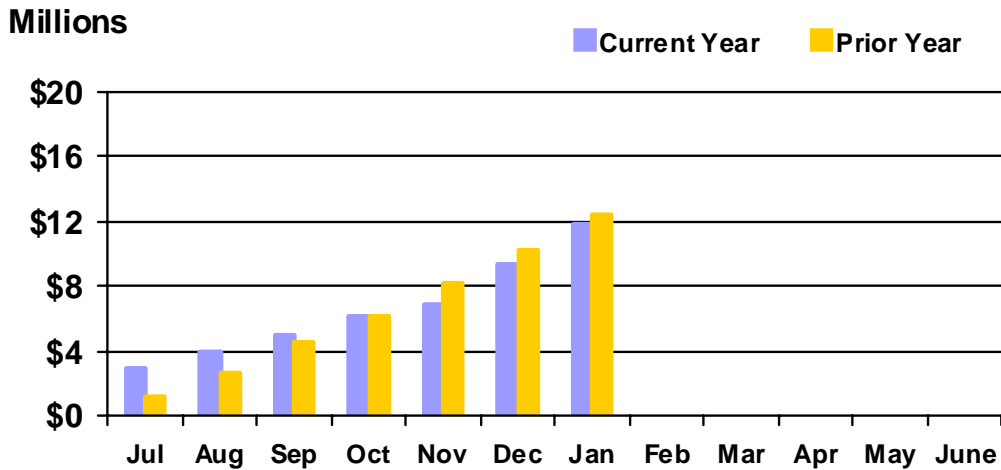


- As of January 31, the portfolio size is \$51.2 million more than in December and \$83.9 million more than in January 2008.
- Increase reflects transfer of Charnock settlement funds to City, large property tax receipts and Big Blue Bus receipts from LACMTA.

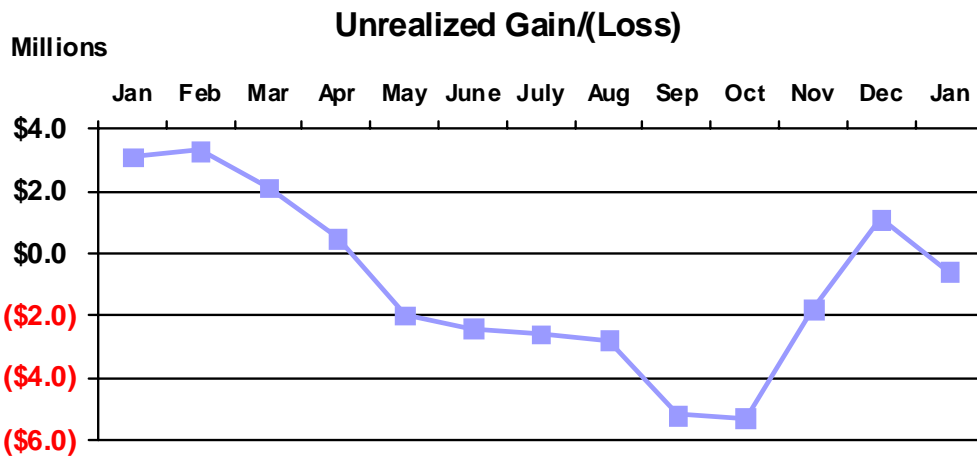


- As of January 31, yield to maturity is 2.46%.
- Decrease of 54 basis points from December and 232 basis points from one year earlier.

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



- January year-to-date earnings are \$12.5 million, 4.8% less than for the same period last fiscal year.



- Unrealized gain (difference between market value and purchase price) as of January 31, 2009 is \$0.6 million.



Investment Report

January 2009

Prepared by:
Carol Swindell, Director of Finance/City Treasurer
David R. Carr, Principal Budget Analyst-Investments

**City of Santa Monica
Report of Public Monies Held by the City Treasurer
As of January 31, 2009**

Petty Cash	\$56,182.00
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Pooled Portfolio

Bank of America (1)	
General Account	\$302,499.12
Columbia Money Market Sweep Account	\$18,147,115.19
Total Bank of America	\$18,449,614.31
Bank of New York (BNY)	
Corporate Bonds	\$17,207,423.04
Corporate Bonds - FDIC Insured	\$25,697,397.92
Federal Agencies Securities	\$404,629,793.82
Commercial Paper	\$0.00
Total Bank of New York	\$447,534,614.78
State of California Local Agency Investment Fund (L.A.I.F.)	\$39,982,160.05

Total Pooled Portfolio	\$505,966,389.14
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Restricted Cash/Investments Held in Trust

Bond Proceeds	
Union Bank-Earthquake Recovery Redevelopment 2006	
Tax Allocation Refunding Bonds Series A & B	\$27.54
BNY-Library Improvement Project 2002 Series	\$0.00
BNY-Ocean Park Redevelopment Project 2002 Refunding	\$2,464,957.23
BNY-Parking Authority Lease Revenue Bonds 2002 Refunding	\$2.01
BNY-Public Safety Facility Bonds 1999 Series and 2002 Series	\$2,441,219.98
U.S. Bank-Wastewater Enterprise Revenue Bonds-1993 Refunding	\$1.00
U.S. Bank-Wastewater Enterprise Revenue Bonds-2005 Refunding	\$7.00
Union Bank-Civic Center Parking Project 2004 Lease Revenue Bonds	\$5,337,296.11

Total Restricted Cash/Investments Held in Trust	\$10,243,510.87
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Charnock Settlement Funds

BNY-Custodial Account	
Money Market Funds	\$0.00
Federal Agencies Securities	\$0.00
Total BNY-Custodial Account	\$0.00
Union Bank (December 2006 Settlement)	
Money Market Funds	\$20,621,770.84
Federal Agencies Securities	\$72,925,252.36
Corporate Bonds	\$12,182,414.00
Total Union Bank (December 2006 Settlement)	\$105,729,437.20

Total Charnock Settlement Funds	\$105,729,437.20
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Other Funds Held in Trust

Cemetery Perpetual Care Fund (3)	\$5,961,769.01
Mausoleum Perpetual Care Fund (3)	\$620,093.71
Public Agency Family Self Sufficiency Program (2)	\$145,543.97

Total Other Funds Held in Trust	\$6,727,406.69
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GRAND TOTAL	\$628,722,925.90
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City of Santa Monica
Report of Public Monies Held by the City Treasurer
As of January 31, 2009

- (1) This is the actual bank account balance as of 1/31/09. It only reflects 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. Redevelopment Agency, Housing Authority, and Parking Authority Funds 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 Capital Management Company. Market value is shown since a large portion of the portfolio is in equities.

**City of Santa Monica
Cash Receipts, Disbursements and Cash Balances*
January 31, 2009**

Pursuant to Section 711d of the City Charter, I submit the following:

Cash and Investments - December 31, 2008	\$454,813,655.31
Receipts	97,244,294.45
Disbursements	(46,091,560.62)
Cash and Investments - January 31, 2009	\$505,966,389.14

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

Carol Swindell
Director of Finance/City Treasurer

Overview

As of January 31, 2009, total City cash and investments were \$628.7 million, a \$9.9 million increase from December. Revenues typically exceed expenditures in the month of January due to receipt of a large property apportionment from Los Angeles County including the first installments of "Triple Flip" and VLF In-Lieu funds. Additionally, January's results include the receipt of several large Big Blue Bus allocations from the Los Angeles County MTA. Restricted Cash/Investments Held in Trust decreased by about \$5.6 million from December reflecting semi-annual debt service payments made by trustees. January's activity also reflects the closing of one of the Charnock settlement accounts and the transfer of those funds to the City pooled portfolio. This will be discussed further later in this report.

Petty Cash	\$	56,182.00
Pooled Investment Portfolio	\$	505,966,389.14
Restricted Cash/Investment Held in Trust	\$	10,243,510.87
Charnock Settlement Funds	\$	105,729,437.20
Other Funds Held in Trust	\$	6,727,406.69
Total	\$	<u>628,722,925.90</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.
- 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

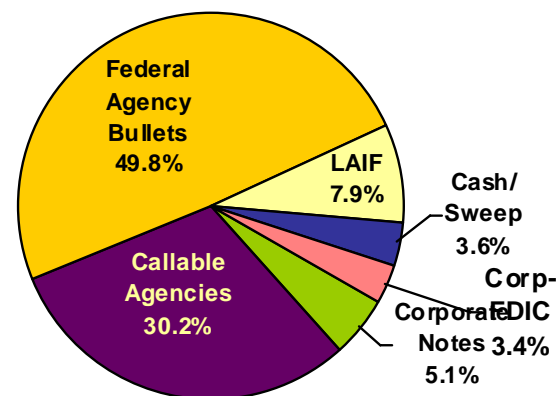
As of January 31, 2009, the portfolio size (book value) of City pooled cash and investments is \$506.0 million, a \$51.2 million increase from December. Since the City holds most investments to maturity, variations in portfolio book value are typically due to receipt and expenditure patterns during the month rather than any gains or losses on securities. As noted above, this month’s increase reflects the closure of one of the Charnock settlement fund accounts held in trust by the Bank of New York and the transfer of these funds (\$35 million) to the City pooled portfolio. Also contributing to the increase were a large property tax apportionment from Los Angeles County and the receipt of several large Big Blue Bus allocations from the Los Angeles County MTA. Twenty-one investments (\$134.8 million) were made during the month. Of these, four (\$30 million) were for short term cash flow purposes and also matured during the month. One additional investment matured (\$4.5 million), eight investments were called (\$38 million), and three investments (\$12.9 million) were sold as the City continues to look for opportunities to divest the portfolio of certain corporate bonds due to the continuing crisis in the financial and credit markets. The LAIF balance increased by \$0.2 million during the month reflecting receipt of a quarterly interest payment. The balance of the sweep account as of January 31 was \$18.1 million.

Details of the main portfolio follow.

Portfolio Composition

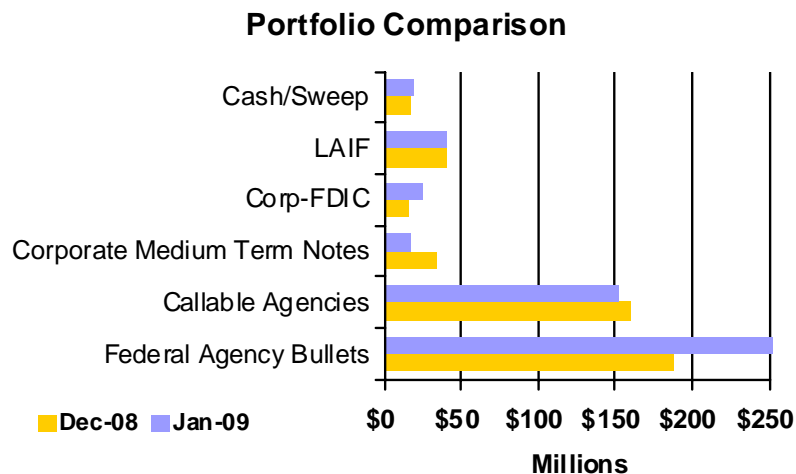
The portfolio is well-diversified and is in compliance with the City’s Investment Policy and applicable provisions of the State Government Code. The largest sector of the portfolio is Federal Agency Securities (80%). The remaining 20% is invested in corporate notes (8.5%), a majority of which are now FDIC insured bonds (AAA rated) issued under the FDIC’s Temporary Liquidity Guarantee Program (TLGP); the State Local Agency Investment Fund (7.9%) and cash including the money market sweep account (3.6%). This portfolio mix allows the City to maintain its primary investment objectives of safety and liquidity while attaining a rate of return consistent with the City’s Investment Policy and Investment Plan.

Portfolio Composition



Portfolio Comparison

The chart to the right shows the overall structure of the portfolio by type of investment compared to last month. The primary change from last month is the \$64.5 million increase in bullets. About \$40 million of this increase is from discount notes that will mature and be reinvested in February. The remaining increase reflects bullets purchased to lock in maturity dates that became open because of called investments. The allocation of FDIC guaranteed corporate notes through the TLGP increased by about \$10.4 million. The bond market 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. However, when rates begin to rise again, rebalancing opportunities will be evaluated.

**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
January 31, 2009**

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												
3133XSDC9	10787	Federal Home Loan Bank		10/02/2008	3,000,000.00	3,000,000.00	3,000,000.00	3.250	123	3.250	1	02/02/2009
3137EAAQ2	10706	Fed Home Loan Mortgage Corp		02/11/2008	5,000,000.00	5,018,750.00	5,122,800.00	4.750	388	2.403	32	03/05/2009
3136F5TL5	10722	Federal National Mort Assoc		03/20/2008	5,000,000.00	5,037,500.00	5,107,250.00	4.100	396	2.086	78	04/20/2009
3133X7SH8	10723	Federal Home Loan Bank		03/28/2008	5,000,000.00	5,054,687.50	5,113,850.00	4.250	413	2.198	103	05/15/2009
3137EAAE9	10721	Fed Home Loan Mortgage Corp		03/20/2008	5,000,000.00	5,068,750.00	5,182,000.00	5.250	427	2.081	109	05/21/2009
3133XL6B4	10707	Federal Home Loan Bank		02/11/2008	5,000,000.00	5,078,125.00	5,174,350.00	5.125	479	2.410	123	06/04/2009
3133XFLG9	10732	Federal Home Loan Bank		04/03/2008	5,000,000.00	5,085,937.50	5,167,450.00	5.250	435	2.380	131	06/12/2009
3133XFLG9	10733	Federal Home Loan Bank		04/03/2008	5,000,000.00	5,085,937.50	5,168,000.00	5.250	435	2.371	131	06/12/2009
3133XFLG9	10735	Federal Home Loan Bank		04/16/2008	5,000,000.00	5,085,937.50	5,162,440.00	5.250	422	2.380	131	06/12/2009
3134A4US1	10720	Fed Home Loan Mortgage Corp		03/20/2008	5,000,000.00	5,084,375.00	5,143,000.00	4.250	482	2.040	164	07/15/2009
3133XGEQ3	10734	Federal Home Loan Bank		04/16/2008	5,000,000.00	5,117,187.50	5,181,500.00	5.250	476	2.400	185	08/05/2009
3133XGJ88	10714	Federal Home Loan Bank		02/25/2008	5,000,000.00	5,132,812.50	5,196,150.00	5.250	564	2.640	222	09/11/2009
3134A3M78	10752	Fed Home Loan Mortgage Corp		06/18/2008	5,000,000.00	5,181,250.00	5,207,750.00	6.625	454	3.180	226	09/15/2009
3133XQL83	10745	Federal Home Loan Bank		05/21/2008	5,000,000.00	5,043,750.00	4,978,250.00	2.250	499	2.576	243	10/02/2009
3136F6JW0	10724	Federal National Mort Assoc		03/26/2008	2,000,000.00	2,053,750.00	2,067,977.47	4.625	581	2.430	269	10/28/2009
3133X9BF6	10727	Federal Home Loan Bank		03/28/2008	5,000,000.00	5,095,312.50	5,086,350.00	3.500	585	2.390	275	11/03/2009
3133X8RL8	10726	Federal Home Loan Bank		03/28/2008	5,000,000.00	5,115,625.00	5,110,550.00	3.710	635	2.400	325	12/23/2009
3136F6TY5	10725	Federal National Mort Assoc		03/26/2008	5,000,000.00	5,151,562.50	5,166,588.67	4.300	664	2.410	352	01/19/2010
3133MATQ2	10729	Federal Home Loan Bank		03/27/2008	4,830,000.00	5,136,403.13	5,265,955.80	7.375	687	2.420	376	02/12/2010
3133XPNX8	10711	Federal Home Loan Bank		02/14/2008	5,000,000.00	5,081,250.00	5,000,900.00	2.625	757	2.617	404	03/12/2010
3133X6PG5	10719	Federal Home Loan Bank		03/19/2008	5,000,000.00	5,175,000.00	5,180,500.00	4.080	768	2.310	449	04/26/2010
31398APV8	10736	Federal National Mort Assoc		04/23/2008	5,000,000.00	5,076,562.50	4,959,350.00	2.375	757	2.805	473	05/20/2010
3133XFLE4	10715	Federal Home Loan Bank		02/25/2008	5,000,000.00	5,265,625.00	5,259,921.70	5.250	837	2.890	495	06/11/2010
3133XR2Y5	10739	Federal Home Loan Bank		05/15/2008	5,000,000.00	5,098,437.50	4,981,850.00	3.000	757	3.182	495	06/11/2010
3133XR2Y5	10744	Federal Home Loan Bank		05/21/2008	5,000,000.00	5,098,437.50	5,009,000.00	3.000	751	2.904	495	06/11/2010
31331GHB8	10791	Federal Farm Credit Bank		12/15/2008	5,000,000.00	5,017,187.50	5,000,000.00	2.350	547	2.350	499	06/15/2010
31331YYU8	10731	Federal Farm Credit Bank		03/27/2008	5,000,000.00	5,046,875.00	4,986,750.00	2.250	826	2.372	515	07/01/2010
3133XCBP7	10749	Federal Home Loan Bank		05/29/2008	5,000,000.00	5,260,937.50	5,181,750.00	5.000	774	3.210	526	07/12/2010
3133XCSY0	10710	Federal Home Loan Bank		02/14/2008	5,000,000.00	5,265,625.00	5,255,500.00	4.875	914	2.750	561	08/16/2010
31331Y5M8	10771	Federal Farm Credit Bank		08/18/2008	10,000,000.00	10,012,500.00	10,000,000.00	3.570	730	3.570	563	08/18/2010
3133XGRD8	10728	Federal Home Loan Bank		03/27/2008	4,900,000.00	5,184,812.50	5,200,664.00	5.125	916	2.580	605	09/29/2010
3133XSCT3	10813	Federal Home Loan Bank		01/16/2009	3,000,000.00	3,096,562.50	3,132,798.75	3.375	642	1.386	626	10/20/2010
3133XMES6	10789	Federal Home Loan Bank		11/25/2008	7,000,000.00	7,332,500.00	7,205,132.43	4.375	696	3.000	628	10/22/2010
3133XRWY2	10770	Federal Home Loan Bank		08/12/2008	5,000,000.00	5,003,125.00	5,000,000.00	3.800	822	3.802	649	11/12/2010
31331TNJ6	10730	Federal Farm Credit Bank		04/24/2008	5,000,000.00	5,257,812.50	5,206,000.00	4.350	967	2.725	684	12/17/2010
31331GHS1	10797	Federal Farm Credit Bank		12/30/2008	5,000,000.00	4,985,937.50	5,000,000.00	2.000	730	2.000	697	12/30/2010

Portfolio INVT
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**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
January 31, 2009**

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												
31331Y5U0	10779	Federal Farm Credit Bank		08/25/2008	5,000,000.00	5,009,375.00	5,000,000.00	3.800	914	3.800	754	02/25/2011
31398ANH1	10712	Federal National Mort Assoc		02/25/2008	5,000,000.00	5,006,250.00	5,000,000.00	3.250	1,096	3.250	754	02/25/2011
31331YWG1	10817	Federal Farm Credit Bank		01/22/2009	5,000,000.00	5,137,500.00	5,202,066.67	3.000	770	1.607	760	03/03/2011
3133XPNY6	10751	Federal Home Loan Bank		05/29/2008	3,000,000.00	3,071,250.00	2,948,160.00	2.875	1,016	3.521	768	03/11/2011
31359MM26	10750	Federal National Mort Assoc		05/29/2008	3,000,000.00	3,214,687.50	3,134,760.00	5.125	1,051	3.470	803	04/15/2011
3128X7MN1	10810	Fed Home Loan Mortgage Corp		01/15/2009	5,000,000.00	5,175,400.00	5,240,727.78	3.500	840	1.664	823	05/05/2011
3136F9QM8	10741	Federal National Mort Assoc		06/02/2008	5,000,000.00	5,128,125.00	4,984,100.00	3.400	1,095	3.513	851	06/02/2011
3133XFJY3	10699	Federal Home Loan Bank		01/18/2008	5,000,000.00	5,396,875.00	5,335,350.00	5.250	1,239	3.150	859	06/10/2011
3133XR4U1	10806	Federal Home Loan Bank		01/09/2009	5,000,000.00	5,120,312.50	5,186,736.81	3.125	882	1.650	859	06/10/2011
3136F9XB4	10753	Federal National Mort Assoc		07/01/2008	5,000,000.00	5,046,875.00	5,000,000.00	4.375	1,095	4.375	880	07/01/2011
31331Y4A5	10765	Federal Farm Credit Bank		07/28/2008	5,000,000.00	5,067,187.50	4,981,250.00	3.875	1,095	4.009	907	07/28/2011
3133XPZF4	10716	Federal Home Loan Bank		03/06/2008	5,000,000.00	5,012,500.00	5,000,000.00	3.625	1,279	3.625	947	09/06/2011
3136F9HU0	10738	Federal National Mort Assoc		05/15/2008	5,000,000.00	5,023,437.50	4,918,500.00	3.250	1,257	3.759	995	10/24/2011
3133XPGH1	10703	Federal Home Loan Bank		02/04/2008	5,000,000.00	5,001,562.50	4,998,750.00	3.700	1,369	3.708	1,006	11/04/2011
3136F9Z55	10792	Federal National Mort Assoc		12/30/2008	5,000,000.00	4,960,937.50	5,000,000.00	3.000	1,095	3.000	1,062	12/30/2011
3128X8EK4	10801	Fed Home Loan Mortgage Corp		01/27/2009	5,000,000.00	5,005,000.00	5,000,000.00	2.000	1,095	2.000	1,090	01/27/2012
3133XP6Q2	10698	Federal Home Loan Bank		01/30/2008	10,000,000.00	10,115,625.00	10,000,000.00	3.550	1,461	3.550	1,093	01/30/2012
3128X8FD9	10809	Fed Home Loan Mortgage Corp		01/30/2009	5,000,000.00	4,938,900.00	5,000,000.00	1.500	1,095	1.500	1,093	01/30/2012
31331Y5J5	10775	Federal Farm Credit Bank		08/21/2008	5,000,000.00	5,078,125.00	5,000,000.00	4.020	1,279	4.020	1,115	02/21/2012
3136F82S3	10708	Federal National Mort Assoc		02/22/2008	1,255,000.00	1,277,746.88	1,251,862.50	3.300	1,461	3.367	1,116	02/22/2012
3133XRG87	10784	Federal Home Loan Bank		09/12/2008	3,000,000.00	3,030,937.50	3,013,710.00	4.000	1,277	3.859	1,135	03/12/2012
3133XQZ39	10737	Federal Home Loan Bank		04/30/2008	5,000,000.00	5,128,125.00	5,000,000.00	3.650	1,461	3.650	1,184	04/30/2012
3133MNVV0	10814	Federal Home Loan Bank		01/16/2009	5,000,000.00	5,540,625.00	5,668,885.69	5.750	1,212	1.880	1,196	05/12/2012
3133XRGT1	10786	Federal Home Loan Bank		09/24/2008	3,500,000.00	3,541,562.50	3,491,250.00	4.150	1,363	4.222	1,233	06/18/2012
3128X8ED0	10803	Fed Home Loan Mortgage Corp		01/20/2009	5,000,000.00	5,006,650.00	5,000,000.00	2.400	1,277	2.400	1,265	07/20/2012
3136F8YW9	10678	Federal National Mort Assoc		12/14/2007	5,000,000.00	5,129,687.50	5,000,000.00	4.600	1,827	4.600	1,412	12/14/2012
3128X6VF0	10679	Fed Home Loan Mortgage Corp		12/17/2007	5,000,000.00	5,069,175.00	4,998,750.00	4.750	1,827	4.756	1,415	12/17/2012
3136F8E27	10692	Federal National Mort Assoc		01/14/2008	5,000,000.00	5,032,812.50	4,985,000.00	4.250	1,827	4.317	1,443	01/14/2013
3133XNYW3	10695	Federal Home Loan Bank		01/22/2008	5,000,000.00	5,071,875.00	5,000,000.00	4.125	1,827	4.125	1,451	01/22/2013
31398ARC8	10807	Federal National Mort Assoc		01/09/2009	5,000,000.00	5,096,875.00	5,143,050.00	4.120	1,578	3.580	1,555	05/06/2013
3133XRB58	10740	Federal Home Loan Bank		05/28/2008	5,000,000.00	5,164,062.50	5,000,000.00	4.125	1,826	4.125	1,577	05/28/2013
3136F93R2	10802	Federal National Mort Assoc		01/22/2009	5,000,000.00	4,971,875.00	5,000,000.00	2.000	1,826	2.000	1,816	01/22/2014
3128X8FT4	10815	Fed Home Loan Mortgage Corp		01/29/2009	5,000,000.00	4,907,450.00	5,000,000.00	2.000	1,826	2.000	1,823	01/29/2014
Subtotal and Average			336,473,314.07		338,485,000.00	345,366,225.01	344,645,238.27		952	2.911	721	

Portfolio INVT
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**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
January 31, 2009**

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												
313385BM7	10812	Federal Home Loan Bank		01/15/2009	10,000,000.00	10,000,000.00	9,999,358.33	0.110	21	0.112	4	02/05/2009
313385BT2	10811	Federal Home Loan Bank		01/15/2009	10,000,000.00	10,000,000.00	9,999,025.00	0.130	27	0.132	10	02/11/2009
313385CA2	10820	Federal Home Loan Bank		01/27/2009	10,000,000.00	9,999,000.00	9,998,961.11	0.170	22	0.172	17	02/18/2009
313397CF6	10821	Fed Home Loan Mortgage Corp		01/27/2009	10,000,000.00	9,999,000.00	9,998,875.00	0.150	27	0.152	22	02/23/2009
313385CZ7	10795	Federal Home Loan Bank		12/22/2008	5,000,000.00	4,999,000.00	4,997,975.00	0.180	81	0.183	40	03/13/2009
313385DL7	10796	Federal Home Loan Bank		12/22/2008	5,000,000.00	4,998,500.00	4,997,444.44	0.200	92	0.203	51	03/24/2009
313589DW0	10794	Federal National Mort Assoc		12/22/2008	10,000,000.00	9,996,000.00	9,992,916.67	0.250	102	0.254	61	04/03/2009
Subtotal and Average			49,180,471.55		60,000,000.00	59,991,500.00	59,984,555.55		48	0.169	27	
Local Agency Investment Funds												
SYS10090	10090	Local Agency Investment Fund			39,982,160.05	39,982,160.05	39,982,160.05	2.046	1	2.046	1	
Subtotal and Average			39,486,467.47		39,982,160.05	39,982,160.05	39,982,160.05		1	2.046	1	
Columbia Money Market Fund												
SYS10091	10091	Columbia Money Market Reserves		09/15/2006	18,147,115.19	18,147,115.19	18,147,115.19	0.010	1	0.010	1	
Subtotal and Average			14,550,731.12		18,147,115.19	18,147,115.19	18,147,115.19		1	0.010	1	
Corporate Bonds												
713411AB2	10623	Pepsi Bottling		02/27/2007	3,000,000.00	3,004,860.00	3,023,550.00	5.625	721	5.200	16	02/17/2009
40429XC95	10673	HSBC		11/29/2007	2,000,000.00	1,928,437.40	2,000,000.00	5.050	1,082	5.120	652	11/15/2010
481247AD6	10793	JP Morgan Chase		12/22/2008	5,000,000.00	5,098,350.00	5,093,639.58	2.625	709	1.700	668	12/01/2010
949746NB3	10696	Wells Fargo Bank		01/18/2008	2,000,000.00	2,002,960.00	2,044,223.04	4.875	1,090	4.080	710	01/12/2011
45974VA24	10646	AIG		07/18/2007	5,000,000.00	3,881,900.00	5,013,650.00	5.750	1,428	5.669	864	06/15/2011
441812JW5	10641	HSBC		06/13/2007	5,000,000.00	5,144,950.00	5,126,000.00	6.375	1,585	5.709	986	10/15/2011
86801BAB1	10798	Suntrust Bank		12/29/2008	5,000,000.00	5,104,050.00	5,158,866.67	3.000	1,052	1.900	1,018	11/16/2011
949744AA4	10790	Wells Fargo Bank		12/10/2008	5,000,000.00	5,135,750.00	4,994,150.00	3.000	1,094	3.041	1,041	12/09/2011
06050BAA9	10808	Bank of America		01/20/2009	5,000,000.00	5,111,150.00	5,219,065.28	3.125	1,242	1.913	1,230	06/15/2012
38146FAA9	10816	Goldman Sachs		01/26/2009	5,000,000.00	5,131,200.00	5,231,676.39	3.250	1,236	1.984	1,230	06/15/2012
Subtotal and Average			42,496,811.20		42,000,000.00	41,543,607.40	42,904,820.96		1,149	3.403	907	
Total and Average			482,187,795.41		498,614,275.24	505,030,607.65	505,663,890.02		752	2.455	572	

**City of Santa Monica
Portfolio Management
Activity By Type
January 1, 2009 through January 31, 2009**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Federal Agency Coupon							
31331YWG1	10817	Federal Farm Credit Bank	3.000	01/22/2009	5,144,150.00	0.00	
3133XP6L3	10700	Federal Home Loan Bank	4.200	01/29/2009	0.00	4,998,750.00	
3133XPDF8	10701	Federal Home Loan Bank	3.450	01/29/2009	0.00	5,000,000.00	
3133XPDU5	10702	Federal Home Loan Bank	3.680	01/30/2009	0.00	5,000,000.00	
3133XSGH5	10788	Federal Home Loan Bank	3.750	01/14/2009	0.00	3,000,000.00	
3133XR4U1	10806	Federal Home Loan Bank	3.125	01/09/2009	5,174,150.00	0.00	
3133XSCT3	10813	Federal Home Loan Bank	3.375	01/16/2009	3,101,580.00	0.00	
3133MNVV0	10814	Federal Home Loan Bank	5.750	01/16/2009	5,620,170.41	0.00	
3128X6YJ9	10689	Fed Home Loan Mortgage Corp	4.500	01/09/2009	0.00	5,000,000.00	
3128X6ZX7	10694	Fed Home Loan Mortgage Corp	4.040	01/15/2009	0.00	4,998,750.00	
3128X6A97	10697	Fed Home Loan Mortgage Corp	4.000	01/25/2009	0.00	5,000,000.00	
3128X8EK4	10801	Fed Home Loan Mortgage Corp	2.000	01/27/2009	5,000,000.00	0.00	
3128X8ED0	10803	Fed Home Loan Mortgage Corp	2.400	01/20/2009	5,000,000.00	0.00	
3128X8FD9	10809	Fed Home Loan Mortgage Corp	1.500	01/30/2009	5,000,000.00	0.00	
3128X7MN1	10810	Fed Home Loan Mortgage Corp	3.500	01/15/2009	5,206,700.00	0.00	
3128X8FT4	10815	Fed Home Loan Mortgage Corp	2.000	01/29/2009	5,000,000.00	0.00	
3136F9XY4	10756	Federal National Mort Assoc	4.050	01/14/2009	0.00	5,000,000.00	
3136F93R2	10802	Federal National Mort Assoc	2.000	01/22/2009	5,000,000.00	0.00	
31398ARC8	10807	Federal National Mort Assoc	4.120	01/09/2009	5,107,000.00	0.00	
		Subtotal			54,353,750.41	37,997,500.00	344,645,238.27
Federal Agency Discount							
313385AW6	10799	Federal Home Loan Bank	0.030	01/06/2009	4,999,937.50	0.00	
313385AW6	10799			01/21/2009	0.00	4,999,937.50	
313385BC9	10800	Federal Home Loan Bank	0.040	01/07/2009	4,999,888.89	0.00	
313385BC9	10800			01/27/2009	0.00	4,999,888.89	
313385AX4	10804	Federal Home Loan Bank	0.020	01/08/2009	9,999,922.22	0.00	
313385AX4	10804			01/22/2009	0.00	9,999,922.22	
313385AY2	10805	Federal Home Loan Bank	0.020	01/08/2009	9,999,916.67	0.00	
313385AY2	10805			01/23/2009	0.00	9,999,916.67	
313385BT2	10811	Federal Home Loan Bank	0.130	01/15/2009	9,999,025.00	0.00	
313385BM7	10812	Federal Home Loan Bank	0.110	01/15/2009	9,999,358.33	0.00	
313385CA2	10820	Federal Home Loan Bank	0.170	01/27/2009	9,998,961.11	0.00	
313397CF6	10821	Fed Home Loan Mortgage Corp	0.150	01/27/2009	9,998,875.00	0.00	
		Subtotal			69,995,884.72	29,999,665.28	59,984,555.55

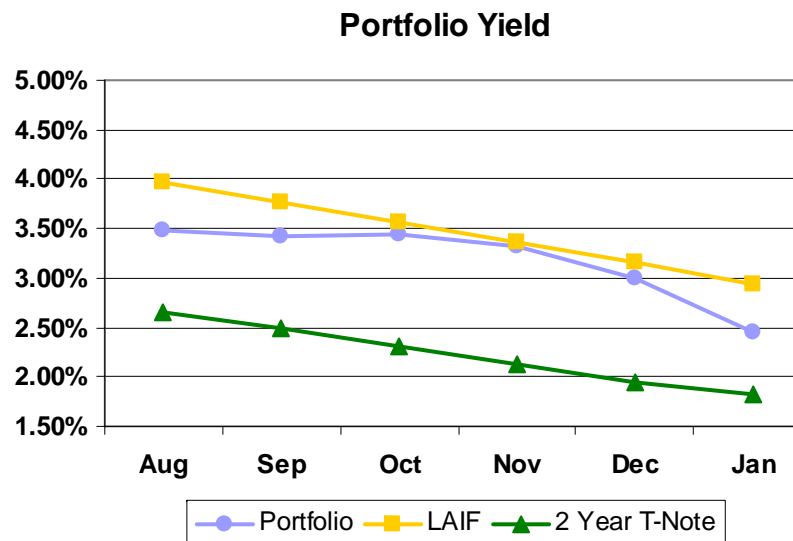
**City of Santa Monica
Portfolio Management
Activity By Type
January 1, 2009 through January 31, 2009**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Local Agency Investment Funds (Monthly Summary)							
SYS10090	10090	Local Agency Investment Fund	2.046		3,240,462.14	3,000,000.00	
Subtotal					3,240,462.14	3,000,000.00	39,982,160.05
Columbia Money Market Fund (Monthly Summary)							
SYS10091	10091	Columbia Money Market Reserves	0.010		87,883,765.69	85,690,015.71	
Subtotal					87,883,765.69	85,690,015.71	18,147,115.19
Corporate Bonds							
06050BAA9	10808	Bank of America	3.125	01/20/2009	5,199,100.00	0.00	
172967CN9	10663	Citigroup	4.250	01/12/2009	0.00	4,944,500.00	
38141GEF7	10647	Goldman Sachs	5.000	01/12/2009	0.00	4,902,916.96	
38146FAA9	10816	Goldman Sachs	3.250	01/26/2009	5,206,850.00	0.00	
40429CFZ0	10654	HSBC	5.900	01/16/2009	0.00	3,051,989.79	
64952WAB9	10665	New York Life	3.875	01/15/2009	0.00	4,514,601.00	
Subtotal					10,405,950.00	17,414,007.75	42,904,820.96
Total					225,879,812.96	174,101,188.74	505,663,890.02

Portfolio Yield

The portfolio yield-to-maturity was 2.46% as of January 31, 2009, down fifty-four basis points from December. This is fourteenth month in the last sixteen where the yield has decreased. The yield is now two hundred sixty-four (264) basis points below the high mark of 5.1% in September 2007, and at its lowest point since September 2004. 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.

Overall, interest rates in the two to five year maturity range increased slightly in January after five months of decreases. However, rates remain at historically low levels reflecting continued weakness in financial and credit markets, as well as the overall global economy. The decrease in the City yield reflects the large number of called investments that were reinvested at lower yields as well as the sale of three high yielding corporate bonds in an effort to reduce the credit risk of the portfolio. The month-end two year CMT increased from 0.76% to 0.94%, but is still down one hundred seventy two (172) basis points since the end of May. Indications are that rates will remain low for some time. The twelve month moving average of the two year CMT fell by eleven (11) basis points during the month and is three hundred four (304) basis points off its most recent high point of March 2007. LAIF rates have also decreased significantly in recent months. The twelve month moving average LAIF yield decreased by twenty-two (22) basis points in January and has now declined for fifteen consecutive months. As of January 31, the LAIF yield was 2.05%, the lowest since November 2004. The LAIF yield will continue to decrease in the upcoming months.



At its January 2009 meeting, the Federal Open Market Committee (Fed) left the target Fed Funds rate unchanged at a range of 0% to 0.25%. Rates are expected to remain unchanged for the near future. The economy is in its most severe recession since at least the early 1980's. Unemployment and job losses continue to mount, the housing market continues to slump, consumer confidence is at historical lows, consumer spending continues to decrease, and, and stocks are at their lowest level in over a decade. Fourth quarter GDP showed a larger than anticipated contraction of 6.2% and further contractions are expected in upcoming quarters. Many economists now do not expect recovery before 2010. Impacts of the recently passed

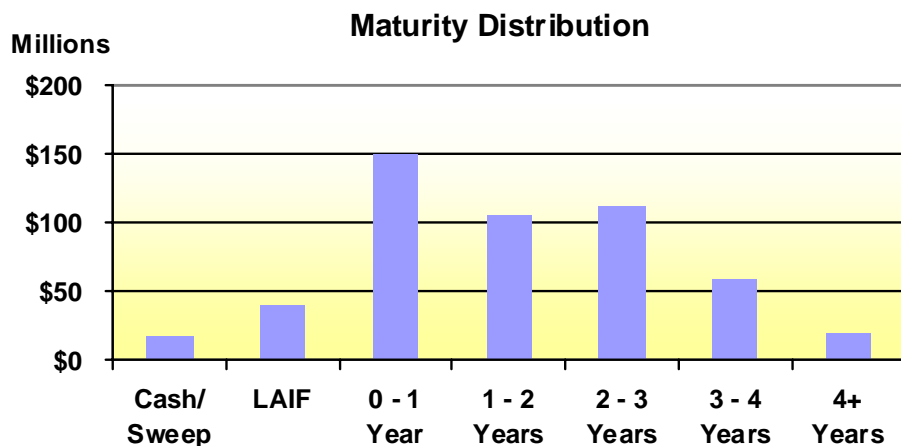
Federal stimulus program are not yet known, and the Treasury Department and the Fed continue to take extraordinary actions to try to thaw out frozen credit markets and support financial institutions, the latest being acquisition of an ownership stake in Citigroup.

The City’s portfolio yield-to-maturity has decreased significantly over the last year as interest rates have reached historic lows resulting in many investments being called and reinvested at lower rates. The yield is expected to continue to decrease through at least the first half of 2009, and possible into 2010. Over \$280 million in bonds were called between October 2007 and January 2009, and more bonds will be called in the next few months as interest rates are expected to remain very low.

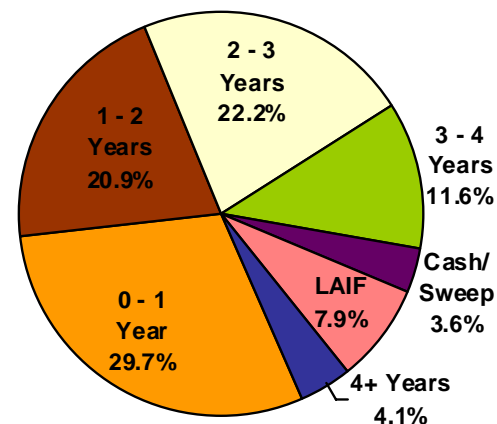
January interest earnings on a cash basis (net of premiums, discounts, and the net book loss on any sales) on pooled funds were \$2.5 million, about \$0.4 million more than in January 2008. Fiscal year-to-date revenues are 4.8% less than for the same period last fiscal year.

Maturity Distribution

The weighted average days to maturity, as of January 31, 2009, is 572 days (1.6 years), 21 days less than the prior month. Due to the current volatile interest rate environment resulting in many called investments, the average days to maturity may vary over the next several months. Additionally, most investments are being made in maturities of three years or less until there is a clear indication that interest rates have bottomed out.



Portfolio Maturities



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 hold most securities to maturity. Purchase price and market values are exclusive of interest realized to date on investments. As of January 31, 2009, the market value and the book value of the City's pooled investments (excluding cash) are:

Market Value	\$ 505,030,607.65
Book Value	505,663,890.02
Unrealized Gain/(Loss)	\$ (633,282.37)

Charnock Settlement

In December 2003, a settlement was reached between the City and a number of oil companies regarding MTBE contamination of City water wells. As of December 31, 2006, cash payments from the 2003 settlement to the City totaling approximately \$122.1 million have been made. The City had certain obligations regarding significant portions of the funds under the terms of this settlement agreement and related agreements. The agreement with the oil companies, as well as a separate agreement between the City and its retained counsel, detailed how and where the funds from the lawsuit were to be disbursed. In December 2006, the City entered into a new agreement that supersedes the original agreement whereby the oil companies, instead of paying the actual costs for design, construction, and operation of the water treatment facility, paid the City a lump sum amount. In March 2008, the City and Baron and Budd reached agreement regarding legal fees related to the December 2003 agreement. As a result, funds remain in two escrow accounts.

One account was set up at Bank of New York under the original settlement agreement (Custodial Account) with an initial deposit of \$30 million in settlement funds to be released to the City in increments based upon milestones related to the

construction and operation of a water treatment facility. The 2006 agreement allowed the City to release these funds from the escrow account. This account was closed in January 2009, and the funds were transferred to the City pooled portfolio in accordance with the 2006 settlement.

The December 2006 agreement also specifies that, instead of paying the actual costs for design, construction, and operation of the water treatment facility, the oil companies agreed to pay the City a lump sum of \$131 million in exchange for release from further obligations. These funds were received in late December and deposited into an escrow account with Union Bank. As discussed in previous reports, \$31 million was transferred to the City pooled portfolio in January 2007. The remaining funds are invested under the same guidelines as the pooled portfolio with maturity dates to match the estimated cash flow needs of the Water Treatment Facility project. The yield to maturity on these funds as of January 31, 2009 is 2.50%. On January 31, 2009, the portfolio showed an unrealized loss of \$111,844.46.

**SM Water Treatment Facility
Portfolio Management
Portfolio Details - Investments
January 31, 2009**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity	Maturity Date
Money Market Sweep Fund												
SYS1	1	Blackrock Institutional Funds-		12/19/2006	20,621,770.84	20,621,770.84	20,621,770.84	0.320		0.320	1	
Subtotal and Average			16,995,570.75		20,621,770.84	20,621,770.84	20,621,770.84			0.320	1	
Corporate Notes												
40429CCQ3	17	HSBC		11/20/2007	4,100,000.00	4,061,337.00	4,087,864.00	4.750		4.880	438	04/15/2010
46625HAJ	18	JP Morgan		11/20/2007	3,000,000.00	3,101,130.00	3,146,400.00	6.750		5.074	730	02/01/2011
172967DZ1	14	Citigroup Smith Barney		08/10/2007	5,000,000.00	4,635,700.00	4,948,150.00	5.250		5.510	1,121	02/27/2012
Subtotal and Average			15,669,487.48		12,100,000.00	11,798,167.00	12,182,414.00			5.186	791	
Federal Agency Coupon Securities												
3133XSDC9	48	Federal Home Loan Bank		10/02/2008	8,000,000.00	8,000,000.00	8,000,000.00	3.250		3.250	1	02/02/2009
3133XQL75	33	Federal Home Loan Bank		04/07/2008	10,000,000.00	10,028,100.00	9,989,799.02	2.125		2.230	60	04/02/2009
31331YRU6	38	Federal Farm Credit Bank		04/09/2008	7,000,000.00	7,072,170.00	7,035,152.05	2.700		2.310	184	08/04/2009
31331X4N9	41	Federal Farm Credit Bank		04/09/2008	3,000,000.00	3,070,320.00	3,085,590.00	4.375		2.387	239	09/28/2009
31331XBQ4	31	Federal Farm Credit Bank		04/07/2008	4,000,000.00	4,120,000.00	4,162,840.00	5.000		2.301	264	10/23/2009
3133X8RL8	32	Federal Home Loan Bank		04/07/2008	4,000,000.00	4,092,520.00	4,085,840.00	3.710		2.420	325	12/23/2009
3136F6TY5	36	Federal national Mortgage Asso		04/09/2008	1,825,000.00	1,880,315.75	1,883,003.38	4.300		2.460	352	01/19/2010
3133MWBM2	46	Federal Home Loan Bank		04/24/2008	1,055,000.00	1,084,677.15	1,074,084.95	3.875		2.835	376	02/12/2010
31398AMV1	34	Federal national Mortgage Asso		04/07/2008	4,000,000.00	4,053,760.00	4,007,000.00	2.500		2.410	432	04/09/2010
31398AMV1	37	Federal national Mortgage Asso		04/09/2008	3,000,000.00	3,040,320.00	3,004,080.00	2.500		2.430	432	04/09/2010
3136F9LP6	47	Federal national Mortgage Asso		04/28/2008	2,000,000.00	2,009,380.00	1,996,140.00	3.000		3.100	451	04/28/2010
3133XCBP7	39	Federal Home Loan Bank		04/09/2008	3,000,000.00	3,156,570.00	3,159,510.00	5.000		2.560	526	07/12/2010
3128X4EL1	35	Federal Home Loan Mortgage Cor		04/07/2008	4,000,000.00	4,190,960.00	4,191,200.00	4.625		2.480	542	07/28/2010
3133XGRD8	40	Federal Home Loan Bank		04/09/2008	3,000,000.00	3,174,390.00	3,176,010.00	5.125		2.657	605	09/29/2010
3137EAA85	45	Federal Home Loan Mortgage Cor		04/16/2008	1,200,000.00	1,287,756.00	1,277,432.96	5.125		2.869	806	04/18/2011
3133XQT44	43	Federal Home Loan Bank		04/21/2008	1,300,000.00	1,305,694.00	1,300,000.00	3.000		3.000	809	04/21/2011
31398AQG0	44	Federal national Mortgage Asso		04/28/2008	4,000,000.00	4,021,240.00	4,000,000.00	3.250		3.250	816	04/28/2011
3137EAAF6	42	Federal Home Loan Mortgage Cor		04/16/2008	4,200,000.00	4,537,302.00	4,497,570.00	5.250		2.950	897	07/18/2011
3136F9GR8	30	Federal national Mortgage Asso		04/15/2008	3,000,000.00	3,072,180.00	3,000,000.00	3.750		3.750	1,534	04/15/2013
Subtotal and Average			72,925,252.36		71,580,000.00	73,197,654.90	72,925,252.36			2.663	410	

SM Water Treatment Facility
Portfolio Management
Portfolio Details - Investments
January 31, 2009

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity
Total and Average			105,590,310.60		104,301,770.84	105,617,592.74	105,729,437.20			2.497	374

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 including the pooled portfolio, the Water Treatment Facility account, and the MtBE Custodial account. Bond proceeds and the Cemetery and Mausoleum Perpetual Care Funds are excluded.

The tables below summarize portfolio compliance as of January 31, 2009. All investments were in compliance with State law and the City's Investment Policy at the time of purchase. State law requires that any investment subject to a credit downgrade subsequent to the time of purchase shall be reviewed for possible sale within a reasonable amount of time after the downgrade. As of the date of this report, the portfolio includes the following bonds that have been downgraded since the time of purchase:

<u>Bond</u>	<u>CUSIP #</u>	<u>Maturity Date</u>	<u>Par Value</u>
AIG	45974VA24	06/15/11	\$5 million
Citigroup*	172967DZ1	2/27/2012	\$5 million
JP Morgan Chase*	46625HAJ	2/01/2011	\$3 million
Wells Fargo	949746NB3	1/12/2011	\$2 million

* Water Treatment Account

All bonds. With the exception of AIG, still meet the minimum credit rating standards for purchase. The AIG was downgraded from AA- to A+ in May 2008, further downgraded to A- in September 2008, and recently downgraded to BBB+. The Federal government has taken a number of measures to "bailout" AIG. The bond held by the City was issued by the International Lease Finance Division of AIG, which is one of the assets AIG is attempting to sell.

One bond owned by the City was downgraded by Standard and Poor's in January (Wells Fargo maturing January 2011 was downgraded from AA to AA-). The Wells Fargo downgrade reflects financial sector issues and the bank's acquisition of Wachovia. A rating of AA- is still considered high quality. Two Goldman Sachs bonds and one Citigroup bond that had been downgraded in December were sold in January along with an HSBC bond. These sales resulted in a net gain for the portfolio and a reduction in the overall credit risk of the portfolio. The JP Morgan and remaining Citigroup bond are rated A. Ratings of

“A” are considered “upper medium grade” and still within State and City Investment Policy guidelines for purchase. Staff will continue to monitor the remaining bonds held by the City for possible sale.

Further detail regarding City compliance with State law and City investment guidelines is presented below.

Portfolio Allocation as of 1/31/09

	Pooled Portfolio	MTBE Custodial Account (1)	SM Water Treatment Facility Account (2)	Total Portfolio (3) (5)	% of Portfolio	Legal/Policy Limit	In Compliance (Yes/No)
Federal Agency Securities							
Federal Home Loan Bank	\$216,648,469.06		\$30,785,243.97	\$247,433,713.03	40.5%	50.0%	Yes
Federal National Mortgage Association	76,711,355.31		17,890,223.38	94,601,578.69	15.5%	50.0%	Yes
Federal Home Loan Mortgage Corporation	60,893,902.78		9,966,202.96	70,860,105.74	11.6%	50.0%	Yes
Federal Farm Credit Bank	50,376,066.67		14,283,582.05	64,659,648.72	10.6%	50.0%	Yes
Total Federal Agency Securities	\$404,629,793.82	\$0.00	\$72,925,252.36	\$477,555,046.18	78.1%	n/a	Yes
Corporate Bonds	\$42,904,820.96	\$0.00	\$12,082,414.00	54,987,234.96	9.0%	30.0%	Yes
Commercial Paper	0.00	0.00	0.00	0.00	0.0%	15.0%	Yes
Money Market Mutual Funds							
Columbia Money Market Reserves Advisor Class	18,147,115.19			18,147,115.19	3.0%	10.0%	Yes
Dreyfus Treasury Cash Management Class A		0.00		0.00	0.0%	10.0%	Yes
BlackrockT-Find Cash Management Sweep			20,621,770.84	20,621,770.84	3.4%	10.0%	Yes
Total-Money Market Mutual Funds	\$18,147,115.19	\$0.00	\$20,621,770.84	\$38,768,886.03	6.3%	20.0%	Yes
State Local Agency Investment Fund	\$39,982,160.05			\$39,982,160.05	6.5%	\$40 million	Yes
Cash (4)	302,499.12			302,499.12	0.0%	None	Yes
Total (Book Value)	\$505,966,389.14	\$0.00	\$105,629,437.20	\$611,595,826.34	100.0%		

Notes:

- (1) Held by Bank of New York; Funds transferred to City in January 2009
- (2) Held by Union Bank
- (3) Excludes bond proceeds, funds held in trust for others, petty cash accounts, and other funds which are not entirely under City ownership and control
- (4) City's general bank account held at Bank of America.
- (5) Value used to test compliance is reported value (book value plus unrealized purchased interest).

Credit Ratings - Corporate Medium Term Notes

	Standard & Poors/ Fitch	Moodys	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

City Portfolio as of 1/31/09 (Book Value)

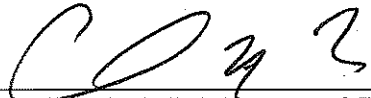
Security	Pooled Portfolio	MTBE Custodial Account	SM Water Treatment Facility Account	Total Portfolio	Credit Rating*	In Compliance (Yes/No)
Pepsi Bottling 5.625% maturing 2/17/09	\$3,023,550.00			\$3,023,550.00	A+	Yes
Bank of America 3.125% (TLGP) 6/15/2012	\$5,219,065.28			\$5,219,065.28	AAA	Yes
AIG 5.75% maturing 6/15/11	\$5,013,650.00			\$5,013,650.00	BBB+	**
Suntrust Bank 3% (TLGP) maturing 11/16/11	\$5,158,866.67			\$5,158,866.67	AAA	Yes
Goldman Sachs 3.25% (TLGP) 6/15/2012	\$5,231,676.39			\$5,231,676.39	AAA	Yes
HSBC 6.375% maturing 10/15/11	\$5,126,000.00			\$5,126,000.00	AA-	Yes
HSBC 5.05% maturing 11/15/10	\$2,000,000.00			\$2,000,000.00	AA-	Yes
HSBC 4.75% maturing 4/15/10			\$4,087,864.00	\$4,087,864.00	AA-	Yes
JP Morgan 6.75% maturing 2/1/11			\$3,146,400.00	\$3,146,400.00	A	Yes
JP Morgan Chase 2.625% (TLGP) maturing 12/1/10	\$5,093,639.58				AAA	Yes
Citigroup Smith Barney 5.25% maturing 2/27/12			\$4,948,150.00	\$4,948,150.00	AA-	Yes
Wells Fargo Bank 3% (TLGP) maturing 1/12/11	\$4,994,150.00				AAA	Yes
Wells Fargo Bank 4.875% maturing 1/12/11	\$2,044,223.04			\$2,044,223.04	AA	Yes

* Per Standard and Poors

** Was within ratings guidelines at time of purchase.

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.

 FOR

Carol Swindell, Director of Finance/City Treasurer