



Information Item

Date: September 1, 2009

To: Mayor and City Council
From: Carol Swindell, Director of Finance/City Treasurer
Subject: City Monthly Cash and Investment Report for June 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 June 30, 2009.

Discussion

The June 2009 Investment Report highlights changes from last month. The value of cash and investments held in the pooled portfolio decreased by \$12 million in June to \$518.1 million primarily due to the transfer of funds to bond trustees to be used for July 1, 2009 debt service payments. The pooled portfolio yield-to-maturity fell seventeen basis points in May to 2.22%, one hundred forty-seven (147) basis points lower than in June 2008. Investment earnings for the month were \$1.7 million. Fiscal year earnings were down 8.5% from last year.

In addition to the pooled portfolio, the City's total cash holdings as of June 30, 2009 included \$103.6 million in Charnock settlement-related funds. By terms of the agreement with the oil companies, the City can withdraw the interest at any time. As of June 30, 2009, approximately \$9.4 million in interest has been received. The City plans to withdraw those funds by the end of August 2009. In addition, the City's cash and investment balances include \$20 million in bond proceeds held in trust with fiscal agents, \$7.2 million in other funds held in trust, and \$56,682 in petty cash for a total balance of \$648.9 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 June 30, 2009, the City's portfolio showed an unrealized gain of approximately \$0.6 million.

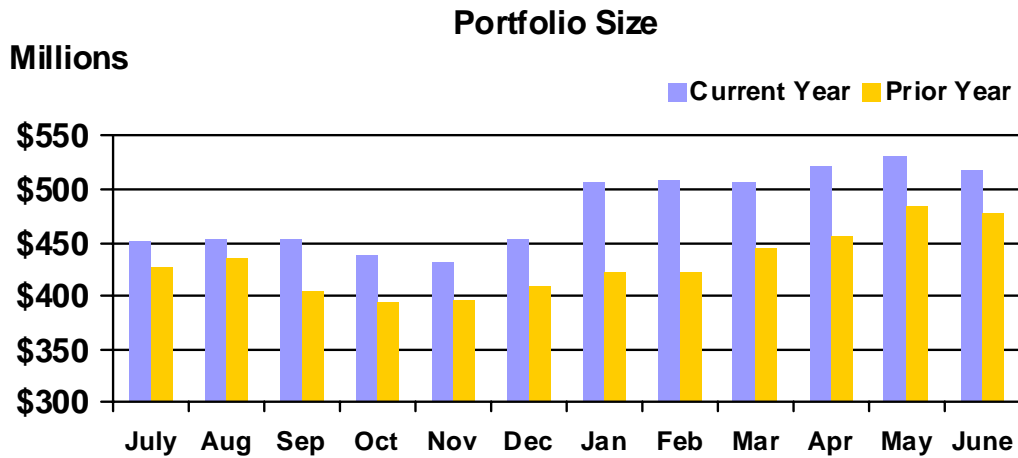
Attached is a summary of investment activity as well as a detailed report of public monies held by the City Treasurer for the month of June 2009.

Prepared by: David Carr, Principal Investment Analyst

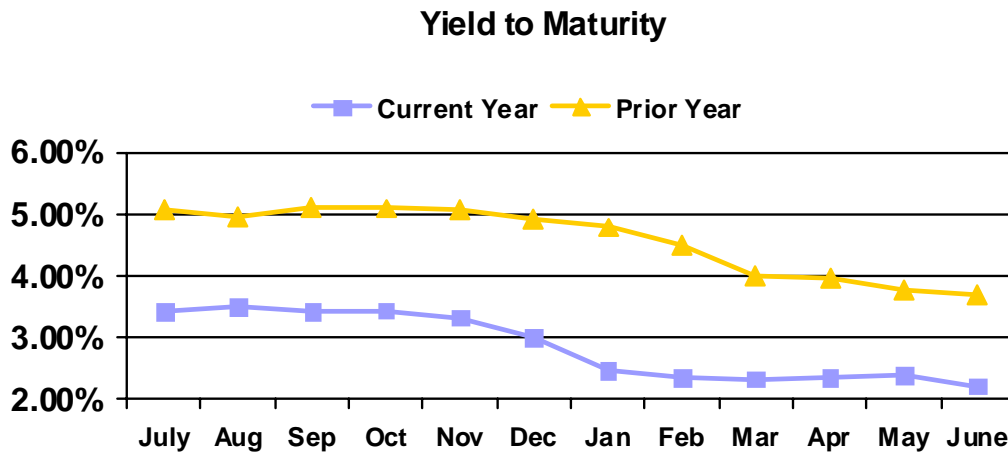
Attachments: 1 – Investment Highlights
2 – Investment Report

Investment Highlights

June 2009

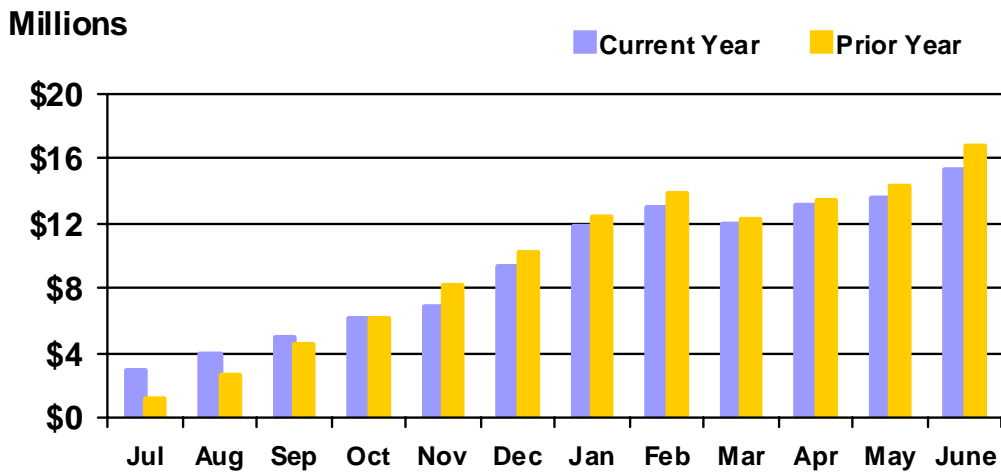


- As of June 30, the portfolio size is \$12 million less than in May, but \$39.4 million more than in June 2008.
- Increase from last year reflects transfer of Charnock settlement funds to City from escrow accounts.

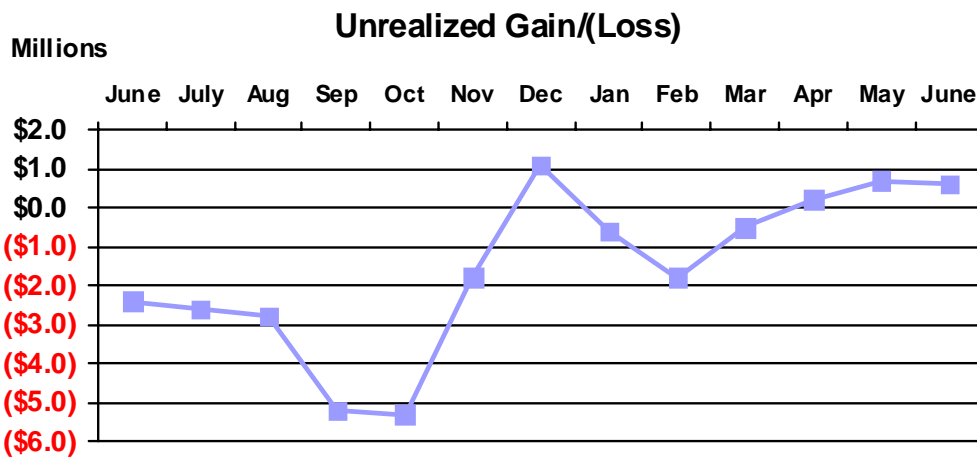


- As of June 30, yield to maturity is 2.22%.
- Decrease of 17 basis points from May and 147 basis points from one year earlier.

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



- Fiscal year earnings were \$15.3 million, 8.5% less than last fiscal year.



- Unrealized gain (difference between market value and purchase price) as of June 30, 2009 is \$0.6 million.



Investment Report

June 2009

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

**City of Santa Monica
Report of Public Monies Held by the City Treasurer
As of June 30, 2009**

Petty Cash	\$56,682.00
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Pooled Portfolio

Bank of America (1)	
General Account	\$1,064,473.78
Columbia Money Market Sweep Account	\$11,190,818.77
Total Bank of America	\$12,255,292.55
Bank of New York (BNY)	
Corporate Bonds	\$7,170,223.04
Corporate Bonds - FDIC Insured	\$45,785,500.00
Federal Agencies Securities	\$374,101,430.49
Total Bank of New York	\$427,057,153.53
State of California Local Agency Investment Fund - RDA	\$38,806,429.47
State of California Local Agency Investment Fund - City	\$39,967,257.07

Total Pooled Portfolio	\$518,086,132.62
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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	\$3,077,286.38
BNY-Library Improvement Project 2002 Series	\$1,618,750.00
BNY-Ocean Park Redevelopment Project 2002 Refunding	\$3,836,258.08
BNY-Parking Authority Lease Revenue Bonds 2002 Refunding	\$967,278.90
BNY-Public Safety Facility Bonds 1999 Series and 2002 Series	\$4,355,410.01
U.S. Bank-Wastewater Enterprise Revenue Bonds-1993 Refunding	\$211,262.50
U.S. Bank-Wastewater Enterprise Revenue Bonds-2005 Refunding	\$302,144.75
Union Bank-Civic Center Parking Project 2004 Lease Revenue Bonds	\$5,620,394.10

Total Restricted Cash/Investments Held in Trust	\$19,988,784.72
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Charnock Settlement Funds

Union Bank (December 2006 Settlement)	
Money Market Funds	\$30,873,542.09
Federal Agencies Securities	\$67,594,852.23
Corporate Bonds	\$5,144,450.00
Total Union Bank (December 2006 Settlement)	\$103,612,844.32

Total Charnock Settlement Funds	\$103,612,844.32
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Other Funds Held in Trust

Cemetery Perpetual Care Fund (3)	\$6,377,760.73
Mausoleum Perpetual Care Fund (3)	\$668,867.39
Public Agency Family Self Sufficiency Program (2)	\$145,616.74

Total Other Funds Held in Trust	\$7,192,244.86
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GRAND TOTAL	\$648,936,688.52
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City of Santa Monica
Report of Public Monies Held by the City Treasurer
As of June 30, 2009

- (1) This is the actual bank account balance as of 6/30/09. 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 Genter 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*
June 30, 2009**

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

Cash and Investments - May 31, 2009	\$530,133,863.95
Receipts	45,963,253.18
Disbursements	(58,010,984.51)
Cash and Investments - June 30, 2009	\$518,086,132.62

* 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 June 30, 2009, total City cash and investments were \$648.9 million, a \$2.3 million decrease from May. The change reflects the transfer of funds to bond trustees for July 1, 2009 debt service payments. Additionally, City-wide expenditures tend to exceed revenues in the month of June.

Petty Cash	\$	56,682.00
Pooled Investment Portfolio	\$	518,086,132.62
Restricted Cash/Investment Held in Trust	\$	19,988,784.72
Charnock Settlement Funds	\$	103,612,844.32
Other Funds Held in Trust	\$	7,192,244.86
Total	\$	<u>648,936,688.52</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.

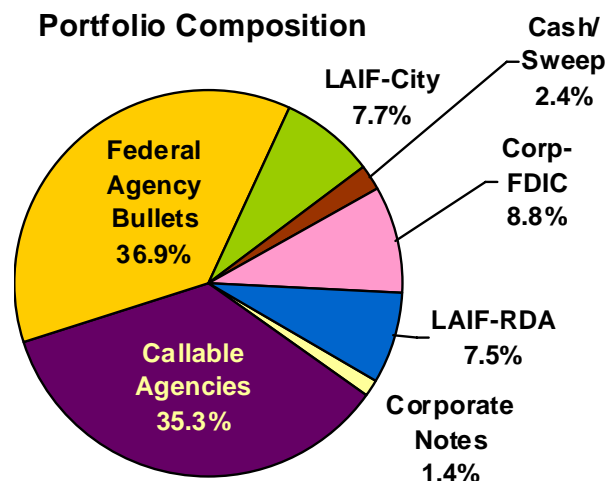
Pooled Investment Portfolio

As of June 30, 2009, the portfolio size (book value) of City pooled cash and investments is \$518.1 million, a \$12 million decrease from May. 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 decrease is primarily due to the transfer of funds to bond trustees for July 1, 2009 debt service payments. Seven investments (\$36.9 million) were made during the month including one that was purchased for short term cash flow needs and also matured in June (\$10 million). Four other investments matured during the month (\$20.7 million), six investments were called (\$23.6 million), and one investment was sold (\$2 million). The City and RDA LAIF account balances both increased by \$5 million in June. The balance of the sweep account on June 30 was \$12.3 million.

Details of the main portfolio follow.

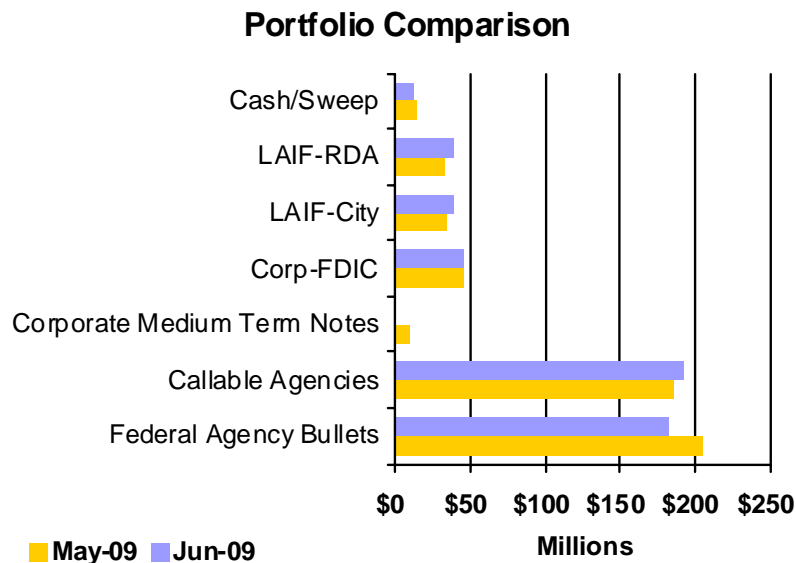
Portfolio Composition

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 (72.2%). The remaining 27.8% is invested in State Local Agency Investment Fund accounts for the City (7.7%) and the RDA (7.5%); corporate notes (10.2%); approximately 83% of which are FDIC insured bonds (AAA rated) issued under the FDIC’s Temporary Liquidity Guarantee Program (TLGP); and cash including the money market sweep account (2.4%). This portfolio mix allows the City to maintain its primary investment objectives of safety and liquidity while attaining a rate of return consistent with the City’s Investment Policy and Investment Plan.



Portfolio Comparison

The chart to the right shows the overall structure of the portfolio by type of investment compared to last month. There were no significant changes in June. As noted earlier, the City continues to hold a significant balance in short term funds as interest rates remain at 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 June 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
June 30, 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												
3134A4US1	10720	Fed Home Loan Mortgage Corp		03/20/2008	5,000,000.00	5,007,812.50	5,143,000.00	4.250	482	2.040	14	07/15/2009
3133XGEQ3	10734	Federal Home Loan Bank		04/16/2008	5,000,000.00	5,023,437.50	5,181,500.00	5.250	476	2.400	35	08/05/2009
3133XGJ88	10714	Federal Home Loan Bank		02/25/2008	5,000,000.00	5,046,875.00	5,196,150.00	5.250	564	2.640	72	09/11/2009
3134A3M78	10752	Fed Home Loan Mortgage Corp		06/18/2008	5,000,000.00	5,065,625.00	5,207,750.00	6.625	454	3.180	76	09/15/2009
3133XQL83	10745	Federal Home Loan Bank		05/21/2008	5,000,000.00	5,023,437.50	4,978,250.00	2.250	499	2.576	93	10/02/2009
3136F6JW0	10724	Federal National Mort Assoc		03/26/2008	2,000,000.00	2,027,500.00	2,067,977.47	4.625	581	2.430	119	10/28/2009
3133X9BF6	10727	Federal Home Loan Bank		03/28/2008	5,000,000.00	5,053,125.00	5,086,350.00	3.500	585	2.390	125	11/03/2009
3133X8RL8	10726	Federal Home Loan Bank		03/28/2008	5,000,000.00	5,078,125.00	5,110,550.00	3.710	635	2.400	175	12/23/2009
3136F6TY5	10725	Federal National Mort Assoc		03/26/2008	5,000,000.00	5,103,125.00	5,166,588.67	4.300	664	2.410	202	01/19/2010
3133MATQ2	10729	Federal Home Loan Bank		03/27/2008	4,830,000.00	5,035,275.00	5,265,955.80	7.375	687	2.420	226	02/12/2010
3133XPNX8	10711	Federal Home Loan Bank		02/14/2008	5,000,000.00	5,076,562.50	5,000,900.00	2.625	757	2.617	254	03/12/2010
3133X6PG5	10719	Federal Home Loan Bank		03/19/2008	5,000,000.00	5,146,875.00	5,180,500.00	4.080	768	2.310	299	04/26/2010
31398APV8	10736	Federal National Mort Assoc		04/23/2008	5,000,000.00	5,085,937.50	4,959,350.00	2.375	757	2.805	323	05/20/2010
3133XFLE4	10715	Federal Home Loan Bank		02/25/2008	5,000,000.00	5,223,437.50	5,259,921.70	5.250	837	2.890	345	06/11/2010
3133XR2Y5	10739	Federal Home Loan Bank		05/15/2008	5,000,000.00	5,117,187.50	4,981,850.00	3.000	757	3.182	345	06/11/2010
3133XR2Y5	10744	Federal Home Loan Bank		05/21/2008	5,000,000.00	5,117,187.50	5,009,000.00	3.000	751	2.904	345	06/11/2010
31331YYU8	10731	Federal Farm Credit Bank		03/27/2008	5,000,000.00	5,084,375.00	4,986,750.00	2.250	826	2.372	365	07/01/2010
3133XCBP7	10749	Federal Home Loan Bank		05/29/2008	5,000,000.00	5,229,687.50	5,181,750.00	5.000	774	3.210	376	07/12/2010
3137EABQ1	10866	Fed Home Loan Mortgage Corp		05/22/2009	5,000,000.00	5,140,625.00	5,211,375.00	3.250	420	0.550	380	07/16/2010
3133XCSY0	10710	Federal Home Loan Bank		02/14/2008	5,000,000.00	5,239,062.50	5,255,500.00	4.875	914	2.750	411	08/16/2010
3133XGRD8	10728	Federal Home Loan Bank		03/27/2008	4,900,000.00	5,160,312.50	5,200,664.00	5.125	916	2.580	455	09/29/2010
3133XSCT3	10813	Federal Home Loan Bank		01/16/2009	3,000,000.00	3,102,187.50	3,101,580.00	3.375	642	1.386	476	10/20/2010
3133XMES6	10789	Federal Home Loan Bank		11/25/2008	7,000,000.00	7,321,562.50	7,177,059.51	4.375	696	3.000	478	10/22/2010
3128X8B68	10854	Fed Home Loan Mortgage Corp		05/12/2009	5,000,000.00	5,003,800.00	5,000,000.00	1.200	549	1.200	499	11/12/2010
31331TNJ6	10730	Federal Farm Credit Bank		04/24/2008	5,000,000.00	5,250,000.00	5,206,000.00	4.350	967	2.725	534	12/17/2010
3137EABW8	10869	Fed Home Loan Mortgage Corp		05/22/2009	3,000,000.00	3,026,280.00	3,046,870.00	1.500	595	0.875	555	01/07/2011
3133X5XR4	10819	Federal Home Loan Bank		02/03/2009	5,000,000.00	5,017,187.50	5,000,000.00	1.000	730	1.000	582	02/03/2011
31331YWG1	10817	Federal Farm Credit Bank		01/22/2009	5,000,000.00	5,160,937.50	5,144,150.00	3.000	770	1.607	610	03/03/2011
3128X8NB4	10835	Fed Home Loan Mortgage Corp		03/09/2009	5,000,000.00	5,040,800.00	5,000,000.00	2.050	730	2.050	616	03/09/2011
3133XPNY6	10751	Federal Home Loan Bank		05/29/2008	3,000,000.00	3,089,062.50	2,948,160.00	2.875	1,016	3.521	618	03/11/2011
31359MM26	10750	Federal National Mort Assoc		05/29/2008	3,000,000.00	3,212,812.50	3,134,760.00	5.125	1,051	3.470	653	04/15/2011
31331YG46	10865	Federal Farm Credit Bank		05/22/2009	5,000,000.00	5,129,687.50	5,157,217.65	2.625	699	1.080	659	04/21/2011
3128X7MN1	10810	Fed Home Loan Mortgage Corp		01/15/2009	5,000,000.00	5,191,450.00	5,206,700.00	3.500	840	1.664	673	05/05/2011
3136F9QM8	10741	Federal National Mort Assoc		06/02/2008	5,000,000.00	5,123,437.50	4,984,100.00	3.400	1,095	3.513	701	06/02/2011
3133XFJY3	10699	Federal Home Loan Bank		01/18/2008	5,000,000.00	5,362,500.00	5,335,350.00	5.250	1,239	3.150	709	06/10/2011
3133XR4U1	10806	Federal Home Loan Bank		01/09/2009	5,000,000.00	5,151,562.50	5,174,150.00	3.125	882	1.650	709	06/10/2011

Portfolio INVT

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**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
June 30, 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												
3136F9XB4	10753	Federal National Mort Assoc		07/01/2008	5,000,000.00	5,000,000.00	5,000,000.00	4.375	1,095	4.375	730	07/01/2011
31331Y4A5	10765	Federal Farm Credit Bank		07/28/2008	5,000,000.00	5,012,500.00	4,981,250.00	3.875	1,095	4.009	757	07/28/2011
3128X8HV7	10825	Fed Home Loan Mortgage Corp		02/11/2009	5,000,000.00	5,035,650.00	4,992,500.00	2.000	911	2.062	771	08/11/2011
3133XT2S4	10827	Federal Home Loan Bank		02/17/2009	5,000,000.00	5,039,062.50	5,000,000.00	2.100	1,003	2.100	869	11/17/2011
3128X8EK4	10801	Fed Home Loan Mortgage Corp		01/27/2009	5,000,000.00	5,004,950.00	5,000,000.00	2.000	1,095	2.000	940	01/27/2012
3133XP6Q2	10698	Federal Home Loan Bank		01/30/2008	10,000,000.00	10,021,875.00	10,000,000.00	3.550	1,461	3.550	943	01/30/2012
3128X8FD9	10809	Fed Home Loan Mortgage Corp		01/30/2009	5,000,000.00	5,002,500.00	5,000,000.00	1.500	1,095	1.500	943	01/30/2012
3128X8GP1	10822	Fed Home Loan Mortgage Corp		02/02/2009	5,000,000.00	5,021,200.00	5,000,000.00	2.250	1,095	2.250	946	02/02/2012
3128X8JB9	10824	Fed Home Loan Mortgage Corp		02/17/2009	5,000,000.00	5,025,300.00	4,999,500.00	2.450	1,095	2.453	961	02/17/2012
31331Y5J5	10775	Federal Farm Credit Bank		08/21/2008	5,000,000.00	5,023,437.50	5,000,000.00	4.020	1,279	4.020	965	02/21/2012
3136F82S3	10708	Federal National Mort Assoc		02/22/2008	1,255,000.00	1,275,393.75	1,251,862.50	3.300	1,461	3.367	966	02/22/2012
3128X8KX9	10834	Fed Home Loan Mortgage Corp		02/25/2009	5,000,000.00	5,033,350.00	5,000,329.86	2.375	1,094	2.375	968	02/24/2012
3136FHCP8	10831	Federal National Mort Assoc		03/09/2009	5,000,000.00	5,045,312.50	5,000,000.00	2.000	1,096	2.000	982	03/09/2012
3133XQZ39	10737	Federal Home Loan Bank		04/30/2008	5,000,000.00	5,117,187.50	5,000,000.00	3.650	1,461	3.650	1,034	04/30/2012
31331GVL0	10860	Federal Farm Credit Bank		05/07/2009	5,000,000.00	5,001,562.50	5,000,000.00	1.875	1,096	1.875	1,041	05/07/2012
3133MNVV0	10814	Federal Home Loan Bank		01/16/2009	5,000,000.00	5,559,375.00	5,620,170.41	5.750	1,212	1.880	1,046	05/12/2012
3128X8ZG0	10853	Fed Home Loan Mortgage Corp		05/21/2009	5,000,000.00	5,003,400.00	5,000,000.00	2.250	1,096	2.250	1,055	05/21/2012
3136FHUY9	10867	Federal National Mort Assoc		06/01/2009	4,450,000.00	4,443,046.88	4,450,000.00	1.400	1,096	1.400	1,066	06/01/2012
3136FHUY9	10868	Federal National Mort Assoc		06/01/2009	550,000.00	549,140.63	550,000.00	1.400	1,096	1.400	1,066	06/01/2012
3128X8ED0	10803	Fed Home Loan Mortgage Corp		01/20/2009	5,000,000.00	5,036,600.00	5,000,000.00	2.400	1,277	2.400	1,115	07/20/2012
31331GSD2	10843	Federal Farm Credit Bank		04/09/2009	5,000,000.00	5,001,562.50	5,000,000.00	2.550	1,279	2.550	1,196	10/09/2012
3128X8WD0	10845	Fed Home Loan Mortgage Corp		04/15/2009	5,000,000.00	4,998,750.00	5,000,000.00	2.300	1,279	2.300	1,202	10/15/2012
3136FHRE7	10859	Federal National Mort Assoc		05/20/2009	5,000,000.00	4,976,562.50	5,000,000.00	2.250	1,280	2.250	1,238	11/20/2012
3136F8YW9	10678	Federal National Mort Assoc		12/14/2007	5,000,000.00	5,084,375.00	5,000,000.00	4.600	1,827	4.600	1,262	12/14/2012
3133XNYW3	10695	Federal Home Loan Bank		01/22/2008	5,000,000.00	5,010,937.50	5,000,000.00	4.125	1,827	4.125	1,301	01/22/2013
3136F95N9	10818	Federal National Mort Assoc		02/06/2009	5,000,000.00	5,007,812.50	4,998,750.00	1.750	1,461	1.756	1,316	02/06/2013
3128X8TZ5	10844	Fed Home Loan Mortgage Corp		04/08/2009	5,000,000.00	4,986,850.00	5,000,000.00	2.500	1,461	2.500	1,377	04/08/2013
3136FHLL7	10861	Federal National Mort Assoc		05/01/2009	5,000,000.00	4,993,750.00	5,000,416.67	1.500	1,459	1.500	1,398	04/29/2013
31331GUE7	10851	Federal Farm Credit Bank		05/06/2009	5,000,000.00	5,010,937.50	5,000,000.00	2.875	1,461	2.875	1,405	05/06/2013
31398ARC8	10807	Federal National Mort Assoc		01/09/2009	5,000,000.00	5,051,562.50	5,107,000.00	4.120	1,578	3.580	1,405	05/06/2013
3133XRB58	10740	Federal Home Loan Bank		05/28/2008	5,000,000.00	5,148,437.50	5,000,000.00	4.125	1,826	4.125	1,427	05/28/2013
3133XTSG2	10874	Federal Home Loan Bank		06/18/2009	3,090,000.00	3,087,103.13	3,083,820.00	2.875	1,461	2.928	1,448	06/18/2013
31331GYF0	10875	Federal Farm Credit Bank		06/24/2009	2,000,000.00	2,002,500.00	1,994,000.00	2.750	1,461	2.830	1,454	06/24/2013
3128X8ZA3	10855	Fed Home Loan Mortgage Corp		05/05/2009	5,000,000.00	4,957,600.00	5,000,000.00	2.875	1,645	2.875	1,588	11/05/2013
3136F93R2	10802	Federal National Mort Assoc		01/22/2009	5,000,000.00	5,006,250.00	5,000,000.00	2.000	1,826	2.000	1,666	01/22/2014
3128X8FT4	10815	Fed Home Loan Mortgage Corp		01/29/2009	5,000,000.00	4,948,100.00	5,000,000.00	2.000	1,826	2.000	1,673	01/29/2014

Portfolio INVT

CC

**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
June 30, 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												
3128X8NE8	10836	Fed Home Loan Mortgage Corp		03/10/2009	5,000,000.00	5,038,500.00	5,000,000.00	2.125	1,826	2.125	1,713	03/10/2014
31398AXB3	10852	Federal National Mort Assoc		05/05/2009	5,000,000.00	4,898,437.50	5,000,000.00	2.800	1,826	2.800	1,769	05/05/2014
Subtotal and Average			369,192,365.86		352,075,000.00	357,729,726.89	357,277,329.24		1,059	2.529	791	
Federal Agency Discount												
313385HU3	10871	Federal Home Loan Bank		06/17/2009	10,000,000.00	10,000,000.00	9,999,366.67	0.120	19	0.122	5	07/06/2009
313397HV6	10876	Fed Home Loan Mortgage Corp		06/23/2009	6,825,000.00	6,825,000.00	6,824,734.58	0.100	14	0.101	6	07/07/2009
Subtotal and Average			8,819,579.22		16,825,000.00	16,825,000.00	16,824,101.25		17	0.113	5	
Local Agency Investment Funds												
SYS10090	10090	Local Agency Investment Fund			39,967,257.07	39,967,257.07	39,967,257.07	1.377	1	1.377	1	
Subtotal and Average			39,967,257.07		39,967,257.07	39,967,257.07	39,967,257.07		1	1.377	1	
Columbia Money Market Fund												
SYS10091	10091	Columbia Money Market Reserves		09/15/2006	11,190,818.77	11,190,818.77	11,190,818.77	0.010	1	0.010	1	
Subtotal and Average			14,811,336.12		11,190,818.77	11,190,818.77	11,190,818.77		1	0.010	1	
Local Agency Investment Funds - RDA												
SYS10092	10092	LAIF - RDA		03/17/2009	38,806,429.47	38,806,429.47	38,806,429.47	1.377	1	1.377	1	
Subtotal and Average			36,473,096.14		38,806,429.47	38,806,429.47	38,806,429.47		1	1.377	1	
Corporate Bonds												
481247AD6	10793	JP Morgan Chase		12/22/2008	5,000,000.00	5,121,300.00	5,088,900.00	2.625	709	1.700	518	12/01/2010
949746NB3	10696	Wells Fargo Bank		01/18/2008	2,000,000.00	2,059,140.00	2,044,223.04	4.875	1,090	4.080	560	01/12/2011
441812JW5	10641	HSBC		06/13/2007	5,000,000.00	5,112,750.00	5,126,000.00	6.375	1,585	5.709	836	10/15/2011
86801BAB1	10798	Suntrust Bank		12/29/2008	5,000,000.00	5,158,700.00	5,153,450.00	3.000	1,052	1.900	868	11/16/2011
949744AA4	10790	Wells Fargo Bank		12/10/2008	5,000,000.00	5,166,700.00	4,994,150.00	3.000	1,094	3.041	891	12/09/2011
4042EPAA5	10823	HSBC		02/06/2009	5,000,000.00	5,176,150.00	5,151,350.00	3.125	1,043	2.030	898	12/16/2011
9116OHAA5	10842	US Bank		03/13/2009	5,000,000.00	5,044,050.00	4,999,400.00	2.250	1,096	2.254	986	03/13/2012
06050BAA9	10808	Bank of America		01/20/2009	5,000,000.00	5,156,750.00	5,199,100.00	3.125	1,242	1.913	1,080	06/15/2012
38146FAA9	10816	Goldman Sachs		01/26/2009	5,000,000.00	5,174,500.00	5,206,850.00	3.250	1,236	1.984	1,080	06/15/2012
61757UAH3	10846	Morgan Stanley		04/13/2009	5,000,000.00	4,989,800.00	4,998,450.00	1.950	1,164	1.960	1,085	06/20/2012
481247AM6	10847	JP Morgan Chase		04/13/2009	5,000,000.00	4,974,700.00	4,993,850.00	2.125	1,353	2.160	1,274	12/26/2012
Subtotal and Average			54,398,695.38		52,000,000.00	53,134,540.00	52,955,723.04		1,155	2.527	936	

**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
June 30, 2009**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity
Total and Average			523,662,329.79		510,864,505.31	517,653,772.20	517,021,658.84		851	2.220	643

**City of Santa Monica
Portfolio Management
Activity By Type
June 1, 2009 through June 30, 2009**

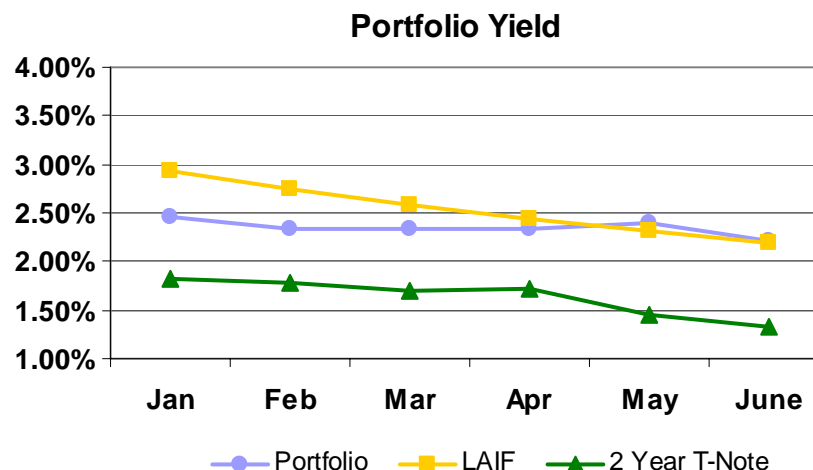
CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Federal Agency Coupon							
31331GHB8	10791	Federal Farm Credit Bank	2.350	06/15/2009	0.00	5,000,000.00	
31331GNU9	10837	Federal Farm Credit Bank	3.400	06/03/2009	0.00	5,000,000.00	
31331GYF0	10875	Federal Farm Credit Bank	2.750	06/24/2009	1,994,000.00	0.00	
3133XL6B4	10707	Federal Home Loan Bank	5.125	06/04/2009	0.00	5,174,350.00	
3133XFLG9	10732	Federal Home Loan Bank	5.250	06/12/2009	0.00	5,167,450.00	
3133XFLG9	10733	Federal Home Loan Bank	5.250	06/12/2009	0.00	5,168,000.00	
3133XFLG9	10735	Federal Home Loan Bank	5.250	06/12/2009	0.00	5,162,440.00	
3133XRG87	10784	Federal Home Loan Bank	4.000	06/12/2009	0.00	3,013,710.00	
3133XRGT1	10786	Federal Home Loan Bank	4.150	06/18/2009	0.00	3,491,250.00	
3133XSXZ6	10839	Federal Home Loan Bank	2.150	06/09/2009	0.00	2,142,857.15	
3133XTSG2	10874	Federal Home Loan Bank	2.875	06/18/2009	3,083,820.00	0.00	
3128X6VF0	10679	Fed Home Loan Mortgage Corp	4.750	06/17/2009	0.00	4,998,750.00	
3136FHUY9	10867	Federal National Mort Assoc	1.400	06/01/2009	4,450,000.00	0.00	
3136FHUY9	10868	Federal National Mort Assoc	1.400	06/01/2009	550,000.00	0.00	
Subtotal					10,077,820.00	44,318,807.15	357,277,329.24
Federal Agency Discount							
313385HG4	10870	Federal Home Loan Bank	0.120	06/17/2009	9,999,766.67	0.00	
313385HG4	10870	Federal Home Loan Bank		06/24/2009	0.00	9,999,766.67	
313385HU3	10871	Federal Home Loan Bank	0.120	06/17/2009	9,999,366.67	0.00	
313397HV6	10876	Fed Home Loan Mortgage Corp	0.100	06/23/2009	6,824,734.58	0.00	
Subtotal					26,823,867.92	9,999,766.67	16,824,101.25
Local Agency Investment Funds (Monthly Summary)							
SYS10090	10090	Local Agency Investment Fund	1.377		5,000,000.00	0.00	
Subtotal					5,000,000.00	0.00	39,967,257.07
Columbia Money Market Fund (Monthly Summary)							
SYS10091	10091	Columbia Money Market Reserves	0.010		40,832,345.59	43,296,583.54	
Subtotal					40,832,345.59	43,296,583.54	11,190,818.77
Local Agency Investment Funds - RDA (Monthly Summary)							
SYS10092	10092	LAIF - RDA	1.377		5,000,000.00	0.00	
Subtotal					5,000,000.00	0.00	38,806,429.47

City of Santa Monica
Portfolio Management
Activity By Type
June 1, 2009 through June 30, 2009

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Corporate Bonds							
40429XC95	10673	HSBC	5.050	06/22/2009	0.00	2,000,000.00	
		Subtotal			0.00	2,000,000.00	52,955,723.04
		Total			87,734,033.51	99,615,157.36	517,021,658.84

Portfolio Yield

The portfolio yield-to-maturity was 2.22% as of June 30, 2009, down seventeen basis points from May. This decrease after four relatively flat months reflects the six investments being called. A significant portion of the proceeds from these called investments, which had relatively high yields, were used for semi-annual debt service payments. This month's yield is two hundred eight-eight (288) basis points below the high mark of 5.1% in September 2007, and is the lowest since May 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.



Interest rates in the two to five year maturity range rose in June. However, as noted above, rates continue at historically low levels, particularly in the short maturities, reflecting continued weakness in financial and credit markets, as well as the overall global economy. The month-end two year CMT increased from 0.92% to 1.11%, but is down one hundred forty-one (141) basis points in the last year. While indications are that rates in very short maturities will remain relatively low for some time, rates in longer maturities have increased in recent months resulting in a steepening of the yield curve. However, much of the steepening has been in maturities beyond the five year maximum for City investments. The twelve month moving average of the two year CMT fell by thirteen (13) basis points during the month and is three hundred fifty-five (355) basis points off its February 2007 high. LAIF rates have also decreased significantly in recent months. The twelve month moving average LAIF yield decreased by twelve (12) basis points in June and has now declined for twenty consecutive months. As of June 30, the LAIF yield was 1.38%, the lowest in over thirty years. The LAIF yield is expected to decrease further in the upcoming months.

The Federal Open Market Committee (Fed) met in June and maintained the target Fed Funds rate at a range of 0% to 0.25%. Rates are not expected to change in the near future. The economy continues in its recession, unemployment and job losses continue to mount, the housing market continues very weak, consumer spending continues to be sluggish. Real GDP contracted in the second quarter of 2009 for the fourth consecutive quarter. However, the rate of contraction slowed and many economists are now expecting a very mild recovery to begin before the end of 2009. However, consumer confidence remains

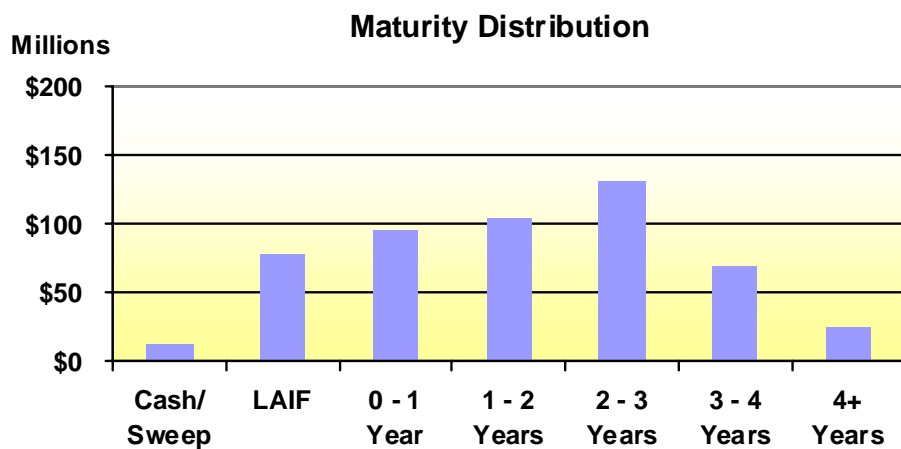
weak and retail sales remain sluggish. While the credit markets and overall financial picture for banks have improved, credit still remains relatively tight.

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. After a four month period of relatively flat yields, the portfolio yield decreased sharply in June and more decreases are likely over the next few months as more investments will be called. However, the market is volatile, so things could change. Nearly \$365 million in bonds were called between October 2007 and the end of June 2009. As noted, more bonds will be called in the next few months as interest rates are expected to remain very low.

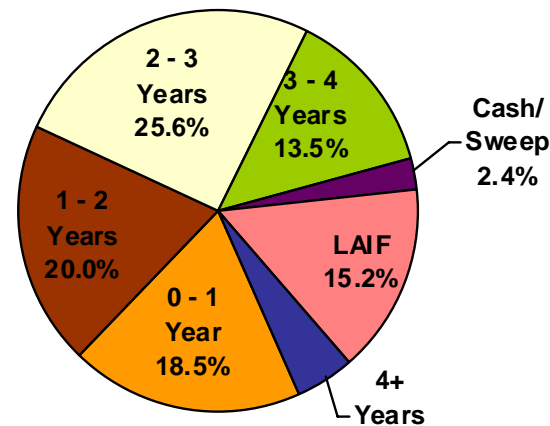
Interest earnings in June were \$1.7 million, a \$0.7 million decrease from June 2008. Fiscal year revenues of \$15.3 million ended the year 8.5% below last fiscal year’s results.

Maturity Distribution

The weighted average days to maturity as of June 30, 2009 is 643 days (1.76 years), 35 days less than the prior month. As noted, a number of investments were called in June with the proceeds used for expenditures and therefore not reinvested. 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 June 30, 2009, the market value and the book value of the City's pooled investments (excluding cash) are:

Market Value	\$ 517,653,772.20
Book Value	517,021,658.84
Unrealized Gain/(Loss)	\$ 632,113.36

Charnock Settlement

All remaining settlement funds are now held in an escrow account with Union Bank to be used to pay for the costs of design, construction, and operation of the water treatment facility at the Charnock Wells. 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 June 30, 2009 is 1.57%, two (2) basis points less than the prior month. On June 30, 2009, the portfolio showed an unrealized gain of \$14,782.27. The weighted average days-to-maturity was 313 days (0.86 years).

**SM Water Treatment Facility
Portfolio Management
Portfolio Details - Investments
June 30, 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	30,873,542.09	30,873,542.09	30,873,542.09	0.010		0.010	1	
Subtotal and Average			30,823,281.09		30,873,542.09	30,873,542.09	30,873,542.09			0.010	1	
Corporate Notes												
61757UAA8	54	Morgan Stanley		04/13/2009	5,000,000.00	5,140,450.00	5,144,450.00	2.900		1.108	518	12/01/2010
Subtotal and Average			5,091,686.11		5,000,000.00	5,140,450.00	5,144,450.00			1.108	518	
Federal Agency Coupon Securities												
31331YRU6	38	Federal Farm Credit Bank		04/09/2008	7,000,000.00	7,015,330.00	7,035,152.05	2.700		2.310	34	08/04/2009
31331X4N9	41	Federal Farm Credit Bank		04/09/2008	3,000,000.00	3,030,000.00	3,085,590.00	4.375		2.387	89	09/28/2009
31331XBQ4	31	Federal Farm Credit Bank		04/07/2008	4,000,000.00	4,058,760.00	4,162,840.00	5.000		2.301	114	10/23/2009
3133X8RL8	32	Federal Home Loan Bank		04/07/2008	4,000,000.00	4,062,520.00	4,085,840.00	3.710		2.420	175	12/23/2009
3136F6TY5	36	Federal national Mortgage Asso		04/09/2008	1,825,000.00	1,862,649.75	1,883,003.38	4.300		2.460	202	01/19/2010
3133MWBM2	46	Federal Home Loan Bank		04/24/2008	1,055,000.00	1,066,868.75	1,074,084.95	3.875		2.835	226	02/12/2010
31398AMV1	34	Federal national Mortgage Asso		04/07/2008	4,000,000.00	4,062,520.00	4,007,000.00	2.500		2.410	282	04/09/2010
31398AMV1	37	Federal national Mortgage Asso		04/09/2008	3,000,000.00	3,046,890.00	3,004,080.00	2.500		2.430	282	04/09/2010
3133XCBP7	39	Federal Home Loan Bank		04/09/2008	3,000,000.00	3,137,820.00	3,159,510.00	5.000		2.560	376	07/12/2010
3128X4EL1	35	Federal Home Loan Mortgage Cor		04/07/2008	4,000,000.00	4,169,200.00	4,191,200.00	4.625		2.480	392	07/28/2010
3133XGRD8	40	Federal Home Loan Bank		04/09/2008	3,000,000.00	3,159,390.00	3,176,010.00	5.125		2.657	455	09/29/2010
3137EAB5	45	Federal Home Loan Mortgage Cor		04/16/2008	1,200,000.00	1,283,256.00	1,277,432.96	5.125		2.869	656	04/18/2011
3128X8WC2	53	Federal Home Loan Mortgage Cor		04/20/2009	10,000,000.00	10,049,000.00	10,000,000.00	1.750		1.750	658	04/20/2011
3137EAAF6	42	Federal Home Loan Mortgage Cor		04/16/2008	4,200,000.00	4,530,750.00	4,497,570.00	5.250		2.950	747	07/18/2011
3128X8MS8	49	Federal Home Loan Mortgage Cor		03/02/2009	5,000,000.00	5,026,750.00	4,997,500.00	2.350		2.367	975	03/02/2012
3136F9GR8	30	Federal national Mortgage Asso		04/15/2008	3,000,000.00	3,068,430.00	3,000,000.00	3.750		3.750	1,384	04/15/2013
Subtotal and Average			62,636,813.34		61,280,000.00	62,630,134.50	62,636,813.34			2.429	453	
Federal Agency Disc. -At Cost												
313385VF0	52	Federal Home Loan Bank		04/08/2009	5,000,000.00	4,983,500.00	4,958,038.89	0.830		0.859	280	04/07/2010
Subtotal and Average			4,958,038.89		5,000,000.00	4,983,500.00	4,958,038.89			0.859	280	
Total and Average			103,509,819.43		102,153,542.09	103,627,626.59	103,612,844.32			1.568	313	

Portfolio MTBE

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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 June 30, 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>
Wells Fargo	949746NB3	1/12/2011	\$2 million
HSBC	441812JW5	10/15/2011	\$5 million

All bonds still meet the minimum credit rating standards for purchase. An HSBC bond from the pooled portfolio that had been downgraded from AA- to A in March 2009 was sold in June at a net gain of \$640.

The Wells Fargo bond listed above was downgraded by Standard and Poor's in January from AA to AA- reflecting financial sector issues and the bank's acquisition of Wachovia. A rating of AA- is still considered high quality. The HSBC bond is rated A, downgraded from AA- in March 2009. 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 6/30/09

	Pooled Portfolio	SM Water Treatment Facility Account (1)	Total Portfolio (2) (4)	% of Portfolio	Legal/ Policy Limit	In Compliance (Yes/No)
Federal Agency Securities						
Federal Home Loan Bank	\$149,328,498.09	\$16,453,483.84	\$165,781,981.93	26.7%	50.0%	Yes
Federal National Mortgage Association	71,670,805.31	11,894,083.38	83,564,888.69	13.4%	50.0%	Yes
Federal Home Loan Mortgage Corporation	105,632,759.44	24,963,702.96	130,596,462.40	21.0%	50.0%	Yes
Federal Farm Credit Bank	47,469,367.65	14,283,582.05	61,752,949.70	9.9%	50.0%	Yes
Total Federal Agency Securities	\$374,101,430.49	67,594,852.23	441,696,282.72	71.0%	n/a	Yes
Corporate Bonds						
Corporate Bonds - TGLP (FDIC Insured)	\$45,785,500.00	\$5,144,450.00	50,929,950.00			
Corporate Bonds - Other	\$7,170,223.04		7,170,223.04			
Total Corporate Bonds	\$52,955,723.04	\$5,144,450.00	\$58,100,173.04	9.3%	30.0%	Yes
Money Market Mutual Funds						
Columbia Money Market Reserves Advisor Class	11,190,818.77		11,190,818.77	1.8%	10.0%	Yes
BlackrockT-Find Cash Management Sweep		30,873,542.09	30,873,542.09	5.0%	10.0%	Yes
Total-Money Market Mutual Funds	\$11,190,818.77	\$30,873,542.09	\$42,064,360.86	6.8%	20.0%	Yes
State Local Agency Investment Fund-City	\$39,967,257.07		\$39,967,257.07	6.4%	\$40 million	Yes
State Local Agency Investment Fund-City	\$38,806,429.47		\$38,806,429.47	6.2%	\$40 million	Yes
Cash (3)	1,064,473.78		1,064,473.78	0.2%	None	Yes
Total (Book Value)	\$518,086,132.62	\$103,612,844.32	\$621,698,976.94	100.00%		

Notes:

(1) Held by Union Bank

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

(3) City's general bank account held at Bank of America.

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

Credit Ratings - Corporate Medium Term Notes

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

City Portfolio as of 6/30/09 (Book Value)

Security	Pooled Portfolio	MTBE Custodial Account	SM Water Treatment Facility Account	Total Portfolio	Credit Rating*	In Compliance (Yes/No)
Corporate - TLGP (FDIC Guaranteed)						
Bank of America 3.125% (TLGP) 6/15/2012	\$5,199,100.00			\$5,199,100.00	AAA	Yes
Suntrust Bank 3% (TLGP) maturing 11/16/11	\$5,153,450.00			\$5,153,450.00	AAA	Yes
Goldman Sachs 3.25% (TLGP) 6/15/2012	\$5,206,850.00			\$5,206,850.00	AAA	Yes
HSBC 3.125% (TLGP) maturing 12/16/11	\$5,151,350.00			\$5,151,350.00	AAA	Yes
JP Morgan Chase 2.625% (TLGP) maturing 12/1/10	\$10,082,750.00			\$10,082,750.00	AAA	Yes
Wells Fargo Bank 3% (TLGP) maturing 1/12/11	\$4,994,150.00			\$4,994,150.00	AAA	Yes
Morgan Stanley 1.95% (TLGP) maturing 6/20/12	\$4,998,450.00			\$4,998,450.00	AAA	Yes
Morgan Stanley 2.9% (TLGP) maturing 12/01/2010			\$5,144,450.00	\$5,144,450.00	AAA	Yes
U.S. Bank 2.25% (TLGP) maturing 3/13/12	\$4,999,400.00			\$4,999,400.00	AAA	Yes
Corporate - Other						
HSBC 6.375% maturing 10/15/11	\$5,126,000.00			\$5,126,000.00	A	Yes
Wells Fargo Bank 4.875% maturing 1/12/11	\$2,044,223.04			\$2,044,223.04	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.



Carol Swindell, Director of Finance/City Treasurer