



**CITY OF COSTA MESA
FINANCE & I.T. DEPARTMENT
INTEROFFICE MEMORANDUM**

TO: HONORABLE CITY COUNCIL

FROM: BOBBY YOUNG, FINANCE & I.T. DIRECTOR

DATE: JULY 18, 2013

SUBJECT: *TREASURER'S REPORT FOR THE MONTH OF JUNE, 2013*

Attached is the Treasurer's Report for the month of June 2013. This performance report lists the various types of securities, institutions the securities were purchased from, maturity dates and interest rates for all securities held in the City's investment portfolio as of the end of the reporting period. All of the City's investments as of June 30, 2013, are in compliance with the Investment Policy and the California Government Code except as otherwise noted or disclosed herein. All market values provided in this report were obtained from The Bank of New York Mellon, except for the Local Agency Investment Fund (LAIF). Market values for LAIF were provided by the State Treasurer's Office. The market value shown for the City's LAIF investment represents the City's contractual rights to its LAIF account and does not represent the value of the underlying portfolio securities. As of June 30, 2013, the City has adequate cash reserves necessary to meet its obligations for the next six months.

The weighted average stated rate of return (current yield) for the City's investment portfolio as of June 30, 2013, was .548%. The yield to maturity of the portfolio was .535%. The current yield of the City's portfolio was 30 basis points (.304%) above the current yield of the State of California's Local Agency Investment Fund (LAIF) of .244% for the month ended June 30, 2013. The weighted average number of days to maturity for the total portfolio was 699 days (1.915 years). The weighted average number of days to maturity for the total portfolio less pools was 1,348 days (3.693 years). The average duration for the underlying securities within LAIF as of June 30, 2013 was 278 days (0.762 years).

The following securities were purchased during the month of June, 2013:

| <u>Type of Investment</u> | <u>Purchase Date</u> | <u>Cost</u> | <u>Coupon Interest Rate</u> | <u>Yield to Maturity</u> | <u>Yield to Call</u> | <u>Maturity Date</u> |
|---------------------------|----------------------|--------------|-----------------------------|--------------------------|----------------------|----------------------|
| FFCB | 06/06/2013 | 1,997,500.00 | .540% | .582% | .666% | 06/06/2016 |
| FHLB | 06/26/2013 | 2,000,000.00 | .750% | 1.342% | .750% | 06/26/2018 |
| FHLB | 06/27/2013 | 3,000,000.00 | 1.200% | 1.200% | 1.200% | 06/27/2018 |
| FHLMC | 06/27/2013 | 2,000,000.00 | 1.250% | 1.250% | 1.250% | 06/27/2018 |

The following securities were called during the month of June, 2013:

| <u>Type of Investment</u> | <u>Purchase Date</u> | <u>Cost</u> | <u>Coupon Interest Rate</u> | <u>Yield to Maturity</u> | <u>Yield to Call</u> | <u>Maturity Date</u> |
|---------------------------|----------------------|--------------|-----------------------------|--------------------------|----------------------|----------------------|
| FNMA | 06/06/2012 | 3,000,000.00 | 1.000% | 1.208% | 1.000% | 06/06/2017 |

There were no securities sold during the month of June, 2013.

There were no securities matured during the month of June, 2013.

COMPLIANCE REPORTING


The City held two Lehman Brothers Medium-Term Corporate Notes in its investment portfolio. The total amount invested in these two securities stated at cost was \$5,049,700. Lehman Brothers filed for bankruptcy protection status on September 15, 2008 and the debt rating fell to B3- on that date. These securities had been rated A2 up until the bankruptcy filing. The market value loss of \$4,107,075 for the securities was recorded on the City's general ledger in September 2008, and is updated annually. The current estimates for recoveries through the bankruptcy proceedings are unknown.

In April 2011, the City joined the Ad Hoc Group of Lehman Brothers Creditors to help maximize the recovery through bankruptcy proceedings, and to protect the City's interest in the Lehman Brother's bankruptcy. The Ad Hoc Group filed a "Creditor's Plan" with the U.S. Bankruptcy Court in Manhattan which would provide a better recovery to creditors of the original Lehman parent company while offering a smaller payout to some creditors of Lehman subsidiaries. On December 6, 2011, the Bankruptcy Court entered an order confirming the Debtors' Chapter 11 Plan. The initial distribution date was April 17, 2012, and the City received \$301,889.87. After the initial plan distribution, the Debtors will make distributions of cash available in accordance with the plan semi-annually on March 30 and September 30 of each year. The City received \$250,360.80 on April 4, 2013.

As of June 30, 2013, the City has received \$744,275.07 from all Plan Distributions. The amount of Lehman Brothers investment claim held in escrow with Lehman Brothers Holdings, Inc. is currently estimated to be \$571,349.93.

The investment portfolio is in compliance with the City's adopted investment policy and applicable state laws in all other respects during, and as of, the end of the reporting period.

If you have any questions or need additional information, feel free to contact me directly.



BOBBY YOUNG
Finance & I.T. Director

Attachment: Treasurer's Report for the month of June, 2013

CITY OF COSTA MESA
TREASURER'S REPORT OF POOLED CASH AND INVESTMENTS
AS OF JUNE 30, 2013

| <u>ACTIVE ACCOUNTS</u> | <u>BANK BALANCE</u> | <u>DEPOSITS IN TRANSIT</u> | <u>OUTSTANDING CHECKS</u> | <u>BOOK BALANCE</u> |
|---|---------------------|--------------------------------|-------------------------------|---------------------|
| Bank of America - General/Payroll | \$881,181.27 | 105,517.13 | 990,775.40 | (4,077.00) |
| Reconciling Items | | 26,764.83 | 1,580.00 | 25,184.83 |
| Vendor Payment Account | | 28,092.51 | 101,336.03 | (73,243.52) |
| Bank of America - Flex Benefit Plan, C.A.I. | | - | 0.00 | 0.00 |
| Total Active Accounts | <u>881,181.27</u> | <u>160,374.47</u> | <u>1,093,691.43</u> | <u>(52,135.69)</u> |

| <u>INVESTMENTS</u> | <u>COST</u> | | | |
|--|----------------------|--|--|----------------------|
| Bank of New York-Trust Sweep Account | - | | | - |
| Local Agency Investment Fund | 42,790,900.84 | | | 42,790,900.84 |
| Commercial Paper | 4,998,625.00 | | | 4,998,625.00 |
| Federal Home Loan Mortgage Corporation | 4,998,500.00 | | | 4,998,500.00 |
| Federal Home Loan Bank | 11,000,000.00 | | | 11,000,000.00 |
| Federal Farm Credit Bank | 8,993,310.00 | | | 8,993,310.00 |
| Federal National Mortgage Association | 16,103,160.00 | | | 16,103,160.00 |
| | <u>88,884,495.84</u> | | | <u>88,884,495.84</u> |
| Market Value Adjustment at 06-30-2012 | | | | 242,940.00 |
| | | | | <u>89,127,435.84</u> |

| <u>BANKRUPTCY CLAIM</u> | | | | |
|-------------------------------------|----------------------|---|---|----------------------|
| Lehman Bros. Holdings Inc. | | | | 1,315,625.00 |
| Bankruptcy Distribution on 04-18-12 | | | | (301,889.87) |
| Bankruptcy Distribution on 10-01-12 | | | | (192,024.40) |
| Bankruptcy Distribution on 04-04-13 | | | | (250,360.80) |
| | <u>571,349.93</u> | | | <u>571,349.93</u> |
| Total Investments | <u>89,455,845.77</u> | - | - | <u>89,698,785.77</u> |

| <u>IMPREST ACCOUNTS</u> | | | | |
|-------------------------|----------------------|-------------------|---------------------|----------------------|
| Bank of America - Bail | 10.00 | - | - | 10.00 |
| Long Term Disability | 20,000.00 | | | 20,000.00 |
| Total Imprest Accounts | <u>20,010.00</u> | - | - | <u>20,010.00</u> |
| | <u>90,357,037.04</u> | <u>160,374.47</u> | <u>1,093,691.43</u> | <u>89,666,660.08</u> |

| | | | | |
|--|--|--|--|-------------------------|
| City of Costa Mesa Change Funds | | | | <u>12,075.00</u> |
| TOTAL POOLED CASH AND INVESTMENTS | | | | <u>\$ 89,678,735.08</u> |


 BOBBY YOUNG
 Finance & IT Director

7/23/13
 DATE

POOLED CASH AND INVESTMENTS BY FUND
FOR THE MONTH ENDING JUNE 30, 2013

| FUND NO | FUND NAME | AMOUNT |
|---------|---|-------------------------|
| 101 | General Fund | \$ 38,266,387.62 * |
| 201 | Special Gas Tax Fund | 11,326,113.06 |
| 202 | Prop. 172 - Public Safety Fund | 517,728.00 |
| 203 | Air Quality Improvement Fund (AB 2766) | 721,257.67 |
| 205 | HUD -HOME Program-HOME Investment Partnership Act | 62,308.54 |
| 207 | HUD -Community Development Block Grant Program Fund | (26,228.40) |
| 208 | Park Development Fees Fund | 1,402,699.37 |
| 209 | Drainage Fees Fund | 1,618,801.65 |
| 213 | Supplemental Law Enforcement Services Fund (SLESF) | (85,836.57) |
| 214 | Traffic Impact Fees Fund | 3,722,035.48 |
| 217 | Narcotics Forfeiture Fund | 17,000.00 |
| 218 | Fire System Development Fees Fund | 3,744,573.53 |
| 219 | Local Law Enforcement Block | 741,966.80 |
| 220 | Office of Traffic Safety | 31,086.11 |
| 221 | Homelessness Prevention | (50,868.88) |
| 222 | Costa Mesa Housing Authority | 131,997.51 |
| 401 | Capital Outlay Fund | 2,379,299.10 |
| 403 | Measure "M" Construction Fund | 4,160,350.31 |
| 409 | Vehicle Parking District #1 Fund | 9,958.28 |
| 410 | Vehicle Parking District #2 Fund | 18,627.96 |
| 413 | Golf Course Improvement Fund | 588,847.31 |
| 414 | Measure "M" Turnback Fund | 1,696,954.39 |
| 415 | Measure "M" 2 Fund | (1,365,948.65) |
| 416 | Measure "M" 2 Fairshare Fund | 3,672,813.36 |
| 601 | Equipment Maintenance and Replacement Fund | 7,620,802.14 |
| 602 | Self-Insurance Fund - Liab/W.C./Unemployment | 6,361,560.90 |
| 701 | Deposits | 1,355,345.34 |
| 705 | Costa Mesa Community Foundation | 11,695.79 |
| 755 | Police Retirement - 1% Supplemental | 1,027,407.36 |
| | Total Pooled Cash & Investments | <u>\$ 89,678,735.08</u> |

*Council has designated \$14.125 million in general fund balance for emergency reserves.
These totals reflect month end cash balances only.

CITY OF COSTA MESA
OUTSTANDING INVESTMENTS BY INSTRUMENT TYPE
AS OF JUNE 30, 2013

| <u>INSTITUTION</u> | <u>TYPE OF INVESTMENT</u> | <u>PURCHASE DATE</u> | <u>MATURITY DATE</u> | <u>INTEREST RATE</u> | <u>COST</u> | <u>MARKET VALUE AS OF 06/30/13</u> | <u>% of PORTFOLIO</u> | <u>SPECIAL CHARACTERISTICS OF INVESTMENTS</u> |
|--|---|----------------------|----------------------|----------------------|------------------|------------------------------------|-----------------------|---|
| Local Agency Investment Fund | POOL | N/A | CONTINUOUS | 0.244 % (1) | \$ 42,790,900.84 | 42,790,900.84 | 48.23% | Local Agency Investment Fund - State Treasurer's Pool |
| Wells Fargo Treas Plus Money Mkt Fd | Money Market Fund | N/A | CONTINUOUS | - % (2) | - | - | 0.00% | Stagecoach Funds Inc. Treasury Money Market Mutual Fund |
| Commercial Paper | | | | | | | | |
| General Electric Capital Corp. | Commercial Paper | 05/08/2013 | 08/16/2013 | 0.100 % (3) | 4,998,625.00 | 4,998,997.00 | | Commercial Paper rated A1+/P1 |
| | | | | | 4,998,625.00 | 4,998,997.00 | 5.63% | Dollar Weighted Average Maturity is 47 Days |
| Federal Home Loan Bank: | | | | | | | | |
| E J De La Rosa | FHLB | 08/16/2012 | 08/16/2017 | 1.000 % (4) | 2,000,000.00 | 1,966,280.00 | | Fixed rate, callable with 5 days on or after 11/16/12 |
| Wells Fargo Institutional Securities, LLC | FHLB | 01/30/2013 | 01/30/2018 | 1.050 % (4) | 2,000,000.00 | 1,955,420.00 | | Fixed rate, callable with 5 days on or after 07/30/13 |
| E J De La Rosa | FHLB | 01/30/2013 | 01/30/2018 | 1.000 % (4) | 2,000,000.00 | 1,959,300.00 | | Fixed rate, callable with 5 days on or after 07/30/13 |
| Wells Fargo Institutional Securities, LLC | FHLB | 06/26/2013 | 06/26/2018 | 0.750 % (4) | 2,000,000.00 | 1,967,480.00 | | Callable with 5 days on 06/26/15. Steps to 1.75% if not called. |
| E J De La Rosa | FHLB | 06/27/2013 | 06/27/2018 | 1.200 % (4) | 3,000,000.00 | 2,933,790.00 | | Fixed rate, callable with 5 days only on 06/27/14 |
| | Total Federal Home Loan Bank | | | | 11,000,000.00 | 10,782,270.00 | 12.15% | |
| Federal Farm Credit Bank: | | | | | | | | |
| Wells Fargo Institutional Securities, LLC | FFCB | 04/30/2013 | 07/15/2015 | 0.290 % (4) | 1,998,500.00 | 1,991,300.00 | | Fixed rate, callable with 5 days notice on or after 07/15/13 |
| Wells Fargo Institutional Securities, LLC | FFCB | 04/30/2013 | 10/15/2015 | 0.320 % (4) | 2,000,000.00 | 1,987,960.00 | | Fixed rate, callable with 5 days notice on or after 07/15/13 |
| Wells Fargo Institutional Securities, LLC | FFCB | 06/06/2013 | 06/06/2016 | 0.540 % (4) | 1,997,500.00 | 1,987,880.00 | | Fixed rate, callable with 5 days notice only on 06/06/14 |
| Wells Fargo Institutional Securities, LLC | FFCB | 04/30/2013 | 07/12/2016 | 0.450 % (4) | 1,999,500.00 | 1,980,200.00 | | Fixed rate, callable with 5 days notice on or after 07/12/13 |
| Wells Fargo Institutional Securities, LLC | FFCB | 05/21/2013 | 05/14/2018 | 0.875 % (4) | 997,810.00 | 966,600.00 | | Bullet |
| | Total Federal Farm Credit Bank | | | | 8,993,310.00 | 8,913,940.00 | 10.05% | |
| Federal Home Loan Mortgage Corporation: | | | | | | | | |
| Wells Fargo Institutional Securities, LLC | FHLMC | 02/14/2013 | 02/14/2018 | 1.000 % (4) | 2,998,500.00 | 2,931,030.00 | | Fixed rate, callable with 5 days notice on or after 05/14/13 |
| E J De La Rosa | FHLMC | 06/27/2013 | 06/27/2018 | 1.250 % (4) | 2,000,000.00 | 1,960,960.00 | | Fixed rate, callable with 5 days notice only on 06/27/14 |
| | Total Federal Home Loan Mortgage Corporation | | | | 4,998,500.00 | 4,891,990.00 | 5.51% | |
| Federal National Mortgage Association: | | | | | | | | |
| Wells Fargo Institutional Securities, LLC | FNMA | 05/20/2013 | 09/28/2016 | 1.250 % (4) | 2,050,520.00 | 2,022,860.00 | | Bullet |
| Wells Fargo Institutional Securities, LLC | FNMA | 05/20/2013 | 11/15/2016 | 1.375 % (4) | 2,058,980.00 | 2,027,500.00 | | Bullet |
| Citigroup Global Markets Inc. | FNMA | 08/28/2012 | 08/28/2017 | 1.100 % (4) | 2,000,000.00 | 1,971,860.00 | | Fixed rate, callable with 10 days on or after 08/28/13 |
| Citigroup Global Markets Inc. | FNMA | 01/30/2013 | 01/30/2018 | 1.000 % (4) | 2,000,000.00 | 1,959,000.00 | | Fixed rate, callable quarterly w/10 days notice on or after 1/30/2014 |
| Citigroup Global Markets Inc. | FNMA | 01/30/2013 | 01/30/2018 | 1.050 % (4) | 2,000,000.00 | 1,957,600.00 | | Fixed rate, callable quarterly w/10 days notice on or after 7/30/2013 |
| Citigroup Global Markets Inc. | FNMA | 02/14/2013 | 02/14/2018 | 1.010 % (4) | 2,000,000.00 | 1,938,240.00 | | Fixed rate, callable quarterly w/10 days notice on or after 2/14/2014 |
| Wells Fargo Institutional Securities, LLC | FNMA | 02/21/2013 | 02/21/2018 | 0.750 % (4) | 2,000,000.00 | 1,957,660.00 | | Step-up bond, callable with 10 days notice on or after 02/21/14 |
| Wells Fargo Institutional Securities, LLC | FNMA | 05/21/2013 | 05/21/2018 | 0.875 % (4) | 1,993,660.00 | 1,932,920.00 | | Bullet |
| | Total Federal National Mortgage Association | | | | 16,103,160.00 | 15,767,640.00 | 17.77% | |
| | | | | | \$ 88,884,495.84 | 88,145,737.84 | | |
| BANKRUPTCY CLAIM | | | | | | | | |
| | Lehman Bros. Holdings Inc. | | | | \$ 571,349.93 | 571,349.93 | | |
| | Total Bankruptcy Claim | | | | 571,349.93 | 571,349.93 | 0.64% | |
| | Total Outstanding Investments | | | | \$ 89,455,845.77 | \$ 88,717,087.77 | 100.00% | % Rounded 5/4 |

INTEREST RATE LEGEND

(1) LAIF rate quoted as of the last day of the month
(2) Yield quoted by the Fund as of the last day of the month

(3) Money Market Equivalent Yield at time of purchase
(4) Coupon rate of instrument

CITY OF COSTA MESA
INVESTMENT ACTIVITY SUMMARY
FOR THE MONTH OF JUNE 3013

Total outstanding investments as of May 31, 2013 \$ 91,872,834.66

| | PURCHASE DATE | MATURITY DATE | COUPON <u>RATE</u> | YIELD TO <u>MATURITY</u> | <u>COST</u> |
|---|------------------|------------------|-----------------------|-----------------------------|------------------|
| Investment Purchases: | | | | | |
| Federal Farm Credit Bank | 06/06/2013 | 06/06/2016 | 0.540% | 0.582% | 1,997,500.00 |
| Federal Home Loan Bank | 06/26/2013 | 06/26/2018 | 0.750% | 1.342% | 2,000,000.00 |
| Federal Home Loan Bank | 06/27/2013 | 06/27/2018 | 1.200% | 1.200% | 3,000,000.00 |
| Federal Home Loan Mortgage Corporation | 06/27/2013 | 06/27/2018 | 1.250% | 1.250% | 2,000,000.00 |
| Total Purchases: | | | | | 8,997,500.00 |
| Investment Maturities: | | | | | |
| Total Maturities: None | | | | | - |
| Investment Calls: | | | | | |
| Federal National Mortgage Association | 06/06/2012 | 06/06/2017 | 1.000% | 1.208% | (3,000,000.00) |
| Total Calls: | | | | | (3,000,000.00) |
| Investments Sold: | | | | | |
| Total Sales: None | | | | | - |
| Bankruptcy Claim: | | | | | |
| Held with Lehman Bros. Holdings Inc. | | | | | 1,013,735.13 |
| Bankruptcy Distribution on 10-01-12 | | | | | (192,024.40) |
| Bankruptcy Distribution on 04-04-13 | | | | | (250,360.80) |
| | | | | | 571,349.93 |
| Net increase (decrease) in LAIF | | | | | (4,400,000.00) |
| Net increase (decrease) in Sweep Account | | | | | (4,014,488.89) |
| Total outstanding investments as of June 30, 2013 | | | | | \$ 89,455,845.77 |

CITY OF COSTA MESA
INVESTMENT ACTIVITY SUMMARY
FOR THE QUARTER ENDING JUNE 30, 2013

| | | | | | |
|--|--------------------------------|--------------------------------|------------------------------|------------------------------------|------------------|
| Total outstanding investments as of March 31, 2013 | | | | | \$ 80,510,791.81 |
| | <u>PURCHASE</u> <u>DATE</u> | <u>MATURITY</u> <u>DATE</u> | <u>COUPON</u> <u>RATE</u> | <u>YIELD TO</u> <u>MATURITY</u> | <u>COST</u> |
| Investment Purchases: | | | | | |
| Federal Farm Credit Bank | 04/30/2013 | 07/15/2015 | 0.290% | 0.324% | 1,998,500.00 |
| Federal Farm Credit Bank | 04/30/2013 | 10/15/2015 | 0.320% | 0.320% | 2,000,000.00 |
| Federal Farm Credit Bank | 04/30/2013 | 07/12/2016 | 0.450% | 0.458% | 1,999,500.00 |
| GECC Commercial Paper | 05/09/2013 | 08/16/2013 | 0.100% | 0.100% | 4,998,625.00 |
| Federal National Mortgage Association | 05/20/2013 | 11/15/2016 | 1.375% | 0.520% | 2,058,980.00 |
| Federal National Mortgage Association | 05/20/2013 | 09/28/2016 | 1.250% | 0.490% | 2,050,520.00 |
| Federal Farm Credit Bank | 05/21/2013 | 05/14/2018 | 0.875% | 0.920% | 997,810.00 |
| Federal National Mortgage Association | 05/21/2013 | 05/21/2018 | 0.875% | 0.940% | 1,993,660.00 |
| Federal Farm Credit Bank | 06/06/2013 | 06/06/2016 | 0.540% | 0.582% | 1,997,500.00 |
| Federal Home Loan Bank | 06/26/2013 | 06/26/2018 | 0.750% | 1.342% | 2,000,000.00 |
| Federal Home Loan Bank | 06/27/2013 | 06/27/2018 | 1.200% | 1.200% | 3,000,000.00 |
| Federal Home Loan Mortgage Corporation | 06/27/2013 | 06/27/2018 | 1.250% | 1.250% | 2,000,000.00 |
| Total Purchases: | | | | | 27,095,095.00 |
| Investments Sold: | | | | | |
| Total Sales: None | | | | | - |
| Investment Maturities: | | | | | |
| Federal National Mortgage Association | 04/15/2008 | 04/15/2013 | 4.000% | 4.000% | (5,000,000.00) |
| Federal National Mortgage Association | 04/18/2008 | 04/18/2013 | 4.050% | 4.050% | (2,000,000.00) |
| Total Maturities: | | | | | (7,000,000.00) |
| Investments Called: | | | | | |
| Federal Farm Credit Bank | 04/04/2012 | 04/04/2017 | 1.360% | 1.360% | (2,000,000.00) |
| Federal Home Loan Bank | 02/22/2013 | 02/22/2018 | 1.250% | 1.250% | (2,000,000.00) |
| Federal Farm Credit Bank | 09/13/2012 | 09/13/2017 | 1.020% | 1.020% | (2,000,000.00) |
| Federal Farm Credit Bank | 05/15/2012 | 05/15/2017 | 1.140% | 1.140% | (3,000,000.00) |
| Federal Home Loan Mortgage Corporation | 05/15/2012 | 05/15/2017 | 1.250% | 1.250% | (2,000,000.00) |
| Federal National Mortgage Association | 05/24/2012 | 08/24/2015 | 0.700% | 0.700% | (2,000,000.00) |
| Federal Home Loan Bank | 05/30/2012 | 05/30/2017 | 1.150% | 1.150% | (2,000,000.00) |
| Federal National Mortgage Association | 06/06/2012 | 06/06/2017 | 1.000% | 1.208% | (3,000,000.00) |
| Total Calls: | | | | | (18,000,000.00) |
| Bankruptcy Claim: | | | | | |
| Held with Lehman Bros. Holdings Inc. | | | | | 1,013,735.13 |
| Bankruptcy Distribution on 10-01-12 | | | | | (192,024.40) |
| Bankruptcy Distribution on 04-04-13 | | | | | (250,360.80) |
| | | | | | 571,349.93 |
| Net increase (decrease) in LAIF | | | | | 7,128,523.31 |
| Net increase (decrease) in Sweep Account | | | | | (28,203.55) |
| Total outstanding investments as of June 30, 2013 | | | | | \$ 89,455,845.77 |

CITY OF COSTA MESA
SUMMARY OF POLICY LIMITATIONS
AS OF JUNE 30, 2013

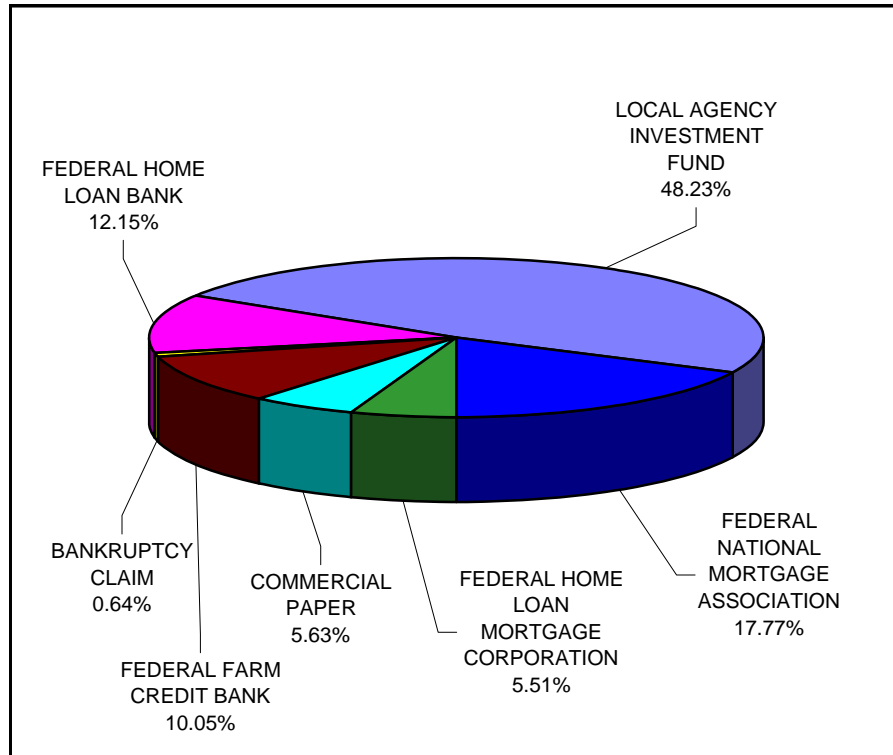
| DESCRIPTION | CURRENT PERCENTAGE BASED ON MARKET VALUE AS OF 06/30/13 | MAXIMUM PERCENTAGE |
|---|--|-----------------------|
| U.S. Treasury Bills | 0.00% | UNLIMITED |
| U.S. Treasury Notes | 0.00% | UNLIMITED |
| Federal Agency Issues: | | |
| FICB | 0.00% | 60.00% |
| FFCB | 10.05% | 60.00% |
| FLB | 0.00% | 60.00% |
| FHLB | 12.15% | 60.00% |
| FNMA | 17.77% | 60.00% |
| FHLMC | 5.51% | 60.00% |
| Other * | 0.00% | 60.00% |
| Banker's Acceptances | 0.00% | 40.00% |
| Certificates of Deposit | 0.00% | UNLIMITED |
| Negotiable Certificates of Deposits | 0.00% | 30.00% |
| Commercial Paper | 5.63% | 10% or 25% (1) |
| Medium Term Corporate Notes | 0.00% | 30.00% |
| Lehman Bros Holdings Inc | 0.64% | |
| Repurchase Agreements | 0.00% | UNLIMITED |
| LAIF (Local Agency Investment Fund) | 48.23% | \$ 50,000,000.00 |
| Current Balance | | \$ 42,790,900.84 |
| Orange County Treasurer's Pool | 0.00% | 35.00% |
| Money Market Mutual Funds (Sweep Account) | 0.00% | 10% per fund (2) |
| Asset-Backed and Mortgage-Backed Securities | 0.00% | 20.00% |
| TOTAL | 100.00% | (3) |
| % of Portfolio Maturing within one year | 54.22% | (3) no less than 20% |
| % of Portfolio Maturing or Callable within one year | 89.88% | (3) |

(1) Current dollar weighted average maturity as of 06/30/13 is 47 days.

(2) Also limited to 20% in total.

*These securities are not considered for purchases: SBA, GNMA, TVA and SALLIEMAE

CITY OF COSTA MESA - ASSET ALLOCATION AS OF JUNE 30, 2013



| | In Thousands |
|--|-------------------------|
| Local Agency Investment Fund | \$ 42,791 |
| Commercial Paper | 4,999 |
| Federal Home Loan Mortgage Corporation | 4,999 |
| Federal Home Loan Bank | 11,000 |
| Federal Farm Credit Bank | 8,993 |
| Bankruptcy Claim | 571 |
| Federal National Mortgage Association | <u>16,103</u> |
| Total | <u><u>\$ 89,456</u></u> |

% Rounded 5/4

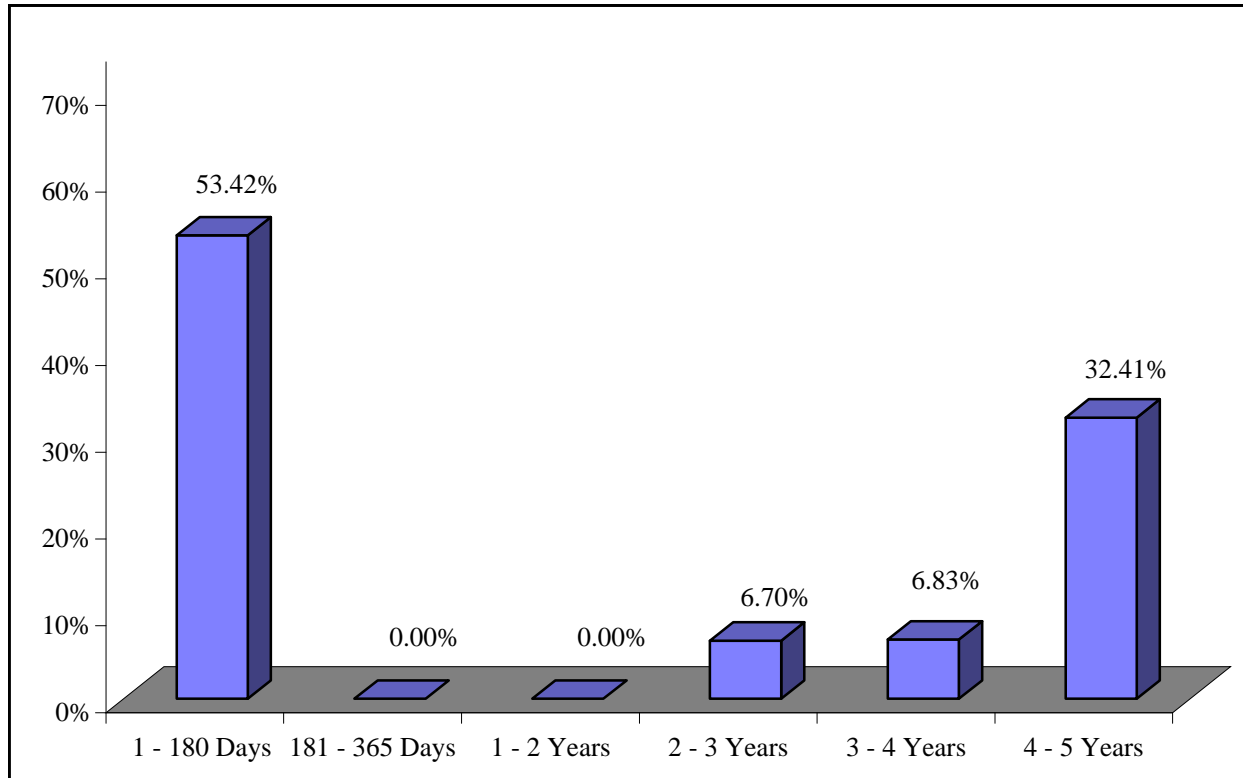
**CITY OF COSTA MESA
OUTSTANDING INVESTMENTS BY YEAR OF MATURITY
AS OF JUNE 30, 2013**

| TYPE OF INVESTMENT | PURCHASE DATE | MATURITY DATE | PAR VALUE | COST | MARKET VALUE AS OF MONTH END | ACCRUED INTEREST | GAIN/(LOSS) IF SOLD (1) | |
|--|------------------|------------------|------------------|-------------------------|---------------------------------|----------------------|----------------------------|---------------------|
| <u>2013:</u> | | | | | | | | |
| Local Agency Investment Fund | N/A | CONTINUOUS | \$ 42,790,900.84 | 42,790,900.84 | 42,790,900.84 | - | - | |
| Stagecoach Treasury Money Market Fund | N/A | CONTINUOUS | - | - | - | - | - | |
| General Electric Commercial Paper | 05/09/2013 | 08/16/2013 | 5,000,000.00 | 4,998,625.00 | 4,998,997.00 | 735.64 | 372.00 | |
| Percent maturing in 2013 | | | 53.42% | 47,790,900.84 | 47,789,525.84 | 735.64 | 372.00 | |
| <u>2015:</u> | | | | | | | | |
| * Federal Farm Credit Bank | 04/30/2013 | 07/15/2015 | 2,000,000.00 | 1,998,500.00 | 1,991,300.00 | 1,224.44 | (7,200.00) | |
| * Federal Farm Credit Bank | 04/30/2013 | 10/15/2015 | 2,000,000.00 | 2,000,000.00 | 1,987,960.00 | 1,351.10 | (12,040.00) | |
| Percent maturing in 2015 | | | 4.47% | 4,000,000.00 | 3,979,260.00 | 2,575.54 | (19,240.00) | |
| <u>2016:</u> | | | | | | | | |
| * Federal Farm Credit Bank | 06/06/2013 | 06/06/2016 | 2,000,000.00 | 1,997,500.00 | 1,987,880.00 | 750.00 | (9,620.00) | |
| * Federal Farm Credit Bank | 04/30/2013 | 07/12/2016 | 2,000,000.00 | 1,999,500.00 | 1,980,200.00 | 1,975.00 | (19,300.00) | |
| Federal National Mortgage Association | 05/20/2013 | 09/28/2016 | 2,000,000.00 | 2,050,520.00 | 2,022,860.00 | 6,458.32 | (27,660.00) | |
| Federal National Mortgage Association | 05/20/2013 | 11/15/2016 | 2,000,000.00 | 2,058,980.00 | 2,027,500.00 | 3,513.88 | (31,480.00) | |
| Percent maturing in 2016 | | | 9.06% | 8,000,000.00 | 8,018,440.00 | 12,697.20 | (88,060.00) | |
| <u>2017:</u> | | | | | | | | |
| * Federal Home Loan Bank | 08/16/2012 | 08/16/2017 | 2,000,000.00 | 2,000,000.00 | 1,966,280.00 | 7,500.00 | (33,720.00) | |
| * Federal National Mortgage Association | 08/28/2012 | 08/28/2017 | 2,000,000.00 | 2,000,000.00 | 1,971,860.00 | 7,516.66 | (28,140.00) | |
| Percent maturing in 2017 | | | 4.47% | 4,000,000.00 | 3,938,140.00 | 15,016.66 | (61,860.00) | |
| <u>2018:</u> | | | | | | | | |
| * Federal Home Loan Bank | 01/30/2013 | 01/30/2018 | 2,000,000.00 | 2,000,000.00 | 1,955,420.00 | 8,388.88 | (44,580.00) | |
| * Federal Home Loan Bank | 01/30/2013 | 01/30/2018 | 2,000,000.00 | 2,000,000.00 | 1,959,300.00 | 8,808.32 | (40,700.00) | |
| * Federal National Mortgage Association | 01/30/2013 | 01/30/2018 | 2,000,000.00 | 2,000,000.00 | 1,959,000.00 | 8,808.32 | (41,000.00) | |
| * Federal National Mortgage Association | 01/30/2013 | 01/30/2018 | 2,000,000.00 | 2,000,000.00 | 1,957,600.00 | 8,388.88 | (42,400.00) | |
| * Federal Home Loan Mortgage Corporation | 02/14/2013 | 02/14/2018 | 3,000,000.00 | 2,998,500.00 | 2,931,030.00 | 11,416.65 | (67,470.00) | |
| * Federal National Mortgage Association | 02/14/2013 | 02/14/2018 | 2,000,000.00 | 2,000,000.00 | 1,938,240.00 | 7,687.22 | (61,760.00) | |
| * Federal National Mortgage Association | 02/21/2013 | 02/21/2018 | 2,000,000.00 | 2,000,000.00 | 1,957,660.00 | 5,375.00 | (42,340.00) | |
| Federal Farm Credit Bank | 05/21/2013 | 05/14/2018 | 1,000,000.00 | 997,810.00 | 966,600.00 | 1,142.36 | (31,210.00) | |
| Federal National Mortgage Association | 05/21/2013 | 05/21/2018 | 2,000,000.00 | 1,993,660.00 | 1,932,920.00 | 1,944.44 | (60,740.00) | |
| * Federal Home Loan Bank | 06/26/2013 | 06/26/2018 | 2,000,000.00 | 2,000,000.00 | 1,967,480.00 | 208.33 | (32,520.00) | |
| * Federal Home Loan Bank | 06/27/2013 | 06/27/2018 | 3,000,000.00 | 3,000,000.00 | 2,933,790.00 | 399.99 | (66,210.00) | |
| * Federal Home Loan Mortgage Corporation | 06/27/2013 | 06/27/2018 | 2,000,000.00 | 2,000,000.00 | 1,960,960.00 | 277.76 | (39,040.00) | |
| Percent maturing in 2018 | | | 27.94% | 25,000,000.00 | 24,989,970.00 | 62,846.15 | (569,970.00) | |
| Sub-total | | | 88,790,900.84 | 88,884,495.84 | 88,145,737.84 | 93,871.19 | (738,758.00) | |
| <u>BANKRUPTCY CLAIM</u> | | | | | | | | |
| Lehman Bros. Holdings Inc. | | | 571,349.93 | 571,349.93 | 571,349.93 | - | - | |
| | | | 0.64% | 571,349.93 | 571,349.93 | - | - | |
| Total outstanding investments | | | 100.00% | \$ 89,362,250.77 | 89,455,845.77 | 88,717,087.77 | 93,871.19 | (738,758.00) |

* Callable

(1) Gain/Loss equals the fair market value as of the month end less the cost.

CITY OF COSTA MESA - MATURITIES DISTRIBUTION AS OF JUNE 30, 2013



| | In Thousands |
|----------------|--------------------------------|
| 1 - 180 Days | \$ 47,789 |
| 181 - 365 Days | - |
| 1 - 2 Years | - |
| 2 - 3 Years | 5,996 |
| 3 - 4 Years | 6,109 |
| 4 - 5 Years | <u>28,990</u> |
| * TOTAL | <u><u>\$ 88,884</u></u> |

% Rounded 5/4

*Total does not include Lehman Bros. Holdings Inc. as the recovery of principal is undetermined at this time.

CITY OF COSTA MESA
INVESTMENTS AND INVESTMENT EARNINGS
AS OF JUNE 30, 2013

| INVESTMENT | CUSIP NUMBER | INTEREST RATE | YIELD TO MATURITY | COST | INTEREST EARNED AT 06/30/2013 | PURCHASE DATE | CALL DATE | MATURITY DATE |
|--|--------------|---------------|-------------------|------------------|-------------------------------|---------------|------------|---------------|
| Local Agency Investment Fund | S99998260 | 0.244% | | \$ 42,790,900.84 | | 06/30/2013 | | 06/30/2013 |
| Wells Fargo Treas Plus Money Mkt Fd | N/A | 0.000% | | - | | 06/30/2013 | | 06/30/2013 |
| GECC Commercial Paper | 36959HVG9 | 0.100% | 0.100% | 4,998,625.00 | 735.64 | 05/09/2013 | | 08/16/2013 |
| Federal Farm Credit Bank | 3133ECL85 | 0.290% | 0.324% | 1,998,500.00 | 1,224.44 | 04/30/2013 | 07/15/2013 | 07/15/2015 |
| Federal Farm Credit Bank | 3133ECL93 | 0.320% | 0.320% | 2,000,000.00 | 1,351.10 | 04/30/2013 | 07/15/2013 | 10/15/2015 |
| Federal Farm Credit Bank | 3133ECR55 | 0.540% | 0.582% | 1,997,500.00 | 750.00 | 06/06/2013 | 06/06/2014 | 06/06/2016 |
| Federal Farm Credit Bank | 3133ECLB8 | 0.450% | 0.458% | 1,999,500.00 | 1,975.00 | 04/30/2013 | 07/12/2013 | 07/12/2016 |
| Federal National Mortgage Association | 3135G0CM3 | 1.250% | 0.490% | 2,050,520.00 | 6,458.32 | 05/20/2013 | | 09/28/2016 |
| Federal National Mortgage Association | 3135G0ES8 | 1.375% | 0.520% | 2,058,980.00 | 3,513.88 | 05/20/2013 | | 11/15/2016 |
| Federal Home Loan Bank | 313380A80 | 1.000% | 1.000% | 2,000,000.00 | 7,500.00 | 08/16/2012 | 11/16/2012 | 08/16/2017 |
| Federal National Mortgage Association | 3135G0NR0 | 1.100% | 1.100% | 2,000,000.00 | 7,516.66 | 08/28/2012 | 08/28/2013 | 08/28/2017 |
| Federal Home Loan Bank | 313381RE7 | 1.000% | 1.000% | 2,000,000.00 | 8,388.88 | 01/30/2013 | 07/30/2013 | 01/30/2018 |
| Federal Home Loan Bank | 313381SP1 | 1.050% | 1.050% | 2,000,000.00 | 8,808.32 | 01/30/2013 | 07/30/2013 | 01/30/2018 |
| Federal National Mortgage Association | 3135G0TK9 | 1.050% | 1.050% | 2,000,000.00 | 8,808.32 | 01/30/2013 | 07/30/2013 | 01/30/2018 |
| Federal National Mortgage Association | 3136G1AZ2 | 1.000% | 1.000% | 2,000,000.00 | 8,388.88 | 01/30/2013 | 01/30/2014 | 01/30/2018 |
| Federal Home Loan Mortgage Corporation | 3134G34Y3 | 1.000% | 1.010% | 2,998,500.00 | 11,416.65 | 02/14/2013 | 05/14/2013 | 02/14/2018 |
| Federal National Mortgage Association | 3135G0UD3 | 1.010% | 1.010% | 2,000,000.00 | 7,687.22 | 02/14/2013 | 02/14/2014 | 02/14/2018 |
| Federal National Mortgage Association | 3136G1CJ6 | 0.750% | 1.094% | 2,000,000.00 | 5,375.00 | 02/21/2013 | 02/21/2014 | 02/21/2018 |
| Federal Farm Credit Bank | 3133ECPB4 | 0.875% | 0.920% | 997,810.00 | 1,142.36 | 05/21/2013 | | 05/14/2018 |
| Federal National Mortgage Association | 3135G0WJ8 | 0.875% | 0.940% | 1,993,660.00 | 1,944.44 | 05/21/2013 | | 05/21/2018 |
| Federal Home Loan Bank | 313383J44 | 0.750% | 1.342% | 2,000,000.00 | 208.33 | 06/26/2013 | 06/26/2015 | 06/26/2018 |
| Federal Home Loan Bank | 313383HQ7 | 1.200% | 1.200% | 3,000,000.00 | 399.99 | 06/27/2013 | 06/27/2014 | 06/27/2018 |
| Federal Home Loan Mortgage Corporation | 3134G4A57 | 1.250% | 1.250% | 2,000,000.00 | 277.76 | 06/27/2013 | 06/27/2014 | 06/27/2018 |
| | | | | 88,884,495.84 | 93,871.19 | | | |
| <u>BANKRUPTCY CLAIM</u> | | | | | | | | |
| Lehman Bros. Holdings Inc. | | | | 571,349.93 | - | | | |
| | | | | \$ 571,349.93 | - | | | |
| TOTAL | | | | \$ 89,455,845.77 | 93,871.19 | | | |

KEY: BA - Banker's Acceptance
CD - Certificate of Deposit
CP - Commercial Paper

FNMA - Federal National Mortgage Corporation
FHLMC - Federal Home Loan Mortgage Corporation
MTCN - Medium Term Corporate Note

FFCB - Federal Farm Credit Bank
FHLB - Federal Home Loan Bank
STP - State Treasurers Pool

SW - Sweep

CITY OF COSTA MESA
OUTSTANDING INVESTMENTS
AS OF JUNE 30, 2013

| <u>TYPE OF INVESTMENT</u> | <u>PURCHASE DATE</u> | <u>MATURITY DATE</u> | <u>CALL DATE</u> | <u>DAYS TO MATURITY</u> | <u>INTEREST RATE</u> | <u>YIELD TO MATURITY</u> | <u>COST</u> |
|--|----------------------|----------------------|------------------|-------------------------|----------------------|--------------------------|------------------|
| LOCAL AGENCY INVESTMENT FUND | | | | 1 | 0.244 % | 0.244 % | \$ 42,790,900.84 |
| WELLS FARGO TREASURY PLUS INST'L MONEY MARKET FUND | | | | 1 | - % | - % | - |
| GECC COMMERCIAL PAPER | 05/09/2013 | 08/16/2013 | | 47 | 0.100 % | 0.100 % | 4,998,625.00 |
| FFCB | 04/30/2013 | 07/15/2015 | 07/15/2013 | 745 | 0.290 % | 0.324 % | 1,998,500.00 |
| FFCB | 04/30/2013 | 10/15/2015 | 07/15/2013 | 837 | 0.320 % | 0.320 % | 2,000,000.00 |
| FFCB | 06/06/2013 | 06/06/2016 | 06/06/2014 | 1,072 | 0.540 % | 0.582 % | 1,997,500.00 |
| FFCB | 04/30/2013 | 07/12/2016 | 07/12/2013 | 1,108 | 0.450 % | 0.458 % | 1,999,500.00 |
| FNMA | 05/20/2013 | 09/28/2016 | | 1,186 | 1.250 % | 0.490 % | 2,050,520.00 |
| FNMA | 05/20/2013 | 11/15/2016 | | 1,234 | 1.375 % | 0.520 % | 2,058,980.00 |
| FHLB | 08/16/2012 | 08/16/2017 | 11/16/2012 | 1,508 | 1.000 % | 1.000 % | 2,000,000.00 |
| FNMA | 08/28/2012 | 08/28/2017 | 08/28/2013 | 1,520 | 1.100 % | 1.100 % | 2,000,000.00 |
| FHLB | 01/30/2013 | 01/30/2018 | 07/30/2013 | 1,675 | 1.050 % | 1.050 % | 2,000,000.00 |
| FNMA | 01/30/2013 | 01/30/2018 | 01/30/2014 | 1,675 | 1.000 % | 1.000 % | 2,000,000.00 |
| FNMA | 01/30/2013 | 01/30/2018 | 07/30/2013 | 1,675 | 1.050 % | 1.050 % | 2,000,000.00 |
| FHLB | 01/30/2013 | 01/30/2018 | 07/30/2013 | 1,675 | 1.000 % | 1.000 % | 2,000,000.00 |
| FHLMC | 02/14/2013 | 02/14/2018 | 05/14/2013 | 1,690 | 1.000 % | 1.010 % | 2,998,500.00 |
| FNMA | 02/14/2013 | 02/14/2018 | 02/14/2014 | 1,690 | 1.010 % | 1.010 % | 2,000,000.00 |
| FNMA | 02/21/2013 | 02/21/2018 | 02/21/2014 | 1,697 | 0.750 % | 1.094 % | 2,000,000.00 |
| FFCB | 05/21/2013 | 05/14/2018 | | 1,779 | 0.875 % | 0.920 % | 997,810.00 |
| FNMA | 05/21/2013 | 05/21/2018 | | 1,786 | 0.875 % | 0.940 % | 1,993,660.00 |
| FHLB | 06/26/2013 | 06/26/2018 | 06/26/2015 | 1,822 | 0.750 % | 1.342 % | 2,000,000.00 |
| FHLB | 06/27/2013 | 06/27/2018 | 06/27/2014 | 1,823 | 1.200 % | 1.200 % | 3,000,000.00 |
| FHLMC | 06/27/2013 | 06/27/2018 | 06/27/2014 | 1,823 | 1.250 % | 1.250 % | 2,000,000.00 |
| Total outstanding investments | | | | | | | \$ 88,884,495.84 |

WEIGHTED AVERAGE:

| | |
|----------------------------------|------------|
| INTEREST RATE OF PORTFOLIO | 0.548% |
| YIELD TO MATURITY OF PORTFOLIO | 0.535% |
| MATURITY OF PORTFOLIO | 699 DAYS |
| MATURITY OF PORTFOLIO LESS POOLS | 1,348 DAYS |

BANKRUPTCY CLAIM

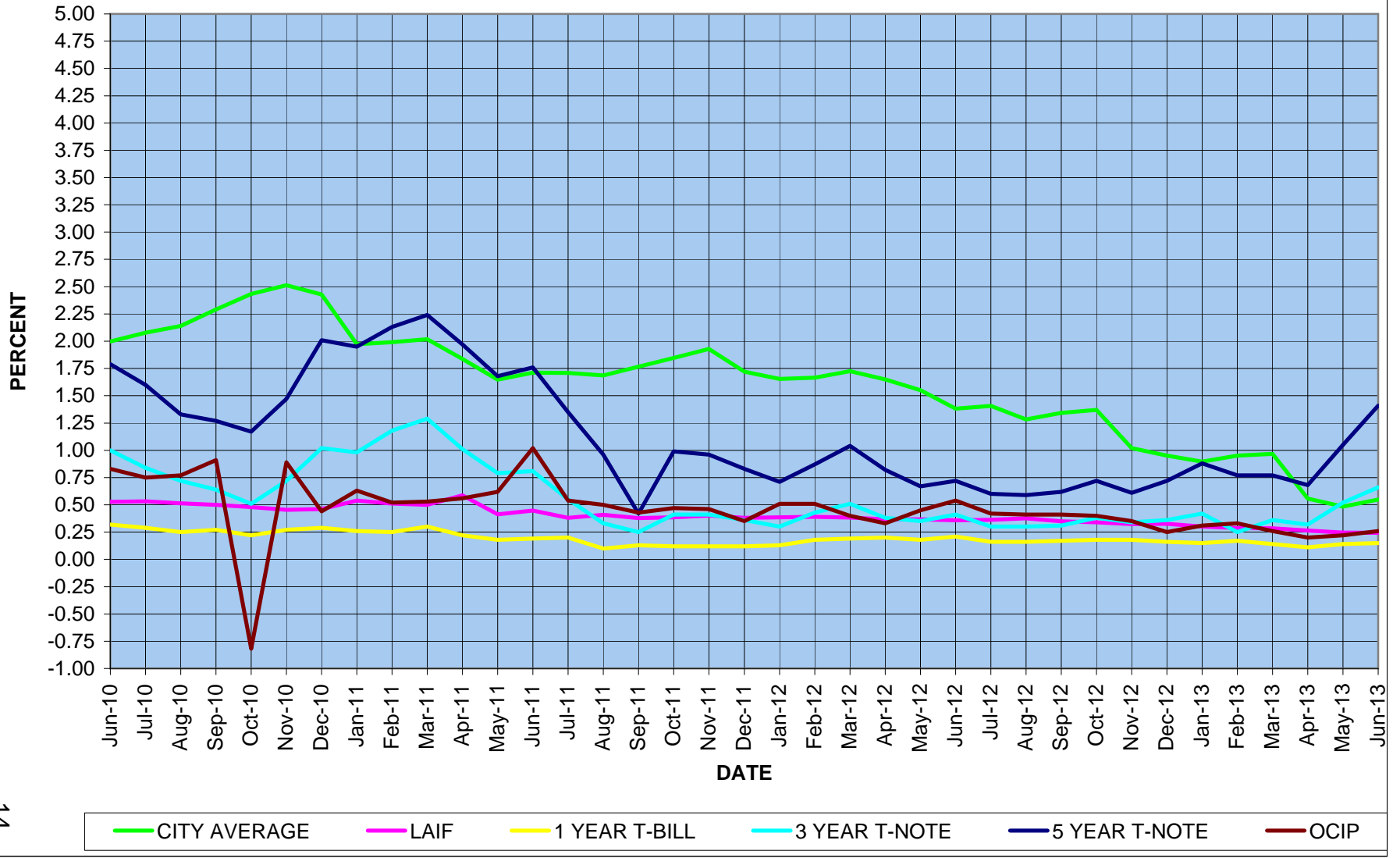
Lehman Bros. Holdings Inc.

571,349.93

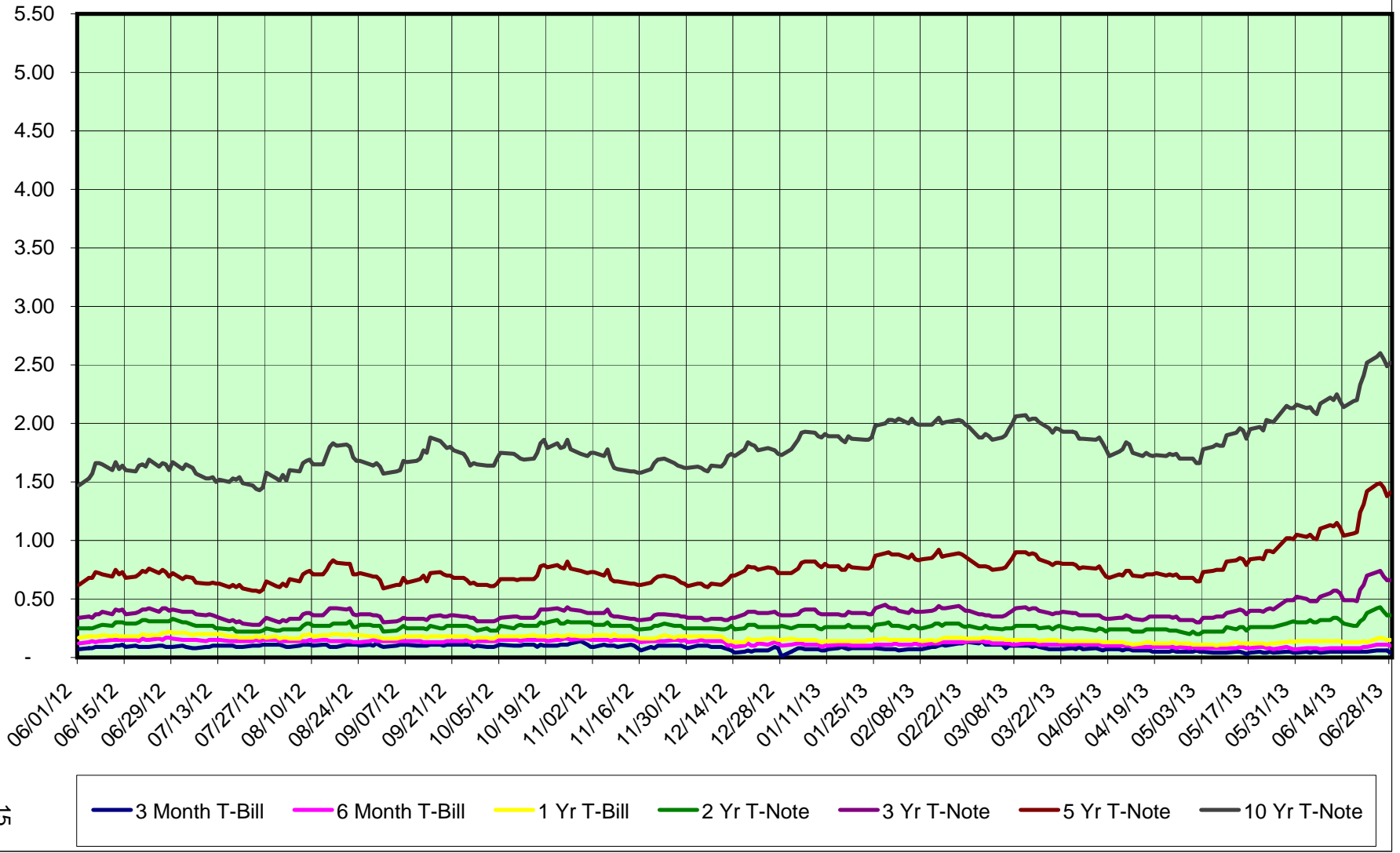
\$ 571,349.93

\$ 89,455,845.77

CITY OF COSTA MESA - PORTFOLIO INTEREST RATE INFORMATION AS OF JUNE 30, 2013



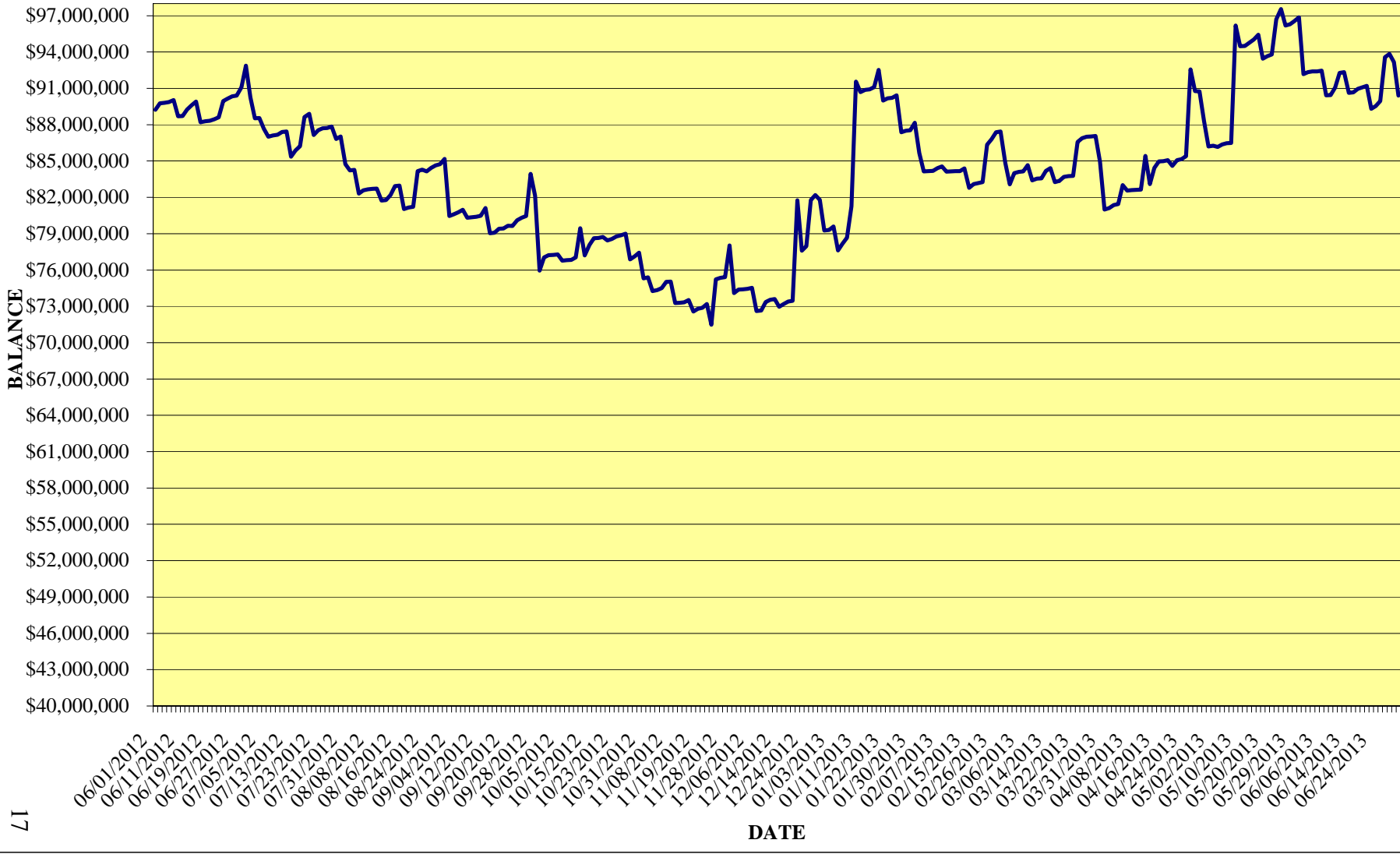
2012/2013 Market Rates as of June 30, 2013



**CITY OF COSTA MESA
CALL SCHEDULE
AS OF JUNE 30, 2013**

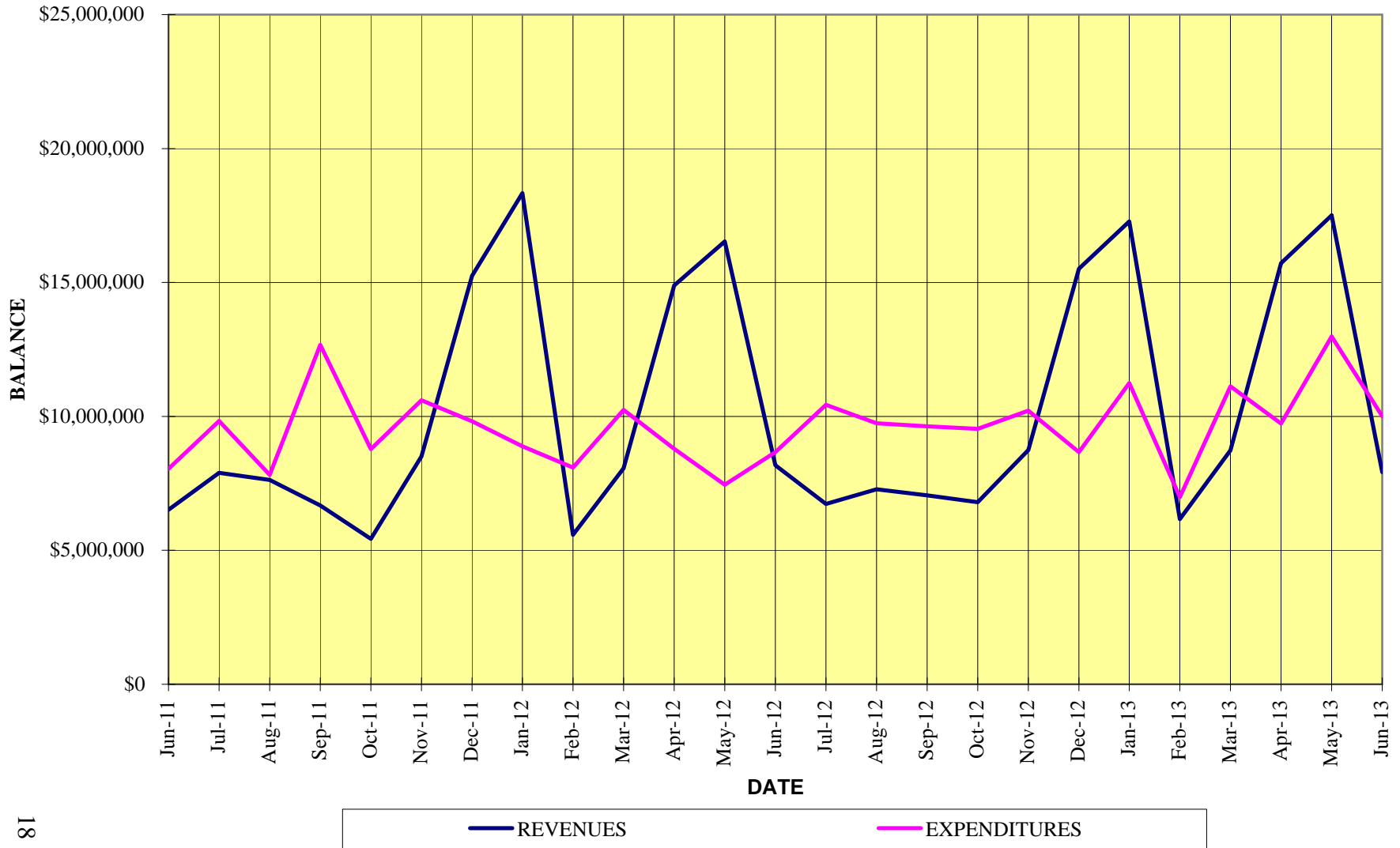
| <u>INSTITUTION</u> | <u>TYPE OF INVESTMENT</u> | <u>PURCHASE DATE</u> | <u>MATURITY DATE</u> | <u>COUPON</u> | <u>YIELD TO MATURITY</u> | <u>YIELD TO CALL</u> | <u>CALL DATE</u> | <u>COST</u> |
|---|---------------------------|----------------------|----------------------|---------------|--------------------------|----------------------|------------------|-------------------------|
| MORGAN STANLEY DEAN WITTER | FHLB | 08/16/2012 | 08/16/2017 | 1.000% | 1.000% | 1.000% | 11/16/2012 | \$ 2,000,000.00 |
| WELLS FARGO INSTITUTIONAL SECURITIES, LLC | FHLMC | 02/14/2013 | 02/14/2018 | 1.000% | 1.010% | 1.201% | 05/14/2013 | 2,998,500.00 |
| WELLS FARGO INSTITUTIONAL SECURITIES, LLC | FFCB | 04/30/2013 | 07/12/2016 | 0.450% | 0.458% | 0.575% | 07/12/2013 | 1,999,500.00 |
| WELLS FARGO INSTITUTIONAL SECURITIES, LLC | FFCB | 04/30/2013 | 07/15/2015 | 0.290% | 0.324% | 0.650% | 07/15/2013 | 1,998,500.00 |
| WELLS FARGO INSTITUTIONAL SECURITIES, LLC | FFCB | 04/30/2013 | 10/15/2015 | 0.320% | 0.320% | 0.320% | 07/15/2013 | 2,000,000.00 |
| E J DE LA ROSA | FHLB | 01/30/2013 | 01/30/2018 | 1.000% | 1.000% | 1.000% | 07/30/2013 | 2,000,000.00 |
| E J DE LA ROSA | FNMA | 01/30/2013 | 01/30/2018 | 1.050% | 1.050% | 1.050% | 07/30/2013 | 2,000,000.00 |
| WELLS FARGO INSTITUTIONAL SECURITIES, LLC | FHLB | 01/30/2013 | 01/30/2018 | 1.050% | 1.050% | 1.050% | 07/30/2013 | 2,000,000.00 |
| MORGAN STANLEY DEAN WITTER | FNMA | 08/28/2012 | 08/28/2017 | 1.100% | 1.100% | 1.100% | 08/28/2013 | 2,000,000.00 |
| CITIGROUP GLOBAL MARKETS, INC | FNMA | 01/30/2013 | 01/30/2018 | 1.000% | 1.000% | 1.000% | 01/30/2014 | 2,000,000.00 |
| CITIGROUP GLOBAL MARKETS, INC | FNMA | 02/14/2013 | 02/14/2018 | 1.010% | 1.010% | 1.010% | 02/14/2014 | 2,000,000.00 |
| WELLS FARGO INSTITUTIONAL SECURITIES, LLC | FNMA | 02/21/2013 | 02/21/2018 | 0.750% | 1.094% | 0.750% | 02/21/2014 | 2,000,000.00 |
| WELLS FARGO INSTITUTIONAL SECURITIES, LLC | FFCB | 06/06/2013 | 06/06/2016 | 0.540% | 0.582% | 0.666% | 06/06/2014 | 1,997,500.00 |
| E J DE LA ROSA | FHLMC | 06/27/2013 | 06/27/2018 | 1.250% | 1.250% | 1.250% | 06/27/2014 | 2,000,000.00 |
| E J DE LA ROSA | FHLB | 06/27/2013 | 06/27/2018 | 1.200% | 1.200% | 1.200% | 06/27/2014 | 3,000,000.00 |
| WELLS FARGO INSTITUTIONAL SECURITIES, LLC | FHLB | 06/26/2013 | 06/26/2018 | 0.750% | 1.342% | 0.750% | 06/26/2015 | 2,000,000.00 |
| | | | | | | | TOTAL | \$ 33,994,000.00 |

**CITY OF COSTA MESA DAILY CASH BALANCES
AS OF JUNE 30, 2013**

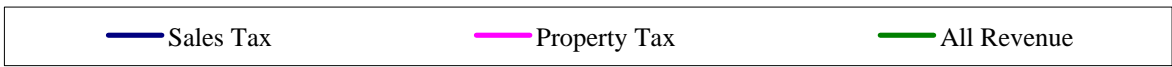
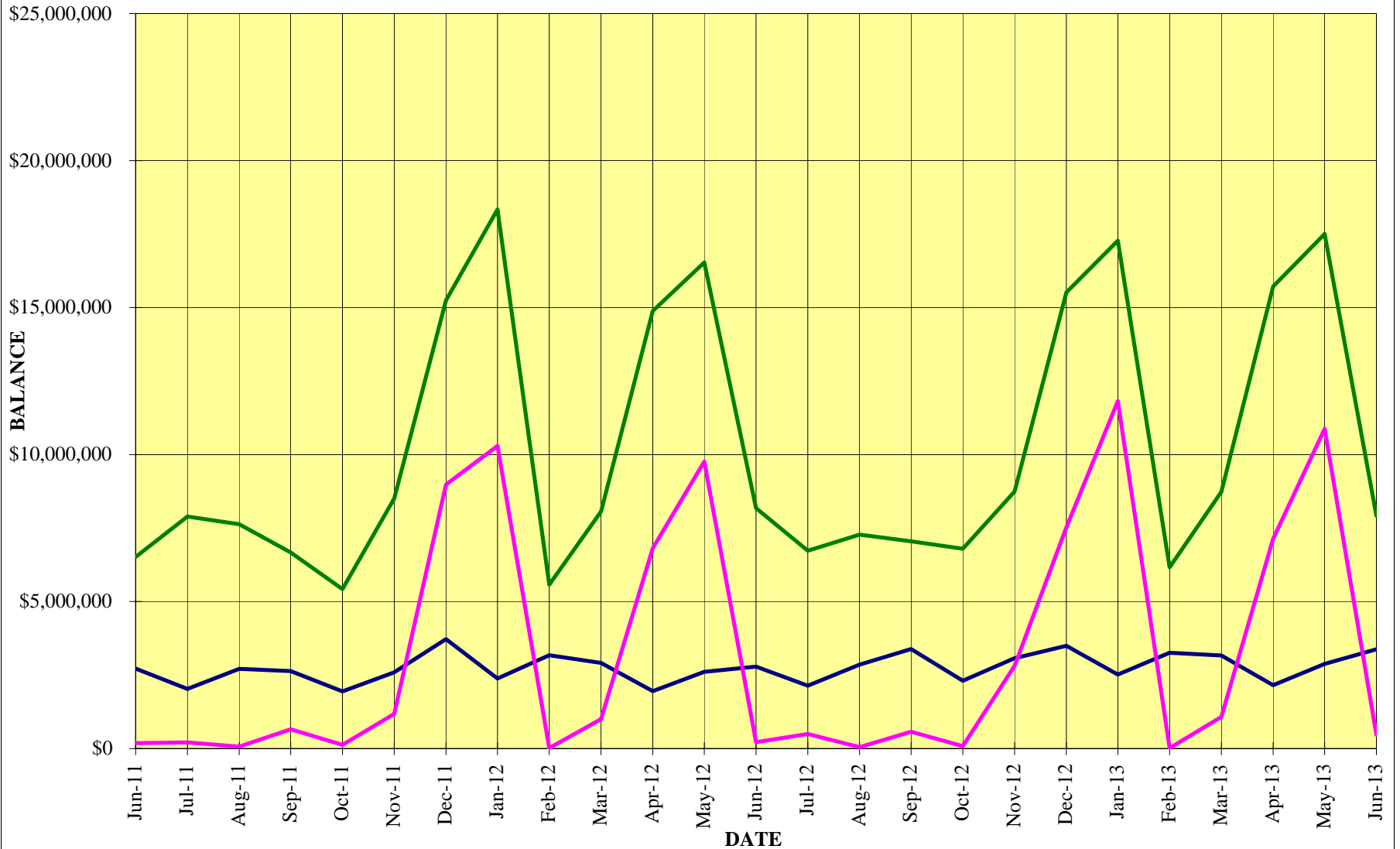


L1

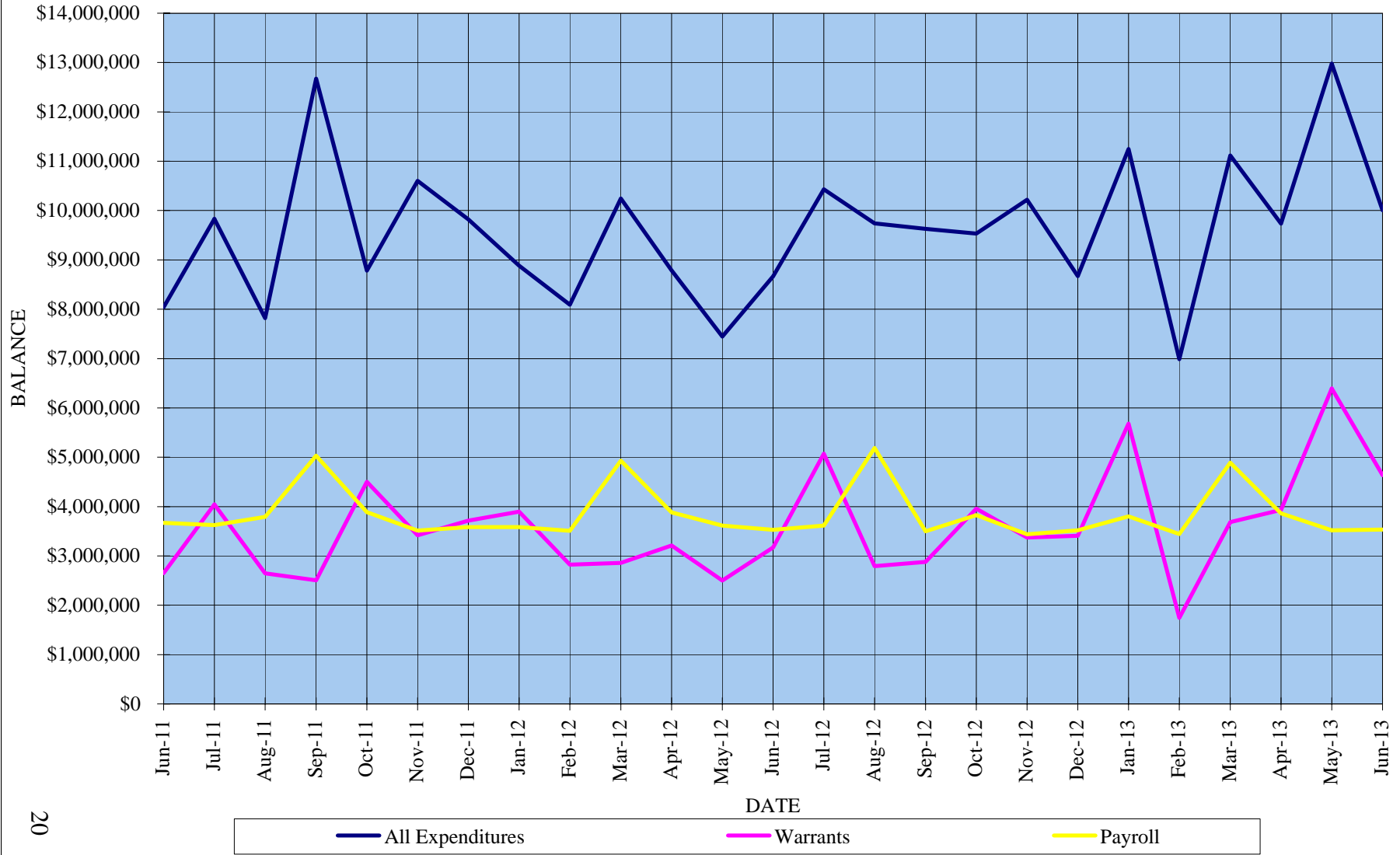
**CITY OF COSTA MESA CASH FLOWS BY MONTH
AS OF JUNE 30, 2013**



**CITY OF COSTA MESA REVENUE CHART
AS OF JUNE 30, 2013**



CITY OF COSTA MESA EXPENDITURE CHART AS OF JUNE 30, 2013



CITY OF COSTA MESA
SUMMARY OF CASH HELD IN TRUST
AS OF JUNE 30, 2013

Costa Mesa PFA Refunding Certificates of Participation, 2003 (Public Facilities Project)

Trustee: The Bank of New York Trust Company, N.A.

| Fund | Investment Type | Issuer | Maturity Date | Cost | Par | Market Value | Rate |
|--------------------|----------------------------|--|---------------|------------------------|---------------------|---------------------|-------|
| Lease Payment Fund | U.S. Govt. Obligation Fund | Wells Fargo Treasury Plus Money Market | Open | \$ - | - | - | - |
| Reserve Fund | U.S. Govt. Obligation Fund | Wells Fargo Treasury Plus Money Market | Open | 1,273,250.35 | 1,273,250.35 | 1,273,250.35 | 0.010 |
| Ending Balances | | | | <u>\$ 1,273,250.35</u> | <u>1,273,250.35</u> | <u>1,273,250.35</u> | |

Costa Mesa PFA Revenue Refunding Bonds Series 2006A

Trustee: U. S. Bank Corporate Trust Services

| Fund | Investment Type | Issuer | Maturity Date | Cost | Par | Market Value | Rate |
|---------------------------------|-----------------------------|----------------------|---------------|------------------------|---------------------|---------------------|------|
| Escrow Acct/Capital Improvement | Treasury Obligations Fund | First American Funds | Open | \$ - | - | - | - |
| Capital Improvement Fund | Treasury Obligations Fund | First American Funds | Open | 159,857.29 | 159,857.29 | 159,857.29 | - |
| Local Obligation | Note Secured by Real Estate | City of Costa Mesa | 08/01/2021 | 1,505,000.00 | 1,505,000.00 | 1,505,000.00 | 8.30 |
| Revenue Fund | Treasury Obligations Fund | First American Funds | Open | 225,868.11 | 225,868.11 | 225,868.11 | - |
| Reserve Fund | Treasury Obligations Fund | First American Funds | Open | 224,755.00 | 224,755.00 | 224,755.00 | - |
| Expense Fund | Treasury Obligations Fund | First American Funds | Open | 4,987.34 | 4,987.34 | 4,987.34 | - |
| Surplus Fund | Treasury Obligations Fund | First American Funds | Open | 96,179.33 | 96,179.33 | 96,179.33 | - |
| Ending Balances | | | | <u>\$ 2,216,647.07</u> | <u>2,216,647.07</u> | <u>2,216,647.07</u> | |

Costa Mesa PFA Certificates of Participation, 2007 (Police Facility Expansion & Renovation Project)

Trustee: The Bank of New York Mellon Trust Company, N.A.

| Fund | Investment Type | Issuer | Maturity Date | Cost | Par | Market Value | Rate |
|--------------------|----------------------------|--|---------------|------------------------|---------------------|---------------------|------|
| Lease Payment Fund | U.S. Govt. Obligation Fund | Wells Fargo Treasury Plus Money Market | Open | \$ - | - | - | - |
| Reserve Fund | U.S. Govt. Obligation Fund | Wells Fargo Treasury Plus Money Market | Open | 2,297,204.39 | 2,297,204.39 | 2,297,204.39 | - |
| Project Fund | U.S. Govt. Obligation Fund | Wells Fargo Treasury Plus Money Market | Open | - | - | - | - |
| Ending Balances | | | | <u>\$ 2,297,204.39</u> | <u>2,297,204.39</u> | <u>2,297,204.39</u> | |

City of Costa Mesa Workers Compensation Account

Trustee: Corvel Enterprise Company, Inc.

| Fund | Investment Type | Issuer | Maturity Date | Cost | Par | Market Value | Rate |
|----------------------|------------------|-----------------|---------------|----------------------|-------------------|-------------------|------|
| Workers Compensation | Checking Account | Bank of America | Open | \$ 150,000.00 | 150,000.00 | 150,000.00 | - |
| Ending Balances | | | | <u>\$ 150,000.00</u> | <u>150,000.00</u> | <u>150,000.00</u> | |

800 MHz Quarterly Reserve Fund

Trustee: Orange County Investment Pool

| Fund | Investment Type | Issuer | Maturity Date | Cost | Par | Market Value | Rate |
|-----------------------------|-------------------|-------------------------------|---------------|----------------------|-------------------|-------------------|------|
| Reserve Fund | Money Market Fund | Orange County Investment Pool | Open | \$ 8,015.43 | 8,015.43 | 8,015.43 | (1) |
| Cost Sharing Sustainability | Money Market Fund | Orange County Investment Pool | Open | 70,322.04 | 70,322.04 | 70,322.04 | |
| Cost Sharing Infrastructure | Money Market Fund | Orange County Investment Pool | Open | 195,743.44 | 195,743.44 | 195,743.44 | |
| Ending Balances | | | | <u>\$ 274,080.91</u> | <u>274,080.91</u> | <u>274,080.91</u> | |

Harbor Mesa LLC/City of Costa Mesa Cash Bond Account #10030-0001COL

Trustee: Community Bank

| Fund | Investment Type | Issuer | Maturity Date | Cost | Par | Market Value | Rate |
|-----------------|-----------------|---------------|---------------|----------------------|-------------------|-------------------|------|
| Escrow Account | Savings Account | Comerica Bank | Open | \$ 198,200.00 | 198,200.00 | 198,200.00 | (1) |
| Ending Balances | | | | <u>\$ 198,200.00</u> | <u>198,200.00</u> | <u>198,200.00</u> | |

R J Noble/Harbor Blvd Rehab Project (Baker St to South Coast Dr)

Trustee: Bank of Sacramento

| Fund | Investment Type | Issuer | Maturity Date | Cost | Par | Market Value | Rate |
|-----------------|-----------------|--------------------|---------------|---------------------|------------------|------------------|------|
| Escrow Account | Savings Account | Bank of Sacramento | Open | \$ 18,090.98 | 18,090.98 | 18,090.98 | (1) |
| Ending Balances | | | | <u>\$ 18,090.98</u> | <u>18,090.98</u> | <u>18,090.98</u> | |

All American Asphalt

Trustee: Community Bank

| Fund | Investment Type | Issuer | Maturity Date | Cost | Par | Market Value | Rate |
|-----------------|-----------------|----------------|---------------|---------------------|------------------|------------------|------|
| Escrow Account | Savings Account | Community Bank | Open | \$ 99,457.18 | 99,457.18 | 99,457.18 | (1) |
| Ending Balances | | | | <u>\$ 99,457.18</u> | <u>99,457.18</u> | <u>99,457.18</u> | |

GRAND TOTALS

\$ 6,526,930.88 6,526,930.88 6,526,930.88

Market Values provided by U.S. Bank Corporate Trust Services, The Bank of New York Mellon Trust Company, N.A., Premier Commercial Bank, Community Bank, Bank of Sacramento, Orange County Investment Pool

(1) Monthly rates/balances are not available. Balances are as of June 30, 2012.

**City of Costa Mesa
General Fund Cash Flow Projection**

City Council has expressed a desire to determine the monthly cash flow for the General Fund in an effort to project the future monthly cash balance. Given the City’s historical healthy cash position, it had not been necessary to project monthly cash balance for the General Fund. Therefore, a cash flow model was developed to better analyze the normal monthly activity and the changing trends in both revenue and expenditures.

The General Fund revenues and expenditures fluctuate on a monthly basis, affecting cash. In developing the cash flow model, 8 year historical data was used for: individual revenue accounts and monthly cash activity. The combination of the two appears to be the best way to accurately project the ending monthly cash balance. However, there remains the possibility of aberrations when actual cash activity is posted and reconciled.

The following is historical and projected General Fund ending cash balances and monthly cash flow activity:

| | Treasurer’s Report Cash Balance CY 2010 | Treasurer’s Report Cash Balance CY 2011 | Treasurer’s Report Cash -Projected Ending Cash Balance CY 2012 | Projected Ending Cash Balance CY 2013 |
|-----------|---|---|---|---|
| January | \$ 18.2 million | \$ 20.4 million | \$ 26,022,236.51 | \$ 35,567,895.24 |
| February | 16.0 million | 16.4 million | 24,431,171.70 | 33,748,749.48 |
| March | 13.6 million | 16.5 million | 19,593,018.28 | 26,919,811.18 |
| April | 15.1 million | 19.2 million | 24,815,597.57 | 32,959,906.82 |
| May | 23.4 million | 29.2 million | 32,803,661.57 | 39,627,261.73 |
| June | 21.0 million | 21.0 million | 28,716,660.46 | 38,266,387.62 |
| July | 19.6 million | 22.7 million | 27,341,364.77 | 34.0 million |
| August | 17.8 million | 23.3 million | 23,094,976.83 | 29.6 million |
| September | 12.3 million | 14.6 million | 17,895,568.27 | 26.1 million |
| October | 6.8 million | 12.9 million | 16,277,020.04 | 24.0 million |
| November | 5.4 million | 13.6 million | 17,492,429.66 | 24.3 million |
| December | 12.3 million | 21.0 million | 23,964,799.92 | 29.7 million |

The June 2013 General Fund cash balance of \$38.3 million, was about \$4.2 million higher than the amount projected last month. Staff’s review of the activity concluded that cash received during the month was approximately \$1.4 million higher than anticipated and expenditures were \$2.5 million lower. The lower expenditures were from the original anticipation of 3 payrolls during the month of June. Inevitably there will be 3 payrolls posted to June 2013 expenditures due to the year end closing process, however there will not be 3 payrolls posted to the June 2013 General Fund cash. Staff has adjusted projected cash balances in future months to accommodate this adjustment.

During the fiscal year end close and in preparation of the Comprehensive Annual Financial Report (CAFR), the June 2013 cash balance may change. As such, staff will continue to review the anticipated ending cash balance to determine if changes to future cash projections are necessary.