



**CITY OF COSTA MESA
FINANCE DEPARTMENT
INTEROFFICE MEMORANDUM**

TO: HONORABLE CITY COUNCIL

FROM: BOBBY YOUNG, FINANCE DIRECTOR

DATE: AUGUST 23, 2011

SUBJECT: *TREASURER'S REPORT FOR THE MONTH OF JULY, 2011*

Attached is the Treasurer's Report for the month of July 2011. 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 July 31, 2011, 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 July 31, 2011, 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 July 31, 2011, was 1.708%. The yield to maturity of the portfolio was 1.643%. The current yield of the City's portfolio was 133 basis points (1.327%) above the current yield of the State of California's Local Agency Investment Fund (LAIF) of .381% for the month ended July 31, 2011. The weighted average number of days to maturity for the total portfolio was 312 days (.855 years). The weighted average number of days to maturity for the total portfolio less pools was 728 days (1.995 years). The average duration for the underlying securities within LAIF as of July 31 was 260 days (0.712 years).

There were no securities purchased during the month of July, 2011.

There were no securities called during the month of July, 2011.

There were no securities sold during the month of July, 2011.

There were no securities matured during the month of July, 2011.

COMPLIANCE REPORTING

The City holds two Lehman Brothers Medium-Term Corporate Notes in its investment portfolio. The total amount invested in these two securities stated at cost is \$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. The Lehman Brothers Holding Inc. "Debtor Plan" proposed increasing payments to the holding company's senior unsecured creditors, which includes the bondholders, to 21.4 percent of their claims from 14.7 percent. However, the "Creditor's Plan" would pay out about 24.5 cents on the dollar, against 21.4 cents in the Lehman plan. A hearing to authorize submitting the plan to creditors for a vote is set for August 30, court records show.

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 Director

Attachment: Treasurer's Report for the month of July, 2011

CITY OF COSTA MESA
TREASURER'S REPORT OF POOLED CASH AND INVESTMENTS
AS OF JULY 31, 2011

<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	\$777,286.03	302,664.97	1,292,181.06	(212,230.06)
Reconciling Items		4,964.84	2,943.00	2,021.84
Vendor Payment Account		3,838.26	79,524.05	(75,685.79)
Bank of America - Flex Benefit Plan, C.A.I.		-	1,008.77	(1,008.77)
Total Active Accounts	<u>777,286.03</u>	<u>311,468.07</u>	<u>1,375,656.88</u>	<u>(286,902.78)</u>

<u>INVESTMENTS</u>	<u>COST</u>			
Bank of New York-Trust Sweep Account	0.44			0.44
Local Agency Investment Fund	41,070,274.81			41,070,274.81
Medium Term Corporate Notes	10,682,900.00			10,682,900.00
Federal Home Loan Mortgage Corporation	1,000,000.00			1,000,000.00
Federal Farm Credit Bank	6,000,000.00			6,000,000.00
Federal Home Loan Bank	5,000,000.00			5,000,000.00
Federal National Mortgage Association	8,000,000.00			8,000,000.00
	<u>71,753,175.25</u>			<u>71,753,175.25</u>
Market Value Adjustment at 06-30-2011				813,171.25
				<u>72,566,346.50</u>

<u>DEFAULTED SECURITIES</u>				
Lehman Bros. Corp. Notes	5,049,700.00			5,049,700.00
Market Value Adjustment at 06-30-2011				(3,734,075.00)
				<u>1,315,625.00</u>
 Total Investments	 <u>76,802,875.25</u>	 -	 -	 <u>73,881,971.50</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>-</u>	<u>-</u>	<u>20,010.00</u>
	<u>77,600,171.28</u>	<u>311,468.07</u>	<u>1,375,656.88</u>	<u>73,615,078.72</u>
City of Costa Mesa Change Funds				12,075.00
ABLE Change Fund				100.00
 TOTAL POOLED CASH AND INVESTMENTS				 <u>\$ 73,627,253.72</u>


 BOBBY YOUNG
 Finance Director

8/29/11
 DATE

POOLED CASH AND INVESTMENTS BY FUND
FOR THE MONTH ENDING JULY 2011

FUND NO	FUND NAME	AMOUNT
101	General Fund	\$ 23,267,945.73 *
201	Special Gas Tax Fund	12,006,837.80
202	Prop. 172 - Public Safety Fund	450,023.38
203	Air Quality Improvement Fund (AB 2766)	593,383.59
205	HUD -HOME Program-HOME Investment Partnership Act	(112,862.04)
207	HUD -Community Development Block Grant Program Fund	(245,591.55)
208	Park Development Fees Fund	1,963,740.47
209	Drainage Fees Fund	889,015.48
213	Supplemental Law Enforcement Services Fund (SLESF)	(1,669.60)
214	Traffic Impact Fees Fund	3,695,471.98
216	HUD -Rental Rehabilitation Program Fund	(577.96)
217	Narcotics Forfeiture Fund	892,682.35
218	Fire System Development Fees Fund	723,247.28
219	Local Law Enforcement Block	6,442.08
220	Office of Traffic Safety	(90,326.39)
221	Homelessness Prevention	(2,800.97)
260	Airborne Law Enforcement Fund	989,237.44
261	Helicopter Replacement Fund	3,149,312.19
401	Capital Outlay Fund	1,153,151.69
403	Measure "M" Construction Fund	4,061,992.33
409	Vehicle Parking District #1 Fund	2,203.93
410	Vehicle Parking District #2 Fund	2,048.21
413	Golf Course Improvement Fund	672,704.15
414	Measure "M" Turnback Fund	3,931,031.13
415	Measure "M" 2 Fund	(842.75)
416	Measure "M" 2 Fairshare Fund	127,282.94
601	Equipment Maintenance and Replacement Fund	5,482,313.35
602	Self-Insurance Fund - Liab/W.C./Unemployment	7,009,194.88
701	Deposits	1,485,823.86
705	Costa Mesa Community Foundation	108,343.25
755	Police Retirement - 1% Supplemental	1,418,495.49
	Total Pooled Cash & Investments	<u>\$ 73,627,253.72</u>

*Council has designated \$14.125 million in general fund balance for emergency reserves.

CITY OF COSTA MESA
INVESTMENT ACTIVITY SUMMARY
FOR THE MONTH OF JULY 2011

Total outstanding investments as of June 30, 2011		\$ 78,750,910.75
	PURCHASE <u>DATE</u>	MATURITY <u>DATE</u>
	COUPON <u>RATE</u>	YIELD TO <u>MATURITY</u>
		<u>COST</u>
Investment Purchases:		-
Total Purchases: None		-
Investment Maturities:		-
Total Maturities: None		-
Investment Calls:		-
Total Calls: None		-
Investments Sold:		-
Total Sales: None		-
Net increase (decrease) in LAIF		(1,948,035.94)
Net increase (decrease) in Sweep Account		0.44
Total outstanding investments as of July 31, 2011		\$ 76,802,875.25

CITY OF COSTA MESA
 INVESTMENTS AND INVESTMENT EARNINGS
 AS OF JULY 31, 2011

INVESTMENT	CUSIP NUMBER	INTEREST RATE	YIELD TO MATURITY	COST	INTEREST EARNED AT 07/31/2011	PURCHASE DATE	CALL DATE	MATURITY DATE
Local Agency Investment Fund	S99998260	0.381%		\$ 41,070,274.81		07/31/2011		07/31/2011
Wells Fargo Treas Plus Money Mkt Fd	N/A	0.000%		0.44		07/31/2011		07/31/2011
HSBC Corp. Note	40429CFZ0	5.900%	5.216%	3,081,600.00	20,649.99	12/11/2007		06/19/2012
Merrill Lynch Corp. Note	59018YJ36	6.050%	5.204%	2,585,000.00	69,743.05	01/17/2008		08/15/2012
Goldman Sachs Corp. Note	38144LAC4	5.450%	5.257%	3,024,900.00	40,875.00	11/08/2007		11/01/2012
Morgan Stanley Corp. Note	6174462T5	5.250%	5.349%	1,991,400.00	25,958.32	11/02/2007		11/02/2012
Federal National Mortgage Association	3136F9FL2	4.000%	4.000%	5,000,000.00	58,888.85	04/15/2008	07/15/2008	04/15/2013
Federal National Mortgage Association	3136F9GW7	4.050%	4.050%	2,000,000.00	23,175.00	04/18/2008	07/18/2008	04/18/2013
Federal Home Loan Mortgage Corporation	3134G14B7	1.350%	1.350%	1,000,000.00	5,925.00	02/23/2011	08/23/2011	08/23/2013
Federal Farm Credit Bank	31331KMY3	0.750%	0.750%	2,000,000.00	2,166.66	06/09/2011	09/09/2011	09/09/2013
Federal Home Loan Bank	3133736R8	1.250%	1.250%	1,000,000.00	3,472.22	04/21/2011	10/21/2011	01/21/2014
Federal Farm Credit Bank	31331KJT8	1.340%	1.340%	2,000,000.00	6,625.54	05/02/2011	05/02/2012	05/02/2014
Federal National Mortgage Association	3136FP5V5	1.750%	1.750%	1,000,000.00	8,604.16	02/04/2011	08/04/2011	08/04/2014
Federal Home Loan Bank	313373K35	2.000%	2.000%	2,000,000.00	8,777.76	05/12/2011	08/12/2011	11/12/2014
Federal Farm Credit Bank	31331KNR7	1.370%	1.370%	2,000,000.00	3,501.10	06/15/2011	12/15/2011	12/15/2014
Federal Home Loan Bank	313374B33	1.400%	1.400%	2,000,000.00	2,411.10	06/14/2011	09/30/2011	12/30/2014
				71,753,175.25	280,773.75			
<u>DEFAULTED SECURITIES</u>								
Lehman Bros. Hldg. Corp. Note	52517PR60	5.250%	5.149%	2,509,000.00	-	01/23/2008		02/06/2012
Lehman Bros. Hldg. Corp. Note	5252M0BZ9	5.625%	5.250%	2,540,700.00	-	01/25/2008		01/24/2013
				5,049,700.00	-			
TOTAL				\$ 76,802,875.25	280,773.75			

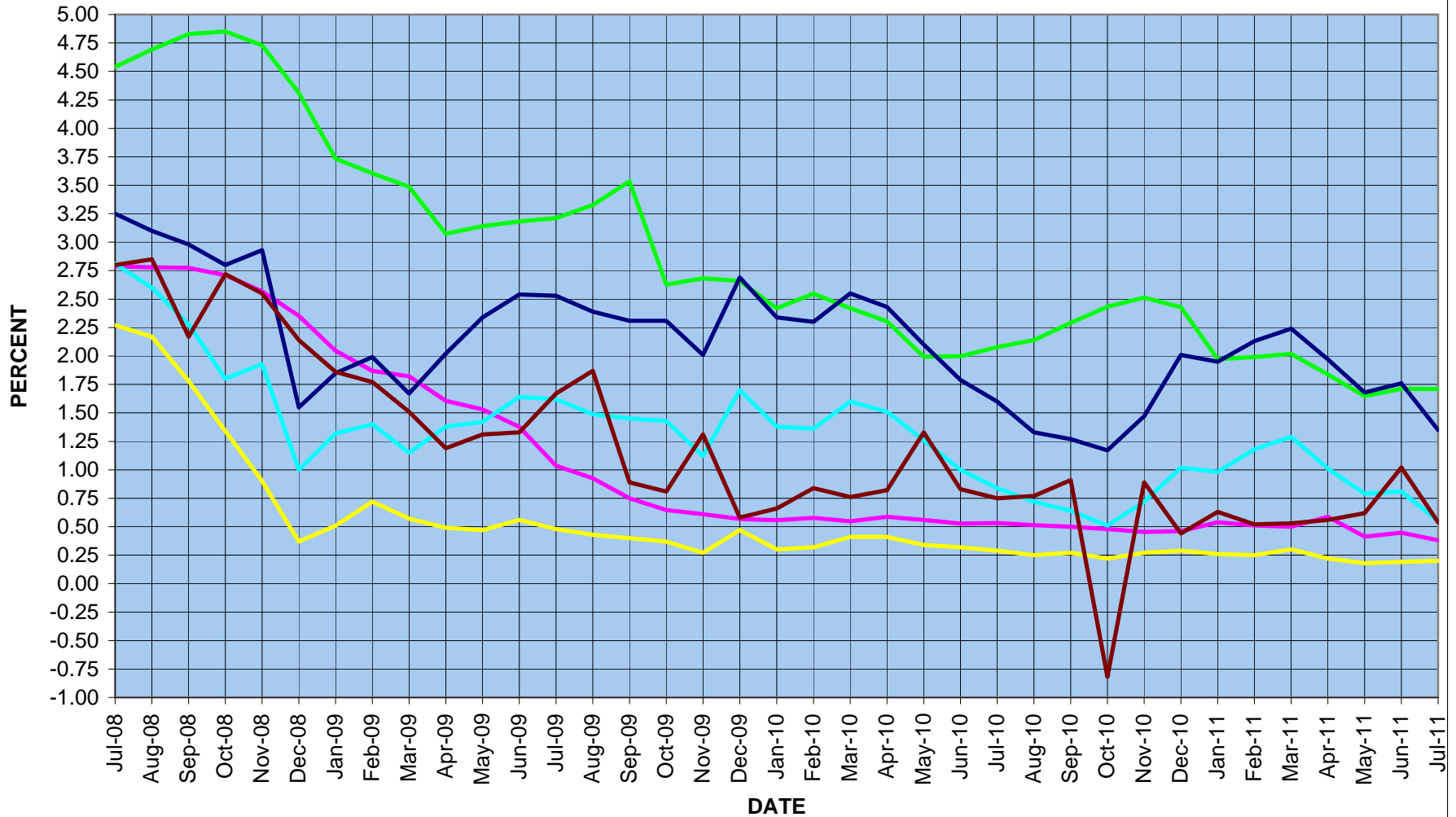
KEY: BA - Banker's Acceptance
 CD - Certificate of Deposit
 CP - Commercial Paper

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

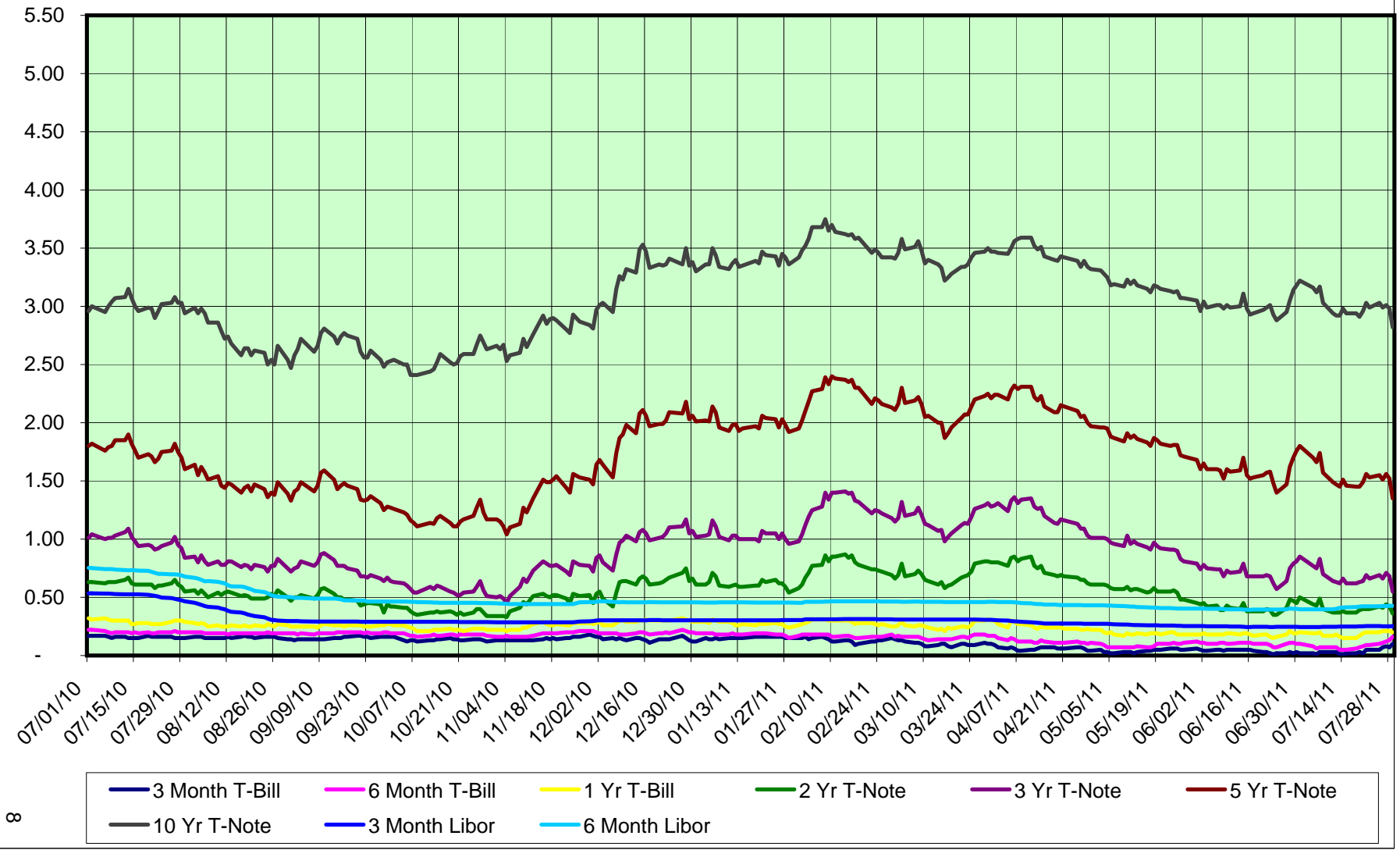
CITY OF COSTA MESA - PORTFOLIO INTEREST RATE INFORMATION AS OF JULY 31, 2011



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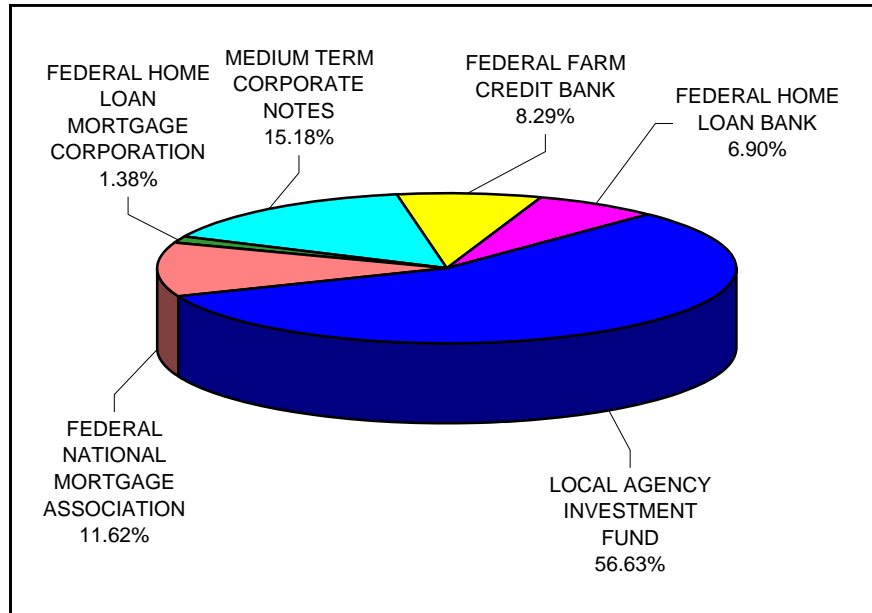
— CITY AVERAGE
 — LAIF
 — 1 YEAR T-BILL
 — 3 YEAR T-NOTE
 — 5 YEAR T-NOTE
 — OCIP

2011/2012 Market Rates as of July 31, 2011



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CITY OF COSTA MESA - ASSET ALLOCATION AS OF JULY 31, 2011



		In Thousands
■	Local Agency Investment Fund	\$ 41,070
■	Federal Home Loan Mortgage Corporation	1,000
■	Federal Farm Credit Bank	6,000
■	Federal Home Loan Bank	5,000
■	Federal National Mortgage Association	8,000
■	Medium Term Corporate Notes	<u>10,683</u>
Total		<u><u>\$ 71,753</u></u>

% Rounded 5/4

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

CITY OF COSTA MESA
SUMMARY OF POLICY LIMITATIONS
AS OF JULY 31, 2011

DESCRIPTION	CURRENT PERCENTAGE BASED ON MARKET VALUE AS OF 07/31/11	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	0.00%	60.00%
FLB	0.00%	60.00%
FHLB	6.78%	60.00%
FNMA	11.41%	60.00%
FHLMC	1.35%	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	0.00%	10% or 25% (1)
Medium Term Corporate Notes	16.72%	30.00%
Repurchase Agreements	0.00%	UNLIMITED
Reverse Repurchase Agreements	0.00%	10% of base
LAIF (Local Agency Investment Fund)	55.60%	\$ 50,000,000.00
Current Balance		\$ 41,070,274.81
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	91.86%	(3)
% of Portfolio Maturing within one year	60.95%	(3) no less than 20%
% of Portfolio Maturing or Callable within one year	78.90%	(3)

(1) Current dollar weighted average maturity as of 07/31/11 is 0 days.

(2) Also limited to 20% in total.

(3) Does not include defaulted Lehman Bros . Securities

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

CITY OF COSTA MESA
OUTSTANDING INVESTMENTS BY INSTRUMENT TYPE
AS OF JULY 31, 2011

INSTITUTION	TYPE OF INVESTMENT	PURCHASE DATE	MATURITY DATE	INTEREST RATE	COST	MARKET VALUE AS OF 07/31/11	% of PORTFOLIO	SPECIAL CHARACTERISTICS OF INVESTMENTS
Local Agency Investment Fund	POOL	N/A	CONTINUOUS	0.381 % (1)	\$ 41,070,274.81	41,070,274.81	55.60%	Local Agency Investment Fund - State Treasurer's Pool
Wells Fargo Treas Plus Money Mkt	Money Market Fund	N/A	CONTINUOUS	- % (2)	0.44	0.44	0.00%	Stagecoach Funds Inc. Treasury Money Market Mutual Fund
Medium Term Corporate Notes:								
Morgan Stanley	HSBC Corp. Note	12/11/2007	06/19/2012	5.900 % (4)	3,081,600.00	3,129,570.00		Bullet; Moody's/S & P rated as Aa3/AA-e *(CR - A3/A neg outlook)
Morgan Stanley	Merrill Lynch Corp. Note	01/17/2008	08/15/2012	6.050 % (4)	2,585,000.00	2,609,850.00		Bullet; Moody's/S & P rated as A1/A+ *(CR - A2/A neg/neg outlook)
Morgan Stanley	Goldman Sachs Corp. Note	11/08/2007	11/01/2012	5.450 % (4)	3,024,900.00	3,166,800.00		Bullet; Moody's/S & P rated as Aa3/AA-e *(CR - A1/A neg outlook)
Morgan Stanley	Morgan Stanley Corp. Note	11/02/2007	11/02/2012	5.250 % (4)	1,991,400.00	2,099,320.00		Bullet; Moody's/S & P rated as Aa3/AA-e *(CR - A2/A neg outlook)
Total Medium Term Corporate Notes					10,682,900.00	11,005,540.00	14.90%	
Federal Farm Credit Bank:								
Morgan Stanley	FFCB	06/09/2011	09/09/2013	0.075 % (4)	2,000,000.00	1,999,840.00		Fixed rate, callable with 5 days on or after 09/09/11
De La Rosa	FFCB	05/02/2011	05/02/2014	1.340 % (4)	2,000,000.00	2,010,520.00		Fixed rate, callable with 5 days on or after 05/02/12
De La Rosa	FFCB	06/15/2011	12/15/2014	1.370 % (4)	2,000,000.00	2,004,000.00		Fixed rate, callable with 5 days on or after 12/15/11
Total Federal Farm Credit Bank					6,000,000.00	6,014,360.00	8.14%	% Rounded 5/4
Federal Home Loan Mortgage Corporation:								
Citigroup Global Markets, Inc	FHLMC	02/23/2011	08/23/2013	1.350 % (4)	1,000,000.00	1,000,510.00		Fixed rate, callable with 5 days notice only on 08/23/11
Total Federal Home Loan Mortgage Corporation					1,000,000.00	1,000,510.00	1.35%	% Rounded 5/4
Federal National Mortgage Association:								
Morgan Keegan	FNMA	04/15/2008	04/15/2013	4.000 % (4)	5,000,000.00	5,302,750.00		Fixed rate, callable with 10 days notice only on 07/15/08
Morgan Stanley	FNMA	04/18/2008	04/18/2013	4.050 % (4)	2,000,000.00	2,123,320.00		Fixed rate, callable with 10 days notice only on 07/18/08
De La Rosa	FNMA	02/04/2011	08/04/2014	1.750 % (4)	1,000,000.00	1,000,130.00		Fixed rate, callable with 10 days notice on or after 08/04/11
Total Federal National Mortgage Association					8,000,000.00	8,426,200.00	11.41%	% Rounded 5/4
Federal Home Loan Bank:								
De La Rosa	FHLB	04/21/2011	01/21/2014	1.250 % (4)	1,000,000.00	1,002,080.00		Fixed rate, callable with 5 days notice only on 10/21/11
Citigroup Global Markets, Inc	FHLB	05/12/2011	11/12/2014	2.000 % (4)	2,000,000.00	2,000,880.00		Fixed rate, callable with 5 days notice on or after 08/12/11
Morgan Stanley	FHLB	06/30/2011	12/30/2014	1.400 % (4)	2,000,000.00	2,002,220.00		Fixed rate, callable with 5 days notice on or after 09/30/11
Total Federal National Mortgage Association					5,000,000.00	5,005,180.00	6.78%	% Rounded 5/4
Sub-total					\$ 71,753,175.25	72,522,065.25		
DEFAULTED SECURITIES								
Morgan Keegan	Lehman Bros. Hldg Corp. Note	01/23/2008	02/06/2012	5.250 % (4)	2,509,000.00	665,625.00		Bullet; Moody's/S & P rated as A1/A+ *(CR - DEFAULT)
Morgan Keegan	Lehman Bros. Hldg Corp. Note	01/25/2008	01/24/2013	5.625 % (4)	2,540,700.00	675,000.00		Bullet; Moody's/S & P rated as A1/A+ *(CR - DEFAULT)
Total Securities in Default					5,049,700.00	1,340,625.00	1.82%	% Rounded 5/4
Total Outstanding Investments					\$ 76,802,875.25	73,862,690.25	100.00%	*CR = Current rating as of July 19, 2011

INTEREST RATE LEGEND

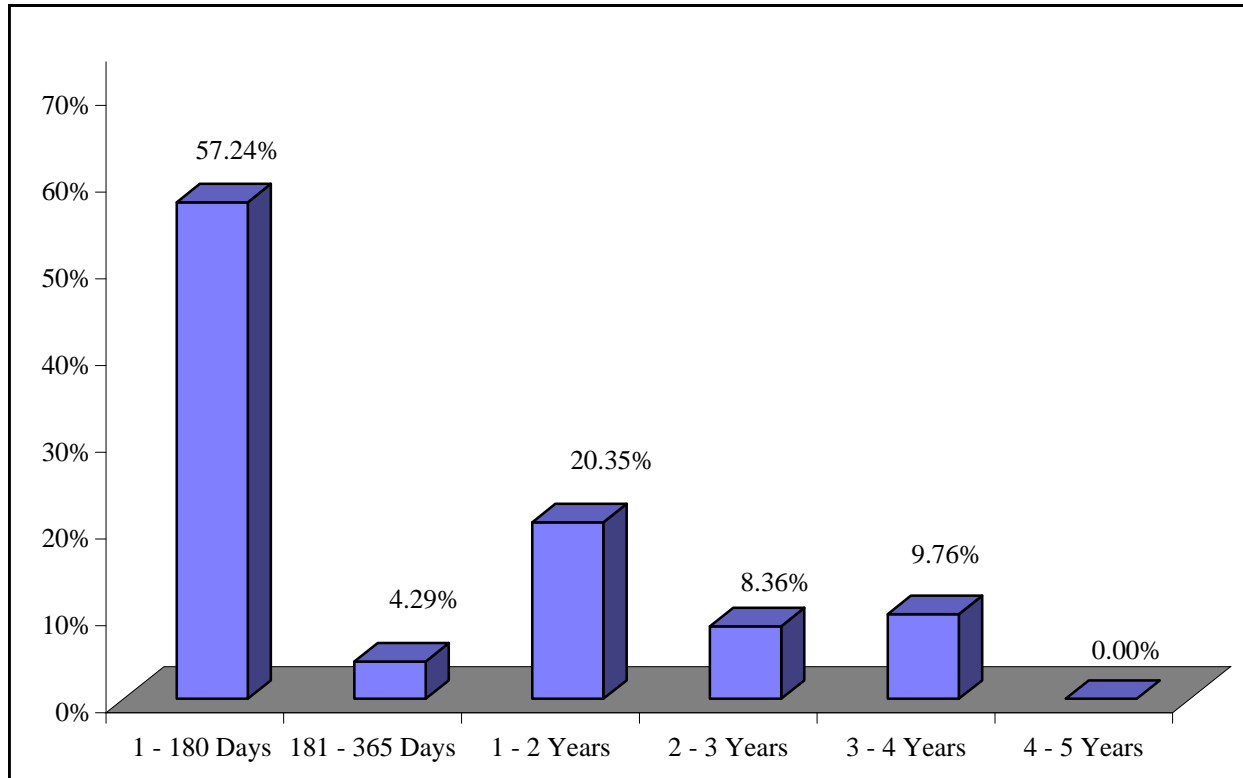
(1) LAIF rate quoted as of the last day of the month

(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 - MATURITIES DISTRIBUTION AS OF JULY 31, 2011



	In Thousands
1 - 180 Days	\$ 41,070
181 - 365 Days	3,082
1 - 2 Years	14,601
2 - 3 Years	6,000
3 - 4 Years	7,000
4 - 5 Years	-
* TOTAL	<u>\$ 71,753</u>

% Rounded 5/4

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

CITY OF COSTA MESA
PERCENT OF PORTFOLIO INVESTED IN FEDERAL AGENCIES
AUGUST 2007 THROUGH JULY 2011

<u>MONTH</u>	<u>% OF PORTFOLIO BY AGENCY</u>				<u>TOTAL % OF</u>
	<u>FFCB</u>	<u>FHLB</u>	<u>FHLMC</u>	<u>FNMA</u>	<u>PORTFOLIO IN</u>
					<u>FEDERAL AGENCIES</u>
August 2007	8.37%	46.88%	19.06%	18.85%	93.15%
September 2007	6.74%	45.95%	18.68%	18.46%	89.83%
October 2007	7.03%	47.84%	19.44%	16.16%	90.48%
November 2007	7.15%	38.88%	17.12%	13.38%	76.54%
December 2007	7.04%	36.23%	17.85%	11.14%	72.26%
January 2008	6.56%	28.09%	10.96%	10.37%	55.97%
February 2008	1.91%	23.35%	8.29%	3.46%	37.01%
March 2008	2.02%	15.60%	7.76%	3.66%	29.04%
April 2008	4.77%	8.50%	10.15%	14.90%	38.32%
May 2008	4.43%	9.66%	15.61%	13.81%	43.50%
June 2008	2.80%	3.73%	19.80%	14.55%	40.88%
July 2008	5.91%	3.92%	22.65%	17.81%	50.29%
August 2008	6.27%	4.17%	26.10%	18.85%	55.39%
September 2008	7.31%	4.85%	30.48%	20.79%	63.43%
October 2008	7.74%	5.14%	31.08%	18.67%	62.62%
November 2008	3.91%	5.26%	28.76%	19.21%	57.15%
December 2008	3.80%	2.60%	16.50%	18.87%	41.77%
January 2009	0.00%	2.35%	7.99%	17.06%	27.40%
February 2009	0.00%	2.48%	2.42%	18.05%	22.94%
March 2009	0.00%	2.60%	0.00%	17.63%	20.22%
April 2009	5.23%	2.17%	14.19%	9.38%	30.97%
May 2009	5.57%	2.29%	15.02%	9.88%	32.76%
June 2009	5.87%	2.41%	15.84%	10.41%	34.53%
July 2009	6.25%	2.56%	16.87%	11.10%	36.78%
August 2009	6.63%	2.71%	17.91%	11.84%	39.09%
September 2009	7.27%	2.96%	19.61%	12.98%	42.84%
October 2009	7.37%	2.99%	12.51%	13.14%	36.01%
November 2009	7.58%	3.07%	12.85%	13.63%	37.12%
December 2009	7.57%	3.06%	12.85%	13.45%	36.92%
January 2010	7.02%	2.83%	7.01%	12.54%	29.40%
February 2010	7.45%	2.99%	7.44%	13.38%	31.25%
March 2010	7.76%	3.12%	0.00%	11.55%	22.43%
April 2010	0.00%	3.07%	0.00%	11.46%	14.53%
May 2010	0.00%	0.00%	0.00%	10.29%	10.29%
June 2010	0.00%	0.00%	0.00%	10.56%	10.56%
July 2010	0.00%	0.00%	0.00%	11.09%	11.09%
August 2010	0.00%	0.00%	0.00%	11.62%	11.62%
September 2010	0.00%	0.00%	0.00%	12.69%	12.69%
October 2010	0.00%	0.00%	0.00%	13.77%	13.77%
November 2010	0.00%	0.00%	0.00%	14.35%	14.35%
December 2010	0.00%	0.00%	0.00%	13.67%	13.67%
January 2011	0.00%	0.00%	0.00%	11.25%	11.25%
February 2011	0.00%	0.00%	1.51%	12.75%	14.26%
March 2011	0.00%	0.00%	1.54%	13.02%	14.56%
April 2011	0.00%	6.78%	1.35%	11.41%	19.54%
May 2011	2.60%	7.26%	1.29%	10.92%	22.07%
June 2011	7.91%	6.59%	1.32%	11.14%	26.96%
July 2011	<u>8.14%</u>	<u>6.78%</u>	<u>1.35%</u>	<u>11.41%</u>	<u>27.68%</u>
AVERAGE	4.04%	8.37%	10.23%	13.34%	35.98%

**CITY OF COSTA MESA
OUTSTANDING INVESTMENTS BY YEAR OF MATURITY
AS OF JULY 31, 2011**

<u>TYPE OF INVESTMENT</u>	<u>PURCHASE DATE</u>	<u>MATURITY DATE</u>	<u>PAR VALUE</u>	<u>COST</u>	<u>MARKET VALUE AS OF MONTH END</u>	<u>ACCRUED INTEREST</u>	<u>GAIN/(LOSS) IF SOLD (1)</u>
2011:							
Local Agency Investment Fund	N/A	CONTINUOUS	\$ 41,070,274.81	41,070,274.81	41,070,274.81	-	-
Stagecoach Treasury Money Market Fund	N/A	CONTINUOUS	0.44	0.44	0.44	-	-
	Percent maturing in 2011		53.47%	41,070,275.25	41,070,275.25	0.44	-
2012:							
HSBC Corp. Note	12/11/2007	06/19/2012	3,000,000.00	3,081,600.00	3,129,570.00	20,649.99	47,970.00
Merrill Lynch Corp. Note	01/17/2008	08/15/2012	2,500,000.00	2,585,000.00	2,609,850.00	69,743.05	24,850.00
Goldman Sachs Corp. Note	11/08/2007	11/01/2012	3,000,000.00	3,024,900.00	3,166,800.00	40,875.00	141,900.00
Morgan Stanley Corp. Note	11/02/2007	11/02/2012	2,000,000.00	1,991,400.00	2,099,320.00	25,958.32	107,920.00
	Percent maturing in 2012		13.91%	10,500,000.00	10,682,900.00	157,226.36	322,640.00
2013:							
Federal National Mortgage Association	04/15/2008	04/15/2013	5,000,000.00	5,000,000.00	5,302,750.00	58,888.85	302,750.00
Federal National Mortgage Association	04/18/2008	04/18/2013	2,000,000.00	2,000,000.00	2,123,320.00	23,175.00	123,320.00
* Federal Home Loan Mortgage Corporation	02/23/2011	08/23/2013	1,000,000.00	1,000,000.00	1,000,510.00	5,925.00	510.00
* Federal Farm Credit Bank	06/09/2011	09/09/2013	2,000,000.00	2,000,000.00	1,999,840.00	2,166.66	(160.00)
	Percent maturing in 2013		13.02%	10,000,000.00	10,000,000.00	90,155.51	426,420.00
2014:							
* Federal Home Loan Bank	04/21/2011	01/21/2014	1,000,000.00	1,000,000.00	1,002,080.00	3,472.22	2,080.00
* Federal Farm Credit Bank	05/02/2011	05/02/2014	2,000,000.00	2,000,000.00	2,010,520.00	6,625.54	10,520.00
* Federal National Mortgage Association	02/04/2011	08/04/2014	1,000,000.00	1,000,000.00	1,000,130.00	8,604.16	130.00
* Federal Home Loan Bank	05/12/2011	11/12/2014	2,000,000.00	2,000,000.00	2,000,880.00	8,777.76	880.00
* Federal Farm Credit Bank	06/15/2011	12/15/2014	2,000,000.00	2,000,000.00	2,004,000.00	3,501.10	4,000.00
* Federal Home Loan Bank	06/30/2011	12/30/2014	2,000,000.00	2,000,000.00	2,002,220.00	2,411.10	2,220.00
	Percent maturing in 2014		13.02%	10,000,000.00	10,019,830.00	33,391.88	19,830.00
Sub-total			71,570,275.25	71,753,175.25	72,522,065.25	280,773.75	768,890.00
DEFAULTED SECURITIES							
Lehman Bros. Hldg. Corp. Note	01/23/2008	02/06/2012	2,500,000.00	2,509,000.00	665,625.00	-	(1,843,375.00)
Lehman Bros. Hldg. Corp. Note	01/25/2008	01/24/2013	2,500,000.00	2,540,700.00	675,000.00	-	(1,865,700.00)
			6.57%	5,000,000.00	1,340,625.00	-	(3,709,075.00)
Total outstanding investments			100.00%	\$ 76,570,275.25	76,802,875.25	73,862,690.25	280,773.75

* Callable

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

CITY OF COSTA MESA
SUMMARY OF CASH HELD IN TRUST
AS OF JULY 31, 2011

Costa Mesa Public Financing Authority Revenue Bonds, 1998 Series A (Public Facilities Project)

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

Fund	Investment Type	Issuer	Maturity Date	Cost	Par	Market Value	Rate
Bond Fund	U.S. Govt. Obligation Fund	Federated U.S. Treasury Cash Reserves	Open	\$ -	-	-	-
Reserve Account	U.S. Govt. Obligation Fund	Federated U.S. Treasury Cash Reserves	Open	1,312,501.47	1,312,501.47	1,312,501.47	-
Ending Balances				<u>\$ 1,312,501.47</u>	<u>1,312,501.47</u>	<u>1,312,501.47</u>	

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	2,050,000.00	2,050,000.00	2,050,000.00	8.30
Revenue Fund	Treasury Obligations Fund	First American Funds	Open	228,937.69	228,937.69	228,937.69	-
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	42,214.77	42,214.77	42,214.77	-
Ending Balances				<u>\$ 2,710,752.09</u>	<u>2,710,752.09</u>	<u>2,710,752.09</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	\$ 7,978.99	7,978.99	7,978.99	(1)
Cost Sharing Infrastructure	Money Market Fund	Orange County Investment Pool	Open	97,515.41	97,515.41	97,515.41	
Ending Balances				<u>\$ 105,494.40</u>	<u>105,494.40</u>	<u>105,494.40</u>	

GRAND TOTALS

\$ 7,849,202.70 \$ 7,849,202.70 \$ 7,849,202.70

Market Values provided by U.S. Bank Corporate Trust Services, The Bank of New York Mellon Trust Company, N.A., 1st Enterprise Bank, Community Bank, Bank of Sacramento, City National Bank, Union Bank, Commerce West Bank, and the County of Orange

(1) Monthly rates/balances are not available. Balances are as of June 30, 2011.

CITY OF COSTA MESA
OUTSTANDING INVESTMENTS
AS OF JULY 31, 2011

<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	0.381 %	0.381 %	\$ 41,070,274.81
WELLS FARGO TREASURY PLUS INST'L MONEY MARKET FUND				1	- %	- %	0.44
HSBC Corp. Note	12/11/2007	06/19/2012		324	5.900 %	5.216 %	3,081,600.00
Merrill Lynch Corp. Note	01/17/2008	08/15/2012		381	6.050 %	5.204 %	2,585,000.00
Goldman Sachs Corp. Note	11/08/2007	11/01/2012		459	5.450 %	5.257 %	3,024,900.00
Morgan Stanley Corp. Note	11/02/2007	11/02/2012		460	5.250 %	5.349 %	1,991,400.00
FNMA	04/15/2008	04/15/2013	07/15/2008	624	4.000 %	4.000 %	5,000,000.00
FNMA	04/18/2008	04/18/2013	07/18/2008	627	4.050 %	4.050 %	2,000,000.00
FHLMC	02/23/2011	08/23/2013	08/23/2011	754	1.350 %	1.350 %	1,000,000.00
FFCB	06/09/2011	09/09/2013	09/09/2011	771	0.750 %	0.750 %	2,000,000.00
FHLB	04/21/2011	01/21/2014	10/21/2011	905	1.250 %	1.250 %	1,000,000.00
FFCB	05/02/2011	05/02/2014	05/02/2012	1,006	1.340 %	1.340 %	2,000,000.00
FNMA	02/04/2011	08/04/2014	08/04/2011	1,100	1.750 %	1.750 %	1,000,000.00
FHLB	05/12/2011	11/12/2014	08/12/2011	1,200	2.000 %	2.000 %	2,000,000.00
FFCB	06/15/2011	12/15/2014	12/15/2011	1,233	1.370 %	1.370 %	2,000,000.00
FHLB	06/30/2011	12/30/2014	09/30/2011	1,248	1.400 %	1.400 %	2,000,000.00
Total outstanding investments							<u>\$ 71,753,175.25</u>

WEIGHTED AVERAGE:

INTEREST RATE OF PORTFOLIO	1.708%
YIELD TO MATURITY OF PORTFOLIO	1.643%
MATURITY OF PORTFOLIO	312 DAYS
MATURITY OF PORTFOLIO LESS POOLS	728 DAYS

DEFAULTED SECURITIES

*Lehman Bros. Hldg. Corp. Note	01/23/2008	02/06/2012		190	5.250 %	5.149 %	2,509,000.00
*Lehman Bros. Corp. Note	01/25/2008	01/24/2013		543	5.625 %	5.250 %	2,540,700.00
							<u>\$ 5,049,700.00</u>

*Lehman Bros. filed for bankruptcy on September 15, 2008. Therefore, the stated rate of return on the original purchase cost of the bonds held is not included in the portfolio interest calculation. The estimated recovery of principal on these securities is undetermined but may vary as widely as \$0.10 to \$0.85 cents on the dollar.

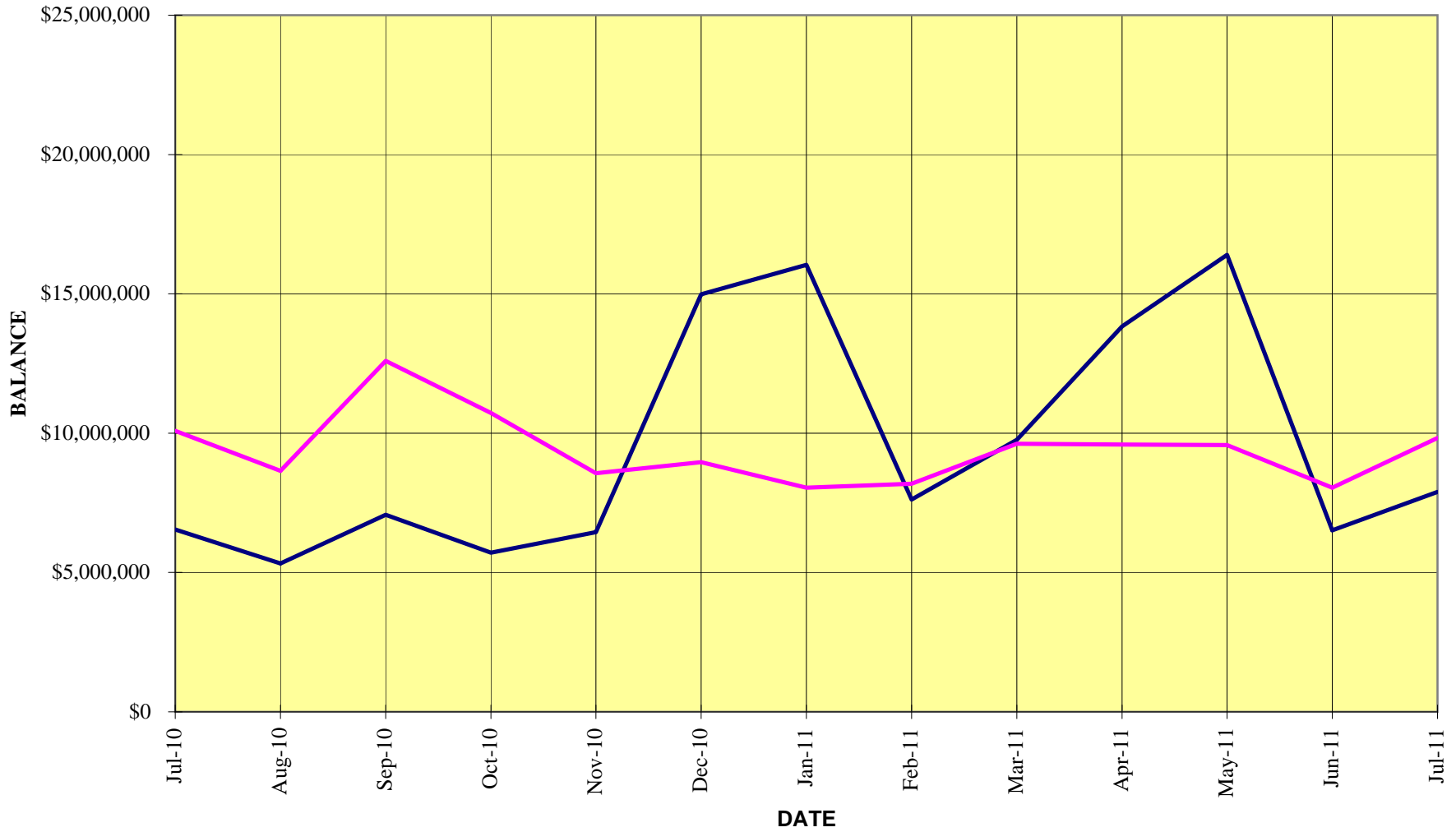
**CITY OF COSTA MESA
CALL SCHEDULE
AS OF JULY 31, 2011**

<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>
DE LA ROSA	FNMA	02/04/2011	08/04/2014	1.750%	1.750%	1.750%	08/04/2011	\$ 1,000,000.00
CITIGROUP GLOBAL MARKETS, INC	FHLB	05/12/2011	11/12/2014	2.000%	2.000%	2.000%	08/12/2011	2,000,000.00
CITIGROUP GLOBAL MARKETS, INC	FHLMC	02/23/2011	08/23/2013	1.350%	1.350%	1.350%	08/23/2011	1,000,000.00
MORGAN STANLEY	FFCB	06/09/2011	09/09/2013	0.750%	0.750%	0.750%	09/09/2011	2,000,000.00
MORGAN STANLEY	FHLB	06/30/2011	12/30/2014	1.400%	1.400%	1.400%	09/30/2011	2,000,000.00
DE LA ROSA	FHLB	04/21/2011	01/21/2014	1.250%	1.250%	1.250%	10/21/2011	1,000,000.00
DE LA ROSA	FFCB	06/15/2011	12/15/2014	1.370%	1.370%	1.370%	12/15/2011	2,000,000.00
DE LA ROSA	FFCB	05/02/2011	05/02/2014	1.340%	1.340%	1.340%	05/02/2012	2,000,000.00
							TOTAL	<u>\$ 13,000,000.00</u>

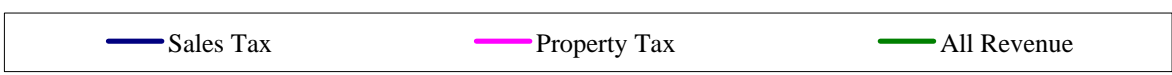
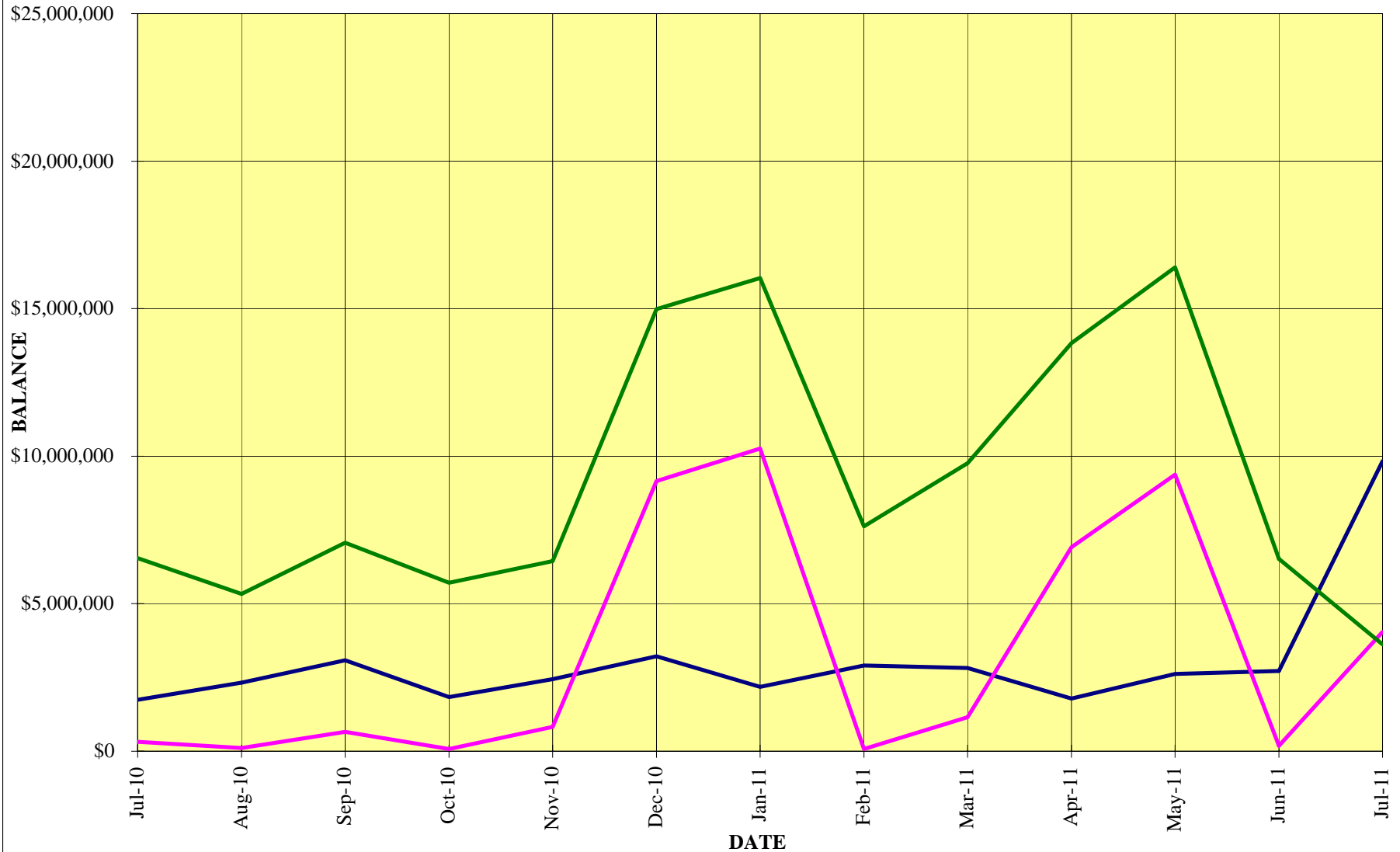
**CITY OF COSTA MESA DAILY CASH BALANCES
AS OF JULY 31, 2011**



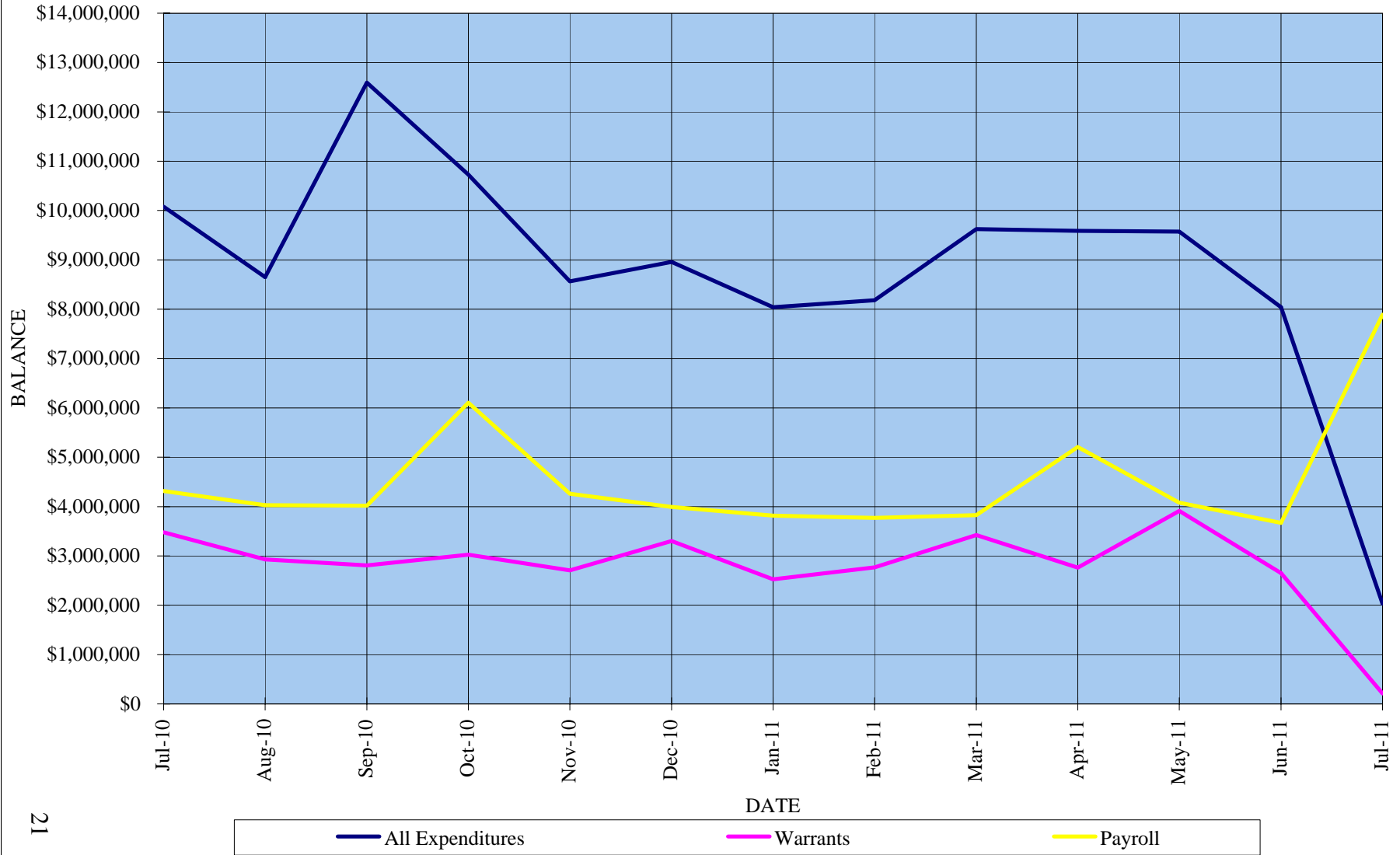
**CITY OF COSTA MESA CASH FLOWS BY MONTH
AS OF JULY 31, 2011**



**CITY OF COSTA MESA REVENUE CHART
AS OF JULY 31, 2011**



CITY OF COSTA MESA EXPENDITURE CHART AS OF JULY 31, 2011



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

The General Fund revenues and expenditures fluctuate on a monthly basis, affecting cash. In developing the cash flow model, staff has used 5 years historical data for: individual revenue accounts and monthly cash activity. Staff believes 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 3-months actuals and a 12-month projection of the General Fund ending cash balances and monthly cash flow activity:

	<u>Ending Cash Balance</u>	<u>Monthly Cash Flow Activity</u>
May 2011 – Treas Rpt	\$ 29.2 million	\$ 7.9 million
June 2011 – Treas Rpt	23.6 million	(5.6 million)
July 2011 – Treas Rpt	23.3 million	(0.3 million)
August 2011 (Proj)	21.6 million	(2.1 million)
September 2011 (Proj)	14.2 million	(7.4 million)
October 2011 (Proj)	11.3 million	(2.9 million)
November 2011 (Proj)	9.6 million	(1.7 million)
December 2011 (Proj)	15.8 million	6.2 million
January 2012 (Proj)	23.8 million	8.0 million
February 2012 (Proj)	21.8 million	(2.0 million)
March 2012 (Proj)	18.9 million	(2.9 million)
April 2012 (Proj)	24.3 million	5.4 million
May 2012 (Proj)	31.6 million	7.3 million
June 2012 (Proj)	27.2 million	(4.4 million)
July 2012 (Proj)	25.0 million	(2.2 million)

The originally projected July 2011 General Fund cash balance of \$23.7 million was \$0.4 million different than the actual amount presented in the July 2011 Treasurer’s Report. The main reason for the difference is the activity from accounts payables was slightly higher than anticipated. Since accounts payable payments can be difficult to estimate, staff has used an average amount for accounts payable payments throughout the entire year.

During the fiscal year end close and in preparation of the Comprehensive Annual Financial Report (CAFR), the June 2011 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.