



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

TO: HONORABLE CITY COUNCIL

FROM: COLLEEN O'DONOGHUE, ASSISTANT FINANCE DIRECTOR

COPY TO: CITY MANAGER
INVESTMENT OVERSIGHT COMMITTEE
REVENUE SUPERVISOR

DATE: FEBRUARY 23, 2011

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

Attached is the Treasurer's Report for the month of January 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 January 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 January 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 January 31, 2011, was 1.973%. The yield to maturity of the portfolio was 1.829%. The current yield of the City's portfolio was 144 basis points (1.435%) above the current yield of the State of California's Local Agency Investment Fund (LAIF) of .538% for the month ended January 31, 2011. The weighted average number of days to maturity for the total portfolio was 207 days (.567 years). The weighted average number of days to maturity for the total portfolio less pools was 671 days (1.838 years). The average duration for the underlying securities within LAIF as of January 31 was 180 days (0.493 years).

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

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

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

There were no securities sold during the month of January, 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 order to maximize recoveries through the bankruptcy proceeding and protect the City's interests, the City participated in the formation of a working group of California public agencies that hold Lehman Brothers Securities in their investment portfolio. Over 200 public agencies in California have been identified representing a total loss exposure of over \$750 million. The largest loss exposure of these agencies is CalPERS which has \$393 million invested in Lehman Brothers securities. Throughout the nation, over 1,000 agencies have loss exposures totaling over \$2.3 billion. The key role of this working group was to assess possible courses of action and potentially collaborate on recovering all invested assets or as great of a percentage of those assets as is possible. Unfortunately, this working group was disbanded in late 2010 after many unsuccessful attempts to introduce legislation to authorize use of TARP funds for cities and counties and direct the Treasury Secretary to purchase these assets. The City is considering participating in an Ad Hoc Group of Lehman Brothers creditors. The participation agreement is currently under review by the City Attorney.

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.



COLLEEN O'DONOGHUE, CPA
Assistant Finance Director

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

CITY OF COSTA MESA
TREASURER'S REPORT OF POOLED CASH AND INVESTMENTS
AS OF JANUARY 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	\$302,230.15	529,348.61	465,802.72	365,776.04
Reconciling Items		3,176,630.20	162,875.03	(3,013,755.17)
Bank of America - Flex Benefit Plan, C.A.I.	-	-	27,738.66	(27,738.66)
Total Active Accounts	<u>302,230.15</u>	<u>3,705,978.81</u>	<u>656,416.41</u>	<u>(2,675,717.79)</u>

<u>INVESTMENTS</u>				
Bank of New York-Trust Sweep Account	-			-
Local Agency Investment Fund	44,715,950.57			44,715,950.57
Medium Term Corporate Notes	17,860,080.00			17,860,080.00
Federal National Mortgage Association	7,000,000.00			7,000,000.00
Total Investments	<u>69,576,030.57</u>	<u>-</u>	<u>-</u>	<u>69,576,030.57</u>

<u>IMPREST ACCOUNTS</u>				
Bank of America - Bail	2,510.00	-	2,500.00	10.00
Long Term Disability	20,000.00			20,000.00
Total Imprest Accounts	<u>22,510.00</u>	<u>-</u>	<u>2,500.00</u>	<u>20,010.00</u>
	<u>69,900,770.72</u>	<u>3,705,978.81</u>	<u>658,916.41</u>	<u>66,920,322.78</u>
City of Costa Mesa Change Funds				12,075.00
ABLE Change Fund				100.00
TOTAL POOLED CASH AND INVESTMENTS				<u>\$ 66,932,497.78</u>



 COLLEEN O'DONOGHUE, CPA
 Asst. Finance Director

2/24/11

 DATE

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

FUND NO	FUND NAME	AMOUNT
101	General Fund	\$20,418,313.67
201	Special Gas Tax Fund	10,995,876.65
202	Prop. 172 - Public Safety Fund	(103,597.97)
203	Air Quality Improvement Fund (AB 2766)	659,789.75
205	HUD -HOME Program-HOME Investment Partnership Act	(293,194.35)
207	HUD -Community Development Block Grant Program Fund	(148,080.11)
208	Park Development Fees Fund	1,943,067.27
209	Drainage Fees Fund	745,598.54
213	Supplemental Law Enforcement Services Fund (SLESF)	(48,164.87)
214	Traffic Impact Fees Fund	3,618,657.66
216	HUD -Rental Rehabilitation Program Fund	(577.96)
217	Narcotics Forfeiture Fund	599,583.34
218	Fire System Development Fees Fund	719,417.52
219	Local Law Enforcement Block	(29,973.04)
220	Office of Traffic Safety	(100,072.86)
221	Homelessness Prevention	(7,005.41)
260	Airborne Law Enforcement Fund	929,244.78
261	Helicopter Replacement Fund	3,137,468.54
401	Capital Outlay Fund	1,428,578.36
403	Measure "M" Construction Fund	3,081,103.76
409	Vehicle Parking District #1 Fund	2,013.35
410	Vehicle Parking District #2 Fund	1,889.94
412	Police Department Expansion Project	1,583,005.45
413	Golf Course Improvement Fund	679,850.39
414	Measure "M" Turnback Fund	2,908,554.71
601	Equipment Maintenance and Replacement Fund	6,419,643.01
602	Self-Insurance Fund - Liab/W.C./Unemployment	5,070,615.63
701	Deposits	1,048,944.03
704	CFD 91-1 Fund	(401.49)
705	Costa Mesa Community Foundation	146,733.20
755	Police Retirement - 1% Supplemental	1,525,616.29
	Total Pooled Cash & Investments	<u>\$ 66,932,497.78</u>

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

Total outstanding investments as of December, 2010 \$ 57,857,478.67

	<u>PURCHASE DATE</u>	<u>MATURITY DATE</u>	<u>COUPON RATE</u>	<u>YIELD TO MATURITY</u>	<u>COST</u>
Investment Purchases:					-
Total Purchases: None					-
Investment Maturities:					
HSBC Corp. Note	02/06/2008	01/14/2011	5.250%	4.540%	(2,038,600.00)
Total Maturities:					(2,038,600.00)
Investment Calls:					-
Total Calls: None					-
Investments Sold:					
Total Sales: None					-
Net increase (decrease) in LAIF					13,860,054.75
Net increase (decrease) in Sweep Account					(102,902.85)
Total outstanding investments as of January, 2011					\$ 69,576,030.57

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

INVESTMENT	CUSIP NUMBER	INTEREST RATE	YIELD TO MATURITY	COST	INTEREST	PURCHASE DATE	CALL DATE	MATURITY DATE
					EARNED AT 01/31/2011			
Wells Fargo Treas Plus Money Mkt Fd	S99998260	0.000%		\$ -		01/31/2011		01/31/2011
Local Agency Investment Fund	N/A	0.538%		44,715,950.57		01/31/2011		01/31/2011
Morgan Stanley Dean Witter Corp. Note	617446GM5	6.750%	4.609%	2,127,480.00	39,750.00	01/17/2008		04/15/2011
Lehman Bros. Hldg. Corp. Note	52517PR60	5.250%	5.149%	2,509,000.00	-	01/23/2008		02/06/2012
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
Lehman Bros. Hldg. Corp. Note	5252M0BZ9	5.625%	5.250%	2,540,700.00	-	01/25/2008		01/24/2013
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
TOTAL				<u>\$ 69,576,030.57</u>	<u>279,040.21</u>			

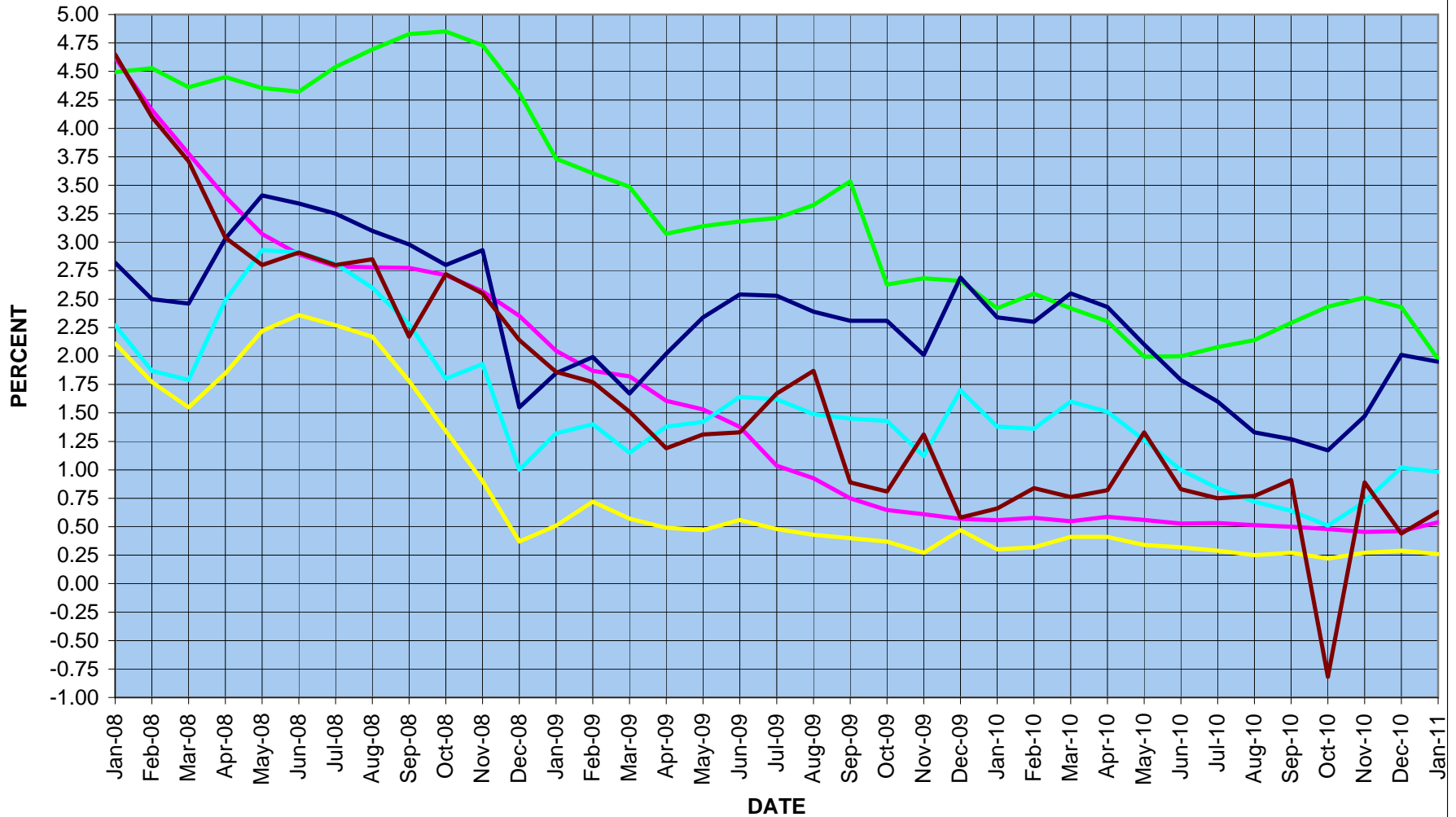
KEY: BA - Banker's Acceptance
 CD - Certificate of Deposit
 CP - Commercial Paper

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

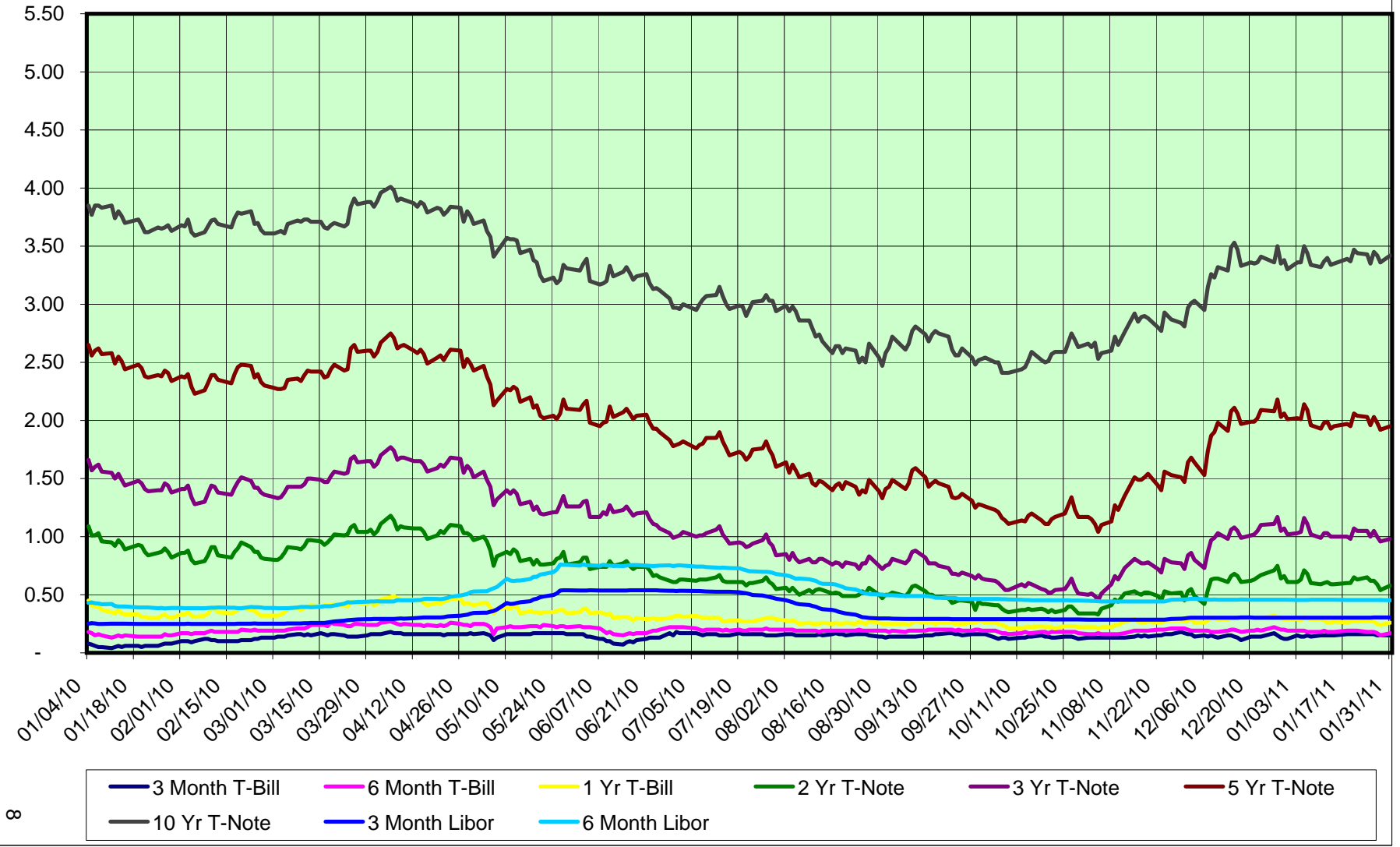
CITY OF COSTA MESA - PORTFOLIO INTEREST RATE INFORMATION AS OF JANUARY 31, 2011



2

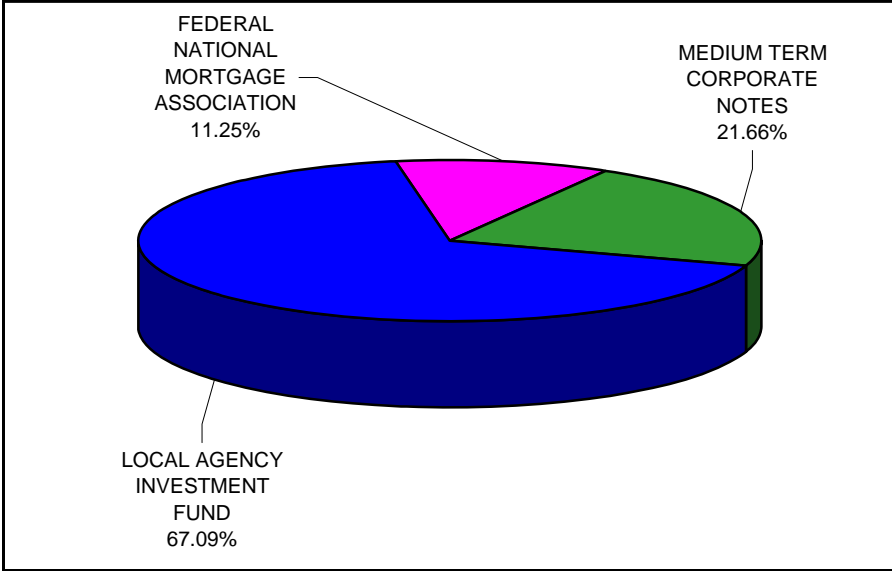


2010/2011 Market Rates as of January 31, 2011



∞

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



	In Thousands
Local Agency Investment Fund	\$ 44,716
Federal National Mortgage Association	7,000
Medium Term Corporate Notes	<u>17,860</u>
Total	<u><u>\$ 69,576</u></u>

% Rounded 5/4

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

DESCRIPTION	CURRENT PERCENTAGE BASED ON MARKET VALUE AS OF 01/31/11	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	0.00%	60.00%
FNMA	11.25%	60.00%
FHLMC	0.00%	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	21.66%	30.00%
Repurchase Agreements	0.00%	UNLIMITED
Reverse Repurchase Agreements	0.00%	10% of base
LAIF (Local Agency Investment Fund)	67.09%	\$ 50,000,000.00
Current Balance		\$ 44,715,950.57
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	<u>100.00%</u>	
% of Portfolio Maturing within one year	70.13%	no less than 20%
% of Portfolio Maturing or Callable within one year	70.13%	

(1) Current dollar weighted average maturity as of 01/31/11 is 0 days.

(2) Also limited to 20% in total.

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

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

<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 01/31/11</u>	<u>% of PORTFOLIO</u>	<u>SPECIAL CHARACTERISTICS OF INVESTMENTS</u>
Local Agency Investment Fund	POOL	N/A	CONTINUOUS	0.538 % (1)	\$ 44,715,950.57	44,715,950.57	67.09%	Local Agency Investment Fund - State Treasurer's Pool
Wells Fargo Treas Plus Money Mkt	Money Market Fund	N/A	CONTINUOUS	- % (2)	-	-	0.00%	Stagecoach Funds Inc. Treasury Money Market Mutual Fund
Medium Term Corporate Notes:								
Banc of America	Morgan Stanley Dean Witter Corp. Note	01/17/2008	04/15/2011	6.750 % (4)	2,127,480.00	2,024,240.00		Bullet; Moody's/S & P rated as Aa3/AA1 *(CR - A2/A neg outlook)
Morgan Keegan	Lehman Bros. Hldg Corp. Note	01/23/2008	02/06/2012	5.250 % (4)	2,509,000.00	603,125.00		Bullet; Moody's/S & P rated as A1/A+ *(CR - DEFAULT)
Morgan Stanley	HSBC Corp. Note	12/11/2007	06/19/2012	5.900 % (4)	3,081,600.00	3,179,100.00		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	2,660,900.00		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	3,209,340.00		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	2,138,080.00		Bullet; Moody's/S & P rated as Aa3/AA-e *(CR - A2/A neg outlook)
Morgan Keegan	Lehman Bros. Hldg Corp. Note	01/25/2008	01/24/2013	5.625 % (4)	2,540,700.00	621,875.00		Bullet; Moody's/S & P rated as A1/A+e *(CR - DEFAULT)
Total Medium Term Corporate Notes					<u>17,860,080.00</u>	<u>14,436,660.00</u>	<u>21.66%</u>	
Federal National Mortgage Association:								
Morgan Keegan	FNMA	04/15/2008	04/15/2013	4.000 % (4)	5,000,000.00	5,353,350.00		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	2,143,820.00		Fixed rate, callable with 10 days notice only on 07/18/08
Total Federal National Mortgage Association					<u>7,000,000.00</u>	<u>7,497,170.00</u>	<u>11.25%</u>	% Rounded 5/4
Total Outstanding Investments					<u>\$ 69,576,030.57</u>	<u>66,649,780.57</u>	<u>100.00%</u>	*CR = Current rating as of January 19, 2011

INTEREST RATE LEGEND

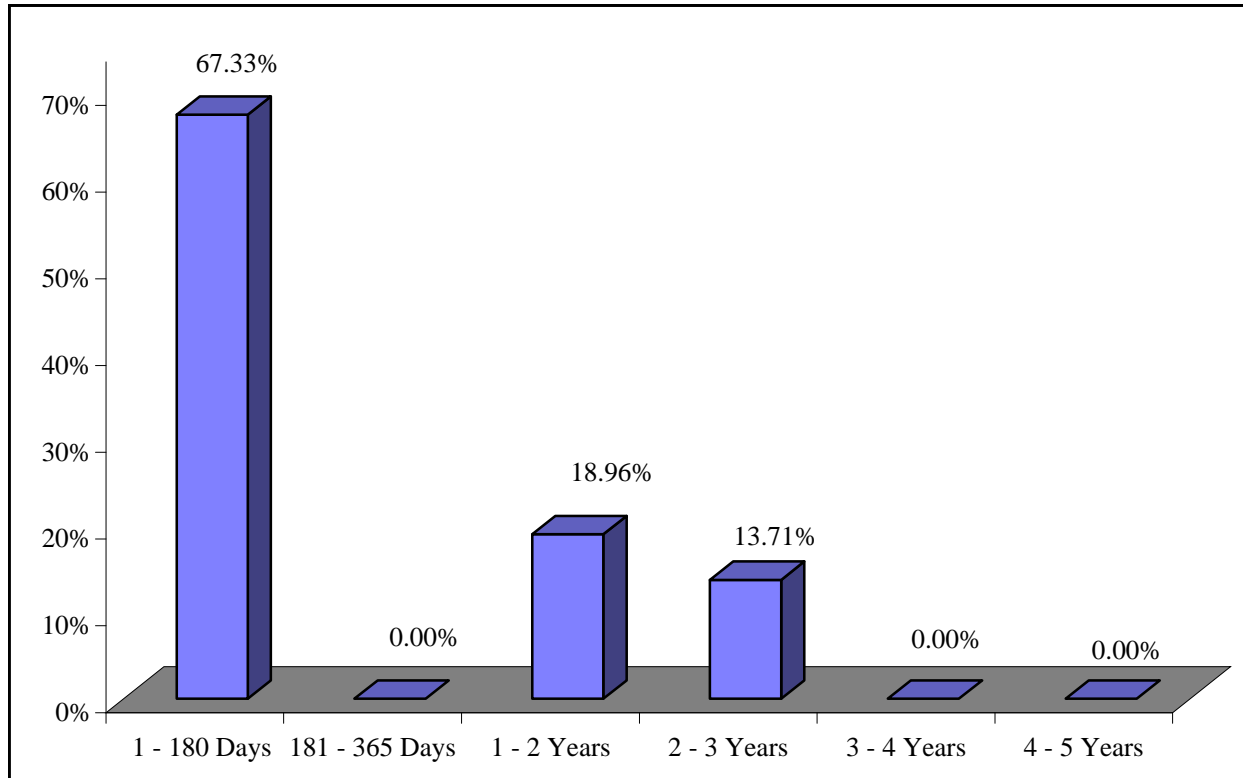
(1) LAIF rate quoted as of the last day of the month

(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 JANUARY 31, 2011



	In Thousands
1 - 180 Days	\$ 46,843
181 - 365 Days	-
1 - 2 Years	13,192
2 - 3 Years	9,541
3 - 4 Years	-
4 - 5 Years	-
TOTAL	<u><u>\$ 69,576</u></u>

% Rounded 5/4

CITY OF COSTA MESA
PERCENT OF PORTFOLIO INVESTED IN FEDERAL AGENCIES
FEBRUARY 2007 THROUGH JANUARY 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>
February 2007	12.66%	35.03%	19.93%	15.58%	83.19%
March 2007	13.06%	36.14%	20.57%	16.07%	85.84%
April 2007	8.00%	38.29%	20.16%	15.74%	82.20%
May 2007	7.36%	35.11%	18.49%	14.43%	75.39%
June 2007	7.87%	44.15%	17.93%	15.47%	85.42%
July 2007	7.98%	44.65%	18.12%	15.63%	86.38%
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	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>11.25%</u>	<u>11.25%</u>
AVERAGE	4.84%	12.66%	12.46%	13.80%	43.76%

**CITY OF COSTA MESA
OUTSTANDING INVESTMENTS BY YEAR OF MATURITY
AS OF JANUARY 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>
<u>2011:</u>							
Local Agency Investment Fund	N/A	CONTINUOUS	\$ 44,715,950.57	44,715,950.57	44,715,950.57	-	-
Stagecoach Treasury Money Market Fund	N/A	CONTINUOUS	-	-	-	-	-
Morgan Stanley Dean Witter Corp. Note	01/17/2008	04/15/2011	2,000,000.00	2,127,480.00	2,024,240.00	39,750.00	(103,240.00)
Percent maturing in 2011			67.33%	46,715,950.57	46,740,190.57	39,750.00	(103,240.00)
<u>2012:</u>							
Lehman Bros. Hldg. Corp. Note	01/23/2008	02/06/2012	2,500,000.00	2,509,000.00	603,125.00	-	(1,905,875.00)
HSBC Corp. Note	12/11/2007	06/19/2012	3,000,000.00	3,081,600.00	3,179,100.00	20,649.99	97,500.00
Merrill Lynch Corp. Note	01/17/2008	08/15/2012	2,500,000.00	2,585,000.00	2,660,900.00	69,743.05	75,900.00
Goldman Sachs Corp. Note	11/08/2007	11/01/2012	3,000,000.00	3,024,900.00	3,209,340.00	40,875.00	184,440.00
Morgan Stanley Corp. Note	11/02/2007	11/02/2012	2,000,000.00	1,991,400.00	2,138,080.00	25,958.32	146,680.00
Percent maturing in 2012			18.96%	13,000,000.00	13,191,900.00	157,226.36	(1,401,355.00)
<u>2013:</u>							
Lehman Bros. Hldg. Corp. Note	01/25/2008	01/24/2013	2,500,000.00	2,540,700.00	621,875.00	-	(1,918,825.00)
Federal National Mortgage Association	04/15/2008	04/15/2013	5,000,000.00	5,000,000.00	5,353,350.00	58,888.85	353,350.00
Federal National Mortgage Association	04/18/2008	04/18/2013	2,000,000.00	2,000,000.00	2,143,820.00	23,175.00	143,820.00
Percent maturing in 2013			13.71%	9,500,000.00	9,540,700.00	82,063.85	(1,421,655.00)
Total outstanding investments			100.00%	\$ 69,215,950.57	69,576,030.57	66,649,780.57	279,040.21

* 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 JANUARY 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	152,738.32	152,738.32	152,738.32	-
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>\$ 2,634,552.72</u>	<u>2,634,552.72</u>	<u>2,634,552.72</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	\$ 7,924.52	7,924.52	7,924.52	(1)
Cost Sharing Infrastructure	Money Market Fund	Orange County Investment Pool	Open	76,765.37	76,765.37	76,765.37	
	Ending Balances			<u>\$ 84,689.89</u> (2)	<u>84,689.89</u>	<u>84,689.89</u>	

All American Asphalt/City of Costa Mesa Retention Escrow Account #1321

Trustee: Community Bank

Fund	Investment Type	Issuer	Maturity Date	Cost	Par	Market Value	Rate
Escrow Account	Money Market Fund	Community Bank Money Market Account	Open	462,791.07	462,791.07	462,791.07	1.260
	Ending Balances			<u>\$ 462,791.07</u>	<u>462,791.07</u>	<u>462,791.07</u>	

Sierra Landscape Co./City of Costa Mesa Retention Escrow Account #23336

Trustee: Union Bank

Fund	Investment Type	Issuer	Maturity Date	Cost	Par	Market Value	Rate
Escrow Account	Money Market Fund	Union Bank Money Market Account	Open	37,982.40	37,982.40	37,982.40	(1)
	Ending Balances			<u>\$ 37,982.40</u>	<u>37,982.40</u>	<u>37,982.40</u>	

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

Elite Bobcat Service/City of Costa Mesa Retention Escrow Account #20400792

Commerce West Bank

Fund	Investment Type	Issuer	Maturity Date	Cost	Par	Market Value	Rate
Escrow Account	Money Market Fund	Union Bank Money Market Account	Open	29,865.21	29,865.21	29,865.21	(1)
	Ending Balances			<u>\$ 29,865.21</u>	<u>29,865.21</u>	<u>29,865.21</u>	
GRAND TOTALS				<u>\$ 8,282,837.50</u>	<u>8,282,837.50</u>	<u>8,282,837.50</u>	

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

(2) Balance reflects quarter ending June 30, 2010

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

TYPE OF INVESTMENT	PURCHASE DATE	MATURITY DATE	CALL DATE	DAYS TO MATURITY	INTEREST RATE	YIELD TO MATURITY	COST
LOCAL AGENCY INVESTMENT FUND				1	0.538 %	0.538 %	\$ 44,715,950.57
WELLS FARGO TREASURY PLUS INST'L MONEY MARKET FUND				1	- %	- %	-
Morgan Stanley Corp. Note	01/17/2008	04/15/2011		74	6.750 %	4.609 %	2,127,480.00
HSBC Corp. Note	12/11/2007	06/19/2012		505	5.900 %	5.216 %	3,081,600.00
Merrill Lynch Corp. Note	01/17/2008	08/15/2012		562	6.050 %	5.204 %	2,585,000.00
Goldman Sachs Corp. Note	11/08/2007	11/01/2012		640	5.450 %	5.257 %	3,024,900.00
Morgan Stanley Corp. Note	11/02/2007	11/02/2012		641	5.250 %	5.349 %	1,991,400.00
FNMA	04/15/2008	04/15/2013	07/15/2008	805	4.000 %	4.000 %	5,000,000.00
FNMA	04/18/2008	04/18/2013	07/18/2008	808	4.050 %	4.050 %	2,000,000.00
Total outstanding investments							<u>\$ 64,526,330.57</u>

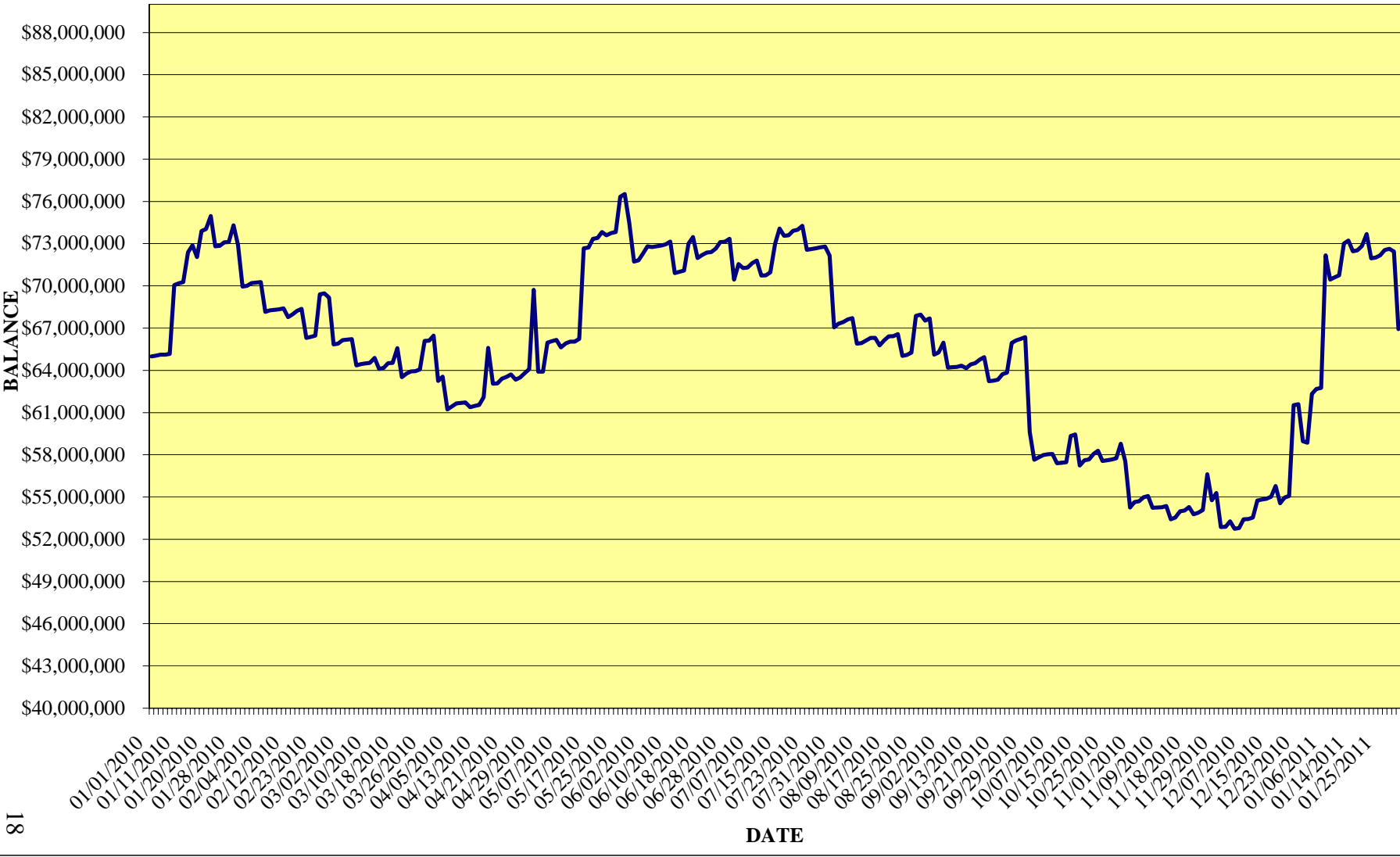
WEIGHTED AVERAGE:

INTEREST RATE OF PORTFOLIO	1.973%
YIELD TO MATURITY OF PORTFOLIO	1.829%
MATURITY OF PORTFOLIO	207 DAYS
MATURITY OF PORTFOLIO LESS POOLS	671 DAYS

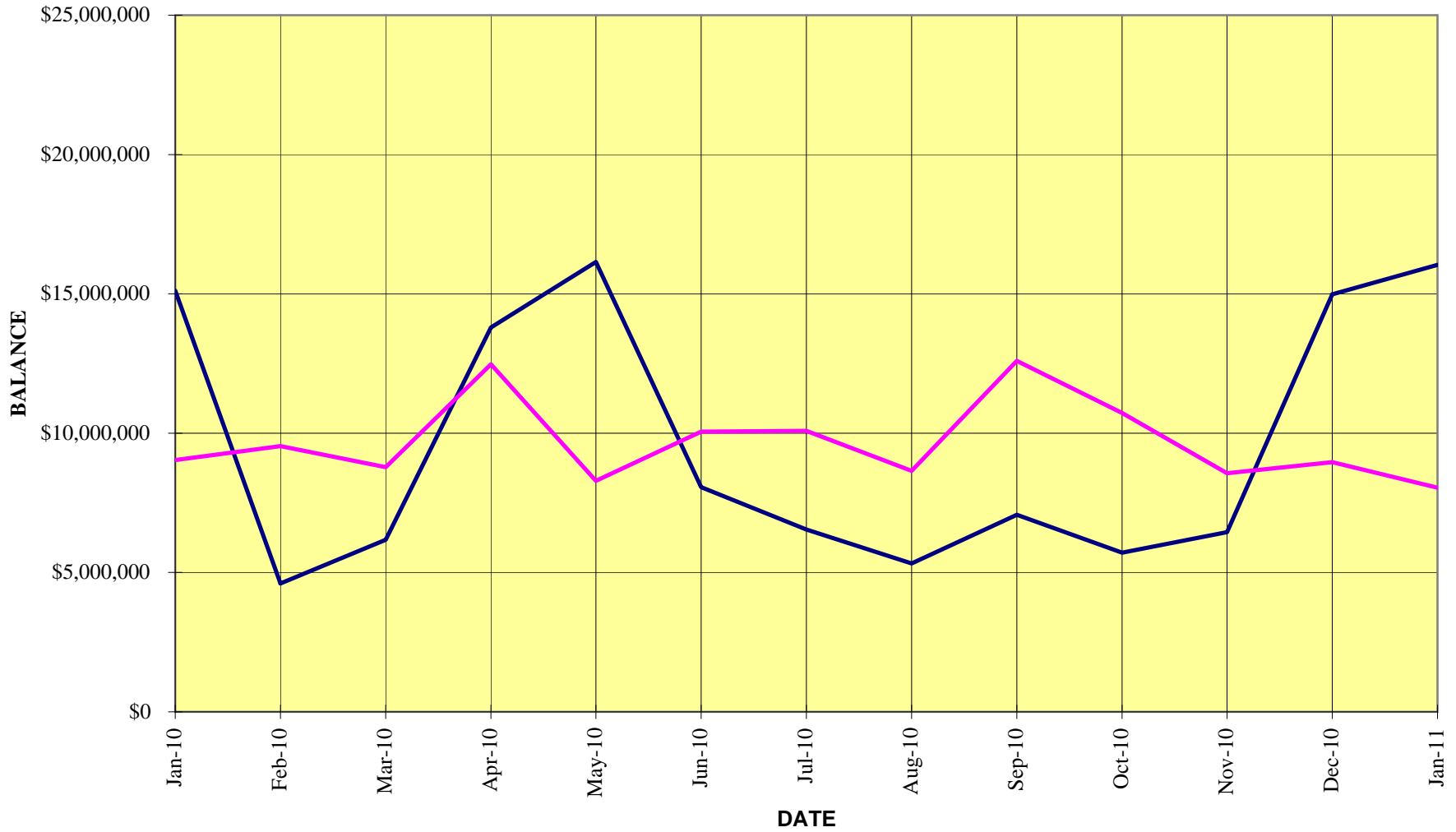
*Lehman Bros. Hldg. Corp. Note	01/23/2008	02/06/2012		371	5.250 %	5.149 %	2,509,000.00
*Lehman Bros. Corp. Note	01/25/2008	01/24/2013		724	5.625 %	5.250 %	2,540,700.00
							<u>\$ 5,049,700.00</u>

*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.

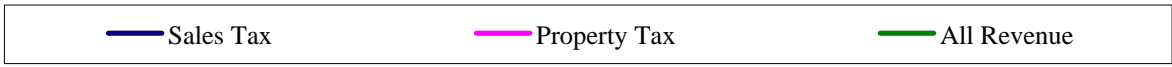
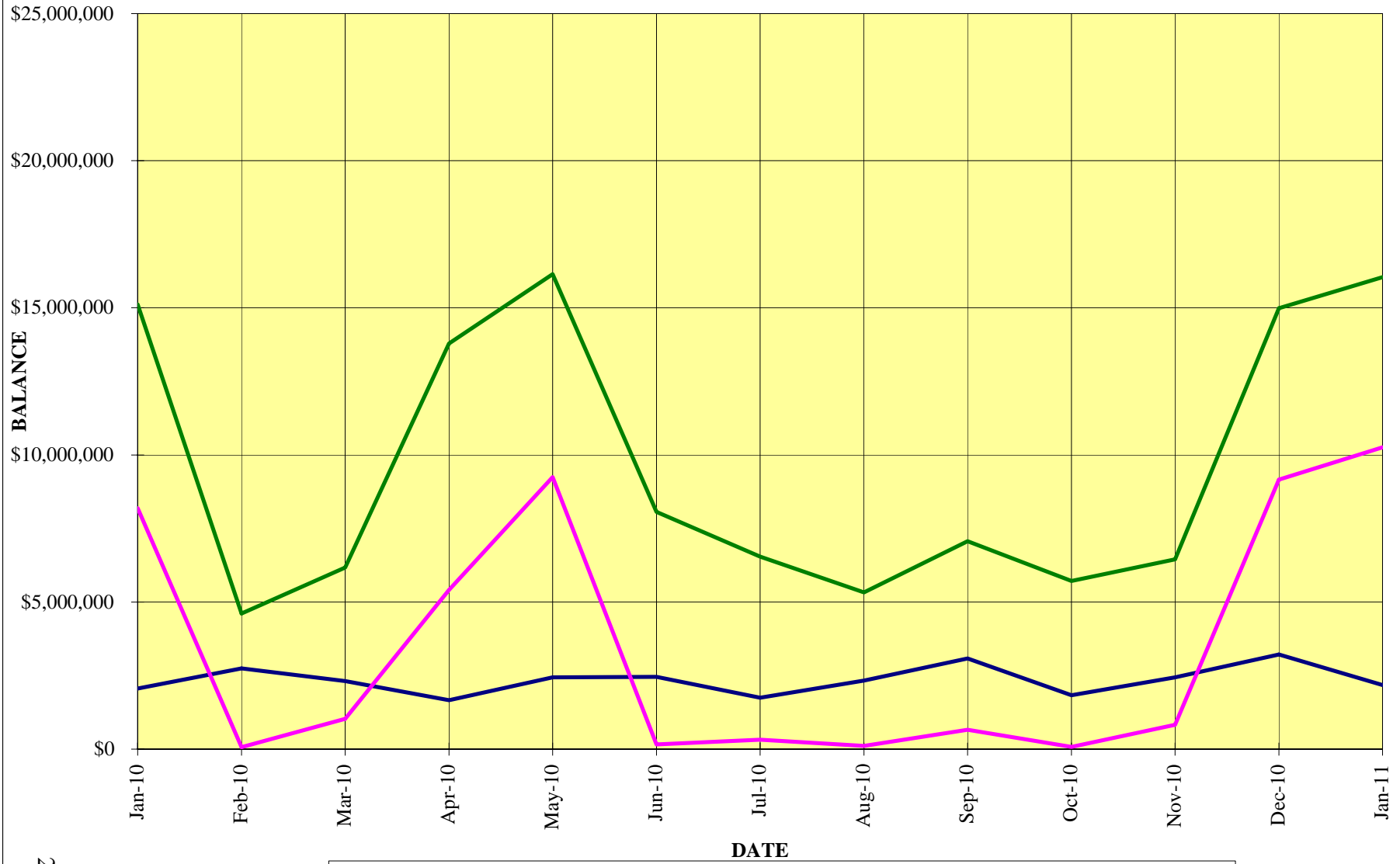
**CITY OF COSTA MESA DAILY CASH BALANCES
AS OF JANUARY 31, 2011**



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



CITY OF COSTA MESA REVENUE CHART AS OF JANUARY 31, 2011



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

