



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

**TO:** HONORABLE CITY COUNCIL

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

**DATE:** AUGUST 22, 2012

**SUBJECT:** *TREASURER'S REPORT FOR THE MONTH OF JULY, 2012*

Attached is the Treasurer's Report for the month of July 2012. 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, 2012, 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, 2012, 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, 2012, was 1.408%. The yield to maturity of the portfolio was 1.408%. The current yield of the City's portfolio was 105 basis points (1.045%) above the current yield of the State of California's Local Agency Investment Fund (LAIF) of .363% for the month ended July 31, 2012. The weighted average number of days to maturity for the total portfolio was 506 days (1.386 years). The weighted average number of days to maturity for the total portfolio less pools was 1,011 days (2.770 years). The average duration for the underlying securities within LAIF as of July 31 was 243 days (0.666 years).

There were no securities purchased during the month of July, 2012.

The following securities were called during the month of July, 2012:

<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	03/21/2012	\$1,997,500.00	.9700%	1.002%	1.472%	03/21/2016
FHLB	01/23/2012	\$2,000,000.00	1.340%	1.340%	1.340%	01/23/2017

There were no securities sold during the month of July, 2012.

There were no securities matured during the month of July, 2012.

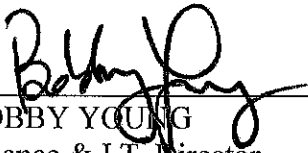
## COMPLIANCE REPORTING

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 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. 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 amount of Lehman Brothers investment claim held in escrow with Lehman Brothers Holdings, Inc. is estimated to be \$1,013,735.13 at July 31, 2012.

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.



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BOBBY YOUNG  
Finance & I.T. Director

Attachment: Treasurer's Report for the month of July, 2012

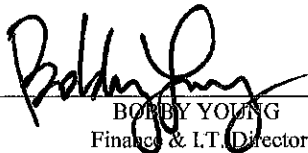
**CITY OF COSTA MESA**  
**TREASURER'S REPORT OF POOLED CASH AND INVESTMENTS**  
**AS OF JULY 31, 2012**

<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	\$1,239,258.37	204,632.24	417,039.99	1,026,850.62
Reconciling Items		2,458,004.51	257,709.26	2,200,295.25
Vendor Payment Account		-	45,079.02	(45,079.02)
Bank of America - Flex Benefit Plan, C.A.I.		-	907.98	(907.98)
Total Active Accounts	<u>1,239,258.37</u>	<u>2,662,636.75</u>	<u>720,736.25</u>	<u>3,181,158.87</u>

<u>INVESTMENTS</u>	<u>COST</u>			<u>BOOK BALANCE</u>
Bank of New York-Trust Sweep Account	26,875.00			26,875.00
Local Agency Investment Fund	38,607,989.95			38,607,989.95
Medium Term Corporate Notes	7,601,300.00			7,601,300.00
Federal Home Loan Mortgage Corporation	4,000,000.00			4,000,000.00
Federal Home Loan Bank	4,000,000.00			4,000,000.00
Federal Farm Credit Bank	8,000,000.00			8,000,000.00
Federal National Mortgage Association	15,000,000.00			15,000,000.00
	<u>77,236,164.95</u>			<u>77,236,164.95</u>
Market Value Adjustment at 06-30-2011				813,171.25
				<u>78,049,336.20</u>

<u>BANKRUPTCY CLAIM</u>				<u>BOOK BALANCE</u>
Lehman Bros. Holdings Inc.				1,315,625.00
Bankruptcy Distribution on 04-18-12				(301,889.87)
	<u>1,013,735.13</u>			<u>1,013,735.13</u>
Total Investments	<u>78,249,900.08</u>	-	-	<u>79,063,071.33</u>

<u>IMPREST ACCOUNTS</u>				<u>BOOK BALANCE</u>
Bank of America - Bail	1,510.00	-	1,500.00	10.00
Long Term Disability	20,000.00			20,000.00
Total Imprest Accounts	<u>21,510.00</u>	-	<u>1,500.00</u>	<u>20,010.00</u>
	<u>79,510,668.45</u>	<u>2,662,636.75</u>	<u>722,236.25</u>	<u>82,264,240.20</u>
City of Costa Mesa Change Funds				12,075.00
ABLE Change Fund				100.00
<b>TOTAL POOLED CASH AND INVESTMENTS</b>				<u>\$ 82,276,415.20</u>

  
 BOBBY YOUNG  
 Finance & I.T. Director

8/28/12  
 DATE

**POOLED CASH AND INVESTMENTS BY FUND**  
FOR THE MONTH ENDING JULY 31, 2012

FUND NO	FUND NAME	AMOUNT
101	General Fund	\$ 27,341,364.77 *
201	Special Gas Tax Fund	13,407,592.92
202	Prop. 172 - Public Safety Fund	357,246.15
203	Air Quality Improvement Fund (AB 2766)	588,719.67
205	HUD -HOME Program-HOME Investment Partnership Act	65,875.13
207	HUD -Community Development Block Grant Program Fund	(22,581.87)
208	Park Development Fees Fund	1,492,202.92
209	Drainage Fees Fund	1,234,604.90
213	Supplemental Law Enforcement Services Fund (SLESF)	(8,812.78)
214	Traffic Impact Fees Fund	3,916,522.61
216	HUD -Rental Rehabilitation Program Fund	(577.96)
217	Narcotics Forfeiture Fund	2,368,594.46
218	Fire System Development Fees Fund	734,700.84
219	Local Law Enforcement Block	30,872.10
220	Office of Traffic Safety	(73,668.76)
221	Homelessness Prevention	(140.98)
222	Costa Mesa Housing Authority	1,029,328.63
260	Airborne Law Enforcement Fund	1,652,943.91
261	Helicopter Replacement Fund	3,199,185.62
401	Capital Outlay Fund	870,516.15
403	Measure "M" Construction Fund	4,628,451.47
409	Vehicle Parking District #1 Fund	2,718.42
410	Vehicle Parking District #2 Fund	2,571.85
413	Golf Course Improvement Fund	656,780.27
414	Measure "M" Turnback Fund	2,357,321.30
415	Measure "M" 2 Fund	(1,528,288.83)
416	Measure "M" 2 Fairshare Fund	2,021,151.34
601	Equipment Maintenance and Replacement Fund	6,933,940.43
602	Self-Insurance Fund - Liab/W.C./Unemployment	6,389,075.57
701	Deposits	1,299,218.04
705	Costa Mesa Community Foundation	111,284.50
755	Police Retirement - 1% Supplemental	1,217,702.41
	Total Pooled Cash & Investments	<u>\$ 82,276,415.20</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 JULY 31, 2012**

<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 07/31/12</u>	<u>% of PORTFOLIO</u>	<u>SPECIAL CHARACTERISTICS OF INVESTMENTS</u>
Local Agency Investment Fund	POOL	N/A	CONTINUOUS	0.363 % (1)	\$ 38,607,989.95	38,607,989.95	49.19%	Local Agency Investment Fund - State Treasurer's Pool
Wells Fargo Treas Plus Money Mkt Fd	Money Market Fund	N/A	CONTINUOUS	- % (2)	26,875.00	26,875.00	0.03%	Stagecoach Funds Inc. Treasury Money Market Mutual Fund
<u>Medium Term Corporate Notes:</u>								
Morgan Stanley Dean Witter	Merrill Lynch Corp. Note	01/17/2008	08/15/2012	6.050 % (4)	2,585,000.00	2,504,400.00		Bullet; Moody's/S & P rated as A1/A+ *(CR - BAA2/A- neg/neg outlook)
Morgan Stanley Dean Witter	Goldman Sachs Corp. Note	11/08/2007	11/01/2012	5.450 % (4)	3,024,900.00	3,035,070.00		Bullet; Moody's/S & P rated as Aa3/AA-e *(CR - A3/A- neg outlook)
Morgan Stanley Dean Witter	Morgan Stanley Corp. Note	11/02/2007	11/02/2012	5.250 % (4)	1,991,400.00	2,020,400.00		Bullet; Moody's/S & P rated as Aa3/AA-e *(CR - BAA1/A- neg outlook)
<b>Total Medium Term Corporate Notes</b>					<b>7,601,300.00</b>	<b>7,559,870.00</b>	<b>9.63%</b>	
<u>Federal Home Loan Bank:</u>								
Morgan Stanley Dean Witter	FHLB	05/23/2012	05/23/2017	0.500 % (4)	2,000,000.00	2,001,000.00		Step-up bond, callable with 5 days on or after 11/23/12
E J De La Rosa	FHLB	05/30/2012	05/30/2017	1.150 % (4)	2,000,000.00	2,003,180.00		Fixed rate, callable with 5 days on or after 11/30/12
<b>Total Federal Home Loan Bank</b>					<b>4,000,000.00</b>	<b>4,004,180.00</b>	<b>5.10%</b>	<b>% Rounded 5/4</b>
<u>Federal Farm Credit Bank:</u>								
Wells Fargo Institutional Securities, LLC	FFCB	01/09/2012	01/09/2015	0.770 % (4)	3,000,000.00	3,006,840.00		Fixed rate, callable with 5 days notice on or after 01/09/13
E J De La Rosa	FFCB	04/04/2012	04/04/2017	1.360 % (4)	2,000,000.00	2,013,320.00		Fixed rate, callable with 5 days notice on or after 04/04/13
E J De La Rosa	FFCB	05/15/2012	05/15/2017	1.140 % (4)	3,000,000.00	3,012,300.00		Fixed rate, callable with 5 days notice on or after 05/15/13
<b>Total Federal Farm Credit Bank</b>					<b>8,000,000.00</b>	<b>8,032,460.00</b>	<b>10.24%</b>	<b>% Rounded 5/4</b>
<u>Federal Home Loan Mortgage Corporation:</u>								
Wells Fargo Institutional Securities, LLC	FHLMC	01/30/2012	10/30/2015	1.000 % (4)	2,000,000.00	2,007,040.00		Fixed rate, callable with 5 days notice on or after 01/30/13
Wells Fargo Institutional Securities, LLC	FHLMC	05/15/2012	05/15/2017	1.250 % (4)	2,000,000.00	2,008,660.00		Fixed rate, callable with 5 days notice on or after 05/15/13
<b>Total Federal Home Loan Mortgage Corporation</b>					<b>4,000,000.00</b>	<b>4,015,700.00</b>	<b>5.12%</b>	<b>% Rounded 5/4</b>
<u>Federal National Mortgage Association:</u>								
Morgan Keegan	FNMA	04/15/2008	04/15/2013	4.000 % (4)	5,000,000.00	5,132,812.50		Fixed rate, callable with 10 days notice only on 07/15/08
Morgan Stanley Dean Witter	FNMA	04/18/2008	04/18/2013	4.050 % (4)	2,000,000.00	2,054,460.00		Fixed rate, callable with 10 days notice only on 07/18/08
Citigroup Global Markets Inc.	FNMA	05/24/2012	05/24/2015	0.700 % (4)	2,000,000.00	2,003,960.00		Fixed rate, callable with 10 days on or after 05/24/13
Morgan Stanley Dean Witter	FNMA	01/25/2012	01/25/2017	1.125 % (4)	3,000,000.00	3,014,310.00		Step-up bond, callable with 10 days notice on or after 01/25/13
Citigroup Global Markets Inc.	FNMA	06/06/2012	06/06/2017	1.000 % (4)	3,000,000.00	3,013,260.00		Step-up bond, callable with 10 days notice on or after 06/06/13
<b>Total Federal National Mortgage Association</b>					<b>15,000,000.00</b>	<b>15,218,802.50</b>	<b>19.39%</b>	<b>% Rounded 5/4</b>
					<b>\$ 77,236,164.95</b>	<b>77,465,877.45</b>		
<b><u>BANKRUPTCY CLAIM</u></b>								
Lehman Bros. Holdings Inc.					<b>\$ 1,013,735.13</b>	<b>1,013,735.13</b>		
<b>Total Bankruptcy Claim</b>					<b>1,013,735.13</b>	<b>1,013,735.13</b>	<b>1.29%</b>	<b>% Rounded 5/4</b>
<b>Total Outstanding Investments</b>					<b>\$ 78,249,900.08</b>	<b>78,479,612.58</b>	<b>100.00%</b>	<b>*CR = Current rating as of July 19, 2012</b>

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 JULY 2012**

Total outstanding investments as of June 30, 2012 \$ 83,186,433.92

	<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:					-
Total Maturities: None					-
Investment Calls:					
Federal Farm Credit Bank	03/21/2012	03/21/2016	0.970%	1.002%	(1,997,500.00)
Federal Home Loan Bank	01/23/2012	01/23/2017	1.340%	1.340%	(2,000,000.00)
Total Calls:					(3,997,500.00)
Investments Sold:					-
Total Sales: None					-
Bankruptcy Claim:					
Held with Lehman Bros. Holdings Inc.					1,013,735.13
Net increase (decrease) in LAIF					(965,908.84)
Net increase (decrease) in Sweep Account					26,875.00
Total outstanding investments as of July 31, 2012					\$ 78,249,900.08

**CITY OF COSTA MESA**  
**SUMMARY OF POLICY LIMITATIONS**  
**AS OF JULY 31, 2012**

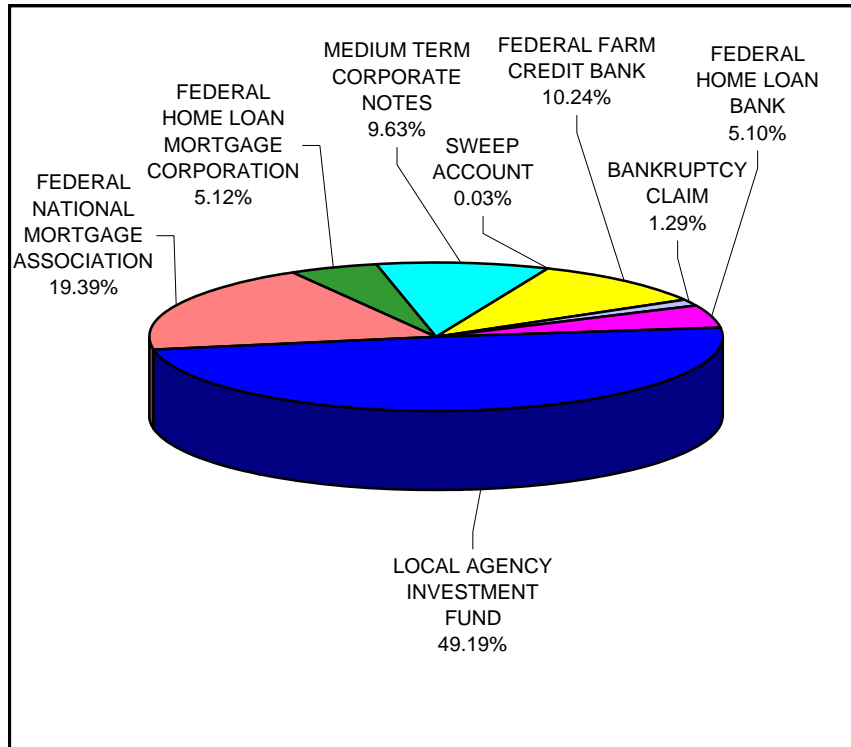
DESCRIPTION	CURRENT PERCENTAGE BASED ON MARKET VALUE AS OF 07/31/12	MAXIMUM PERCENTAGE
U.S. Treasury Bills	0.00%	UNLIMITED
U.S. Treasury Notes	0.00%	UNLIMITED
Federal Agency Issues:		
FICB	0.00%	60.00%
FFCB	10.24%	60.00%
FLB	0.00%	60.00%
FHLB	5.10%	60.00%
FNMA	19.39%	60.00%
FHLMC	5.12%	60.00%
Other *	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	9.63%	30.00%
Lehman Bros Holdings Inc	1.29%	
Repurchase Agreements	0.00%	UNLIMITED
Reverse Repurchase Agreements	0.00%	10% of base
LAIF (Local Agency Investment Fund)	49.19%	\$ 50,000,000.00
Current Balance		\$ 38,607,989.95
Orange County Treasurer's Pool	0.00%	35.00%
Money Market Mutual Funds (Sweep Account)	0.03%	10% per fund (2)
Asset-Backed and Mortgage-Backed Securities	0.00%	20.00%
<b>TOTAL</b>	<b>100.00%</b>	<b>(3)</b>
% of Portfolio Maturing within one year	68.91%	(3) no less than 20%
% of Portfolio Maturing or Callable within one year	100.00%	(3)

(1) Current dollar weighted average maturity as of 07/31/12 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 - ASSET ALLOCATION AS OF JULY 31, 2012



	In Thousands
Local Agency Investment Fund	\$ 38,608
Sweep Account	27
Federal Home Loan Mortgage Corporation	4,000
Federal Home Loan Bank	4,000
Federal Farm Credit Bank	8,000
Bankruptcy Claim	1,014
Federal National Mortgage Association	15,000
Medium Term Corporate Notes	7,601
<b>Total</b>	<b>\$ 78,250</b>

% Rounded 5/4



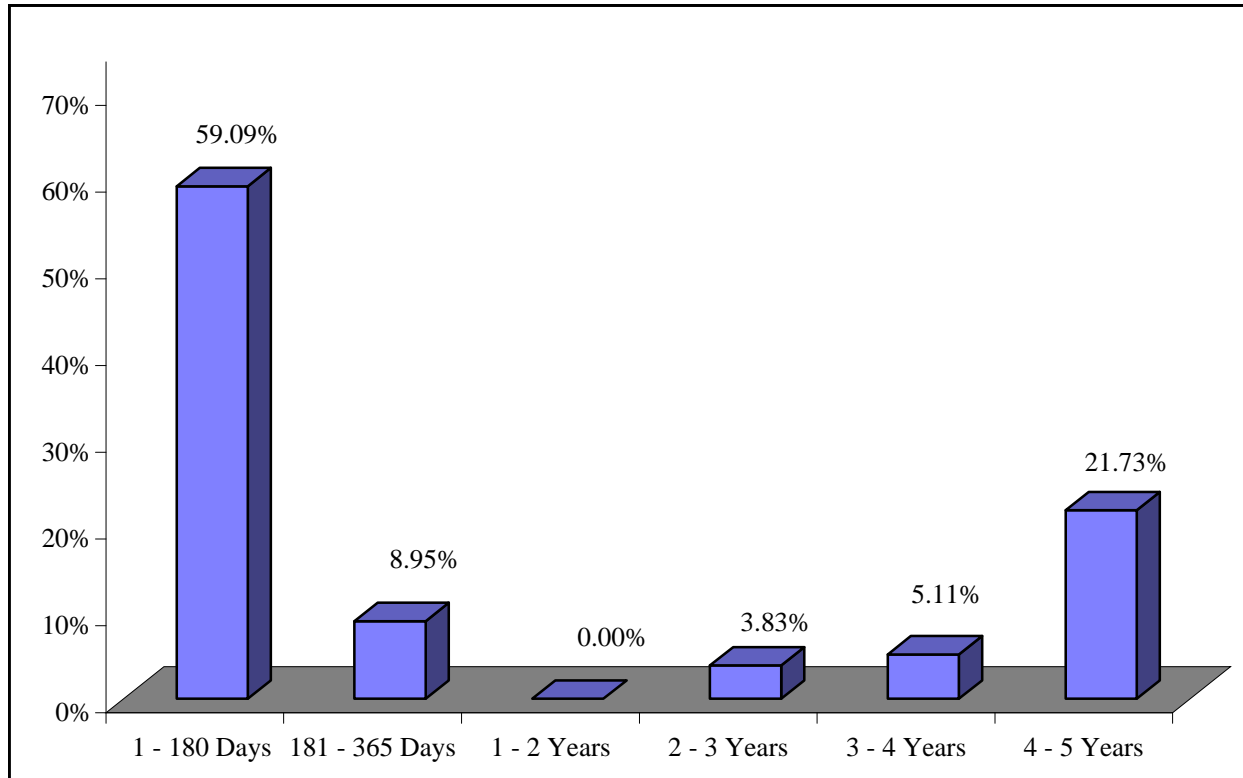
**CITY OF COSTA MESA  
OUTSTANDING INVESTMENTS BY YEAR OF MATURITY  
AS OF JULY 31, 2012**

<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>
<b>2012:</b>							
Local Agency Investment Fund	N/A	CONTINUOUS	\$ 38,607,989.95	38,607,989.95	38,607,989.95	-	-
Stagecoach Treasury Money Market Fund	N/A	CONTINUOUS	26,875.00	26,875.00	26,875.00	-	-
Merrill Lynch Corp. Note	01/17/2008	08/15/2012	2,500,000.00	2,585,000.00	2,504,400.00	69,743.05	(80,600.00)
Goldman Sachs Corp. Note	11/08/2007	11/01/2012	3,000,000.00	3,024,900.00	3,035,070.00	40,875.00	10,170.00
Morgan Stanley Corp. Note	11/02/2007	11/02/2012	2,000,000.00	1,991,400.00	2,020,400.00	25,958.32	29,000.00
<b>Percent maturing in 2012</b>			<b>59.09%</b>	46,134,864.95	46,236,164.95	136,576.37	(41,430.00)
<b>2013:</b>							
Federal National Mortgage Association	04/15/2008	04/15/2013	5,000,000.00	5,000,000.00	5,132,812.50	58,888.85	132,812.50
Federal National Mortgage Association	04/18/2008	04/18/2013	2,000,000.00	2,000,000.00	2,054,460.00	23,175.00	54,460.00
<b>Percent maturing in 2013</b>			<b>8.95%</b>	7,000,000.00	7,187,272.50	82,063.85	187,272.50
<b>2015:</b>							
* Federal Farm Credit Bank	01/09/2012	01/09/2015	3,000,000.00	3,000,000.00	3,006,840.00	1,411.65	6,840.00
* Federal National Mortgage Association	05/24/2012	08/24/2015	2,000,000.00	2,000,000.00	2,003,960.00	2,605.54	3,960.00
* Federal Home Loan Mortgage Corporation	01/30/2012	10/30/2015	2,000,000.00	2,000,000.00	2,007,040.00	55.54	7,040.00
<b>Percent maturing in 2015</b>			<b>8.95%</b>	7,000,000.00	7,017,840.00	4,072.73	17,840.00
<b>2017:</b>							
* Federal National Mortgage Association	01/25/2012	01/25/2017	3,000,000.00	3,000,000.00	3,014,310.00	562.50	14,310.00
* Federal Farm Credit Bank	04/04/2012	04/04/2017	2,000,000.00	2,000,000.00	2,013,320.00	8,840.00	13,320.00
* Federal Farm Credit Bank	05/15/2012	05/15/2017	3,000,000.00	3,000,000.00	3,012,300.00	7,219.98	12,300.00
* Federal Home Loan Mortgage Corporation	05/15/2012	05/15/2017	2,000,000.00	2,000,000.00	2,008,660.00	5,277.76	8,660.00
* Federal Home Loan Bank	05/23/2012	05/23/2017	2,000,000.00	2,000,000.00	2,001,000.00	1,888.89	1,000.00
* Federal Home Loan Bank	05/30/2012	05/30/2017	2,000,000.00	2,000,000.00	2,003,180.00	3,897.22	3,180.00
* Federal National Mortgage Association	06/06/2012	06/06/2017	3,000,000.00	3,000,000.00	3,013,260.00	4,833.33	13,260.00
<b>Percent maturing in 2017</b>			<b>21.73%</b>	17,000,000.00	17,066,030.00	32,519.68	66,030.00
Sub-total			77,134,864.95	77,236,164.95	77,465,877.45	255,232.63	229,712.50
<b><u>BANKRUPTCY CLAIM</u></b>							
Lehman Bros. Holdings Inc.			1,013,735.13	1,013,735.13	1,013,735.13	-	-
			<b>1.30%</b>	1,013,735.13	1,013,735.13	-	-
Total outstanding investments			<b>100.00%</b>	\$ 78,148,600.08	\$ 78,249,900.08	\$ 78,479,612.58	\$ 255,232.63

\* 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 JULY 31, 2012



	In Thousands
1 - 180 Days	\$ 46,236
181 - 365 Days	7,000
1 - 2 Years	-
2 - 3 Years	3,000
3 - 4 Years	4,000
4 - 5 Years	<u>17,000</u>
<b>* TOTAL</b>	<b><u><u>\$ 77,236</u></u></b>

% 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 JULY 31, 2012

INVESTMENT	CUSIP NUMBER	INTEREST RATE	YIELD TO MATURITY	COST	INTEREST EARNED AT 07/31/2012	PURCHASE DATE	CALL DATE	MATURITY DATE
Local Agency Investment Fund	S99998260	0.363%		\$ 38,607,989.95		07/31/2012		07/31/2012
Wells Fargo Treas Plus Money Mkt Fd	N/A	0.000%		26,875.00		07/31/2012		07/31/2012
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 Farm Credit Bank	31331K5J5	0.770%	0.770%	3,000,000.00	1,411.65	01/09/2012	01/09/2013	01/09/2015
Federal National Mortgage Association	3136G0GK1	0.700%	0.700%	2,000,000.00	2,605.54	05/24/2012	05/24/2013	08/24/2015
Federal Home Loan Mortgage Corporation	3134G3HW3	1.000%	1.000%	2,000,000.00	55.54	01/30/2012	01/30/2013	10/30/2015
Federal National Mortgage Association	3136FTYS2	1.125%	1.125%	3,000,000.00	562.50	01/25/2012	01/25/2013	01/25/2017
Federal Farm Credit Bank	3133EAKP2	1.360%	1.360%	2,000,000.00	8,840.00	04/04/2012	04/04/2013	04/04/2017
Federal Farm Credit Bank	3133EAQN1	1.140%	1.140%	3,000,000.00	7,219.98	05/15/2012	05/15/2013	05/15/2017
Federal Home Loan Mortgage Corporation	3134G3UH1	1.250%	1.250%	2,000,000.00	5,277.76	05/15/2012	05/15/2013	05/15/2017
Federal Home Loan Bank	313379CN7	0.500%	1.495%	2,000,000.00	1,888.89	05/23/2012	11/23/2012	05/23/2017
Federal Home Loan Bank	313379FN4	1.150%	1.150%	2,000,000.00	3,897.22	05/30/2012	11/30/2012	05/30/2017
Federal National Mortgage Association	3136G0HX2	1.000%	1.208%	3,000,000.00	4,833.33	06/06/2012	06/06/2013	06/06/2017
				\$ 77,236,164.95	255,232.63			
<b><u>BANKRUPTCY CLAIM</u></b>								
Lehman Bros. Holdings Inc.				\$ 1,013,735.13	-			
				\$ 1,013,735.13	-			
<b>TOTAL</b>				\$ 78,249,900.08	255,232.63			

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 JULY 31, 2012**

TYPE OF INVESTMENT	PURCHASE DATE	MATURITY DATE	CALL DATE	DAYS TO MATURITY	INTEREST RATE	YIELD TO MATURITY	COST
LOCAL AGENCY INVESTMENT FUND				1	0.363 %	0.363 %	\$ 38,607,989.95
WELLS FARGO TREASURY PLUS INST'L MONEY MARKET FUND				1	- %	- %	26,875.00
Merrill Lynch Corp. Note	01/17/2008	08/15/2012		15	6.050 %	5.204 %	2,585,000.00
Goldman Sachs Corp. Note	11/08/2007	11/01/2012		93	5.450 %	5.257 %	3,024,900.00
Morgan Stanley Corp. Note	11/02/2007	11/02/2012		94	5.250 %	5.349 %	1,991,400.00
FNMA	04/15/2008	04/15/2013	07/15/2008	258	4.000 %	4.000 %	5,000,000.00
FNMA	04/18/2008	04/18/2013	07/18/2008	261	4.050 %	4.050 %	2,000,000.00
FFCB	01/09/2012	01/09/2015	01/09/2013	892	0.770 %	0.770 %	3,000,000.00
FNMA	05/24/2012	08/24/2015	05/24/2013	1,119	0.700 %	0.700 %	2,000,000.00
FHLMC	01/30/2012	10/30/2015	01/30/2013	1,186	1.000 %	1.000 %	2,000,000.00
FNMA	01/25/2012	01/25/2017	01/25/2013	1,639	1.125 %	1.125 %	3,000,000.00
FFCB	04/04/2012	04/04/2017	04/04/2013	1,708	1.360 %	1.360 %	2,000,000.00
FFCB	05/15/2012	05/15/2017	05/15/2013	1,749	1.140 %	1.140 %	3,000,000.00
FHLMC	05/15/2012	05/15/2017	05/15/2013	1,749	1.250 %	1.250 %	2,000,000.00
FHLB	05/23/2012	05/23/2017	11/23/2012	1,757	0.500 %	1.495 %	2,000,000.00
FHLB	05/30/2012	05/30/2017	11/30/2012	1,764	1.150 %	1.150 %	2,000,000.00
FNMA	06/06/2012	06/06/2017	06/06/2013	1,771	1.000 %	1.208 %	3,000,000.00
Total outstanding investments							\$ 77,236,164.95

**WEIGHTED AVERAGE:**

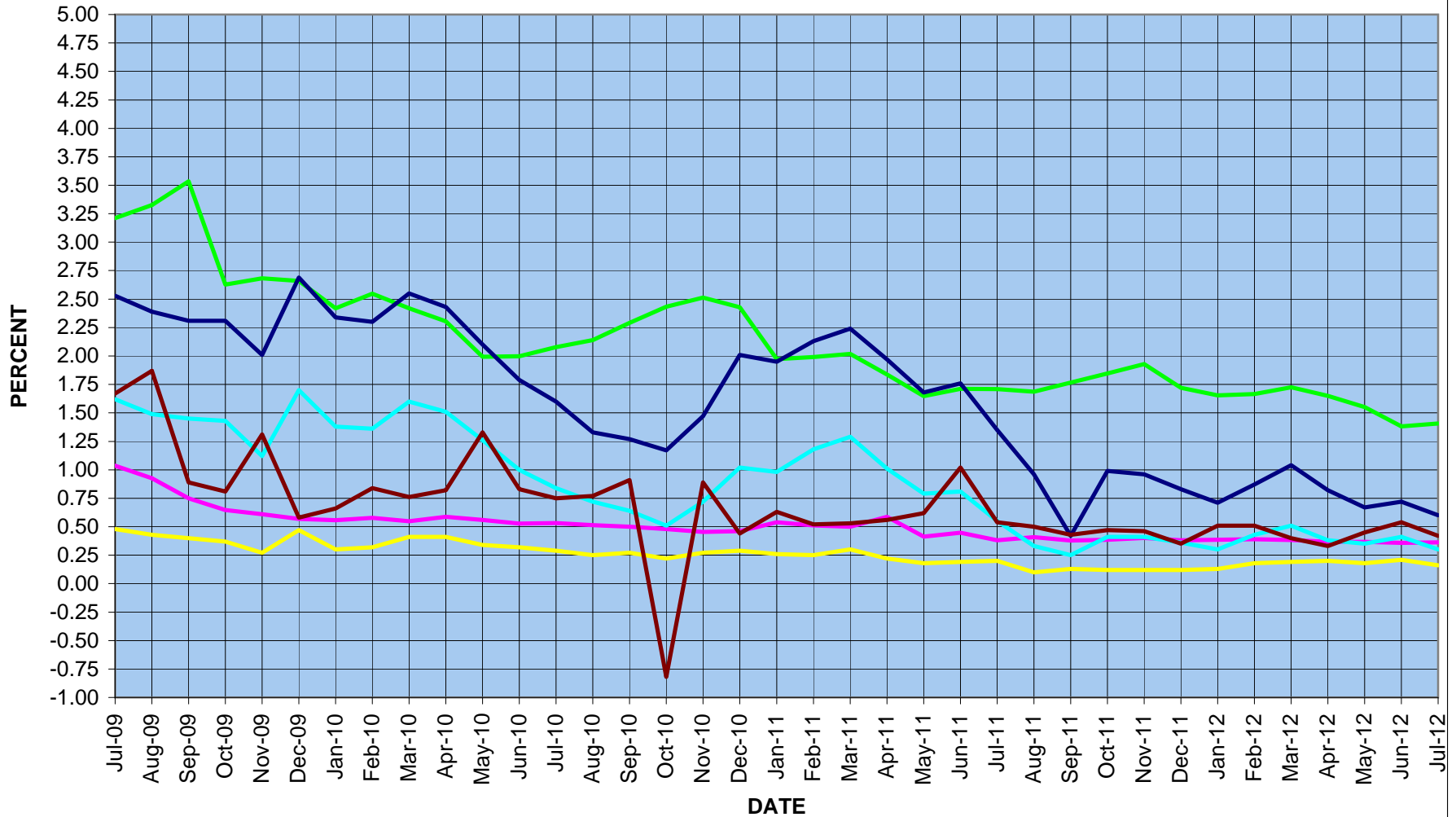
INTEREST RATE OF PORTFOLIO	1.408%
YIELD TO MATURITY OF PORTFOLIO	1.408%
MATURITY OF PORTFOLIO	506 DAYS
MATURITY OF PORTFOLIO LESS POOLS	1,011 DAYS

**BANKRUPTCY CLAIM**

Lehman Bros. Holdings Inc.	1,013,735.13
	\$ 1,013,735.13

\$ 78,249,900.08

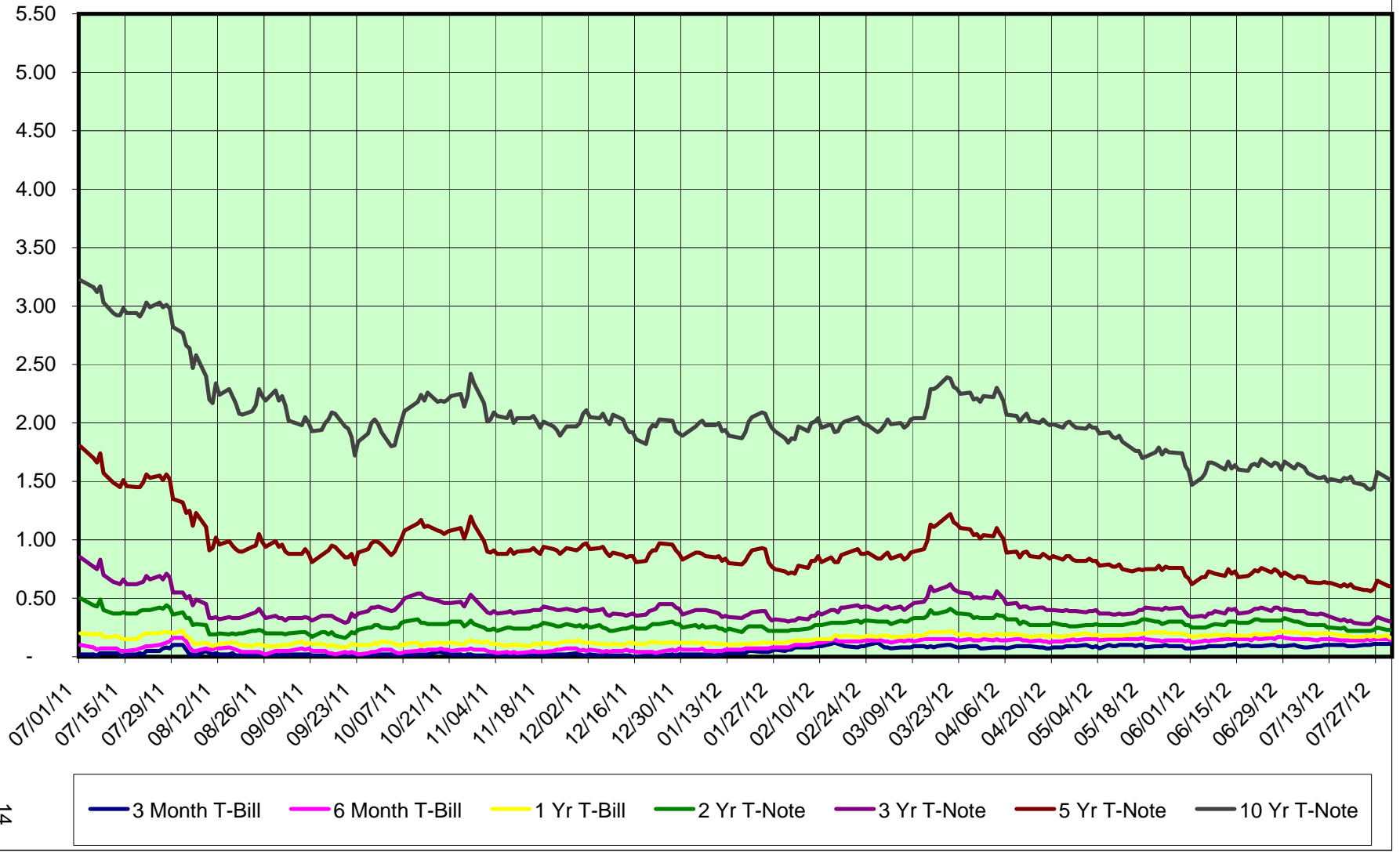
## CITY OF COSTA MESA - PORTFOLIO INTEREST RATE INFORMATION AS OF JULY 31, 2012



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### 2012/2013 Market Rates as of July 31, 2012



**CITY OF COSTA MESA  
CALL SCHEDULE  
AS OF JULY 31, 2012**

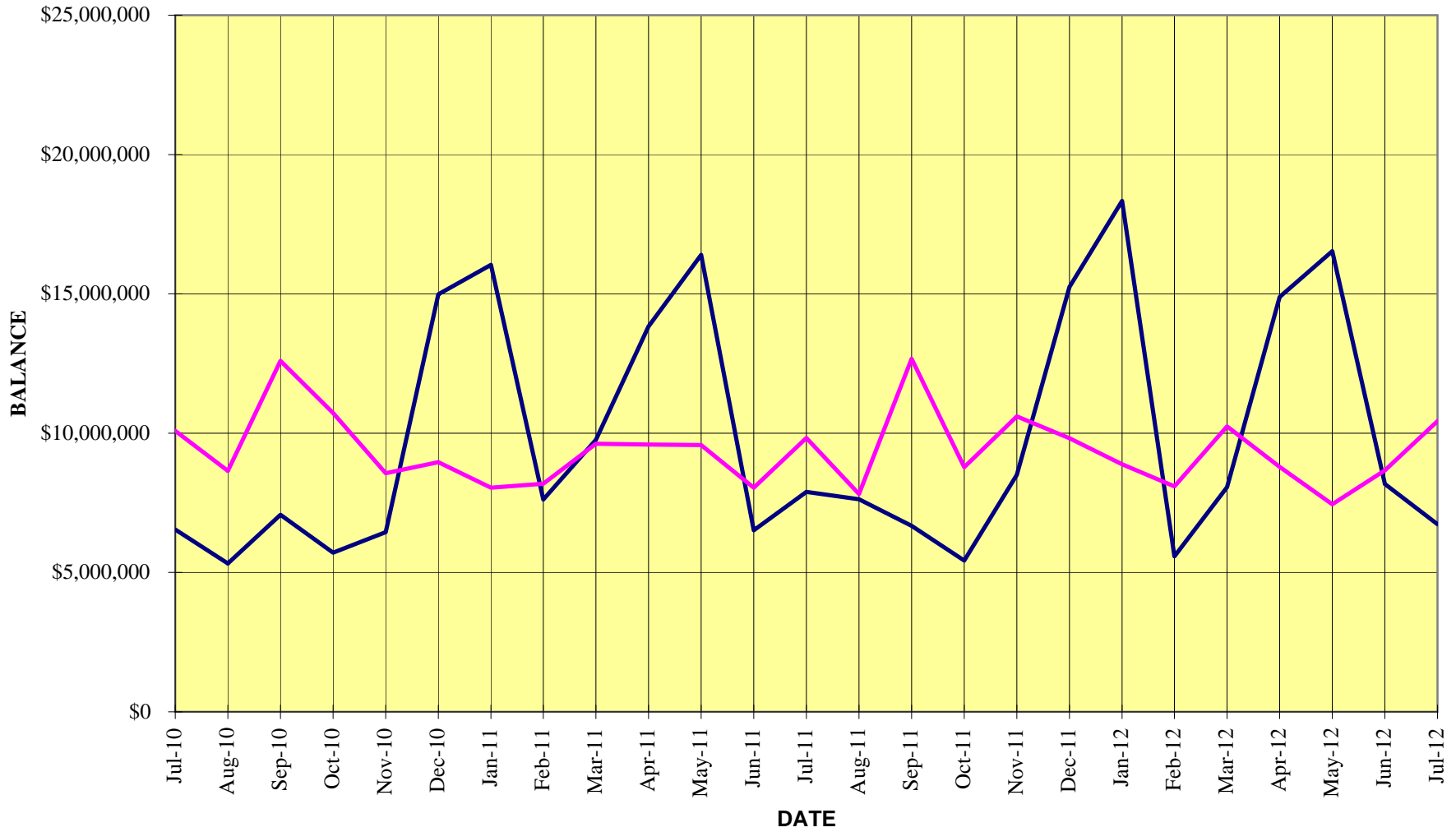
<u>INSTITUTION</u>	<u>TYPE OF INVESTMENT</u>	<u>PURCHASE DATE</u>	<u>MATURITY DATE</u>	<u>COUPON</u>	<u>YIELD TO MATURITY</u>	<u>YIELD TO CALL</u>	<u>CALL DATE</u>	<u>COST</u>
MORGAN STANLEY DEAN WITTER	FHLB	05/23/2012	05/23/2017	0.500%	1.495%	0.500%	11/23/2012	2,000,000.00
E J DE LA ROSA	FHLB	05/30/2012	05/30/2017	1.150%	1.150%	1.150%	11/30/2012	2,000,000.00
WELLS FARGO INSTITUTIONAL SECURITIES, LLC	FFCB	01/09/2012	01/09/2015	0.770%	0.770%	0.770%	01/09/2013	3,000,000.00
MORGAN STANLEY DEAN WITTER	FNMA	01/25/2012	01/25/2017	1.125%	1.125%	1.125%	01/25/2013	3,000,000.00
WELLS FARGO INSTITUTIONAL SECURITIES, LLC	FHLMC	01/30/2012	10/30/2015	1.000%	1.000%	1.000%	01/30/2013	2,000,000.00
WELLS FARGO INSTITUTIONAL SECURITIES, LLC	FFCB	04/04/2012	04/04/2017	1.360%	1.360%	1.360%	04/04/2013	2,000,000.00
E J DE LA ROSA	FFCB	05/15/2012	05/15/2017	1.140%	1.140%	1.140%	05/15/2013	3,000,000.00
E J DE LA ROSA	FHLMC	05/15/2012	05/15/2017	1.250%	1.250%	1.250%	05/15/2013	2,000,000.00
MORGAN STANLEY DEAN WITTER	FNMA	05/24/2012	08/24/2015	0.700%	0.700%	0.700%	05/24/2013	2,000,000.00
CITIGROUP GLOBAL MARKETS, INC.	FNMA	06/06/2012	06/06/2017	1.000%	1.208%	1.000%	06/06/2012	3,000,000.00
							TOTAL	<u>\$ 24,000,000.00</u>

**CITY OF COSTA MESA DAILY CASH BALANCES  
AS OF JULY 31, 2012**





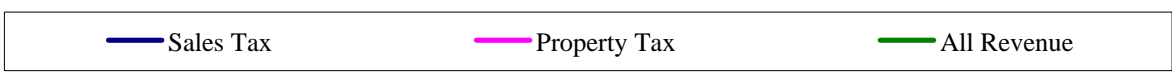
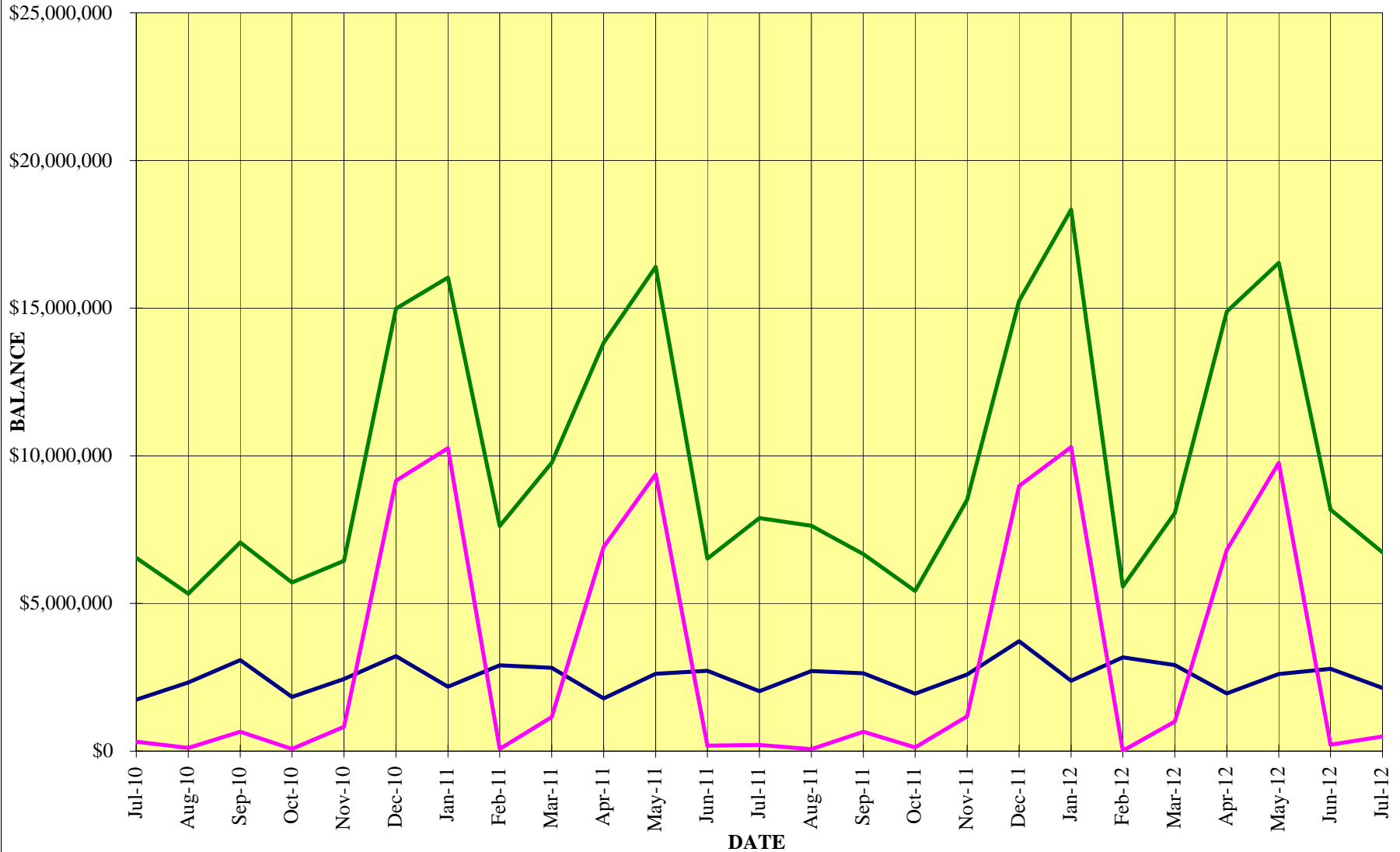
**CITY OF COSTA MESA CASH FLOWS BY MONTH  
AS OF JULY 31, 2012**



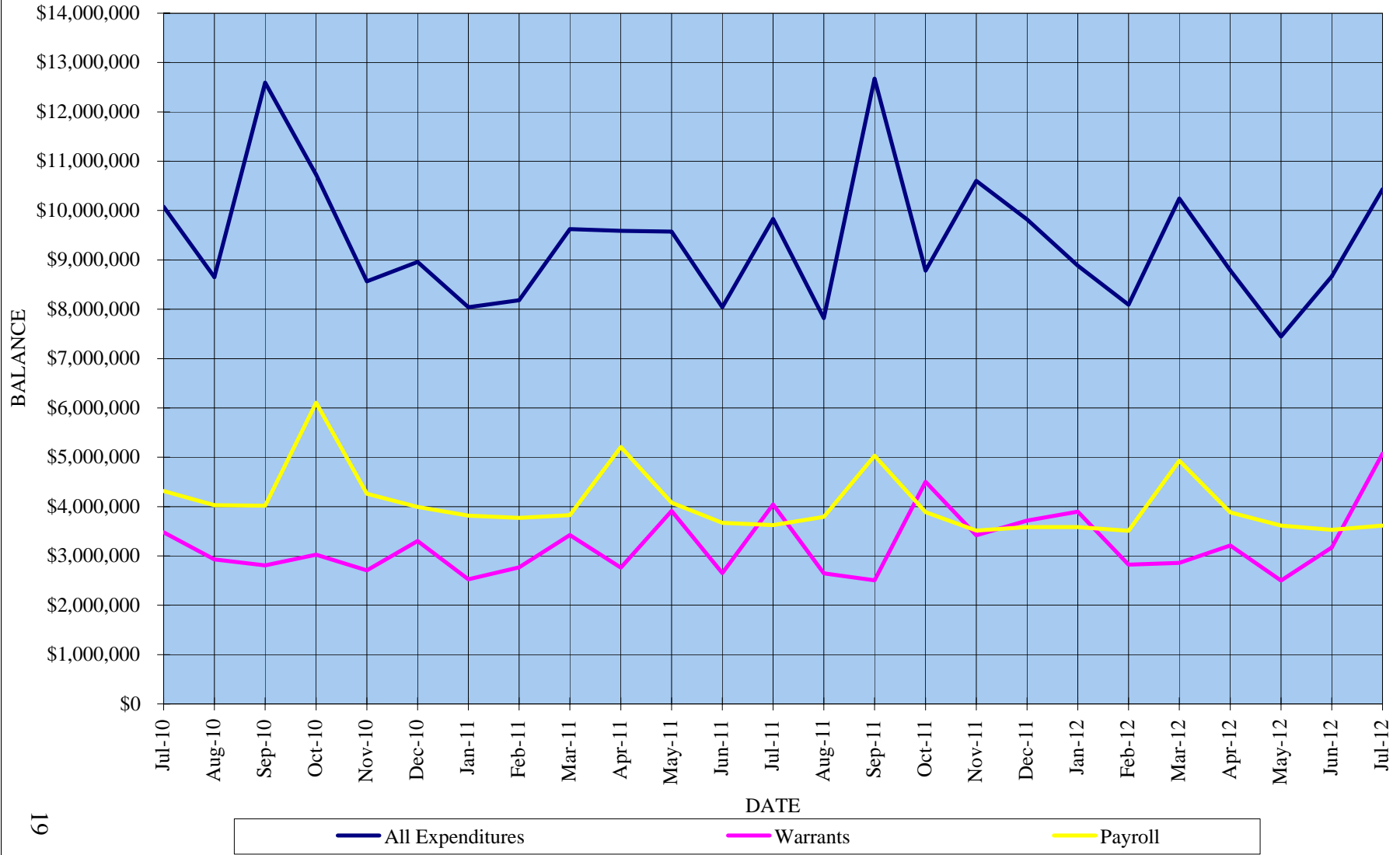
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**CITY OF COSTA MESA REVENUE CHART  
AS OF JULY 31, 2012**



### CITY OF COSTA MESA EXPENDITURE CHART AS OF JULY 31, 2012



**CITY OF COSTA MESA**  
**SUMMARY OF CASH HELD IN TRUST**  
**AS OF JULY 31, 2012**

**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	201,964.37	201,964.37	201,964.37	-
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>\$ 2,737,743.33</u>	<u>2,737,743.33</u>	<u>2,737,743.33</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>	

**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	\$ 251,393.00	251,393.00	251,393.00	(1)
Ending Balances				<u>\$ 251,393.00</u>	<u>251,393.00</u>	<u>251,393.00</u>	

**GRAND TOTALS**

\$ 8,127,586.94      8,127,586.94      8,127,586.94

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  
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, 5 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 <b>CY 2010</b>	Treasurer’s Report Cash Balance <b>CY 2011</b>	Treasurer’s Report Cash -Projected Ending Cash Balance <b>CY 2012</b>	Projected Ending Cash Balance <b>CY 2013</b>
January	\$ 18,188,772.20	\$ 20,418,313.67	\$ 26,022,236.51	26.4 million (1)
February	16,022,093.67	16,408,694.82	24,431,171.70	24.4 million (1)
March	13,628,413.23	16,513,743.53	19,593,018.28	21.8 million (1)
April	15,078,529.66	19,186,464.54	24,815,597.57	27.1 million (1)
May	23,390,617.45	29,235,842.88	32,803,661.57	34.8 million (1)
June	21,004,071.23	21,004,071.23	28,716,660.46	30.2 million (1)
July	19,600,554.97	22,658,397.45	27,341,364.77	N/A
August	17,809,840.64	23,267,945.73	22.6 million (1)	N/A
September	12,346,493.13	14,599,893.74	17.1 million (1)	N/A
October	6,756,802.49	12,912,317.50	14.3 million (1)	N/A
November	5,391,178.97	13,557,875.16	14.4 million (1)	N/A
December	12,351,481.85	20,963,292.06	20.5 million (1)	N/A

(1) Projected by Staff – March 2012.

The July 2012 General Fund cash balance of \$27.3 million, was \$39,155 lower than the amount originally projected. Staff’s analysis concludes that cash received and paid during July were both higher than projected activity, but resulted in the about the same ending balance.

As a note: during the fiscal year end close and in preparation of the Comprehensive Annual Financial Report (CAFR), the June 2012 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.