

# Agenda Report

**TO:** CITY COUNCIL

**DATE:** September 10, 2007

**THROUGH:** FINANCE COMMITTEE

**FROM:** CITY MANAGER

**SUBJECT:** QUARTERLY INVESTMENT REPORT  
QUARTER ENDING JUNE 30, 2007

## **RECOMMENDATION**

This report is for information purposes only.

## **BACKGROUND**

Government Code Section 53646 (2)(b)(1) states that in the case of a local agency, the Treasurer or Chief Fiscal Officer may render a quarterly report to the legislative body of the local agency containing detailed information on; 1) all securities, investments, and moneys of the local agency; 2) a statement of compliance of the portfolio with the statement of investment policy, and 3) a statement of the local agency's ability to meet its pool's expenditure requirements for the next six months. By making these reports optional, this bill does not impose a state-mandated local program but encourages local agencies to continue to report. The bill also states that the Treasurer or Chief Fiscal Officer may report whatever additional information or data may be required by the legislative body of the local agency.

The quarterly report shall be so submitted within 30 days following the end of the quarter covered by the report and shall include the following:

- 1) The type of investment, name of the issuer, date of maturity, par and dollar amount invested in each security, investment, and money within the treasury.
- 2) The weighted average maturity of the investments within the treasury.

- 3) Any funds, investments, or programs, including loans, that are under the management of contracted parties.
- 4) The market value as of the date of the report, and the source of this valuation for any security within the treasury.
- 5) A description of the compliance with the statement of investment policy.

## **ECONOMIC SUMMARY**

The economy continued to expand at a modest pace during the first half of 2007. The second quarter Gross Domestic Product (GDP) measured at a 3.4% growth rate after stumbling during the first quarter at a decelerated rate of 0.6% rate. The housing market contributed a significant role in the GDP reading as home construction had fallen for six consecutive quarters. After increasing the federal funds rate 17 consecutive times, the Federal Reserve Board held rates steady at 5.25% during its last eight consecutive meetings. The Fed stated that the economy seems likely to continue to expand at a moderate pace over the next quarters, however, a sustained moderation in inflation pressures have yet to be convincingly demonstrated. The Fed's predominant concern remained the risk that inflation will fail to moderate. The overall bond market weakened during the second quarter of 2007 largely due to inflationary concerns and expectations that the Fed would not reduce short term rates during the remaining 2007. The overall bond market, as measured by the Lehman Brothers Aggregate Bond Index, returned -0.52%. Yields rose across the curve during the quarter. The two-year Treasury yield increased 0.25% to 4.84% while the five-year Treasury increased by 0.35% to 4.88% rate and the ten-year yield closed at 4.989%, up by 0.35%.

In late June, problems in the sub-prime market in the mortgage industry, generally thought to be well contained, emerged in the Collateralized Debt Obligations of two large Bear Stearns hedge funds indicating that the housing crisis could continue and possibly drag the overall economy in the second half of 2007.

### **Total funds under management as of 06/30/07 (market values):**

Pooled Investment Portfolio	283,355,442
Capital Endowment Portfolio	11,142,764
Stranded Investment Reserve Portfolio	145,898,841
Special Funds	52,359,472
Investments held with Fiscal Agents	<u>171,574,422</u>
Total Funds under management	<u>664,330,941</u>

Per the Government Code requirements, attached are the reports by each fund, indicating the type of investments, date of maturity, par and dollar amount invested in

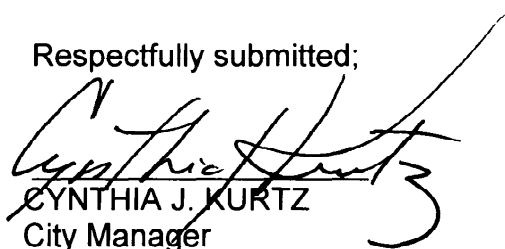
each security, as well as investment and moneys within the treasury with market values as of June 30, 2007. The City Treasurer prices the pooled portfolio and all other funds and investments under management on a monthly basis. The market values are obtained from Interactive Data Corporation (IDC) and Bloomberg Financial System. IDC is an independent third party whose sole service is to provide market prices for all types of securities.

The types of securities held in the portfolio and their percentage allocation to the total are in compliance with the City's Fiscal Year 2007 Investment Policy, which was adopted by the City Council on November 20, 2006 and Section 53600 of the State Government Code. The City Treasurer maintains an average of \$40 million short-term liquid investments (one to 90 day maturities) which represents approximately 1/12<sup>th</sup> of the City's total annual operating budget. This balance, along with anticipated cash flows into the City's account, represent an adequate liquidity position to meet budgeted expenditures for the next six months.

#### **FISCAL IMPACT**

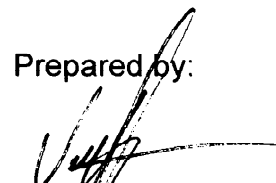
This item is for information only. There is no fiscal impact.

Respectfully submitted;




CYNTHIA J. KURTZ  
City Manager

Prepared by:



Vic Erganian  
City Treasurer

Approved by:



Stephen C. Stark  
Director of Finance

# **Quarterly Investment Report**

I. Pooled Investment Portfolio

II. Capital Endowment Portfolio

III. Power Reserve Portfolio

IV. Miscellaneous Portfolios

V. Investments Held by Trustees

## **I. Pooled Investment Portfolio**



**CITY OF PASADENA**  
**Treasurer's Pooled Investment Portfolio**

Vicken Erganian  
 City Treasurer

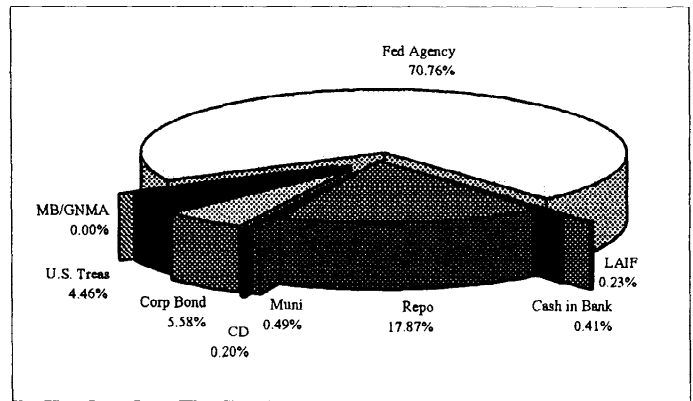
JUNE 2007

**PORTFOLIO COMPLIANCE**

The Treasurer's investment portfolio is in compliance with the California Government Code Section 53601 and the City's Investment Policy approved by the City Council on November 20, 2006. The holdings in the investment pool are in compliance with the current investment policy statement. Further information on compliance issues can be obtained by calling the City of Pasadena Treasurer's Office. A complete copy of the monthly investment report on the investment portfolio, including a detailed listing of each investment, is available by calling the Treasurer's office at (626)744-4422.

**PORTFOLIO STRUCTURE AS OF 6/30/07**

TYPE	MARKET VALUE	PERCENT
Repurchase Agreements	50,200,000	17.87%
Municipal Bonds	1,371,550	0.49%
Certificate of Deposit	560,000	0.20%
Corporate Bonds	15,681,457	5.58%
U.S. Treasury Bonds	12,520,750	4.46%
Mortgage Backed Securities/GNMA's	2,420	0.00%
Federal Agencies	198,831,613	70.76%
LAIF	658,278	0.23%
Cash in Bank	1,154,834	0.41%
<b>TOTALS:</b>	<b>280,980,902</b>	<b>100.00%</b>
Accrued Interest Receivable	2,374,540	
<b>GRAND TOTAL:</b>	<b>283,355,442</b>	



**PORTFOLIO LIQUIDITY AS OF 6/30/07**

Aging Interval	Par Value	Percent of Portfolio
0-30 Days	50,858,316	18.01%
31 days - 1 Year	68,500,445	24.26%
1 - 2 Years	65,000,540	23.02%
2 - 3 Years	37,333,832	13.22%
3 - 4 Years	7,631,777	2.70%
4 - 5 Years	53,000,254	18.77%
Over 5 Years	221	0.00%
<b>TOTAL:</b>	<b>282,325,384</b>	<b>100.00%</b>

**PORTFOLIO STATISTICS**

	Jun-07	May-07	Apr-07	Mar-07	Feb-07	Jan-07
Month-End Mkt Value	283,355,442	297,051,051	292,292,537	286,351,494	291,927,064	280,925,019
Modified Duration	1.59	1.57	1.63	1.70	1.36	1.37
Weighted Average Maturity	1.77	1.74	1.81	1.88	1.49	1.50
Yield to Maturity	4.536%	4.531%	4.504%	4.466%	4.378%	4.296%
Interest Earned	1,071,190	1,120,342	1,068,143	1,080,853	997,028	1,008,108
Fiscal Year To Date Interest Earned	12,013,401	10,942,211	9,821,870	8,753,727	7,672,874	6,675,846
Fair Value Change Gain/(Loss)	73,467	(620,993)	150,854	60,391	906,645	(85,390)
Fiscal Year To Date change in fair value	3,100,878	3,027,411	3,648,404	3,497,550	3,437,158	2,530,513
Total Fiscal YTD earnings	15,114,279	13,969,622	13,470,273	12,251,276	11,110,032	9,206,359

**CITY POOLED PORTFOLIO**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**June 30, 2007**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM	Days to Maturity	Maturity Date
<b>Repurchase Agreements</b>												
SYS12041	12041	MERRILL LYNCH	47,054,153.36	06/29/2007	50,200,000.00	50,200,000.00	50,200,000.00	5.300		5.374	1	07/02/2007
<b>LAIF</b>		<b>Subtotal and Average</b>	<b>50,200,000.00</b>		<b>50,200,000.00</b>	<b>50,200,000.00</b>	<b>50,200,000.00</b>			<b>5.374</b>	<b>1</b>	
SYS864	864	Local Agency Investment Fund	658,277.85		658,277.85	658,277.85	658,277.85	5.250		5.250	1	
<b>Mortgage Backs</b>		<b>Subtotal and Average</b>	<b>658,277.85</b>		<b>658,277.85</b>	<b>658,277.85</b>	<b>658,277.85</b>			<b>5.250</b>	<b>1</b>	
362068B64	147	GOVERNMENT NATL MORTGAGE ASSOC	0.00	06/01/1994	0.00	0.00	0.00	11.000	Aaa	11.000	0	12/15/2009
362069A96	146	GOVERNMENT NATL MORTGAGE ASSOC	978.66	06/01/1994	978.66	1,049.02	978.66	11.000	Aaa	11.000	988	03/15/2010
362136TU7	141	GOVERNMENT NATL MORTGAGE ASSOC	640.66	06/01/1994	640.66	704.98	640.66	11.500	Aaa	11.500	2,056	02/15/2013
362102T70	143	GOVERNMENT NATL MORTGAGE ASSOC	602.82	06/01/1994	602.82	665.58	602.82	11.500	Aaa	11.500	2,145	05/15/2013
36215VYQ3	127	GOVERNMENT NATL MORTGAGE ASSOC	-0.02	06/01/1994	-0.02	-0.02	-0.02	11.000	Aaa	11.000	3,120	01/15/2016
<b>Certificates of Deposit - Bank</b>		<b>Subtotal and Average</b>	<b>2,341.03</b>		<b>2,222.12</b>	<b>2,419.56</b>	<b>2,222.12</b>			<b>11.280</b>	<b>1,610</b>	
SYS12038	12038	Community Bank	560,000.00	06/28/2007	560,000.00	560,000.00	560,000.00	4.900		4.900	1,094	06/29/2010
<b>Federal Agency Issues - Coupon</b>		<b>Subtotal and Average</b>	<b>737,333.33</b>		<b>560,000.00</b>	<b>560,000.00</b>	<b>560,000.00</b>			<b>4.900</b>	<b>1,094</b>	
3133X4D24	8741	Federal Home Loan Bank	4,000,000.00	03/11/2004	4,000,000.00	3,982,500.00	4,000,000.00	3.170	Aaa	3.170	72	09/11/2007
3128X3WZ2	9363	FED HOME LOAN MORTGAGE CORP	2,000,000.00	09/27/2004	2,000,000.00	1,991,095.89	2,000,000.00	3.500	Aaa	3.500	88	09/27/2007
3133X8SC7	9411	Federal Home Loan Bank	3,000,000.00	10/12/2004	3,000,000.00	2,984,062.50	3,000,000.00	3.450	Aaa	3.450	103	10/12/2007
3133XAPC5	9779	Federal Home Loan Bank	2,000,000.00	03/04/2005	2,000,000.00	1,988,750.00	2,000,000.00	4.000	Aaa	4.002	156	12/04/2007
3133X9JU5	9539	Federal Home Loan Bank	3,000,000.00	12/07/2004	3,000,000.00	2,979,375.00	3,000,000.00	3.770	Aaa	3.770	159	12/07/2007
3133X9NT3	9571	Federal Home Loan Bank	2,500,000.00	12/10/2004	2,500,000.00	2,482,031.25	2,500,000.00	3.740	Aaa	3.740	162	12/10/2007
3133X5M21	8873	Federal Home Loan Bank	2,000,000.00	03/29/2004	2,000,000.00	1,976,875.00	2,000,000.00	3.000	Aaa	3.001	180	12/28/2007
3133XCP7	10178	Federal Home Loan Bank	2,500,000.00	08/22/2005	2,485,937.50	2,485,937.50	2,489,698.22	4.500	Aaa	4.520	236	02/22/2008
3133XAMG9	9835	Federal Home Loan Bank	2,500,000.00	02/28/2005	2,478,906.25	2,499,159.83	2,499,159.83	4.000	Aaa	4.056	236	02/22/2008
3133XAV68	9836	Federal Home Loan Bank	2,000,000.00	03/24/2005	1,984,375.00	1,984,375.00	2,000,000.00	4.250	Aaa	4.250	267	03/24/2008
3128X3A52	9452	FED HOME LOAN MORTGAGE CORP	3,000,000.00	10/28/2004	2,990,862.12	2,990,862.12	3,000,000.00	5.000	Aaa	3.857	302	04/28/2008
3136F3PD2	7815	FED NATIONAL MORTGAGE ASSOC	3,000,000.00	04/30/2003	2,969,687.50	2,969,687.50	3,000,000.00	3.660	Aaa	3.660	304	04/30/2008
3128X1BD8	7850	FED HOME LOAN MORTGAGE CORP	4,000,000.00	05/19/2003	3,937,780.15	3,937,780.15	4,000,000.00	3.500	Aaa	3.500	323	05/19/2008
3128X1BD8	8005	FED HOME LOAN MORTGAGE CORP	4,000,000.00	06/13/2003	3,937,780.15	3,937,780.15	4,011,862.33	3.500	Aaa	3.135	323	05/19/2008
3133MYQ4	7888	Federal Home Loan Bank	4,000,000.00	06/04/2003	3,922,500.00	3,922,500.00	4,000,000.00	3.150	Aaa	3.150	339	06/04/2008
31339XGQ2	7964	Federal Home Loan Bank	3,000,000.00	06/12/2003	2,938,125.00	2,938,125.00	3,000,000.00	3.050	Aaa	3.050	347	06/12/2008

Data Updated: FUNDSNAP: 07/24/2007 16:10

Run Date: 07/24/2007 - 16:10

Portfolio PASD  
 NLI AP

PM (PRF\_PM2) SymRept 6.4.1.202b

**CITY POOLED PORTFOLIO**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**June 30, 2007**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Rated Rate	Moody's	YTM 365	Days to Maturity	Maturity Date
3133X9QQ6	9594	Federal Home Loan Bank		12/17/2004	3,000,000.00	2,963,437.50	3,000,000.00	4.000	Aaa	4.000	352	06/17/2008
31339XDU5	7931	Federal Home Loan Bank		06/19/2003	2,000,000.00	1,960,000.00	2,000,000.00	3.170	Aaa	3.170	354	06/19/2008
31339XHN7	7965	Federal Home Loan Bank		06/26/2003	2,000,000.00	1,961,250.00	2,000,000.00	3.250	Aaa	3.250	361	06/26/2008
31339YA51	8047	Federal Home Loan Bank		07/19/2003	2,500,000.00	2,445,312.50	2,500,000.00	3.100	Aaa	3.100	381	07/16/2008
31339YS37	8096	Federal Home Loan Bank		07/30/2003	2,500,000.00	2,451,562.50	2,500,000.00	3.400	Aaa	3.400	395	07/30/2008
31339YR87	8092	Federal Home Loan Bank		08/05/2003	5,000,000.00	4,906,250.00	5,000,000.00	3.500	Aaa	3.500	401	08/05/2008
31339YSF0	8097	Federal Home Loan Bank		08/07/2003	3,000,000.00	2,939,062.50	3,000,000.00	3.350	Aaa	3.350	403	08/07/2008
3133XEFB0	10652	Federal Home Loan Bank		02/08/2006	3,000,000.00	2,987,812.50	3,000,000.00	4.950	Aaa	4.950	404	08/08/2008
31339YX98	8100	Federal Home Loan Bank		08/14/2003	2,500,000.00	2,455,468.75	2,500,000.00	3.625	Aaa	3.625	410	08/14/2008
3136F34U7	8158	FED NATIONAL MORTGAGE ASSOC		08/14/2003	2,500,000.00	2,463,281.25	2,500,000.00	3.910	Aaa	3.910	410	08/14/2008
31359MW90	11184	FED NATIONAL MORTGAGE ASSOC		09/05/2006	3,000,000.00	2,898,125.00	3,000,000.00	5.350	Aaa	5.350	432	09/05/2008
31359MW90	11186	FED NATIONAL MORTGAGE ASSOC		09/05/2006	2,000,000.00	1,998,750.00	2,000,000.00	5.350	Aaa	5.350	432	09/05/2008
3133X8KU5	9362	Federal Home Loan Bank		09/30/2004	2,000,000.00	1,968,125.00	2,000,000.00	3.920	Aaa	3.920	457	09/30/2008
3128X1T56	8386	FED HOME LOAN MORTGAGE CORP		10/15/2003	2,000,000.00	1,968,670.04	2,000,000.00	4.000	Aaa	4.000	472	10/15/2008
31359AAY5	9482	FED NATIONAL MORTGAGE ASSOC		07/22/2004	3,000,000.00	2,966,250.00	3,000,000.00	4.000	Aaa	4.000	478	10/21/2008
3128X4CV1	10177	FED HOME LOAN MORTGAGE CORP		07/28/2005	5,000,000.00	4,974,900.06	4,997,287.64	5.000	Aaa	5.000	548	12/30/2008
3133XAGQ4	9725	Federal Home Loan Bank		02/11/2005	2,000,000.00	1,999,375.00	1,999,597.22	5.000	Aaa	4.389	581	02/11/2009
3136F5GC9	8822	FED NATIONAL MORTGAGE ASSOC		03/15/2004	3,000,000.00	2,964,375.00	3,000,000.00	4.000	Aaa	3.600	623	03/15/2009
3136F5GP0	8821	FED NATIONAL MORTGAGE ASSOC		03/16/2004	4,000,000.00	3,923,750.00	4,000,000.00	4.040	Aaa	4.040	624	03/16/2009
3133XKBL8	11798	Federal Home Loan Bank		04/25/2007	3,000,000.00	2,991,562.50	2,999,391.40	5.250	Aaa	5.267	841	04/02/2009
3133X6BG0	8931	Federal Home Loan Bank		04/29/2004	3,000,000.00	2,992,500.00	2,989,314.58	5.000	Aaa	4.064	668	04/29/2009
3133X6C20	8932	Federal Home Loan Bank		05/04/2004	3,000,000.00	2,949,375.00	3,000,000.00	4.240	Aaa	4.240	673	05/04/2009
3136F6LD9	9505	FED NATIONAL MORTGAGE ASSOC		11/15/2004	2,000,000.00	1,962,500.00	2,000,000.00	4.150	Aaa	4.150	684	06/15/2009
3133XKEK8	10654	Federal Home Loan Bank		01/30/2006	2,500,000.00	2,489,062.50	2,500,000.00	5.125	Aaa	5.125	758	07/28/2009
3133XGUK8	11253	Federal Home Loan Bank		08/27/2006	3,000,000.00	2,997,187.50	3,000,000.00	5.500	Aaa	5.489	806	09/14/2009
3133X8SD5	9412	FED NATIONAL MORTGAGE ASSOC		10/13/2004	3,000,000.00	2,929,687.50	3,000,000.00	4.100	Aaa	4.100	835	10/13/2009
3136F6HG7	9455	Federal Home Loan Bank		10/28/2004	2,000,000.00	1,968,125.00	2,000,000.00	4.500	Aaa	4.500	850	10/28/2009
3133X92H2	9456	Federal Home Loan Bank		11/02/2004	2,000,000.00	1,953,125.00	2,000,000.00	4.125	Aaa	4.125	855	11/02/2009
31331S1JL8	9759	Federal Farm Credit Bank		01/28/2005	3,000,000.00	2,927,812.50	2,996,211.73	4.180	Aaa	4.236	905	12/22/2009
3128X5XA1	11546	FED HOME LOAN MORTGAGE CORP		02/28/2007	5,000,000.00	4,986,250.31	4,997,357.21	5.250	Aaa	5.270	925	01/11/2010
3133XJTV0	11623	Federal Home Loan Bank		02/09/2007	1,333,333.60	1,333,333.60	1,333,333.60	5.625	Aaa	5.625	954	02/09/2010
3128X5N38	11707	FED HOME LOAN MORTGAGE CORP		03/08/2007	2,000,000.00	1,997,556.15	2,000,000.00	5.600	Aaa	5.600	981	03/08/2010
3133XARD1	9781	Federal Home Loan Bank		03/10/2005	2,000,000.00	1,960,625.00	2,000,000.00	4.440	Aaa	4.440	983	03/10/2010
3136F6L72	9837	FED NATIONAL MORTGAGE ASSOC		03/16/2005	2,500,000.00	2,465,625.00	2,500,000.00	4.750	Aaa	4.750	989	03/16/2010
31331SRW5	10049	Federal Farm Credit Bank		05/31/2005	5,000,000.00	4,921,875.00	4,997,997.43	4.600	Aaa	4.615	1,018	04/14/2010
31331XF72	11962	Federal Farm Credit Bank		06/25/2007	3,000,000.00	3,001,875.00	3,000,000.00	5.600	Aaa	5.600	1,090	06/25/2010



**CITY POOLED PORTFOLIO**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**June 30, 2007**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity	Maturity Date
<b>Federal Agency Issues - Coupon</b>												
3133XHM41	11349	Federal Home Loan Bank		10/27/2006	5,000,000.00	4,978,125.00	5,000,000.00	5.400	Aaa	5.400	1,579	10/27/2011
3136FBAZ8	11485	FED NATIONAL MORTGAGE ASSOC		12/19/2006	5,000,000.00	4,957,812.50	5,000,000.00	5.350	Aaa	5.350	1,632	12/19/2011
3133XHYJ5	11403	Federal Home Loan Bank		12/20/2006	4,000,000.00	3,975,000.00	4,000,000.00	5.500	Aaa	5.500	1,633	12/20/2011
31359M6P4	11644	FED NATIONAL MORTGAGE ASSOC		03/02/2007	5,000,000.00	4,968,750.00	5,000,000.00	5.375	Aaa	5.375	1,706	03/02/2012
3128X5C89	11641	FED HOME LOAN MORTGAGE CORP		03/05/2007	5,000,000.00	4,955,229.95	5,000,000.00	5.375	Aaa	5.375	1,709	03/05/2012
3133XJYN2	11642	Federal Home Loan Bank		03/11/2007	5,000,000.00	4,964,062.50	5,000,000.00	5.500	Aaa	5.500	1,716	03/11/2012
3128X5R75	11715	FED HOME LOAN MORTGAGE CORP		03/26/2007	5,000,000.00	4,952,784.73	4,998,816.38	5.250	Aaa	5.255	1,719	03/15/2012
3128X5R75	11768	FED HOME LOAN MORTGAGE CORP		03/29/2007	5,000,000.00	4,952,784.73	4,995,494.88	5.250	Aaa	5.271	1,719	03/15/2012
31398AAB8	11874	FED NATIONAL MORTGAGE ASSOC		05/22/2007	4,000,000.00	3,978,750.00	3,994,498.38	5.625	Aaa	5.657	1,765	04/30/2012
		<b>Subtotal and Average</b>	<b>202,421,114.36</b>		<b>200,833,333.60</b>	<b>198,755,300.16</b>	<b>200,820,021.63</b>			<b>4.442</b>	<b>819</b>	
<b>Treasury Securities - Coupon</b>												
912828AZ3	8024	U.S. TREASURY		06/17/2003	5,000,000.00	4,898,437.50	5,020,629.31	2.825	Aaa	2.125	319	05/15/2008
912828FZ8	11486	U.S. TREASURY		12/21/2006	5,000,000.00	4,979,687.50	4,994,015.19	4.625	Aaa	4.713	518	11/30/2008
912828ES5	10655	U.S. TREASURY		01/26/2006	2,700,000.00	2,642,625.00	2,681,427.92	4.250	Aaa	4.350	1,294	01/15/2011
		<b>Subtotal and Average</b>	<b>12,706,746.53</b>		<b>12,700,000.00</b>	<b>12,520,750.00</b>	<b>12,706,072.42</b>			<b>3.613</b>	<b>604</b>	
<b>Municipal Bond - PCDC</b>												
SYS1783	1783	PCDC		06/30/1996	1,371,550.42	1,371,550.42	1,371,550.42	6.000		6.000	1,460	06/30/2011
		<b>Subtotal and Average</b>	<b>1,657,469.15</b>		<b>1,371,550.42</b>	<b>1,371,550.42</b>	<b>1,371,550.42</b>			<b>6.000</b>	<b>1,460</b>	
<b>Corporate Bonds - Coupon</b>												
36962GP57	11484	GE CAPITAL		12/07/2006	2,000,000.00	1,984,572.14	1,990,463.96	4.125	Aaa	4.857	247	03/04/2008
16161ABS6	8095	JPMORGAN CHASE		07/14/2003	3,000,000.00	3,020,375.98	3,088,112.55	6.375	Aa2	3.097	275	04/01/2008
459745FF7	8066	AIG		06/30/2003	2,500,000.00	2,477,214.81	2,527,871.91	4.500	A1	3.050	305	05/01/2008
22237LNR9	8048	COUNTRYWIDE HOME LOAN		06/24/2003	2,500,000.00	2,450,202.56	2,508,488.96	3.250	A3	2.838	325	05/21/2008
36233RAG8	9504	VERIZON GLOBAL		10/28/2004	2,000,000.00	1,999,812.01	2,036,046.98	5.550	A3	4.023	472	10/15/2008
40429XBNS	9858	HSBC FINANCE CORPORATION		03/10/2005	4,000,000.00	3,749,279.78	4,000,000.00	3.910	Aa3	4.200	983	03/10/2010
		<b>Subtotal and Average</b>	<b>16,136,920.91</b>		<b>16,000,000.00</b>	<b>15,681,457.28</b>	<b>16,130,974.36</b>			<b>3.657</b>	<b>484</b>	
<b>Commercial Paper Disc. -Amortizing</b>												
		<b>Subtotal and Average</b>	<b>888,037.49</b>									
<b>Federal Agency Disc. -Amortizing</b>												
		<b>Subtotal and Average</b>	<b>2,673,644.78</b>									

**CITY POOLED PORTFOLIO**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**June 30, 2007**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM	Days to Maturity
<b>Total and Average</b>			284,946,000.08		282,325,384.01	279,749,755.29	282,449,118.82			4.536	647

**CITY POOLED PORTFOLIO**  
**Portfolio Management**  
**Portfolio Details - Cash**  
**June 30, 2007**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM	Days to Maturity
			0.00	Accrued Interest at Purchase		76,312.49	76,312.49				0
				Subtotal		76,312.49	76,312.49				
<b>Total Cash and Investments</b>			<b>284,946,000.08</b>		<b>282,325,394.01</b>	<b>279,826,067.78</b>	<b>282,525,431.31</b>			<b>4.536</b>	<b>647</b>

Cash 1,154,833.62  
 Accrued Interest 2,374,540.49  
 Total Investments 283,355,441.89

## COMPLIANCE REPORT

Pooled Investment Portfolio  
As of 6/30/07

	Diversification			Credit Quality		Maturity
	Portfolio % of total	State Govt Code limits	Portfolio compliance	Portfolio Credit Quality	Portfolio compliance	
Repurchase Agreements	17.87%	100%	In compliance	102% Collateral	In compliance	<u>Maturity</u> In compliance
Municipal Bonds	0.49%	100%	In compliance	AAA/Aaa	In compliance	In compliance
Non-negotiable CDs	0.20%	10%	In compliance	Collateralized	In compliance	In compliance
Corporate Bonds	5.58%	30%	In compliance	AA	In compliance	In compliance
Treasury Securities	4.46%	100%	In compliance	AAA/Aaa	In compliance	In compliance
Agency CMOs/Mortgage Backed	0.00%	20%	In compliance	AAA/Aaa	In compliance	In compliance
Federal Agency Issues	70.76%	100%	In compliance	AAA/Aaa	In compliance	In compliance
Federal Agency Discount	0.00%	100%	In compliance	AAA/Aaa	In compliance	In compliance
Commercial Paper	0.00%	100%	In compliance	A1P1	In compliance	In compliance
LAIF	0.23%	100%	In compliance	n/a	In compliance	In compliance
Cash	0.41%	100%	In compliance	Collateralized	In compliance	In compliance
	100.00%					

Portfolio Value 283,355,442

**INVESTMENTS IN ISSUERS REPRESENTING OVER 5%  
OF THE POOL PORTFOLIO**

	<u>June 30, 2007</u>	
	Market Value	% of Total
FHLB	95,754,739.85	33.79%
FHLMC	51,573,216.56	18.20%
FNMA	40,575,781.25	14.32%
<b>Total Fed Agencies</b>	<b>187,903,737.66</b>	<b>66.31%</b>
<b>OTHER PORTFOLIO INVESTMENTS</b>	<b>95,451,704.23</b>	<b>33.69%</b>
<b>Total Investments</b>	<b>283,355,441.89</b>	<b>100.00%</b>



**Pooled Portfolio - Total Return Performance**

		<b>ML 1-3 Index <u>Corp/Gov</u></b>	<b>Pooled <u>Portfolio</u></b>
<b>2002</b>	1st quarter	0.018	0.132
	2nd quarter	2.410	2.190
	3rd quarter	2.364	1.210
	4th quarter	<u>1.180</u>	<u>1.080</u>
		5.972	4.612
<b>2003</b>	1st quarter	0.866	1.129
	2nd quarter	1.105	0.862
	3rd quarter	0.490	0.570
	4th quarter	<u>0.256</u>	<u>0.370</u>
		2.717	2.931
<b>2004</b>	1st quarter	1.120	0.910
	2nd quarter	(1.120)	(0.57)
	3rd quarter	1.130	1.38
	4th quarter	<u>0.096</u>	<u>0.37</u>
		1.226	2.09
<b>2005</b>	1st quarter	(0.278)	(0.215)
	2nd quarter	1.230	1.380
	3rd quarter	0.128	0.238
	4th quarter	<u>0.666</u>	<u>0.670</u>
		1.746	2.073
<b>2006</b>	1st quarter	0.481	0.710
	2nd quarter	0.657	0.784
	3rd quarter	2.039	1.810
	4th quarter	<u>1.018</u>	<u>1.170</u>
		4.195	4.474
<b>2007</b>	1st quarter	1.442	1.431
	2nd quarter	<u>0.725</u>	<u>1.000</u>
	Year to date	2.167	2.431

<b>Annualized <u>Ave Returns</u></b>	<b>ML 1-3 Index <u>Corp/Gov</u></b>	<b>Pooled <u>Portfolio</u></b>
Last 6 months	4.334%	4.862%
Last 12 months	5.224%	5.411%
Ave 3 Years	3.111%	3.576%
Ave 5 Years	3.119%	3.258%

**Current yields**

Pooled Portfolio current yield	<b>4.545%</b>
State Treasurer's LAIF yield	5.230%
2 Year US Treasury yield	4.867%

## **II. Capital Endowment Portfolio**





**CITY OF PASADENA**  
**Capital Endowment Portfolio**

Vicken Erganian  
City Treasurer

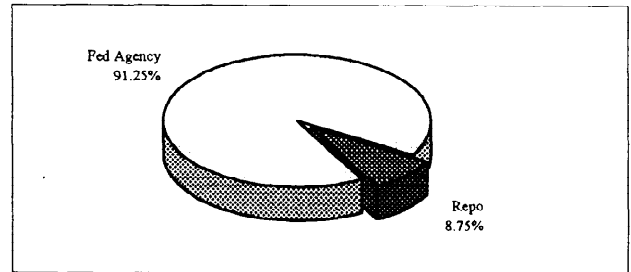
JUNE 2007

**PORTFOLIO COMPLIANCE**

The Treasurer's investment portfolio is in compliance with the California Government Code Section 53601 and the City's Investment Policy approved by the City Council on November 20, 2006. The holdings in the investment pool are in compliance with the current investment policy statement. Further information on compliance issues can be obtained by calling the City of Pasadena Treasurer's Office. A complete copy of the monthly investment report on the investment portfolio, including a detailed listing of each investment, is available by calling the Treasurer's office at (626)744-4422.

**PORTFOLIO STRUCTURE AS OF 6/30/07**

TYPE	MARKET VALUE	PERCENT
Repurchase Agreements	968,360	8.75%
Federal Agency Issues	10,103,109	91.25%
<b>TOTALS:</b>	<b>11,071,469</b>	<b>100.00%</b>
Accrued Interest Receivable	71,295	
<b>GRAND TOTAL:</b>	<b>11,142,764</b>	



**PORTFOLIO LIQUIDITY AS OF 6/30/07**

Aging Interval	Par Value	Percent of Portfolio
0-30 Days	968,360	8.63%
31 days - 1 Year	8,000,000	71.31%
1 - 2 Years	1,250,000	11.14%
2 - 3 Years	1,000,000	8.91%
3 - 4 Years	-	0.00%
4 - 5 Years	-	0.00%
Over 5 Years	-	0.00%
<b>TOTAL:</b>	<b>11,218,360</b>	<b>100.00%</b>

**PORTFOLIO STATISTICS**

	Jun-07	May-07	Apr-07	Mar-07	Feb-07	Jan-07
Month-End Mkt Value	11,142,764	12,045,155	12,015,350	11,968,286	11,922,589	11,839,727
Modified Duration	0.82	0.82	0.90	0.98	1.05	1.13
Weighted Average Maturity	0.86	0.87	0.95	1.03	1.12	1.20
Yield to Maturity	3.565%	3.704%	3.432%	3.419%	3.410%	3.411%
Interest Earned	35,138	36,762	34,725	34,388	34,261	34,355
Fiscal Year To Date Interest Earned	460,575	425,437	388,675	353,950	319,562	285,301
Fair Value Change Gain/(Loss)	12,471	(6,957)	12,339	11,309	48,602	3,914
Fiscal Year To Date change in fair value	239,569	227,099	234,056	221,716	210,408	161,806
Total Fiscal YTD earnings	700,144	652,536	622,731	575,666	529,970	447,107

**CAPITAL ENDOWMENT**  
**Portfolio Management**  
**Portfolio Details - Investments**  
**June 30, 2007**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM 365	Days to Maturity	Maturity Date
<b>Repurchase Agreements</b>												
SYS12042	12042	MERRILL LYNCH		06/29/2007	968,360.24	968,360.24	968,360.24	5.300		5.374	1	07/02/2007
		<b>Subtotal and Average</b>	<b>1,314,346.57</b>		<b>968,360.24</b>	<b>968,360.24</b>				<b>5.374</b>	<b>1</b>	
<b>Federal Agency Issues - Coupon</b>												
3133X5ZQ4	8933	Federal Home Loan Bank		04/30/2004	1,500,000.00	1,490,156.25	1,500,000.00	3.375	Aaa	3.375	121	10/30/2007
3133X5M21	8872	Federal Home Loan Bank		03/29/2004	2,000,000.00	1,976,875.00	2,000,000.00	3.000	Aaa	3.001	180	12/28/2007
31339XSA3	7992	Federal Home Loan Bank		07/02/2003	2,500,000.00	2,457,031.25	2,500,000.00	3.010	Aaa	3.011	276	04/02/2008
3128X1BD8	8094	FED HOME LOAN MORTGAGE CORP		07/10/2003	2,000,000.00	1,968,890.08	2,003,636.36	3.500	Aaa	3.275	323	05/19/2008
3136F5UR0	8977	FED NATIONAL MORTGAGE ASSOC		04/29/2004	1,250,000.00	1,230,468.75	1,250,000.00	4.320	Aaa	4.320	668	04/29/2009
3136F6FY0	9413	FED NATIONAL MORTGAGE ASSOC		09/29/2004	1,000,000.00	979,687.50	1,000,000.00	4.250	Aaa	4.250	821	09/29/2009
		<b>Subtotal and Average</b>	<b>10,253,802.17</b>		<b>10,250,000.00</b>	<b>10,103,108.83</b>	<b>10,253,636.36</b>			<b>3.394</b>	<b>345</b>	
		<b>Total and Average</b>	<b>11,568,148.74</b>		<b>11,218,360.24</b>	<b>11,071,469.07</b>	<b>11,221,996.60</b>			<b>3.585</b>	<b>315</b>	

Accrued Interest 71,294.51  
Total Investments 11,142,763.58

**COMPLIANCE REPORT**

**Capital Endowment Portfolio  
As of 6/30/07**

		Diversification		Credit Quality		Maturity
	Portfolio % of total	State Gov't Code limits	Portfolio compliance	Portfolio Credit Quality	Credit Quality per Gov Code	Portfolio compliance
Repurchase Agreements	8.75%	100%	In compliance	102% Collateral	102% Collateral	In compliance
Federal Agency Issues	91.25%	100%	In compliance	AAA/Aaa	AAA/aaa	In compliance
LAIF	0.00%	100%	In compliance	n/a	n/a	In compliance
Money Market	0.00%	100%	In compliance	AAA	AAA	In compliance
Agency CMOs	0.00%	20%	In compliance	n/a	AAA/aaa	In compliance
Municipal Bonds	0.00%	100%	In compliance	n/a	A or better	In compliance
Non-negotiable CDs	0.00%	10%	In compliance	n/a	Collateralized	In compliance
Treasury Securities	0.00%	100%	In compliance	AAA/Aaa	AAA/aaa	In compliance
Commercial Paper	0.00%	100%	In compliance	A1P1	A1P1	In compliance
Corporate Bonds	0.00%	30%	In compliance	n/a	A or better	In compliance
	100.00%					

Portfolio Value **11,142,764**

**INVESTMENTS IN ISSUERS REPRESENTING OVER 5%  
OF THE CAPITAL ENDOWMENT PORTFOLIO**

	<u>June 30, 2007</u>	
	Market Value	% of Total
<b>FHLB</b>	5,924,062.50	53.17%
<b>FHLMC</b>	1,968,890.08	17.67%
<b>FNMA</b>	2,210,156.25	19.83%
<b>Total Fed Agencies</b>	<b>10,103,108.83</b>	<b>90.67%</b>
<b>OTHER PORTFOLIO INVESTMENTS</b>	<b>1,039,654.75</b>	<b>9.33%</b>
<b>Total Investments</b>	<b>11,142,763.58</b>	<b>100.00%</b>

