



# Information Item

**Date: July 21, 2014**

To: Mayor and City Council  
From: Gigi Decavalles-Hughes, Director of Finance/City Treasurer  
Subject: City Monthly Cash and Investment Report for April 2014

## **Introduction**

In compliance with the City Charter, State law, and the City's Investment Policy, the attached monthly report provides information concerning City investments and cash held and/or managed by the Director of Finance/City Treasurer as of April 30, 2014.

## **Discussion**

The April 2014 Cash and Investment Report provides an updated review of the City's investment portfolio and cash position. The value of cash and investments held in the pooled portfolio is \$667.4 million, an increase of \$10.6 million from the prior month. The increase is largely due to an expected large property tax apportionment from Los Angeles County. The pooled portfolio yield-to-maturity of 0.68% is one basis point lower than the prior month, but ten basis points higher than in April 2013. Net investment earnings were \$0.2 million. Fiscal year-to-date earnings are 22% less than for the same period last year. The extended low interest rate environment continues to limit investment returns. Additionally, a significant portion of new investments continue to be made in securities with very short maturities with low yields pending final resolution of RDA dissolution.

In addition to the pooled portfolio, the City's total cash holdings as of April 30, 2014 included \$20.3 million in debt proceeds held in trust with various fiscal agents, \$26.8 million in other funds held in trust, and \$28,727 in petty cash/change funds for a total balance of \$714.5 million.

In compliance with Governmental Accounting Standards, the Monthly Cash and Investment Report provides the fair market value of all investments held by the City, with certain exceptions, as of the last day of the month. The fair market value may be greater or less than the original purchase price (book/reported value) of the investments due to fluctuations in the market resulting in either an unrealized gain or loss for financial disclosure purposes only. Since it is the City's policy to hold most securities to maturity, these fluctuations in market value do not affect the redemption value of the securities or the overall yield to maturity of the portfolio. The book values of investments shown in this report are exclusive of amortization/accretion of premiums/discounts. As of April 30, 2014, the market value of the City's portfolio was approximately \$1.2 million less than the book value.

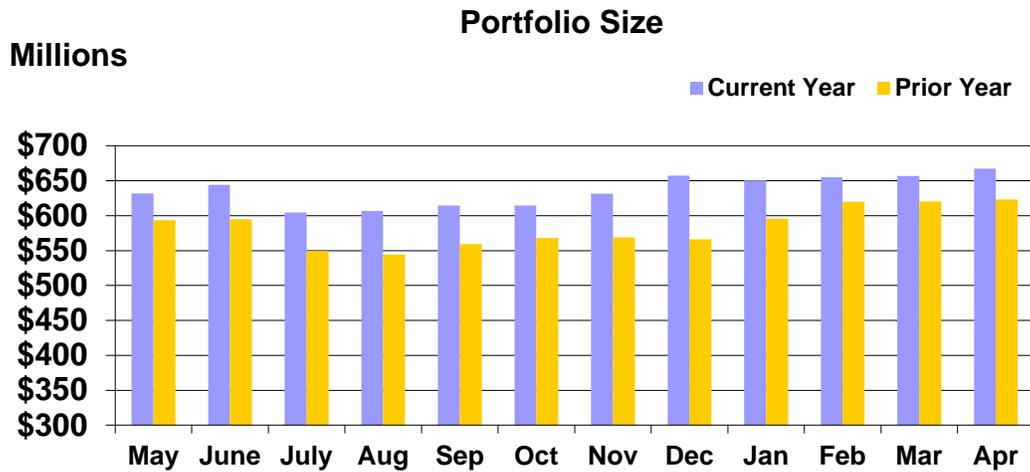
Attached is a summary of investment activity as well as a detailed report of public monies held by the City Treasurer as of April 30, 2014.

Prepared by: David Carr, Assistant City Treasurer

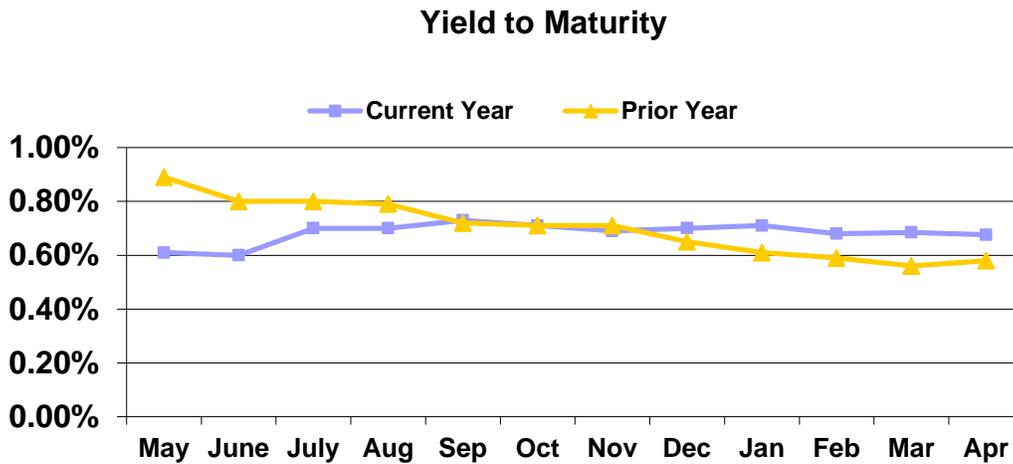
Attachments: 1 – Investment Highlights  
2 – Investment Report

# Investment Highlights

## April 30, 2014

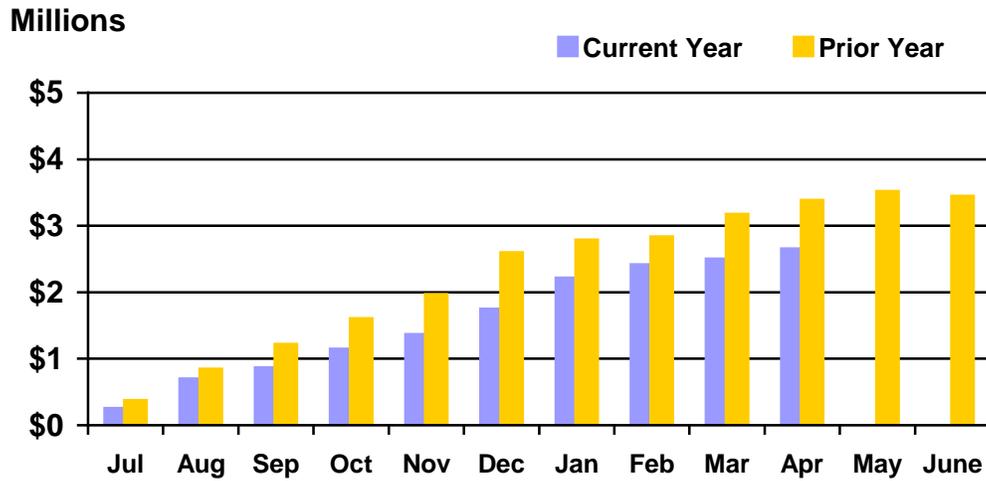


- As of April 30, 2014, the portfolio size is \$667.4 million, \$10.6 million more than in the prior month and \$44.2 million more than one year earlier.

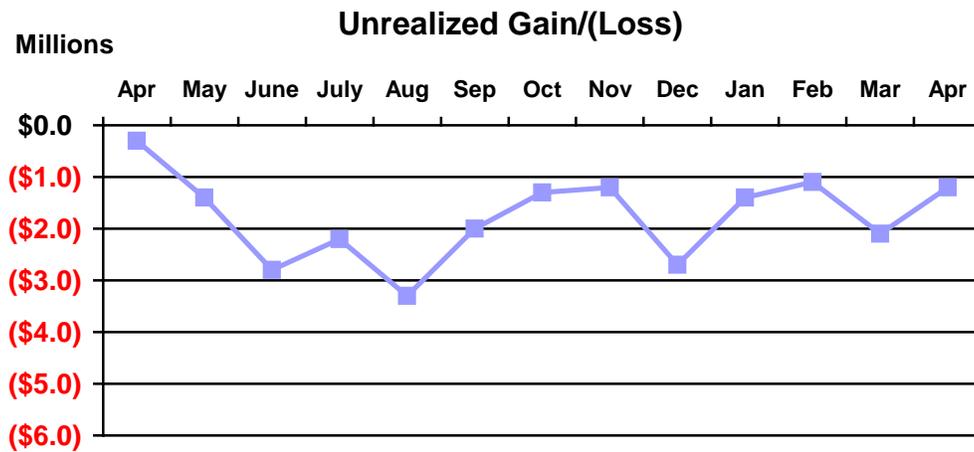


- As of April 30, yield to maturity is 0.68%.
- Down one basis point from the prior month, but up ten basis points from one year earlier.

### Fiscal Year-to-Date Interest Earnings (Cumulative by Month)



- Fiscal year-to-date earnings are down 22% from one year earlier.



- As of April 30, 2014, the market value is about \$1.2 million less than the unamortized book value (purchase price).



# Investment Report

## April 30, 2014

Prepared by:  
Gigi Decavalles-Hughes, Director of Finance/City Treasurer  
David R. Carr, Assistant City Treasurer

**City of Santa Monica**  
**Cash Receipts, Disbursements and Cash Balances**  
**April 30, 2014**

<b>Petty Cash/Change Funds</b>		<b>\$28,727.00</b>
<b>Pooled Portfolio</b>		
Wells Fargo Bank (1)	\$85,982,962.03	
Bank of New York (BNY)		
Corporate Bonds	\$72,680,105.77	
Treasury Bills	\$0.00	
Federal Agencies Securities	\$459,271,505.91	
Total Bank of New York	\$531,951,611.68	
State of California Local Agency Investment Fund - City	\$49,500,055.66	
<b>Total Pooled Portfolio</b>		<b>\$667,434,629.37</b>
<b>Restricted Cash/Investments Held in Trust/Debt Proceeds</b>		
Union Bank - Redevelopment Agency Term Loan	\$12,249,278.93	
Union Bank-Earthquake Recovery Redevelopment 2006		
Tax Allocation Refunding Bonds Series A & B	\$8.28	
Union Bank-Civic Center Parking Project 2004 Lease Revenue Bonds	\$2,827,078.72	
Union Bank-RDA 2011 Tax Allocation Bonds	\$2,262,631.66	
BNY-Library Improvement Project 2012 Refunding	\$13,517.79	
BNY-Ocean Park Redevelopment Project 2002 Refunding	\$1,845,647.90	
BNY-Parking Authority Lease Revenue Bonds 2002 Refunding	\$2.00	
BNY-Public Safety Facility Bonds 2009 Refunding	\$1,076,710.03	
U.S. Bank-Wastewater Enterprise Revenue Bonds-2012 Refunding	\$1.19	
U.S. Bank-Wastewater Enterprise Revenue Bonds-2005 Refunding	\$2.00	
<b>Total Restricted Cash/Investments Held in Trust</b>		<b>\$20,274,878.50</b>
<b>Other Restricted Funds/Funds Held in Trust</b>		
Cemetery Perpetual Care Fund (3)	\$10,051,603.00	
Mausoleum Perpetual Care Fund (3)	\$1,155,539.00	
Santa Monica Redevelopment Successor Agency RPTTF-Wells Fargo	\$5,094,031.22	
Wells Fargo Bank - HUD Depository Account (4)	\$2,052,272.10	
U.S. Bank-W.E. O'Neil Retention Escrow Account	\$563,695.50	
First Republic Bank - Keysor Marston Escrow	\$2,000.00	
Wells Fargo Bank - High Place West Escrow	\$814,976.61	
Wells Fargo Bank -RDA Successor Agency - OP Special Fund	\$5,353,601.54	
Union Bank - Housing Authority Custodial Account	\$0.00	
Union Bank - W.E. O'Neil Direct Owner Costs PGW Escrow	\$1,478,557.22	
Union Bank - Morley Direct Owner Costs Civic Escrow	\$59,972.90	
Wells Fargo Bank - Public Agency Family Self Sufficiency Program (2)	\$169,201.80	
<b>Total Other Funds Held in Trust</b>		<b>\$26,795,450.89</b>
<b>GRAND TOTAL</b>		<b>\$714,533,685.76</b>

**City of Santa Monica**  
**Cash Receipts, Disbursements and Cash Balances**  
**April 30, 2014**

- (1) These are the actual bank account balances as of 4/30/2014. They only reflect checks and warrants that have been presented for payment and deposits received by the bank. The balance on deposit per the City books would reflect reductions for all checks and warrants issued and an increase for all deposits transmitted. Housing Authority and Parking Authority Funds are included in totals.
- (2) The City of Santa Monica Housing Authority administers the Family Self Sufficiency Program. An escrow account is set up for each family in the program. The Housing Authority maintains and releases the escrow funds as required by HUD regulations.
- (3) The Cemetery Perpetual Care Funds and the Mausoleum Perpetual Care Funds are held in trust by Charles Schwab & Company, Inc. and administered by the investment firm RNC Genter Capital Management Company. Market value is shown since a large portion of the portfolio is in equities.
- (4) HUD Depository account is used to receive monthly housing assistance payments from HUD.

Pursuant to Section 711d of the City Charter, I submit the following:

Cash and Invesments - March 31, 2014	656,790,982.56
Receipts	50,137,306.92
Disbursements	(39,493,660.11)
Cash and Investments - April 30, 2014	667,434,629.37

Pooled porfolio only. Excludes certain investments held in trust by third parties such as bond proceeds, perpetual care funds, and other escrow accounts.  
Also excludes payroll account.

Gigi Decavalles-Hughes  
Director of Finance/City Treasurer

**Overview**

As of April 30, 2014, total City cash and investments (including cash held for the Successor Agency to the Redevelopment Agency) were \$714.5 million, a \$9.6 million increase from the prior month. The pooled portfolio increased by \$10.6 million. The portfolio value typically increases in April reflecting a large property tax apportionment from Los Angeles County. Partially offsetting was a \$1 million decrease in Other Restricted Funds/Funds Held in Trust reflecting closure of an escrow account and return of the funds to the City. Total cash and investments are categorized as follows:

Petty Cash/Change Funds	\$ 28,727.00
Pooled Investment Portfolio	\$ 667,434,629.37
Restricted Cash/Investment Held in Trust	\$ 20,274,878.50
Other Funds Held in Trust	\$ 26,795,450.89
Total	<u>\$ 714,533,685.76</u>

**Definitions**

- Basis Point – One hundredth of one percent (.01%)
- Book (Reported) Value – The price paid for the security at purchase
- Bullets – A security with a fixed coupon or interest rate that cannot be redeemed by the issuer before the maturity date
- Callable Securities – A security that can be redeemed by the issuer before the maturity date
- Duration – A measure of the timing of the cash flows, such as the interest payments and the principal repayment, to be received from a security. The duration of a security is a useful indicator of its price volatility for given changes in interest rates.
- Market Value – The price at which a security is currently trading and could be presumably bought or sold
- Par Value – The full face value of the security
- Rebalancing – Strategy whereby low yielding securities are sold at a loss with the proceeds used to purchase higher yielding securities
- Corporation guarantees repayment of certain bonds issued by financial institutions
- Unrealized Gain/Loss – Difference between the current market value and purchase price (book value) of a security
- Yield to Maturity – The rate of return of a security held to maturity when both interest payments and the investor's gain or loss (premium paid or discount taken) on the security is taken into account.

**Pooled Investment Portfolio**

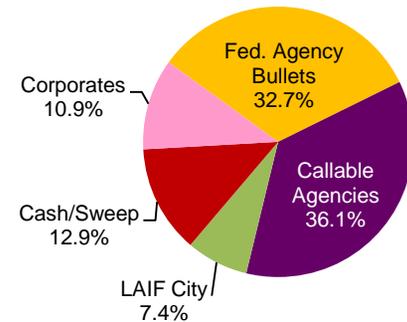
As of April 30, 2014, the portfolio size (unamortized book value/purchase price) of City pooled cash and investments is \$667.4 million, \$10.6 million more than in the prior month. Since the City holds most investments to maturity, variations in portfolio book value are typically due to receipt and expenditure patterns during the month rather than any realized gains or losses on securities. Additionally, the City does not amortize premiums or accrete discounts except for financial reporting purposes on the last day of each fiscal year. As noted earlier, a large property tax apportionment from Los Angeles County is the primary reason for the increase. Three investments were made during the month (\$13.6 million), two investments matured (\$8.0 million), and six investments were called (\$18.3 million). No investments were sold. The State Local Agency Investment Fund (LAIF) account balance increased slightly in April reflecting a quarterly interest payment. Cash held at Wells Fargo Bank was \$86.0 million as of month-end. Funds on deposit with Wells Fargo earn a net 0.0725%, earnings from which are used as a credit against monthly banking expenses.

Details of the main portfolio follow.

**Portfolio Composition**

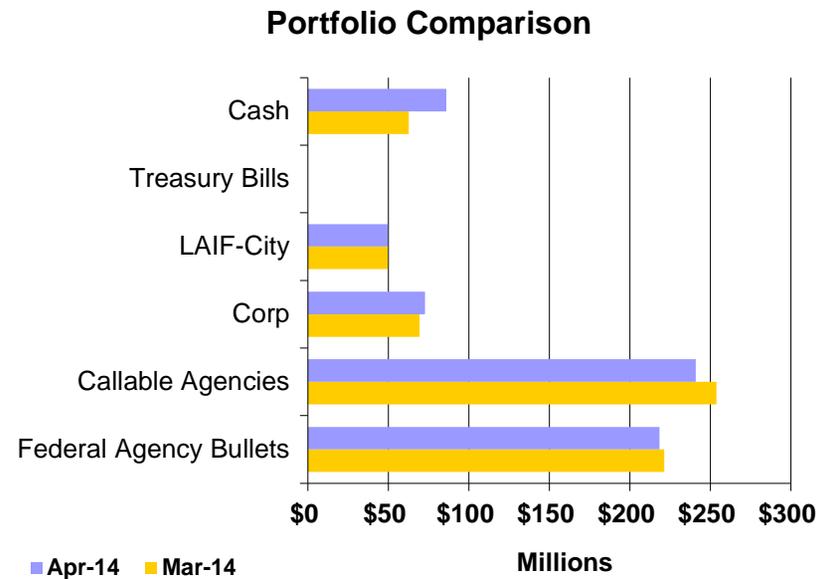
The portfolio is appropriately diversified and is in compliance with the City’s Investment Policy and applicable provisions of the State Government Code. The largest sector of the portfolio is Federal Agency Securities (68.8%). The remaining 31.2% includes the State Local Agency Investment Fund (7.4%); corporate bonds (10.9%), and cash (12.9%). This portfolio mix allows the City to maintain its primary investment objectives of safety and liquidity while attaining a rate of return consistent with the City’s Investment Policy and Investment Plan.

**Portfolio Composition**



**Portfolio Comparison**

The chart to the right shows the overall structure of the portfolio by type of investment compared to last month. There were no significant changes in April. A large portion of the portfolio has been kept very liquid reflecting continuing uncertainty regarding the impact of RDA dissolution on cash flow needs. In late October, the City, RDA Successor Agency, and the State Department of Finance entered in a settlement agreement, which has reduced some of the uncertainty. However, the City is still awaiting the results of the State Controller’s audit. The City continues to hold a significant portion of the remainder of the portfolio in short term funds as interest rates remain near historic lows. The bond market, financial and economic conditions, and portfolio structure are continuously evaluated when making investment decisions.



**Rebalancing of Portfolio**

No portfolio rebalancing occurred in April due to the low interest rate environment. As noted in previous reports, rebalancing opportunities will be evaluated when rates begin to show a consistent pattern of increase.

**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
April 30, 2014**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
<b>Federal Agency Coupon</b>												
31331KKQ2	11090	Federal Farm Credit Bank		05/19/2011	5,000,000.00	5,001,562.50	5,012,850.00	1.150	1,089	1.062	11	05/12/2014
31315PTZ2	11303	Farmer Mac		04/10/2013	3,000,000.00	3,000,450.00	3,000,000.00	0.220	426	0.220	40	06/10/2014
3133XWE70	11008	Federal Home Loan Bank		11/04/2010	4,000,000.00	4,008,124.80	4,237,120.00	2.500	1,317	0.829	43	06/13/2014
3130A04L1	11383	Federal Home Loan Bank		10/28/2013	10,000,000.00	10,000,400.00	10,001,369.44	0.110	238	0.105	53	06/23/2014
313379N47	11217	Federal Home Loan Bank		06/06/2012	3,000,000.00	3,001,500.00	3,000,000.00	0.400	751	0.400	57	06/27/2014
3135G0BJ1	11330	Federal National Mort Assoc		05/21/2013	3,128,000.00	3,131,421.09	3,161,331.97	1.125	402	0.155	57	06/27/2014
313379SK6	11236	Federal Home Loan Bank		07/25/2012	2,500,000.00	2,501,325.00	2,504,625.00	0.400	707	0.304	62	07/02/2014
3133ECLH5	11314	Federal Farm Credit Bank		04/30/2013	20,000,000.00	20,003,600.00	20,002,400.00	0.180	441	0.170	75	07/15/2014
3133ECLH5	11315	Federal Farm Credit Bank		04/30/2013	20,000,000.00	20,003,600.00	20,002,400.00	0.180	441	0.170	75	07/15/2014
313383QC8	11408	Federal Home Loan Bank		01/21/2014	4,000,000.00	4,000,840.00	4,001,800.00	0.190	182	0.100	82	07/22/2014
3137EACU1	11195	Fed Home Loan Mortgage Corp		01/23/2012	5,000,000.00	5,011,500.00	5,064,750.00	1.000	919	0.482	90	07/30/2014
313383UA7	11371	Federal Home Loan Bank		08/15/2013	3,000,000.00	3,000,570.00	2,999,970.00	0.170	358	0.171	99	08/08/2014
3135G0BY8	11117	Federal National Mort Assoc		07/19/2011	4,000,000.00	4,010,400.00	3,997,920.00	0.875	1,136	0.890	119	08/28/2014
313383ZC8	11378	Federal Home Loan Bank		09/12/2013	5,000,000.00	5,001,650.00	5,000,130.00	0.180	365	0.177	134	09/12/2014
3133EA6W3	11280	Federal Farm Credit Bank		01/17/2013	2,500,000.00	2,501,475.00	2,500,200.00	0.270	657	0.266	188	11/05/2014
3137EACY3	11416	Fed Home Loan Mortgage Corp		02/04/2014	3,000,000.00	3,011,280.00	3,019,312.50	0.750	294	0.131	208	11/25/2014
3134G3H78	11268	Fed Home Loan Mortgage Corp		11/06/2012	5,000,000.00	5,007,700.00	5,003,250.00	0.350	759	0.319	218	12/05/2014
3137EADA4	11179	Fed Home Loan Mortgage Corp		12/21/2011	2,500,000.00	2,508,984.25	2,497,225.00	0.625	1,104	0.662	242	12/29/2014
3130A0JV3	11403	Federal Home Loan Bank		01/07/2014	10,000,000.00	10,004,500.00	10,000,752.78	0.190	364	0.183	250	01/06/2015
3130A0LE8	11418	Federal Home Loan Bank		02/04/2014	4,000,000.00	4,001,280.00	4,000,752.22	0.170	339	0.162	253	01/09/2015
313381H24	11353	Federal Home Loan Bank		07/11/2013	3,000,000.00	3,002,910.00	2,998,200.00	0.250	554	0.290	260	01/16/2015
3130A0QU7	11412	Federal Home Loan Bank		01/23/2014	3,000,000.00	2,999,820.00	2,998,920.00	0.125	365	0.161	267	01/23/2015
3130A0TW0	11417	Federal Home Loan Bank		02/04/2014	4,000,000.00	3,999,840.00	3,998,533.89	0.125	364	0.162	278	02/03/2015
313376YQ2	11409	Federal Home Loan Bank		01/21/2014	1,000,000.00	1,002,130.00	1,002,300.00	0.400	388	0.183	288	02/13/2015
3133ECG81	11410	Federal Farm Credit Bank		01/21/2014	1,060,000.00	1,060,848.00	1,061,356.80	0.300	400	0.183	300	02/25/2015
3135G0HG1	11267	Federal National Mort Assoc		11/06/2012	2,500,000.00	2,505,450.00	2,502,400.00	0.375	860	0.334	319	03/16/2015
31331KLE8	11086	Federal Farm Credit Bank		05/18/2011	2,500,000.00	2,535,575.00	2,501,250.00	1.600	1,461	1.587	382	05/18/2015
313379ER6	11323	Federal Home Loan Bank		05/15/2013	3,000,000.00	3,012,360.00	3,015,210.00	0.500	758	0.255	407	06/12/2015
313379ER6	11396	Federal Home Loan Bank		12/23/2013	3,000,000.00	3,012,360.00	3,011,408.33	0.500	536	0.251	407	06/12/2015
3133ECTV6	11346	Federal Farm Credit Bank		07/02/2013	3,500,000.00	3,501,750.00	3,500,000.00	0.500	730	0.500	427	07/02/2015
3133ECHV9	11296	Federal Farm Credit Bank		03/21/2013	5,000,000.00	5,006,050.00	4,997,550.00	0.350	861	0.371	455	07/30/2015
313376PT8	11147	Federal Home Loan Bank		09/19/2011	2,500,000.00	2,520,725.00	2,500,000.00	0.750	1,410	0.750	455	07/30/2015
313376VZ5	11196	Federal Home Loan Bank		01/30/2012	5,000,000.00	5,027,050.00	5,000,000.00	0.670	1,277	0.670	455	07/30/2015
3133EDC59	11401	Federal Farm Credit Bank		01/03/2014	3,870,000.00	3,867,523.20	3,865,588.20	0.250	593	0.320	475	08/19/2015
3134G4HZ4	11404	Fed Home Loan Mortgage Corp		01/07/2014	3,000,000.00	3,005,340.00	3,004,830.00	0.500	659	0.411	545	10/28/2015
313378FP1	11199	Federal Home Loan Bank		02/24/2012	3,000,000.00	3,017,812.50	3,000,000.00	0.720	1,369	0.719	572	11/24/2015

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**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
April 30, 2014**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
<b>Federal Agency Coupon</b>												
31331J4J9	11020	Federal Farm Credit Bank		12/07/2010	2,000,000.00	2,043,800.00	2,000,000.00	1.740	1,826	1.740	585	12/07/2015
3133EA3E6	11252	Federal Farm Credit Bank		10/04/2012	5,000,000.00	5,000,200.00	5,000,000.00	0.480	1,187	0.480	613	01/04/2016
3135G0WW9	11324	Federal National Mort Assoc		05/20/2013	3,000,000.00	2,998,410.00	3,000,000.00	0.520	1,096	0.520	750	05/20/2016
3135G0LD3	11220	Federal National Mort Assoc		05/29/2012	5,000,000.00	5,002,000.00	5,000,000.00	0.875	1,455	0.875	753	05/23/2016
313383BB6	11327	Federal Home Loan Bank		06/03/2013	3,000,000.00	3,000,300.00	3,000,000.00	0.550	1,096	0.550	764	06/03/2016
3134G4W95	11429	Fed Home Loan Mortgage Corp		03/17/2014	4,000,000.00	3,998,400.00	4,000,000.00	0.500	823	0.500	778	06/17/2016
3130A0ZZ6	11433	Federal Home Loan Bank		03/20/2014	3,000,000.00	3,000,630.00	3,000,000.00	0.530	823	0.530	781	06/20/2016
3133834R9	11322	Federal Home Loan Bank		05/15/2013	3,000,000.00	2,994,150.00	2,990,280.00	0.375	1,136	0.480	785	06/24/2016
3130A1BK3	11444	Federal Home Loan Bank		03/24/2014	5,000,000.00	4,998,300.00	5,000,000.00	0.500	823	0.500	785	06/24/2016
3134G4RT7	11399	Fed Home Loan Mortgage Corp		12/27/2013	3,000,000.00	2,998,593.60	3,000,000.00	0.530	913	0.530	788	06/27/2016
3134G4TE8	11407	Fed Home Loan Mortgage Corp		01/28/2014	2,000,000.00	2,001,900.00	1,998,520.00	0.700	912	0.730	819	07/28/2016
313381VK8	11292	Federal Home Loan Bank		02/08/2013	2,000,000.00	1,999,340.00	1,998,000.00	0.575	1,267	0.604	820	07/29/2016
3134G4ET1	11375	Fed Home Loan Mortgage Corp		08/29/2013	2,500,000.00	2,503,550.00	2,494,375.00	0.850	1,075	0.928	830	08/08/2016
3134G4E95	11359	Fed Home Loan Mortgage Corp		08/15/2013	3,000,000.00	3,005,700.00	3,000,000.00	0.850	1,096	0.850	837	08/15/2016
3134G4UU0	11420	Fed Home Loan Mortgage Corp		02/26/2014	5,000,000.00	4,996,800.00	5,000,000.00	0.600	912	0.600	848	08/26/2016
3136G1UX5	11377	Federal National Mort Assoc		09/26/2013	2,500,000.00	2,507,900.00	2,500,000.00	1.010	1,096	1.010	879	09/26/2016
3133EA5W4	11260	Federal Farm Credit Bank		10/24/2012	5,000,000.00	4,982,100.00	5,000,000.00	0.650	1,461	0.650	907	10/24/2016
3135G0WS8	11316	Federal National Mort Assoc		05/15/2013	3,000,000.00	2,987,190.00	3,000,000.00	0.600	1,280	0.600	929	11/15/2016
313383CM1	11329	Federal Home Loan Bank		06/20/2013	3,000,000.00	2,991,840.00	3,000,000.00	0.600	1,279	0.600	964	12/20/2016
3130A0KW9	11413	Federal Home Loan Bank		01/23/2014	2,500,000.00	2,501,525.00	2,500,000.00	0.500	1,096	0.500	998	01/23/2017
31315PN88	11351	Farmer Mac		07/05/2013	2,000,000.00	2,013,160.00	2,000,000.00	1.100	1,301	1.100	1,001	01/26/2017
3130A0RU6	11414	Federal Home Loan Bank		02/13/2014	2,500,000.00	2,500,781.25	2,500,000.00	1.050	1,096	1.050	1,019	02/13/2017
3130A0RK8	11427	Federal Home Loan Bank		02/13/2014	3,000,000.00	3,006,390.00	3,000,000.00	0.880	1,096	0.880	1,019	02/13/2017
3134G3NT3	11370	Fed Home Loan Mortgage Corp		08/08/2013	2,500,000.00	2,504,625.00	2,499,125.00	1.000	1,299	1.010	1,033	02/27/2017
3134G4FD5	11372	Fed Home Loan Mortgage Corp		09/10/2013	5,000,000.00	5,013,750.00	5,000,000.00	1.125	1,277	1.125	1,044	03/10/2017
3133ECKV5	11302	Federal Farm Credit Bank		04/05/2013	3,000,000.00	2,971,170.00	3,000,000.00	0.700	1,522	0.700	1,131	06/05/2017
313383PD7	11349	Federal Home Loan Bank		06/28/2013	2,500,000.00	2,520,050.00	2,498,075.00	1.250	1,442	1.270	1,135	06/09/2017
3130A0YE4	11428	Federal Home Loan Bank		03/12/2014	4,000,000.00	3,990,520.00	4,000,000.00	1.000	1,188	1.000	1,138	06/12/2017
3136G1NQ8	11336	Federal National Mort Assoc		06/19/2013	4,000,000.00	3,994,440.00	4,000,000.00	1.000	1,461	1.000	1,145	06/19/2017
3134G4MP0	11388	Fed Home Loan Mortgage Corp		12/20/2013	2,700,000.00	2,697,435.00	2,700,000.00	0.500	1,278	1.137	1,146	06/20/2017
3137EADH9	11335	Fed Home Loan Mortgage Corp		05/29/2013	3,000,000.00	3,000,750.00	3,009,930.00	1.000	1,492	0.976	1,155	06/29/2017
3137EADH9	11348	Fed Home Loan Mortgage Corp		06/27/2013	2,500,000.00	2,500,625.00	2,474,375.00	1.000	1,463	1.346	1,155	06/29/2017
3133EA4H8	11305	Federal Farm Credit Bank		04/04/2013	5,000,000.00	4,947,550.00	4,999,250.00	0.820	1,559	0.824	1,167	07/11/2017
3134G3ZH6	11341	Fed Home Loan Mortgage Corp		06/06/2013	4,000,000.00	3,997,280.00	4,000,000.00	1.000	1,510	1.000	1,181	07/25/2017
3137EADJ5	11290	Fed Home Loan Mortgage Corp		01/31/2013	2,500,000.00	2,495,925.00	2,509,875.00	1.000	1,639	0.910	1,184	07/28/2017
3137EADJ5	11394	Fed Home Loan Mortgage Corp		12/17/2013	5,000,000.00	4,991,850.00	4,992,900.00	1.000	1,319	1.040	1,184	07/28/2017

**City of Santa Monica  
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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
<b>Federal Agency Coupon</b>												
3134G4TS7	11406	Fed Home Loan Mortgage Corp		01/28/2014	5,000,000.00	5,030,550.00	5,000,000.00	1.150	1,277	1.150	1,184	07/28/2017
3134G3B90	11243	Fed Home Loan Mortgage Corp		08/15/2012	2,000,000.00	1,983,680.00	1,998,520.00	0.875	1,826	0.890	1,202	08/15/2017
3135G0PP2	11425	Federal National Mort Assoc		02/12/2014	2,500,000.00	2,486,850.00	2,492,050.00	1.000	1,316	1.090	1,238	09/20/2017
3136G0G39	11250	Federal National Mort Assoc		09/27/2012	5,000,000.00	4,963,100.00	5,000,000.00	0.625	1,826	0.625	1,245	09/27/2017
3133EA3J5	11253	Federal Farm Credit Bank		10/10/2012	5,000,000.00	4,904,950.00	5,000,000.00	0.900	1,826	0.900	1,258	10/10/2017
3136G03Y5	11264	Federal National Mort Assoc		11/21/2012	5,000,000.00	4,976,350.00	5,000,000.00	0.750	1,826	0.750	1,300	11/21/2017
3136G05Q0	11269	Federal National Mort Assoc		11/27/2012	5,000,000.00	4,981,300.00	5,000,000.00	0.700	1,826	0.700	1,306	11/27/2017
3134G44N5	11317	Fed Home Loan Mortgage Corp		05/28/2013	3,000,000.00	2,940,937.50	3,000,000.00	0.750	1,645	0.750	1,307	11/28/2017
3130A0ZX1	11432	Federal Home Loan Bank		03/19/2014	4,000,000.00	3,989,960.00	4,000,000.00	1.150	1,371	1.150	1,328	12/19/2017
3133823A9	11285	Federal Home Loan Bank		02/22/2013	5,000,000.00	4,946,093.50	5,000,000.00	1.150	1,826	1.150	1,393	02/22/2018
3130A0XC9	11435	Federal Home Loan Bank		02/26/2014	4,000,000.00	3,985,880.00	4,000,000.00	1.300	1,461	1.300	1,397	02/26/2018
3130A0VV9	11419	Federal Home Loan Bank		02/28/2014	5,000,000.00	5,000,350.00	5,000,000.00	0.500	1,461	1.708	1,399	02/28/2018
3136G1DA4	11286	Federal National Mort Assoc		02/28/2013	5,000,000.00	4,983,700.00	5,000,000.00	1.000	1,826	1.171	1,399	02/28/2018
3134G37H7	11301	Fed Home Loan Mortgage Corp		04/25/2013	5,000,000.00	4,928,050.00	5,000,000.00	1.150	1,826	1.150	1,455	04/25/2018
31315PYT0	11318	Farmer Mac		05/02/2013	3,000,000.00	2,932,410.00	3,000,000.00	0.990	1,826	0.990	1,462	05/02/2018
3135G0XA6	11319	Federal National Mort Assoc		05/21/2013	3,000,000.00	2,962,470.00	3,000,000.00	1.030	1,826	1.030	1,481	05/21/2018
313382Z63	11325	Federal Home Loan Bank		05/22/2013	5,000,000.00	4,942,850.00	5,000,000.00	0.500	1,826	0.500	1,482	05/22/2018
313379DT3	11386	Federal Home Loan Bank		11/12/2013	4,000,000.00	3,963,520.00	3,960,880.00	1.250	1,669	1.472	1,499	06/08/2018
313383EN7	11334	Federal Home Loan Bank		06/20/2013	5,000,000.00	4,943,750.00	5,000,000.00	1.000	1,826	1.000	1,511	06/20/2018
313383C25	11345	Federal Home Loan Bank		06/25/2013	2,500,000.00	2,450,325.00	2,412,500.00	0.600	1,821	1.265	1,511	06/20/2018
3134G47M4	11338	Fed Home Loan Mortgage Corp		06/26/2013	3,000,000.00	2,988,360.00	2,999,250.00	1.500	1,826	1.505	1,517	06/26/2018
3133EDCR1	11395	Federal Farm Credit Bank		12/27/2013	2,000,000.00	2,004,520.00	2,000,000.00	1.740	1,643	1.740	1,518	06/27/2018
313383GK1	11337	Federal Home Loan Bank		06/27/2013	3,800,000.00	3,749,498.00	3,800,000.00	1.125	1,826	1.125	1,518	06/27/2018
3130A02E9	11380	Federal Home Loan Bank		09/25/2013	3,000,000.00	3,001,530.00	3,000,000.00	0.750	1,826	0.750	1,608	09/25/2018
3134G4L30	11385	Fed Home Loan Mortgage Corp		11/26/2013	5,000,000.00	5,010,850.00	5,000,000.00	1.700	1,826	1.700	1,670	11/26/2018
3134G4LG1	11387	Fed Home Loan Mortgage Corp		11/27/2013	4,000,000.00	4,003,960.00	4,000,000.00	1.500	1,826	1.500	1,671	11/27/2018
3134G4RZ3	11400	Fed Home Loan Mortgage Corp		12/26/2013	5,000,000.00	5,025,550.00	5,000,000.00	1.000	1,826	1.000	1,700	12/26/2018
3134G4QX9	11405	Fed Home Loan Mortgage Corp		01/08/2014	5,000,000.00	5,010,600.00	4,994,791.67	1.500	1,814	1.531	1,701	12/27/2018
31315P4H9	11415	Farmer Mac		01/30/2014	5,000,000.00	5,007,100.00	5,000,000.00	1.950	1,826	1.950	1,735	01/30/2019
3130A0WK2	11421	Federal Home Loan Bank		02/20/2014	5,000,000.00	5,000,450.00	5,000,000.00	0.375	1,826	0.375	1,756	02/20/2019
3134G4VE5	11422	Fed Home Loan Mortgage Corp		02/27/2014	3,000,000.00	3,002,610.00	3,000,000.00	1.800	1,826	1.800	1,763	02/27/2019
3134G4VM7	11426	Fed Home Loan Mortgage Corp		03/11/2014	5,000,000.00	5,005,900.00	5,000,000.00	1.500	1,826	1.500	1,775	03/11/2019
3134G4WL8	11434	Fed Home Loan Mortgage Corp		03/19/2014	4,000,000.00	3,992,840.00	4,000,000.00	1.750	1,826	1.750	1,783	03/19/2019
3130A12S6	11436	Federal Home Loan Bank		03/20/2014	2,000,000.00	1,998,960.00	2,000,000.00	0.650	1,826	0.650	1,784	03/20/2019
3134G4Y28	11441	Fed Home Loan Mortgage Corp		03/27/2014	5,000,000.00	4,987,200.00	5,000,000.00	1.550	1,826	1.550	1,791	03/27/2019
3130A1DL9	11442	Federal Home Loan Bank		04/02/2014	4,000,000.00	3,980,440.00	4,000,000.00	2.010	1,826	0.376	1,797	04/02/2019

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
<b>Subtotal and Average</b>			<b>452,444,573.63</b>		<b>434,058,000.00</b>	<b>433,516,080.19</b>	<b>434,288,402.80</b>		<b>1,173</b>	<b>0.745</b>	<b>848</b>	
<b>Federal Agency Discount</b>												
313397XB2	11374	Fed Home Loan Mortgage Corp		08/29/2013	4,000,000.00	3,999,920.00	3,996,761.11	0.110	265	0.113	20	05/21/2014
313385YV2	11402	Federal Home Loan Bank		01/03/2014	10,000,000.00	9,999,300.00	9,994,500.00	0.110	180	0.112	62	07/02/2014
313385ZM1	11411	Federal Home Loan Bank		01/21/2014	6,000,000.00	5,999,460.00	5,997,300.33	0.091	178	0.092	78	07/18/2014
313396CQ4	11445	Fed Home Loan Mortgage Corp		04/22/2014	5,000,000.00	4,995,750.00	4,995,611.11	0.100	316	0.103	307	03/04/2015
<b>Subtotal and Average</b>			<b>23,785,724.22</b>		<b>25,000,000.00</b>	<b>24,994,430.00</b>	<b>24,984,172.55</b>		<b>220</b>	<b>0.105</b>	<b>108</b>	
<b>Local Agency Investment Funds</b>												
SYS10090	10090	Local Agency Investment Fund			49,500,055.66	49,500,055.66	49,500,055.66	0.230	1	0.230	1	
<b>Subtotal and Average</b>			<b>49,486,932.62</b>		<b>49,500,055.66</b>	<b>49,500,055.66</b>	<b>49,500,055.66</b>		<b>1</b>	<b>0.230</b>	<b>1</b>	
<b>Columbia Money Market Fund</b>												
SYS10091	10091	Columbia Money Market Reserves		09/15/2006	0.00	0.00	0.00	0.010	1	0.010	1	
<b>Subtotal and Average</b>			<b>0.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0</b>	<b>0.000</b>	<b>0</b>	
<b>Local Agency Investment Funds - RDA</b>												
SYS10092	10092	LAIF - RDA		03/17/2009	0.00	0.00	0.00	0.385	1	0.385	1	
<b>Subtotal and Average</b>			<b>0.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0</b>	<b>0.000</b>	<b>0</b>	
<b>Corporate Bonds</b>												
854403AA0	11423	Stanford University		02/11/2014	2,000,000.00	2,000,000.00	2,035,438.89	3.625	79	0.179	0	05/01/2014
38259PAA0	11213	Google		05/22/2012	1,245,000.00	1,245,535.35	1,264,870.20	1.250	727	0.444	18	05/19/2014
459200GZ8	11270	IBM Corp		11/14/2012	5,000,000.00	5,014,950.00	5,052,250.00	0.875	716	0.340	183	10/31/2014
89233P5N2	11358	Toyota Motor Credit Corp		07/19/2013	2,000,000.00	2,010,700.00	2,021,280.00	1.250	486	0.445	200	11/17/2014
459200HD6	11397	IBM Corp		12/23/2013	2,278,000.00	2,288,205.44	2,294,754.69	0.750	504	0.280	375	05/11/2015
94974BFE5	11287	Wells Fargo & Compnay		01/31/2013	2,000,000.00	2,022,120.00	2,032,480.00	1.500	881	0.820	426	07/01/2015
94974BFE5	11443	Wells Fargo & Compnay		04/22/2014	4,523,000.00	4,573,024.38	4,601,903.74	1.500	435	0.420	426	07/01/2015
89233P6J0	11357	Toyota Motor Credit Corp		07/19/2013	2,000,000.00	2,008,520.00	2,009,720.00	0.875	728	0.629	442	07/17/2015
94985H5F7	11363	Wells Fargo Bank		07/29/2013	2,500,000.00	2,508,475.00	2,499,125.00	0.750	721	0.768	445	07/20/2015
594918AG9	11211	Microsoft		05/10/2012	5,000,000.00	5,090,450.00	5,170,600.00	1.625	1,233	0.602	512	09/25/2015
084670BG2	11291	Berkshire Hathaway		02/11/2013	2,000,000.00	2,010,600.00	2,005,620.00	0.800	1,095	0.705	651	02/11/2016
037833AH3	11320	Apple Inc.		05/06/2013	3,000,000.00	2,995,350.00	3,002,430.00	0.450	1,093	0.423	733	05/03/2016
478160AY0	11293	Johnson & Johnson		02/12/2013	2,000,000.00	2,061,640.00	2,105,040.00	2.150	1,188	0.522	745	05/15/2016
89236TAL9	11333	Toyota Motor Credit Corp		05/28/2013	3,000,000.00	3,014,040.00	3,008,190.00	0.800	1,085	0.707	747	05/17/2016
94974BFL9	11362	Wells Fargo & Compnay		07/29/2013	3,000,000.00	3,025,650.00	2,997,120.00	1.250	1,087	1.283	811	07/20/2016

**City of Santa Monica  
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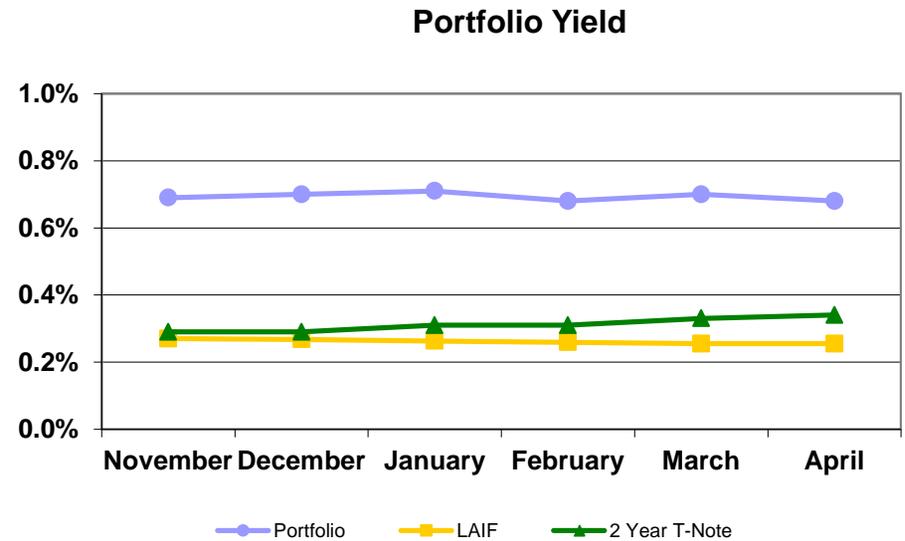
CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
<b>Corporate Bonds</b>												
084670BB3	11244	Berkshire Hathaway		08/20/2012	3,000,000.00	3,098,850.00	3,132,540.00	2.200	1,456	1.065	837	08/15/2016
742718DV8	11352	Procter & Gamble		07/05/2013	1,985,000.00	2,018,209.05	2,011,658.55	1.450	1,137	1.010	837	08/15/2016
90521APH5	11431	UnionBanc Investments		02/24/2014	4,000,000.00	4,068,680.00	4,068,800.00	1.500	945	0.827	879	09/26/2016
717081DD2	11430	Pfizer Inc		02/24/2014	4,000,000.00	3,989,000.00	4,012,700.00	0.900	1,056	0.823	990	01/15/2017
88579YAE1	11392	3M		12/10/2013	2,500,000.00	2,498,950.00	2,495,925.00	1.000	1,294	1.047	1,152	06/26/2017
88579YAE1	11393	3M		12/10/2013	2,500,000.00	2,498,950.00	2,495,475.00	1.000	1,294	1.052	1,152	06/26/2017
64952WBK8	11283	New York Life		01/23/2013	2,855,000.00	2,836,299.75	2,872,529.70	1.300	1,741	1.167	1,278	10/30/2017
594918AP9	11311	Microsoft		04/30/2013	2,500,000.00	2,475,125.00	2,505,000.00	0.875	1,660	0.931	1,294	11/15/2017
037833AJ9	11321	Apple Inc.		05/06/2013	2,500,000.00	2,441,175.00	2,505,600.00	1.000	1,823	0.954	1,463	05/03/2018
037833AJ9	11326	Apple Inc.		05/17/2013	2,500,000.00	2,441,175.00	2,478,975.00	1.000	1,812	1.175	1,463	05/03/2018
478160BG8	11391	Johnson & Johnson		12/05/2013	2,000,000.00	1,992,920.00	2,000,080.00	1.650	1,826	1.649	1,679	12/05/2018
<b>Subtotal and Average</b>			<b>70,040,363.53</b>		<b>71,886,000.00</b>	<b>72,228,593.97</b>	<b>72,680,105.77</b>		<b>1,074</b>	<b>0.762</b>	<b>751</b>	
<b>Total and Average</b>			<b>595,757,594.01</b>		<b>580,444,055.66</b>	<b>580,239,159.82</b>	<b>581,452,736.78</b>		<b>1,020</b>	<b>0.676</b>	<b>732</b>	

**City of Santa Monica  
Portfolio Management  
Activity By Type  
April 1, 2014 through April 30, 2014**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
<b>Federal Agency Coupon</b>							
313378XS5	11278	Federal Home Loan Bank	0.650	04/30/2014	0.00	2,512,000.00	
3130A0J76	11398	Federal Home Loan Bank	2.000	04/17/2014	0.00	2,000,000.00	
3130A1DL9	11442	Federal Home Loan Bank	2.010	04/02/2014	4,000,000.00	0.00	
3134G2CL4	11094	Fed Home Loan Mortgage Corp	1.350	04/29/2014	0.00	5,042,750.00	
3136G0BD2	11206	Federal National Mort Assoc	1.400	04/24/2014	0.00	5,000,000.00	
3135G0MX8	11235	Federal National Mort Assoc	0.750	04/26/2014	0.00	5,000,000.00	
3135G0MX8	11288	Federal National Mort Assoc	0.750	04/26/2014	0.00	2,502,500.00	
<b>Subtotal</b>					<b>4,000,000.00</b>	<b>22,057,250.00</b>	<b>434,288,402.80</b>
<b>Federal Agency Discount</b>							
313397VY4	11376	Fed Home Loan Mortgage Corp	0.100	04/24/2014	0.00	2,998,016.67	
313396CQ4	11445	Fed Home Loan Mortgage Corp	0.100	04/22/2014	4,995,611.11	0.00	
<b>Subtotal</b>					<b>4,995,611.11</b>	<b>2,998,016.67</b>	<b>24,984,172.55</b>
<b>Local Agency Investment Funds (Monthly Summary)</b>							
SYS10090	10090	Local Agency Investment Fund	0.230		28,120.79	0.00	
<b>Subtotal</b>					<b>28,120.79</b>	<b>0.00</b>	<b>49,500,055.66</b>
<b>Columbia Money Market Fund (Monthly Summary)</b>							
<b>Subtotal</b>							<b>0.00</b>
<b>Local Agency Investment Funds - RDA (Monthly Summary)</b>							
<b>Subtotal</b>							<b>0.00</b>
<b>Corporate Bonds</b>							
94974BFE5	11443	Wells Fargo & Compnay	1.500	04/22/2014	4,580,984.86	0.00	
98458PAB1	11208	Yale University	2.900	04/15/2014	0.00	1,246,265.10	
<b>Subtotal</b>					<b>4,580,984.86</b>	<b>1,246,265.10</b>	<b>72,680,105.77</b>
<b>Total</b>					<b>13,604,716.76</b>	<b>26,301,531.77</b>	<b>581,452,736.78</b>

**Portfolio Yield**

The portfolio yield-to-maturity was 0.68% as of April 30, 2014, down one basis point from the prior month, but up ten basis points from one year earlier. The extended record low interest rate environment continues to hamper portfolio returns as rates remain at historically low levels. Additionally, as noted earlier, a significant amount of the portfolio is being held in very liquid investments with short maturities pending final resolution of the impact of RDA dissolution. The chart compares the month-end portfolio yield to the twelve-month moving averages of the two-year Constant Maturing Treasury security yield (CMT) and State Local Agency Investment Fund (LAIF) yield. The yield-to-maturity does not include the impact of the earnings allowance earned on deposits with Wells Fargo Bank. As noted earlier, these deposits earned a net 0.0725% in April. However, this allowance is not payable to the City in cash and can only be used to offset bank fees. Therefore, this allowance is not included in the yield-to-maturity calculation.



Overall, interest rates in the two to five year maturity range backed off slightly in April after a sharp run up in April. The two year CMT month-end rate fell two basis points to 0.42% after approaching a three year high in March. The twelve month moving average did rise two basis points to 0.34%. Rates are still expected to remain relatively low into 2015 unless there are significant improvements in the national unemployment rate and other economic factors before then. The twelve month moving average LAIF yield remained at its record low rate of 0.25% in April and has not shown a monthly increase for over six years. The month-end LAIF rate was 0.23%.

The Federal Open Market Committee (Fed) left the target Fed Funds rate unchanged at a range of 0% to 0.25% at its April meeting. The Fed’s policy statement was essentially the same as in March. It noted that growth in economic activity slowed during the winter months, in part reflecting adverse weather conditions. Labor market indicators were mixed. While the unemployment rate fell to 6.3%, much of the change reflected a decrease in the labor participation rate rather

than the significant creation of new jobs. Household business investment spending continues to improve. However, the recovery in the housing market has slowed. On the negative side, first quarter GDP actually showed a 1% decline, the first decrease in three years. Most recent economic projections predict annualized growth in the 2.5-3% range for the remainder of 2014. The stock market, as measured by the Dow Jones Industrial Average continued strong realizing a gain in April of nearly 1%.

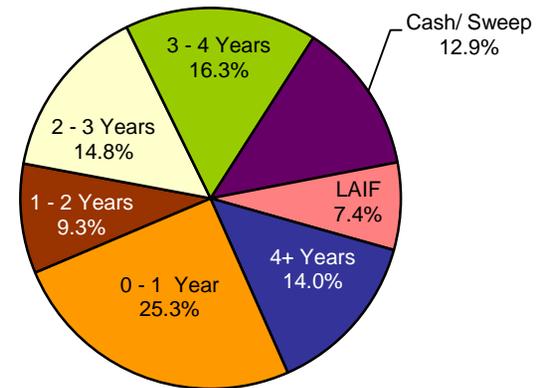
The City’s portfolio yield-to-maturity has decreased significantly over the last five years as interest rates have reached historic lows resulting in many investments being called and reinvested at lower rates. Overall, the yield will likely remain relatively flat over the next few months unless some unanticipated uptick in rates occurs and the RDA situation is completely resolved.

Net investment income in April was \$0.2 million. Fiscal year-to-date revenues on a cash basis are down 22% from the same period a year ago reflecting the continuing impact of the historically low interest rate environment.

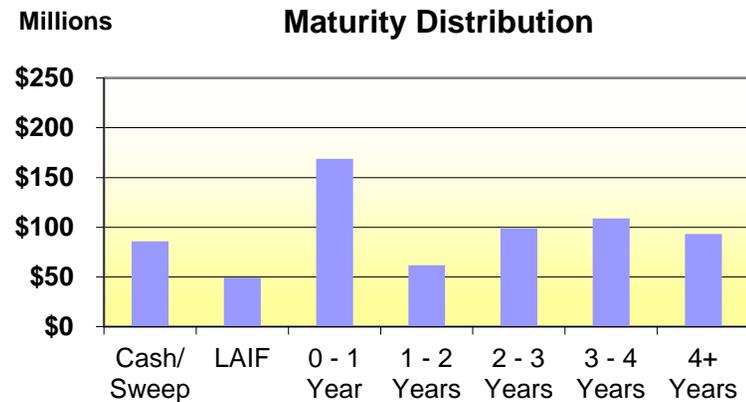
**Maturity Distribution**

The weighted average days to maturity of the portfolio as of April 30, 2014 is 732 days (2.01 years). This calculation is for invested funds only and does not reflect the City’s primary liquidity funds being held in cash at Wells Fargo Bank. As noted earlier, there are fiscal benefits to this strategy under the current interest rate environment. The City continues to maintain high liquidity in the portfolio pending the final impact of RDA dissolution. Approximately 55% of the portfolio continues to be held in maturities of 2 years or less (including cash balances).

**Portfolio Maturities**



As interest rates have started to advance, fewer bonds have been called. However, the interest rate environment is still extremely low compared to historical standards and continues to be volatile. Based on this and pending the final outcome of Redevelopment dissolution including the State Controller’s audit, the portfolio’s average days to maturity will likely continue to vary over the next several months. While most investments are still being made in shorter term securities, some investments in longer term securities are being made to take advantage of a steepening yield curve. As noted earlier, interest rates are still expected to remain relatively low into early 2015.



**Unrealized Gains/Losses**

The Governmental Accounting Standards Board Statement No. 31 (GASB 31) requires public agencies to report all investments, with certain exceptions, at current fair market value rather than at the original purchase price. Current fair market value is defined in GASB 31 as “the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation state.”

The current fair market value and unrealized gain/loss of a security do not affect its redemption value or yield if held to maturity. There is an inverse relationship between the price of the bond and the market interest rate. The City’s practice is to purchase most securities with the intent to hold them to maturity. Book values are exclusive of interest realized to date on investments. Also, the book value shown is the purchase price and is exclusive of any amortization of premiums or accretion of discounts. As of April 30, 2014, the market value and the book value of the City’s pooled investments (excluding cash) are:

Market Value	\$ 580,239,159.82
Book Value (purchase price)	\$ 581,451,667.34
Unrealized Gain/ (Loss)	\$ (1,212,507.52)

**Compliance**

California State law and the City's Investment Policy set certain legal standards for allowable investments that can be included in the City's portfolio. Additionally, there are certain maximum limits for classes of investments, as well as minimum credit quality requirements. In testing for compliance, the City considers all funds under the direct control and invested directly by the City. Bond and loan proceeds, as well as the Cemetery and Mausoleum Perpetual Care Funds are excluded.

The following tables summarize portfolio compliance as of April 30, 2014. All investments were in compliance with State law and the City's Investment Policy at the time of purchase and continue to be in compliance. State law requires that any investment subject to a credit downgrade subsequent to the time of purchase shall be reviewed for possible sale within a reasonable amount of time after the downgrade. As noted in prior reports, the City's investment portfolio includes two bonds issued by Berkshire Hathaway Company (BRK) with a total book value of \$5,138,160 that were slightly downgraded in May 2013 from AA+ to AA. The revised rating of AA is still within the second highest category of bond ratings (defined as high quality with a "very strong capacity to meet financial commitments"). Additionally, total holdings in BRK represent a minor (less than 1%) portion of the City portfolio. Based on this, staff continues to recommend holding these securities at this time.

Further detail regarding City compliance with State law and City investment guidelines is presented as follows:

**Credit Ratings - Corporate Medium Term Notes**

	Standard & Poors/ Fitch	Moody's	In Compliance (Yes/No)
<b>Best Quality</b>	AAA	Aaa	Yes
	AA+	Aa1	Yes
<b>High Quality</b>	AA	Aa2	Yes
	AA-	Aa3	Yes
	A+	A1	Yes
<b>Upper Medium Grade</b>	A	A2	Yes
	A-	A3	Yes
	BBB+	Baa1	No
<b>Medium Grade</b>	BBB	Baa2	No
	BBB-	Baa3	No

## Portfolio Allocation as of 4/30/14

	Pooled Portfolio (1) (3)	% of Portfolio	Legal/ Policy Limit	In Compliance (Yes/No)
<b>Federal Agency Securities</b>				
Federal Home Loan Bank	\$174,921,557.55	26.2%	50.0%	Yes
Federal National Mortgage Association	52,653,701.97	7.9%	50.0%	Yes
Federal Home Loan Mortgage Corporation	128,253,401.39	19.2%	50.0%	Yes
Farmer Mac	13,000,000.00	1.9%	50.0%	Yes
Federal Farm Credit Bank	90,442,845.00	13.6%	50.0%	Yes
<b>Total Federal Agency Securities</b>	<b>\$459,271,505.91</b>	<b>68.8%</b>	n/a	Yes
<b>Treasury Bills</b>	<b>\$0.00</b>	<b>0.0%</b>	n/a	Yes
<b>Corporate Bonds</b>	<b>\$72,680,105.77</b>	<b>10.9%</b>	30.0%	Yes
<b>Money Market Mutual Funds</b>				
Columbia Money Market Reserves Advisor Class	0.00	0.0%	10.0%	Yes
BlackrockT-Find Cash Management Sweep	0.00	0.0%	10.0%	Yes
<b>Total-Money Market Mutual Funds</b>	<b>\$0.00</b>	<b>0.0%</b>	20.0%	Yes
<b>State Local Agency Investment Fund-City</b>	<b>\$49,500,055.66</b>	<b>7.4%</b>	\$50 million	Yes
<b>Cash (2)</b>	<b>\$85,982,962.03</b>	<b>12.9%</b>	None	Yes
<b>Total (Book Value)</b>	<b>\$667,434,629.37</b>	<b>100.0%</b>		

**Notes:**

(1) Excludes bond proceeds, funds held in trust for others, petty cash accounts, and other funds which are not entirely under City ownership and control

(2) City's general bank accounts held at Wells Fargo Bank. Does not include balance of HUD depository account (\$2,052,272.10), Successor Agency RPTTF account (\$5,094,0321.22), Ocean Park Special Fund (\$5,353,601.54), or other cash accounts that are restricted as to use.

(3) Value used to test compliance is reported value (book value plus unrealized purchased interest).

### City Portfolio as of 4/30/14 (Book Value)

Security	Pooled Portfolio	Credit Rating*
<b>Corporate</b>		
Stanford University 3.625% maturing 5/01/14	\$2,035,438.89	AAA
Google 1.25% maturing 5/19/14	\$1,264,870.20	AA
IBM .875% maturing 10/31/14	\$5,052,250.00	AA-
Toyota Motor Credit Corp. 1.25% maturing 11/17/14	\$2,021,280.00	AA-
IBM 0.75% maturing 5/11/15	\$2,294,754.69	AA-
Wells Fargo and Company 1.5% maturing 7/1/15	\$2,032,480.00	A+
Wells Fargo and Company 1.5% maturing 7/1/15	\$4,601,903.74	A+
Toyota Motor Credit Corp. 0.875% maturing 7/17/15	\$2,009,720.00	AA-
Wells Fargo Bank 0.75% maturing 7/20/15	\$2,499,125.00	AA-
Microsoft 1.625% maturing 9/25/15	\$5,170,600.00	AAA
Berkshire Hathaway 0.8% maturing 2/11/16	\$2,005,620.00	AA
Apple Inc. 0.45% maturing 5/3/16	\$3,002,430.00	AA+
Johnson & Johnson 2.15% maturing 5/15/16	\$2,105,040.00	AAA
Toyota Motor Credit Corp. 0.8% maturing 5/17/16	\$3,008,190.00	AA-
Wells Fargo and Company 1.25% maturing 7/20/16	\$2,997,120.00	A+
Berkshire Hathaway 2.2% maturing 8/15/16	\$3,132,540.00	AA
Proctor & Gamble 1.45% maturing 8/15/16	\$2,011,658.55	AA-
UnionBanc Investments 1.5% maturing 9/26/16	\$4,068,800.00	AA-
Pfizer, Inc. 0.9% maturing 1/15/17	\$4,012,700.00	AA-
3M Corp. 1% maturing 6/26/17	\$4,991,400.00	AA-
New York Life 1.3% maturing 10/30/17	\$2,872,529.70	AA+
Microsoft 0.875% maturing 11/15/17	\$2,505,000.00	AAA
Apple Inc. 1% maturing 5/3/18	\$4,984,575.00	AA+
Johnson & Johnson 1.65% maturing 12/05/2018	\$2,000,080.00	AAA

\* Per Standard and Poors

**Certification**

In compliance with California Government Code Section 53546 as amended February 1, 1996, I hereby certify that sufficient investment liquidity and anticipated revenues are available to meet the City's budgeted expenditure requirements for the next six months.

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Gigi Decavalles-Hughes, Director of Finance/City Treasurer