



Information Item

Date: December 2, 2014

To: Mayor and City Council
From: Gigi Decavalles-Hughes, Director of Finance/City Treasurer
Subject: City Monthly Cash and Investment Report for August 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 August 31, 2014.

Discussion

The August 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 increased by \$14.0 million (2%) in August to \$629.9 million. High receipts from business license renewals contributed to the increase. The pooled portfolio yield-to-maturity of 0.83% is two basis points higher as compared to the prior month and thirteen basis points higher than in August 2013. Net investment earnings for the month were \$0.25 million. Fiscal year-to-date earnings are 14% 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 August 31, 2014 included \$19.7 million in debt proceeds held in trust with various fiscal agents, \$22.3 million in other funds held in trust, and \$28,947 in petty cash/change funds for a total balance of \$671.9 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 August 31, 2014, the market value of the City's portfolio was approximately \$0.6 million less than the book value.

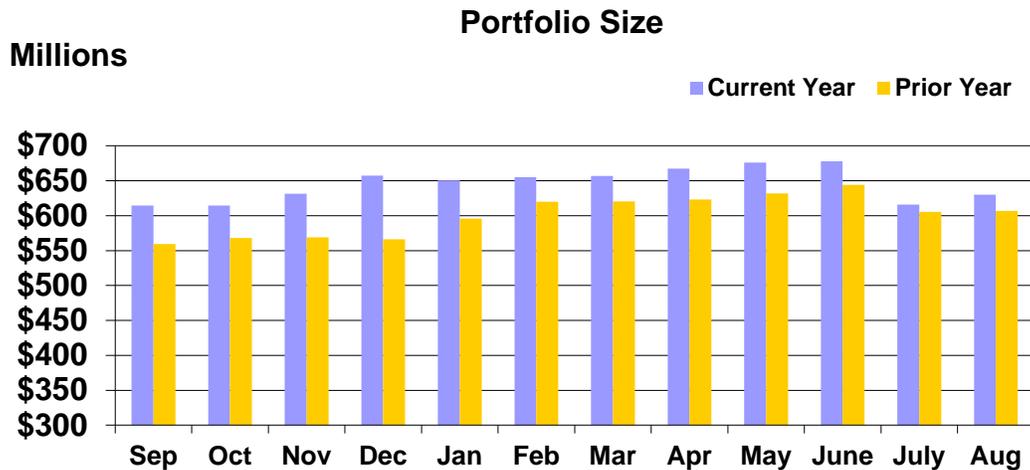
Attached is a summary of investment activity as well as a detailed report of public monies held by the City Treasurer as of August 31, 2014.

Prepared by: David Carr, Assistant City Treasurer

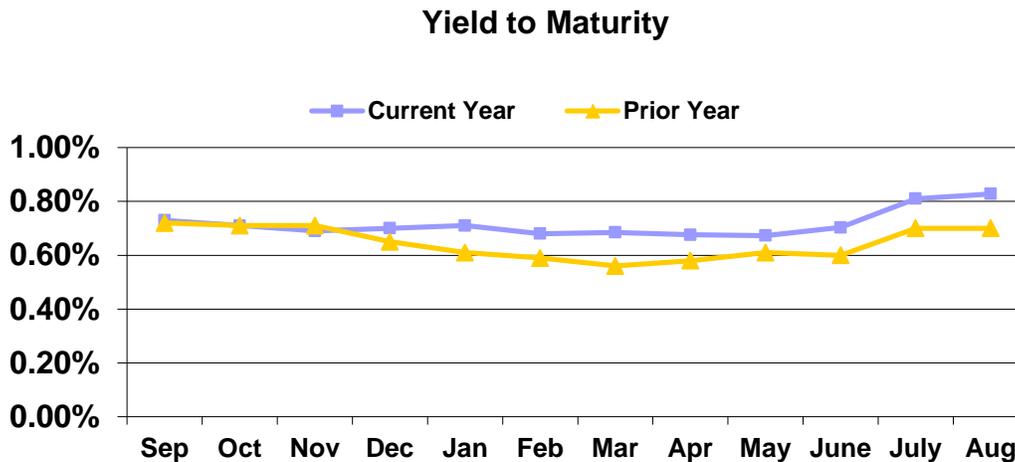
Attachments: 1 – Investment Highlights
2 – Investment Report

Investment Highlights

August 31, 2014

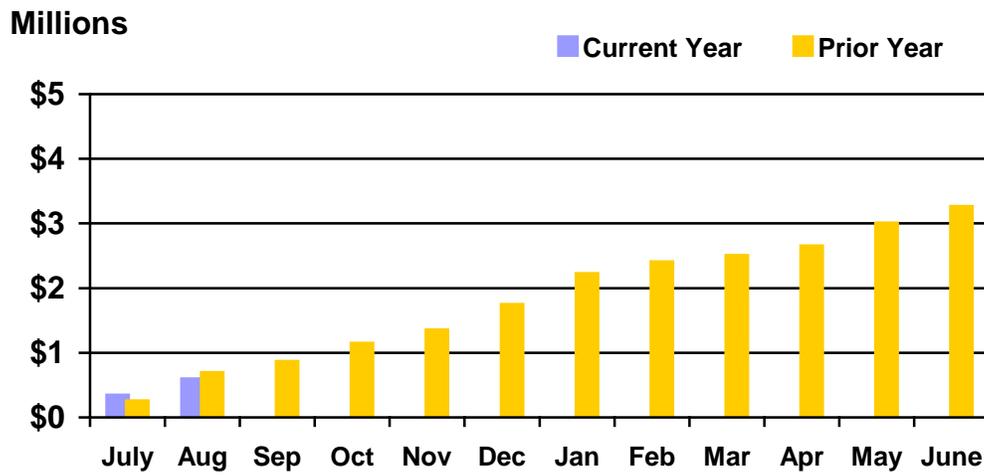


- As of August 31, 2014, the portfolio size is \$629.9 million, \$14.0 million more than in the prior month and \$23.2 million more than one year earlier.

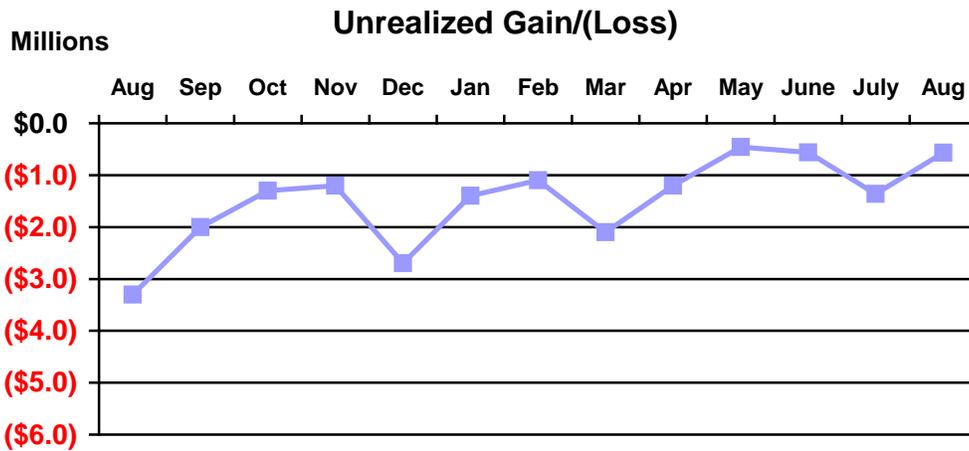


- As of August 31, 2014, yield to maturity is 0.83%.
- Up two basis point from the prior month and thirteen basis points from one year earlier.

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



- Fiscal year-to-date earnings (cash basis) are down 14% from one year earlier.



- As of August 31, 2014, the market value is about \$0.6 million less than the unamortized book value (purchase price).



Investment Report

August 31, 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
August 31, 2014**

Petty Cash/Change Funds		\$28,947.00
Pooled Portfolio		
Wells Fargo Bank (1)	\$93,315,403.54	
Bank of New York (BNY)		
Corporate Bonds	\$88,672,848.95	
Treasury Bills	\$2,991,338.32	
State of California Bonds	\$3,027,915.00	
Federal Agencies Securities	\$392,322,327.80	
Total Bank of New York	<u>\$487,014,430.07</u>	
State of California Local Agency Investment Fund - City	\$49,527,357.13	
Total Pooled Portfolio		\$629,857,190.74
Restricted Cash/Investments Held in Trust/Debt Proceeds		
Union Bank - Redevelopment Agency Term Loan	\$11,648,328.29	
Union Bank-Earthquake Recovery Redevelopment 2006		
Tax Allocation Refunding Bonds Series A & B	\$2.91	
Union Bank-Civic Center Parking Project 2004 Lease Revenue Bonds	\$2,827,007.65	
Union Bank-RDA 2011 Tax Allocation Bonds	\$2,262,457.22	
BNY-2011 Parking Structure Series A & B	\$0.00	
BNY-Library Improvement Project 2012 Refunding	\$13,517.79	
BNY-Ocean Park Redevelopment Project 2002 Refunding	\$1,894,295.80	
BNY-Parking Authority Lease Revenue Bonds 2002 Refunding	\$2.00	
BNY-Public Safety Facility Bonds 2009 Refunding	\$1,102,003.23	
U.S. Bank-Wastewater Enterprise Revenue Bonds-2012 Refunding	\$1.25	
U.S. Bank-Wastewater Enterprise Revenue Bonds-2005 Refunding	<u>\$0.00</u>	
Total Restricted Cash/Investments Held in Trust		\$19,747,616.14
Other Restricted Funds/Funds Held in Trust		
Cemetery Perpetual Care Fund (3)	\$10,015,468.00	
Mausoleum Perpetual Care Fund (3)	\$1,146,178.00	
Santa Monica Redevelopment Successor Agency RPTTF-Wells Fargo	\$2,237,967.17	
Wells Fargo Bank - HUD Depository Account (4)	\$1,591,700.06	
Wells Fargo Bank - Payroll Account	\$311,718.27	
Wells Fargo Bank -RDA Successor Agency - OP Special Fund	\$5,353,601.54	
Union Bank - W.E. O'Neil Direct Owner Costs PGW Escrow	\$1,478,607.24	
Union Bank - Morley Direct Owner Costs Civic Escrow	\$59,975.34	
Wells Fargo Bank - Public Agency Family Self Sufficiency Program (2)	<u>\$139,775.18</u>	
Total Other Funds Held in Trust		\$22,334,990.80
GRAND TOTAL		\$671,968,744.68

City of Santa Monica
Cash Receipts, Disbursements and Cash Balances
August 31, 2014

- (1) These are the actual bank account balances as of 8/31/2014. 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 Nelson Capital Management. 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 Investments - July 31, 2014	615,883,429.24
Receipts	49,448,003.47
Disbursements	(35,474,241.97)
Cash and Investments - August 31, 2014	629,857,190.74

Pooled portfolio 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

**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
August 31, 2014**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
Treasury Coupon Securities												
912828WT3	11477	U. S. Treasury Note		07/25/2014	3,000,000.00	2,996,940.00	2,991,338.32	0.875	1,086	0.982	1,048	07/15/2017
Subtotal and Average			2,991,338.32		3,000,000.00	2,996,940.00	2,991,338.32		1,086	0.982	1,048	
Federal Agency Coupon												
313383ZC8	11378	Federal Home Loan Bank		09/12/2013	5,000,000.00	5,000,000.00	5,000,130.00	0.180	365	0.177	11	09/12/2014
3133EA6W3	11280	Federal Farm Credit Bank		01/17/2013	2,500,000.00	2,500,875.00	2,500,200.00	0.270	657	0.266	65	11/05/2014
3137EACY3	11416	Fed Home Loan Mortgage Corp		02/04/2014	3,000,000.00	3,004,560.00	3,015,000.00	0.750	294	0.131	85	11/25/2014
3134G3H78	11268	Fed Home Loan Mortgage Corp		11/06/2012	5,000,000.00	5,002,400.00	5,003,250.00	0.350	759	0.319	95	12/05/2014
3137EADA4	11179	Fed Home Loan Mortgage Corp		12/21/2011	2,500,000.00	2,504,250.00	2,497,225.00	0.625	1,104	0.662	119	12/29/2014
3130A0JV3	11403	Federal Home Loan Bank		01/07/2014	10,000,000.00	10,003,700.00	10,000,700.00	0.190	364	0.183	127	01/06/2015
3130A0LE8	11418	Federal Home Loan Bank		02/04/2014	4,000,000.00	4,000,520.00	4,000,280.00	0.170	339	0.162	130	01/09/2015
313381H24	11353	Federal Home Loan Bank		07/11/2013	3,000,000.00	3,001,680.00	2,998,200.00	0.250	554	0.290	137	01/16/2015
3130A0QU7	11412	Federal Home Loan Bank		01/23/2014	3,000,000.00	3,000,060.00	2,998,920.00	0.125	365	0.161	144	01/23/2015
3130A0TW0	11417	Federal Home Loan Bank		02/04/2014	4,000,000.00	3,999,800.00	3,998,520.00	0.125	364	0.162	155	02/03/2015
313376YQ2	11409	Federal Home Loan Bank		01/21/2014	1,000,000.00	1,001,170.00	1,002,300.00	0.400	388	0.183	165	02/13/2015
3133ECG81	11410	Federal Farm Credit Bank		01/21/2014	1,060,000.00	1,060,816.20	1,061,356.80	0.300	400	0.183	177	02/25/2015
3135G0HG1	11267	Federal National Mort Assoc		11/06/2012	2,500,000.00	2,502,734.25	2,502,400.00	0.375	860	0.334	196	03/16/2015
3130A1U97	11465	Federal Home Loan Bank		07/02/2014	5,000,000.00	5,001,450.00	5,000,843.75	0.125	301	0.131	240	04/29/2015
31331KLE8	11086	Federal Farm Credit Bank		05/18/2011	2,500,000.00	2,526,050.00	2,501,250.00	1.600	1,461	1.587	259	05/18/2015
3130A26M3	11454	Federal Home Loan Bank		06/03/2014	5,000,000.00	4,999,600.00	5,000,069.44	0.125	360	0.125	270	05/29/2015
31315P6C8	11450	Farmer Mac		05/27/2014	10,000,000.00	9,994,300.00	9,999,500.00	0.130	370	0.135	273	06/01/2015
313379ER6	11323	Federal Home Loan Bank		05/15/2013	3,000,000.00	3,008,490.00	3,015,210.00	0.500	758	0.255	284	06/12/2015
313379ER6	11396	Federal Home Loan Bank		12/23/2013	3,000,000.00	3,008,490.00	3,010,950.00	0.500	536	0.251	284	06/12/2015
3130A2EA0	11462	Federal Home Loan Bank		07/10/2014	5,000,000.00	5,000,450.00	5,000,000.00	0.180	365	0.180	312	07/10/2015
3130A2NH5	11471	Federal Home Loan Bank		07/22/2014	4,000,000.00	3,998,640.00	4,000,000.00	0.170	365	0.170	324	07/22/2015
3133ECHV9	11296	Federal Farm Credit Bank		03/21/2013	5,000,000.00	5,006,700.00	4,997,550.00	0.350	861	0.371	332	07/30/2015
313375PT8	11147	Federal Home Loan Bank		09/19/2011	2,500,000.00	2,514,150.00	2,500,000.00	0.750	1,410	0.750	332	07/30/2015
3133EDCS9	11401	Federal Farm Credit Bank		01/03/2014	3,870,000.00	3,873,173.40	3,865,588.20	0.250	593	0.320	352	08/19/2015
3133EDQL9	11481	Federal Farm Credit Bank		08/27/2014	3,000,000.00	2,998,500.00	3,000,445.00	0.230	414	0.241	409	10/15/2015
3134G4HZ4	11404	Fed Home Loan Mortgage Corp		01/07/2014	3,000,000.00	3,001,710.00	3,004,830.00	0.500	659	0.411	422	10/28/2015
3134G3W55	11455	Fed Home Loan Mortgage Corp		06/03/2014	3,000,000.00	3,007,530.00	3,009,817.50	0.450	539	0.235	449	11/24/2015
31331J4J9	11020	Federal Farm Credit Bank		12/07/2010	2,000,000.00	2,035,300.00	2,000,000.00	1.740	1,826	1.740	462	12/07/2015
3135G0WW9	11324	Federal National Mort Assoc		05/20/2013	3,000,000.00	2,998,290.00	3,000,000.00	0.520	1,096	0.520	627	05/20/2016
3134G4W95	11429	Fed Home Loan Mortgage Corp		03/17/2014	4,000,000.00	3,994,720.00	4,000,000.00	0.500	823	0.500	655	06/17/2016
3133834R9	11322	Federal Home Loan Bank		05/15/2013	3,000,000.00	2,992,050.00	2,990,280.00	0.375	1,136	0.480	662	06/24/2016
3130A1BK3	11444	Federal Home Loan Bank		03/24/2014	5,000,000.00	5,000,300.00	5,000,000.00	0.500	823	0.500	662	06/24/2016

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**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
August 31, 2014**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
Federal Agency Coupon												
3134G4RT7	11399	Fed Home Loan Mortgage Corp		12/27/2013	3,000,000.00	2,998,980.00	3,000,000.00	0.530	913	0.530	665	06/27/2016
3134G4TE8	11407	Fed Home Loan Mortgage Corp		01/28/2014	2,000,000.00	1,998,320.00	1,998,520.00	0.700	912	0.730	696	07/28/2016
313381VK8	11292	Federal Home Loan Bank		02/08/2013	2,000,000.00	1,996,360.00	1,998,000.00	0.575	1,267	0.604	697	07/29/2016
3134G4UU0	11420	Fed Home Loan Mortgage Corp		02/26/2014	5,000,000.00	5,002,050.00	5,000,000.00	0.600	912	0.600	725	08/26/2016
3136G1UX5	11377	Federal National Mort Assoc		09/26/2013	2,500,000.00	2,501,300.00	2,500,000.00	1.010	1,096	1.010	756	09/26/2016
3133EA5W4	11260	Federal Farm Credit Bank		10/24/2012	5,000,000.00	4,994,400.00	5,000,000.00	0.650	1,461	0.650	784	10/24/2016
3135G0WS8	11316	Federal National Mort Assoc		05/15/2013	3,000,000.00	2,988,720.00	3,000,000.00	0.600	1,280	0.600	806	11/15/2016
313383CM1	11329	Federal Home Loan Bank		06/20/2013	3,000,000.00	2,990,010.00	3,000,000.00	0.600	1,279	0.600	841	12/20/2016
3134G5AQ8	11463	Fed Home Loan Mortgage Corp		06/30/2014	2,000,000.00	1,997,900.00	2,000,000.00	0.700	914	0.700	851	12/30/2016
3133EDNC2	11456	Federal Farm Credit Bank		06/13/2014	2,500,000.00	2,501,700.00	2,499,375.00	0.700	945	0.710	865	01/13/2017
31315PN88	11351	Farmer Mac		07/05/2013	2,000,000.00	2,005,460.00	2,000,000.00	1.100	1,301	1.100	878	01/26/2017
3134G3NT3	11370	Fed Home Loan Mortgage Corp		08/08/2013	2,500,000.00	2,508,175.00	2,499,125.00	1.000	1,299	1.100	910	02/27/2017
3134G4FD5	11372	Fed Home Loan Mortgage Corp		09/10/2013	5,000,000.00	5,001,150.00	5,000,000.00	1.125	1,277	1.125	921	03/10/2017
3133ECKV5	11302	Federal Farm Credit Bank		04/05/2013	3,000,000.00	2,978,790.00	3,000,000.00	0.700	1,522	0.700	1,008	06/05/2017
313383PD7	11349	Federal Home Loan Bank		06/28/2013	2,500,000.00	2,524,175.00	2,498,075.00	1.250	1,442	1.270	1,012	06/09/2017
3130A0YE4	11428	Federal Home Loan Bank		03/12/2014	4,000,000.00	4,000,760.00	4,000,000.00	1.000	1,188	1.000	1,015	06/12/2017
3136G1NQ8	11336	Federal National Mort Assoc		06/19/2013	4,000,000.00	4,001,680.00	4,000,000.00	1.000	1,461	1.000	1,022	06/19/2017
3134G4MP0	11388	Fed Home Loan Mortgage Corp		12/20/2013	2,700,000.00	2,700,675.00	2,700,000.00	0.750	1,278	1.137	1,023	06/20/2017
3137EADH9	11335	Fed Home Loan Mortgage Corp		05/29/2013	3,000,000.00	2,999,580.00	3,009,930.00	1.000	1,492	0.976	1,032	06/29/2017
3137EADH9	11348	Fed Home Loan Mortgage Corp		06/27/2013	2,500,000.00	2,499,650.00	2,474,375.00	1.000	1,463	1.346	1,032	06/29/2017
3133EA4H8	11305	Federal Farm Credit Bank		04/04/2013	5,000,000.00	4,975,850.00	4,999,250.00	0.820	1,559	0.824	1,044	07/11/2017
3134G3ZH6	11341	Fed Home Loan Mortgage Corp		06/06/2013	4,000,000.00	3,997,440.00	4,000,000.00	1.000	1,510	1.000	1,058	07/25/2017
3137EADJ5	11290	Fed Home Loan Mortgage Corp		01/31/2013	2,500,000.00	2,498,650.00	2,509,875.00	1.000	1,639	0.910	1,061	07/28/2017
3137EADJ5	11394	Fed Home Loan Mortgage Corp		12/17/2013	5,000,000.00	4,997,300.00	4,992,900.00	1.000	1,319	1.040	1,061	07/28/2017
3134G4TS7	11406	Fed Home Loan Mortgage Corp		01/28/2014	5,000,000.00	5,019,350.00	5,000,000.00	1.150	1,277	1.150	1,061	07/28/2017
3136G22T3	11468	Federal National Mort Assoc		07/28/2014	4,000,000.00	3,999,200.00	4,000,000.00	1.050	1,096	1.050	1,061	07/28/2017
3134G3B90	11243	Fed Home Loan Mortgage Corp		08/15/2012	2,000,000.00	1,988,160.00	1,998,520.00	0.875	1,826	0.890	1,079	08/15/2017
3130A25G7	11453	Federal Home Loan Bank		06/05/2014	3,000,000.00	2,997,750.00	2,999,526.00	1.050	1,188	1.055	1,100	09/05/2017
3135G0PP2	11425	Federal National Mort Assoc		02/12/2014	2,500,000.00	2,489,250.00	2,492,050.00	1.000	1,316	1.090	1,115	09/20/2017
3136G0G39	11250	Federal National Mort Assoc		09/27/2012	5,000,000.00	4,984,850.00	5,000,000.00	0.625	1,826	0.625	1,122	09/27/2017
3133EA3J5	11253	Federal Farm Credit Bank		10/10/2012	5,000,000.00	4,944,000.00	5,000,000.00	0.900	1,826	0.900	1,135	10/10/2017
3134G3T42	11458	Fed Home Loan Mortgage Corp		06/05/2014	3,000,000.00	3,006,210.00	3,018,500.00	1.500	1,257	1.343	1,169	11/13/2017
3136G03Y5	11264	Federal National Mort Assoc		11/21/2012	5,000,000.00	4,992,400.00	5,000,000.00	0.750	1,826	0.750	1,177	11/21/2017
3136G05Q0	11269	Federal National Mort Assoc		11/27/2012	5,000,000.00	4,998,000.00	5,000,000.00	0.700	1,826	0.700	1,183	11/27/2017
3134G44N5	11317	Fed Home Loan Mortgage Corp		05/28/2013	3,000,000.00	2,953,080.00	3,000,000.00	0.750	1,645	0.750	1,184	11/28/2017
3130A0ZX1	11432	Federal Home Loan Bank		03/19/2014	4,000,000.00	4,004,120.00	4,000,000.00	1.150	1,371	1.150	1,205	12/19/2017

**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
August 31, 2014**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
Federal Agency Coupon												
3133823A9	11285	Federal Home Loan Bank		02/22/2013	5,000,000.00	4,963,750.00	5,000,000.00	1.150	1,826	1.150	1,270	02/22/2018
3130A0XC9	11435	Federal Home Loan Bank		02/26/2014	4,000,000.00	4,016,680.00	4,000,000.00	1.300	1,461	1.300	1,274	02/26/2018
3136G1DA4	11286	Federal National Mort Assoc		02/28/2013	5,000,000.00	4,995,150.00	5,000,000.00	1.000	1,826	1.171	1,276	02/28/2018
3134G37H7	11301	Fed Home Loan Mortgage Corp		04/25/2013	5,000,000.00	4,954,200.00	5,000,000.00	1.150	1,826	1.150	1,332	04/25/2018
31315PYT0	11318	Farmer Mac		05/02/2013	3,000,000.00	2,971,170.00	3,000,000.00	0.990	1,826	0.990	1,339	05/02/2018
3135G0XA6	11319	Federal National Mort Assoc		05/21/2013	3,000,000.00	2,957,880.00	3,000,000.00	1.030	1,826	1.030	1,358	05/21/2018
313382Z63	11325	Federal Home Loan Bank		05/22/2013	5,000,000.00	4,972,200.00	5,000,000.00	0.750	1,826	0.700	1,359	05/22/2018
3134G55C5	11448	Fed Home Loan Mortgage Corp		05/28/2014	4,000,000.00	4,005,720.00	4,000,000.00	1.500	1,458	1.503	1,362	05/25/2018
313379DT3	11386	Federal Home Loan Bank		11/12/2013	4,000,000.00	3,971,600.00	3,960,880.00	1.250	1,669	1.472	1,376	06/08/2018
313383EN7	11334	Federal Home Loan Bank		06/20/2013	5,000,000.00	4,966,600.00	5,000,000.00	1.000	1,826	1.000	1,388	06/20/2018
313383C25	11345	Federal Home Loan Bank		06/25/2013	2,500,000.00	2,466,015.50	2,412,500.00	0.600	1,821	1.265	1,388	06/20/2018
3134G47M4	11338	Fed Home Loan Mortgage Corp		06/26/2013	3,000,000.00	3,002,640.00	2,999,250.00	1.500	1,826	1.505	1,394	06/26/2018
313383GK1	11337	Federal Home Loan Bank		06/27/2013	3,800,000.00	3,768,992.00	3,800,000.00	1.125	1,826	1.125	1,395	06/27/2018
3133EDQ21	11464	Federal Farm Credit Bank		07/09/2014	5,000,000.00	4,991,750.00	5,000,000.00	1.470	1,461	1.470	1,407	07/09/2018
3133EDQ28	11474	Federal Farm Credit Bank		07/23/2014	2,500,000.00	2,498,775.00	2,498,750.00	1.520	1,461	1.533	1,421	07/23/2018
3136G22V8	11469	Federal National Mort Assoc		07/25/2014	4,000,000.00	4,024,560.00	4,000,000.00	1.500	1,461	1.500	1,423	07/25/2018
3134G5CY9	11470	Fed Home Loan Mortgage Corp		07/30/2014	5,000,000.00	4,997,050.00	5,000,000.00	1.500	1,461	1.500	1,428	07/30/2018
3130A2PD2	11475	Federal Home Loan Bank		08/14/2014	2,000,000.00	2,000,020.00	2,000,000.00	1.000	1,461	1.000	1,443	08/14/2018
3134G54Z5	11447	Fed Home Loan Mortgage Corp		05/28/2014	3,000,000.00	3,011,280.00	3,000,000.00	1.500	1,553	1.500	1,457	08/28/2018
3130A02E9	11380	Federal Home Loan Bank		09/25/2013	3,000,000.00	3,000,450.00	3,000,000.00	0.750	1,826	0.750	1,485	09/25/2018
3134G4L30	11385	Fed Home Loan Mortgage Corp		11/26/2013	5,000,000.00	5,014,062.50	5,000,000.00	1.700	1,826	1.700	1,547	11/26/2018
3134G4RZ3	11400	Fed Home Loan Mortgage Corp		12/26/2013	5,000,000.00	5,014,400.00	5,000,000.00	1.000	1,826	1.000	1,577	12/26/2018
3134G4QX9	11405	Fed Home Loan Mortgage Corp		01/08/2014	5,000,000.00	5,004,950.00	4,992,500.00	1.500	1,814	1.531	1,578	12/27/2018
31315P4H9	11415	Farmer Mac		01/30/2014	5,000,000.00	5,024,700.00	5,000,000.00	1.950	1,826	1.950	1,612	01/30/2019
3134G4VE5	11422	Fed Home Loan Mortgage Corp		02/27/2014	3,000,000.00	3,017,310.00	3,000,000.00	1.800	1,826	1.800	1,640	02/27/2019
3134G4VM7	11426	Fed Home Loan Mortgage Corp		03/11/2014	5,000,000.00	5,001,650.00	5,000,000.00	1.500	1,826	1.500	1,652	03/11/2019
3134G4WL8	11434	Fed Home Loan Mortgage Corp		03/19/2014	4,000,000.00	4,020,760.00	4,000,000.00	1.750	1,826	1.750	1,660	03/19/2019
3134G4Y28	11441	Fed Home Loan Mortgage Corp		03/27/2014	5,000,000.00	5,024,700.00	5,000,000.00	1.550	1,826	1.550	1,668	03/27/2019
3130A1DL9	11442	Federal Home Loan Bank		04/02/2014	4,000,000.00	3,998,880.00	4,000,000.00	2.010	1,826	0.376	1,674	04/02/2019
3130A1S74	11446	Federal Home Loan Bank		05/16/2014	5,000,000.00	5,003,300.00	5,000,000.00	2.030	1,826	2.030	1,718	05/16/2019
3130A23F1	11452	Federal Home Loan Bank		05/30/2014	5,000,000.00	4,996,750.00	5,000,000.00	1.000	1,824	1.000	1,730	05/28/2019
3130A2C87	11457	Federal Home Loan Bank		06/26/2014	3,000,000.00	3,002,812.50	3,000,000.00	1.500	1,826	1.500	1,759	06/26/2019
3130A2DX1	11460	Federal Home Loan Bank		07/09/2014	3,000,000.00	3,002,130.00	3,000,000.00	1.000	1,826	2.178	1,772	07/09/2019
3134G5CJ2	11466	Fed Home Loan Mortgage Corp		07/30/2014	5,000,000.00	5,014,550.00	5,000,000.00	2.000	1,826	2.000	1,793	07/30/2019
3136G23W5	11478	Federal National Mort Assoc		08/28/2014	3,000,000.00	2,986,020.00	3,000,000.00	2.000	1,826	2.000	1,822	08/28/2019
Subtotal and Average			391,661,965.94		387,430,000.00	387,241,361.35	387,326,716.69		1,275	0.897	961	

**City of Santa Monica
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August 31, 2014**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
Federal Agency Discount												
313396CQ4	11445	Fed Home Loan Mortgage Corp		04/22/2014	5,000,000.00	4,997,850.00	4,995,611.11	0.100	316	0.103	184	03/04/2015
Subtotal and Average			4,995,611.11		5,000,000.00	4,997,850.00	4,995,611.11		316	0.103	184	
Local Agency Investment Funds												
SYS10090	10090	Local Agency Investment Fund			49,527,357.13	49,527,357.13	49,527,357.13	0.260	1	0.260	1	
Subtotal and Average			49,527,357.13		49,527,357.13	49,527,357.13	49,527,357.13		1	0.260	1	
Columbia Money Market Fund												
SYS10091	10091	Columbia Money Market Reserves		09/15/2006	0.00	0.00	0.00	0.010	1	0.010	1	
Subtotal and Average			0.00		0.00	0.00	0.00		0	0.000	0	
Local Agency Investment Funds - RDA												
SYS10092	10092	LAIF - RDA		03/17/2009	0.00	0.00	0.00	0.385	1	0.385	1	
Subtotal and Average			0.00		0.00	0.00	0.00		0	0.000	0	
Corporate Bonds												
459200GZ8	11270	IBM Corp		11/14/2012	5,000,000.00	5,004,250.00	5,052,250.00	0.875	716	0.340	60	10/31/2014
89233P5N2	11358	Toyota Motor Credit Corp		07/19/2013	2,000,000.00	2,004,600.00	2,021,280.00	1.250	486	0.445	77	11/17/2014
94974BEU0	11451	Wells Fargo Bank		05/27/2014	5,000,000.00	5,102,343.50	5,171,521.79	3.625	323	0.215	226	04/15/2015
459200HD6	11397	IBM Corp		12/23/2013	2,278,000.00	2,284,925.12	2,292,761.44	0.750	504	0.280	252	05/11/2015
94974BFE5	11287	Wells Fargo & Compnay		01/31/2013	2,000,000.00	2,019,180.00	2,032,480.00	1.500	881	0.820	303	07/01/2015
94974BFE5	11443	Wells Fargo & Compnay		04/22/2014	4,523,000.00	4,566,375.57	4,580,984.86	1.500	435	0.420	303	07/01/2015
89233P6J0	11357	Toyota Motor Credit Corp		07/19/2013	2,000,000.00	2,010,180.00	2,009,720.00	0.875	728	0.629	319	07/17/2015
94985H5F7	11363	Wells Fargo Bank		07/29/2013	2,500,000.00	2,509,200.00	2,499,125.00	0.750	721	0.768	322	07/20/2015
594918AG9	11211	Microsoft		05/10/2012	5,000,000.00	5,068,850.00	5,170,600.00	1.625	1,233	0.602	389	09/25/2015
084670BG2	11291	Berkshire Hathaway		02/11/2013	2,000,000.00	2,007,400.00	2,005,620.00	0.800	1,095	0.705	528	02/11/2016
037833AH3	11320	Apple Inc.		05/06/2013	3,000,000.00	2,995,230.00	3,002,430.00	0.450	1,093	0.423	610	05/03/2016
478160AY0	11293	Johnson & Johnson		02/12/2013	2,000,000.00	2,055,660.00	2,105,040.00	2.150	1,188	0.522	622	05/15/2016
89236TAL9	11333	Toyota Motor Credit Corp		05/28/2013	3,000,000.00	3,011,160.00	3,008,190.00	0.800	1,085	0.707	624	05/17/2016
94974BFL9	11362	Wells Fargo & Compnay		07/29/2013	3,000,000.00	3,024,210.00	2,997,120.00	1.250	1,087	1.283	688	07/20/2016
459200GX3	11473	IBM Corp		07/24/2014	4,000,000.00	4,095,560.00	4,106,353.33	1.950	729	0.612	690	07/22/2016
742718DV8	11352	Procter & Gamble		07/05/2013	1,985,000.00	2,014,497.10	2,011,658.55	1.450	1,137	1.010	714	08/15/2016
427866AP3	11449	HERSHEY COMPANY		05/20/2014	947,000.00	1,034,284.99	1,060,904.90	5.450	835	0.656	731	09/01/2016
90521APH5	11431	UnionBanc Investments		02/24/2014	4,000,000.00	4,046,080.00	4,068,800.00	1.500	945	0.827	756	09/26/2016
88579YAD3	11467	3M		07/08/2014	3,544,000.00	3,600,314.16	3,619,243.55	1.375	814	0.584	759	09/29/2016

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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
Corporate Bonds												
717081DD2	11430	Pfizer Inc		02/24/2014	4,000,000.00	3,999,160.00	4,008,800.00	0.900	1,056	0.823	867	01/15/2017
88579YAE1	11392	3M		12/10/2013	2,500,000.00	2,496,275.00	2,495,925.00	1.000	1,294	1.047	1,029	06/26/2017
88579YAE1	11393	3M		12/10/2013	2,500,000.00	2,496,275.00	2,495,475.00	1.000	1,294	1.052	1,029	06/26/2017
64952WBK8	11283	New York Life		01/23/2013	2,855,000.00	2,840,278.76	2,872,529.70	1.300	1,741	1.167	1,155	10/30/2017
594918AP9	11311	Microsoft		04/30/2013	2,500,000.00	2,478,575.00	2,505,000.00	0.875	1,660	0.931	1,171	11/15/2017
19416QEB2	11476	Colgate Palmolive		07/28/2014	1,500,000.00	1,470,660.00	1,476,097.50	0.900	1,373	1.396	1,338	05/01/2018
037833AJ9	11321	Apple Inc.		05/06/2013	2,500,000.00	2,450,925.00	2,505,600.00	1.000	1,823	0.954	1,340	05/03/2018
037833AJ9	11326	Apple Inc.		05/17/2013	2,500,000.00	2,450,925.00	2,478,975.00	1.000	1,812	1.175	1,340	05/03/2018
478160BG8	11391	Johnson & Johnson		12/05/2013	2,000,000.00	2,016,160.00	2,000,080.00	1.650	1,826	1.649	1,556	12/05/2018
037833AQ3	11461	Apple Inc.		06/13/2014	3,000,000.00	3,018,210.00	3,017,575.00	2.100	1,788	2.020	1,708	05/06/2019
89236TBP9	11472	Toyota Motor Credit Corp		07/21/2014	4,000,000.00	4,011,360.00	4,000,708.33	2.125	1,823	2.125	1,781	07/18/2019
Subtotal and Average			88,672,848.95		87,632,000.00	88,183,104.20	88,672,848.95		1,078	0.837	740	
State of California Obligations												
13063CKL3	11459	State of California		06/09/2014	3,000,000.00	3,027,480.00	3,027,915.00	2.250	1,787	2.100	1,703	05/01/2019
Subtotal and Average			3,027,915.00		3,000,000.00	3,027,480.00	3,027,915.00		1,787	2.100	1,703	
Total and Average			540,877,036.45		535,589,357.13	535,974,092.68	536,541,787.20		1,118	0.828	833	

Overview

As of August 31, 2014, total City cash and investments (including cash held for the Successor Agency to the Redevelopment Agency) were \$672 million, an \$8.1 million increase from the prior month. The pooled portfolio increased by \$14.0 million (2%) in August to \$629.9 million. The increase reflects receipts from business license renewals as well as the timing of certain expenditures. Partially offsetting were a decrease in the outstanding balance in the payroll account reflecting the timing of payroll payments during the month. Total cash and investments are categorized as follows:

Petty Cash/Change Funds	\$	28,947.00
Pooled Investment Portfolio	\$	629,857,190.74
Restricted Cash/Investment Held in Trust	\$	19,747,616.14
Other Funds Held in Trust	\$	22,334,990.80
Total	\$	<u>671,968,744.68</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

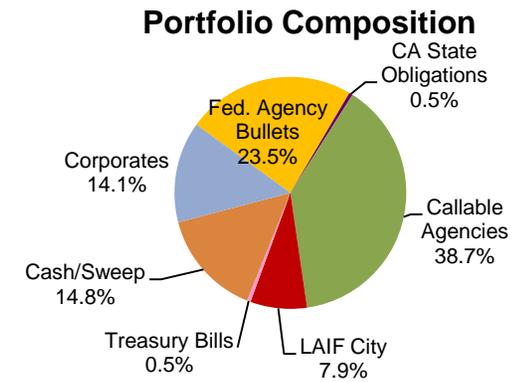
- Yield to Maturity – The rate of return of a security held to maturity when both interest payments and the investor’s gain or loss (premium paid or discount taken) on the security is taken into account.

Pooled Investment Portfolio

As of August 31, 2014, the portfolio size (unamortized book value/purchase price) of City pooled cash and investments is \$629.9 million, \$14.0 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 above, the August increase reflects receipts from business license renewals as well as the timing of certain expenditures is primarily due to prepayment of the City’s FY 2014-15 CalPERS liability and the scheduled second of four settlement payments to the County of Los Angeles related to dissolution of Redevelopment. Three investments were made during the month (\$8.0 million), two investments matured (\$7.0 million), no investments were sold, and four investments were called (\$13.5 million). The State Local Agency Investment Fund (LAIF) account balance was unchanged. Cash held at Wells Fargo Bank was \$93.3 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.

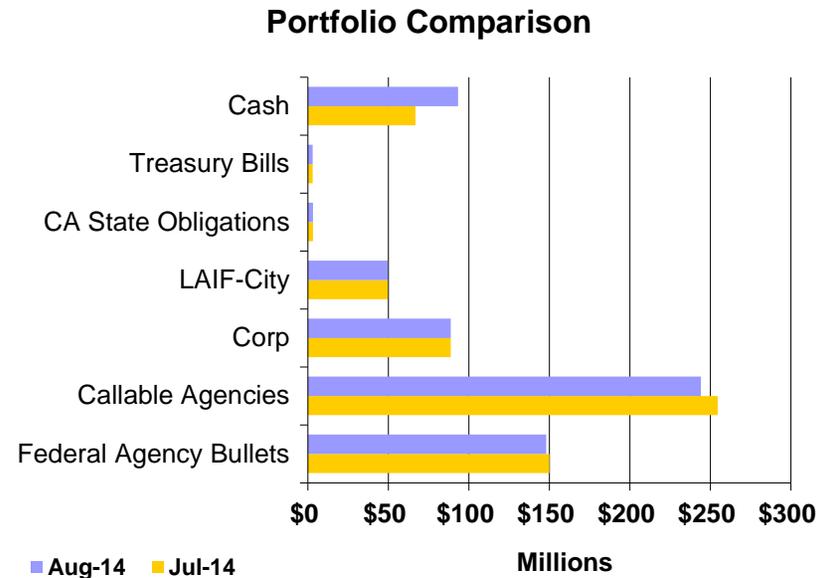
Portfolio Composition

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 (62.2%). The remaining 37.8% includes the State Local Agency Investment Fund (7.9%), corporate bonds (14.1%), CA State Obligations (0.5%), Treasury Bills (0.5%), and cash (14.8%). 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 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 August. 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, as of August 31, the City is still awaiting the final 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.



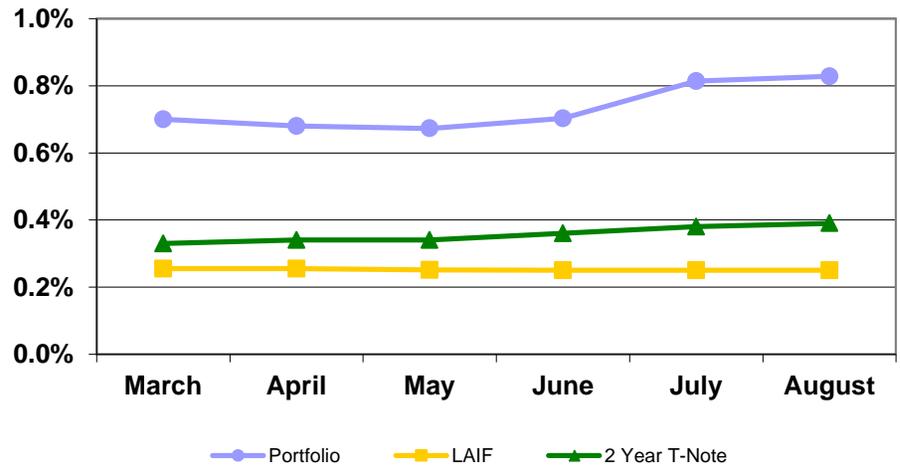
Rebalancing of Portfolio

As noted in the previous reports, the City has begun implementing revisions to the investment strategy that is intended to increase portfolio returns with minimal increase in risk. While it will take some time to fully implement the new strategy, some initial steps have been taken. One of the changes is the approach to portfolio rebalancing. Staff has expanded the parameters of rebalancing to look for opportunities to improve portfolio performance even in these times of low and relatively stable interest rates. No rebalancing occurred in August. Staff will continue to look for prudent opportunities.

Portfolio Yield

The portfolio yield-to-maturity was 0.83% as of August 31, 2014, up two basis points from the prior month and thirteen 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. However, rates have begun to show a slight upward trend. For the first time in over three years, the month-end two-year Constant Maturing Treasury security yield (CMT) has ended the month above 0.4% for three months in a row and five out of the last six months. As noted earlier, a significant amount of the portfolio is still being held in very liquid investments with short maturities pending final resolution of RDA dissolution, which also presents a downward pressure on the portfolio yield. 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 July. 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.

Portfolio Yield



Overall, interest rates in the two to five year maturity range declined in August after two months of sharp increases. The two year CMT month-end rate fell five basis points to 0.48%, but remains near its highest level in over three years. The twelve month moving average rose one basis point to 0.39%. Rates are expected to remain relatively low into 2015. The twelve month moving average LAIF yield remained at its record low rate of 0.25% in August and has not shown a monthly increase for over six years. The month-end LAIF rate was 0.26%, up two basis points from prior month.

The Federal Open Market Committee (Fed) did not meet in August, so the target Fed Funds rate unchanged at a range of 0% to 0.25%. Earlier Fed policy statements have indicated that while it did see an improving economy including a strengthening labor market, low inflation, better household spending, and the beginnings of a turnaround in business

investment, the housing market is showing some weakness. Despite the improvement, the Fed believes continued support is needed to foster continuing economic growth so they still expect it to be some time before they begin to raise interest rates. Preliminary second quarter GDP showed a very strong 4.6% gain after a 2.1% decrease in the first quarter. 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 grew a very strong 3.2% in August to finish near a record high.

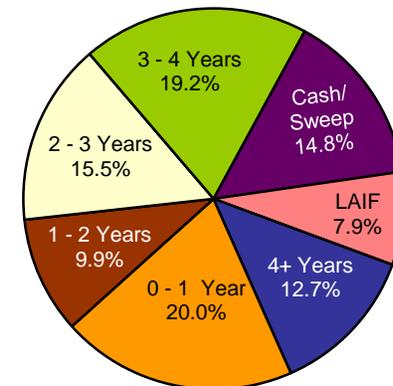
The City’s portfolio yield-to-maturity has begun to increase after over five years of decreases. Rates that last three months in the two year maturity area have risen nearly 24%. However, there is still some pressure on interest rates and the level of increase is expected to level off in the near term. Therefore, 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. However, modest yield increases can be anticipated as the new investment plan is implemented.

Net investment income in August was \$0.25 million. Fiscal year-to-date revenues on a cash basis ended the month down 13.6% from the same period last year.

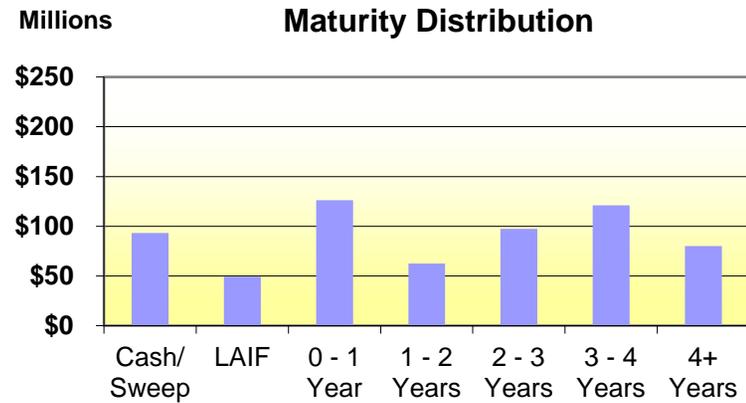
Maturity Distribution

The weighted average days to maturity of the portfolio as of August 31, 2014 is 833 days (2.3 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 half 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 over the last several months, 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 many investments are still being made in shorter term securities, some investments in longer term securities are being made to take advantage of the yield curve. As noted earlier, interest rates are still expected to remain relatively low into early to mid-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 August 31, 2014, the market value and the book value of the City’s pooled investments (excluding cash) are:

Market Value	\$ 535,974,092.68
Book Value (purchase Price)	\$ 536,541,787.20
Unrealized Gain / (Loss)	\$ (567,694.52)

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 August 31, 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 one remaining bond issued by Berkshire Hathaway Company (BRK) with a total book value of \$2,005,620 that was 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

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

Portfolio Allocation as of 8/31/14

	Pooled Portfolio (1) (3)	% of Portfolio	Legal/ Policy Limit	In Compliance (Yes/No)
Federal Agency Securities				
Federal Home Loan Bank	\$138,185,384.19	21.9%	50.0%	Yes
Federal National Mortgage Association	51,494,450.00	8.2%	50.0%	Yes
Federal Home Loan Mortgage Corporation	134,719,228.61	21.4%	50.0%	Yes
Farmer Mac	19,999,500.00	3.2%	50.0%	Yes
Federal Farm Credit Bank	47,923,765.00	7.6%	50.0%	Yes
Total Federal Agency Securities	\$392,322,327.80	62.3%	n/a	Yes
Treasury Bills	\$2,991,338.32	0.5%	n/a	Yes
State of CA Obligations	\$3,027,915.00	0.5%	n/a	Yes
Corporate Bonds	\$88,672,848.95	14.1%	30.0%	Yes
Money Market Mutual Funds	\$0.00	0.0%	10.0%	Yes
State Local Agency Investment Fund-City	\$49,527,357.13	7.9%	\$50 million	Yes
Cash (2)	\$93,315,403.54	14.8%	None	Yes
Total (Book Value)	\$629,857,190.74	100.0%		

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 account held at Wells Fargo Bank. Does not include balance of HUD depository account (\$1,591,700.06), Successor Agency RPTTF account (\$2,237,967.17), Ocean Park Special Fund (\$5,353,601.54), payroll account (\$311,718.27) 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 8/31/14 (Book Value)

Security	Pooled Portfolio	Credit Rating*	In Compliance (Yes/No)
Corporate			
IBM 0.875% maturing 10/31/14	\$5,052,250.00	AA-	Yes
Toyota Motor Credit Corp. 1.25% maturing 11/17/14	\$2,021,280.00	AA-	Yes
Wells Fargo Bank 3.625% maturing 4/15/15	\$5,171,521.79	AA-	Yes
IBM 0.75% maturing 5/11/15	\$2,292,761.44	AA-	Yes
Wells Fargo and Company 1.5% maturing 7/1/15	\$2,032,480.00	A+	Yes
Wells Fargo and Company 1.5% maturing 7/1/15	\$4,580,984.86	A+	Yes
Toyota Motor Credit Corp. 0.875% maturing 7/17/15	\$2,009,720.00	AA-	Yes
Wells Fargo Bank 0.75% maturing 7/20/15	\$2,499,125.00	AA-	Yes
Microsoft 1.625% maturing 9/25/15	\$5,170,600.00	AAA	Yes
Berkshire Hathaway 0.8% maturing 2/11/16	\$2,005,620.00	AA	Yes
Apple Inc. 0.45% maturing 5/3/16	\$3,002,430.00	AA+	Yes
Johnson & Johnson 2.15% maturing 5/15/16	\$2,105,040.00	AAA	Yes
Toyota Motor Credit Corp. 0.8% maturing 5/17/16	\$3,008,190.00	AA-	Yes
Wells Fargo and Company 1.25% maturing 7/20/16	\$2,997,120.00	A+	Yes
IBM 1.95% maturing 7/22/16	\$4,106,353.33	AA-	Yes
Procter & Gamble 1.45% maturing 8/15/16	\$2,011,658.55	AA-	Yes
Hershey Company 5.45% maturing 9/1/16	\$1,060,904.90	A	Yes
UnionBanc Investments 1.5% maturing 9/26/16	\$4,068,800.00	A+	Yes
3M Corp. 1.375% maturing 9/29/16	\$3,619,243.55	AA-	Yes
Pfizer, Inc. 0.9% maturing 1/15/17	\$4,008,800.00	AA	Yes
3M Corp. 1% maturing 6/26/17	\$4,991,400.00	AA-	Yes
New York Life 1.3% maturing 10/30/17	\$2,872,529.70	AA+	Yes
Microsoft 0.875% maturing 11/15/17	\$2,505,000.00	AAA	Yes
Colgate Palmolive 0.9% maturing 5/1/18	\$1,476,097.50	AA-	Yes
Apple Inc. 1% maturing 5/3/18	\$4,984,575.00	AA+	Yes
Johnson & Johnson 1.65% maturing 12/05/18	\$2,000,080.00	AAA	Yes
Apple Inc. 2.1% maturing 5/6/19	\$3,017,575.00	AA+	Yes
Toyota Motor Credit Corp. 2.125% maturing 7/18/19	\$4,000,708.33	AA-	Yes

* 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.

Gigi Decavalles-Hughes, Director of Finance/City Treasurer