City of Santa Monica®

# Information Item

**Date: February 27, 2015**

To: Mayor and City Council

From: Gigi Decavalles-Hughes, Director of Finance/City Treasurer

Subject: City Monthly Cash and Investment Report for September 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 September 30, 2014.

## Discussion

The September 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 $15.5 million in September to $645.4 million. High receipts from business license renewals contributed to the increase. The pooled portfolio yield-to-maturity of 0.86% is three basis points higher as compared to the prior month and thirteen basis points higher than in September 2013. Net investment earnings for the month were $0.3 million. Fiscal year-to-date earnings are 5.6% greater than for the same period last year. The extended low interest rate environment continues to limit investment returns. However, the yield appears to have begun a slight upward trend.

In addition to the pooled portfolio, the City's total cash holdings as of September 30, 2014 included $19.7 million in debt proceeds held in trust with various fiscal agents, $22 million in other funds held in trust, and $28,947 in petty cash/change funds for a total balance of $687.1 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 September 30, 2014, the market value of the City's portfolio was approximately $1.5 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 September 30, 2014.

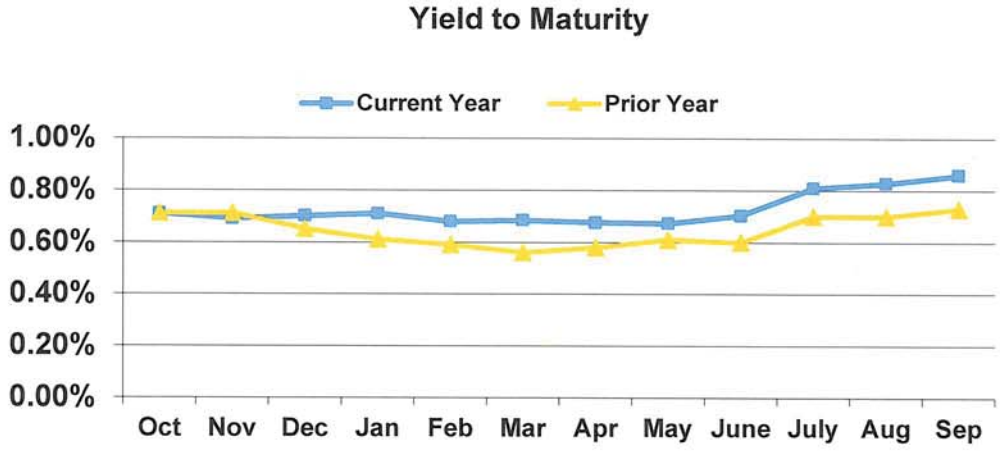
Prepared by: David Carr, Assistant City Treasurer

Attachments: 1 – Investment Highlights
2 – Investment Report

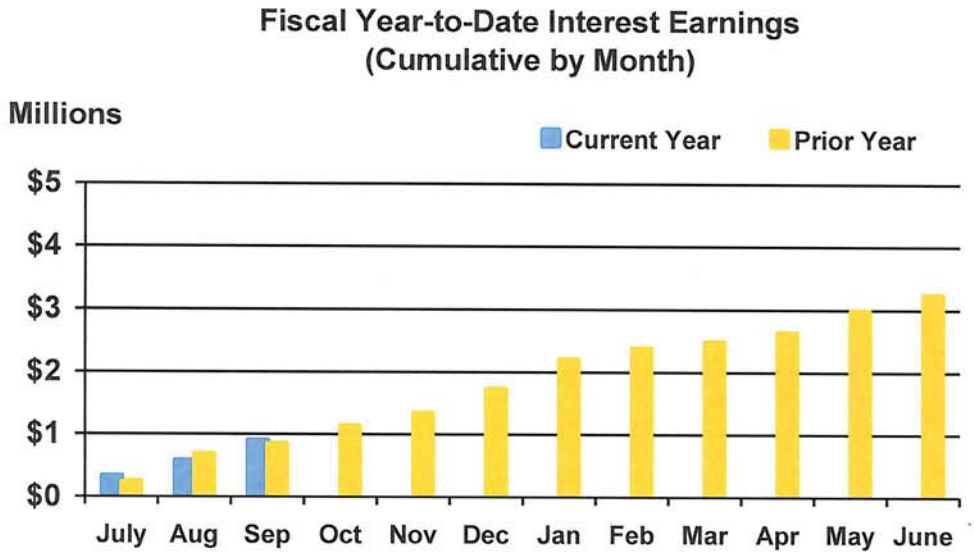
ATTACHMENT 1

# Investment Highlights
## September 30, 2014

- As of September 30, 2014, the portfolio size is $645.4 million, $15.5 million more than in the prior month and $31 million more than one year earlier.




- As of September 30, 2014, yield to maturity is 0.86%.
- Up three basis points from the prior month and thirteen basis points from one year earlier.




- Fiscal year-to-date earnings (cash basis) are up 5.6% from one year earlier.

- As of September 30, 2014, the market value is about $1.5 million less than the unamortized book value (purchase price).

ATTACHMENT 2

City of
Santa Monica®

# Investment Report
## September 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
## September 30, 2014

| | | |
|---|---|---|
| **Petty Cash/Change Funds** | | $28,947.00 |
| **Pooled Portfolio** | | |
| Wells Fargo Bank (1) | $93,332,978.97 | |
| Bank of New York (BNY) | | |
| Corporate Bonds | $96,681,509.01 | |
| Treasury Bills | $2,991,338.32 | |
| State of California Bonds | $3,027,915.00 | |
| Federal Agencies Securities | $399,834,734.47 | |
| Total Bank of New York | $502,535,496.80 | |
| State of California Local Agency Investment Fund - City | $49,527,357.13 | |
| **Total Pooled Portfolio** | | $645,395,832.90 |
| **Restricted Cash/Investments Held in Trust/Debt Proceeds** | | |
| Union Bank - Redevelopment Agency Term Loan | $11,648,427.69 | |
| 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 | $2,827,031.52 | |
| Union Bank-RDA 2011 Tax Allocation Bonds | $2,262,476.44 | |
| 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 | $1,102,004.21 | |
| U.S. Bank-Wastewater Enterprise Revenue Bonds-2012 Refunding | $1.25 | |
| U.S. Bank-Wastewater Enterprise Revenue Bonds-2005 Refunding | $0.00 | |
| **Total Restricted Cash/Investments Held in Trust** | | $19,747,759.61 |
| **Other Restricted Funds/Funds Held in Trust** | | |
| Cemetery Perpetual Care Fund (3) | $9,951,657.00 | |
| Mausoleum Perpetual Care Fund (3) | $1,141,781.00 | |
| Santa Monica Redevelopment Successor Agency RPTTF-Wells Fargo | $2,140,690.02 | |
| Wells Fargo Bank - HUD Depository Account (4) | $1,568,157.00 | |
| Wells Fargo Bank - Payroll Account | $174,799.22 | |
| Wells Fargo Bank -RDA Successor Agency - OP Special Fund | $5,353,601.54 | |
| Union Bank - W.E. O'Neil Direct Owner Costs PGW Escrow | $1,478,619.95 | |
| Union Bank - Morley Direct Owner Costs Civic Escrow | $59,975.96 | |
| Wells Fargo Bank - Public Agency Family Self Sufficiency Program (2) | $140,988.87 | |
| **Total Other Funds Held in Trust** | | $22,010,270.56 |
| **GRAND TOTAL** | | $687,182,810.07 |

## City of Santa Monica
## Cash Receipts, Disbursements and Cash Balances
## September 30, 2014

(1) These are the actual bank balances as of 9/30/2014. 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 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 - August 31, 2014 | 629,857,190.74 |
| Receipts | 57,604,105.96 |
| Disbursements | (42,065,463.80) |
| Cash and Investments - September 30, 2014 | 645,395,832.90 |

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 and Successor Agency accounts at Wells Fargo Bank.

Gigi Decavalles-Hughes
Director of Finance/City Treasurer

# City of Santa Monica
## Portfolio Management
### Portfolio Details - Investments
### July 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 | 2,988,750.00 | 2,991,338.32 | 0.875 | 1,086 | 0.982 | 1,079 | 07/15/2017 |
| | | **Subtotal and Average** | **675,463.49** | | **3,000,000.00** | **2,988,750.00** | **2,991,338.32** | | **1,086** | **0.982** | **1,079** | |
| **Federal Agency Coupon** | | | | | | | | | | | | |
| 313383UA7 | 11371 | Federal Home Loan Bank | | 08/15/2013 | 3,000,000.00 | 3,000,060.00 | 2,999,970.00 | 0.170 | 358 | 0.171 | 7 | 08/08/2014 |
| 3135G0BY8 | 11117 | Federal National Mort Assoc | | 07/19/2011 | 4,000,000.00 | 4,002,280.00 | 3,997,920.00 | 0.875 | 1,136 | 0.890 | 27 | 08/28/2014 |
| 313383ZC8 | 11378 | Federal Home Loan Bank | | 09/12/2013 | 5,000,000.00 | 5,000,200.00 | 5,000,130.00 | 0.180 | 365 | 0.177 | 42 | 09/12/2014 |
| 3133EA6W3 | 11280 | Federal Farm Credit Bank | | 01/17/2013 | 2,500,000.00 | 2,501,150.00 | 2,500,200.00 | 0.270 | 657 | 0.266 | 96 | 11/05/2014 |
| 3137EACY3 | 11416 | Fed Home Loan Mortgage Corp | | 02/04/2014 | 3,000,000.00 | 3,006,120.00 | 3,015,000.00 | 0.750 | 294 | 0.131 | 116 | 11/25/2014 |
| 3134G3H78 | 11268 | Fed Home Loan Mortgage Corp | | 11/06/2012 | 5,000,000.00 | 5,004,450.00 | 5,003,250.00 | 0.350 | 759 | 0.319 | 126 | 12/05/2014 |
| 3137EADA4 | 11179 | Fed Home Loan Mortgage Corp | | 12/21/2011 | 2,500,000.00 | 2,504,750.00 | 2,497,225.00 | 0.625 | 1,104 | 0.662 | 150 | 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 | 158 | 01/06/2015 |
| 3130A0LE8 | 11418 | Federal Home Loan Bank | | 02/04/2014 | 4,000,000.00 | 4,001,120.00 | 4,000,280.00 | 0.170 | 339 | 0.162 | 161 | 01/09/2015 |
| 313381H24 | 11353 | Federal Home Loan Bank | | 07/11/2013 | 3,000,000.00 | 3,002,010.00 | 2,998,200.00 | 0.250 | 554 | 0.290 | 168 | 01/16/2015 |
| 3130A0QU7 | 11412 | Federal Home Loan Bank | | 01/23/2014 | 3,000,000.00 | 3,000,420.00 | 2,998,920.00 | 0.125 | 365 | 0.161 | 175 | 01/23/2015 |
| 3130A0TW0 | 11417 | Federal Home Loan Bank | | 02/04/2014 | 4,000,000.00 | 4,000,160.00 | 3,998,533.89 | 0.125 | 364 | 0.162 | 186 | 02/03/2015 |
| 313376YQ2 | 11409 | Federal Home Loan Bank | | 01/21/2014 | 1,000,000.00 | 1,001,460.00 | 1,002,300.00 | 0.400 | 388 | 0.183 | 196 | 02/13/2015 |
| 3133ECG81 | 11410 | Federal Farm Credit Bank | | 01/21/2014 | 1,060,000.00 | 1,061,038.80 | 1,061,356.80 | 0.300 | 400 | 0.183 | 208 | 02/25/2015 |
| 3135G0HG1 | 11267 | Federal National Mort Assoc | | 11/06/2012 | 2,500,000.00 | 2,503,375.00 | 2,502,400.00 | 0.375 | 860 | 0.334 | 227 | 03/16/2015 |
| 3130A1U97 | 11465 | Federal Home Loan Bank | | 07/02/2014 | 5,000,000.00 | 4,998,900.00 | 5,000,843.75 | 0.125 | 301 | 0.131 | 271 | 04/29/2015 |
| 31331KLE8 | 11086 | Federal Farm Credit Bank | | 05/18/2011 | 2,500,000.00 | 2,529,000.00 | 2,501,250.00 | 1.600 | 1,461 | 1.587 | 290 | 05/18/2015 |
| 3130A26M3 | 11454 | Federal Home Loan Bank | | 06/03/2014 | 5,000,000.00 | 4,998,400.00 | 5,000,069.44 | 0.125 | 360 | 0.125 | 301 | 05/29/2015 |
| 31315P6C8 | 11450 | Farmer Mac | | 05/27/2014 | 10,000,000.00 | 9,992,800.00 | 9,999,500.00 | 0.130 | 370 | 0.135 | 304 | 06/01/2015 |
| 313379ER6 | 11323 | Federal Home Loan Bank | | 05/15/2013 | 3,000,000.00 | 3,008,640.00 | 3,015,210.00 | 0.500 | 758 | 0.255 | 315 | 06/12/2015 |
| 313379ER6 | 11396 | Federal Home Loan Bank | | 12/23/2013 | 3,000,000.00 | 3,008,640.00 | 3,010,950.00 | 0.500 | 536 | 0.251 | 315 | 06/12/2015 |
| 3130A2EA0 | 11462 | Federal Home Loan Bank | | 07/10/2014 | 5,000,000.00 | 4,999,500.00 | 5,000,000.00 | 0.180 | 365 | 0.180 | 343 | 07/10/2015 |
| 3130A2NH5 | 11471 | Federal Home Loan Bank | | 07/22/2014 | 4,000,000.00 | 3,997,400.00 | 4,000,000.00 | 0.170 | 365 | 0.170 | 355 | 07/22/2015 |
| 3133ECHV9 | 11296 | Federal Farm Credit Bank | | 03/21/2013 | 5,000,000.00 | 5,009,700.00 | 4,997,550.00 | 0.350 | 861 | 0.371 | 363 | 07/30/2015 |
| 313375PT8 | 11147 | Federal Home Loan Bank | | 09/19/2011 | 2,500,000.00 | 2,514,550.00 | 2,500,000.00 | 0.750 | 1,410 | 0.750 | 363 | 07/30/2015 |
| 3133EDC59 | 11401 | Federal Farm Credit Bank | | 01/03/2014 | 3,870,000.00 | 3,874,373.10 | 3,865,588.20 | 0.250 | 593 | 0.320 | 383 | 08/19/2015 |
| 3134G4HZ4 | 11404 | Fed Home Loan Mortgage Corp | | 01/07/2014 | 3,000,000.00 | 2,999,531.10 | 3,004,830.00 | 0.500 | 659 | 0.411 | 453 | 10/28/2015 |
| 3134G3W55 | 11455 | Fed Home Loan Mortgage Corp | | 06/03/2014 | 3,000,000.00 | 3,005,340.00 | 3,009,817.50 | 0.450 | 539 | 0.235 | 480 | 11/24/2015 |
| 31331J4J9 | 11020 | Federal Farm Credit Bank | | 12/07/2010 | 2,000,000.00 | 2,036,020.00 | 2,000,000.00 | 1.740 | 1,826 | 1.740 | 493 | 12/07/2015 |
| 3135G0WW9 | 11324 | Federal National Mort Assoc | | 05/20/2013 | 3,000,000.00 | 2,991,480.00 | 3,000,000.00 | 0.520 | 1,096 | 0.520 | 658 | 05/20/2016 |
| 3134G4W95 | 11429 | Fed Home Loan Mortgage Corp | | 03/17/2014 | 4,000,000.00 | 3,994,320.00 | 4,000,000.00 | 0.500 | 823 | 0.500 | 686 | 06/17/2016 |
| 3133834R9 | 11322 | Federal Home Loan Bank | | 05/15/2013 | 3,000,000.00 | 2,989,020.00 | 2,990,280.00 | 0.375 | 1,136 | 0.480 | 693 | 06/24/2016 |

# City of Santa Monica
## Portfolio Management
### Portfolio Details - Investments
### July 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** | | | | | | | | | | | | |
| 3130A1BK3 | 11444 | Federal Home Loan Bank | | 03/24/2014 | 5,000,000.00 | 4,996,200.00 | 5,000,000.00 | 0.500 | 823 | 0.500 | 693 | 06/24/2016 |
| 3134G4RT7 | 11399 | Fed Home Loan Mortgage Corp | | 12/27/2013 | 3,000,000.00 | 2,998,410.00 | 3,000,000.00 | 0.530 | 913 | 0.530 | 696 | 06/27/2016 |
| 3134G4TE8 | 11407 | Fed Home Loan Mortgage Corp | | 01/28/2014 | 2,000,000.00 | 1,997,000.00 | 1,998,520.00 | 0.700 | 912 | 0.730 | 727 | 07/28/2016 |
| 313381VK8 | 11292 | Federal Home Loan Bank | | 02/08/2013 | 2,000,000.00 | 1,999,040.00 | 1,998,000.00 | 0.575 | 1,267 | 0.604 | 728 | 07/29/2016 |
| 3134G4ET1 | 11375 | Fed Home Loan Mortgage Corp | | 08/29/2013 | 2,500,000.00 | 2,500,350.00 | 2,494,375.00 | 0.850 | 1,075 | 0.928 | 738 | 08/08/2016 |
| 3134G4E95 | 11359 | Fed Home Loan Mortgage Corp | | 08/15/2013 | 3,000,000.00 | 3,000,660.00 | 3,000,000.00 | 0.850 | 1,096 | 0.850 | 745 | 08/15/2016 |
| 3134G4UU0 | 11420 | Fed Home Loan Mortgage Corp | | 02/26/2014 | 5,000,000.00 | 4,996,093.50 | 5,000,000.00 | 0.600 | 912 | 0.600 | 756 | 08/26/2016 |
| 3136G1UX5 | 11377 | Federal National Mort Assoc | | 09/26/2013 | 2,500,000.00 | 2,502,950.00 | 2,500,000.00 | 1.010 | 1,096 | 1.010 | 787 | 09/26/2016 |
| 3133EA5W4 | 11260 | Federal Farm Credit Bank | | 10/24/2012 | 5,000,000.00 | 4,985,550.00 | 5,000,000.00 | 0.650 | 1,461 | 0.650 | 815 | 10/24/2016 |
| 3135G0WS8 | 11316 | Federal National Mort Assoc | | 05/15/2013 | 3,000,000.00 | 2,982,270.00 | 3,000,000.00 | 0.600 | 1,280 | 0.600 | 837 | 11/15/2016 |
| 313383CM1 | 11329 | Federal Home Loan Bank | | 06/20/2013 | 3,000,000.00 | 2,984,130.00 | 3,000,000.00 | 0.600 | 1,279 | 0.600 | 872 | 12/20/2016 |
| 3134G5AQ8 | 11463 | Fed Home Loan Mortgage Corp | | 06/30/2014 | 2,000,000.00 | 1,993,980.00 | 2,000,000.00 | 0.700 | 914 | 0.700 | 882 | 12/30/2016 |
| 3133EDNC2 | 11456 | Federal Farm Credit Bank | | 06/13/2014 | 2,500,000.00 | 2,496,675.00 | 2,499,375.00 | 0.700 | 945 | 0.710 | 896 | 01/13/2017 |
| 31315PN88 | 11351 | Farmer Mac | | 07/05/2013 | 2,000,000.00 | 2,014,120.00 | 2,000,000.00 | 1.100 | 1,301 | 1.100 | 909 | 01/26/2017 |
| 3130A0RK8 | 11427 | Federal Home Loan Bank | | 02/13/2014 | 3,000,000.00 | 2,998,230.00 | 3,000,000.00 | 0.880 | 1,096 | 0.880 | 927 | 02/13/2017 |
| 3134G3NT3 | 11370 | Fed Home Loan Mortgage Corp | | 08/08/2013 | 2,500,000.00 | 2,503,950.00 | 2,499,125.00 | 1.000 | 1,299 | 1.010 | 941 | 02/27/2017 |
| 3134G4FD5 | 11372 | Fed Home Loan Mortgage Corp | | 09/10/2013 | 5,000,000.00 | 5,005,650.00 | 5,000,000.00 | 1.125 | 1,277 | 1.125 | 952 | 03/10/2017 |
| 3133ECKV5 | 11302 | Federal Farm Credit Bank | | 04/05/2013 | 3,000,000.00 | 2,969,531.10 | 3,000,000.00 | 0.700 | 1,522 | 0.700 | 1,039 | 06/05/2017 |
| 313383PD7 | 11349 | Federal Home Loan Bank | | 06/28/2013 | 2,500,000.00 | 2,518,125.00 | 2,498,075.00 | 1.250 | 1,442 | 1.270 | 1,043 | 06/09/2017 |
| 3130A0YE4 | 11428 | Federal Home Loan Bank | | 03/12/2014 | 4,000,000.00 | 3,990,880.00 | 4,000,000.00 | 1.000 | 1,188 | 1.000 | 1,046 | 06/12/2017 |
| 3136G1NQ8 | 11336 | Federal National Mort Assoc | | 06/19/2013 | 4,000,000.00 | 3,992,560.00 | 4,000,000.00 | 1.000 | 1,461 | 1.000 | 1,053 | 06/19/2017 |
| 3134G4MP0 | 11388 | Fed Home Loan Mortgage Corp | | 12/20/2013 | 2,700,000.00 | 2,698,380.00 | 2,700,000.00 | 0.750 | 1,278 | 1.137 | 1,054 | 06/20/2017 |
| 3137EADH9 | 11335 | Fed Home Loan Mortgage Corp | | 05/29/2013 | 3,000,000.00 | 2,992,110.00 | 3,009,930.00 | 1.000 | 1,492 | 0.976 | 1,063 | 06/29/2017 |
| 3137EADH9 | 11348 | Fed Home Loan Mortgage Corp | | 06/27/2013 | 2,500,000.00 | 2,493,425.00 | 2,474,375.00 | 1.000 | 1,463 | 1.346 | 1,063 | 06/29/2017 |
| 3133EA4H8 | 11305 | Federal Farm Credit Bank | | 04/04/2013 | 5,000,000.00 | 4,960,550.00 | 4,999,250.00 | 0.820 | 1,559 | 0.824 | 1,075 | 07/11/2017 |
| 3134G3ZH6 | 11341 | Fed Home Loan Mortgage Corp | | 06/06/2013 | 4,000,000.00 | 3,987,720.00 | 4,000,000.00 | 1.000 | 1,510 | 1.000 | 1,089 | 07/25/2017 |
| 3137EADJ5 | 11290 | Fed Home Loan Mortgage Corp | | 01/31/2013 | 2,500,000.00 | 2,494,550.00 | 2,509,875.00 | 1.000 | 1,639 | 0.910 | 1,092 | 07/28/2017 |
| 3137EADJ5 | 11394 | Fed Home Loan Mortgage Corp | | 12/17/2013 | 5,000,000.00 | 4,989,100.00 | 4,992,900.00 | 1.000 | 1,319 | 1.040 | 1,092 | 07/28/2017 |
| 3134G4TS7 | 11406 | Fed Home Loan Mortgage Corp | | 01/28/2014 | 5,000,000.00 | 5,022,450.00 | 5,000,000.00 | 1.150 | 1,277 | 1.150 | 1,092 | 07/28/2017 |
| 3136G22T3 | 11468 | Federal National Mort Assoc | | 07/28/2014 | 4,000,000.00 | 3,988,640.00 | 4,000,000.00 | 1.050 | 1,096 | 1.050 | 1,092 | 07/28/2017 |
| 3134G3B90 | 11243 | Fed Home Loan Mortgage Corp | | 08/15/2012 | 2,000,000.00 | 1,982,480.00 | 1,998,520.00 | 0.875 | 1,826 | 0.890 | 1,110 | 08/15/2017 |
| 3130A25G7 | 11453 | Federal Home Loan Bank | | 06/05/2014 | 3,000,000.00 | 2,988,630.00 | 2,999,526.00 | 1.050 | 1,188 | 1.055 | 1,131 | 09/05/2017 |
| 3135G0PP2 | 11425 | Federal National Mort Assoc | | 02/12/2014 | 2,500,000.00 | 2,488,425.00 | 2,492,050.00 | 1.000 | 1,316 | 1.090 | 1,146 | 09/20/2017 |
| 3136G0G39 | 11250 | Federal National Mort Assoc | | 09/27/2012 | 5,000,000.00 | 4,967,600.00 | 5,000,000.00 | 0.625 | 1,826 | 0.625 | 1,153 | 09/27/2017 |
| 3133EA3J5 | 11253 | Federal Farm Credit Bank | | 10/10/2012 | 5,000,000.00 | 4,926,450.00 | 5,000,000.00 | 0.900 | 1,826 | 0.900 | 1,166 | 10/10/2017 |
| 3134G3T42 | 11458 | Fed Home Loan Mortgage Corp | | 06/05/2014 | 3,000,000.00 | 3,009,000.00 | 3,018,500.00 | 1.500 | 1,257 | 1.343 | 1,200 | 11/13/2017 |

# City of Santa Monica
## Portfolio Management
### Portfolio Details - Investments
### July 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** | | | | | | | | | | | | |
| 3136G03Y5 | 11264 | Federal National Mort Assoc | | 11/21/2012 | 5,000,000.00 | 4,975,450.00 | 5,000,000.00 | 0.750 | 1,826 | 0.750 | 1,208 | 11/21/2017 |
| 3136G05Q0 | 11269 | Federal National Mort Assoc | | 11/27/2012 | 5,000,000.00 | 4,980,900.00 | 5,000,000.00 | 0.700 | 1,826 | 0.700 | 1,214 | 11/27/2017 |
| 3134G44N5 | 11317 | Fed Home Loan Mortgage Corp | | 05/28/2013 | 3,000,000.00 | 2,943,030.00 | 3,000,000.00 | 0.750 | 1,645 | 0.750 | 1,215 | 11/28/2017 |
| 3130A0ZX1 | 11432 | Federal Home Loan Bank | | 03/19/2014 | 4,000,000.00 | 3,988,680.00 | 4,000,000.00 | 1.150 | 1,371 | 1.150 | 1,236 | 12/19/2017 |
| 3133823A9 | 11285 | Federal Home Loan Bank | | 02/22/2013 | 5,000,000.00 | 4,945,350.00 | 5,000,000.00 | 1.150 | 1,826 | 1.150 | 1,301 | 02/22/2018 |
| 3130A0XC9 | 11435 | Federal Home Loan Bank | | 02/26/2014 | 4,000,000.00 | 4,003,400.00 | 4,000,000.00 | 1.300 | 1,461 | 1.300 | 1,305 | 02/26/2018 |
| 3136G1DA4 | 11286 | Federal National Mort Assoc | | 02/28/2013 | 5,000,000.00 | 4,975,900.00 | 5,000,000.00 | 1.000 | 1,826 | 1.171 | 1,307 | 02/28/2018 |
| 3134G37H7 | 11301 | Fed Home Loan Mortgage Corp | | 04/25/2013 | 5,000,000.00 | 4,932,650.00 | 5,000,000.00 | 1.150 | 1,826 | 1.150 | 1,363 | 04/25/2018 |
| 31315PYT0 | 11318 | Farmer Mac | | 05/02/2013 | 3,000,000.00 | 2,957,790.00 | 3,000,000.00 | 0.990 | 1,826 | 0.990 | 1,370 | 05/02/2018 |
| 3135G0XA6 | 11319 | Federal National Mort Assoc | | 05/21/2013 | 3,000,000.00 | 2,941,740.00 | 3,000,000.00 | 1.030 | 1,826 | 1.030 | 1,389 | 05/21/2018 |
| 313382Z63 | 11325 | Federal Home Loan Bank | | 05/22/2013 | 5,000,000.00 | 4,947,100.00 | 5,000,000.00 | 0.750 | 1,826 | 0.700 | 1,390 | 05/22/2018 |
| 3134G55C5 | 11448 | Fed Home Loan Mortgage Corp | | 05/28/2014 | 4,000,000.00 | 3,989,000.00 | 4,000,000.00 | 1.500 | 1,458 | 1.503 | 1,393 | 05/25/2018 |
| 313379DT3 | 11386 | Federal Home Loan Bank | | 11/12/2013 | 4,000,000.00 | 3,964,640.00 | 3,960,880.00 | 1.250 | 1,669 | 1.472 | 1,407 | 06/08/2018 |
| 313383EN7 | 11334 | Federal Home Loan Bank | | 06/20/2013 | 5,000,000.00 | 4,943,100.00 | 5,000,000.00 | 1.000 | 1,826 | 1.000 | 1,419 | 06/20/2018 |
| 313383C25 | 11345 | Federal Home Loan Bank | | 06/25/2013 | 2,500,000.00 | 2,451,325.00 | 2,412,500.00 | 0.600 | 1,821 | 1.265 | 1,419 | 06/20/2018 |
| 3134G47M4 | 11338 | Fed Home Loan Mortgage Corp | | 06/26/2013 | 3,000,000.00 | 2,990,010.00 | 2,999,250.00 | 1.500 | 1,826 | 1.505 | 1,425 | 06/26/2018 |
| 313383GK1 | 11337 | Federal Home Loan Bank | | 06/27/2013 | 3,800,000.00 | 3,746,458.00 | 3,800,000.00 | 1.125 | 1,826 | 1.125 | 1,426 | 06/27/2018 |
| 3133EDQ21 | 11464 | Federal Farm Credit Bank | | 07/09/2014 | 5,000,000.00 | 4,967,800.00 | 5,000,000.00 | 1.470 | 1,461 | 1.470 | 1,438 | 07/09/2018 |
| 3133EDQZ8 | 11474 | Federal Farm Credit Bank | | 07/23/2014 | 2,500,000.00 | 2,496,484.25 | 2,498,750.00 | 1.520 | 1,461 | 1.533 | 1,452 | 07/23/2018 |
| 3136G22V8 | 11469 | Federal National Mort Assoc | | 07/25/2014 | 4,000,000.00 | 4,003,480.00 | 4,000,000.00 | 1.500 | 1,461 | 1.500 | 1,454 | 07/25/2018 |
| 3134G5CY9 | 11470 | Fed Home Loan Mortgage Corp | | 07/30/2014 | 5,000,000.00 | 4,971,800.00 | 5,000,000.00 | 1.500 | 1,461 | 1.500 | 1,459 | 07/30/2018 |
| 3134G54Z5 | 11447 | Fed Home Loan Mortgage Corp | | 05/28/2014 | 3,000,000.00 | 2,993,850.00 | 3,000,000.00 | 1.500 | 1,553 | 1.500 | 1,488 | 08/28/2018 |
| 3130A02E9 | 11380 | Federal Home Loan Bank | | 09/25/2013 | 3,000,000.00 | 3,000,937.50 | 3,000,000.00 | 0.750 | 1,826 | 0.750 | 1,516 | 09/25/2018 |
| 3134G4L30 | 11385 | Fed Home Loan Mortgage Corp | | 11/26/2013 | 5,000,000.00 | 5,018,650.00 | 5,000,000.00 | 1.700 | 1,826 | 1.700 | 1,578 | 11/26/2018 |
| 3134G4RZ3 | 11400 | Fed Home Loan Mortgage Corp | | 12/26/2013 | 5,000,000.00 | 5,012,550.00 | 5,000,000.00 | 1.000 | 1,826 | 1.000 | 1,608 | 12/26/2018 |
| 3134G4QX9 | 11405 | Fed Home Loan Mortgage Corp | | 01/08/2014 | 5,000,000.00 | 5,010,937.50 | 4,992,500.00 | 1.500 | 1,814 | 1.531 | 1,609 | 12/27/2018 |
| 31315P4H9 | 11415 | Farmer Mac | | 01/30/2014 | 5,000,000.00 | 5,014,900.00 | 5,000,000.00 | 1.950 | 1,826 | 1.950 | 1,643 | 01/30/2019 |
| 3130A0WK2 | 11421 | Federal Home Loan Bank | | 02/20/2014 | 5,000,000.00 | 5,000,650.00 | 5,000,000.00 | 0.375 | 1,826 | 0.375 | 1,664 | 02/20/2019 |
| 3134G4VE5 | 11422 | Fed Home Loan Mortgage Corp | | 02/27/2014 | 3,000,000.00 | 3,011,100.00 | 3,000,000.00 | 1.800 | 1,826 | 1.800 | 1,671 | 02/27/2019 |
| 3134G4VM7 | 11426 | Fed Home Loan Mortgage Corp | | 03/11/2014 | 5,000,000.00 | 4,996,250.00 | 5,000,000.00 | 1.500 | 1,826 | 1.500 | 1,683 | 03/11/2019 |
| 3134G4WL8 | 11434 | Fed Home Loan Mortgage Corp | | 03/19/2014 | 4,000,000.00 | 4,007,600.00 | 4,000,000.00 | 1.750 | 1,826 | 1.750 | 1,691 | 03/19/2019 |
| 3134G4Y28 | 11441 | Fed Home Loan Mortgage Corp | | 03/27/2014 | 5,000,000.00 | 5,001,000.00 | 5,000,000.00 | 1.550 | 1,826 | 1.550 | 1,699 | 03/27/2019 |
| 3130A1DL9 | 11442 | Federal Home Loan Bank | | 04/02/2014 | 4,000,000.00 | 3,973,240.00 | 4,000,000.00 | 2.010 | 1,826 | 0.376 | 1,705 | 04/02/2019 |
| 3130A1S74 | 11446 | Federal Home Loan Bank | | 05/16/2014 | 5,000,000.00 | 4,975,650.00 | 5,000,000.00 | 2.030 | 1,826 | 2.030 | 1,749 | 05/16/2019 |
| 3130A23F1 | 11452 | Federal Home Loan Bank | | 05/30/2014 | 5,000,000.00 | 4,968,050.00 | 5,000,000.00 | 1.000 | 1,824 | 1.000 | 1,761 | 05/28/2019 |
| 3130A2C87 | 11457 | Federal Home Loan Bank | | 06/26/2014 | 3,000,000.00 | 2,997,870.00 | 3,000,000.00 | 1.500 | 1,826 | 1.500 | 1,790 | 06/26/2019 |

# City of Santa Monica
## Portfolio Management
### Portfolio Details - Investments
### July 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** | | | | | | | | | | | | |
| 3130A2DX1 | 11460 | Federal Home Loan Bank | | 07/09/2014 | 3,000,000.00 | 2,998,260.00 | 3,000,000.00 | 1.000 | 1,826 | 2.178 | 1,803 | 07/09/2019 |
| 3134G5CJ2 | 11466 | Fed Home Loan Mortgage Corp | | 07/30/2014 | 5,000,000.00 | 4,983,850.00 | 5,000,000.00 | 2.000 | 1,826 | 2.000 | 1,824 | 07/30/2019 |
| | | **Subtotal and Average** | **404,657,843.25** | | **399,930,000.00** | **399,037,204.85** | **399,818,550.58** | | **1,271** | **0.881** | **974** | |
| **Federal Agency Discount** | | | | | | | | | | | | |
| 313396CQ4 | 11445 | Fed Home Loan Mortgage Corp | | 04/22/2014 | 5,000,000.00 | 4,997,000.00 | 4,995,611.11 | 0.100 | 316 | 0.103 | 215 | 03/04/2015 |
| | | **Subtotal and Average** | **8,606,856.45** | | **5,000,000.00** | **4,997,000.00** | **4,995,611.11** | | **316** | **0.103** | **215** | |
| **Local Agency Investment Funds** | | | | | | | | | | | | |
| SYS10090 | 10090 | Local Agency Investment Fund | | | 49,527,357.13 | 49,527,357.13 | 49,527,357.13 | 0.244 | 1 | 0.244 | 1 | |
| | | **Subtotal and Average** | **49,515,027.43** | | **49,527,357.13** | **49,527,357.13** | **49,527,357.13** | | **1** | **0.244** | **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 | 5,007,250.00 | 5,052,250.00 | 0.875 | 716 | 0.340 | 91 | 10/31/2014 |
| 89233P5N2 | 11358 | Toyota Motor Credit Corp | | 07/19/2013 | 2,000,000.00 | 2,006,100.00 | 2,021,280.00 | 1.250 | 486 | 0.445 | 108 | 11/17/2014 |
| 94974BEU0 | 11451 | Wells Fargo Bank | | 05/27/2014 | 5,000,000.00 | 5,113,250.00 | 5,171,521.79 | 3.625 | 323 | 0.215 | 257 | 04/15/2015 |
| 459200HD6 | 11397 | IBM Corp | | 12/23/2013 | 2,278,000.00 | 2,287,157.56 | 2,292,761.44 | 0.750 | 504 | 0.280 | 283 | 05/11/2015 |
| 94974BFE5 | 11287 | Wells Fargo & Compnay | | 01/31/2013 | 2,000,000.00 | 2,020,920.00 | 2,032,480.00 | 1.500 | 881 | 0.820 | 334 | 07/01/2015 |
| 94974BFE5 | 11443 | Wells Fargo & Compnay | | 04/22/2014 | 4,523,000.00 | 4,570,310.58 | 4,580,984.86 | 1.500 | 435 | 0.420 | 334 | 07/01/2015 |
| 89233P6J0 | 11357 | Toyota Motor Credit Corp | | 07/19/2013 | 2,000,000.00 | 2,010,360.00 | 2,009,720.00 | 0.875 | 728 | 0.629 | 350 | 07/17/2015 |
| 94985H5F7 | 11363 | Wells Fargo Bank | | 07/29/2013 | 2,500,000.00 | 2,510,400.00 | 2,499,125.00 | 0.750 | 721 | 0.768 | 353 | 07/20/2015 |
| 594918AG9 | 11211 | Microsoft | | 05/10/2012 | 5,000,000.00 | 5,075,950.00 | 5,170,600.00 | 1.625 | 1,233 | 0.602 | 420 | 09/25/2015 |
| 084670BG2 | 11291 | Berkshire Hathaway | | 02/11/2013 | 2,000,000.00 | 2,007,000.00 | 2,005,620.00 | 0.800 | 1,095 | 0.705 | 559 | 02/11/2016 |
| 037833AH3 | 11320 | Apple Inc. | | 05/06/2013 | 3,000,000.00 | 2,995,140.00 | 3,002,430.00 | 0.450 | 1,093 | 0.423 | 641 | 05/03/2016 |
| 478160AY0 | 11293 | Johnson & Johnson | | 02/12/2013 | 2,000,000.00 | 2,055,520.00 | 2,105,040.00 | 2.150 | 1,188 | 0.522 | 653 | 05/15/2016 |
| 89236TAL9 | 11333 | Toyota Motor Credit Corp | | 05/28/2013 | 3,000,000.00 | 3,007,530.00 | 3,008,190.00 | 0.800 | 1,085 | 0.707 | 655 | 05/17/2016 |
| 94974BFL9 | 11362 | Wells Fargo & Compnay | | 07/29/2013 | 3,000,000.00 | 3,025,410.00 | 2,997,120.00 | 1.250 | 1,087 | 1.283 | 719 | 07/20/2016 |

# City of Santa Monica
## Portfolio Management
### Portfolio Details - Investments
### July 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 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Corporate Bonds** | | | | | | | | | | | | |
| 459200GX3 | 11473 | IBM Corp | | 07/24/2014 | 4,000,000.00 | 4,095,120.00 | 4,106,353.33 | 1.950 | 729 | 0.612 | 721 | 07/22/2016 |
| 742718DV8 | 11352 | Procter & Gamble | | 07/05/2013 | 1,985,000.00 | 2,012,988.50 | 2,011,658.55 | 1.450 | 1,137 | 1.010 | 745 | 08/15/2016 |
| 427866AP3 | 11449 | HERSHEY COMPANY | | 05/20/2014 | 947,000.00 | 1,036,283.16 | 1,060,904.90 | 5.450 | 835 | 0.656 | 762 | 09/01/2016 |
| 90521APH5 | 11431 | UnionBanc Investments | | 02/24/2014 | 4,000,000.00 | 4,044,880.00 | 4,068,800.00 | 1.500 | 945 | 0.827 | 787 | 09/26/2016 |
| 88579YAD3 | 11467 | 3M | | 07/08/2014 | 3,544,000.00 | 3,595,848.72 | 3,619,243.55 | 1.375 | 814 | 0.584 | 790 | 09/29/2016 |
| 717081DD2 | 11430 | Pfizer Inc | | 02/24/2014 | 4,000,000.00 | 3,988,040.00 | 4,008,800.00 | 0.900 | 1,056 | 0.823 | 898 | 01/15/2017 |
| 88579YAE1 | 11392 | 3M | | 12/10/2013 | 2,500,000.00 | 2,493,300.00 | 2,495,925.00 | 1.000 | 1,294 | 1.047 | 1,060 | 06/26/2017 |
| 88579YAE1 | 11393 | 3M | | 12/10/2013 | 2,500,000.00 | 2,493,300.00 | 2,495,475.00 | 1.000 | 1,294 | 1.052 | 1,060 | 06/26/2017 |
| 64952WBK8 | 11283 | New York Life | | 01/23/2013 | 2,855,000.00 | 2,841,124.70 | 2,872,529.70 | 1.300 | 1,741 | 1.167 | 1,186 | 10/30/2017 |
| 594918AP9 | 11311 | Microsoft | | 04/30/2013 | 2,500,000.00 | 2,473,625.00 | 2,505,000.00 | 0.875 | 1,660 | 0.931 | 1,202 | 11/15/2017 |
| 19416QEB2 | 11476 | Colgate Palmolive | | 07/28/2014 | 1,500,000.00 | 1,462,485.00 | 1,476,097.50 | 0.900 | 1,373 | 1.396 | 1,369 | 05/01/2018 |
| 037833AJ9 | 11321 | Apple Inc. | | 05/06/2013 | 2,500,000.00 | 2,444,200.00 | 2,505,600.00 | 1.000 | 1,823 | 0.954 | 1,371 | 05/03/2018 |
| 037833AJ9 | 11326 | Apple Inc. | | 05/17/2013 | 2,500,000.00 | 2,444,200.00 | 2,478,975.00 | 1.000 | 1,812 | 1.175 | 1,371 | 05/03/2018 |
| 478160BG8 | 11391 | Johnson & Johnson | | 12/05/2013 | 2,000,000.00 | 2,002,780.00 | 2,000,080.00 | 1.650 | 1,826 | 1.649 | 1,587 | 12/05/2018 |
| 037833AQ3 | 11461 | Apple Inc. | | 06/13/2014 | 3,000,000.00 | 2,997,060.00 | 3,017,575.00 | 2.100 | 1,788 | 2.020 | 1,739 | 05/06/2019 |
| 89236TBP9 | 11472 | Toyota Motor Credit Corp | | 07/21/2014 | 4,000,000.00 | 3,984,760.00 | 4,000,708.33 | 2.125 | 1,823 | 2.125 | 1,812 | 07/18/2019 |
| | | **Subtotal and Average** | **80,923,058.12** | | **87,632,000.00** | **88,102,293.22** | **88,672,848.95** | | **1,078** | **0.837** | **771** | |
| **State of California Obligations** | | | | | | | | | | | | |
| 13063CKL3 | 11459 | State of California | | 06/09/2014 | 3,000,000.00 | 3,018,360.00 | 3,027,915.00 | 2.250 | 1,787 | 2.100 | 1,734 | 05/01/2019 |
| | | **Subtotal and Average** | **3,027,915.00** | | **3,000,000.00** | **3,018,360.00** | **3,027,915.00** | | **1,787** | **2.100** | **1,734** | |
| | | **Total and Average** | **547,406,163.75** | | **548,089,357.13** | **547,670,965.20** | **549,033,621.09** | | **1,118** | **0.816** | **851** | |

# City of Santa Monica
## Portfolio Management
### Activity By Type
### July 1, 2014 through July 31, 2014



| CUSIP | Investment # | Issuer | Stated Rate | Transaction Date | Purchases or Deposits | Redemptions or Withdrawals | Balance |
|---|---|---|---|---|---|---|---|
| **Treasury Coupon Securities** | | | | | | | |
| 912828WT3 | 11477 | U. S. Treasury Note | 0.875 | 07/25/2014 | 2,990,625.00 | 0.00 | |
| | | **Subtotal** | | | **2,990,625.00** | **0.00** | **2,991,338.32** |
| **Federal Agency Coupon** | | | | | | | |
| 3133ECLH5 | 11314 | Federal Farm Credit Bank | 0.180 | 07/15/2014 | 0.00 | 20,002,400.00 | |
| 3133ECLH5 | 11315 | Federal Farm Credit Bank | 0.180 | 07/15/2014 | 0.00 | 20,002,400.00 | |
| 3133ECTV6 | 11346 | Federal Farm Credit Bank | 0.500 | 07/02/2014 | 0.00 | 3,500,000.00 | |
| 3133EDQ21 | 11464 | Federal Farm Credit Bank | 1.470 | 07/09/2014 | 5,000,000.00 | 0.00 | |
| 3133EDQZ8 | 11474 | Federal Farm Credit Bank | 1.520 | 07/23/2014 | 2,498,750.00 | 0.00 | |
| 313376VZ5 | 11196 | Federal Home Loan Bank | 0.670 | 07/10/2014 | 0.00 | 5,000,000.00 | |
| 313379SK6 | 11236 | Federal Home Loan Bank | 0.400 | 07/02/2014 | 0.00 | 2,504,625.00 | |
| 313383QC8 | 11408 | Federal Home Loan Bank | 0.190 | 07/22/2014 | 0.00 | 4,001,800.00 | |
| 3130A0KW9 | 11413 | Federal Home Loan Bank | 0.500 | 07/23/2014 | 0.00 | 2,500,000.00 | |
| 3130A2DX1 | 11460 | Federal Home Loan Bank | 1.000 | 07/09/2014 | 3,000,000.00 | 0.00 | |
| 3130A2EA0 | 11462 | Federal Home Loan Bank | 0.180 | 07/10/2014 | 5,000,000.00 | 0.00 | |
| 3130A1U97 | 11465 | Federal Home Loan Bank | 0.125 | 07/02/2014 | 4,999,750.00 | 0.00 | |
| 3130A2NH5 | 11471 | Federal Home Loan Bank | 0.170 | 07/22/2014 | 4,000,000.00 | 0.00 | |
| 3137EACU1 | 11195 | Fed Home Loan Mortgage Corp | 1.000 | 07/30/2014 | 0.00 | 5,064,750.00 | |
| 3134G5CJ2 | 11466 | Fed Home Loan Mortgage Corp | 2.000 | 07/30/2014 | 5,000,000.00 | 0.00 | |
| 3134G5CY9 | 11470 | Fed Home Loan Mortgage Corp | 1.500 | 07/30/2014 | 5,000,000.00 | 0.00 | |
| 3136G22T3 | 11468 | Federal National Mort Assoc | 1.050 | 07/28/2014 | 4,000,000.00 | 0.00 | |
| 3136G22V8 | 11469 | Federal National Mort Assoc | 1.500 | 07/25/2014 | 4,000,000.00 | 0.00 | |
| | | **Subtotal** | | | **42,498,500.00** | **62,575,975.00** | **399,818,550.58** |
| **Federal Agency Discount** | | | | | | | |
| 313385YV2 | 11402 | Federal Home Loan Bank | 0.110 | 07/02/2014 | 0.00 | 9,994,500.00 | |
| 313385ZM1 | 11411 | Federal Home Loan Bank | 0.091 | 07/18/2014 | 0.00 | 5,997,300.33 | |
| | | **Subtotal** | | | **0.00** | **15,991,800.33** | **4,995,611.11** |
| **Local Agency Investment Funds (Monthly Summary)** | | | | | | | |
| SYS10090 | 10090 | Local Agency Investment Fund | 0.244 | | 27,301.47 | 0.00 | |
| | | **Subtotal** | | | **27,301.47** | **0.00** | **49,527,357.13** |
| **Columbia Money Market Fund (Monthly Summary)** | | | | | | | |
| | | **Subtotal** | | | | | **0.00** |

# City of Santa Monica
## Portfolio Management
### Activity By Type
### July 1, 2014 through July 31, 2014



| CUSIP | Investment # | Issuer | Stated Rate | Transaction Date | Purchases or Deposits | Redemptions or Withdrawals | Balance |
|---|---|---|---|---|---|---|---|
| **Local Agency Investment Funds - RDA (Monthly Summary)** | | | | | | | |
| | | **Subtotal** | | | | | **0.00** |
| **Corporate Bonds** | | | | | | | |
| 19416QEB2 | 11476 | Colgate Palmolive | 0.900 | 07/28/2014 | 1,472,835.00 | 0.00 | |
| 459200GX3 | 11473 | IBM Corp | 1.950 | 07/24/2014 | 4,105,920.00 | 0.00 | |
| 88579YAD3 | 11467 | 3M | 1.375 | 07/08/2014 | 3,605,842.80 | 0.00 | |
| 89236TBP9 | 11472 | Toyota Motor Credit Corp | 2.125 | 07/21/2014 | 4,000,000.00 | 0.00 | |
| | | **Subtotal** | | | **13,184,597.80** | **0.00** | **88,672,848.95** |
| **State of California Obligations** | | | | | | | |
| | | **Subtotal** | | | | | **3,027,915.00** |
| | | **Total** | | | **58,701,024.27** | **78,567,775.33** | **549,033,621.09** |

## Overview

As of September 30, 2014, total City cash and investments (including cash held for the Successor Agency to the Redevelopment Agency) were $687.2 million, a $15.2 million increase from the prior month. Most of the increase was in the pooled portfolio reflecting receipts from business license renewals as well as the timing of certain expenditures. Total cash and investments are categorized as follows:

| | | |
|---|---|---|
| Petty Cash/Change Funds | $ | 28,947.00 |
| Pooled Investment Portfolio | $ | 645,395,832.90 |
| Restricted Cash/Investment Held in Trust | $ | 19,747,759.61 |
| Other Funds Held in Trust | $ | 22,010,270.56 |
| Total | $ | 687,182,810.07 |

## Definitions

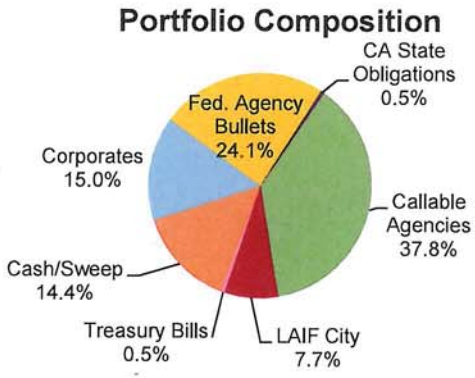
- Basis Point – One hundredth of one percent (.01%)
- Book (Reported) Value – The price paid for the security at purchase
- Bullets – A security with a fixed coupon or interest rate that cannot be redeemed by the issuer before the maturity date
- Callable Securities – A security that can be redeemed 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 September 30, 2014, the portfolio size (unamortized book value/purchase price) of City pooled cash and investments is $645.4 million, $15.5 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 September increase reflects receipts from business license renewals as well as the timing of certain expenditures. Twelve investments were made during the month ($36.0 million), one investment matured ($5.0 million), no investments were sold, and four investments were called ($15.5 million). The State Local Agency Investment Fund (LAIF) account balance was unchanged. The balance of cash held at Wells Fargo Bank was unchanged $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

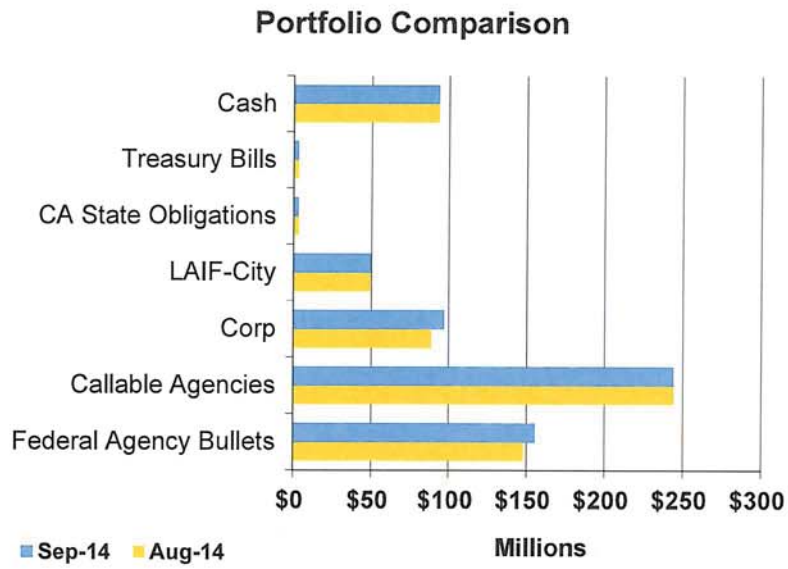
The portfolio is appropriately diversified and is in compliance with the City's Investment Policy and applicable provisions of the State Government Code. The largest sector of the portfolio is Federal Agency Securities (61.9%). The remaining 38.1% includes the State Local Agency Investment Fund (7.7%), corporate bonds (15%), CA State Obligations (0.5%), Treasury Bills (0.5%), and cash (14.4%). 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 strategy.




## 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 September. In late October 2013, 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

September 30, the City is still awaiting the final results of the State Controller's audit. Once the final outcome is determined, it will take some time to rebalance the portfolio. 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.

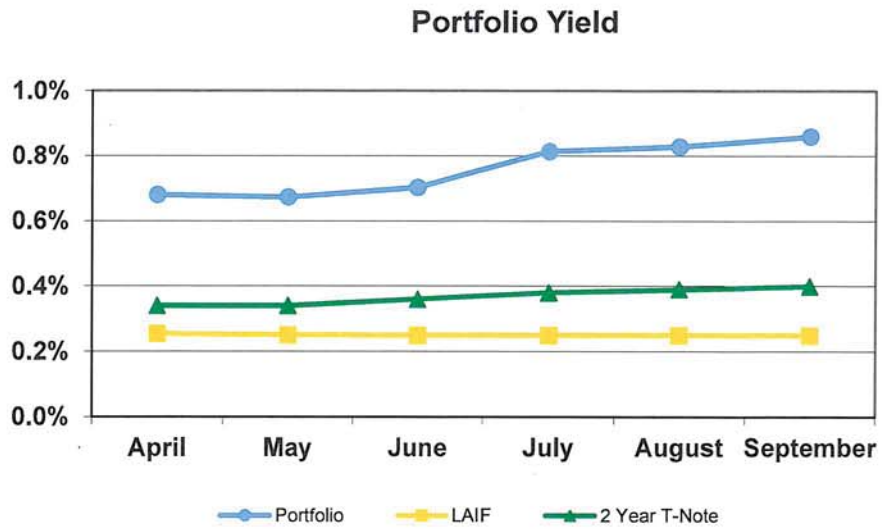



## Rebalancing of Portfolio

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 September. Staff will continue to look for prudent opportunities.

## Portfolio Yield

The portfolio yield-to-maturity was 0.86% as of September 30, 2014, up three 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. The month-end two-year Constant Maturing Treasury security yield (CMT) ended the month above 0.4% for the fourth consecutive months and has reached this level six out of the last seven months. As noted earlier, a significant amount of the portfolio is still being held in very liquid investments with short maturities as interest rates remain near historic lows. 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 September. 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 rose sharply in September after a pullback in August. The two year CMT month-end rate rose ten basis points to 0.58%, its highest level since April 2011. The twelve month moving average rose one basis point to 0.4%. 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 September and has not shown a monthly increase for over six years. The month-end LAIF rate was 0.25%, down one basis point from prior month.

At its September meeting, the Federal Open Market Committee (Fed) left the target Fed Funds rate unchanged at a range of 0% to 0.25%. The Fed policy statement indicated that while it did see a moderately improving economy including a strengthening labor market, low inflation, better household spending, and the beginnings of a turnaround in business investment, it 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. Unemployment dropped to a six year low of 5.9% in September and housing market data showed strength, but consumer confidence fell. The stock market, as measured by the Dow Jones Industrial Average fell about 1% in September after finishing August at a near record high.

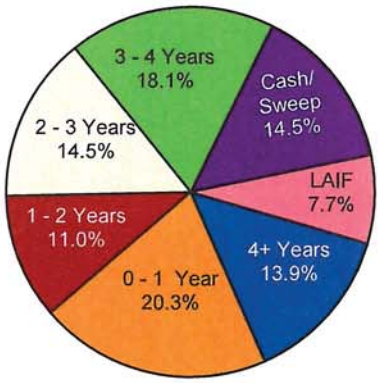
The City's portfolio yield-to-maturity has begun to increase after over five years of decreases. Rates have risen substantially the last four months. However, there is still some pressure on interest rates and the level of increase is expected to level off or reverse in the near term. However, modest portfolio yield increases can be anticipated as the new investment strategy is implemented and the RDA situation is completely resolved.

Net investment income in September was $0.3 million. Fiscal year-to-date revenues on a cash basis ended the month up 5.8% from the same period last year.

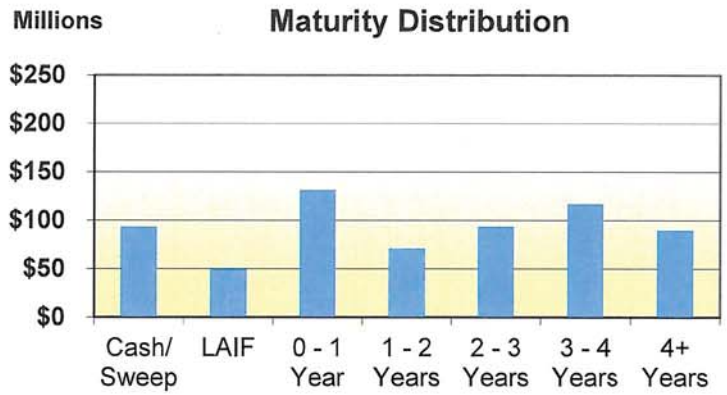
## Maturity Distribution

The weighted average days to maturity of the portfolio as of September 30, 2014 is 830 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. Also, 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 to replace matured or called bonds 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 September 30, 2014, the market value and the book value of the City's pooled investments (excluding cash) are:

| | |
|---|---|
| Market Value | $ 550,528,367.64 |
| Book Value (purchase Price) | $ 552,062,853.93 |
| Unrealized Gain / (Loss) | $ (1,534,486.29) |

## 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 September 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 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 1/2%) 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 | Moodys | In Compliance (Yes/No) |
|---|---|---|---|
| **Best Quality** | AAA | Aaa | Yes |
| **High Quality** | AA+ | Aa1 | Yes |
| | AA | Aa2 | Yes |
| | AA- | Aa3 | Yes |
| **Upper Medium Grade** | A+ | A1 | Yes |
| | A | A2 | Yes |
| | A- | A3 | Yes |
| **Medium Grade** | BBB+ | Baa1 | No |
| | BBB | Baa2 | No |
| | BBB- | Baa3 | No |

# Portfolio Allocation as of 9/30/14

| | Pooled Portfolio (1) (3) | % of Portfolio | Legal/ Policy Limit | In Compliance (Yes/No) |
|---|---|---|---|---|
| **Federal Agency Securities** | | | | |
| Federal Home Loan Bank | $144,195,152.80 | 22.3% | 50.0% | Yes |
| Federal National Mortgage Association | 50,500,275.56 | 7.8% | 50.0% | Yes |
| Federal Home Loan Mortgage Corporation | 135,213,707.78 | 21.0% | 50.0% | Yes |
| Farmer Mac | 19,999,500.00 | 3.1% | 50.0% | Yes |
| Federal Farm Credit Bank | 49,926,098.33 | 7.7% | 50.0% | Yes |
| **Total Federal Agency Securities** | $399,834,734.47 | 62.0% | 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** | $96,681,509.01 | 15.0% | 30.0% | Yes |
| **Money Market Mutual Funds** | $0.00 | 0.0% | 10.0% | Yes |
| **State Local Agency Investment Fund-City** | $49,527,357.13 | 7.7% | $50 million | Yes |
| **Cash (2)** | $93,332,978.97 | 14.5% | None | Yes |
| **Total (Book Value)** | **$645,395,832.90** | 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 ($1,568,157.00), Successor Agency RPTTF account ($2,140,390.02), Ocean Park Special Fund ($5,353,601.54), payroll account ($174,799.22) 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 9/30/14 (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 | $1,049,579.04 | A | Yes |
| UnionBanc Investments 1.5% maturing 9/26/16 | $4,068,800.00 | A+ | Yes |
| 3M Corp. 1.375% maturing 9/29/16 | $3,605,842.80 | 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 |
| MFUG Union Bank 2.25% maturing 5/6/19 | $4,027,080.00 | A+ | 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 |
| Berkshire Hathaway 2.18% maturing 8/14/19 | $4,006,306.67 | 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