



Information Item

Date: January 25, 2016

To: Mayor and City Council
From: Gigi Decavalles-Hughes, Director of Finance/City Treasurer
Subject: City Monthly Cash and Investment Report for October 2015

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 October 31, 2015.

Discussion

The October 2015 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 decreased by \$9.4 million in October to \$644.6 million primarily due to expenditures for the purchase of new buses. This decrease was partially offset by receipts from business license renewals as more taxes were collected earlier than in prior years due to more on-line renewals. The pooled portfolio yield-to-maturity of 1.03% was one basis point higher than the prior month and sixteen basis points greater than in October 2014. Net investment earnings for the month were \$0.4 million. October year-to-date investment earnings were 32.4% greater than for the same period last year. Although the extended low interest rate environment continues to limit investment returns, portfolio yields continue to increase due to an upward trend in rates and the gradual rebalancing of the portfolio after the resolution of the RDA assets with the State Controller's Office in June. As a result, the need to hold extraordinarily large cash balances has been removed; staff continues to rebalance the portfolio in a prudent and orderly manner.

In addition to the pooled portfolio, the City's total cash holdings as of October 31, 2015

included \$15.1 million in debt proceeds held in trust with various fiscal agents, \$20.5 million in other funds held in trust, and \$28,922 in petty cash/change funds for a total balance of \$680.2 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 October 31, 2015, the market value of the City's portfolio was approximately \$0.6 million less than the book value. Since the market price of bonds decreases as yields increase, this difference is likely to increase in the coming months as interest rates continue to move higher.

Attached is a summary of investment activity as well as a detailed report of public monies held by the City Treasurer as of October 31, 2015.

Prepared by: David Carr, Assistant City Treasurer

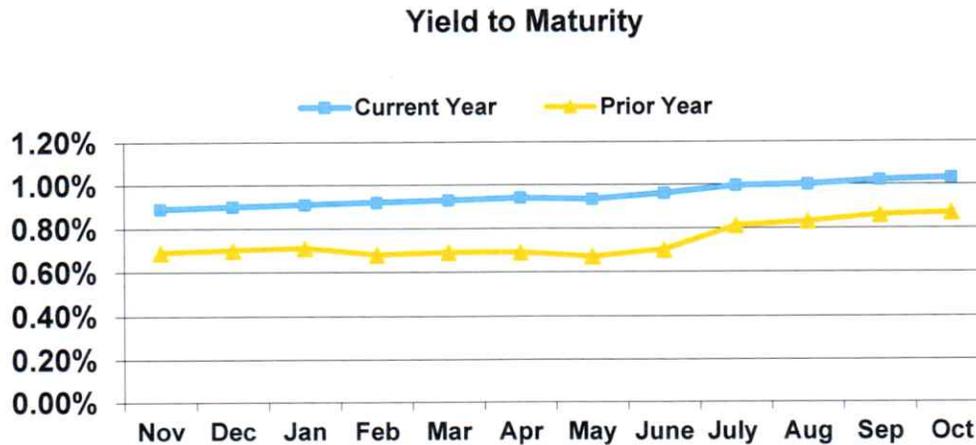
Attachments: 1 – Investment Highlights
2 – Investment Report

Investment Highlights

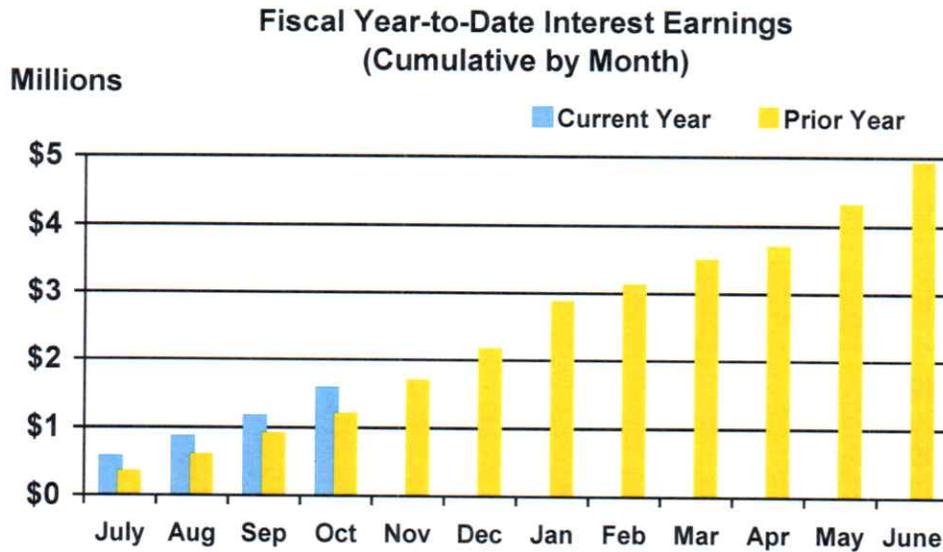
October 31, 2015



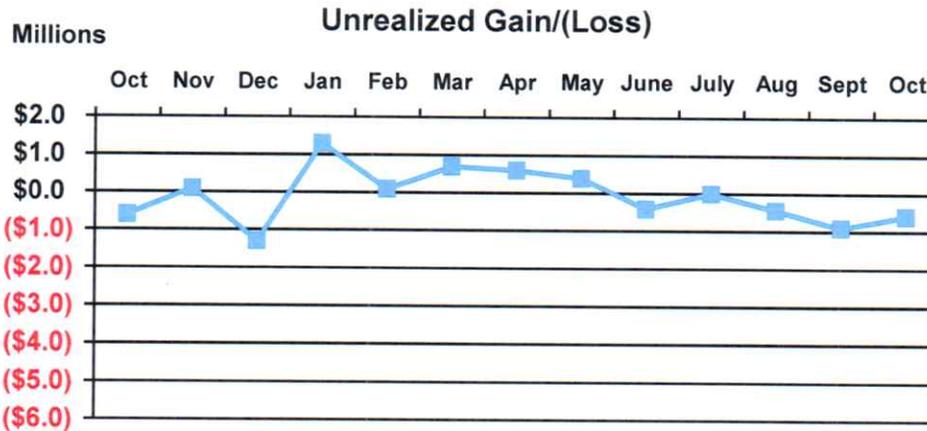
- As of October 31, 2015, the portfolio size is \$644.6 million, \$9.4 million less than in the prior month, primarily due to the purchase of new buses, partially offset by earlier receipts from business license renewals.



- As of October 31, 2015, yield to maturity is 1.03%.
- The yield was up one basis point from the prior month and up sixteen basis points from one year earlier.



- October year-to-date interest earnings (cash basis) were 32.4% greater than one year earlier.



- As of October 31, 2015, the market value is about \$0.6 million less than the unamortized book value (purchase price).



Investment Report

October 31, 2015

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
October 31, 2015**

Petty Cash/Change Funds		\$28,922.00
Pooled Portfolio		
Wells Fargo Bank (1)	\$29,714,099.63	
Bank of New York (BNY)		
Cash	\$0.00	
Corporate Bonds	\$134,005,364.75	
Treasury Bills	\$4,990,625.00	
State of California Bonds	\$9,187,923.76	
Supranationals	\$14,516,943.04	
Federal Agencies Securities	\$402,442,696.88	
Total Bank of New York	<u>\$565,143,553.43</u>	
State of California Local Agency Investment Fund - City	<u>\$49,696,148.92</u>	
Total Pooled Portfolio		\$644,553,801.98
Restricted Cash/Investments Held in Trust/Debt Proceeds		
Union Bank - Redevelopment Agency Term Loan	\$11,650,405.30	
Union Bank-Earthquake Recovery Redevelopment 2006		
Tax Allocation Refunding Bonds Series A & B	\$9.44	
Union Bank-Civic Center Parking Project 2004 Lease Revenue Bonds	\$54.02	
Union Bank-Civic Center Parking Project 2015 Lease Revenue Bonds	\$67,598.53	
Union Bank-RDA 2011 Tax Allocation Bonds	\$2,262,509.84	
BNY-2011 Parking Structure Series A & B	\$2.82	
BNY-Parking Authority Lease Revenue Bonds 2002 Refunding	\$4.09	
BNY-Public Safety Facility Bonds 2009 Refunding	\$1,098,065.16	
U.S. Bank-Wastewater Enterprise Revenue Bonds-2012 Refunding	<u>\$0.15</u>	
Total Restricted Cash/Investments Held in Trust		\$15,078,649.35
Other Restricted Funds/Funds Held in Trust		
Cemetery Perpetual Care Fund (3)	\$10,304,682.00	
Mausoleum Perpetual Care Fund (3)	\$1,204,137.00	
Wells Fargo - Santa Monica Redevelopment Successor Agency RPTTF	\$7,050,390.89	
Wells Fargo - HUD Depository Account (4)	\$180,125.72	
Wells Fargo - Payroll Account	\$138,687.03	
Wells Fargo - Public Agency Family Self Sufficiency Program (2)	\$158,120.43	
Union Bank - W.E. O'Neil Direct Owner Costs PGW Escrow	<u>\$1,478,872.65</u>	
Total Other Funds Held in Trust		\$20,515,015.72
GRAND TOTAL		\$680,176,389.05

**City of Santa Monica
Cash Receipts, Disbursements and Cash Balances
October 31, 2015**

- (1) These are the actual bank account balances as of 10/31/2015. 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 the 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 - September 30, 2015	654,007,563.31
Receipts	35,954,839.56
Disbursements	(45,408,600.89)
Cash and Investments - October 31, 2015	644,553,801.98

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 and Successor Agency accounts at Wells Fargo Bank.

Gigi Decavalles-Hughes
Director of Finance/City Treasurer

Overview

As of October 31, 2015, total City cash and investments (including cash held for the Successor Agency to the Redevelopment Agency) were \$680.2 million, a \$9.2 million decrease from the prior month. The change primarily due to the large purchase of buses, partially offset by timing of receipts from business license renewals. Restricted Cash/Investments Held in Trust/Debt Proceeds and Other Restricted Funds/Funds Held in Trust were unchanged from prior month. Total cash and investments are categorized as follows:

Petty Cash/Change Funds	\$	28,922.00
Pooled Investment Portfolio	\$	644,553,801.98
Restricted Cash/Investment Held in Trust	\$	15,078,649.35
Other Funds Held in Trust	\$	20,515,015.72
Total	\$	<u>680,176,389.05</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.
- 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.

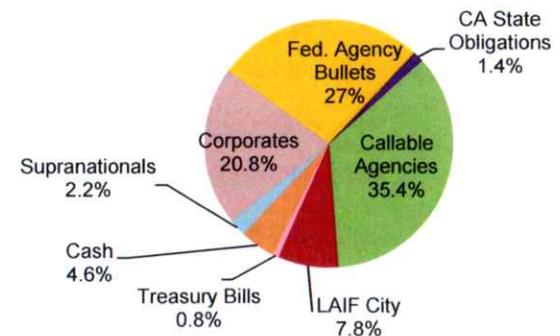
Pooled Investment Portfolio

As of October 31, 2015, the portfolio size (unamortized book value/purchase price) of City pooled cash and investments is \$644.6 million, \$9.4 million less 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, a large purchase of buses was partially offset by timing of receipts from business license renewals. Nineteen investments were made during the month (\$61.1 million), five investments matured (\$19.5 million), and nine investments were called (\$32.9 million). The balance of cash held at Wells Fargo Bank decreased by about \$18.1 million in October. Funds on deposit with Wells Fargo earn a net 0.0725% in earnings which are used as a credit against monthly banking expenses. Details of the main portfolio follow.

Portfolio Composition

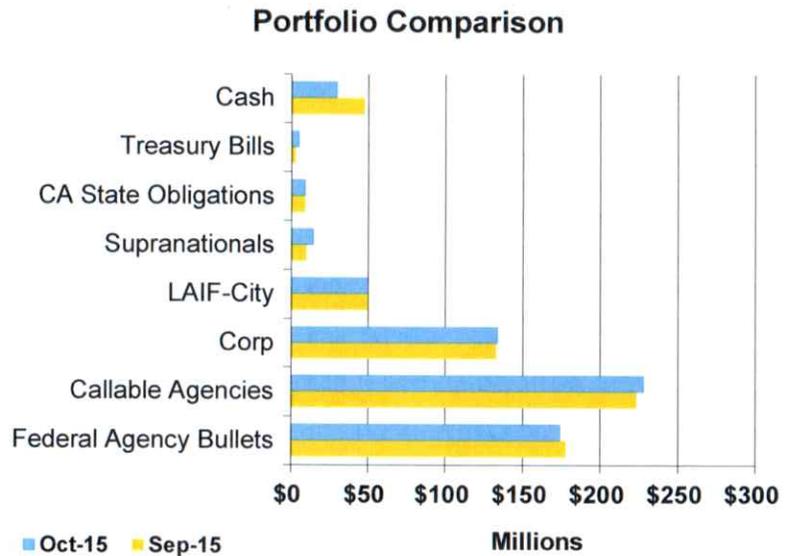
The portfolio is appropriately diversified and is in compliance with the City's Investment Policy and applicable provisions of the State Government Code. The largest sector of the portfolio is Federal Agency Securities (62.4%). The remaining 37.6% includes the State Local Agency Investment Fund (7.8%), corporate bonds (20.8%), CA State Obligations (1.4%), Treasury Bills (0.8%), Supranationals (2.2%) and cash (4.6%). 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 Composition



Portfolio Comparison

The chart to the right shows the overall structure of the portfolio by type of investment compared to last month. There was no significant change from the prior month. A large portion of the portfolio had been kept very liquid reflecting continuing uncertainty regarding the impact of RDA dissolution on cash flow needs. The final results of the State Controller’s review have now been received, and staff has begun to rebalance the portfolio. This rebalancing will be accomplished in a prudent and orderly manner over the next six to twelve months. Additionally, the City continues to hold a significant portion of the remainder of the portfolio in short maturity investments as interest rates remain near historic lows. The bond market, financial and economic conditions, and portfolio structure are continuously evaluated when making investment decisions.

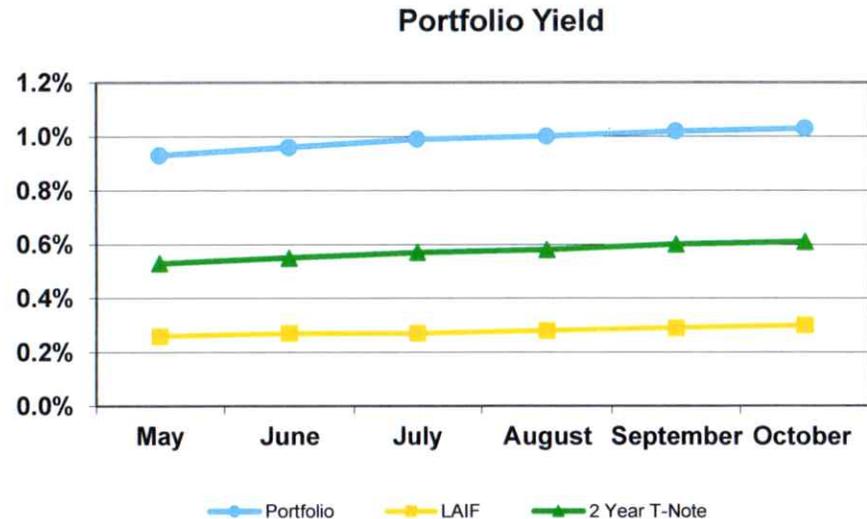


Rebalancing of Portfolio

As noted in the previous reports, the City continues to implement 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 October. Staff will continue to look for prudent opportunities, which should become available as interest rates move up.

Portfolio Yield

The portfolio yield-to-maturity was 1.03% as of October 31, 2015, one basis point greater than the prior month and sixteen basis points greater than one year earlier. Interest rates moved sharply higher in October as the Federal Reserve strongly indicated that it would raise the Fed Funds rate before end of 2015. The month-end two-year Constant Maturing Treasury security yield (CMT) increased eleven basis points in October to 0.75%, the highest level since March 2011. The twelve month moving average ended the month at 0.60%, up one basis point from the prior month. As noted earlier, a significant amount of the portfolio is still being held in very liquid investments with short maturities, 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 October. 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.



As noted above, interest rates in the two to five year maturity range increased sharply in October after a similar drop in September. Some rate volatility will likely continue in the upcoming months as financial markets try and assess economic data and the timing of future action by the Federal Reserve, which finally increased rates in December 2015. In addition, uncertain global economic activity continues to affect rates. During the last nine months, the two year CMT month-end rate has varied from a low of 0.47% to the October high of 0.75%. The twelve month moving average LAIF yield was 0.30% in October, one basis point higher than last month, but remains near its all-time low. However, the LAIF month-end rate was 0.36%, the highest level in over two years.

As noted, The Federal Open Market Committee (Fed) left the target Fed Funds rate unchanged at a range of 0% to 0.25% at its October meeting. However, they strongly implied a December 2015 increase, which did occur. The Fed policy

statement continued to note that economic growth has expanded moderately. The labor market continued relatively strong. Growth in household spending and business investment have been increasing at solid rates. Inflation continues to be low reflecting declining energy prices but long term expectations are in line with Fed policy mandates. Third quarter GDP was a very modest 2% after an unexpectedly strong increase of 3.9% in the second quarter. Most recent economic projections predict annualized growth in the 2.5% range for the full year and for the next two years. The October unemployment rate fell to 5.0%, the lowest level since April 2008. The stock market, as measured by the Dow Jones Industrial Average had a very strong month gaining 8.5% in October after falling a similar amount over the prior two months.

The City's portfolio yield-to-maturity is now showing a consistent, but moderate upward trend, which is expected to continue over at least the next several months leading up to the December Fed rate increase. Overall, modest portfolio yield increases can be anticipated as the new investment strategy is implemented and the RDA situation is completely resolved.

Net investment income on a cash basis in October was \$0.4 million. Year-to-date earnings are 32.4% greater than for the same period last year.

**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
October 31, 2015**

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	3,009,870.00	2,990,625.00	0.875	1,086	0.982	622	07/15/2017
912828TWO	11658	U. S. Treasury Note		10/30/2015	2,000,000.00	2,000,000.00	2,000,000.00	0.750	732	0.750	730	10/31/2017
Subtotal and Average			3,119,897.88		5,000,000.00	5,009,870.00	4,990,625.00		944	0.889	665	
Federal Agency Coupon												
31331J4J9	11020	Federal Farm Credit Bank		12/07/2010	2,000,000.00	2,003,160.00	2,000,000.00	1.740	1,826	1.740	36	12/07/2015
3133EA3J5	11253	Federal Farm Credit Bank		10/10/2012	5,000,000.00	4,954,150.00	5,000,000.00	0.900	1,826	0.900	709	10/10/2017
3133ECKV5	11302	Federal Farm Credit Bank		04/05/2013	3,000,000.00	2,994,180.00	3,000,000.00	0.700	1,522	0.700	582	06/05/2017
3133EA4H8	11305	Federal Farm Credit Bank		04/04/2013	5,000,000.00	4,982,250.00	4,999,250.00	0.820	1,559	0.824	618	07/11/2017
3133EDNC2	11456	Federal Farm Credit Bank		06/13/2014	2,500,000.00	2,504,400.00	2,499,375.00	0.700	945	0.710	439	01/13/2017
3133EDNS7	11508	Federal Farm Credit Bank		11/06/2014	2,105,000.00	2,105,084.20	2,104,305.35	0.450	592	0.470	232	06/20/2016
3133EEFP0	11523	Federal Farm Credit Bank		12/22/2014	2,500,000.00	2,501,900.00	2,498,750.00	1.200	1,092	1.217	778	12/18/2017
3133EDK92	11527	Federal Farm Credit Bank		12/24/2014	5,000,000.00	5,009,150.00	4,990,500.00	0.500	579	0.621	267	07/25/2016
3133EEYJ3	11573	Federal Farm Credit Bank		04/13/2015	2,500,000.00	2,508,025.00	2,500,000.00	1.680	1,827	1.680	1,625	04/13/2020
3133EE2D1	11607	Federal Farm Credit Bank		06/24/2015	5,000,000.00	5,023,550.00	5,000,000.00	1.720	1,461	1.720	1,331	06/24/2019
3133EE4S6	11615	Federal Farm Credit Bank		07/29/2015	5,000,000.00	5,017,450.00	4,992,250.00	1.650	1,461	1.690	1,366	07/29/2019
3133EFLN5	11646	Federal Farm Credit Bank		10/28/2015	4,000,000.00	3,996,040.00	4,000,000.00	0.450	397	0.450	393	11/28/2016
3133823A9	11285	Federal Home Loan Bank		02/22/2013	769,230.77	769,515.39	769,230.77	1.150	1,826	1.150	844	02/22/2018
3133834R9	11322	Federal Home Loan Bank		05/15/2013	3,000,000.00	2,999,130.00	2,990,280.00	0.375	1,136	0.480	236	06/24/2016
313383GK1	11337	Federal Home Loan Bank		06/27/2013	3,800,000.00	3,794,718.00	3,800,000.00	1.125	1,826	1.125	969	06/27/2018
313383C25	11345	Federal Home Loan Bank		06/25/2013	2,500,000.00	2,504,050.00	2,412,500.00	1.200	1,821	1.818	962	06/20/2018
313379DT3	11386	Federal Home Loan Bank		11/12/2013	4,000,000.00	4,025,240.00	3,960,880.00	1.250	1,669	1.472	950	06/08/2018
3130A0XC9	11435	Federal Home Loan Bank		02/26/2014	4,000,000.00	4,005,680.00	4,000,000.00	1.300	1,461	1.300	848	02/26/2018
3130A1BK3	11444	Federal Home Loan Bank		03/24/2014	5,000,000.00	5,002,700.00	5,000,000.00	0.500	823	0.500	236	06/24/2016
3130A2QV1	11494	Federal Home Loan Bank		10/01/2014	5,000,000.00	5,001,150.00	5,001,950.00	0.340	481	0.310	85	01/25/2016
313375RN9	11504	Federal Home Loan Bank		11/04/2014	3,000,000.00	3,008,040.00	3,026,280.00	1.000	493	0.353	131	03/11/2016
3130A3KJ2	11514	Federal Home Loan Bank		11/21/2014	3,000,000.00	3,000,180.00	3,000,000.00	0.320	483	0.320	138	03/18/2016
313383R78	11516	Federal Home Loan Bank		11/21/2014	2,825,000.00	2,830,876.00	2,838,644.75	0.750	605	0.457	260	07/18/2016
3130A3HV9	11521	Federal Home Loan Bank		12/03/2014	3,000,000.00	3,000,030.00	2,997,840.00	0.125	350	0.200	17	11/18/2015
3130A3S88	11526	Federal Home Loan Bank		12/22/2014	3,355,000.00	3,355,402.60	3,353,221.85	0.250	358	0.304	44	12/15/2015
3133834R9	11528	Federal Home Loan Bank		12/24/2014	5,000,000.00	4,998,550.00	4,985,750.00	0.375	548	0.566	236	06/24/2016
3130A3PA6	11530	Federal Home Loan Bank		12/30/2014	6,000,000.00	6,010,920.00	6,000,000.00	1.550	1,826	1.550	1,520	12/30/2019
3130A2C61	11540	Federal Home Loan Bank		01/30/2015	3,000,000.00	2,999,070.00	2,999,790.00	0.375	497	0.380	222	06/10/2016
3130A3Y32	11546	Federal Home Loan Bank		02/04/2015	3,000,000.00	3,000,330.00	3,000,000.00	0.270	383	0.270	113	02/22/2016
3130A4GY2	11552	Federal Home Loan Bank		03/24/2015	5,500,000.00	5,513,475.00	5,500,000.00	1.375	1,280	1.375	1,058	09/24/2018
3130A4HE5	11554	Federal Home Loan Bank		03/23/2015	3,000,000.00	3,007,290.00	3,000,000.00	1.200	1,096	1.200	873	03/23/2018

Portfolio INVT
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**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
October 31, 2015**

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												
3130A4KX9	11556	Federal Home Loan Bank		03/30/2015	4,750,000.00	4,793,890.00	4,750,000.00	1.800	1,827	1.800	1,611	03/30/2020
3130A4Q54	11558	Federal Home Loan Bank		03/18/2015	5,000,000.00	5,007,350.00	5,000,000.00	0.800	791	0.798	563	05/17/2017
3130A4RJ3	11562	Federal Home Loan Bank		04/13/2015	3,000,000.00	3,001,650.00	3,000,000.00	1.200	1,187	1.200	985	07/13/2018
3130A4TH5	11570	Federal Home Loan Bank		03/30/2015	3,000,000.00	3,002,910.00	3,000,000.00	1.300	1,369	1.300	1,153	12/28/2018
3130A4WN8	11572	Federal Home Loan Bank		04/29/2015	2,500,000.00	2,506,450.00	2,500,000.00	1.500	1,827	1.500	1,641	04/29/2020
3130A4WW8	11574	Federal Home Loan Bank		04/29/2015	2,500,000.00	2,502,350.00	2,500,000.00	1.350	1,461	1.350	1,275	04/29/2019
3130A4SL7	11577	Federal Home Loan Bank		04/09/2015	1,285,000.00	1,288,572.30	1,285,000.00	1.375	1,450	1.375	1,244	03/29/2019
3130A4Y63	11580	Federal Home Loan Bank		04/23/2015	2,500,000.00	2,500,225.00	2,498,775.00	0.250	358	0.300	166	04/15/2016
3130A5AV1	11586	Federal Home Loan Bank		05/26/2015	2,000,000.00	2,000,780.00	2,000,000.00	0.500	731	0.500	572	05/26/2017
3130A4JT0	11590	Federal Home Loan Bank		03/17/2015	2,750,000.00	2,750,055.00	2,750,190.97	0.500	1,701	0.500	1,472	11/12/2019
313379EE5	11596	Federal Home Loan Bank		05/21/2015	3,000,000.00	3,032,730.00	3,021,810.00	1.625	1,485	1.592	1,321	06/14/2019
3130A5RE1	11608	Federal Home Loan Bank		06/29/2015	3,000,000.00	3,007,140.00	3,000,000.00	1.170	1,096	1.170	971	06/29/2018
3130A5VK2	11613	Federal Home Loan Bank		07/22/2015	4,000,000.00	4,007,920.00	4,000,000.00	1.575	1,461	1.575	1,359	07/22/2019
313380EC7	11628	Federal Home Loan Bank		09/22/2015	3,000,000.00	2,997,180.00	2,997,815.00	0.750	717	0.802	677	09/08/2017
3130A6MH7	11645	Federal Home Loan Bank		10/28/2015	3,000,000.00	2,992,440.00	3,000,000.00	1.720	1,827	1.720	1,823	10/28/2020
3130A6PY7	11654	Federal Home Loan Bank		10/29/2015	2,000,000.00	1,991,500.00	2,000,000.00	1.125	1,827	1.125	1,824	10/29/2020
3134G3B90	11243	Fed Home Loan Mortgage Corp		08/15/2012	2,000,000.00	2,002,760.00	1,998,520.00	0.875	1,826	0.890	653	08/15/2017
3137EADJ5	11290	Fed Home Loan Mortgage Corp		01/31/2013	2,500,000.00	2,510,425.00	2,509,875.00	1.000	1,639	0.910	635	07/28/2017
3134G44N5	11317	Fed Home Loan Mortgage Corp		05/28/2013	3,000,000.00	2,985,600.00	3,000,000.00	0.750	1,645	0.750	758	11/28/2017
3137EADH9	11335	Fed Home Loan Mortgage Corp		05/29/2013	3,000,000.00	3,014,430.00	3,009,930.00	1.000	1,492	0.976	606	06/29/2017
3134G3ZH6	11341	Fed Home Loan Mortgage Corp		06/06/2013	4,000,000.00	4,016,920.00	4,000,000.00	1.000	1,510	1.000	632	07/25/2017
3137EADH9	11348	Fed Home Loan Mortgage Corp		06/27/2013	2,500,000.00	2,512,025.00	2,474,375.00	1.000	1,463	1.346	606	06/29/2017
3137EADJ5	11394	Fed Home Loan Mortgage Corp		12/17/2013	5,000,000.00	5,020,850.00	4,992,900.00	1.000	1,319	1.040	635	07/28/2017
3134G3W55	11455	Fed Home Loan Mortgage Corp		06/03/2014	3,000,000.00	3,000,480.00	3,009,480.00	0.450	539	0.235	23	11/24/2015
3134G5AQ8	11463	Fed Home Loan Mortgage Corp		06/30/2014	2,000,000.00	2,000,340.00	2,000,000.00	0.700	914	0.700	425	12/30/2016
3134G5LV5	11498	Fed Home Loan Mortgage Corp		11/17/2014	2,500,000.00	2,504,525.00	2,499,910.00	1.000	1,096	1.001	747	11/17/2017
3134G5MF9	11501	Fed Home Loan Mortgage Corp		11/12/2014	2,500,000.00	2,500,650.00	2,500,000.00	1.250	1,826	1.250	1,472	11/12/2019
3134G4Z92	11520	Fed Home Loan Mortgage Corp		12/03/2014	2,500,000.00	2,504,975.00	2,505,475.00	0.875	866	0.782	533	04/17/2017
3134G5VF9	11525	Fed Home Loan Mortgage Corp		12/29/2014	5,000,000.00	5,006,450.00	5,000,000.00	1.450	1,278	1.450	971	06/29/2018
3134G6AC7	11538	Fed Home Loan Mortgage Corp		01/28/2015	3,000,000.00	3,003,660.00	3,000,000.00	0.850	912	0.850	635	07/28/2017
3134G6CN1	11541	Fed Home Loan Mortgage Corp		02/18/2015	3,000,000.00	3,000,810.00	3,000,000.00	1.000	912	1.000	656	08/18/2017
3134G6CN1	11542	Fed Home Loan Mortgage Corp		02/18/2015	2,000,000.00	2,000,540.00	2,000,000.00	1.000	912	1.000	656	08/18/2017
3134G6AY9	11544	Fed Home Loan Mortgage Corp		02/17/2015	3,000,000.00	3,002,550.00	2,999,250.00	0.700	731	0.713	474	02/17/2017
3133EPA2	11548	Fed Home Loan Mortgage Corp		02/12/2015	4,000,000.00	4,002,080.00	4,000,000.00	1.070	1,096	1.070	834	02/12/2018
3134G6XU2	11585	Fed Home Loan Mortgage Corp		05/14/2015	4,000,000.00	4,001,160.00	4,000,000.00	1.250	1,827	1.250	1,656	05/14/2020
3134G6W41	11593	Fed Home Loan Mortgage Corp		05/29/2015	3,000,000.00	3,000,780.00	3,000,000.00	0.800	727	0.800	571	05/25/2017

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Federal Agency Coupon												
3134G6V42	11594	Fed Home Loan Mortgage Corp		06/29/2015	4,000,000.00	4,005,800.00	4,000,000.00	2.000	1,827	2.000	1,702	06/29/2020
3134G6R47	11598	Fed Home Loan Mortgage Corp		06/10/2015	5,000,000.00	5,017,000.00	5,000,000.00	1.500	1,461	1.500	1,317	06/10/2019
3134G65Q2	11600	Fed Home Loan Mortgage Corp		06/24/2015	2,000,000.00	2,001,200.00	2,000,000.00	1.000	1,644	1.000	1,514	12/24/2019
3134G63H4	11601	Fed Home Loan Mortgage Corp		05/29/2015	2,500,000.00	2,505,675.00	2,500,000.00	1.000	913	1.000	757	11/27/2017
3134G6V42	11602	Fed Home Loan Mortgage Corp		06/29/2015	5,000,000.00	5,007,250.00	5,000,000.00	2.000	1,827	2.000	1,702	06/29/2020
3134G67L1	11603	Fed Home Loan Mortgage Corp		06/30/2015	3,000,000.00	3,003,120.00	3,000,000.00	1.300	1,094	1.300	970	06/28/2018
3134G7BK6	11605	Fed Home Loan Mortgage Corp		06/30/2015	4,000,000.00	4,002,400.00	4,000,000.00	1.000	1,821	1.000	1,697	06/24/2020
3134G7MF5	11616	Fed Home Loan Mortgage Corp		08/18/2015	5,000,000.00	5,001,200.00	5,000,000.00	1.000	1,827	1.000	1,752	08/18/2020
3134G7RA1	11619	Fed Home Loan Mortgage Corp		08/27/2015	2,500,000.00	2,502,675.00	2,500,000.00	2.050	1,827	2.050	1,761	08/27/2020
3134G7QZ7	11622	Fed Home Loan Mortgage Corp		08/27/2015	5,000,000.00	5,002,850.00	5,000,000.00	1.250	1,827	1.250	1,761	08/27/2020
3134G7YX3	11626	Fed Home Loan Mortgage Corp		09/28/2015	3,000,000.00	3,003,270.00	3,000,000.00	1.550	1,369	1.550	1,335	06/28/2019
3134G7XN6	11629	Fed Home Loan Mortgage Corp		09/30/2015	2,500,000.00	2,504,850.00	2,500,000.00	1.250	1,827	1.250	1,795	09/30/2020
3134G7XN6	11633	Fed Home Loan Mortgage Corp		09/30/2015	2,500,000.00	2,504,850.00	2,500,000.00	1.250	1,827	1.250	1,795	09/30/2020
3134G7G70	11637	Fed Home Loan Mortgage Corp		09/28/2015	2,500,000.00	2,501,875.00	2,500,000.00	1.400	1,369	1.400	1,335	06/28/2019
3134G7Q79	11640	Fed Home Loan Mortgage Corp		10/27/2015	5,000,000.00	4,987,100.00	5,000,000.00	1.000	1,004	1.000	999	07/27/2018
3134G73X7	11650	Fed Home Loan Mortgage Corp		10/30/2015	3,000,000.00	2,996,580.00	3,000,000.00	0.720	728	0.720	726	10/27/2017
3134G73Q2	11652	Fed Home Loan Mortgage Corp		10/27/2015	4,000,000.00	3,991,960.00	4,000,000.00	1.000	1,004	1.000	999	07/27/2018
3134G75A5	11657	Fed Home Loan Mortgage Corp		10/29/2015	2,500,000.00	2,492,900.00	2,500,000.00	1.250	1,826	1.250	1,823	10/28/2020
31315PYT0	11318	Farmer Mac		05/02/2013	3,000,000.00	3,012,540.00	3,000,000.00	0.990	1,826	0.990	913	05/02/2018
31315PN88	11351	Farmer Mac		07/05/2013	2,000,000.00	2,009,820.00	2,000,000.00	1.100	1,301	1.100	452	01/26/2017
31315PQ28	11511	Farmer Mac		11/20/2014	2,000,000.00	2,001,640.00	2,000,000.00	1.970	1,826	1.970	1,480	11/20/2019
3136G1DA4	11286	Federal National Mort Assoc		02/28/2013	5,000,000.00	5,001,550.00	5,000,000.00	1.000	1,826	1.171	850	02/28/2018
3135G0XA6	11319	Federal National Mort Assoc		05/21/2013	3,000,000.00	2,984,940.00	3,000,000.00	1.030	1,826	1.030	932	05/21/2018
3135G0PP2	11425	Federal National Mort Assoc		02/12/2014	2,500,000.00	2,508,175.00	2,492,050.00	1.000	1,316	1.090	689	09/20/2017
3136G22T3	11468	Federal National Mort Assoc		07/28/2014	4,000,000.00	4,013,800.00	4,000,000.00	1.050	1,096	1.050	635	07/28/2017
3136G22V8	11469	Federal National Mort Assoc		07/25/2014	4,000,000.00	4,029,080.00	4,000,000.00	1.500	1,461	1.500	997	07/25/2018
3136G26U6	11487	Federal National Mort Assoc		10/07/2014	2,500,000.00	2,530,375.00	2,500,000.00	2.000	1,826	2.000	1,436	10/07/2019
3135G0ZF3	11491	Federal National Mort Assoc		09/17/2014	4,000,000.00	4,017,520.00	4,000,000.00	1.070	1,045	1.070	635	07/28/2017
3136G2D87	11537	Federal National Mort Assoc		02/13/2015	3,000,000.00	3,003,240.00	3,000,000.00	1.000	1,096	1.000	835	02/13/2018
3136G2EF0	11545	Federal National Mort Assoc		02/27/2015	2,000,000.00	1,992,440.00	2,000,000.00	1.450	1,461	1.450	1,214	02/27/2019
3136G2J81	11587	Federal National Mort Assoc		05/27/2015	5,000,000.00	5,004,800.00	5,000,000.00	1.850	1,827	1.850	1,669	05/27/2020
3136G2K48	11589	Federal National Mort Assoc		05/27/2015	5,000,000.00	5,021,600.00	5,000,000.00	1.800	1,827	1.800	1,669	05/27/2020
3135G0XP3	11617	Federal National Mort Assoc		08/05/2015	5,000,000.00	5,000,600.00	5,002,012.50	0.375	335	0.365	247	07/05/2016
3136G2P92	11639	Federal National Mort Assoc		10/29/2015	5,000,000.00	4,992,400.00	5,000,000.00	1.100	1,096	1.100	1,093	10/29/2018
3136G2PJ0	11642	Federal National Mort Assoc		10/26/2015	1,000,000.00	996,210.00	1,000,000.00	1.010	1,096	1.010	1,090	10/26/2018
3136G2PP6	11644	Federal National Mort Assoc		10/29/2015	4,000,000.00	3,982,680.00	4,000,000.00	1.070	1,096	1.070	1,093	10/29/2018

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Federal Agency Coupon												
3136G2R58	11649	Federal National Mort Assoc		10/29/2015	2,500,000.00	2,491,625.00	2,500,000.00	1.040	1,093	1.040	1,090	10/26/2018
3135G0XP3	11653	Federal National Mort Assoc		10/27/2015	5,000,000.00	5,000,600.00	5,008,233.33	0.375	252	0.305	247	07/05/2016
3136G2R25	11655	Federal National Mort Assoc		10/29/2015	2,500,000.00	2,495,900.00	2,500,000.00	1.550	1,644	1.550	1,641	04/29/2020
3136G2RQ2	11656	Federal National Mort Assoc		10/29/2015	3,000,000.00	2,989,740.00	3,000,000.00	1.400	1,461	1.400	1,458	10/29/2019
Subtotal and Average			350,471,224.38		359,139,230.77	359,514,668.49	359,026,399.52		1,269	1.102	933	
Federal Agency Discount												
313312C24	11621	Federal Farm Credit Bank		08/19/2015	3,000,000.00	2,993,550.00	2,986,425.00		362	0.465	288	08/15/2016
313312C65	11634	Federal Farm Credit Bank		09/23/2015	5,000,000.00	4,989,100.00	4,982,070.83	0.390	331	0.403	292	08/19/2016
313312K66	11647	Federal Farm Credit Bank		10/21/2015	5,000,000.00	4,984,350.00	4,981,551.39	0.370	359	0.382	348	10/14/2016
313384PK9	11612	Federal Home Loan Bank		06/29/2015	7,500,000.00	7,499,925.00	7,496,302.08	0.125	142	0.127	17	11/18/2015
313384TM1	11623	Federal Home Loan Bank		08/27/2015	5,000,000.00	4,998,100.00	4,992,961.11		181	0.284	115	02/24/2016
313384WD7	11635	Federal Home Loan Bank		09/23/2015	5,000,000.00	4,995,300.00	4,992,430.56	0.250	218	0.257	179	04/28/2016
313588UP8	11604	Federal National Mort Assoc		06/03/2015	3,000,000.00	2,997,840.00	2,994,646.67	0.220	292	0.227	141	03/21/2016
313588SF3	11624	Federal National Mort Assoc		08/27/2015	5,000,000.00	4,998,950.00	4,995,176.39		151	0.233	85	01/25/2016
313588SN6	11625	Federal National Mort Assoc		08/27/2015	5,000,000.00	4,998,500.00	4,994,733.33	0.240	158	0.244	92	02/01/2016
Subtotal and Average			40,202,393.24		43,500,000.00	43,455,615.00	43,416,297.36		230	0.277	160	
Local Agency Investment Funds												
SYS10090	10090	Local Agency Investment Fund			49,696,148.92	49,696,148.92	49,696,148.92	0.357	1	0.357	1	
Subtotal and Average			49,669,064.69		49,696,148.92	49,696,148.92	49,696,148.92		1	0.357	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												
053015AD5	11632	AUTOMATIC DATA PROCESSING		09/24/2015	2,500,000.00	2,523,000.00	2,518,181.25	2.250	1,818	2.107	1,780	09/15/2020
037833AH3	11320	Apple Inc.		05/06/2013	3,000,000.00	3,001,140.00	3,002,430.00	0.450	1,093	0.423	184	05/03/2016
037833AJ9	11321	Apple Inc.		05/06/2013	2,500,000.00	2,492,875.00	2,505,600.00	1.000	1,823	0.954	914	05/03/2018
037833AJ9	11326	Apple Inc.		05/17/2013	2,500,000.00	2,492,875.00	2,478,975.00	1.000	1,812	1.175	914	05/03/2018

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Corporate Bonds												
037833AQ3	11461	Apple Inc.		06/13/2014	3,000,000.00	3,055,290.00	3,011,100.00	2.100	1,788	2.020	1,282	05/06/2019
06406HCU1	11610	Bank of New York Mellon		06/26/2015	2,000,000.00	2,029,180.00	2,011,991.11	2.200	1,419	2.390	1,291	05/15/2019
06406HCL1	11618	Bank of New York Mellon		08/07/2015	5,000,000.00	5,079,500.00	5,065,250.00	2.100	1,090	1.662	1,004	08/01/2018
084670BG2	11291	Berkshire Hathaway		02/11/2013	2,000,000.00	2,002,440.00	2,005,620.00	0.800	1,095	0.705	102	02/11/2016
084670BL1	11490	Berkshire Hathaway		09/16/2014	4,000,000.00	4,055,960.00	3,998,840.00	2.100	1,793	2.106	1,382	08/14/2019
084670BD9	11565	Berkshire Hathaway		03/31/2015	2,000,000.00	2,026,320.00	2,043,260.00	1.900	672	0.710	457	01/31/2017
19416QEB2	11476	Colgate Palmolive		07/28/2014	1,500,000.00	1,491,915.00	1,472,835.00	0.900	1,373	1.396	912	05/01/2018
19416QDX5	11509	Colgate Palmolive		11/10/2014	3,698,000.00	3,724,699.56	3,733,759.66	1.300	797	0.851	441	01/15/2017
1727275	11500	Cisco Systems		10/27/2014	5,000,000.00	5,025,000.00	5,031,600.00	1.100	858	0.828	488	03/03/2017
17275RAR3	11502	Cisco Systems		10/30/2014	2,500,000.00	2,535,375.00	2,531,750.00	2.125	1,583	1.819	1,216	03/01/2019
17275RAU6	11606	Cisco Systems		06/18/2015	2,500,000.00	2,520,200.00	2,506,214.58	1.650	1,093	1.566	957	06/15/2018
25468PDA1	11519	Walt Disney Company		11/28/2014	4,000,000.00	4,026,240.00	3,991,229.24	1.850	1,644	1.901	1,306	05/30/2019
25468PDA1	11551	Walt Disney Company		02/23/2015	2,000,000.00	2,013,120.00	2,006,230.00	1.850	1,557	1.774	1,306	05/30/2019
25468PDE3	11627	Walt Disney Company		09/18/2015	5,000,000.00	5,045,800.00	4,977,948.61	2.150	1,826	2.245	1,782	09/17/2020
427866AP3	11449	HERSHEY COMPANY		05/20/2014	947,000.00	983,298.51	1,049,579.04	5.450	835	0.656	305	09/01/2016
459200GX3	11473	IBM Corp		07/24/2014	4,000,000.00	4,040,520.00	4,105,920.00	1.950	729	0.612	264	07/22/2016
459200HZ7	11549	IBM Corp		02/06/2015	3,000,000.00	2,992,860.00	2,990,850.00	1.125	1,096	1.229	828	02/06/2018
459200HL8	11588	IBM Corp		05/08/2015	2,073,000.00	2,072,896.35	2,075,104.10	0.450	364	0.350	187	05/06/2016
458140AL4	11513	Intel		11/20/2014	3,000,000.00	3,013,050.00	2,995,260.00	1.350	1,121	1.403	775	12/15/2017
478160AY0	11293	Johnson & Johnson		02/12/2013	2,000,000.00	2,018,780.00	2,105,040.00	2.150	1,188	0.522	196	05/15/2016
478160BG8	11391	Johnson & Johnson		12/05/2013	2,000,000.00	2,026,400.00	2,000,080.00	1.650	1,826	1.649	1,130	12/05/2018
478160BF0	11518	Johnson & Johnson		11/25/2014	4,000,000.00	4,002,600.00	4,005,200.00	0.700	734	0.635	393	11/28/2016
88579YAE1	11392	3M		12/10/2013	2,500,000.00	2,509,250.00	2,495,925.00	1.000	1,294	1.047	603	06/26/2017
88579YAE1	11393	3M		12/10/2013	2,500,000.00	2,509,250.00	2,495,475.00	1.000	1,294	1.052	603	06/26/2017
88579YAD3	11467	3M		07/08/2014	3,544,000.00	3,570,012.96	3,605,842.80	1.375	814	0.584	333	09/29/2016
58933YAC9	11547	Merck		02/06/2015	3,000,000.00	3,000,870.00	3,001,200.00	1.100	1,090	1.085	822	01/31/2018
594918AP9	11311	Microsoft		04/30/2013	2,500,000.00	2,499,450.00	2,505,000.00	0.875	1,660	0.931	745	11/15/2017
64952WBK8	11283	New York Life		01/23/2013	2,855,000.00	2,855,885.05	2,872,529.70	1.300	1,741	1.167	729	10/30/2017
68389XAX3	11522	Oracle		12/05/2014	2,500,000.00	2,532,750.00	2,515,975.00	2.250	1,768	2.110	1,437	10/08/2019
68389XAQ8	11576	Oracle		04/13/2015	3,000,000.00	3,060,450.00	3,099,990.00	2.375	1,373	1.459	1,171	01/15/2019
717081DD2	11430	Pfizer Inc		02/24/2014	4,000,000.00	4,002,160.00	4,008,800.00	0.900	1,056	0.823	441	01/15/2017
717081DL4	11515	Pfizer Inc		11/24/2014	3,000,000.00	3,017,190.00	3,016,500.00	2.100	1,633	1.971	1,291	05/15/2019
742718DV8	11352	Procter & Gamble		07/05/2013	1,985,000.00	1,998,934.70	2,011,658.55	1.450	1,137	1.010	288	08/15/2016
742718EG0	11507	Procter & Gamble		11/10/2014	3,000,000.00	3,027,750.00	2,999,490.00	1.900	1,817	1.904	1,461	11/01/2019
89236TAL9	11333	Toyota Motor Credit Corp		05/28/2013	3,000,000.00	3,005,850.00	3,008,190.00	0.800	1,085	0.707	198	05/17/2016
89236TBP9	11472	Toyota Motor Credit Corp		07/21/2014	4,000,000.00	4,031,720.00	4,000,000.00	2.125	1,823	2.125	1,355	07/18/2019

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
Corporate Bonds												
89236TCP8	11620	Toyota Motor Credit Corp		08/11/2015	2,000,000.00	2,009,380.00	2,002,411.11	1.550	1,067	1.550	985	07/13/2018
90520EAF8	11493	MUFG UNION BANK		09/30/2014	4,000,000.00	4,017,400.00	3,991,080.00	2.250	1,679	2.301	1,282	05/06/2019
90521APH5	11431	UnionBanc Investments		02/24/2014	4,000,000.00	4,018,240.00	4,068,800.00	1.500	945	0.827	330	09/26/2016
94974BFL9	11362	Wells Fargo & Compnay		07/29/2013	3,000,000.00	3,013,020.00	2,997,120.00	1.250	1,087	1.283	262	07/20/2016
94974BEZ9	11648	Wells Fargo & Compnay		10/23/2015	3,000,000.00	3,089,530.00	3,089,530.00	2.625	419	0.820	410	12/15/2016
Subtotal and Average			132,720,970.56		133,102,000.00	134,060,427.13	134,005,364.75		1,282	1.323	830	
Supranationals												
45818KQV7	11636	Inter-American Develop Bank		09/25/2015	5,000,000.00	4,999,700.00	4,998,044.50	0.160	88	0.322	51	12/22/2015
4581X0CB2	11641	Inter-American Develop Bank		10/08/2015	1,500,000.00	1,504,665.00	1,511,588.54	0.875	404	0.659	380	11/15/2016
45905URG1	11566	IBRD (World Bank)		03/27/2015	2,000,000.00	2,001,620.00	2,001,280.00	0.700	662	0.664	443	01/17/2017
45905URF3	11592	IBRD (World Bank)		05/20/2015	3,000,000.00	3,006,300.00	3,006,030.00	0.900	789	0.806	624	07/17/2017
459058ET6	11643	IBRD (World Bank)		10/13/2015	3,000,000.00	3,000,000.00	3,000,000.00	0.800	731	0.800	712	10/13/2017
Subtotal and Average			13,014,326.27		14,500,000.00	14,512,285.00	14,516,943.04		478	0.603	395	
State of California Obligations												
13063CKL3	11459	State of California		06/09/2014	3,000,000.00	3,041,850.00	3,020,790.00	2.250	1,787	2.100	1,277	05/01/2019
13063CSQ4	11583	State of California		04/29/2015	2,500,000.00	2,480,150.00	2,507,050.00	1.800	1,799	1.740	1,613	04/01/2020
91412GSB2	11532	University of California		01/12/2015	1,130,000.00	1,136,587.90	1,127,333.20	1.796	1,631	1.851	1,338	07/01/2019
91412GSB2	11638	University of California		09/29/2015	2,500,000.00	2,514,575.00	2,532,750.56	1.796	1,371	1.556	1,338	07/01/2019
Subtotal and Average			9,187,923.76		9,130,000.00	9,173,162.90	9,187,923.76		1,656	1.821	1,393	
Total and Average			598,385,800.78		614,067,379.69	615,422,177.44	614,839,702.35		1,081	1.029	772	

**City of Santa Monica
Portfolio Management
Activity By Type
October 1, 2015 through October 31, 2015**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Treasury Coupon Securities							
912828TWO	11658	U. S. Treasury Note	0.750	10/30/2015	2,000,000.00	0.00	
Subtotal					2,000,000.00	0.00	4,990,625.00
Federal Agency Coupon							
3133EA5W4	11260	Federal Farm Credit Bank	0.650	10/14/2015	0.00	5,000,000.00	
3133EDQL9	11481	Federal Farm Credit Bank	0.230	10/15/2015	0.00	2,999,640.00	
3133EFLN5	11646	Federal Farm Credit Bank	0.450	10/28/2015	4,000,000.00	0.00	
3130A25G7	11453	Federal Home Loan Bank	1.050	10/06/2015	0.00	2,999,526.00	
3130A2ZY5	11488	Federal Home Loan Bank	0.210	10/09/2015	0.00	2,499,725.00	
3130A4W32	11584	Federal Home Loan Bank	0.700	10/28/2015	0.00	2,500,000.00	
3130A3CC6	11599	Federal Home Loan Bank	0.190	10/14/2015	0.00	10,004,269.44	
3130A6MH7	11645	Federal Home Loan Bank	1.720	10/28/2015	3,000,000.00	0.00	
3130A6PY7	11654	Federal Home Loan Bank	1.125	10/29/2015	2,000,000.00	0.00	
3134G37H7	11301	Fed Home Loan Mortgage Corp	1.150	10/25/2015	0.00	5,000,000.00	
3134G6RGO	11563	Fed Home Loan Mortgage Corp	1.350	10/29/2015	0.00	4,000,000.00	
3134G6UP6	11578	Fed Home Loan Mortgage Corp	1.000	10/29/2015	0.00	2,500,000.00	
3134G7DQ1	11609	Fed Home Loan Mortgage Corp	1.750	10/29/2015	0.00	5,445,000.00	
3134G7HB0	11614	Fed Home Loan Mortgage Corp	2.000	10/30/2015	0.00	3,000,000.00	
3134G7Q79	11640	Fed Home Loan Mortgage Corp	1.000	10/27/2015	5,000,000.00	0.00	
3134G73X7	11650	Fed Home Loan Mortgage Corp	0.720	10/30/2015	3,000,000.00	0.00	
3134G73Q2	11652	Fed Home Loan Mortgage Corp	1.000	10/27/2015	4,000,000.00	0.00	
3134G75A5	11657	Fed Home Loan Mortgage Corp	1.250	10/29/2015	2,500,000.00	0.00	
31315P6X2	11499	Farmer Mac	0.180	10/29/2015	0.00	1,999,850.00	
3136G2G92	11571	Federal National Mort Assoc	1.050	10/27/2015	0.00	2,500,000.00	
3136G2P92	11639	Federal National Mort Assoc	1.100	10/29/2015	5,000,000.00	0.00	
3136G2PJ0	11642	Federal National Mort Assoc	1.010	10/26/2015	1,000,000.00	0.00	
3136G2PP6	11644	Federal National Mort Assoc	1.070	10/29/2015	4,000,000.00	0.00	
3136G2R58	11649	Federal National Mort Assoc	1.040	10/29/2015	2,500,000.00	0.00	
3135G0XP3	11653	Federal National Mort Assoc	0.375	10/27/2015	5,002,400.00	0.00	
3136G2R25	11655	Federal National Mort Assoc	1.550	10/29/2015	2,500,000.00	0.00	
3136G2RQ2	11656	Federal National Mort Assoc	1.400	10/29/2015	3,000,000.00	0.00	
Subtotal					46,502,400.00	50,448,010.44	359,026,399.52
Federal Agency Discount							
313312K66	11647	Federal Farm Credit Bank	0.370	10/21/2015	4,981,551.39	0.00	

**City of Santa Monica
Portfolio Management
Activity By Type
October 1, 2015 through October 31, 2015**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Subtotal					4,981,551.39	0.00	43,416,297.36
Local Agency Investment Funds (Monthly Summary)							
SYS10090	10090	Local Agency Investment Fund	0.357		39,981.48	0.00	
Subtotal					39,981.48	0.00	49,696,148.92
Columbia Money Market Fund (Monthly Summary)							
Subtotal							0.00
Local Agency Investment Funds - RDA (Monthly Summary)							
Subtotal							0.00
Corporate Bonds							
46623EJR1	11506	JP Morgan Chase	1.100	10/15/2015	0.00	2,010,960.00	
94974BEZ9	11648	Wells Fargo & Compnay	2.625	10/23/2015	3,061,530.00	0.00	
Subtotal					3,061,530.00	2,010,960.00	134,005,364.75
Supranationals							
4581X0CB2	11641	Inter-American Develop Bank	0.875	10/08/2015	1,506,375.00	0.00	
459058ET6	11643	IBRD (World Bank)	0.800	10/13/2015	3,000,000.00	0.00	
Subtotal					4,506,375.00	0.00	14,516,943.04
State of California Obligations							
Subtotal							9,187,923.76
Total					61,091,837.87	52,458,970.44	614,839,702.35

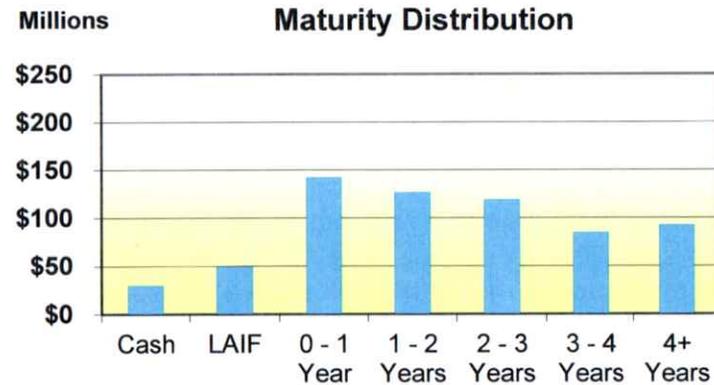
Portfolio Maturities

Maturity Distribution

The weighted average days to maturity of the portfolio as of October 31, 2015 is 772 days (2.11 years), a slight decrease from September. 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. While the City has begun to lower the high liquidity portion of the portfolio as the final impact of RDA dissolution has become clearer, approximately 54.1% of the portfolio continues to be held in maturities of 2 years or less (including cash and LAIF balances).



While interest rates have moved upward over the last several months, the interest rate environment is still extremely low compared to historical standards and continues to be very volatile. Based on this, 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 that 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 2016.



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 October 31, 2015, the market value and the book value of the City’s pooled investments (excluding cash) are:

\$ 615,422,177.44	Market Value
\$ 614,839,702.35	Book Value
\$ 582,475.09	

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 its 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 October 31, 2015. 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. The City’s investment portfolio includes three bonds issued by Berkshire Hathaway Company (BRK) with a total book value of \$8,047,720. One of those bonds with a book value of \$2,005,620 was purchased before Berkshire Hathaway bonds were slightly downgraded in May 2013 from AA+ to AA. The revised rating of AA is still within the second highest category of bond ratings (defined as high quality with a “very strong capacity to meet financial commitments”). Additionally, total holdings in BRK represent a minor (1.3%) portion of the City’s invested funds.

Based on this, staff continues to recommend holding these securities at this time.

The portfolio also holds two bonds issued by 3M Corporation with a combined book value of \$8,597,243 (1.4% of total invested funds) that were slightly downgraded by Moody's in February 2015 from Aa2 to Aa3 due to an anticipated increase in the amount of debt in the company's capital structure. This moved the Moody's rating to a level equal to the S&P level of AA-, which is still considered "high quality". Based on this, and the expectations of continued strong operating performance by the company, staff recommends continuing to hold these securities at this time.

Additionally there have been two slight downgrades since the last monthly report. Two Bank of New York Mellon (BNY) bonds with a total book value \$7,077,241 and two Wells Fargo and Company bonds with a total book value of \$6,086,650 had their bond ratings reduced by Standard and Poors (S&P) in December 2015 from A+ to A. These new ratings are still in compliance with the City's Investment Policy and State law. Additionally, the BNY bonds are rated higher by both of the other two major rating agencies (Fitch and Moody's). The Wells Fargo bonds are also rated higher by Fitch and the same by Moody's. Based on this and the underlying fiscal strength of these two companies, the bonds are not recommended for sale at this time, but staff will continue to monitor developments.

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

Credit Ratings - Corporate Medium Term Notes

	Standard & Poors/ Fitch	Moody's	In Compliance (Yes/No)
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 10/31/15

	Pooled Portfolio (1) (3)	% of Portfolio	Legal/ Policy Limit	In Compliance (Yes/No)
Federal Agency Securities				
Federal Home Loan Bank	\$133,421,652.09	20.7%	50.0%	Yes
Federal National Mortgage Association	80,986,852.22	12.6%	50.0%	Yes
Federal Home Loan Mortgage Corporation	124,499,715.00	19.3%	50.0%	Yes
Farmer Mac	7,000,000.00	1.1%	50.0%	Yes
Federal Farm Credit Bank	56,534,477.57	8.8%	50.0%	Yes
Total Federal Agency Securities	\$402,442,696.88	62.4%	n/a	Yes
Treasury Bills	\$4,990,625.00	0.8%	n/a	Yes
State of CA/UC Obligations	\$9,187,923.76	1.4%	n/a	Yes
Corporate Bonds	\$134,005,364.75	20.8%	30.0%	Yes
Supranationals	\$14,516,943.04	2.3%	30.0%	Yes
Money Market Mutual Funds	\$0.00	0.0%	10.0%	Yes
State Local Agency Investment Fund-City	\$49,696,148.92	7.7%	\$50 million	Yes
Cash (2)	\$29,714,099.63	4.6%	None	Yes
Total (Book Value)	\$644,553,801.98	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 and cash balance held by BNY Mellon. Does not include balance of HUD depository account (\$180,125.72), Successor Agency RPTTF account (\$7,050,390.89), payroll account (\$138,687.03) 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).

Certification

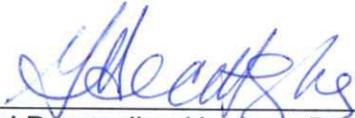
City Portfolio as of 10/31/15 (Book Value)

	<u>Pooled Portfolio</u>	<u>Credit Rating*</u>	<u>In Compliance (Yes/No)</u>
Corporate Security			
Berkshire Hathaway 0.8% maturing 2/11/16	\$2,005,620.00	AA	Yes
IBM 0.45% maturing 5/06/16	\$2,075,104.10	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	\$4,105,920.00	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
Johnson & Johnson 0.7% maturing 11/28/16	\$4,005,200.00	AAA	Yes
Wells Fargo and Company 2.625% maturing 12/15/16	\$3,089,530.00	A	Yes
Colgate Palmolive 1.3% maturing 1/15/17	\$3,733,759.66	AA-	Yes
Pfizer, Inc. 0.9% maturing 1/15/17	\$4,008,800.00	AA	Yes
Berkshire Hathaway 1.9% maturing 1/31/17	\$2,043,260.00	AA	Yes
Cisco Systems 1.1% maturing 3/3/17	\$5,031,600.00	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
Intel 1.35%, maturing 12/15/17	\$2,995,260.00	A+	Yes
Merck 1.1% maturing 1/31/18	\$3,001,200.00	AA	Yes
IBM 1.125% maturing 2/6/18	\$2,990,850.00	AA-	Yes
Colgate Palmolive 0.9% maturing 5/1/18	\$1,472,835.00	AA-	Yes
Apple Inc. 1% maturing 5/3/18	\$4,984,575.00	AA+	Yes
Cisco Systems 1.65% maturing 6/15/18	\$2,506,214.58	AA-	Yes
Johnson & Johnson 1.65% maturing 12/05/18	\$2,000,080.00	AAA	Yes
Oracle 2.38% maturing 1/15/19	\$3,099,990.00	AA-	Yes
Cisco Systems 2.125% maturing 3/1/19	\$2,531,750.00	AA-	Yes
MFUG Union Bank 2.25% maturing 5/6/19	\$3,991,080.00	A+	Yes
Apple Inc. 2.1% maturing 5/6/19	\$3,011,100.00	AA+	Yes
Pfizer, Inc. 2.1% maturing 5/15/19	\$3,016,500.00	AA	Yes
Bank of New York Mellon 2.2% maturing 5/15/19	\$2,011,991.11	A+	Yes
Walt Disney Company 1.85%, maturing 5/30/19	\$5,997,459.24	A	Yes

	<u>Pooled Portfolio</u>	<u>Credit Rating*</u>	<u>In Compliance (Yes/No)</u>
Corporate Security			
Toyota Motor Credit Corp. 2.125% maturing 7/18/19	\$4,000,000.00	AA-	Yes
Berkshire Hathaway 2.18% maturing 8/14/19	\$3,998,840.00	AA	Yes
Oracle 2.25% maturing 10/8/19	\$2,515,975.00	AA-	Yes
Procter & Gamble 1.9% maturing 11/1/19	\$2,999,490.00	AA-	Yes
Bank of New York Mellon 2.1% maturing 8/01/18	\$5,065,250.00	A+	Yes
Toyota Motor Credit Corp. 1.55% maturing 7/13/18	\$2,002,411.11	AA-	Yes
Walt Disney Company 2.15%, maturing 9/17/20	\$4,977,948.61	A	Yes
Automatic Data Processing 2.25% maturing 9/15/20	\$2,518,181.25	AA	Yes

* Per Standard and Poors

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