



## Information Item

**Date: May 16, 2016**

To: Mayor and City Council  
From: Gigi Decavalles-Hughes, Director of Finance/City Treasurer  
Subject: City Monthly Cash and Investment Report for February 2016

### **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 February 29, 2016.

### **Discussion**

The February 2016 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 \$21.8 million in February to \$692.2 million. The increase reflects the receipt of a deposit from the State related to condemnation action initiated by Expo for City property located at 4th and Colorado, and a Redevelopment Successor Agency loan repayment to the City. The pooled portfolio yield-to-maturity of 1.07% was down one basis point from the prior month, but up 15 basis points from February 2015. Net investment earnings for the month were \$0.3 million. February's year-to-date investment earnings were 23.2% greater than for the same period last year. Portfolio yields have leveled off as interest rates have reversed course and shown a downward trend over the last two months. Eventually, the yield should begin to increase when rates begin to move higher.

In addition to the pooled portfolio, the City's total cash holdings as of February 29, 2016 included \$15.1 million in debt proceeds held in trust with various fiscal agents, \$12.1 million in other funds held in trust, and \$28,922 in petty cash/change funds for a total balance of \$719.4 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 February 29, 2016, the market value of the City's portfolio was approximately \$0.9 million more than the book value.

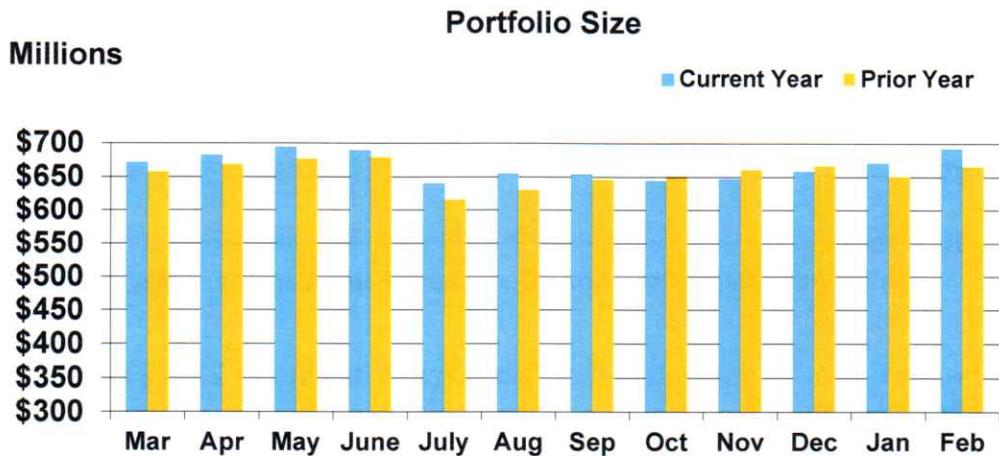
Attached is a summary of investment activity as well as a detailed report of public monies held by the City Treasurer as of February 29, 2016.

Prepared by: David Carr, Assistant City Treasurer

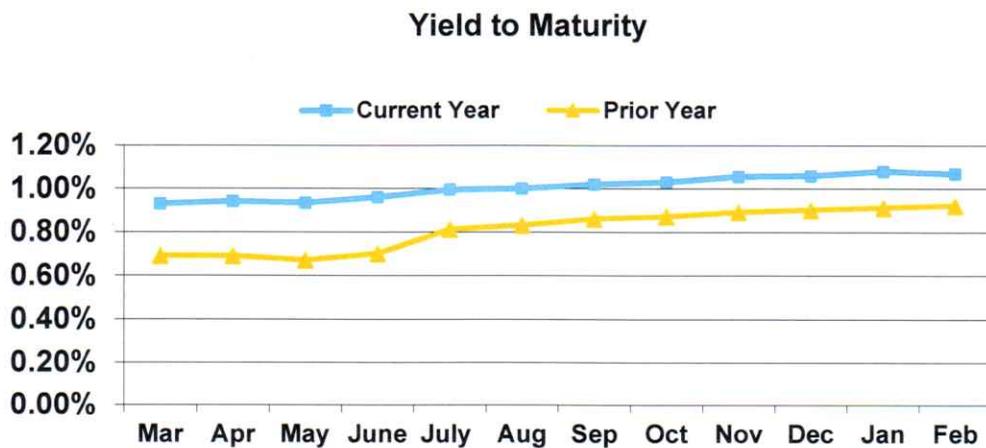
Attachments: 1 – Investment Highlights  
2 – Investment Report

# Investment Highlights

## February 29, 2016

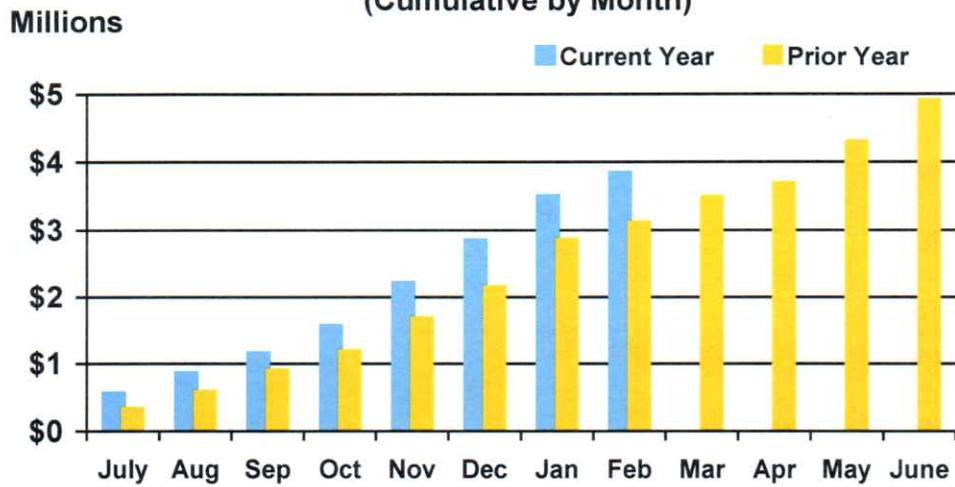


- As of February 29, 2016, the portfolio size is \$692.2 million, \$21.8 million more than in the prior month. The increase reflects the receipt of a deposit from the State related to condemnation action initiated by Expo for City property located at 4th and Colorado, and a Redevelopment Successor Agency loan repayment to the City.

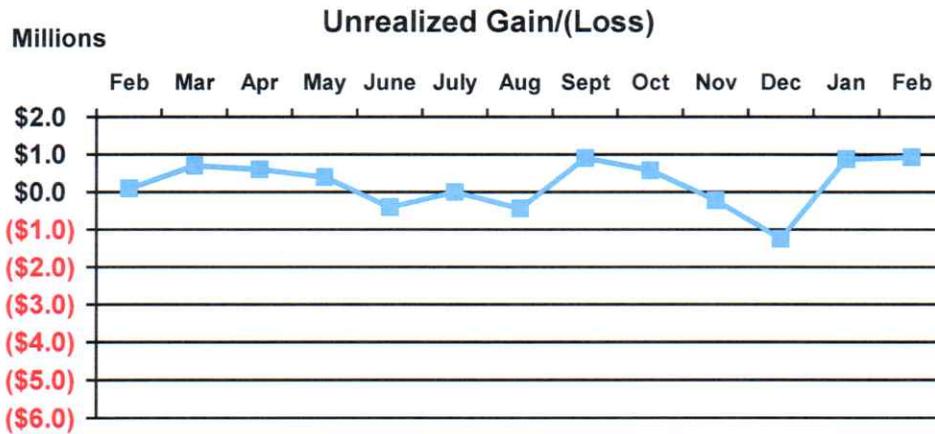


- As of February 29, 2016, yield to maturity is 1.07%.
- The yield was down one basis point from the prior month, but up 15 basis points from one year ago.

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



- February's year-to-date interest earnings (cash basis) are 23.2% greater than one year earlier.



- As of February 29, 2016, the market value is about \$0.9 million more than the unamortized book value (purchase price).



# Investment Report

## February 29, 2016

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  
February 29, 2016**

|  |                  |                         |
|--|------------------|-------------------------|
| <b>Petty Cash/Change Funds</b>                                   |                  | <b>\$28,922.00</b>      |
| <b>Pooled Portfolio</b>  |                  |                         |
| Wells Fargo Bank (1)   | \$29,976,333.18  |                         |
| Wells Fargo Custodial Account                                    |                  |                         |
| Cash   | \$0.00           |                         |
| Corporate Bonds  | \$144,224,250.28 |                         |
| Treasury Bills   | \$12,517,368.74  |                         |
| State of California Bonds  | \$9,176,948.20   |                         |
| Supranationals   | \$9,513,685.00   |                         |
| Federal Agencies Securities                                      | \$422,066,126.64 |                         |
| Total Wells Fargo Custodial Account                              | \$597,498,378.86 |                         |
| State of California Local Agency Investment Fund - City          | \$64,739,126.07  |                         |
| <b>Total Pooled Portfolio</b>                                    |                  | <b>\$692,213,838.11</b> |
| <b>Restricted Cash/Investments Held in Trust/Debt Proceeds</b>   |                  |                         |
| Union Bank - Redevelopment Agency Term Loan                      | \$11,652,361.66  |                         |
| Union Bank-Earthquake Recovery Redevelopment 2006                |                  |                         |
| Tax Allocation Refunding Bonds Series A & B                      | \$21.53          |                         |
| Union Bank-Civic Center Parking Project 2015 Lease Revenue Bonds | \$19,001.42      |                         |
| Union Bank-RDA 2011 Tax Allocation Bonds                         | \$2,262,503.38   |                         |
| BNY-2011 Parking Structure Series A & B                          | \$3.30           |                         |
| BNY-Parking Authority Lease Revenue Bonds 2002 Refunding         | \$5.06           |                         |
| BNY-Public Safety Facility Bonds 2009 Refunding                  | \$1,123,376.17   |                         |
| U.S. Bank-Wastewater Enterprise Revenue Bonds-2012 Refunding     | \$0.30           |                         |
| <b>Total Restricted Cash/Investments Held in Trust</b>           |                  | <b>\$15,057,272.82</b>  |
| <b>Other Restricted Funds/Funds Held in Trust</b>                |                  |                         |
| Cemetery Perpetual Care Fund (3)                                 | \$9,958,493.00   |                         |
| Mausoleum Perpetual Care Fund (3)                                | \$1,165,237.00   |                         |
| Wells Fargo - Santa Monica Redevelopment Successor Agency RPTTF  | \$439,077.89     |                         |
| Wells Fargo - HUD Depository Account (4)                         | \$214,853.91     |                         |
| Wells Fargo - Payroll Account                                    | \$178,533.42     |                         |
| Wells Fargo - Public Agency Family Self Sufficiency Program (2)  | \$178,009.98     |                         |
| Union Bank - W.E. O'Neil Direct Owner Costs PGW Escrow           | \$0.00           |                         |
| <b>Total Other Funds Held in Trust</b>                           |                  | <b>\$12,134,205.20</b>  |
| <b>GRAND TOTAL</b>   |                  | <b>\$719,434,238.13</b> |

**City of Santa Monica**  
**Cash Receipts, Disbursements and Cash Balances**  
**February 29, 2016**

- (1) These are the actual bank account balances as of 2/29/2016. 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 - January 31, 2016  | 670,404,757.32  |
| Receipts                                 | 74,193,424.50   |
| Disbursements                            | (52,384,343.71) |
| Cash and Investments - February 29, 2016 | 692,213,838.11  |

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 February 29, 2016, total City cash and investments (including cash held for the Successor Agency to the Redevelopment Agency) were \$719.4 million, a \$13.3 million increase from the prior month. The pooled portfolio increased by \$21.8 million. The increase reflects the receipt of a deposit from the State related to condemnation action initiated by Expo for City property located at 4th and Colorado, and a Redevelopment Successor Agency loan repayment to the City. Restricted Cash/Investments Held in Trust/Debt Proceeds decreased by \$0.1 million. Other Restricted Funds/Funds Held in Trust decreased by \$8.4 million, primarily due to the loan repayment to the City. Total cash and investments are categorized as follows:

|  |                          |
|--|--------------------------|
| Petty Cash/Change Funds                  | \$ 28,922.00             |
| Pooled Investment Portfolio              | \$ 692,213,838.11        |
| Restricted Cash/Investment Held in Trust | \$ 15,057,272.82         |
| Other Funds Held in Trust                | \$ 12,134,205.20         |
| Total                                    | <u>\$ 719,434,238.13</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.

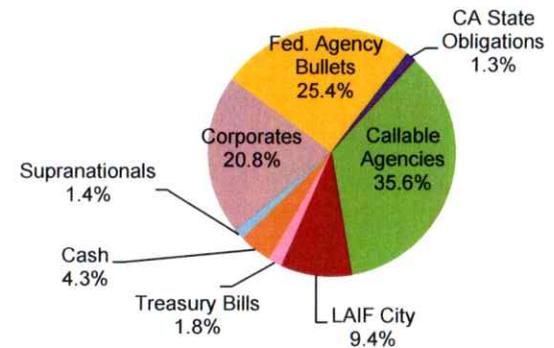
**Pooled Investment Portfolio**

As of February 29, 2016, the portfolio size (unamortized book value/purchase price) of City pooled cash and investments is \$692.2 million, \$21.8 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 increase reflects the receipt of a deposit from the State related to condemnation action initiated by Expo for City property located at 4th and Colorado, and a Redevelopment Successor Agency loan repayment to the City. Fourteen investments were made during the month (\$55.3 million), four investments matured (\$15 million), and five investments were called (\$21 million). The month-end balance of cash held at Wells Fargo Bank decreased by about \$8.5 million in February. 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**

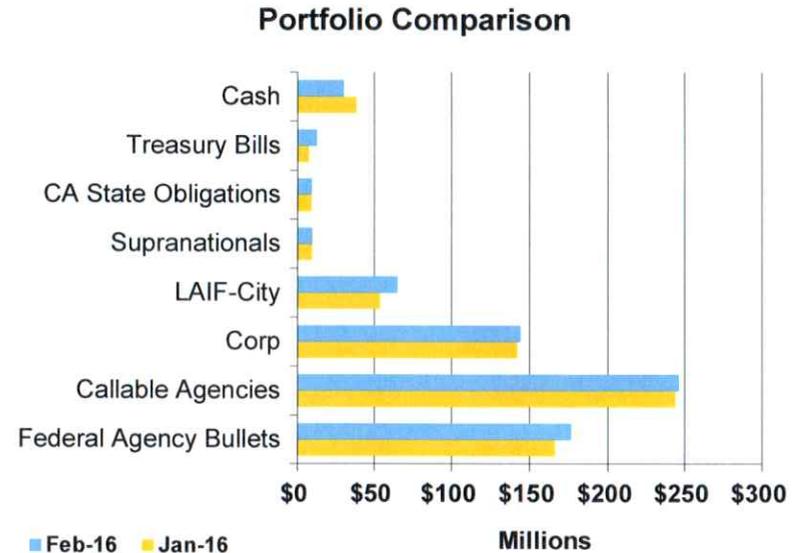
The portfolio is appropriately diversified and is in compliance with the City’s Investment Policy and applicable provisions of the State Government Code. The largest sector of the portfolio is Federal Agency Securities (61%). The remaining 39% includes the State Local Agency Investment Fund (9.4%), Corporate Bonds (20.8%), CA State Obligations (1.3%), Treasury Bills (1.8%), Supranationals (1.4%) and cash (4.3%). 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. The portfolio rebalancing continues 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 February. Staff will continue to look for prudent opportunities, which should become available when interest rates show a consistent upward trend.

**Portfolio Yield**

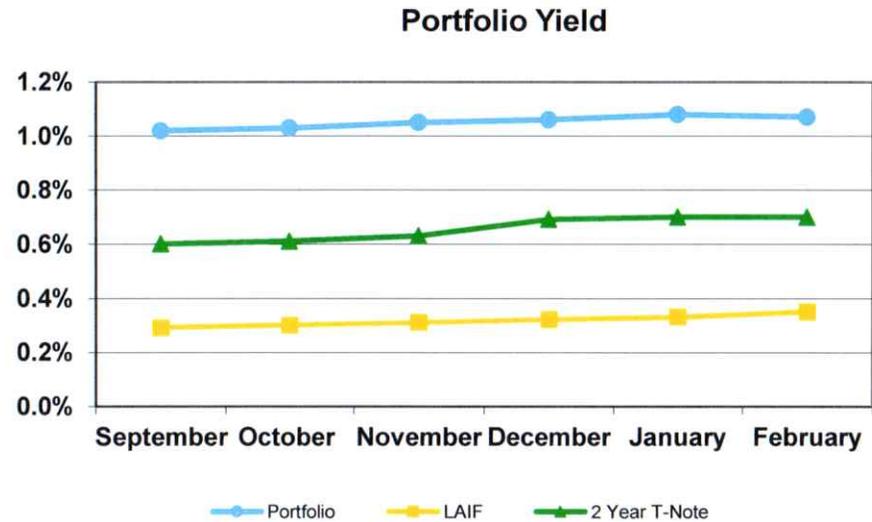
The portfolio yield-to-maturity was 1.07% as of February 29, 2016, down one basis point from the prior month, but up 15 basis points from one year earlier. Interest rates were relatively flat in February after falling sharply in January. The month-end two-year Constant Maturing Treasury security yield (CMT) rose two basis points after falling 30 basis points in February. The twelve month moving average was unchanged at 0.7%. 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 February. 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 showed little movement in February as financial markets continue to try and assess U.S. and global economic data and the timing of future action by the Federal Reserve. During the last year, the two year CMT month-end rate has varied from a low of 0.47% to the December high of 1.06%. The twelve month moving average LAIF yield rose to 0.33% in February, two basis points higher than last month, but the rate still remains near its all-time low. However, the LAIF month-end rate was 0.47%, the highest level in over two years.

The Federal Open Market Committee (Fed) did not meet in February, so the Fed Funds rate remained unchanged at a range of 0.25% - 0.5%. The labor market continued its improvement as the unemployment rate remained at 4.9%, the lowest level in eight years. Growth in household spending and business investment continued to increase at moderate rates and the housing sector is showing further improvement. Inflation remains low, but long term expectations are nearly in line with Fed policy mandates. Final 4<sup>th</sup> quarter GDP showed a mild growth rate of 1.4% after a third quarter increase of 2%. First quarter 2016 growth is expected to be even lower. However, most recent economic projections predict annualized growth in the 2% range for the full year and only slightly higher for the next two years. The Fed continues to indicate that the pace of future rate changes will be “gradual” and that rates will remain lower than typical for “some time”. The stock market as measured by the Dow Jones Industrial Average was relatively unchanged.

The upward trend in the City’s portfolio yield-to-maturity has stalled a bit due to the interest rate decreases. The yield is now expected to remain relatively flat over the next several months before returning to a slow upward trend.



Net investment income on a cash basis in February was \$0.3 million. Year-to-date earnings are 23.2% greater than for the same period last year.

**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
February 29, 2016**

| CUSIP                             | Investment # | Issuer                   | Average Balance     | Purchase Date | Par Value            | Market Value         | Book Value           | Stated Rate | Term       | YTM 365      | Days to Maturity | Maturity Date |
|-----------------------------------|--------------|--------------------------|---------------------|---------------|----------------------|----------------------|----------------------|-------------|------------|--------------|------------------|---------------|
| <b>Treasury Coupon Securities</b> |              |                          |                     |               |                      |                      |                      |             |            |              |                  |               |
| 912828WT3                         | 11477        | U. S. Treasury Note      |                     | 07/25/2014    | 3,000,000.00         | 3,004,560.00         | 2,990,625.00         | 0.875       | 1,086      | 0.982        | 501              | 07/15/2017    |
| 912828TWO                         | 11658        | U. S. Treasury Note      |                     | 10/30/2015    | 2,000,000.00         | 1,998,760.00         | 2,000,000.00         | 0.750       | 732        | 0.750        | 609              | 10/31/2017    |
| 912828WX4                         | 11683        | U. S. Treasury Note      |                     | 01/27/2016    | 2,500,000.00         | 2,499,900.00         | 2,500,585.94         | 0.500       | 186        | 0.454        | 152              | 07/31/2016    |
| 912828SJ0                         | 11692        | U. S. Treasury Note      |                     | 02/16/2016    | 3,000,000.00         | 3,004,800.00         | 3,009,609.38         | 0.875       | 378        | 0.564        | 364              | 02/28/2017    |
| 912828SM3                         | 11698        | U. S. Treasury Note      |                     | 02/24/2016    | 2,000,000.00         | 2,013,972.79         | 2,016,548.42         | 1.000       | 401        | 0.610        | 395              | 03/31/2017    |
| <b>Subtotal and Average</b>       |              |                          | <b>9,366,806.09</b> |               | <b>12,500,000.00</b> | <b>12,521,992.79</b> | <b>12,517,368.74</b> |             | <b>569</b> | <b>0.679</b> | <b>399</b>       |               |
| <b>Federal Agency Coupon</b>      |              |                          |                     |               |                      |                      |                      |             |            |              |                  |               |
| 3133EA3J5                         | 11253        | Federal Farm Credit Bank |                     | 10/10/2012    | 5,000,000.00         | 4,998,350.00         | 5,000,000.00         | 0.900       | 1,826      | 0.900        | 588              | 10/10/2017    |
| 3133ECKV5                         | 11302        | Federal Farm Credit Bank |                     | 04/05/2013    | 3,000,000.00         | 2,997,660.00         | 3,000,000.00         | 0.700       | 1,522      | 0.700        | 461              | 06/05/2017    |
| 3133EA4H8                         | 11305        | Federal Farm Credit Bank |                     | 04/04/2013    | 5,000,000.00         | 5,000,000.00         | 4,999,250.00         | 0.820       | 1,559      | 0.824        | 497              | 07/11/2017    |
| 3133EDNC2                         | 11456        | Federal Farm Credit Bank |                     | 06/13/2014    | 2,500,000.00         | 2,504,875.00         | 2,499,375.00         | 0.700       | 945        | 0.710        | 318              | 01/13/2017    |
| 3133EDNS7                         | 11508        | Federal Farm Credit Bank |                     | 11/06/2014    | 2,105,000.00         | 2,104,978.95         | 2,104,305.35         | 0.450       | 592        | 0.470        | 111              | 06/20/2016    |
| 3133EDK92                         | 11527        | Federal Farm Credit Bank |                     | 12/24/2014    | 5,000,000.00         | 5,002,150.00         | 4,990,500.00         | 0.500       | 579        | 0.621        | 146              | 07/25/2016    |
| 3133EEYJ3                         | 11573        | Federal Farm Credit Bank |                     | 04/13/2015    | 2,500,000.00         | 2,500,950.00         | 2,500,000.00         | 1.680       | 1,827      | 1.680        | 1,504            | 04/13/2020    |
| 3133EE2D1                         | 11607        | Federal Farm Credit Bank |                     | 06/24/2015    | 5,000,000.00         | 5,008,800.00         | 5,000,000.00         | 1.720       | 1,461      | 1.720        | 1,210            | 06/24/2019    |
| 3133EE4S6                         | 11615        | Federal Farm Credit Bank |                     | 07/29/2015    | 5,000,000.00         | 5,016,450.00         | 4,992,250.00         | 1.650       | 1,461      | 1.690        | 1,245            | 07/29/2019    |
| 3133EFLN5                         | 11646        | Federal Farm Credit Bank |                     | 10/28/2015    | 4,000,000.00         | 3,991,400.00         | 4,000,000.00         | 0.450       | 397        | 0.450        | 272              | 11/28/2016    |
| 3133EFRL3                         | 11665        | Federal Farm Credit Bank |                     | 11/30/2015    | 3,000,000.00         | 3,008,760.00         | 3,000,000.00         | 1.890       | 1,827      | 1.890        | 1,735            | 11/30/2020    |
| 3133EFRH2                         | 11666        | Federal Farm Credit Bank |                     | 11/30/2015    | 3,000,000.00         | 3,004,830.00         | 3,000,000.00         | 1.340       | 1,096      | 1.340        | 1,004            | 11/30/2018    |
| 3133EFZR1                         | 11691        | Federal Farm Credit Bank |                     | 02/16/2016    | 3,000,000.00         | 2,998,916.67         | 3,000,656.67         | 0.800       | 727        | 0.793        | 713              | 02/12/2018    |
| 3133834R9                         | 11322        | Federal Home Loan Bank   |                     | 05/15/2013    | 3,000,000.00         | 2,998,920.00         | 2,990,280.00         | 0.375       | 1,136      | 0.480        | 115              | 06/24/2016    |
| 313383GK1                         | 11337        | Federal Home Loan Bank   |                     | 06/27/2013    | 3,800,000.00         | 3,802,166.00         | 3,800,000.00         | 1.125       | 1,826      | 1.125        | 848              | 06/27/2018    |
| 313383C25                         | 11345        | Federal Home Loan Bank   |                     | 06/25/2013    | 2,500,000.00         | 2,506,850.00         | 2,412,500.00         | 1.200       | 1,821      | 1.818        | 841              | 06/20/2018    |
| 313379DT3                         | 11386        | Federal Home Loan Bank   |                     | 11/12/2013    | 4,000,000.00         | 4,025,880.00         | 3,960,880.00         | 1.250       | 1,669      | 1.472        | 829              | 06/08/2018    |
| 3130A1BK3                         | 11444        | Federal Home Loan Bank   |                     | 03/24/2014    | 5,000,000.00         | 5,002,300.00         | 5,000,000.00         | 0.500       | 823        | 0.500        | 115              | 06/24/2016    |
| 313375RN9                         | 11504        | Federal Home Loan Bank   |                     | 11/04/2014    | 3,000,000.00         | 3,000,540.00         | 3,026,280.00         | 1.000       | 493        | 0.353        | 10               | 03/11/2016    |
| 3130A3KJ2                         | 11514        | Federal Home Loan Bank   |                     | 11/21/2014    | 3,000,000.00         | 2,999,940.00         | 3,000,000.00         | 0.320       | 483        | 0.320        | 17               | 03/18/2016    |
| 313383R78                         | 11516        | Federal Home Loan Bank   |                     | 11/21/2014    | 2,825,000.00         | 2,828,022.75         | 2,838,644.75         | 0.750       | 605        | 0.457        | 139              | 07/18/2016    |
| 3133834R9                         | 11528        | Federal Home Loan Bank   |                     | 12/24/2014    | 5,000,000.00         | 4,998,200.00         | 4,985,750.00         | 0.375       | 548        | 0.566        | 115              | 06/24/2016    |
| 3130A2C61                         | 11540        | Federal Home Loan Bank   |                     | 01/30/2015    | 3,000,000.00         | 2,998,920.00         | 2,999,790.00         | 0.375       | 497        | 0.380        | 101              | 06/10/2016    |
| 3130A4GY2                         | 11552        | Federal Home Loan Bank   |                     | 03/24/2015    | 5,500,000.00         | 5,503,080.00         | 5,500,000.00         | 1.375       | 1,280      | 1.375        | 937              | 09/24/2018    |
| 3130A4HE5                         | 11554        | Federal Home Loan Bank   |                     | 03/23/2015    | 3,000,000.00         | 3,000,270.00         | 3,000,000.00         | 1.200       | 1,096      | 1.200        | 752              | 03/23/2018    |
| 3130A4KX9                         | 11556        | Federal Home Loan Bank   |                     | 03/30/2015    | 4,750,000.00         | 4,799,542.50         | 4,750,000.00         | 1.800       | 1,827      | 1.800        | 1,490            | 03/30/2020    |
| 3130A4Q54                         | 11558        | Federal Home Loan Bank   |                     | 03/18/2015    | 5,000,000.00         | 5,009,500.00         | 5,000,000.00         | 0.800       | 791        | 0.798        | 442              | 05/17/2017    |
| 3130A4RJ3                         | 11562        | Federal Home Loan Bank   |                     | 04/13/2015    | 3,000,000.00         | 3,000,750.00         | 3,000,000.00         | 1.200       | 1,187      | 1.200        | 864              | 07/13/2018    |

Portfolio INVT  
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**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
February 29, 2016**

| CUSIP                        | Investment # | Issuer                      | Average Balance | Purchase Date | Par Value    | Market Value | Book Value   | Stated Rate | Term  | YTM 365 | Days to Maturity | Maturity Date |
|------------------------------|--------------|-----------------------------|-----------------|---------------|--------------|--------------|--------------|-------------|-------|---------|------------------|---------------|
| <b>Federal Agency Coupon</b> |              |                             |                 |               |              |              |              |             |       |         |                  |               |
| 3130A4TH5                    | 11570        | Federal Home Loan Bank      |                 | 03/30/2015    | 3,000,000.00 | 3,001,140.00 | 3,000,000.00 | 1.300       | 1,369 | 1.300   | 1,032            | 12/28/2018    |
| 3130A4WN8                    | 11572        | Federal Home Loan Bank      |                 | 04/29/2015    | 2,500,000.00 | 2,503,450.00 | 2,500,000.00 | 1.500       | 1,827 | 1.500   | 1,520            | 04/29/2020    |
| 3130A4VWV8                   | 11574        | Federal Home Loan Bank      |                 | 04/29/2015    | 2,500,000.00 | 2,501,725.00 | 2,500,000.00 | 1.350       | 1,461 | 1.350   | 1,154            | 04/29/2019    |
| 3130A4SL7                    | 11577        | Federal Home Loan Bank      |                 | 04/09/2015    | 1,285,000.00 | 1,285,938.05 | 1,285,000.00 | 1.375       | 1,450 | 1.375   | 1,123            | 03/29/2019    |
| 3130A4Y63                    | 11580        | Federal Home Loan Bank      |                 | 04/23/2015    | 2,500,000.00 | 2,499,650.00 | 2,498,775.00 | 0.250       | 358   | 0.300   | 45               | 04/15/2016    |
| 3130A5AV1                    | 11586        | Federal Home Loan Bank      |                 | 05/26/2015    | 2,000,000.00 | 2,000,620.00 | 2,000,000.00 | 0.500       | 731   | 0.500   | 451              | 05/26/2017    |
| 313379EE5                    | 11596        | Federal Home Loan Bank      |                 | 05/21/2015    | 3,000,000.00 | 3,048,600.00 | 3,021,810.00 | 1.625       | 1,485 | 1.592   | 1,200            | 06/14/2019    |
| 3130A5RE1                    | 11608        | Federal Home Loan Bank      |                 | 06/29/2015    | 3,000,000.00 | 3,004,380.00 | 3,000,000.00 | 1.170       | 1,096 | 1.170   | 850              | 06/29/2018    |
| 313380EC7                    | 11628        | Federal Home Loan Bank      |                 | 09/22/2015    | 3,000,000.00 | 2,997,545.00 | 2,997,815.00 | 0.750       | 717   | 0.802   | 556              | 09/08/2017    |
| 3130A6MH7                    | 11645        | Federal Home Loan Bank      |                 | 10/28/2015    | 3,000,000.00 | 3,006,000.00 | 3,000,000.00 | 1.720       | 1,827 | 1.720   | 1,702            | 10/28/2020    |
| 3130A6PY7                    | 11654        | Federal Home Loan Bank      |                 | 10/29/2015    | 2,000,000.00 | 2,000,960.00 | 2,000,000.00 | 1.125       | 1,827 | 1.125   | 1,703            | 10/29/2020    |
| 3130A6LUX3                   | 11673        | Federal Home Loan Bank      |                 | 12/28/2015    | 4,000,000.00 | 4,013,880.00 | 4,000,000.00 | 1.500       | 1,278 | 1.500   | 1,214            | 06/28/2019    |
| 3130A6VWV3                   | 11674        | Federal Home Loan Bank      |                 | 01/19/2016    | 3,000,000.00 | 3,001,080.00 | 3,000,000.00 | 1.250       | 821   | 1.247   | 779              | 04/19/2018    |
| 3130A6XG7                    | 11675        | Federal Home Loan Bank      |                 | 12/28/2015    | 2,500,000.00 | 2,504,450.00 | 2,500,000.00 | 0.750       | 366   | 0.750   | 302              | 12/28/2016    |
| 3130A6XZ5                    | 11677        | Federal Home Loan Bank      |                 | 01/06/2016    | 5,000,000.00 | 5,002,300.00 | 5,000,000.00 | 2.000       | 1,643 | 2.000   | 1,588            | 07/06/2020    |
| 3130A6YR2                    | 11680        | Federal Home Loan Bank      |                 | 01/22/2016    | 4,000,000.00 | 4,009,240.00 | 4,000,000.00 | 1.800       | 1,461 | 1.800   | 1,422            | 01/22/2020    |
| 3130A6Z42                    | 11681        | Federal Home Loan Bank      |                 | 01/27/2016    | 3,000,000.00 | 3,004,110.00 | 3,000,000.00 | 1.250       | 821   | 1.250   | 787              | 04/27/2018    |
| 3130A7BV6                    | 11700        | Federal Home Loan Bank      |                 | 02/24/2016    | 2,500,000.00 | 2,497,566.67 | 2,500,291.67 | 0.600       | 357   | 0.610   | 351              | 02/15/2017    |
| 3130A7BV6                    | 11701        | Federal Home Loan Bank      |                 | 02/24/2016    | 2,500,000.00 | 2,497,566.67 | 2,500,066.67 | 0.600       | 357   | 0.620   | 351              | 02/15/2017    |
| 3134G3B90                    | 11243        | Fed Home Loan Mortgage Corp |                 | 08/15/2012    | 2,000,000.00 | 2,003,780.00 | 1,998,520.00 | 0.875       | 1,826 | 0.890   | 532              | 08/15/2017    |
| 3137EADJ5                    | 11290        | Fed Home Loan Mortgage Corp |                 | 01/31/2013    | 2,500,000.00 | 2,506,800.00 | 2,509,875.00 | 1.000       | 1,639 | 0.910   | 514              | 07/28/2017    |
| 3134G44N5                    | 11317        | Fed Home Loan Mortgage Corp |                 | 05/28/2013    | 3,000,000.00 | 2,994,360.00 | 3,000,000.00 | 0.750       | 1,645 | 0.750   | 637              | 11/28/2017    |
| 3137EADH9                    | 11335        | Fed Home Loan Mortgage Corp |                 | 05/29/2013    | 3,000,000.00 | 3,008,040.00 | 3,009,930.00 | 1.000       | 1,492 | 0.976   | 485              | 06/29/2017    |
| 3134G3ZH6                    | 11341        | Fed Home Loan Mortgage Corp |                 | 06/06/2013    | 4,000,000.00 | 4,005,000.00 | 4,000,000.00 | 1.000       | 1,510 | 1.000   | 511              | 07/25/2017    |
| 3137EADH9                    | 11348        | Fed Home Loan Mortgage Corp |                 | 06/27/2013    | 2,500,000.00 | 2,506,700.00 | 2,474,375.00 | 1.000       | 1,463 | 1.346   | 485              | 06/29/2017    |
| 3137EADJ5                    | 11394        | Fed Home Loan Mortgage Corp |                 | 12/17/2013    | 5,000,000.00 | 5,013,600.00 | 4,992,900.00 | 1.000       | 1,319 | 1.040   | 514              | 07/28/2017    |
| 3134G5AQ8                    | 11463        | Fed Home Loan Mortgage Corp |                 | 06/30/2014    | 2,000,000.00 | 2,001,420.00 | 2,000,000.00 | 0.700       | 914   | 0.700   | 304              | 12/30/2016    |
| 3134G5LV5                    | 11498        | Fed Home Loan Mortgage Corp |                 | 11/17/2014    | 2,500,000.00 | 2,505,425.00 | 2,499,910.00 | 1.000       | 1,096 | 1.001   | 626              | 11/17/2017    |
| 3134G4Z92                    | 11520        | Fed Home Loan Mortgage Corp |                 | 12/03/2014    | 2,500,000.00 | 2,505,575.00 | 2,505,475.00 | 0.875       | 866   | 0.782   | 412              | 04/17/2017    |
| 3134G6AC7                    | 11538        | Fed Home Loan Mortgage Corp |                 | 01/28/2015    | 3,000,000.00 | 3,004,440.00 | 3,000,000.00 | 0.850       | 912   | 0.850   | 514              | 07/28/2017    |
| 3133EEPA2                    | 11548        | Fed Home Loan Mortgage Corp |                 | 02/12/2015    | 4,000,000.00 | 3,994,040.00 | 4,000,000.00 | 1.070       | 1,096 | 1.070   | 713              | 02/12/2018    |
| 3134G6V42                    | 11594        | Fed Home Loan Mortgage Corp |                 | 06/29/2015    | 4,000,000.00 | 4,001,400.00 | 4,000,000.00 | 2.000       | 1,827 | 2.000   | 1,581            | 06/29/2020    |
| 3134G6R47                    | 11598        | Fed Home Loan Mortgage Corp |                 | 06/10/2015    | 5,000,000.00 | 5,011,350.00 | 5,000,000.00 | 1.500       | 1,461 | 1.500   | 1,196            | 06/10/2019    |
| 3134G65Q2                    | 11600        | Fed Home Loan Mortgage Corp |                 | 06/24/2015    | 2,000,000.00 | 2,001,140.00 | 2,000,000.00 | 1.000       | 1,644 | 1.000   | 1,393            | 12/24/2019    |
| 3134G63H4                    | 11601        | Fed Home Loan Mortgage Corp |                 | 05/29/2015    | 2,500,000.00 | 2,502,775.00 | 2,500,000.00 | 1.000       | 913   | 1.000   | 636              | 11/27/2017    |
| 3134G6V42                    | 11602        | Fed Home Loan Mortgage Corp |                 | 06/29/2015    | 5,000,000.00 | 5,001,750.00 | 5,000,000.00 | 2.000       | 1,827 | 2.000   | 1,581            | 06/29/2020    |

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**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
February 29, 2016**

| CUSIP                        | Investment # | Issuer                      | Average Balance | Purchase Date | Par Value    | Market Value | Book Value   | Stated Rate | Term  | YTM 365 | Days to Maturity | Maturity Date |
|------------------------------|--------------|-----------------------------|-----------------|---------------|--------------|--------------|--------------|-------------|-------|---------|------------------|---------------|
| <b>Federal Agency Coupon</b> |              |                             |                 |               |              |              |              |             |       |         |                  |               |
| 3134G7QZ7                    | 11622        | Fed Home Loan Mortgage Corp |                 | 08/27/2015    | 5,000,000.00 | 5,012,200.00 | 5,000,000.00 | 1.250       | 1,827 | 1.250   | 1,640            | 08/27/2020    |
| 3134G7YX3                    | 11626        | Fed Home Loan Mortgage Corp |                 | 09/28/2015    | 3,000,000.00 | 3,002,340.00 | 3,000,000.00 | 1.550       | 1,369 | 1.550   | 1,214            | 06/28/2019    |
| 3134G7XN6                    | 11629        | Fed Home Loan Mortgage Corp |                 | 09/30/2015    | 2,500,000.00 | 2,501,650.00 | 2,500,000.00 | 1.250       | 1,827 | 2.140   | 1,674            | 09/30/2020    |
| 3134G7XN6                    | 11633        | Fed Home Loan Mortgage Corp |                 | 09/30/2015    | 2,500,000.00 | 2,501,650.00 | 2,500,000.00 | 1.250       | 1,827 | 2.140   | 1,674            | 09/30/2020    |
| 3134G7G70                    | 11637        | Fed Home Loan Mortgage Corp |                 | 09/28/2015    | 2,500,000.00 | 2,501,500.00 | 2,500,000.00 | 1.400       | 1,369 | 1.400   | 1,214            | 06/28/2019    |
| 3134G7Q79                    | 11640        | Fed Home Loan Mortgage Corp |                 | 10/27/2015    | 5,000,000.00 | 5,000,500.00 | 5,000,000.00 | 1.000       | 1,004 | 1.000   | 878              | 07/27/2018    |
| 3134G73X7                    | 11650        | Fed Home Loan Mortgage Corp |                 | 10/30/2015    | 3,000,000.00 | 2,999,460.00 | 3,000,000.00 | 0.720       | 728   | 0.720   | 605              | 10/27/2017    |
| 3134G73Q2                    | 11652        | Fed Home Loan Mortgage Corp |                 | 10/27/2015    | 4,000,000.00 | 4,000,440.00 | 4,000,000.00 | 1.000       | 1,004 | 1.000   | 878              | 07/27/2018    |
| 3134G75A5                    | 11657        | Fed Home Loan Mortgage Corp |                 | 10/29/2015    | 2,500,000.00 | 2,500,625.00 | 2,500,000.00 | 1.250       | 1,826 | 1.250   | 1,702            | 10/28/2020    |
| 3134G8A41                    | 11667        | Fed Home Loan Mortgage Corp |                 | 12/28/2015    | 3,000,000.00 | 3,001,410.00 | 3,000,000.00 | 1.000       | 731   | 1.000   | 667              | 12/28/2017    |
| 3134G8CG2                    | 11668        | Fed Home Loan Mortgage Corp |                 | 12/29/2015    | 4,000,000.00 | 4,000,720.00 | 4,000,000.00 | 1.300       | 913   | 1.300   | 850              | 06/29/2018    |
| 3134G85J4                    | 11670        | Fed Home Loan Mortgage Corp |                 | 12/02/2015    | 3,000,000.00 | 3,000,395.00 | 2,999,810.00 | 0.750       | 1,090 | 0.742   | 1,000            | 11/26/2018    |
| 3134G8F87                    | 11671        | Fed Home Loan Mortgage Corp |                 | 12/30/2015    | 5,000,000.00 | 5,000,400.00 | 5,000,000.00 | 1.000       | 1,827 | 1.000   | 1,765            | 12/30/2020    |
| 3134G8FR5                    | 11676        | Fed Home Loan Mortgage Corp |                 | 12/30/2015    | 5,000,000.00 | 4,999,500.00 | 5,000,000.00 | 0.625       | 1,827 | 0.625   | 1,765            | 12/30/2020    |
| 3134G8HZ5                    | 11685        | Fed Home Loan Mortgage Corp |                 | 01/29/2016    | 5,000,000.00 | 4,997,500.00 | 5,000,000.00 | 1.000       | 1,461 | 1.000   | 1,429            | 01/29/2020    |
| 31315PYT0                    | 11318        | Farmer Mac                  |                 | 05/02/2013    | 3,000,000.00 | 3,004,200.00 | 3,000,000.00 | 0.990       | 1,826 | 0.990   | 792              | 05/02/2018    |
| 31315PN88                    | 11351        | Farmer Mac                  |                 | 07/05/2013    | 2,000,000.00 | 2,006,620.00 | 2,000,000.00 | 1.100       | 1,301 | 1.100   | 331              | 01/26/2017    |
| 3135G0XA6                    | 11319        | Federal National Mort Assoc |                 | 05/21/2013    | 3,000,000.00 | 3,000,090.00 | 3,000,000.00 | 1.030       | 1,826 | 1.030   | 811              | 05/21/2018    |
| 3135G0PP2                    | 11425        | Federal National Mort Assoc |                 | 02/12/2014    | 2,500,000.00 | 2,504,850.00 | 2,492,050.00 | 1.000       | 1,316 | 1.090   | 568              | 09/20/2017    |
| 3136G22T3                    | 11468        | Federal National Mort Assoc |                 | 07/28/2014    | 4,000,000.00 | 4,003,480.00 | 4,000,000.00 | 1.050       | 1,096 | 1.050   | 514              | 07/28/2017    |
| 3136G22V8                    | 11469        | Federal National Mort Assoc |                 | 07/25/2014    | 4,000,000.00 | 4,014,160.00 | 4,000,000.00 | 1.500       | 1,461 | 1.500   | 876              | 07/25/2018    |
| 3136G26U6                    | 11487        | Federal National Mort Assoc |                 | 10/07/2014    | 2,500,000.00 | 2,524,525.00 | 2,500,000.00 | 2.000       | 1,826 | 2.000   | 1,315            | 10/07/2019    |
| 3135G0ZF3                    | 11491        | Federal National Mort Assoc |                 | 09/17/2014    | 4,000,000.00 | 3,996,120.00 | 4,000,000.00 | 1.070       | 1,045 | 1.070   | 514              | 07/28/2017    |
| 3136G2D87                    | 11537        | Federal National Mort Assoc |                 | 02/13/2015    | 3,000,000.00 | 3,004,170.00 | 3,000,000.00 | 1.000       | 1,096 | 1.000   | 714              | 02/13/2018    |
| 3136G2EF0                    | 11545        | Federal National Mort Assoc |                 | 02/27/2015    | 2,000,000.00 | 2,000,580.00 | 2,000,000.00 | 1.450       | 1,461 | 1.450   | 1,093            | 02/27/2019    |
| 3136G2K48                    | 11589        | Federal National Mort Assoc |                 | 05/27/2015    | 5,000,000.00 | 5,013,050.00 | 5,000,000.00 | 1.800       | 1,827 | 1.800   | 1,548            | 05/27/2020    |
| 3135G0XP3                    | 11617        | Federal National Mort Assoc |                 | 08/05/2015    | 5,000,000.00 | 4,997,000.00 | 5,000,450.00 | 0.375       | 335   | 0.365   | 126              | 07/05/2016    |
| 3136G2P92                    | 11639        | Federal National Mort Assoc |                 | 10/29/2015    | 5,000,000.00 | 5,002,200.00 | 5,000,000.00 | 1.100       | 1,096 | 1.100   | 972              | 10/29/2018    |
| 3136G2PJ0                    | 11642        | Federal National Mort Assoc |                 | 10/26/2015    | 1,000,000.00 | 1,000,690.00 | 1,000,000.00 | 1.010       | 1,096 | 1.010   | 969              | 10/26/2018    |
| 3136G2PP6                    | 11644        | Federal National Mort Assoc |                 | 10/29/2015    | 4,000,000.00 | 4,002,040.00 | 4,000,000.00 | 1.070       | 1,096 | 1.070   | 972              | 10/29/2018    |
| 3136G2R58                    | 11649        | Federal National Mort Assoc |                 | 10/29/2015    | 2,500,000.00 | 2,501,975.00 | 2,500,000.00 | 1.040       | 1,093 | 1.040   | 969              | 10/26/2018    |
| 3136G2QM2                    | 11651        | Federal National Mort Assoc |                 | 11/16/2015    | 2,500,000.00 | 2,501,125.00 | 2,500,000.00 | 1.200       | 1,277 | 1.200   | 1,171            | 05/16/2019    |
| 3135G0XP3                    | 11653        | Federal National Mort Assoc |                 | 10/27/2015    | 5,000,000.00 | 4,997,000.00 | 5,002,400.00 | 0.375       | 252   | 0.305   | 126              | 07/05/2016    |
| 3136G2R25                    | 11655        | Federal National Mort Assoc |                 | 10/29/2015    | 2,500,000.00 | 2,501,075.00 | 2,500,000.00 | 1.550       | 1,644 | 1.550   | 1,520            | 04/29/2020    |
| 3136G2RQ2                    | 11656        | Federal National Mort Assoc |                 | 10/29/2015    | 3,000,000.00 | 3,001,770.00 | 3,000,000.00 | 1.400       | 1,461 | 1.400   | 1,337            | 10/29/2019    |
| 3135G0G98                    | 11664        | Federal National Mort Assoc |                 | 11/27/2015    | 4,000,000.00 | 4,000,600.00 | 3,996,040.00 | 1.300       | 1,096 | 1.334   | 1,001            | 11/27/2018    |

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**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
February 29, 2016**

| CUSIP                                      | Investment # | Issuer                         | Average Balance       | Purchase Date | Par Value             | Market Value          | Book Value            | Stated Rate | Term         | YTM 365      | Days to Maturity | Maturity Date |
|--|--------------|--------------------------------|-----------------------|---------------|-----------------------|-----------------------|-----------------------|-------------|--------------|--------------|------------------|---------------|
| <b>Federal Agency Coupon</b>               |              |                                |                       |               |                       |                       |                       |             |              |              |                  |               |
| 3136G25M5                                  | 11669        | Federal National Mort Assoc    |                       | 12/02/2015    | 4,000,000.00          | 4,036,927.22          | 4,037,567.22          | 1.865       | 1,387        | 1.712        | 1,297            | 09/19/2019    |
| 3135GOXP3                                  | 11672        | Federal National Mort Assoc    |                       | 12/21/2015    | 5,000,000.00          | 4,997,000.00          | 4,993,700.00          | 0.375       | 197          | 1.913        | 126              | 07/05/2016    |
| 3136G2WW5                                  | 11684        | Federal National Mort Assoc    |                       | 01/29/2016    | 3,500,000.00          | 3,501,680.00          | 3,500,000.00          | 1.220       | 1,092        | 1.220        | 1,060            | 01/25/2019    |
| 3136G2XS1                                  | 11686        | Federal National Mort Assoc    |                       | 02/26/2016    | 5,000,000.00          | 4,994,450.00          | 5,000,000.00          | 1.000       | 1,096        | 1.452        | 1,092            | 02/26/2019    |
| 3135G0G80                                  | 11687        | Federal National Mort Assoc    |                       | 02/04/2016    | 5,000,000.00          | 5,004,775.00          | 5,005,625.00          | 0.500       | 1,013        | 1.511        | 987              | 11/13/2018    |
| 3136G2Y68                                  | 11688        | Federal National Mort Assoc    |                       | 02/26/2016    | 2,500,000.00          | 2,496,800.00          | 2,500,000.00          | 0.750       | 1,096        | 0.880        | 1,092            | 02/26/2019    |
| 3136G2XZ5                                  | 11689        | Federal National Mort Assoc    |                       | 02/24/2016    | 2,500,000.00          | 2,495,650.00          | 2,500,000.00          | 1.350       | 1,461        | 1.350        | 1,455            | 02/24/2020    |
| 3136G2LD7                                  | 11693        | Federal National Mort Assoc    |                       | 02/16/2016    | 3,000,000.00          | 3,012,060.00          | 3,016,560.00          | 1.750       | 913          | 1.524        | 899              | 08/17/2018    |
| 3136G3AM7                                  | 11695        | Federal National Mort Assoc    |                       | 02/26/2016    | 5,000,000.00          | 4,995,800.00          | 5,000,000.00          | 1.250       | 1,827        | 1.250        | 1,823            | 02/26/2021    |
| <b>Subtotal and Average</b>                |              |                                | <b>371,042,191.37</b> |               | <b>373,265,000.00</b> | <b>373,693,550.48</b> | <b>373,189,407.33</b> |             | <b>1,230</b> | <b>1.155</b> | <b>886</b>       |               |
| <b>Federal Agency Discount</b>             |              |                                |                       |               |                       |                       |                       |             |              |              |                  |               |
| 313312C24                                  | 11621        | Federal Farm Credit Bank       |                       | 08/19/2015    | 3,000,000.00          | 2,986,425.00          | 2,986,425.00          |             | 362          | 0.465        | 167              | 08/15/2016    |
| 313312C65                                  | 11634        | Federal Farm Credit Bank       |                       | 09/23/2015    | 5,000,000.00          | 4,982,070.00          | 4,982,070.83          | 0.390       | 331          | 0.403        | 171              | 08/19/2016    |
| 313312K66                                  | 11647        | Federal Farm Credit Bank       |                       | 10/21/2015    | 5,000,000.00          | 4,981,550.00          | 4,981,551.39          | 0.370       | 359          | 0.382        | 227              | 10/14/2016    |
| 313384WD7                                  | 11635        | Federal Home Loan Bank         |                       | 09/23/2015    | 5,000,000.00          | 4,992,430.00          | 4,992,430.56          | 0.250       | 218          | 0.257        | 58               | 04/28/2016    |
| 313384ZB8                                  | 11682        | Federal Home Loan Bank         |                       | 01/27/2016    | 5,000,000.00          | 4,989,650.00          | 4,989,650.00          | 0.460       | 162          | 0.467        | 128              | 07/07/2016    |
| 313384VX4                                  | 11703        | Federal Home Loan Bank         |                       | 02/29/2016    | 7,500,000.00          | 7,496,580.00          | 7,496,577.08          | 0.310       | 53           | 0.314        | 52               | 04/22/2016    |
| 313384XJ3                                  | 11704        | Federal Home Loan Bank         |                       | 02/29/2016    | 7,500,000.00          | 7,493,220.00          | 7,493,216.67          | 0.370       | 88           | 0.375        | 87               | 05/27/2016    |
| 313588UP8                                  | 11604        | Federal National Mort Assoc    |                       | 06/03/2015    | 3,000,000.00          | 2,994,648.00          | 2,994,646.67          | 0.220       | 292          | 0.227        | 20               | 03/21/2016    |
| 313588H81                                  | 11678        | Freddie mac Discount NT        |                       | 12/30/2015    | 4,000,000.00          | 3,981,360.00          | 3,981,361.11          | 0.610       | 275          | 0.631        | 213              | 09/30/2016    |
| 313588M44                                  | 11679        | Freddie mac Discount NT        |                       | 12/30/2015    | 4,000,000.00          | 3,978,792.00          | 3,978,790.00          | 0.630       | 303          | 0.652        | 241              | 10/28/2016    |
| <b>Subtotal and Average</b>                |              |                                | <b>38,363,749.67</b>  |               | <b>49,000,000.00</b>  | <b>48,876,725.00</b>  | <b>48,876,719.31</b>  |             | <b>218</b>   | <b>0.407</b> | <b>129</b>       |               |
| <b>Local Agency Investment Funds</b>       |              |                                |                       |               |                       |                       |                       |             |              |              |                  |               |
| SYS10090                                   | 10090        | Local Agency Investment Fund   |                       |               | 64,739,126.07         | 64,739,126.07         | 64,739,126.07         | 0.467       | 1            | 0.467        | 1                |               |
| <b>Subtotal and Average</b>                |              |                                | <b>59,635,677.79</b>  |               | <b>64,739,126.07</b>  | <b>64,739,126.07</b>  | <b>64,739,126.07</b>  |             | <b>1</b>     | <b>0.467</b> | <b>1</b>         |               |
| <b>Columbia Money Market Fund</b>          |              |                                |                       |               |                       |                       |                       |             |              |              |                  |               |
| SYS10091                                   | 10091        | Columbia Money Market Reserves |                       | 09/15/2006    | 0.00                  | 0.00                  | 0.00                  | 0.010       | 1            | 0.010        | 1                |               |
| <b>Subtotal and Average</b>                |              |                                | <b>0.00</b>           |               | <b>0.00</b>           | <b>0.00</b>           | <b>0.00</b>           |             | <b>0</b>     | <b>0.000</b> | <b>0</b>         |               |
| <b>Local Agency Investment Funds - RDA</b> |              |                                |                       |               |                       |                       |                       |             |              |              |                  |               |
| SYS10092                                   | 10092        | LAIF - RDA                     |                       | 03/17/2009    | 0.00                  | 0.00                  | 0.00                  | 0.385       | 1            | 0.385        | 1                |               |
| <b>Subtotal and Average</b>                |              |                                | <b>0.00</b>           |               | <b>0.00</b>           | <b>0.00</b>           | <b>0.00</b>           |             | <b>0</b>     | <b>0.000</b> | <b>0</b>         |               |

**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
February 29, 2016**

| CUSIP                  | Investment # | Issuer                    | Average Balance | Purchase Date | Par Value    | Market Value | Book Value   | Stated Rate | Term  | YTM 365 | Days to Maturity | Maturity Date |
|------------------------|--------------|---------------------------|-----------------|---------------|--------------|--------------|--------------|-------------|-------|---------|------------------|---------------|
| <b>Corporate Bonds</b> |              |                           |                 |               |              |              |              |             |       |         |                  |               |
| 053015AD5              | 11632        | AUTOMATIC DATA PROCESSING |                 | 09/24/2015    | 2,500,000.00 | 2,552,231.25 | 2,518,181.25 | 2.250       | 1,818 | 2.107   | 1,659            | 09/15/2020    |
| 037833AH3              | 11320        | Apple Inc.                |                 | 05/06/2013    | 3,000,000.00 | 2,999,880.00 | 3,002,430.00 | 0.450       | 1,093 | 0.423   | 63               | 05/03/2016    |
| 037833AJ9              | 11321        | Apple Inc.                |                 | 05/06/2013    | 2,500,000.00 | 2,493,425.00 | 2,505,600.00 | 1.000       | 1,823 | 0.954   | 793              | 05/03/2018    |
| 037833AJ9              | 11326        | Apple Inc.                |                 | 05/17/2013    | 2,500,000.00 | 2,493,425.00 | 2,478,975.00 | 1.000       | 1,812 | 1.175   | 793              | 05/03/2018    |
| 037833AQ3              | 11461        | Apple Inc.                |                 | 06/13/2014    | 3,000,000.00 | 3,061,950.00 | 3,011,100.00 | 2.100       | 1,788 | 2.020   | 1,161            | 05/06/2019    |
| 06406HCU1              | 11610        | Bank of New York Mellon   |                 | 06/26/2015    | 2,000,000.00 | 2,011,280.00 | 2,006,980.00 | 2.200       | 1,419 | 2.390   | 1,170            | 05/15/2019    |
| 06406HCL1              | 11618        | Bank of New York Mellon   |                 | 08/07/2015    | 5,000,000.00 | 5,057,050.00 | 5,063,500.00 | 2.100       | 1,090 | 1.662   | 883              | 08/01/2018    |
| 084670BL1              | 11490        | Berkshire Hathaway        |                 | 09/16/2014    | 4,000,000.00 | 4,086,680.00 | 3,998,840.00 | 2.100       | 1,793 | 2.106   | 1,261            | 08/14/2019    |
| 084670BD9              | 11565        | Berkshire Hathaway        |                 | 03/31/2015    | 2,000,000.00 | 2,018,260.00 | 2,043,260.00 | 1.900       | 672   | 0.710   | 336              | 01/31/2017    |
| 19416QEB2              | 11476        | Colgate Palmolive         |                 | 07/28/2014    | 1,500,000.00 | 1,494,345.00 | 1,472,835.00 | 0.900       | 1,373 | 1.396   | 791              | 05/01/2018    |
| 19416QDX5              | 11509        | Colgate Palmolive         |                 | 11/10/2014    | 3,698,000.00 | 3,712,976.90 | 3,733,759.66 | 1.300       | 797   | 0.851   | 320              | 01/15/2017    |
| 17275RAT9              | 11500        | Cisco Systems             |                 | 10/27/2014    | 5,000,000.00 | 5,012,650.00 | 5,031,600.00 | 1.100       | 858   | 0.828   | 367              | 03/03/2017    |
| 17275RAR3              | 11502        | Cisco Systems             |                 | 10/30/2014    | 2,500,000.00 | 2,549,450.00 | 2,531,750.00 | 2.125       | 1,583 | 1.819   | 1,095            | 03/01/2019    |
| 17275RAU6              | 11606        | Cisco Systems             |                 | 06/18/2015    | 2,500,000.00 | 2,517,750.00 | 2,506,100.00 | 1.650       | 1,093 | 1.566   | 836              | 06/15/2018    |
| 25468PDA1              | 11519        | Walt Disney Company       |                 | 11/28/2014    | 4,000,000.00 | 4,073,000.00 | 3,991,229.24 | 1.850       | 1,644 | 1.901   | 1,185            | 05/30/2019    |
| 25468PDA1              | 11551        | Walt Disney Company       |                 | 02/23/2015    | 2,000,000.00 | 2,036,500.00 | 2,006,230.00 | 1.850       | 1,557 | 1.774   | 1,185            | 05/30/2019    |
| 25468PDE3              | 11627        | Walt Disney Company       |                 | 09/18/2015    | 5,000,000.00 | 5,096,398.61 | 4,977,948.61 | 2.150       | 1,826 | 2.245   | 1,661            | 09/17/2020    |
| 427866AP3              | 11449        | HERSHEY COMPANY           |                 | 05/20/2014    | 947,000.00   | 968,941.99   | 1,049,579.04 | 5.450       | 835   | 0.656   | 184              | 09/01/2016    |
| 459200GX3              | 11473        | IBM Corp                  |                 | 07/24/2014    | 4,000,000.00 | 4,019,040.00 | 4,105,920.00 | 1.950       | 729   | 0.612   | 143              | 07/22/2016    |
| 459200HZ7              | 11549        | IBM Corp                  |                 | 02/06/2015    | 3,000,000.00 | 2,993,970.00 | 2,990,850.00 | 1.125       | 1,096 | 1.229   | 707              | 02/06/2018    |
| 459200HL8              | 11588        | IBM Corp                  |                 | 05/08/2015    | 2,073,000.00 | 2,072,854.89 | 2,075,052.27 | 0.450       | 364   | 0.350   | 66               | 05/06/2016    |
| 458140AL4              | 11513        | Intel                     |                 | 11/20/2014    | 3,000,000.00 | 3,018,480.00 | 2,995,260.00 | 1.350       | 1,121 | 1.403   | 654              | 12/15/2017    |
| 478160AY0              | 11293        | Johnson & Johnson         |                 | 02/12/2013    | 2,000,000.00 | 2,006,840.00 | 2,105,040.00 | 2.150       | 1,188 | 0.522   | 75               | 05/15/2016    |
| 478160BG8              | 11391        | Johnson & Johnson         |                 | 12/05/2013    | 2,000,000.00 | 2,028,640.00 | 2,000,080.00 | 1.650       | 1,826 | 1.649   | 1,009            | 12/05/2018    |
| 478160BF0              | 11518        | Johnson & Johnson         |                 | 11/25/2014    | 4,000,000.00 | 3,999,760.00 | 4,005,200.00 | 0.700       | 734   | 0.635   | 272              | 11/28/2016    |
| 191216BT6              | 11659        | Coca Cola                 |                 | 11/09/2015    | 3,000,000.00 | 3,031,335.00 | 2,977,275.00 | 1.875       | 1,814 | 2.049   | 1,701            | 10/27/2020    |
| 191216AR1              | 11694        | Coca Cola                 |                 | 02/22/2016    | 4,000,000.00 | 4,294,350.00 | 4,286,990.00 | 3.150       | 1,728 | 1.750   | 1,720            | 11/15/2020    |
| 88579YAE1              | 11392        | 3M                        |                 | 12/10/2013    | 2,500,000.00 | 2,503,625.00 | 2,495,925.00 | 1.000       | 1,294 | 1.047   | 482              | 06/26/2017    |
| 88579YAE1              | 11393        | 3M                        |                 | 12/10/2013    | 2,500,000.00 | 2,503,625.00 | 2,495,475.00 | 1.000       | 1,294 | 1.052   | 482              | 06/26/2017    |
| 88579YAD3              | 11467        | 3M                        |                 | 07/08/2014    | 3,544,000.00 | 3,557,502.64 | 3,605,842.80 | 1.375       | 814   | 0.584   | 212              | 09/29/2016    |
| 58933YAC9              | 11547        | Merck                     |                 | 02/06/2015    | 3,000,000.00 | 3,001,290.00 | 3,001,200.00 | 1.100       | 1,090 | 1.085   | 701              | 01/31/2018    |
| 594918AP9              | 11311        | Microsoft                 |                 | 04/30/2013    | 2,500,000.00 | 2,500,975.00 | 2,505,000.00 | 0.875       | 1,660 | 0.931   | 624              | 11/15/2017    |
| 594918BF0              | 11660        | Microsoft                 |                 | 11/10/2015    | 2,500,000.00 | 2,511,381.94 | 2,499,456.94 | 1.300       | 1,089 | 1.316   | 977              | 11/03/2018    |
| 594918BG8              | 11661        | Microsoft                 |                 | 11/10/2015    | 2,500,000.00 | 2,543,572.22 | 2,498,122.22 | 2.000       | 1,820 | 2.024   | 1,708            | 11/03/2020    |
| 64952WBK8              | 11283        | New York Life             |                 | 01/23/2013    | 2,855,000.00 | 2,853,686.70 | 2,872,529.70 | 1.300       | 1,741 | 1.167   | 608              | 10/30/2017    |
| 68389XAX3              | 11522        | Oracle                    |                 | 12/05/2014    | 2,500,000.00 | 2,562,200.00 | 2,515,975.00 | 2.250       | 1,768 | 2.110   | 1,316            | 10/08/2019    |

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**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
February 29, 2016**

| CUSIP                                  | Investment # | Issuer                      | Average Balance       | Purchase Date | Par Value             | Market Value          | Book Value            | Stated Rate | Term         | YTM          | Days to 365 Maturity | Maturity Date |
|--|--------------|-----------------------------|-----------------------|---------------|-----------------------|-----------------------|-----------------------|-------------|--------------|--------------|----------------------|---------------|
| <b>Corporate Bonds</b>                 |              |                             |                       |               |                       |                       |                       |             |              |              |                      |               |
| 68389XAQ8                              | 11576        | Oracle                      |                       | 04/13/2015    | 3,000,000.00          | 3,082,710.00          | 3,099,990.00          | 2.375       | 1,373        | 1.459        | 1,050                | 01/15/2019    |
| 717081DD2                              | 11430        | Pfizer Inc                  |                       | 02/24/2014    | 4,000,000.00          | 4,000,480.00          | 4,008,800.00          | 0.900       | 1,056        | 0.823        | 320                  | 01/15/2017    |
| 717081DL4                              | 11515        | Pfizer Inc                  |                       | 11/24/2014    | 3,000,000.00          | 3,061,950.00          | 3,016,500.00          | 2.100       | 1,633        | 1.971        | 1,170                | 05/15/2019    |
| 742718DV8                              | 11352        | Procter & Gamble            |                       | 07/05/2013    | 1,985,000.00          | 1,992,066.60          | 2,011,658.55          | 1.450       | 1,137        | 1.010        | 167                  | 08/15/2016    |
| 742718EG0                              | 11507        | Procter & Gamble            |                       | 11/10/2014    | 3,000,000.00          | 3,069,960.00          | 2,999,490.00          | 1.900       | 1,817        | 1.904        | 1,340                | 11/01/2019    |
| 89236TAL9                              | 11333        | Toyota Motor Credit Corp    |                       | 05/28/2013    | 3,000,000.00          | 3,000,030.00          | 3,008,190.00          | 0.800       | 1,085        | 0.707        | 77                   | 05/17/2016    |
| 89236TBP9                              | 11472        | Toyota Motor Credit Corp    |                       | 07/21/2014    | 4,000,000.00          | 4,063,600.00          | 4,000,000.00          | 2.125       | 1,823        | 2.125        | 1,234                | 07/18/2019    |
| 89236TCP8                              | 11620        | Toyota Motor Credit Corp    |                       | 08/11/2015    | 2,000,000.00          | 2,000,380.00          | 2,000,000.00          | 1.550       | 1,067        | 1.550        | 864                  | 07/13/2018    |
| 90520EAF8                              | 11493        | MUFG UNION BANK             |                       | 09/30/2014    | 4,000,000.00          | 3,981,760.00          | 3,991,080.00          | 2.250       | 1,679        | 2.301        | 1,161                | 05/06/2019    |
| 90521APH5                              | 11431        | UnionBanc Investments       |                       | 02/24/2014    | 4,000,000.00          | 4,008,200.00          | 4,068,800.00          | 1.500       | 945          | 0.827        | 209                  | 09/26/2016    |
| 94974BFL9                              | 11362        | Wells Fargo & Compnay       |                       | 07/29/2013    | 3,000,000.00          | 3,005,670.00          | 2,997,120.00          | 1.250       | 1,087        | 1.283        | 141                  | 07/20/2016    |
| 94974BEZ9                              | 11648        | Wells Fargo & Compnay       |                       | 10/23/2015    | 3,000,000.00          | 3,038,160.00          | 3,061,530.00          | 2.625       | 419          | 0.820        | 289                  | 12/15/2016    |
| <b>Subtotal and Average</b>            |              |                             | <b>141,809,721.31</b> |               | <b>143,102,000.00</b> | <b>144,544,288.74</b> | <b>144,224,250.28</b> |             | <b>1,315</b> | <b>1.371</b> | <b>792</b>           |               |
| <b>Supranationals</b>                  |              |                             |                       |               |                       |                       |                       |             |              |              |                      |               |
| 4581X0CB2                              | 11641        | Inter-American Develop Bank |                       | 10/08/2015    | 1,500,000.00          | 1,500,435.00          | 1,506,375.00          | 0.875       | 404          | 0.659        | 259                  | 11/15/2016    |
| 45905URG1                              | 11566        | IBRD (World Bank)           |                       | 03/27/2015    | 2,000,000.00          | 2,001,780.00          | 2,001,280.00          | 0.700       | 662          | 0.664        | 322                  | 01/17/2017    |
| 45905URF3                              | 11592        | IBRD (World Bank)           |                       | 05/20/2015    | 3,000,000.00          | 3,007,620.00          | 3,006,030.00          | 0.900       | 789          | 0.806        | 503                  | 07/17/2017    |
| 459058ET6                              | 11643        | IBRD (World Bank)           |                       | 10/13/2015    | 3,000,000.00          | 2,995,740.00          | 3,000,000.00          | 0.800       | 731          | 0.800        | 591                  | 10/13/2017    |
| <b>Subtotal and Average</b>            |              |                             | <b>9,513,685.00</b>   |               | <b>9,500,000.00</b>   | <b>9,505,575.00</b>   | <b>9,513,685.00</b>   |             | <b>683</b>   | <b>0.751</b> | <b>454</b>           |               |
| <b>State of California Obligations</b> |              |                             |                       |               |                       |                       |                       |             |              |              |                      |               |
| 13063CKL3                              | 11459        | State of California         |                       | 06/09/2014    | 3,000,000.00          | 3,089,550.00          | 3,020,790.00          | 2.250       | 1,787        | 2.100        | 1,156                | 05/01/2019    |
| 13063CSQ4                              | 11583        | State of California         |                       | 04/29/2015    | 2,500,000.00          | 2,532,125.00          | 2,507,050.00          | 1.800       | 1,799        | 1.740        | 1,492                | 04/01/2020    |
| 91412GSB2                              | 11532        | University of California    |                       | 01/12/2015    | 1,130,000.00          | 1,141,582.50          | 1,127,333.20          | 1.796       | 1,631        | 1.851        | 1,217                | 07/01/2019    |
| 91412GSB2                              | 11638        | University of California    |                       | 09/29/2015    | 2,500,000.00          | 2,525,625.00          | 2,521,775.00          | 1.796       | 1,371        | 1.556        | 1,217                | 07/01/2019    |
| <b>Subtotal and Average</b>            |              |                             | <b>9,176,948.20</b>   |               | <b>9,130,000.00</b>   | <b>9,288,882.50</b>   | <b>9,176,948.20</b>   |             | <b>1,657</b> | <b>1.822</b> | <b>1,272</b>         |               |
| <b>Total and Average</b>               |              |                             | <b>638,908,779.45</b> |               | <b>661,236,126.07</b> | <b>663,170,140.58</b> | <b>662,237,504.93</b> |             | <b>1,039</b> | <b>1.074</b> | <b>713</b>           |               |

**City of Santa Monica  
Portfolio Management  
Portfolio Details - Cash  
February 29, 2016**

| CUSIP                      | Investment # | Issuer | Average Balance | Purchase Date | Par Value      | Market Value   | Book Value     | Stated Rate | Term  | YTM 365 | Days to Maturity |
|----------------------------|--------------|--------|-----------------|---------------|----------------|----------------|----------------|-------------|-------|---------|------------------|
|                            |              |        | Average Balance |               |                |                |                |             | 0     |         | 0                |
| Total Cash and Investments |              |        | 638,908,779.45  |               | 661,236,126.07 | 663,170,140.58 | 662,237,504.93 |             | 1,039 | 1.074   | 713              |

**City of Santa Monica  
Portfolio Management  
Activity By Type  
February 1, 2016 through February 29, 2016**

| CUSIP  | Investment # | Issuer                       | Stated Rate | Transaction Date | Purchases or Deposits | Redemptions or Withdrawals | Balance               |
|--|--------------|------------------------------|-------------|------------------|-----------------------|----------------------------|-----------------------|
| <b>Treasury Coupon Securities</b>                      |              |                              |             |                  |                       |                            |                       |
| 912828SJ0  | 11692        | U. S. Treasury Note          | 0.875       | 02/16/2016       | 3,009,609.38          | 0.00                       |                       |
| 912828SM3  | 11698        | U. S. Treasury Note          | 1.000       | 02/24/2016       | 2,008,515.63          | 0.00                       |                       |
| <b>Subtotal</b>  |              |                              |             |                  | <b>5,018,125.01</b>   | <b>0.00</b>                | <b>12,517,368.74</b>  |
| <b>Federal Agency Coupon</b>                           |              |                              |             |                  |                       |                            |                       |
| 3133EFZR1  | 11691        | Federal Farm Credit Bank     | 0.800       | 02/16/2016       | 3,000,390.00          | 0.00                       |                       |
| 3130A0XC9  | 11435        | Federal Home Loan Bank       | 1.300       | 02/26/2016       | 0.00                  | 4,000,000.00               |                       |
| 3130A3Y32  | 11546        | Federal Home Loan Bank       | 0.270       | 02/22/2016       | 0.00                  | 3,000,000.00               |                       |
| 3130A7BV6  | 11700        | Federal Home Loan Bank       | 0.600       | 02/24/2016       | 2,499,750.00          | 0.00                       |                       |
| 3130A7BV6  | 11701        | Federal Home Loan Bank       | 0.600       | 02/24/2016       | 2,499,525.00          | 0.00                       |                       |
| 3134G6AY9  | 11544        | Fed Home Loan Mortgage Corp  | 0.700       | 02/17/2016       | 0.00                  | 2,999,250.00               |                       |
| 3134G6XU2  | 11585        | Fed Home Loan Mortgage Corp  | 1.250       | 02/14/2016       | 0.00                  | 4,000,000.00               |                       |
| 3136G1DA4  | 11286        | Federal National Mort Assoc  | 1.125       | 02/28/2016       | 0.00                  | 5,000,000.00               |                       |
| 3136G2J81  | 11587        | Federal National Mort Assoc  | 1.850       | 02/27/2016       | 0.00                  | 5,000,000.00               |                       |
| 3136G2XS1  | 11686        | Federal National Mort Assoc  | 1.000       | 02/26/2016       | 5,000,000.00          | 0.00                       |                       |
| 3135G0G80  | 11687        | Federal National Mort Assoc  | 0.500       | 02/04/2016       | 5,000,000.00          | 0.00                       |                       |
| 3136G2Y68  | 11688        | Federal National Mort Assoc  | 0.750       | 02/26/2016       | 2,500,000.00          | 0.00                       |                       |
| 3136G2XZ5  | 11689        | Federal National Mort Assoc  | 1.350       | 02/24/2016       | 2,500,000.00          | 0.00                       |                       |
| 3136G2LD7  | 11693        | Federal National Mort Assoc  | 1.750       | 02/16/2016       | 3,016,560.00          | 0.00                       |                       |
| 3136G3AM7  | 11695        | Federal National Mort Assoc  | 1.250       | 02/26/2016       | 5,000,000.00          | 0.00                       |                       |
| <b>Subtotal</b>  |              |                              |             |                  | <b>31,016,225.00</b>  | <b>23,999,250.00</b>       | <b>373,189,407.33</b> |
| <b>Federal Agency Discount</b>                         |              |                              |             |                  |                       |                            |                       |
| 313384TM1  | 11623        | Federal Home Loan Bank       |             | 02/24/2016       | 0.00                  | 4,992,961.11               |                       |
| 313384VX4  | 11703        | Federal Home Loan Bank       | 0.310       | 02/29/2016       | 7,496,577.08          | 0.00                       |                       |
| 313384XJ3  | 11704        | Federal Home Loan Bank       | 0.370       | 02/29/2016       | 7,493,216.67          | 0.00                       |                       |
| 313588SN6  | 11625        | Federal National Mort Assoc  | 0.240       | 02/01/2016       | 0.00                  | 4,994,733.33               |                       |
| <b>Subtotal</b>  |              |                              |             |                  | <b>14,989,793.75</b>  | <b>9,987,694.44</b>        | <b>48,876,719.31</b>  |
| <b>Local Agency Investment Funds (Monthly Summary)</b> |              |                              |             |                  |                       |                            |                       |
| SYS10090   | 10090        | Local Agency Investment Fund | 0.467       |                  | 11,000,000.00         | 0.00                       |                       |
| <b>Subtotal</b>  |              |                              |             |                  | <b>11,000,000.00</b>  | <b>0.00</b>                | <b>64,739,126.07</b>  |
| <b>Columbia Money Market Fund (Monthly Summary)</b>    |              |                              |             |                  |                       |                            |                       |
| <b>Subtotal</b>  |              |                              |             |                  |                       |                            | <b>0.00</b>           |

**City of Santa Monica  
Portfolio Management  
Activity By Type  
February 1, 2016 through February 29, 2016**

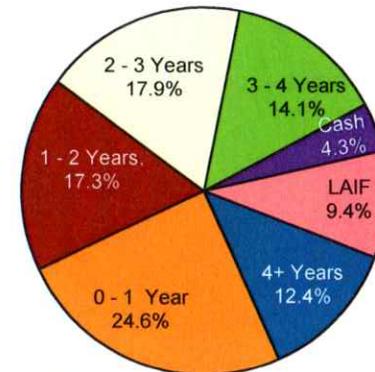
| CUSIP  | Investment # | Issuer             | Stated Rate | Transaction Date | Purchases or Deposits | Redemptions or Withdrawals | Balance               |
|--|--------------|--------------------|-------------|------------------|-----------------------|----------------------------|-----------------------|
| <b>Local Agency Investment Funds - RDA (Monthly Summary)</b> |              |                    |             |                  |                       |                            |                       |
| <b>Subtotal</b>  |              |                    |             |                  |                       |                            | <b>0.00</b>           |
| <b>Corporate Bonds</b>                                       |              |                    |             |                  |                       |                            |                       |
| 084670BG2  | 11291        | Berkshire Hathaway | 0.800       | 02/11/2016       | 0.00                  | 2,005,620.00               |                       |
| 191216AR1  | 11694        | Coca Cola          | 3.150       | 02/22/2016       | 4,253,040.00          | 0.00                       |                       |
| <b>Subtotal</b>  |              |                    |             |                  |                       | <b>4,253,040.00</b>        | <b>2,005,620.00</b>   |
| <b>Supranationals</b>  |              |                    |             |                  |                       |                            |                       |
| <b>Subtotal</b>  |              |                    |             |                  |                       |                            | <b>9,513,685.00</b>   |
| <b>State of California Obligations</b>                       |              |                    |             |                  |                       |                            |                       |
| <b>Subtotal</b>  |              |                    |             |                  |                       |                            | <b>9,176,948.20</b>   |
| <b>Total</b>   |              |                    |             |                  | <b>66,277,183.76</b>  | <b>35,992,564.44</b>       | <b>662,237,504.93</b> |

**Maturity Distribution**

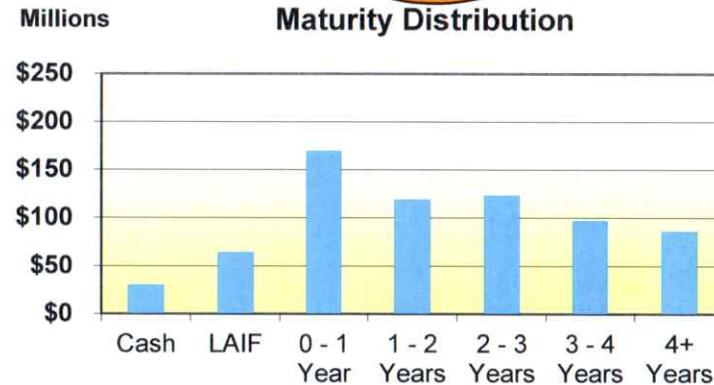
The weighted average days to maturity of the portfolio as of February 29, 2016 is 713 days (1.95 years), a slight decrease from January. This calculation is for invested funds only and does not reflect the City's primary liquidity funds being held in cash at Wells Fargo Bank. While the City has begun to lower the high liquidity portion of the portfolio as the final impact of RDA dissolution has become clearer, approximately 55.5% of the portfolio continues to be held in maturities of 2 years or less (including cash and LAIF balances).

The current 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 through at least late 2016.

**Portfolio Maturities**



**Maturity Distribution**



**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 February 29, 2016, the market value and the book value of the City’s pooled investments (excluding cash) are:

|                   |              |
|-------------------|--------------|
| \$ 663,170,140.58 | Market Value |
| \$ 662,237,504.93 | Book Value   |
| \$ 932,635.65     |              |

**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 February 29, 2016. 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 several bonds that have been downgraded since purchase. In all cases, staff believes that the underlying financial strength of the companies is adequate to recommend holding the bonds at this time. However, staff will continue to monitor the status of all these companies and may recommend (on a case by case basis) selling some bonds if an opportunity presents itself to realize a gain on the sale while not negatively impacting the portfolio’s risk/return profile. These downgrades are discussed in further

detail below:

- The portfolio includes three bonds issued by Berkshire Hathaway Company (BRK) with a total book value of \$6,042,100. 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 (0.9%) portion of the City’s invested funds.
- The portfolio also holds two bonds issued by 3M Corporation with a combined book value of \$8,597,243 (1.3% of total invested funds) that were downgraded by Moody’s in February 2015 from Aa2 to Aa3 and again from Aa3 to A1 in February 2016 due to an anticipated increase in the amount of debt in the company’s capital structure. However, the bonds are still rated AA- by Standard and Poors (S&P), which is still considered “high quality”.
- The portfolio holds two Coca-Cola bonds (book value of \$7,264,265 or 1.1% of total invested funds) that was downgraded by S&P from AA to AA- in February 2016. The rating is now the same level as Moody’s Aa3 rating, still considered high quality.
- Additionally there were two slight downgrades first reported in the October monthly report. Two Bank of New York Mellon (BNY) bonds with a total book value \$7,070,480 and two Wells Fargo and Company bonds with a total book value of \$6,058,650 had their bond ratings reduced by (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.

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

**Credit Ratings - Corporate Medium Term Notes**

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

**Portfolio Allocation as of 2/29/16**

|  | Pooled<br>Portfolio (1) (3) | % of<br>Portfolio | Legal/<br>Policy<br>Limit | In<br>Compliance<br>(Yes/No) |
|--|-----------------------------|-------------------|---------------------------|------------------------------|
| <b>Federal Agency Securities</b>               |                             |                   |                           |                              |
| Federal Home Loan Bank                         | \$135,539,757.40            | 19.6%             | 50.0%                     | Yes                          |
| Federal National Mortgage Association          | 103,039,038.89              | 14.9%             | 50.0%                     | Yes                          |
| Federal Home Loan Mortgage Corporation         | 117,450,946.11              | 17.0%             | 50.0%                     | Yes                          |
| Farmer Mac                                     | 5,000,000.00                | 0.7%              | 50.0%                     | Yes                          |
| Federal Farm Credit Bank                       | 61,036,384.24               | 8.8%              | 50.0%                     | Yes                          |
| <b>Total Federal Agency Securities</b>         | <b>\$422,066,126.64</b>     | <b>61.0%</b>      | n/a                       | Yes                          |
| <b>Treasury Bills</b>                          | \$12,517,368.74             | 1.8%              | n/a                       | Yes                          |
| <b>State of CA/UC Obligations</b>              | \$9,176,948.20              | 1.3%              | n/a                       | Yes                          |
| <b>Corporate Bonds</b>                         | \$144,224,250.28            | 20.8%             | 30.0%                     | Yes                          |
| <b>Supranationals</b>                          | \$9,513,685.00              | 1.4%              | 30.0%                     | Yes                          |
| <b>Money Market Mutual Funds</b>               | \$0.00                      | 0.0%              | 10.0%                     | Yes                          |
| <b>State Local Agency Investment Fund-City</b> | \$64,739,126.07             | 9.4%              | \$65 million              | Yes                          |
| <b>Cash (2)</b>                                | \$29,976,333.18             | 4.3%              | None                      | Yes                          |
| <b>Total (Book Value)</b>                      | <b>\$692,213,838.11</b>     | <b>100.0%</b>     |                           |                              |

**Notes:**

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

(2) City's general bank account held at Wells Fargo Bank and cash balance held by BNY Mellon. Does not include balance of HUD depository account (\$214853.91), Successor Agency RPTTF account (\$439,077.89), Payroll account (\$178,533.42) 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 2/29/16 (Book Value)**

| <u>Corporate Security</u>                        | <u>Pooled Portfolio</u> | <u>Credit Rating*</u> | <u>In Compliance (Yes/No)</u> |
|--|-------------------------|-----------------------|-------------------------------|
| IBM 0.45% maturing 5/06/16                       | \$2,075,052.27          | 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 | \$3,061,530.00          | 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             | \$2,506,100.00          | AA-                   | Yes                           |
| Toyota Motor Credit Corp. 1.55% maturing 7/13/18 | \$2,000,000.00          | AA-                   | Yes                           |
| Bank of New York Mellon 2.1% maturing 8/01/18    | \$5,063,500.00          | A                     | Yes                           |
| Microsoft 1.30% maturing 11/03/18                | \$2,499,456.94          | AAA                   | 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                           |

| <u>Corporate Security</u>                         | <u>Pooled Portfolio</u> | <u>Credit Rating*</u> | <u>In Compliance (Yes/No)</u> |
|---|-------------------------|-----------------------|-------------------------------|
| Bank of New York Mellon 2.2% maturing 5/15/19     | \$2,006,980.00          | A+                    | Yes                           |
| Walt Disney Company 1.85%, maturing 5/30/19       | \$5,997,459.24          | A                     | Yes                           |
| 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                           |
| 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                           |
| Coca Cola 1.875% maturing 10/27/20                | \$2,977,275.00          | AA-                   | Yes                           |
| Microsoft 2.00% maturing 11/03/20                 | \$2,498,122.22          | AAA                   | Yes                           |
| Coca Cola 3.15% maturing 11/15/20                 | \$4,286,990.00          | 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