



# Information Item

**Date: October 19, 2016**

To: Mayor and City Council  
From: Gigi Decavalles-Hughes, Director of Finance/City Treasurer  
Subject: City Monthly Cash and Investment Report for July 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 July 31, 2016.

## **Discussion**

The July 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 decreased by \$31.5 million in July to \$689.8 million. The decrease primarily reflects prepayment, at a discount, of the City's FY 2016-17 CalPERS liability. The pooled portfolio yield-to-maturity of 1.11% was up four basis points from the prior month, and up eleven basis points from July 2015. Net investment earnings on a cash basis for the month were \$0.7 million. July's year-to-date investment earnings (cash basis) were 31.5% greater than for the same period last year. The portfolio yield is expected to remain within a narrow band over the next few months as uncertainty about the course of future interest rates continues.

In addition to the pooled portfolio, the City's total cash holdings as of July 31, 2016 included \$3.4 million in debt proceeds held in trust with various fiscal agents, \$38.7 million in other funds held in trust, and \$28,922 in petty cash/change funds for a total balance of \$731.9 million.

In compliance with Governmental Accounting Standards, the Monthly Cash and

Investment Report provides the fair market value of all investments held by the City, with certain exceptions, as of the last day of the month. The fair market value may be greater or less than the original purchase price (book/reported value) of the investments due to fluctuations in the market resulting in either an unrealized gain or loss for financial disclosure purposes only. Since it is the City's policy to hold most securities to maturity, these fluctuations in market value do not affect the redemption value of the securities or the overall yield to maturity of the portfolio. The book values of investments shown in this report are exclusive of amortization/accretion of premiums/discounts. As of July 31, 2016, the market value of the City's portfolio was approximately \$2.0 million more than the book value.

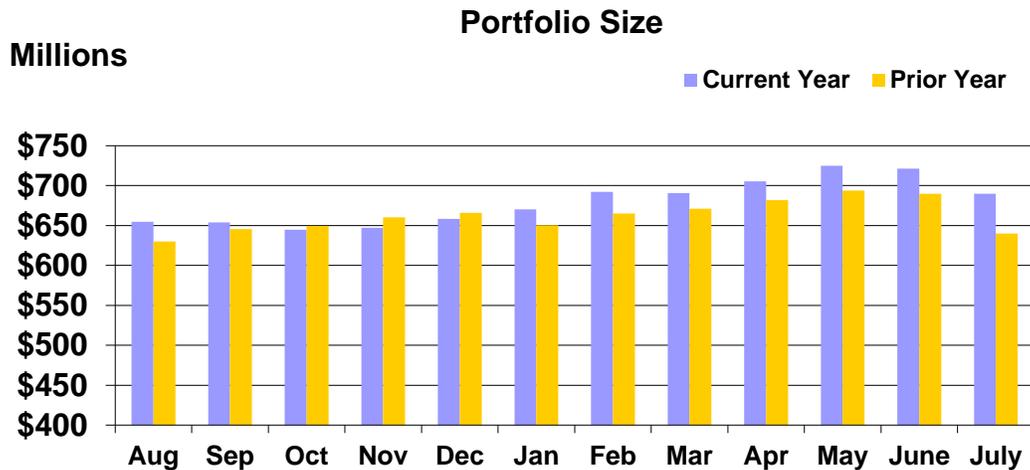
Attached is a summary of investment activity as well as a detailed report of public monies held by the City Treasurer as of July 31, 2016.

Prepared by: David Carr, Assistant City Treasurer

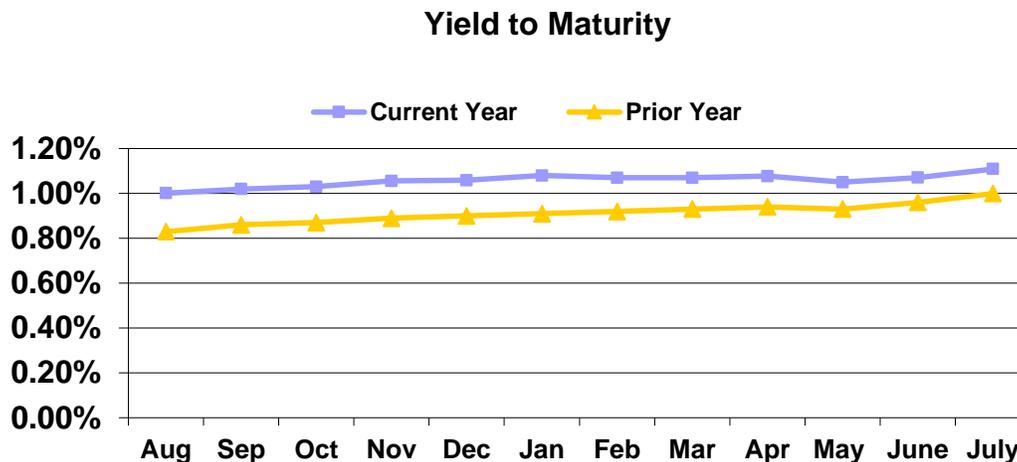
Attachments: 1 – Investment Highlights  
2 – Investment Report

# Investment Highlights

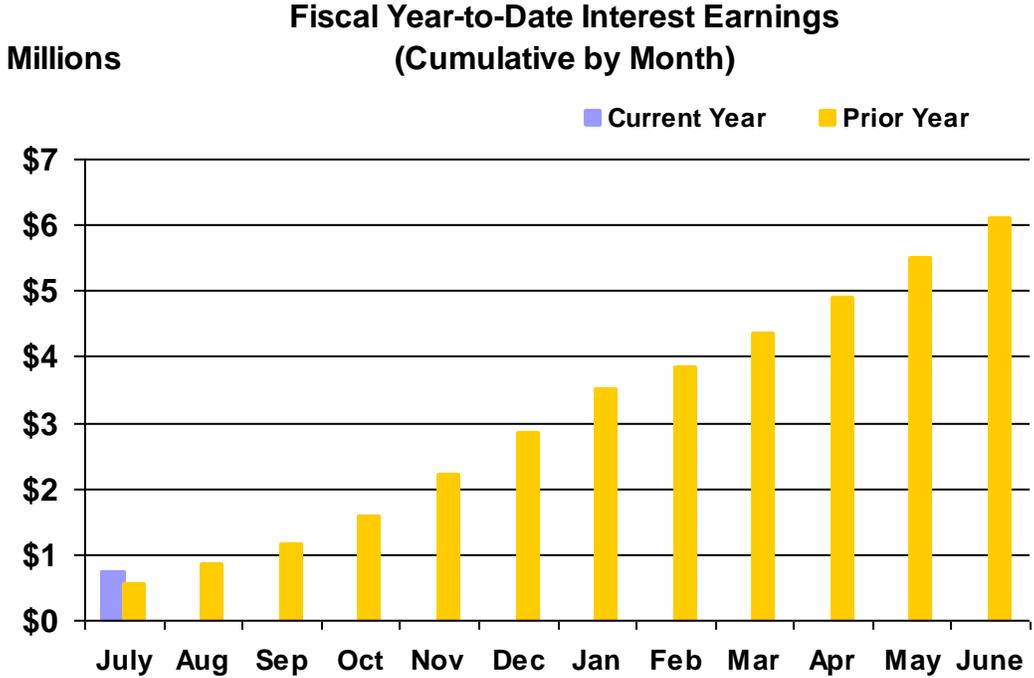
## July 31, 2016



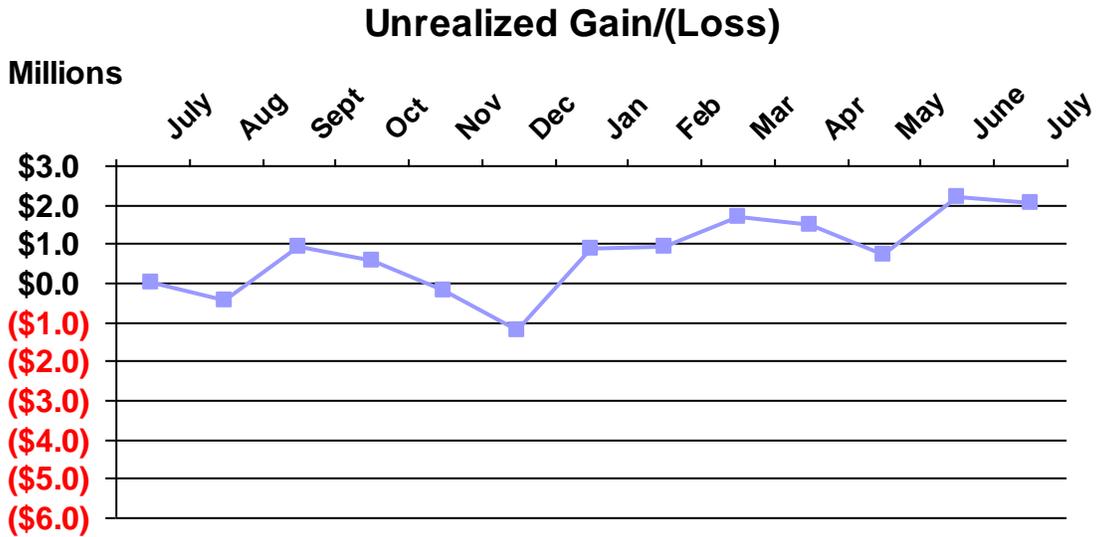
- As of July 31, 2016, the portfolio size is \$689.8 million, \$31.5 million less than in the prior month. The decrease is primarily due to the prepayment of the City’s FY 2016-17 CalPERS liability.
- Portfolio value is \$49.7 million greater than one year ago primarily due to several large one-time cash receipts.



- As of July 31, 2016, yield to maturity is 1.11%.
- The yield was up four basis points from the prior month and up eleven basis points from one year ago.



- July's year-to-date interest earnings (cash basis) are 31.5% greater than one year earlier.



- As of July 31, 2016, the market value is approximately \$2.0 million more than the unamortized book value (purchase price).



# Investment Report

## July 31, 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  
July 31, 2016**

<b>Petty Cash/Change Funds</b>		<b>\$28,922.00</b>
<b>Pooled Portfolio</b>		
Wells Fargo Bank (1)	\$40,997,235.50	
Wells Fargo Custodial Account		
Corporate Bonds	\$138,553,109.82	
Treasury Bills	\$10,008,750.01	
State of California Bonds	\$9,176,948.20	
Supranationals	\$22,540,605.00	
Federal Agencies Securities	\$412,656,120.66	
Total Wells Fargo Custodial Account	<u>\$592,935,533.69</u>	
State of California Local Agency Investment Fund - City	\$55,884,093.81	
<b>Total Pooled Portfolio</b>		<b>\$689,816,863.00</b>
<b>Restricted Cash/Investments Held in Trust/Debt Proceeds</b>		
Union Bank-Earthquake Recovery Redevelopment 2006		
Tax Allocation Refunding Bonds Series A & B	\$158.81	
Union Bank-Civic Center Parking Project 2015 Lease Revenue Bonds	\$12.94	
Union Bank-RDA 2011 Tax Allocation Bonds	\$2,262,572.96	
BNY-2011 Parking Structure Series A & B	\$82.43	
BNY-Parking Authority Lease Revenue Bonds 2002 Refunding	\$112.93	
BNY-Public Safety Facility Bonds 2009 Refunding	\$1,148,865.85	
U.S. Bank-Wastewater Enterprise Revenue Bonds-2012 Refunding	<u>\$0.32</u>	
<b>Total Restricted Cash/Investments Held in Trust</b>		<b>\$3,411,806.24</b>
<b>Other Restricted Funds/Funds Held in Trust</b>		
Cemetery Perpetual Care Fund (3)	\$10,566,702.40	
Mausoleum Perpetual Care Fund (3)	\$1,238,959.82	
Wells Fargo - Santa Monica Redevelopment Successor Agency RPTTF	\$26,026,358.51	
Wells Fargo - HUD Depository Account (4)	\$250,705.18	
Wells Fargo - Payroll Account	\$415,996.50	
Wells Fargo - Public Agency Family Self Sufficiency Program (2)	<u>\$163,108.02</u>	
<b>Total Other Funds Held in Trust</b>		<b>\$38,661,830.43</b>
<b>GRAND TOTAL</b>		<b>\$731,919,421.67</b>

**City of Santa Monica  
Cash Receipts, Disbursements and Cash Balances  
July 31, 2016**

- (1) These are the actual bank account balances as of 7/31/2016. 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 - June 30, 2016	721,329,638.54
Receipts	77,772,432.49
Disbursements	(109,285,208.03)
Cash and Investments - July 31, 2016	689,816,863.00

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 July 31, 2016, total City cash and investments (including cash held for the Successor Agency to the Redevelopment Agency) were \$731.9 million, a \$52.2 million decrease from the prior month. The pooled portfolio decreased by \$31.5 million reflecting prepayment of the City’s FY 2016-17 CalPERS retirement obligation partially offset by receipts from Business License Tax renewals. Other Restricted Funds/Funds Held in Trust decreased by \$8.1 million, primarily due to payment of Successor Agency RPTTF funds for debt service, loan payments, and other enforceable obligations. Restricted Cash/Investments Held in Trust/Debt Proceeds decreased by \$12.6 million primarily reflecting the payment of funds from the City to trustees for the July debt service payments. Total cash and investments are categorized as follows:

Petty Cash/Change Funds	\$ 28,922.00
Pooled Investment Portfolio	\$ 689,816,863.00
Restricted Cash/Investment Held in Trust	\$ 3,411,806.24
Other Funds Held in Trust	\$ 38,661,830.43
Total	<u>\$ 731,919,421.67</u>

**Definitions**

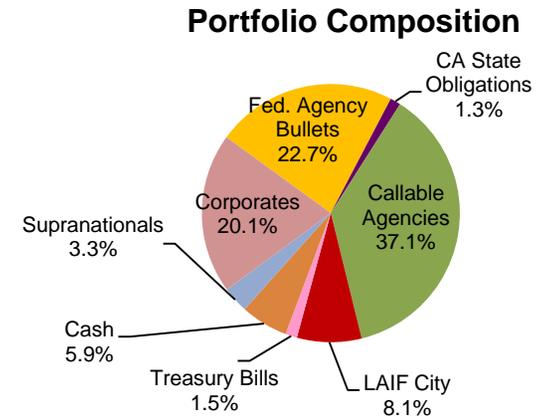
- Basis Point – One hundredth of one percent (.01%).
- Book (Reported) Value – The price paid for the security at purchase.
- Bullets – A security with a fixed coupon or interest rate that cannot be redeemed by the issuer before the maturity date.
- Callable Securities – A security that can be redeemed 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 July 31, 2016, the portfolio size (unamortized book value/purchase price) of City pooled cash and investments is \$689.8 million, \$31.5 million less than in the prior month. Since the City holds most investments to maturity, variations in portfolio book value are typically due to receipt and expenditure patterns during the month rather than any realized gains or losses on securities. Additionally, the City does not amortize premiums or accrete discounts except for financial reporting purposes on the last day of each fiscal year. The portfolio value typically decreases in July due to the prepayment (at a discount) of the City’s annual CalPERS obligation offset by receipts from Business License Tax renewals. Twenty four investments were made during the month (\$77.1 million), twelve investments matured (\$55.9 million), and eleven investments were called (\$44.0 million). The month-end balance of cash held at Wells Fargo Bank increased by about \$0.1 million in July. 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 (59.8%). The remaining 40.2% includes the State Local Agency Investment Fund (8.1%), Corporate Bonds (20.1%), CA State Obligations (1.3%), Treasury Bills (1.5%), Supranationals (3.3%) and Cash (5.9%). This portfolio mix allows the City to maintain its primary investment objectives of safety and liquidity while attaining a rate of return consistent with the City’s Investment Policy and investment strategy.



**Portfolio Comparison**

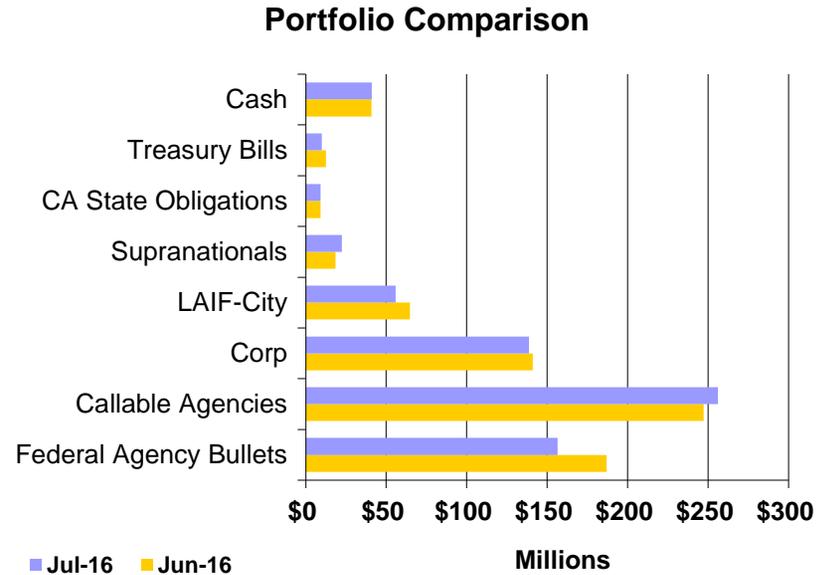
The chart to the right shows the overall structure of the portfolio by type of investment compared to last month. There was no significant change from the prior month. The City continues to hold a significant portion of the portfolio in short maturity investments as interest rates remain near historic 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 July. Staff will continue to look for prudent opportunities, which should become available when interest rates show a consistent upward trend.

**Portfolio Yield**

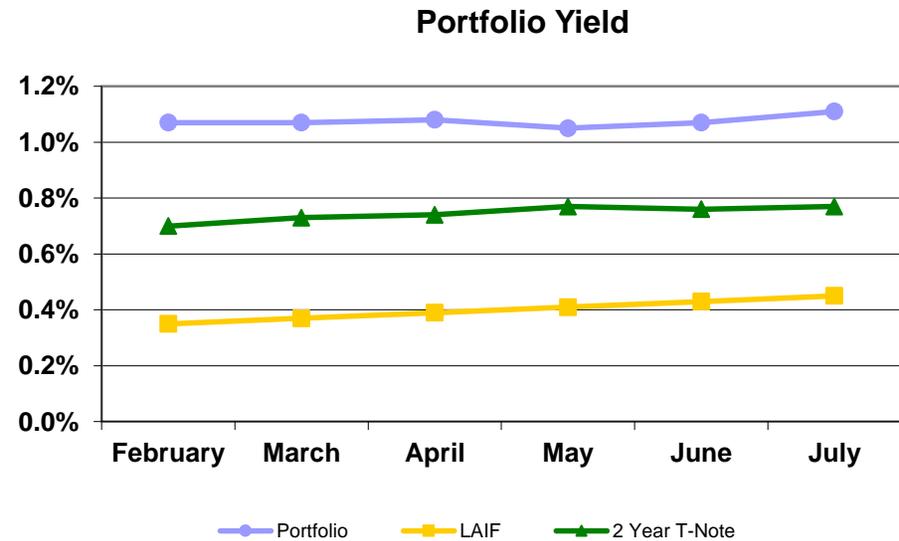
Benchmark interest rates recovered somewhat in July after falling sharply in June as the June jobs report reversed the weakness shown in the May report and fears subsided about the impact of the United Kingdom’s referendum vote to leave the European Union (Brexit). The month-end two-year Constant Maturing Treasury security yield (CMT) rose nine basis points after plummeting 29 basis points during the month to its lowest level since April 2015. The twelve month moving average rose one basis point. The portfolio yield-to-maturity rose four basis points to 1.11%. However, rates still remain



near historically low levels resulting in some investments still being called. The chart compares the month-end portfolio yield to the twelve-month moving averages of the two-year Constant Maturing Treasury security yield (CMT) and State Local Agency Investment Fund (LAIF) yield. The yield-to-maturity does not include the impact of the earnings allowance earned on deposits with Wells Fargo Bank. As noted earlier, these deposits earned a net 0.0725% in July. However, this allowance is not payable to the City in cash and can only be used to offset bank fees. Therefore, this allowance is not included in the yield-to-maturity calculation.

As indicated above, interest rates in the two to five year maturity range rebounded somewhat in July after falling sharply in June and remain volatile. During the last year, the two year CMT month-end rate has varied from the June low of 0.58% to a December high of 1.06%. Financial markets continue to try and assess U.S. and global economic data, the impact of Brexit, and the timing of future action by the Federal Reserve. Some analysts had predicted the next Fed increase would occur in June or July, but that did not happen. The twelve month moving average LAIF yield rose to 0.45% in July, two basis points higher than last month and is now showing a fairly consistent upward trend, but the rate still remains at historically low levels. The LAIF month-end rate was 0.59%, the highest level in over four years.

The Federal Open Market Committee (Fed) left the target Fed Funds rate unchanged at a range of 0.25% - 0.5% at its July meeting. Although the Fed indicated that although the employment and consumer spending results have helped diminish economic risks, a continuation of the accommodative policy was still warranted for the near future. The July unemployment rate was unchanged from the June figure of 4.9%. However, business investment remained somewhat soft. Inflation remains low, but long term expectations are nearly in line with Fed policy mandates. Preliminary second quarter GDP showed a relatively weak growth rate of 1.1%, the third consecutive quarter under 2%. Most recent economic projections now predict annualized growth will not exceed 2% 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 showed a fairly strong increase of 2.8% in July.

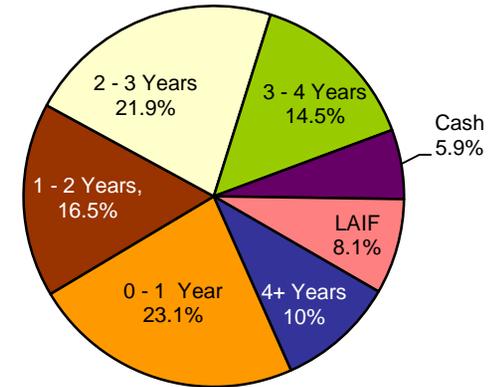


The City's portfolio yield-to-maturity is now expected to remain relatively flat in the near future before returning to a slow upward trend. Net investment income on a cash basis in July was \$0.7 million. Year-to-date earnings are 31.5% greater than for the same period last year.

**Maturity Distribution**

The weighted average days to maturity of the portfolio as of July 31, 2016 is 753 days (2.06 years), an increase from June as some investments were made in longer term investments. 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 with the final resolution of RDA dissolution issues, approximately 53.5% of the portfolio continues to be held in maturities of 2 years or less (including cash and LAIF balances).

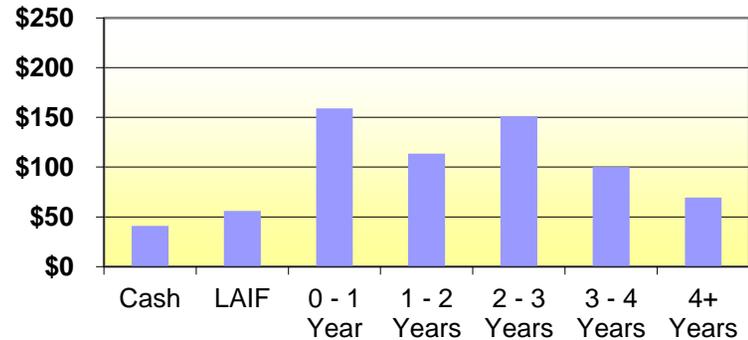
**Portfolio Maturities**



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.

**Millions**

**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 July 31, 2016, the market value and the book value of the City’s pooled investments (excluding cash) are:

\$ 650,836,241.41	Market Value
\$ 648,819,627.50	Book Value
\$ 2,016,613.91	

**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 July 31, 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 two 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 \$7,228,440 or about 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 2015 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/ Fitch</u>	<u>Moody's</u>	<u>In Compliance (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 7/31/16**

	Pooled Portfolio (1) (3)	% of Portfolio	Legal/ Policy Limit	In Compliance (Yes/No)
<b>Federal Agency Securities</b>				
Federal Home Loan Bank	\$90,878,233.68	13.2%	50.0%	Yes
Federal National Mortgage Association	111,460,505.00	16.2%	50.0%	Yes
Federal Home Loan Mortgage Corporation	145,893,756.42	21.1%	50.0%	Yes
Farmer Mac	7,500,000.00	1.1%	50.0%	Yes
Federal Farm Credit Bank	56,923,625.56	8.3%	50.0%	Yes
<b>Total Federal Agency Securities</b>	<b>\$412,656,120.66</b>	<b>59.8%</b>	n/a	Yes
<b>Treasury Bills</b>	\$10,008,750.01	1.5%	n/a	Yes
<b>State of CA/UC Obligations</b>	\$9,176,948.20	1.3%	n/a	Yes
<b>Corporate Bonds</b>	\$138,553,109.82	20.1%	30.0%	Yes
<b>Supranationals</b>	\$22,540,605.00	3.3%	30.0%	Yes
<b>Money Market Mutual Funds</b>	\$0.00	0.0%	20.0%	Yes
<b>State Local Agency Investment Fund-City</b>	\$55,884,093.81	8.1%	\$65 million	Yes
<b>Cash (2)</b>	\$40,997,235.50	5.9%	None	Yes
<b>Total (Book Value)</b>	<b>\$689,816,863.00</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. Does not include balance of HUD depository account (\$250,705.18), Successor Agency RPTTF account (\$26,026,358.51), Payroll account (\$415,996.50) 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 7/31/16 (Book Value)**

<u>Corporate Security</u>	<u>Pooled Portfolio</u>	<u>Credit Rating*</u>	<u>In Compliance (Yes/No)</u>
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
Toyota Motor Credit Corp. 1.100% maturing 4/25/18	\$4,000,000.00	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	\$2,498,825.00	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
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	\$3,000,000.00	AA-	Yes
Berkshire Hathaway 2.18% maturing 8/14/19	\$3,998,840.00	AA	Yes

<u>Corporate Security</u>	<u>Pooled Portfolio</u>	<u>Credit Rating*</u>	<u>In Compliance (Yes/No)</u>
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
Johnson & Johnson 1.875%, maturing 12/05/19	\$4,090,320.00	AAA	Yes
Wells Fargo & Company 2.60% maturing 7/22/20	\$2,066,480.00	A	Yes
Automatic Data Processing 2.25% maturing 9/15/20	\$2,516,775.00	AA	Yes
Walt Disney Company 2.15%, maturing 9/17/20	\$4,977,650.00	A	Yes
Coca Cola 1.875% maturing 10/27/20	\$2,975,400.00	AA-	Yes
Microsoft 2.00% maturing 11/03/20	\$2,497,150.00	AAA	Yes
Coca Cola 3.15% maturing 11/15/20	\$4,253,040.00	AA-	Yes
Wells Fargo & Company 2.10% maturing 07/26/21	\$2,504,945.83	A	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.

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Gigi Decavalles-Hughes, Director of Finance/City Treasurer