



Information Item

Date: October 5, 2016

To: Mayor and City Council
From: Gigi Decavalles-Hughes, Director of Finance/City Treasurer
Subject: City Monthly Cash and Investment Report for June 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 June 30, 2016.

Discussion

The June 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 \$3.7 million in June to \$721.3 million. The pooled portfolio size typically decreases in June primarily due to the transfer of funds from the City to trustees for the July debt service payments. The pooled portfolio yield-to-maturity of 1.07% was up two basis points from the prior month and eleven basis points from June 2015. Net investment earnings on a cash basis for the month were \$0.6 million. FY 2015-16 investment earnings (cash basis) were 24.1% greater than last year. While varying slightly month to month, the growth in portfolio yield has leveled off as interest rates remain volatile while the markets try to anticipate future interest rate changes by the Federal Reserve. Eventually, the yield should begin to increase when rates begin a clear and consistent upward trend, but the timing of that is uncertain.

In addition to the pooled portfolio, the City's total cash holdings as of June 30, 2016 included \$11.5 million in debt proceeds held in trust with various fiscal agents, \$51.3 million in other funds held in trust, and \$28,922 in petty cash/change funds for a total

balance of \$784.1 million.

In compliance with Governmental Accounting Standards, the Monthly Cash and Investment Report provides the fair market value of all investments held by the City, with certain exceptions, as of the last day of the month. The fair market value may be greater or less than the original purchase price (book/reported value) of the investments due to fluctuations in the market resulting in either an unrealized gain or loss for financial disclosure purposes only. Since it is the City's policy to hold most securities to maturity, these fluctuations in market value do not affect the redemption value of the securities or the overall yield to maturity of the portfolio. The book values of investments shown in this report are exclusive of amortization/accretion of premiums/discounts. As of June 30, 2016, the market value of the City's portfolio was approximately \$2.2 million more than the book value.

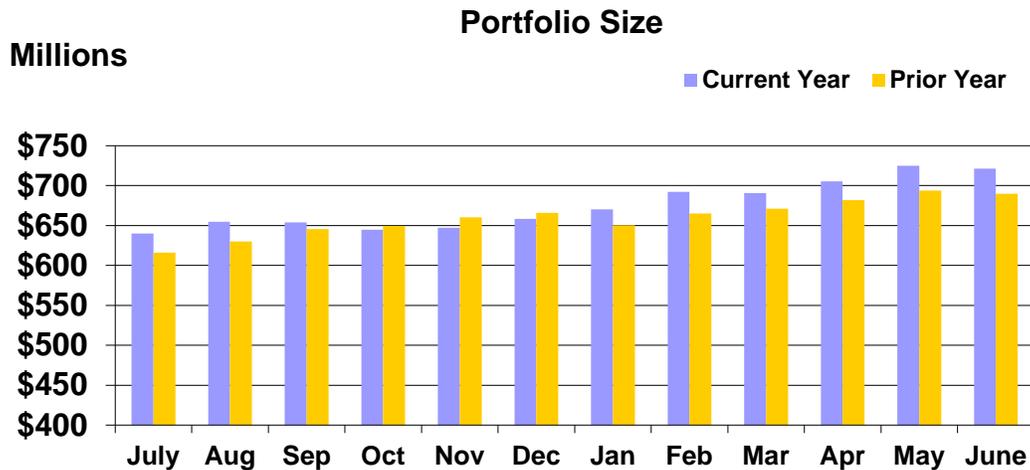
Attached is a summary of investment activity as well as a detailed report of public monies held by the City Treasurer as of June 30, 2016.

Prepared by: David Carr, Assistant City Treasurer

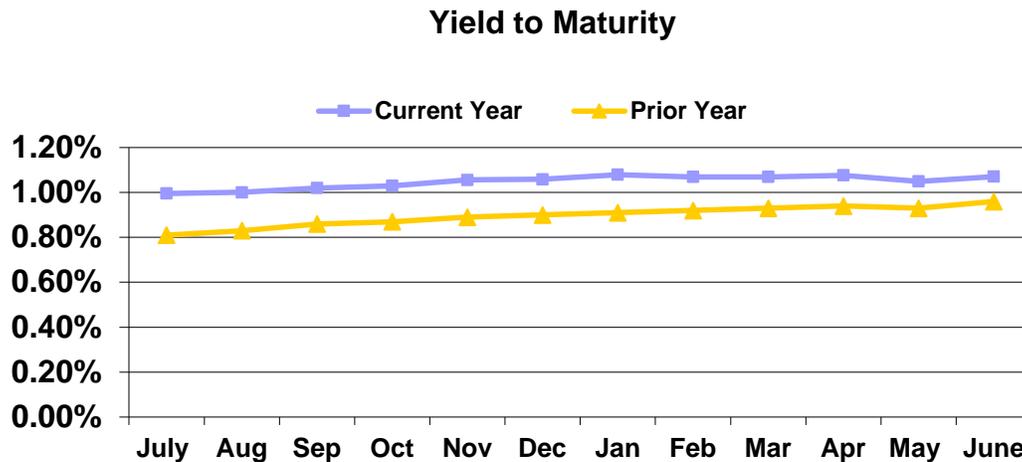
Attachments: 1 – Investment Highlights
2 – Investment Report

Investment Highlights

June 30, 2016

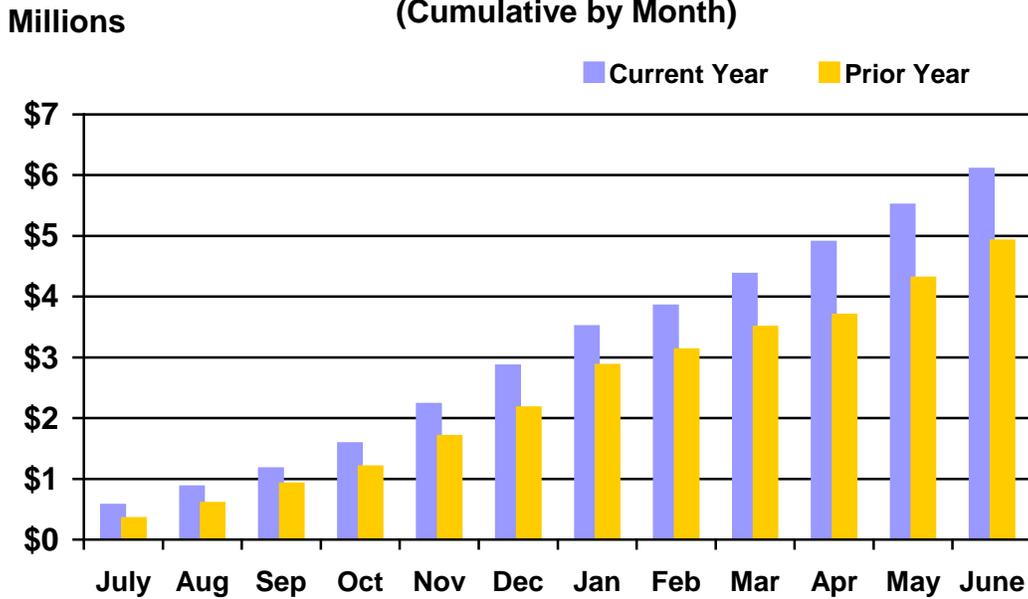


- As of June 30, 2016, the portfolio size is \$721.3 million, \$3.7 million less than in the prior month, but \$31.6 million more than one year earlier.

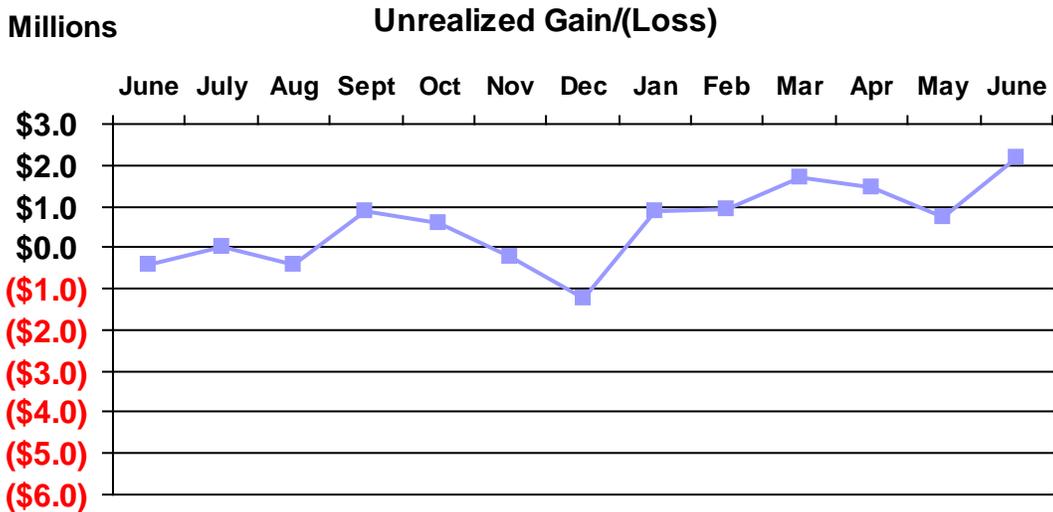


- As of June 30, 2016, yield to maturity is 1.07%.
- The yield was up two basis points from the prior month and eleven basis points from one year ago.

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



- FY 2015-16 investment earnings (cash basis) ended the year 24.1% greater than one year earlier.



- As of June 30, 2016, the market value is approximately \$2.2 million more than the unamortized book value (purchase price).



Investment Report

June 30, 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
June 30, 2016

Petty Cash/Change Funds		\$28,922.00
Pooled Portfolio		
Wells Fargo Bank (1)	\$40,853,573.59	
Wells Fargo Custodial Account		
Corporate Bonds	\$141,084,723.99	
Treasury Bills	\$12,509,335.95	
State of California Bonds	\$9,176,948.20	
Supranationals	\$18,513,685.00	
Federal Agencies Securities	\$434,386,533.52	
Total Wells Fargo Custodial Account	<u>\$615,671,226.66</u>	
State of California Local Agency Investment Fund - City	\$64,804,838.29	
Total Pooled Portfolio		\$721,329,638.54
Restricted Cash/Investments Held in Trust/Debt Proceeds		
Union Bank-Earthquake Recovery Redevelopment 2006		
Tax Allocation Refunding Bonds Series A & B	\$3,432,548.88	
Union Bank-Civic Center Parking Project 2015 Lease Revenue Bonds	\$1,540,347.53	
Union Bank-RDA 2011 Tax Allocation Bonds	\$3,393,696.13	
BNY-2011 Parking Structure Series A & B	\$82.43	
BNY-Parking Authority Lease Revenue Bonds 2002 Refunding	\$1,109,417.56	
BNY-Public Safety Facility Bonds 2009 Refunding	\$2,020,750.37	
U.S. Bank-Wastewater Enterprise Revenue Bonds-2012 Refunding	<u>\$0.32</u>	
Total Restricted Cash/Investments Held in Trust		\$11,496,843.22
Other Restricted Funds/Funds Held in Trust		
Cemetery Perpetual Care Fund (3)	\$10,342,596.00	
Mausoleum Perpetual Care Fund (3)	\$1,212,882.00	
Wells Fargo - Santa Monica Redevelopment Successor Agency RPTTF	\$32,802,679.86	
Wells Fargo - HUD Depository Account (4)	\$207,280.97	
Wells Fargo - Payroll Account	\$6,531,667.30	
Wells Fargo - Public Agency Family Self Sufficiency Program (2)	<u>\$162,217.90</u>	
Total Other Funds Held in Trust		\$51,259,324.03
GRAND TOTAL		\$784,114,727.79

**City of Santa Monica
Cash Receipts, Disbursements and Cash Balances
June 30, 2016**

- (1) These are the actual bank account balances as of 6/30/2016. 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 - May 30, 2016	725,017,885.68
Receipts	67,801,772.13
Disbursements	(71,490,019.27)
Cash and Investments - June 30, 2016	721,329,638.54

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 June 30, 2016, total City cash and investments (including cash held for the Successor Agency to the Redevelopment Agency) were \$784.1 million, a \$21.9 million increase from the prior month. Other Restricted Funds/Funds Held in Trust increased by \$19.7 million, primarily due to receipt of a semi-annual Successor Agency RPTTF funds from Los Angeles County. Restricted Cash/Investments Held in Trust/Debt Proceeds increased by \$6 million reflecting the transfer of funds from the City trustees for the July debt service payments. Partially offsetting was a decrease in the pooled portfolio primarily reflecting the transfer of funds to the trustees. Total cash and investments are categorized as follows:

Petty Cash/Change Funds	\$ 28,922.00
Pooled Investment Portfolio	\$ 721,329,638.54
Restricted Cash/Investment Held in Trust	\$ 11,496,843.22
Other Funds Held in Trust	\$ 51,259,324.03
Total	<u>\$ 784,114,727.79</u>

Definitions

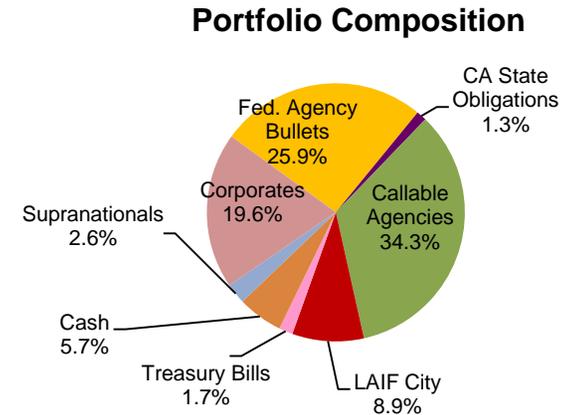
- Basis Point – One hundredth of one percent (.01%).
- Book (Reported) Value – The price paid for the security at purchase.
- Bullets – A security with a fixed coupon or interest rate that cannot be redeemed by the issuer before the maturity date.
- Callable Securities – A security that can be redeemed 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 June 30, 2016, the portfolio size (unamortized book value/purchase price) of City pooled cash and investments is \$721.3 million, \$3.7 million less than in the prior month. Since the City holds most investments to maturity, variations in portfolio book value are typically due to receipt and expenditure patterns during the month rather than any realized gains or losses on securities. Additionally, the City does not amortize premiums or accrete discounts except for financial reporting purposes on the last day of each fiscal year. As noted above, the pooled portfolio size typically decreases in June primarily due to the transfer of funds from the City to the trustees for July debt service payments. Seven investments were made during the month (\$27.4 million), seven investments matured (\$32.1 million), and seven investments were called (\$23.5 million). The month-end balance of cash held at Wells Fargo Bank increased by about \$20.5 million in June. 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 (60.2%). The remaining 39.8% includes the State Local Agency Investment Fund (8.9%), Corporate Bonds (19.6%), CA State Obligations (1.3%), Treasury Bills (1.7%), Supranationals (2.6%) and Cash (5.7%). 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

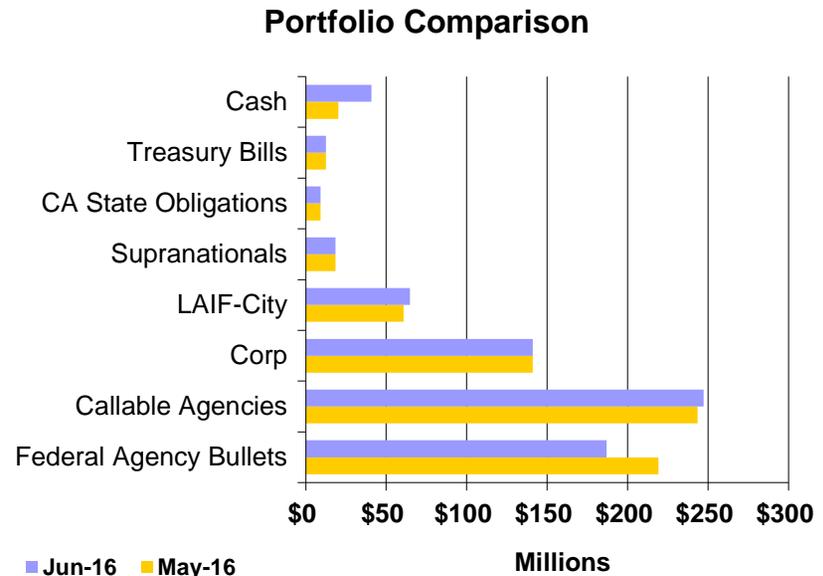
The chart to the right shows the overall structure of the portfolio by type of investment compared to last month. There was no significant change from the prior month. The City continues to hold a significant portion of the remainder of the portfolio in short maturity investments as interest rates remain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

Portfolio Yield

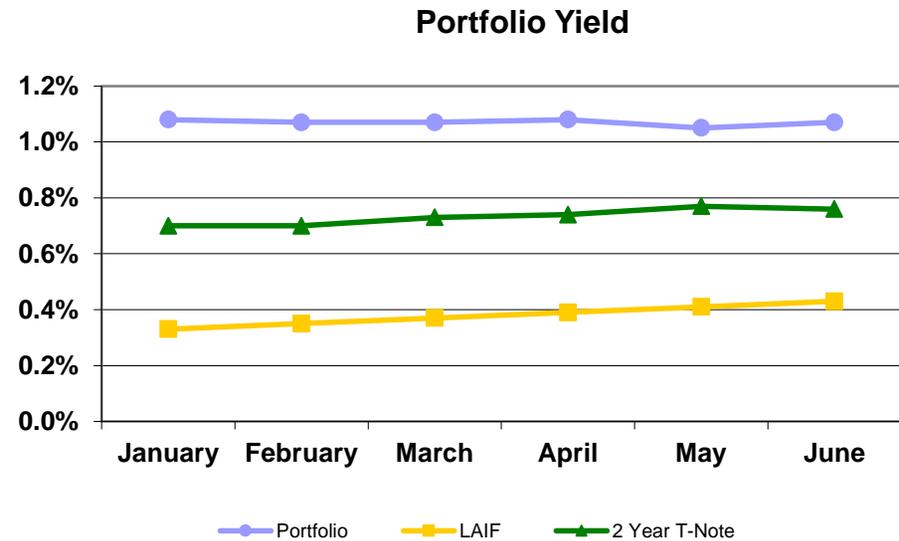
Benchmark interest rates fell sharply in June after a weak May jobs report and the United Kingdom’s referendum vote to leave the European Union (Brexit). The month-end two-year Constant Maturing Treasury security yield (CMT) plummeted 29 basis points during the month to its lowest level since April 2015. The twelve month moving average fell one basis point. However, the portfolio yield-to-maturity rose two basis points to 1.07%. Overall, rates remain at historically low levels resulting in a continuing large number of called investments. However, the City was able to invest some excess cash in investments of longer maturities during the month leading to the slight increase in yield. The chart compares the month-



end portfolio yield to the twelve-month moving averages of the two-year Constant Maturing Treasury security yield (CMT) and State Local Agency Investment Fund (LAIF) yield. The yield-to-maturity does not include the impact of the earnings allowance earned on deposits with Wells Fargo Bank. As noted earlier, these deposits earned a net 0.0725% in June. 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 fell sharply in June after two months of increases and remain volatile. During the last year, the two year CMT month-end rate has varied from the December high of 1.06% to the June low of 0.58%. 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 0.43% in June, 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 0.58%, the highest level in four years.

The Federal Open Market Committee (Fed) left the target Fed Funds rate remained unchanged at a range of 0.25% - 0.5% at its June meeting. The May jobs report, released in early June showed job growth of only 38,000. This along with the Brexit vote later in the month, put downward pressure on interest rates. In June, the unemployment rate increased to 4.9%. However, overall, the labor market appears to be strong as 287,000 jobs were added during the month. Growth in household spending and business investment continued to increase at moderate rates and the housing sector continues to show further improvement. Inflation remains low, but long term expectations are nearly in line with Fed policy mandates. Final first quarter GDP showed a relatively weak growth rate of 1.1% after a 4th quarter increase of 1.4%. 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 increased just under 1% in June.



The City's portfolio yield-to-maturity 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 June was \$0.6 million. Fiscal year-to-date earnings ended the year 24.1% greater than last year.

**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
June 30, 2016**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
Treasury Coupon Securities												
912828WT3	11477	U. S. Treasury Note		07/25/2014	3,000,000.00	3,010,770.00	2,990,625.00	0.875	1,086	0.982	379	07/15/2017
912828TWO	11658	U. S. Treasury Note		10/30/2015	2,000,000.00	2,004,840.00	2,000,000.00	0.750	732	0.750	487	10/31/2017
912828WX4	11683	U. S. Treasury Note		01/27/2016	2,500,000.00	2,500,650.00	2,500,585.94	0.500	186	0.454	30	07/31/2016
912828SJ0	11692	U. S. Treasury Note		02/16/2016	3,000,000.00	3,007,740.00	3,009,609.38	0.875	378	0.564	242	02/28/2017
912828SM3	11698	U. S. Treasury Note		02/24/2016	2,000,000.00	2,007,420.00	2,008,515.63	1.000	401	0.610	273	03/31/2017
Subtotal and Average			12,509,335.95		12,500,000.00	12,531,420.00	12,509,335.95		569	0.679	277	
Federal Agency Coupon												
3133EA3J5	11253	Federal Farm Credit Bank		10/10/2012	5,000,000.00	5,000,150.00	5,000,000.00	0.900	1,826	0.900	466	10/10/2017
3133ECKV5	11302	Federal Farm Credit Bank		04/05/2013	3,000,000.00	3,002,310.00	3,000,000.00	0.700	1,522	0.700	339	06/05/2017
3133EA4H8	11305	Federal Farm Credit Bank		04/04/2013	5,000,000.00	4,996,300.00	4,999,250.00	0.820	1,559	0.824	375	07/11/2017
3133EDNC2	11456	Federal Farm Credit Bank		06/13/2014	2,500,000.00	2,502,525.00	2,499,375.00	0.700	945	0.710	196	01/13/2017
3133EDK92	11527	Federal Farm Credit Bank		12/24/2014	5,000,000.00	5,000,950.00	4,990,500.00	0.500	579	0.621	24	07/25/2016
3133EE4S6	11615	Federal Farm Credit Bank		07/29/2015	5,000,000.00	5,004,350.00	4,992,250.00	1.650	1,461	1.690	1,123	07/29/2019
3133EFLN5	11646	Federal Farm Credit Bank		10/28/2015	4,000,000.00	3,999,760.00	4,000,000.00	0.450	397	0.450	150	11/28/2016
3133EFRL3	11665	Federal Farm Credit Bank		11/30/2015	3,000,000.00	3,007,950.00	3,000,000.00	1.890	1,827	1.890	1,613	11/30/2020
3133EFRH2	11666	Federal Farm Credit Bank		11/30/2015	3,000,000.00	3,005,730.00	3,000,000.00	1.340	1,096	1.340	882	11/30/2018
3133EFZR1	11691	Federal Farm Credit Bank		02/16/2016	3,000,000.00	3,006,210.00	3,000,656.67	0.800	727	0.793	591	02/12/2018
3133EF3B1	11721	Federal Farm Credit Bank		04/12/2016	2,000,000.00	2,002,440.00	1,997,280.00	0.750	736	0.818	656	04/18/2018
3133EF3P0	11723	Federal Farm Credit Bank		04/20/2016	5,000,000.00	5,000,500.00	5,000,000.00	1.490	1,552	1.490	1,480	07/20/2020
313383GK1	11337	Federal Home Loan Bank		06/27/2013	3,800,000.00	3,819,114.00	3,800,000.00	1.125	1,826	1.125	726	06/27/2018
313383C25	11345	Federal Home Loan Bank		06/25/2013	2,500,000.00	2,524,425.00	2,412,500.00	1.200	1,821	1.818	719	06/20/2018
313379DT3	11386	Federal Home Loan Bank		11/12/2013	4,000,000.00	4,045,160.00	3,960,880.00	1.250	1,669	1.472	707	06/08/2018
313383R78	11516	Federal Home Loan Bank		11/21/2014	2,825,000.00	2,825,565.00	2,838,644.75	0.750	605	0.457	17	07/18/2016
3130A4KX9	11556	Federal Home Loan Bank		03/30/2015	4,750,000.00	4,793,320.00	4,750,000.00	1.800	1,827	1.800	1,368	03/30/2020
3130A4Q54	11558	Federal Home Loan Bank		03/18/2015	5,000,000.00	5,012,150.00	5,000,000.00	0.800	791	0.798	320	05/17/2017
313379EE5	11596	Federal Home Loan Bank		05/21/2015	3,000,000.00	3,067,890.00	3,021,810.00	1.625	1,485	1.592	1,078	06/14/2019
313380EC7	11628	Federal Home Loan Bank		09/22/2015	3,000,000.00	3,003,600.00	2,996,940.00	0.750	717	0.802	434	09/08/2017
3130A6MH7	11645	Federal Home Loan Bank		10/28/2015	3,000,000.00	3,005,400.00	3,000,000.00	1.720	1,827	1.720	1,580	10/28/2020
3130A6UX3	11673	Federal Home Loan Bank		12/28/2015	4,000,000.00	4,014,040.00	4,000,000.00	1.500	1,278	1.500	1,092	06/28/2019
3130A6XG7	11675	Federal Home Loan Bank		12/28/2015	2,500,000.00	2,503,350.00	2,500,000.00	0.750	366	0.750	180	12/28/2016
3130A6YR2	11680	Federal Home Loan Bank		01/22/2016	4,000,000.00	4,002,040.00	4,000,000.00	1.800	1,461	1.800	1,300	01/22/2020
3130A6Z42	11681	Federal Home Loan Bank		01/27/2016	3,000,000.00	3,002,190.00	3,000,000.00	1.250	821	1.250	665	04/27/2018
3130A7BV6	11700	Federal Home Loan Bank		02/24/2016	2,500,000.00	2,502,550.00	2,500,291.67	0.600	357	0.610	229	02/15/2017
3130A7BV6	11701	Federal Home Loan Bank		02/24/2016	2,500,000.00	2,502,550.00	2,500,066.67	0.600	357	0.620	229	02/15/2017
3130A7H73	11709	Federal Home Loan Bank		03/29/2016	3,000,000.00	3,005,520.00	3,000,000.00	1.000	730	1.000	636	03/29/2018

**City of Santa Monica
Portfolio Management
Portfolio Details - Investments
June 30, 2016**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
Federal Agency Coupon												
3130A7UG8	11728	Federal Home Loan Bank		04/26/2016	4,000,000.00	4,003,800.00	3,999,492.00	0.625	365	0.638	299	04/26/2017
3130A87H0	11747	Federal Home Loan Bank		05/26/2016	2,500,000.00	2,508,475.00	2,500,000.00	1.400	1,461	1.400	1,425	05/26/2020
3130A87C1	11748	Federal Home Loan Bank		05/26/2016	2,500,000.00	2,500,550.00	2,500,000.00	1.000	641	1.000	605	02/26/2018
3130A87L1	11749	Federal Home Loan Bank		05/27/2016	2,500,000.00	2,502,975.00	2,500,000.00	1.020	728	1.020	693	05/25/2018
3130A8LS0	11760	Federal Home Loan Bank		06/30/2016	5,000,000.00	4,995,290.00	5,000,000.00	1.500	1,826	1.500	1,825	06/30/2021
3134G3B90	11243	Fed Home Loan Mortgage Corp		08/15/2012	2,000,000.00	2,002,740.00	1,998,520.00	0.875	1,826	0.890	410	08/15/2017
3137EADJ5	11290	Fed Home Loan Mortgage Corp		01/31/2013	2,500,000.00	2,510,700.00	2,509,875.00	1.000	1,639	0.910	392	07/28/2017
3134G44N5	11317	Fed Home Loan Mortgage Corp		05/28/2013	3,000,000.00	3,005,490.00	3,000,000.00	0.750	1,645	0.750	515	11/28/2017
3137EADH9	11335	Fed Home Loan Mortgage Corp		05/29/2013	3,000,000.00	3,012,210.00	3,009,930.00	1.000	1,492	0.976	363	06/29/2017
3134G3ZH6	11341	Fed Home Loan Mortgage Corp		06/06/2013	4,000,000.00	4,016,280.00	4,000,000.00	1.000	1,510	1.000	389	07/25/2017
3137EADH9	11348	Fed Home Loan Mortgage Corp		06/27/2013	2,500,000.00	2,510,175.00	2,474,375.00	1.000	1,463	1.346	363	06/29/2017
3137EADJ5	11394	Fed Home Loan Mortgage Corp		12/17/2013	5,000,000.00	5,021,400.00	4,992,900.00	1.000	1,319	1.040	392	07/28/2017
3134G5AQ8	11463	Fed Home Loan Mortgage Corp		06/30/2014	2,000,000.00	2,004,820.00	2,000,000.00	0.700	914	0.700	182	12/30/2016
3134G5LV5	11498	Fed Home Loan Mortgage Corp		11/17/2014	2,500,000.00	2,512,425.00	2,499,910.00	1.000	1,096	1.001	504	11/17/2017
3134G4Z92	11520	Fed Home Loan Mortgage Corp		12/03/2014	2,500,000.00	2,509,625.00	2,505,475.00	0.875	866	0.782	290	04/17/2017
3134G6AC7	11538	Fed Home Loan Mortgage Corp		01/28/2015	3,000,000.00	3,010,950.00	3,000,000.00	0.850	912	0.850	392	07/28/2017
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	756	07/27/2018
3134G73X7	11650	Fed Home Loan Mortgage Corp		10/30/2015	3,000,000.00	3,001,080.00	3,000,000.00	0.720	728	0.720	483	10/27/2017
3134G73Q2	11652	Fed Home Loan Mortgage Corp		10/27/2015	4,000,000.00	4,000,240.00	4,000,000.00	1.000	1,004	1.000	756	07/27/2018
3134G75A5	11657	Fed Home Loan Mortgage Corp		10/29/2015	2,500,000.00	2,500,775.00	2,500,000.00	1.250	1,826	1.250	1,580	10/28/2020
3134G8HZ5	11685	Fed Home Loan Mortgage Corp		01/29/2016	5,000,000.00	5,000,700.00	5,000,000.00	1.000	1,461	1.000	1,307	01/29/2020
3134G8LS6	11690	Fed Home Loan Mortgage Corp		03/30/2016	5,000,000.00	4,999,550.00	5,000,000.00	0.750	1,826	0.750	1,733	03/30/2021
3134G8PX1	11708	Fed Home Loan Mortgage Corp		03/28/2016	3,000,000.00	3,002,820.00	3,000,936.00	1.200	914	1.187	819	09/28/2018
3134G8UC1	11710	Fed Home Loan Mortgage Corp		03/30/2016	2,500,000.00	2,501,725.00	2,500,000.00	1.450	1,279	1.450	1,186	09/30/2019
3134G8VC0	11711	Fed Home Loan Mortgage Corp		03/28/2016	3,000,000.00	3,009,810.00	3,000,000.00	1.200	1,005	1.200	910	12/28/2018
3134G8VC0	11712	Fed Home Loan Mortgage Corp		03/28/2016	3,000,000.00	3,009,810.00	3,000,000.00	1.200	1,005	1.200	910	12/28/2018
3134G8VE6	11713	Fed Home Loan Mortgage Corp		03/29/2016	5,000,000.00	5,006,700.00	5,000,000.00	1.020	730	1.020	636	03/29/2018
3134G8TY5	11714	Fed Home Loan Mortgage Corp		03/30/2016	5,000,000.00	5,012,100.00	5,000,000.00	1.420	1,461	1.420	1,368	03/30/2020
3134G8WJ4	11717	Fed Home Loan Mortgage Corp		04/26/2016	3,500,000.00	3,501,960.00	3,500,000.00	1.100	913	1.100	847	10/26/2018
3134G8Y60	11720	Fed Home Loan Mortgage Corp		04/27/2016	3,000,000.00	3,001,740.00	3,000,000.00	1.000	821	1.000	756	07/27/2018
3134G9AH0	11724	Fed Home Loan Mortgage Corp		04/27/2016	5,000,000.00	5,006,950.00	5,000,000.00	1.300	1,370	1.300	1,305	01/27/2020
3134G9AA5	11726	Fed Home Loan Mortgage Corp		04/28/2016	5,000,000.00	5,014,150.00	5,000,000.00	1.225	1,278	1.225	1,214	10/28/2019
3134G8XP9	11727	Fed Home Loan Mortgage Corp		04/26/2016	3,000,000.00	3,001,650.00	3,000,000.00	1.150	1,095	1.150	1,029	04/26/2019
3134G9CY1	11733	Fed Home Loan Mortgage Corp		04/27/2016	2,000,000.00	2,001,240.00	1,999,500.00	1.000	730	1.013	665	04/27/2018
3134G9AD9	11734	Fed Home Loan Mortgage Corp		04/28/2016	5,005,000.00	5,018,413.40	5,003,748.75	1.500	1,826	1.505	1,762	04/28/2021
3134G9HM2	11736	Fed Home Loan Mortgage Corp		05/26/2016	4,000,000.00	4,011,480.00	4,000,000.00	1.300	1,279	1.300	1,243	11/26/2019

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3134G9HJ9	11737	Fed Home Loan Mortgage Corp		05/10/2016	3,000,000.00	3,002,970.00	3,000,000.00	1.000	822	1.000	770	08/10/2018
3134G9JV0	11739	Fed Home Loan Mortgage Corp		05/23/2016	5,000,000.00	5,006,600.00	5,000,000.00	1.000	914	1.000	875	11/23/2018
3134G9MW4	11740	Fed Home Loan Mortgage Corp		05/31/2016	4,000,000.00	4,012,680.00	4,000,000.00	1.350	1,456	1.350	1,425	05/26/2020
3134G9HJ9	11741	Fed Home Loan Mortgage Corp		05/18/2016	2,500,000.00	2,502,475.00	2,500,000.00	1.000	814	1.000	770	08/10/2018
3134G9QV2	11750	Fed Home Loan Mortgage Corp		06/15/2016	2,500,000.00	2,513,275.00	2,500,000.00	1.450	1,461	1.450	1,445	06/15/2020
3134G9SA6	11754	Fed Home Loan Mortgage Corp		06/23/2016	4,400,000.00	4,415,620.00	4,400,000.00	1.500	1,461	1.500	1,453	06/23/2020
3134G9SB4	11755	Fed Home Loan Mortgage Corp		06/22/2016	2,500,000.00	2,505,850.00	2,500,000.00	1.250	1,003	1.250	994	03/22/2019
3134G9QQ3	11759	Fed Home Loan Mortgage Corp		06/24/2016	4,000,000.00	4,006,120.00	4,000,000.00	0.850	1,461	0.850	1,454	06/24/2020
31315PYT0	11318	Farmer Mac		05/02/2013	3,000,000.00	3,006,810.00	3,000,000.00	0.990	1,826	0.990	670	05/02/2018
31315PN88	11351	Farmer Mac		07/05/2013	2,000,000.00	2,006,520.00	2,000,000.00	1.100	1,301	1.100	209	01/26/2017
3132X0GA3	11735	Farmer Mac		04/29/2016	2,500,000.00	2,515,725.00	2,500,000.00	1.080	1,095	1.080	1,032	04/29/2019
3135G0XA6	11319	Federal National Mort Assoc		05/21/2013	3,000,000.00	3,000,720.00	3,000,000.00	1.030	1,826	1.030	689	05/21/2018
3135G0PP2	11425	Federal National Mort Assoc		02/12/2014	2,500,000.00	2,511,775.00	2,492,050.00	1.000	1,316	1.090	446	09/20/2017
3136G22T3	11468	Federal National Mort Assoc		07/28/2014	4,000,000.00	4,001,360.00	4,000,000.00	1.050	1,096	1.050	392	07/28/2017
3136G22V8	11469	Federal National Mort Assoc		07/25/2014	4,000,000.00	4,003,160.00	4,000,000.00	1.500	1,461	1.500	754	07/25/2018
3136G26U6	11487	Federal National Mort Assoc		10/07/2014	2,500,000.00	2,513,225.00	2,500,000.00	2.000	1,826	2.000	1,193	10/07/2019
3135G0ZF3	11491	Federal National Mort Assoc		09/17/2014	4,000,000.00	4,000,760.00	4,000,000.00	1.070	1,045	1.070	392	07/28/2017
3136G2D87	11537	Federal National Mort Assoc		02/13/2015	3,000,000.00	3,007,050.00	3,000,000.00	1.000	1,096	1.000	592	02/13/2018
3135G0XP3	11617	Federal National Mort Assoc		08/05/2015	5,000,000.00	5,000,000.00	5,000,450.00	0.375	335	0.365	4	07/05/2016
3136G2PJ0	11642	Federal National Mort Assoc		10/26/2015	1,000,000.00	1,001,100.00	1,000,000.00	1.010	1,096	1.010	847	10/26/2018
3136G2R58	11649	Federal National Mort Assoc		10/29/2015	2,500,000.00	2,502,875.00	2,500,000.00	1.040	1,093	1.040	847	10/26/2018
3135G0XP3	11653	Federal National Mort Assoc		10/27/2015	5,000,000.00	5,000,000.00	5,002,400.00	0.375	252	0.305	4	07/05/2016
3136G2R25	11655	Federal National Mort Assoc		10/29/2015	2,500,000.00	2,501,050.00	2,500,000.00	1.550	1,644	1.550	1,398	04/29/2020
3136G2RQ2	11656	Federal National Mort Assoc		10/29/2015	3,000,000.00	3,000,510.00	3,000,000.00	1.400	1,461	1.400	1,215	10/29/2019
3136G25M5	11669	Federal National Mort Assoc		12/02/2015	4,000,000.00	4,010,880.00	4,022,440.00	1.865	1,387	1.712	1,175	09/19/2019
3135G0XP3	11672	Federal National Mort Assoc		12/21/2015	5,000,000.00	5,000,000.00	4,993,700.00	0.375	197	1.913	4	07/05/2016
3136G2WV5	11684	Federal National Mort Assoc		01/29/2016	3,500,000.00	3,504,480.00	3,500,000.00	1.220	1,092	1.220	938	01/25/2019
3136G2XS1	11686	Federal National Mort Assoc		02/26/2016	5,000,000.00	5,001,550.00	5,000,000.00	1.000	1,096	1.452	970	02/26/2019
3136G2Y68	11688	Federal National Mort Assoc		02/26/2016	2,500,000.00	2,500,675.00	2,500,000.00	0.750	1,096	0.880	970	02/26/2019
3136G2XZ5	11689	Federal National Mort Assoc		02/24/2016	2,500,000.00	2,503,200.00	2,500,000.00	1.350	1,461	1.350	1,333	02/24/2020
3136G2LD7	11693	Federal National Mort Assoc		02/16/2016	3,000,000.00	3,005,370.00	3,016,560.00	1.750	913	1.524	777	08/17/2018
3136G3AM7	11695	Federal National Mort Assoc		02/26/2016	5,000,000.00	5,001,500.00	5,000,000.00	1.250	1,827	1.250	1,701	02/26/2021
3136G3BT1	11702	Federal National Mort Assoc		03/22/2016	5,000,000.00	5,007,550.00	5,000,000.00	1.000	1,826	1.000	1,725	03/22/2021
3136G3CT0	11705	Federal National Mort Assoc		03/15/2016	2,400,000.00	2,402,088.00	2,400,000.00	1.400	1,826	1.400	1,718	03/15/2021
3136G3DB8	11707	Federal National Mort Assoc		03/23/2016	4,000,000.00	4,005,200.00	4,000,083.33	0.750	1,094	0.750	994	03/22/2019
3136G3JR7	11725	Federal National Mort Assoc		04/26/2016	2,000,000.00	2,001,240.00	1,995,000.00	1.000	1,095	1.085	1,029	04/26/2019

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Federal Agency Coupon												
3136G3ML6	11738	Federal National Mort Assoc		05/24/2016	5,000,000.00	5,005,850.00	5,000,000.00	1.125	1,095	1.125	1,057	05/24/2019
3136G3PH2	11742	Federal National Mort Assoc		06/16/2016	5,000,000.00	5,005,600.00	5,000,000.00	1.000	1,826	1.000	1,811	06/16/2021
3136G3LR4	11746	Federal National Mort Assoc		05/23/2016	2,500,000.00	2,501,825.00	2,500,000.00	1.350	1,095	1.350	1,056	05/23/2019
3136G3QZ1	11751	Federal National Mort Assoc		05/27/2016	2,500,000.00	2,503,550.00	2,500,000.00	1.250	1,098	1.250	1,063	05/30/2019
3136G3RM9	11752	Federal National Mort Assoc		06/21/2016	4,000,000.00	4,005,160.00	4,000,000.00	1.400	1,095	1.400	1,085	06/21/2019
Subtotal and Average			374,965,965.46		364,180,000.00	364,893,285.40	364,078,345.40		1,212	1.135	873	
Federal Agency Discount												
313312C24	11621	Federal Farm Credit Bank		08/19/2015	3,000,000.00	2,986,425.00	2,986,425.00	0.450	362	0.465	45	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	49	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	105	10/14/2016
313312J43	11718	Federal Farm Credit Bank		03/31/2016	4,000,000.00	3,990,028.00	3,990,026.67	0.480	187	0.496	95	10/04/2016
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	6	07/07/2016
313384ZS1	11732	Federal Home Loan Bank		04/25/2016	4,000,000.00	3,996,724.00	3,996,724.44	0.335	88	0.340	21	07/22/2016
313385CD6	11744	Federal Home Loan Bank		05/19/2016	4,000,000.00	3,983,320.00	3,983,320.00	0.540	278	0.558	235	02/21/2017
313385DL79	11745	Federal Home Loan Bank		05/19/2016	4,000,000.00	3,981,116.00	3,981,116.67	0.550	309	0.568	266	03/24/2017
313384ZA0	11753	Federal Home Loan Bank		05/25/2016	4,480,000.00	4,478,432.00	4,478,432.00	0.300	42	0.304	5	07/06/2016
313384ZZ5	11756	Federal Home Loan Bank		05/31/2016	10,000,000.00	9,994,760.00	9,994,755.56		59	0.325	28	07/29/2016
313384C49	11758	Federal Home Loan Bank		05/31/2016	10,000,000.00	9,990,470.00	9,990,466.67	0.440	78	0.447	47	08/17/2016
313588E35	11715	Federal National Mort Assoc		03/31/2016	4,000,000.00	3,993,496.00	3,993,497.78	0.380	154	0.386	62	09/01/2016
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	91	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	119	10/28/2016
Subtotal and Average			81,105,683.71		70,480,000.00	70,308,193.00	70,308,188.12		188	0.443	75	
Local Agency Investment Funds												
SYS10090	10090	Local Agency Investment Fund			64,804,838.29	64,804,838.29	64,804,838.29	0.576	1	0.576	1	
Subtotal and Average			55,038,171.62		64,804,838.29	64,804,838.29	64,804,838.29		1	0.576	1	
Columbia Money Market Fund												
SYS10091	10091	Columbia Money Market Reserves		09/15/2006	0.00	0.00	0.00	0.010	1	0.010	1	
Subtotal and Average			0.00		0.00	0.00	0.00		0	0.000	0	
Local Agency Investment Funds - RDA												
SYS10092	10092	LAIF - RDA		03/17/2009	0.00	0.00	0.00	0.385	1	0.385	1	
Subtotal and Average			0.00		0.00	0.00	0.00		0	0.000	0	

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Corporate Bonds												
053015AD5	11632	AUTOMATIC DATA PROCESSING		09/24/2015	2,500,000.00	2,597,425.00	2,516,775.00	2.250	1,818	2.107	1,537	09/15/2020
037833AJ9	11321	Apple Inc.		05/06/2013	2,500,000.00	2,506,150.00	2,505,600.00	1.000	1,823	0.954	671	05/03/2018
037833AJ9	11326	Apple Inc.		05/17/2013	2,500,000.00	2,506,150.00	2,478,975.00	1.000	1,812	1.175	671	05/03/2018
037833AQ3	11461	Apple Inc.		06/13/2014	3,000,000.00	3,087,330.00	3,011,100.00	2.100	1,788	2.020	1,039	05/06/2019
06406HCU1	11610	Bank of New York Mellon		06/26/2015	2,000,000.00	2,046,140.00	2,006,980.00	2.200	1,419	2.390	1,048	05/15/2019
06406HCL1	11618	Bank of New York Mellon		08/07/2015	5,000,000.00	5,094,100.00	5,063,500.00	2.100	1,090	1.662	761	08/01/2018
084670BL1	11490	Berkshire Hathaway		09/16/2014	4,000,000.00	4,121,320.00	3,998,840.00	2.100	1,793	2.106	1,139	08/14/2019
084670BD9	11565	Berkshire Hathaway		03/31/2015	2,000,000.00	2,013,320.00	2,043,260.00	1.900	672	0.710	214	01/31/2017
19416QEB2	11476	Colgate Palmolive		07/28/2014	1,500,000.00	1,504,440.00	1,472,835.00	0.900	1,373	1.396	669	05/01/2018
19416QDX5	11509	Colgate Palmolive		11/10/2014	3,698,000.00	3,712,570.12	3,733,759.66	1.300	797	0.851	198	01/15/2017
17275RAT9	11500	Cisco Systems		10/27/2014	5,000,000.00	5,012,400.00	5,031,600.00	1.100	858	0.828	245	03/03/2017
17275RAR3	11502	Cisco Systems		10/30/2014	2,500,000.00	2,567,650.00	2,531,750.00	2.125	1,583	1.819	973	03/01/2019
17275RAU6	11606	Cisco Systems		06/18/2015	2,500,000.00	2,532,500.00	2,506,100.00	1.650	1,093	1.566	714	06/15/2018
25468PDA1	11519	Walt Disney Company		11/28/2014	4,000,000.00	4,092,480.00	3,991,229.24	1.850	1,644	1.901	1,063	05/30/2019
25468PDA1	11551	Walt Disney Company		02/23/2015	2,000,000.00	2,046,240.00	2,006,230.00	1.850	1,557	1.774	1,063	05/30/2019
25468PDE3	11627	Walt Disney Company		09/18/2015	5,000,000.00	5,174,950.00	4,977,650.00	2.150	1,826	2.245	1,539	09/17/2020
427866AP3	11449	HERSHEY COMPANY		05/20/2014	947,000.00	954,348.72	1,049,579.04	5.450	835	0.656	62	09/01/2016
459200GX3	11473	IBM Corp		07/24/2014	4,000,000.00	4,002,360.00	4,105,920.00	1.950	729	0.612	21	07/22/2016
459200HZ7	11549	IBM Corp		02/06/2015	3,000,000.00	3,012,900.00	2,990,850.00	1.125	1,096	1.229	585	02/06/2018
458140AL4	11513	Intel		11/20/2014	3,000,000.00	3,017,790.00	2,995,260.00	1.350	1,121	1.403	532	12/15/2017
478160BG8	11391	Johnson & Johnson		12/05/2013	2,000,000.00	2,037,200.00	2,000,080.00	1.650	1,826	1.649	887	12/05/2018
478160BF0	11518	Johnson & Johnson		11/25/2014	4,000,000.00	3,997,240.00	4,005,200.00	0.700	734	0.635	150	11/28/2016
478160BM5	11743	Johnson & Johnson		05/23/2016	4,000,000.00	4,119,560.00	4,090,320.00	1.875	1,291	1.220	1,252	12/05/2019
191216BT6	11659	Coca Cola		11/09/2015	3,000,000.00	3,066,120.00	2,975,400.00	1.875	1,814	2.049	1,579	10/27/2020
191216AR1	11694	Coca Cola		02/22/2016	4,000,000.00	4,301,360.00	4,253,040.00	3.150	1,728	1.750	1,598	11/15/2020
88579YAE1	11392	3M		12/10/2013	2,500,000.00	2,506,425.00	2,495,925.00	1.000	1,294	1.047	360	06/26/2017
88579YAE1	11393	3M		12/10/2013	2,500,000.00	2,506,425.00	2,495,475.00	1.000	1,294	1.052	360	06/26/2017
88579YAD3	11467	3M		07/08/2014	3,544,000.00	3,550,485.52	3,605,842.80	1.375	814	0.584	90	09/29/2016
58933YAC9	11547	Merck		02/06/2015	3,000,000.00	3,012,060.00	3,001,200.00	1.100	1,090	1.085	579	01/31/2018
594918AP9	11311	Microsoft		04/30/2013	2,500,000.00	2,503,250.00	2,505,000.00	0.875	1,660	0.931	502	11/15/2017
594918BF0	11660	Microsoft		11/10/2015	2,500,000.00	2,522,700.00	2,498,825.00	1.300	1,089	1.316	855	11/03/2018
594918BG8	11661	Microsoft		11/10/2015	2,500,000.00	2,563,800.00	2,497,150.00	2.000	1,820	2.024	1,586	11/03/2020
64952WBK8	11283	New York Life		01/23/2013	2,855,000.00	2,870,645.40	2,872,529.70	1.300	1,741	1.167	486	10/30/2017
68389XAX3	11522	Oracle		12/05/2014	2,500,000.00	2,577,300.00	2,515,975.00	2.250	1,768	2.110	1,194	10/08/2019
68389XAQ8	11576	Oracle		04/13/2015	3,000,000.00	3,088,710.00	3,099,990.00	2.375	1,373	1.459	928	01/15/2019
717081DD2	11430	Pfizer Inc		02/24/2014	4,000,000.00	4,002,560.00	4,008,800.00	0.900	1,056	0.823	198	01/15/2017

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
Corporate Bonds												
717081DL4	11515	Pfizer Inc		11/24/2014	3,000,000.00	3,071,130.00	3,016,500.00	2.100	1,633	1.971	1,048	05/15/2019
742718DV8	11352	Procter & Gamble		07/05/2013	1,985,000.00	1,987,163.65	2,011,658.55	1.450	1,137	1.010	45	08/15/2016
742718EG0	11507	Procter & Gamble		11/10/2014	3,000,000.00	3,084,390.00	2,999,490.00	1.900	1,817	1.904	1,218	11/01/2019
89236TBP9	11472	Toyota Motor Credit Corp		07/21/2014	4,000,000.00	4,106,960.00	4,000,000.00	2.125	1,823	2.125	1,112	07/18/2019
89236TCP8	11620	Toyota Motor Credit Corp		08/11/2015	2,000,000.00	2,019,220.00	2,000,000.00	1.550	1,067	1.550	742	07/13/2018
89236TDC6	11729	Toyota Motor Credit Corp		04/25/2016	3,000,000.00	2,974,740.00	3,000,000.00	1.100	730	1.100	663	04/25/2018
90520EAF8	11493	MUFG UNION BANK		09/30/2014	4,000,000.00	4,065,120.00	3,991,080.00	2.250	1,679	2.301	1,039	05/06/2019
90521APH5	11431	UnionBanc Investments		02/24/2014	4,000,000.00	4,004,480.00	4,068,800.00	1.500	945	0.827	87	09/26/2016
94974BFL9	11362	Wells Fargo & Compnay		07/29/2013	3,000,000.00	3,000,690.00	2,997,120.00	1.250	1,087	1.283	19	07/20/2016
94974BEZ9	11648	Wells Fargo & Compnay		10/23/2015	3,000,000.00	3,025,140.00	3,061,530.00	2.625	419	0.820	167	12/15/2016
Subtotal and Average			141,089,390.66		140,029,000.00	142,167,438.41	141,084,723.99		1,327	1.423	739	
Supranationals												
4581X0CB2	11641	Inter-American Develop Bank		10/08/2015	1,500,000.00	1,501,995.00	1,506,375.00	0.875	404	0.659	137	11/15/2016
45905URG1	11566	IBRD (World Bank)		03/27/2015	2,000,000.00	2,005,460.00	2,001,280.00	0.700	662	0.664	200	01/17/2017
45905URF3	11592	IBRD (World Bank)		05/20/2015	3,000,000.00	3,011,190.00	3,006,030.00	0.900	789	0.806	381	07/17/2017
459058ET6	11643	IBRD (World Bank)		10/13/2015	3,000,000.00	3,001,230.00	3,000,000.00	0.800	731	0.800	469	10/13/2017
45905UVK7	11706	IBRD (World Bank)		03/17/2016	5,000,000.00	5,037,000.00	5,000,000.00	1.750	1,826	1.750	1,720	03/17/2021
459058FB4	11719	IBRD (World Bank)		04/26/2016	4,000,000.00	4,019,960.00	4,000,000.00	1.300	1,095	1.300	1,029	04/26/2019
Subtotal and Average			18,513,685.00		18,500,000.00	18,576,835.00	18,513,685.00		1,081	1.139	857	
State of California Obligations												
13063CKL3	11459	State of California		06/09/2014	3,000,000.00	3,090,150.00	3,020,790.00	2.250	1,787	2.100	1,034	05/01/2019
13063CSQ4	11583	State of California		04/29/2015	2,500,000.00	2,543,100.00	2,507,050.00	1.800	1,799	1.740	1,370	04/01/2020
91412GSB2	11532	University of California		01/12/2015	1,130,000.00	1,155,526.70	1,127,333.20	1.796	1,631	1.851	1,095	07/01/2019
91412GSB2	11638	University of California		09/29/2015	2,500,000.00	2,556,475.00	2,521,775.00	1.796	1,371	1.556	1,095	07/01/2019
Subtotal and Average			9,176,948.20		9,130,000.00	9,345,251.70	9,176,948.20		1,657	1.822	1,150	
Total and Average			692,399,180.60		679,623,838.29	682,627,261.80	680,476,064.95		1,005	1.071	672	

**City of Santa Monica
Portfolio Management
Portfolio Details - Cash
June 30, 2016**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity
Average Balance			0.00						0		0
Total Cash and Investments			692,399,180.60		679,623,838.29	682,627,261.80	680,476,064.95		1,005	1.071	672

**City of Santa Monica
Portfolio Management
Activity By Type
June 1, 2016 through June 30, 2016**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Treasury Coupon Securities							
Subtotal							12,509,335.95
Federal Agency Coupon							
3133EDNS7	11508	Federal Farm Credit Bank	0.450	06/20/2016	0.00	2,104,305.35	
3133EE2D1	11607	Federal Farm Credit Bank	1.720	06/24/2016	0.00	5,000,000.00	
3133834R9	11322	Federal Home Loan Bank	0.375	06/24/2016	0.00	2,990,280.00	
3130A1BK3	11444	Federal Home Loan Bank	0.500	06/24/2016	0.00	5,000,000.00	
3133834R9	11528	Federal Home Loan Bank	0.375	06/24/2016	0.00	4,985,750.00	
3130A2C61	11540	Federal Home Loan Bank	0.375	06/10/2016	0.00	2,999,790.00	
3130A5RE1	11608	Federal Home Loan Bank	1.170	06/29/2016	0.00	3,000,000.00	
3130A8LS0	11760	Federal Home Loan Bank	1.500	06/30/2016	5,000,000.00	0.00	
3134G6R47	11598	Fed Home Loan Mortgage Corp	1.500	06/10/2016	0.00	5,000,000.00	
3134G7XN6	11629	Fed Home Loan Mortgage Corp	1.250	06/30/2016	0.00	2,500,000.00	
3134G7XN6	11633	Fed Home Loan Mortgage Corp	1.250	06/30/2016	0.00	2,500,000.00	
3134G7G70	11637	Fed Home Loan Mortgage Corp	1.400	06/28/2016	0.00	2,500,000.00	
3134G8A41	11667	Fed Home Loan Mortgage Corp	1.000	06/28/2016	0.00	3,000,000.00	
3134G9QV2	11750	Fed Home Loan Mortgage Corp	1.450	06/15/2016	2,500,000.00	0.00	
3134G9SA6	11754	Fed Home Loan Mortgage Corp	1.500	06/23/2016	4,400,000.00	0.00	
3134G9SB4	11755	Fed Home Loan Mortgage Corp	1.250	06/22/2016	2,500,000.00	0.00	
3134G9QQ3	11759	Fed Home Loan Mortgage Corp	0.850	06/24/2016	4,000,000.00	0.00	
3136G3PH2	11742	Federal National Mort Assoc	1.000	06/16/2016	5,000,000.00	0.00	
3136G3RM9	11752	Federal National Mort Assoc	1.400	06/21/2016	4,000,000.00	0.00	
Subtotal					27,400,000.00	41,580,125.35	364,078,345.40
Federal Agency Discount							
313384YF0	11730	Federal Home Loan Bank		06/17/2016	0.00	3,998,351.11	
313384YR4	11757	Federal Home Loan Bank	0.250	06/27/2016	0.00	9,998,125.00	
Subtotal					0.00	13,996,476.11	70,308,188.12
Local Agency Investment Funds (Monthly Summary)							
SYS10090	10090	Local Agency Investment Fund	0.576		15,000,000.00	11,000,000.00	
Subtotal					15,000,000.00	11,000,000.00	64,804,838.29
Columbia Money Market Fund (Monthly Summary)							
Subtotal							0.00

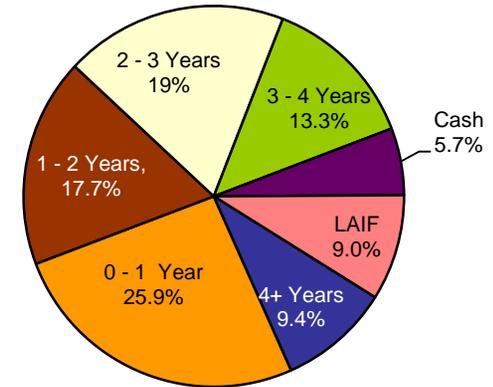
**City of Santa Monica
Portfolio Management
Activity By Type
June 1, 2016 through June 30, 2016**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Local Agency Investment Funds - RDA (Monthly Summary)							
		Subtotal					0.00
Corporate Bonds							
		Subtotal					141,084,723.99
Supranationals							
		Subtotal					18,513,685.00
State of California Obligations							
		Subtotal					9,176,948.20
		Total			42,400,000.00	66,576,601.46	680,476,064.95

Maturity Distribution

The weighted average days to maturity of the portfolio as of June 30, 2016 is 672 days (1.84 years), a slight increase from May. 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 58.3% of the portfolio continues to be held in maturities of 2 years or less (including cash and LAIF balances).

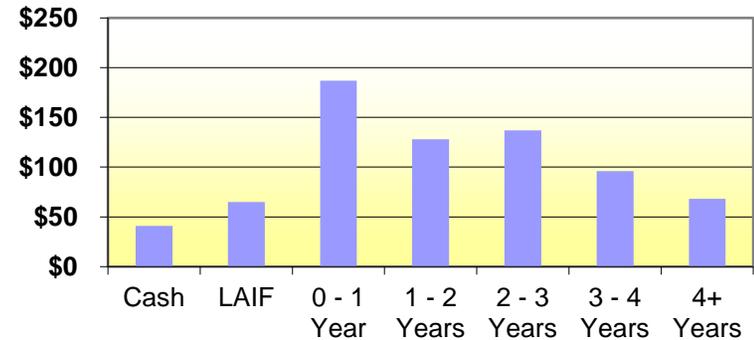
Portfolio Maturities



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 June 30, 2016, the market value and the book value of the City’s pooled investments (excluding cash) are:

\$ 682,627,261.80	Market Value
\$ 680,476,064.95	Book Value
\$ 2,151,196.85	

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 June 30, 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 (0.8%) 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 (1.2% 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% of total invested funds) that were 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 & Poors/ Fitch</u>	<u>Moody's</u>	<u>In Compliance (Yes/No)</u>
Best Quality	AAA	Aaa	Yes
	AA+	Aa1	Yes
High Quality	AA	Aa2	Yes
	AA-	Aa3	Yes
	A+	A1	Yes
Upper Medium Grade	A	A2	Yes
	A-	A3	Yes
	BBB+	Baa1	No
Medium Grade	BBB	Baa2	No
	BBB-	Baa3	No

Portfolio Allocation as of 6/30/16

	Pooled Portfolio (1) (3)	% of Portfolio	Legal/ Policy Limit	In Compliance (Yes/No)
Federal Agency Securities				
Federal Home Loan Bank	\$111,195,090.43	15.4%	50.0%	Yes
Federal National Mortgage Association	108,916,181.11	15.1%	50.0%	Yes
Federal Home Loan Mortgage Corporation	144,355,876.42	20.0%	50.0%	Yes
Farmer Mac	7,500,000.00	1.0%	50.0%	Yes
Federal Farm Credit Bank	62,419,385.56	8.7%	50.0%	Yes
Total Federal Agency Securities	\$434,386,533.52	60.2%	n/a	Yes
Treasury Bills	\$12,509,335.95	1.7%	n/a	Yes
State of CA/UC Obligations	\$9,176,948.20	1.3%	n/a	Yes
Corporate Bonds	\$141,084,723.99	19.6%	30.0%	Yes
Supranationals	\$18,513,685.00	2.6%	30.0%	Yes
Money Market Mutual Funds	\$0.00	0.0%	20.0%	Yes
State Local Agency Investment Fund-City	\$64,804,838.29	9.0%	\$65 million	Yes
Cash (2)	\$40,853,573.59	5.7%	None	Yes
Total (Book Value)	\$721,329,638.54	100.0%		

Notes:

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

(2) City's general bank account held at Wells Fargo Bank and cash balance held by BNY Mellon. Does not include balance of HUD depository account (\$207,280.97), Successor Agency RPTTF account (\$32,802,679.86), Payroll account (\$6,531,667.30) 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 6/30/16 (Book Value)

Corporate Security	Pooled Portfolio	Credit Rating*	In Compliance (Yes/No)
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	\$2,498,825.00	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

Corporate Security	Pooled Portfolio	Credit Rating*	In Compliance (Yes/No)
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	\$4,977,650.00	A	Yes
Automatic Data Processing 2.25% maturing 9/15/20	\$2,516,775.00	AA	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
Toyota Motor Credit Corp. 1.100% maturing 4/25/18	\$4,000,000.00	AA-	Yes
Johnson & Johnson 1.875%, maturing 12/05/19	\$4,090,320.00	AAA	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