



# Information Item

**Date: December 12, 2016**

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

## **Discussion**

The September 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 \$5.8 million in September to \$711.5 million. This is a typical pattern for September reflecting strong receipts from business license renewals. The pooled portfolio yield-to-maturity of 1.13% was up two basis points from the prior month, and up eleven basis points from September 2015. Net investment earnings on a cash basis for the month were \$0.3 million. September's year-to-date investment earnings (cash basis) were 19.7% 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 September 30, 2016 included \$3.4 million in debt proceeds held in trust with various fiscal agents, \$38.2 million in other funds held in trust, and \$29,122 in petty cash/change funds for a total balance of \$753.2 million.

### Green Bonds

The City's investment policy dictates certain socially responsible guidelines that should be adhered to in the investment of the City's excess funds. A prime example of this is the prohibition of investments in fossil fuel-related companies. In an effort to enhance the socially responsible nature of the City's investment portfolio, staff began to research and analyze green bonds as a potential investment alternative. Green bonds are bonds that specifically finance projects that benefit the climate and produce other environmentally beneficial projects. Green bonds are issued by government agencies, private corporations, and institutions such as the World Bank. Investments in green bonds still need to meet the City's legal and strategic investment parameters. In September, the City added the second green bond to its portfolio by purchasing a \$3 million bond issued by the International Finance Corporation (IFC-a unit of the World Bank). The bond proceeds will be used for projects designated by the IFC as climate-beneficial projects. As of September, the City's portfolio has a total of \$8 million in green bonds.

In compliance with Governmental Accounting Standards, the Monthly Cash and Investment Report provides the fair market value of all investments held by the City, with certain exceptions, as of the last day of the month. The fair market value may be greater or less than the original purchase price (book/reported value) of the investments due to fluctuations in the market resulting in either an unrealized gain or loss for financial disclosure purposes only. Since it is the City's policy to hold most securities to maturity, these fluctuations in market value do not affect the redemption value of the securities or the overall yield to maturity of the portfolio. The book values of investments shown in this report are exclusive of amortization/accretion of premiums/discounts. As of September 30, 2016, the market value of the City's portfolio was approximately \$1.1 million more than the book value.

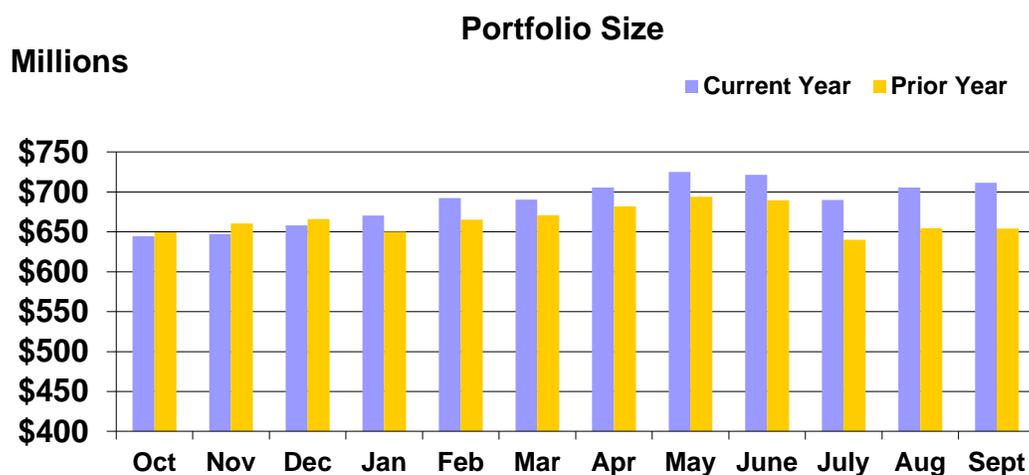
Attached is a summary of investment activity as well as a detailed report of public monies held by the City Treasurer as of September 30, 2016.

Prepared by: David Carr, Assistant City Treasurer

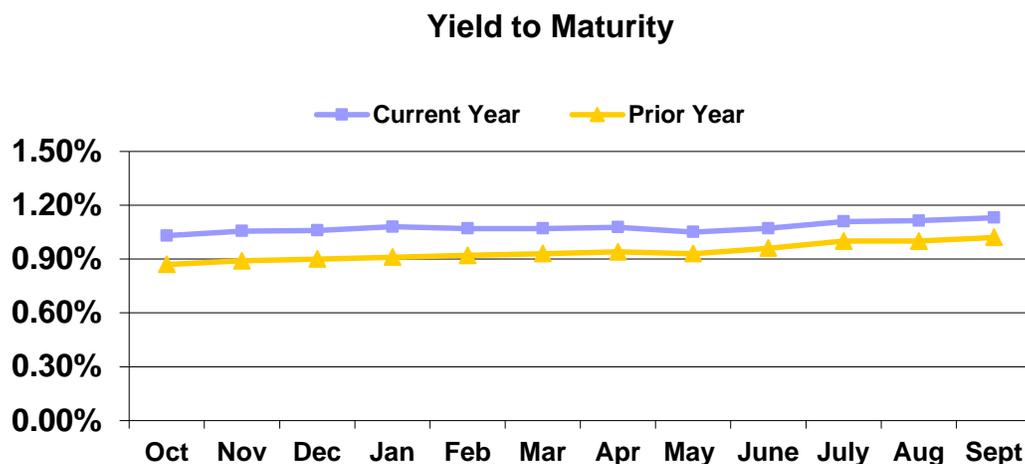
Attachments: 1 – Investment Highlights  
2 – Investment Report

# Investment Highlights

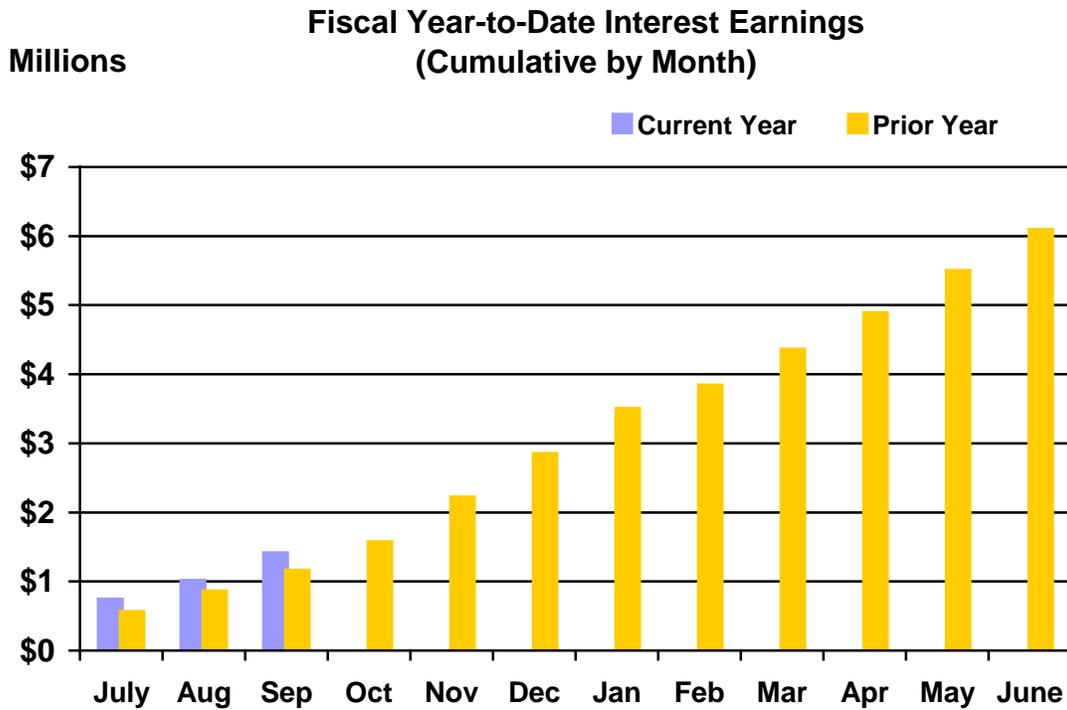
## September 30, 2016



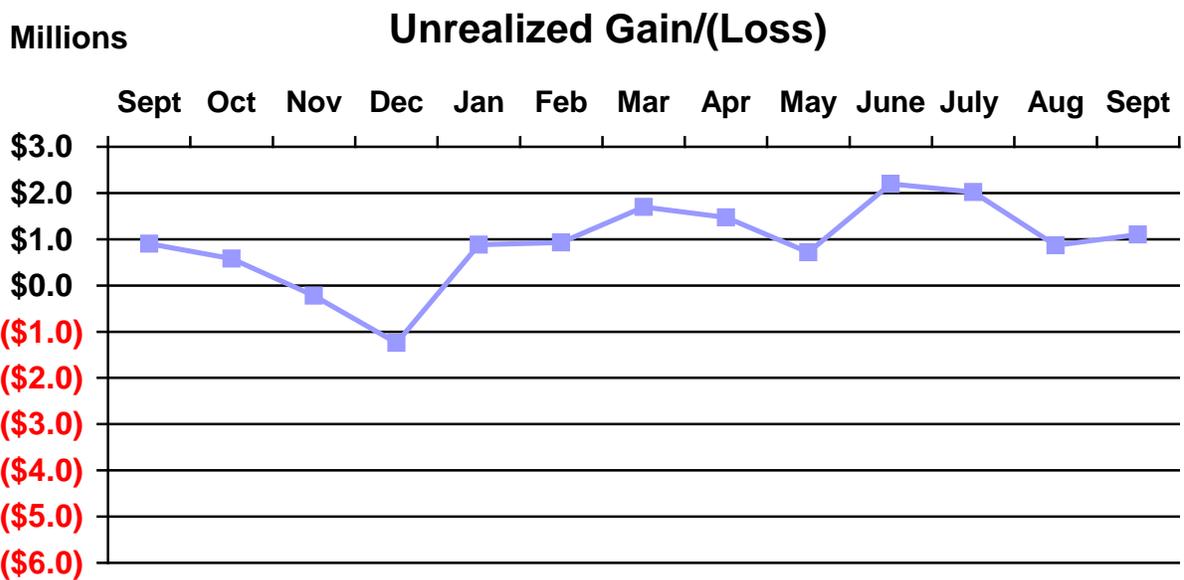
- As of September 30, 2016, the portfolio size is \$711.5 million, \$5.8 million more than in the prior month.
- Portfolio value is \$57.5 million greater than one year ago primarily due to several large one-time cash receipts received over the last 12 months.



- As of September 30, 2016, yield to maturity is 1.13%.
- The yield was up two basis points from the prior month and up eleven basis points from one year ago.



- September's year-to-date interest earnings (cash basis) are 19.7% greater than one year earlier.



- As of September 30, 2016, the market value is approximately \$1.1 million more than the unamortized book value (purchase price).



# Investment Report

## September 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  
September 30, 2016**

<b>Petty Cash/Change Funds</b>		<b>\$29,122.00</b>
<b>Pooled Portfolio</b>		
Wells Fargo Bank (1)	\$36,814,828.69	
Wells Fargo Custodial Account		
Corporate Bonds	\$138,819,374.98	
Treasury Bills	\$12,508,875.01	
State of California Bonds	\$9,176,948.20	
Supranationals	\$30,540,605.00	
Federal Agencies Securities	\$424,731,979.18	
Total Wells Fargo Custodial Account	<u>\$615,777,782.37</u>	
State of California Local Agency Investment Fund - City	\$58,884,093.81	
<b>Total Pooled Portfolio</b>		<b>\$711,476,704.87</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	\$2,262,610.96	
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	\$1,170,286.09	
U.S. Bank-Wastewater Enterprise Revenue Bonds-2012 Refunding	<u>\$0.00</u>	
<b>Total Restricted Cash/Investments Held in Trust</b>		<b>\$3,433,264.16</b>
<b>Other Restricted Funds/Funds Held in Trust</b>		
Cemetery Perpetual Care Fund (3)	\$10,399,091.34	
Mausoleum Perpetual Care Fund (3)	\$1,219,348.40	
Wells Fargo - Santa Monica Redevelopment Successor Agency RPTTF	\$25,968,471.21	
Wells Fargo - HUD Depository Account (4)	\$340,499.12	
Wells Fargo - Payroll Account	\$140,600.59	
Wells Fargo - Public Agency Family Self Sufficiency Program (2)	<u>\$156,401.23</u>	
<b>Total Other Funds Held in Trust</b>		<b>\$38,224,411.89</b>
<b>GRAND TOTAL</b>		<b>\$753,163,502.92</b>

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

- (1) These are the actual bank account balances as of 9/30/2016. 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 RNC Genter 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:

<b>Cash and Investments - August 31, 2016</b>	<b>705,726,832.05</b>
<b>Receipts</b>	<b>51,520,362.31</b>
<b>Disbursements</b>	<b>(45,770,489.49)</b>
<b>Cash and Investments - September 30, 2016</b>	<b>711,476,704.87</b>

**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 September 30, 2016, total City cash and investments (including cash held for the Successor Agency to the Redevelopment Agency) were \$753.2 million, a \$5.7 million increase from the prior month. The pooled portfolio increased by \$5.8 million. This is a typical pattern for September reflecting receipts from business license renewals. Other Restricted Funds/Funds Held in Trust was unchanged from prior month and Restricted Cash/Investments Held in Trust/Debt Proceeds decreased by \$0.2 million. Total cash and investments are categorized as follows:

Petty Cash/Change Funds	\$ 29,122.00
Pooled Investment Portfolio	\$ 711,476,704.87
Restricted Cash/Investment Held in Trust	\$ 3,433,264.16
Other Funds Held in Trust	\$ 38,224,411.89
Total	<u>\$ 753,163,502.92</u>

**Definitions**

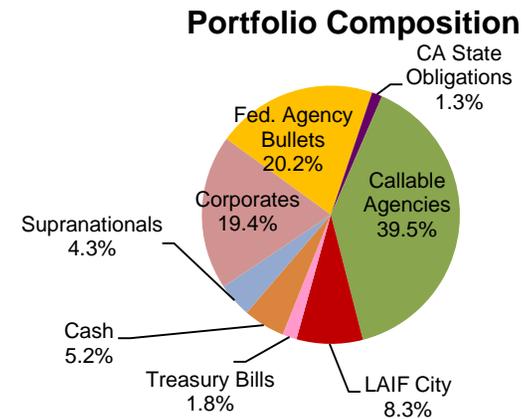
- Basis Point – One hundredth of one percent (.01%).
- Book (Reported) Value – The price paid for the security at purchase.
- Bullets – A security with a fixed coupon or interest rate that cannot be redeemed by the issuer before the maturity date.
- Callable Securities – A security that can be redeemed 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 September 30, 2016, the portfolio size (unamortized book value/purchase price) of City pooled cash and investments is \$711.5 million, \$5.8 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, this is a typical pattern for September reflecting receipts from business license renewals. Seven investments were made during the month (\$25.5 million), five investments matured (\$16.7 million), and three investments were called (\$9.5 million). The month-end balance of cash held at Wells Fargo Bank increased by about \$11.5 million in September. 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 (59.7%). The remaining 40.3% includes the State Local Agency Investment Fund (8.3%), Corporate Bonds (19.4%), CA State Obligations (1.3%), Treasury Bills (1.8%), Supranationals (4.3%) and Cash (5.2%). 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.



**Green Bonds**

The City’s investment policy dictates certain socially responsible guidelines that should be adhered to in the investment of the City’s excess funds. A prime example of is the prohibition of investments in fossil fuel-related companies. In an effort to enhance the socially responsible nature of the City’s investment portfolio, staff began to research and analyze green bonds as a potential investment alternative. Green bonds are bonds that specifically finance projects that benefit the climate and produce other environmentally beneficial projects. Green bonds are issued by government agencies, private

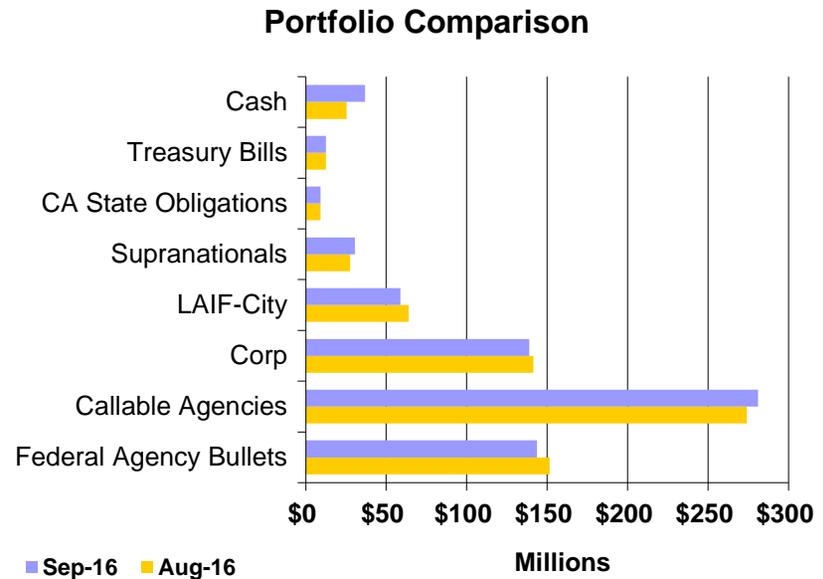
corporations, and institutions such as the World Bank. Investments in green bonds still need to meet the City’s legal and strategic investment parameters. In September, the City added the second green bond to its portfolio by purchasing a \$3 million bond issued by the International Finance Corporation (IFC-a unit of the World Bank). The bond proceeds will be used for projects designated by the IFC as climate-beneficial projects. As of September, the City’s portfolio has a total of \$8 million in green bonds

**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.

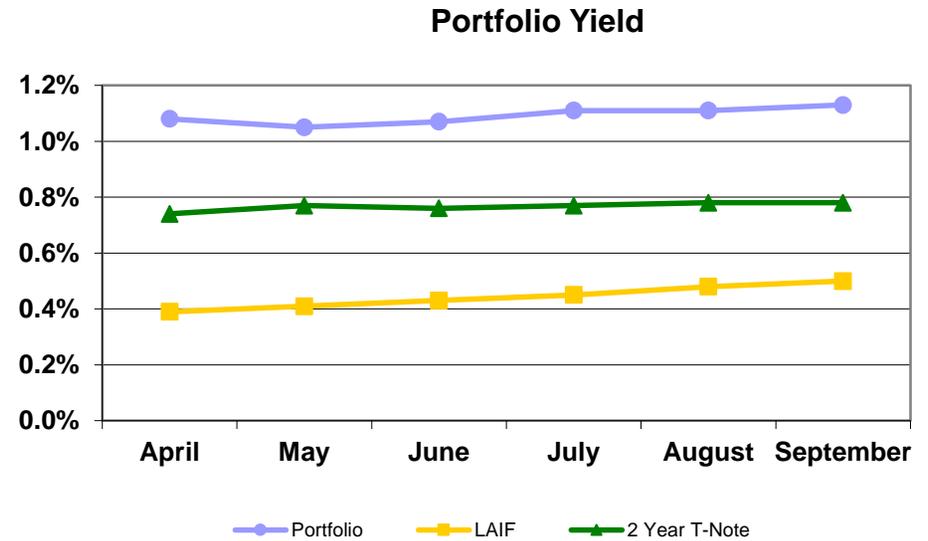
**Rebalancing of Portfolio**

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 interest rates. No rebalancing occurred in September. 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 slightly in September after two months of significant increases. The month-end two-year Constant Maturing Treasury security yield (CMT) dropped three basis points after a 22 point increase during July and August. The twelve month moving average was unchanged at 0.78%. The portfolio yield-to-maturity rose two basis points to 1.13%. However, rates still remain near historically low levels and some investments continue to be 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 August. 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 have recovered the losses experienced in June and July, and remain somewhat 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 Fed would have increased interest rates at least once by September, but that did not happen. An increase is expected in December. The twelve month moving average LAIF yield rose to 0.50% in September, two basis points higher than last month and is now showing a fairly consistent upward trend. The LAIF month-end rate was 0.63%, the highest level in nearly seven years.

During the September meeting, the Federal Open Market Committee (Fed) left the target Fed Funds rate unchanged at a range of 0.25% - 0.5%. Although the Fed again indicated that the employment and consumer spending results are “solid” and have helped diminish economic risks, its believed that a continuation of the accommodative policy is still warranted for the near future. However, the case for a rate increase continues to strengthen. The September unemployment rate rose slightly to 5%. Business investment remains somewhat soft. Inflation remains low, but long term

expectations are nearly in line with Fed policy mandates. Preliminary third quarter GDP showed an increase of 3.2%, stronger than most recent quarters. 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 fell about 0.5% in September.

The City’s portfolio yield-to-maturity is now expected to exhibit a slow upward trend over the next several months. Net investment income on a cash basis in September was \$0.3 million. Year-to-date earnings are 19.7% greater than for the same period last year.

**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
September 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
<b>Treasury Coupon Securities</b>												
912828WT3	11477	U. S. Treasury Note		07/25/2014	3,000,000.00	3,005,850.00	2,990,625.00	0.875	1,086	0.982	287	07/15/2017
912828TWO	11658	U. S. Treasury Note		10/30/2015	2,000,000.00	2,001,400.00	2,000,000.00	0.750	732	0.750	395	10/31/2017
912828SJ0	11692	U. S. Treasury Note		02/16/2016	3,000,000.00	3,006,300.00	3,009,609.38	0.875	378	0.564	150	02/28/2017
912828SM3	11698	U. S. Treasury Note		02/24/2016	2,000,000.00	2,005,000.00	2,008,515.63	1.000	401	0.610	181	03/31/2017
912828TM2	11797	U. S. Treasury Note		08/17/2016	2,500,000.00	2,499,325.00	2,500,125.00	0.625	379	0.620	334	08/31/2017
<b>Subtotal and Average</b>			<b>12,508,875.01</b>		<b>12,500,000.00</b>	<b>12,517,875.00</b>	<b>12,508,875.01</b>		<b>608</b>	<b>0.712</b>	<b>264</b>	
<b>Federal Agency Coupon</b>												
3133ECKV5	11302	Federal Farm Credit Bank		04/05/2013	3,000,000.00	3,000,990.00	3,000,000.00	0.700	1,522	0.700	247	06/05/2017
3133EDNC2	11456	Federal Farm Credit Bank		06/13/2014	2,500,000.00	2,501,850.00	2,499,375.00	0.700	945	0.710	104	01/13/2017
3133EFLN5	11646	Federal Farm Credit Bank		10/28/2015	4,000,000.00	4,001,560.00	4,000,000.00	0.450	397	0.450	58	11/28/2016
3133EFRLL3	11665	Federal Farm Credit Bank		11/30/2015	3,000,000.00	3,002,670.00	3,000,000.00	1.890	1,827	1.890	1,521	11/30/2020
3133EFRH2	11666	Federal Farm Credit Bank		11/30/2015	3,000,000.00	3,000,570.00	3,000,000.00	1.340	1,096	1.340	790	11/30/2018
3133EFZR1	11691	Federal Farm Credit Bank		02/16/2016	3,000,000.00	2,999,280.00	3,000,390.00	0.800	727	0.793	499	02/12/2018
3133EF3B1	11721	Federal Farm Credit Bank		04/12/2016	2,000,000.00	1,997,180.00	1,997,280.00	0.750	736	0.818	564	04/18/2018
3133EF3P0	11723	Federal Farm Credit Bank		04/20/2016	5,000,000.00	4,999,200.00	5,000,000.00	1.490	1,552	1.490	1,388	07/20/2020
3133EGKU8	11771	Federal Farm Credit Bank		07/14/2016	3,000,000.00	2,980,560.00	2,987,870.00	0.760	1,089	0.902	1,010	07/08/2019
3133EGNK7	11779	Federal Farm Credit Bank		07/27/2016	2,500,000.00	2,496,275.00	2,500,000.00	1.320	1,461	1.320	1,395	07/27/2020
3133EGNT8	11781	Federal Farm Credit Bank		07/26/2016	4,000,000.00	3,997,920.00	3,999,120.00	0.760	549	0.775	482	01/26/2018
313383GK1	11337	Federal Home Loan Bank		06/27/2013	3,800,000.00	3,809,082.00	3,800,000.00	1.125	1,826	1.125	634	06/27/2018
313383C25	11345	Federal Home Loan Bank		06/25/2013	2,500,000.00	2,516,375.00	2,412,500.00	1.200	1,821	1.818	627	06/20/2018
313379DT3	11386	Federal Home Loan Bank		11/12/2013	4,000,000.00	4,027,160.00	3,960,880.00	1.250	1,669	1.472	615	06/08/2018
3130A4KX9	11556	Federal Home Loan Bank		03/30/2015	4,750,000.00	4,777,360.00	4,750,000.00	1.800	1,827	1.800	1,276	03/30/2020
3130A4Q54	11558	Federal Home Loan Bank		03/18/2015	5,000,000.00	5,007,100.00	5,000,000.00	0.800	791	0.798	228	05/17/2017
313379EE5	11596	Federal Home Loan Bank		05/21/2015	3,000,000.00	3,047,460.00	3,021,810.00	1.625	1,485	1.592	986	06/14/2019
313380EC7	11628	Federal Home Loan Bank		09/22/2015	3,000,000.00	2,999,940.00	2,996,940.00	0.750	717	0.802	342	09/08/2017
3130A6MH7	11645	Federal Home Loan Bank		10/28/2015	3,000,000.00	3,001,020.00	3,000,000.00	1.720	1,827	1.720	1,488	10/28/2020
3130A6UX3	11673	Federal Home Loan Bank		12/28/2015	4,000,000.00	4,005,640.00	4,000,000.00	1.500	1,278	1.500	1,000	06/28/2019
3130A6XG7	11675	Federal Home Loan Bank		12/28/2015	2,500,000.00	2,502,050.00	2,500,000.00	0.750	366	0.750	88	12/28/2016
3130A7BV6	11700	Federal Home Loan Bank		02/24/2016	2,500,000.00	2,501,475.00	2,499,750.00	0.600	357	0.610	137	02/15/2017
3130A7BV6	11701	Federal Home Loan Bank		02/24/2016	2,500,000.00	2,501,475.00	2,499,525.00	0.600	357	0.620	137	02/15/2017
3130A7H73	11709	Federal Home Loan Bank		03/29/2016	3,000,000.00	3,001,800.00	3,000,000.00	1.000	730	1.000	544	03/29/2018
3130A7UG8	11728	Federal Home Loan Bank		04/26/2016	4,000,000.00	4,001,960.00	3,999,492.00	0.625	365	0.638	207	04/26/2017
3130A87H0	11747	Federal Home Loan Bank		05/26/2016	2,500,000.00	2,504,775.00	2,500,000.00	1.400	1,461	1.400	1,333	05/26/2020
3130A87L1	11749	Federal Home Loan Bank		05/27/2016	2,500,000.00	2,500,050.00	2,500,000.00	1.020	728	1.020	601	05/25/2018
3130A8LS0	11760	Federal Home Loan Bank		06/30/2016	5,000,000.00	4,979,050.00	5,000,000.00	1.500	1,826	1.500	1,733	06/30/2021

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**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
September 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
<b>Federal Agency Coupon</b>												
3130A8QD8	11764	Federal Home Loan Bank		07/14/2016	3,000,000.00	2,988,660.00	3,000,000.00	1.230	1,461	1.230	1,382	07/14/2020
3130A8QS5	11772	Federal Home Loan Bank		07/14/2016	5,000,000.00	4,963,250.00	4,981,350.00	1.125	1,826	1.202	1,747	07/14/2021
3130A8TB9	11782	Federal Home Loan Bank		07/26/2016	2,500,000.00	2,500,100.00	2,500,000.00	0.690	365	0.690	298	07/26/2017
3130A8WE9	11785	Federal Home Loan Bank		07/29/2016	2,500,000.00	2,495,650.00	2,500,000.00	1.100	1,001	1.100	937	04/26/2019
3130A8VL4	11786	Federal Home Loan Bank		08/24/2016	2,500,000.00	2,496,600.00	2,500,000.00	1.000	638	1.000	600	05/24/2018
313379DD8	11791	Federal Home Loan Bank		08/04/2016	4,000,000.00	4,011,480.00	4,018,217.78	1.000	321	0.617	263	06/21/2017
3130A93A7	11796	Federal Home Loan Bank		08/24/2016	3,000,000.00	2,994,030.00	3,000,000.00	1.000	1,826	1.000	1,788	08/24/2021
3130A5EP0	11799	Federal Home Loan Bank		08/17/2016	3,000,000.00	3,000,510.00	3,005,168.42	0.625	286	0.576	241	05/30/2017
3130A9A68	11801	Federal Home Loan Bank		09/14/2016	5,500,000.00	5,493,895.00	5,500,000.00	1.125	1,003	1.125	986	06/14/2019
3130A9FQ9	11805	Federal Home Loan Bank		09/28/2016	3,000,000.00	2,998,680.00	3,000,000.00	1.000	730	1.000	727	09/28/2018
3134G3B90	11243	Fed Home Loan Mortgage Corp		08/15/2012	2,000,000.00	2,003,920.00	1,998,520.00	0.875	1,826	0.890	318	08/15/2017
3137EADJ5	11290	Fed Home Loan Mortgage Corp		01/31/2013	2,500,000.00	2,507,750.00	2,509,875.00	1.000	1,639	0.910	300	07/28/2017
3134G44N5	11317	Fed Home Loan Mortgage Corp		05/28/2013	3,000,000.00	3,001,350.00	3,000,000.00	0.750	1,645	0.750	423	11/28/2017
3137EADH9	11335	Fed Home Loan Mortgage Corp		05/29/2013	3,000,000.00	3,008,460.00	3,009,930.00	1.000	1,492	0.976	271	06/29/2017
3134G3ZH6	11341	Fed Home Loan Mortgage Corp		06/06/2013	4,000,000.00	4,011,840.00	4,000,000.00	1.000	1,510	1.000	297	07/25/2017
3137EADH9	11348	Fed Home Loan Mortgage Corp		06/27/2013	2,500,000.00	2,507,050.00	2,474,375.00	1.000	1,463	1.346	271	06/29/2017
3137EADJ5	11394	Fed Home Loan Mortgage Corp		12/17/2013	5,000,000.00	5,015,500.00	4,992,900.00	1.000	1,319	1.040	300	07/28/2017
3134G5AQ8	11463	Fed Home Loan Mortgage Corp		06/30/2014	2,000,000.00	2,000,940.00	2,000,000.00	0.700	914	0.700	90	12/30/2016
3134G5LV5	11498	Fed Home Loan Mortgage Corp		11/17/2014	2,500,000.00	2,506,575.00	2,499,910.00	1.000	1,096	1.001	412	11/17/2017
3134G4Z92	11520	Fed Home Loan Mortgage Corp		12/03/2014	2,500,000.00	2,506,950.00	2,505,475.00	0.875	866	0.782	198	04/17/2017
3134G6AC7	11538	Fed Home Loan Mortgage Corp		01/28/2015	3,000,000.00	3,005,340.00	3,000,000.00	0.850	912	0.850	300	07/28/2017
3134G73X7	11650	Fed Home Loan Mortgage Corp		10/30/2015	3,000,000.00	2,998,110.00	3,000,000.00	0.720	728	0.720	391	10/27/2017
3134G73Q2	11652	Fed Home Loan Mortgage Corp		10/27/2015	4,000,000.00	3,997,360.00	4,000,000.00	1.000	1,004	1.000	664	07/27/2018
3134G8LS6	11690	Fed Home Loan Mortgage Corp		03/30/2016	5,000,000.00	4,997,650.00	5,000,000.00	0.750	1,826	0.750	1,641	03/30/2021
3134G8VC0	11711	Fed Home Loan Mortgage Corp		03/28/2016	3,000,000.00	3,001,680.00	3,000,000.00	1.200	1,005	1.200	818	12/28/2018
3134G8VC0	11712	Fed Home Loan Mortgage Corp		03/28/2016	3,000,000.00	3,001,680.00	3,000,000.00	1.200	1,005	1.200	818	12/28/2018
3134G8VE6	11713	Fed Home Loan Mortgage Corp		03/29/2016	5,000,000.00	5,001,600.00	5,000,000.00	1.020	730	1.020	544	03/29/2018
3134G8TY5	11714	Fed Home Loan Mortgage Corp		03/30/2016	5,000,000.00	5,005,850.00	5,000,000.00	1.420	1,461	1.420	1,276	03/30/2020
3134G8WJ4	11717	Fed Home Loan Mortgage Corp		04/26/2016	3,500,000.00	3,500,140.00	3,500,000.00	1.100	913	1.100	755	10/26/2018
3134G8Y60	11720	Fed Home Loan Mortgage Corp		04/27/2016	3,000,000.00	3,000,120.00	3,000,000.00	1.000	821	1.000	664	07/27/2018
3134G9AH0	11724	Fed Home Loan Mortgage Corp		04/27/2016	5,000,000.00	5,002,550.00	5,000,000.00	1.300	1,370	1.300	1,213	01/27/2020
3134G9AA5	11726	Fed Home Loan Mortgage Corp		04/28/2016	5,000,000.00	5,005,750.00	5,000,000.00	1.225	1,278	1.225	1,122	10/28/2019
3134G8XP9	11727	Fed Home Loan Mortgage Corp		04/26/2016	3,000,000.00	2,995,290.00	3,000,000.00	1.150	1,095	1.150	937	04/26/2019
3134G9CY1	11733	Fed Home Loan Mortgage Corp		04/27/2016	2,000,000.00	2,000,080.00	1,999,500.00	1.000	730	1.013	573	04/27/2018
3134G9AD9	11734	Fed Home Loan Mortgage Corp		04/28/2016	5,005,000.00	5,009,804.80	5,003,748.75	1.500	1,826	1.505	1,670	04/28/2021
3134G9HM2	11736	Fed Home Loan Mortgage Corp		05/26/2016	4,000,000.00	4,004,880.00	4,000,000.00	1.300	1,279	1.300	1,151	11/26/2019

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<b>Federal Agency Coupon</b>												
3134G9HJ9	11737	Fed Home Loan Mortgage Corp		05/10/2016	3,000,000.00	3,000,480.00	3,000,000.00	1.000	822	1.000	678	08/10/2018
3134G9JV0	11739	Fed Home Loan Mortgage Corp		05/23/2016	5,000,000.00	5,001,600.00	5,000,000.00	1.000	914	1.000	783	11/23/2018
3134G9MW4	11740	Fed Home Loan Mortgage Corp		05/31/2016	4,000,000.00	4,006,760.00	4,000,000.00	1.350	1,456	1.350	1,333	05/26/2020
3134G9HJ9	11741	Fed Home Loan Mortgage Corp		05/18/2016	2,500,000.00	2,500,400.00	2,500,000.00	1.000	814	1.000	678	08/10/2018
3134G9QV2	11750	Fed Home Loan Mortgage Corp		06/15/2016	2,500,000.00	2,508,200.00	2,500,000.00	1.450	1,461	1.450	1,353	06/15/2020
3134G9SA6	11754	Fed Home Loan Mortgage Corp		06/23/2016	4,400,000.00	4,408,624.00	4,400,000.00	1.500	1,461	1.500	1,361	06/23/2020
3134G9SB4	11755	Fed Home Loan Mortgage Corp		06/22/2016	2,500,000.00	2,502,250.00	2,500,000.00	1.250	1,003	1.250	902	03/22/2019
3134G9QQ3	11759	Fed Home Loan Mortgage Corp		06/24/2016	4,000,000.00	4,002,240.00	4,000,000.00	0.850	1,461	0.850	1,362	06/24/2020
3134G8Z77	11766	Fed Home Loan Mortgage Corp		07/12/2016	3,000,000.00	2,998,800.00	3,000,000.00	0.750	1,294	0.750	1,213	01/27/2020
3134G3Z31	11770	Fed Home Loan Mortgage Corp		07/14/2016	2,000,000.00	2,017,980.00	2,037,880.00	1.550	1,477	1.070	1,398	07/30/2020
3134G9U54	11775	Fed Home Loan Mortgage Corp		07/26/2016	3,000,000.00	2,999,130.00	3,000,000.00	0.800	1,095	0.800	1,028	07/26/2019
3134G9V87	11778	Fed Home Loan Mortgage Corp		07/26/2016	3,000,000.00	2,991,570.00	3,000,000.00	1.050	1,004	1.050	937	04/26/2019
3134G9X51	11780	Fed Home Loan Mortgage Corp		07/27/2016	3,000,000.00	2,997,150.00	3,000,000.00	1.000	730	1.000	664	07/27/2018
3134GABA1	11792	Fed Home Loan Mortgage Corp		08/30/2016	3,000,000.00	2,999,160.00	3,000,000.00	1.030	728	1.030	696	08/28/2018
3134GABM5	11793	Fed Home Loan Mortgage Corp		08/30/2016	4,000,000.00	3,988,160.00	4,000,000.00	1.300	1,459	1.300	1,427	08/28/2020
31315PYT0	11318	Farmer Mac		05/02/2013	3,000,000.00	3,001,470.00	3,000,000.00	0.990	1,826	0.990	578	05/02/2018
31315PN88	11351	Farmer Mac		07/05/2013	2,000,000.00	2,003,940.00	2,000,000.00	1.100	1,301	1.100	117	01/26/2017
3132X0GA3	11735	Farmer Mac		04/29/2016	2,500,000.00	2,503,200.00	2,500,000.00	1.080	1,095	1.080	940	04/29/2019
31315PS26	11798	Farmer Mac		08/17/2016	3,500,000.00	3,508,295.00	3,521,655.28	0.980	236	0.557	191	04/10/2017
3135G0XA6	11319	Federal National Mort Assoc		05/21/2013	3,000,000.00	3,000,270.00	3,000,000.00	1.030	1,826	1.030	597	05/21/2018
3135G0PP2	11425	Federal National Mort Assoc		02/12/2014	2,500,000.00	2,506,475.00	2,492,050.00	1.000	1,316	1.090	354	09/20/2017
3136G26U6	11487	Federal National Mort Assoc		10/07/2014	2,500,000.00	2,500,400.00	2,500,000.00	2.000	1,826	2.000	1,101	10/07/2019
3136G2D87	11537	Federal National Mort Assoc		02/13/2015	3,000,000.00	3,002,910.00	3,000,000.00	1.000	1,096	1.000	500	02/13/2018
3136G2PJ0	11642	Federal National Mort Assoc		10/26/2015	1,000,000.00	1,000,160.00	1,000,000.00	1.010	1,096	1.010	755	10/26/2018
3136G2R58	11649	Federal National Mort Assoc		10/29/2015	2,500,000.00	2,500,425.00	2,500,000.00	1.040	1,093	1.040	755	10/26/2018
3136G2RQ2	11656	Federal National Mort Assoc		10/29/2015	3,000,000.00	3,000,240.00	3,000,000.00	1.400	1,461	1.400	1,123	10/29/2019
3136G2WV5	11684	Federal National Mort Assoc		01/29/2016	3,500,000.00	3,500,875.00	3,500,000.00	1.220	1,092	1.220	846	01/25/2019
3136G2XS1	11686	Federal National Mort Assoc		02/26/2016	5,000,000.00	5,000,550.00	5,000,000.00	1.000	1,096	1.452	878	02/26/2019
3136G2Y68	11688	Federal National Mort Assoc		02/26/2016	2,500,000.00	2,500,125.00	2,500,000.00	0.750	1,096	0.880	878	02/26/2019
3136G2XZ5	11689	Federal National Mort Assoc		02/24/2016	2,500,000.00	2,501,100.00	2,500,000.00	1.350	1,461	1.350	1,241	02/24/2020
3136G3AM7	11695	Federal National Mort Assoc		02/26/2016	5,000,000.00	5,000,800.00	5,000,000.00	1.250	1,827	1.250	1,609	02/26/2021
3136G3BT1	11702	Federal National Mort Assoc		03/22/2016	5,000,000.00	5,002,500.00	5,000,000.00	1.000	1,826	1.000	1,633	03/22/2021
3136G3CT0	11705	Federal National Mort Assoc		03/15/2016	2,400,000.00	2,401,680.00	2,400,000.00	1.400	1,826	1.400	1,626	03/15/2021
3136G3DB8	11707	Federal National Mort Assoc		03/23/2016	4,000,000.00	4,000,880.00	4,000,000.00	0.750	1,094	0.750	902	03/22/2019
3136G3JR7	11725	Federal National Mort Assoc		04/26/2016	2,000,000.00	2,000,080.00	1,995,000.00	1.000	1,095	1.085	937	04/26/2019
3136G3ML6	11738	Federal National Mort Assoc		05/24/2016	5,000,000.00	4,999,850.00	5,000,000.00	1.125	1,095	1.125	965	05/24/2019

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<b>Federal Agency Coupon</b>												
3136G3PH2	11742	Federal National Mort Assoc		06/16/2016	5,000,000.00	4,996,450.00	5,000,000.00	1.000	1,826	1.000	1,719	06/16/2021
3136G3LR4	11746	Federal National Mort Assoc		05/23/2016	2,500,000.00	2,500,175.00	2,500,000.00	1.350	1,095	1.350	964	05/23/2019
3136G3QZ1	11751	Federal National Mort Assoc		05/27/2016	2,500,000.00	2,500,850.00	2,500,000.00	1.250	1,098	1.250	971	05/30/2019
3136G3RM9	11752	Federal National Mort Assoc		06/21/2016	4,000,000.00	4,001,240.00	4,000,000.00	1.400	1,095	1.400	993	06/21/2019
3136G3XJ9	11761	Federal National Mort Assoc		07/26/2016	4,000,000.00	3,980,120.00	4,000,000.00	1.000	1,095	1.000	1,028	07/26/2019
3136G3YJ8	11762	Federal National Mort Assoc		07/26/2016	4,000,000.00	3,980,120.00	4,000,000.00	1.000	1,095	1.000	1,028	07/26/2019
3135G0L43	11763	Federal National Mort Assoc		07/13/2016	2,000,000.00	1,996,220.00	1,999,500.00	0.850	730	0.863	650	07/13/2018
3136G3PH2	11765	Federal National Mort Assoc		07/08/2016	1,250,000.00	1,249,112.50	1,253,888.89	1.000	1,804	1.750	1,719	06/16/2021
3136G3ZV0	11767	Federal National Mort Assoc		07/26/2016	5,000,000.00	4,980,500.00	5,000,000.00	1.050	1,095	1.050	1,028	07/26/2019
3136G3ZU2	11768	Federal National Mort Assoc		07/27/2016	5,000,000.00	4,990,600.00	5,000,000.00	0.940	730	0.940	664	07/27/2018
3136G1BL2	11774	Federal National Mort Assoc		07/14/2016	1,750,000.00	1,777,807.50	1,787,485.00	1.625	1,477	1.082	1,398	07/30/2020
3136G3L45	11776	Federal National Mort Assoc		07/28/2016	4,000,000.00	3,995,200.00	4,000,000.00	1.250	1,461	1.250	1,396	07/28/2020
3136G3L37	11777	Federal National Mort Assoc		07/28/2016	5,000,000.00	4,989,600.00	5,000,000.00	1.125	1,187	1.125	1,122	10/28/2019
3136G3S22	11783	Federal National Mort Assoc		08/16/2016	5,000,000.00	4,994,550.00	5,000,000.00	1.250	1,826	1.250	1,780	08/16/2021
3136G3W84	11787	Federal National Mort Assoc		08/30/2016	2,000,000.00	1,988,600.00	2,000,000.00	1.000	1,093	1.000	1,061	08/28/2019
3136G3Y58	11789	Federal National Mort Assoc		08/30/2016	5,000,000.00	4,997,950.00	5,000,000.00	1.250	1,459	1.250	1,427	08/28/2020
3136G3ZS7	11790	Federal National Mort Assoc		08/03/2016	2,000,000.00	1,998,340.00	1,999,888.89	1.000	814	1.011	755	10/26/2018
3136G3Q73	11794	Federal National Mort Assoc		08/10/2016	2,000,000.00	1,999,420.00	2,000,094.44	1.150	1,080	1.164	1,028	07/26/2019
3135G0MZ3	11800	Federal National Mort Assoc		08/17/2016	2,500,000.00	2,504,750.00	2,505,830.00	0.875	376	0.648	331	08/28/2017
3136G35R2	11804	Federal National Mort Assoc		09/20/2016	3,000,000.00	3,000,180.00	3,000,000.00	1.250	1,277	1.250	1,266	03/20/2020
3136G4CT8	11808	Federal National Mort Assoc		09/29/2016	5,000,000.00	4,991,700.00	5,000,000.00	1.190	1,369	1.190	1,367	06/29/2020
<b>Subtotal and Average</b>			<b>399,698,205.85</b>		<b>403,855,000.00</b>	<b>403,975,115.80</b>	<b>403,817,174.45</b>		<b>1,204</b>	<b>1.102</b>	<b>910</b>	
<b>Federal Agency Discount</b>												
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	13	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	3	10/04/2016
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	143	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	174	03/24/2017
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	27	10/28/2016
<b>Subtotal and Average</b>			<b>24,763,453.80</b>		<b>21,000,000.00</b>	<b>20,914,806.00</b>	<b>20,914,804.73</b>		<b>291</b>	<b>0.524</b>	<b>69</b>	
<b>Local Agency Investment Funds</b>												
SYS10090	10090	Local Agency Investment Fund			58,884,093.81	58,884,093.81	58,884,093.81	0.634	1	0.634	1	
<b>Subtotal and Average</b>			<b>61,384,093.81</b>		<b>58,884,093.81</b>	<b>58,884,093.81</b>	<b>58,884,093.81</b>		<b>1</b>	<b>0.634</b>	<b>1</b>	

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<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>	
<b>Corporate Bonds</b>												
053015AD5	11632	AUTOMATIC DATA PROCESSING		09/24/2015	2,500,000.00	2,578,350.00	2,516,775.00	2.250	1,818	2.107	1,445	09/15/2020
037833AJ9	11321	Apple Inc.		05/06/2013	2,500,000.00	2,496,525.00	2,505,600.00	1.000	1,823	0.954	579	05/03/2018
037833AJ9	11326	Apple Inc.		05/17/2013	2,500,000.00	2,496,525.00	2,478,975.00	1.000	1,812	1.175	579	05/03/2018
037833AQ3	11461	Apple Inc.		06/13/2014	3,000,000.00	3,065,580.00	3,011,100.00	2.100	1,788	2.020	947	05/06/2019
037833CC2	11806	Apple Inc.		09/14/2016	2,000,000.00	1,996,540.00	1,996,164.44	1.550	1,785	1.628	1,768	08/04/2021
06406HCU1	11610	Bank of New York Mellon		06/26/2015	2,000,000.00	2,036,240.00	2,006,980.00	2.200	1,419	2.390	956	05/15/2019
06406HCL1	11618	Bank of New York Mellon		08/07/2015	5,000,000.00	5,075,200.00	5,063,500.00	2.100	1,090	1.662	669	08/01/2018
084670BL1	11490	Berkshire Hathaway		09/16/2014	4,000,000.00	4,089,480.00	3,998,840.00	2.100	1,793	2.106	1,047	08/14/2019
084670BD9	11565	Berkshire Hathaway		03/31/2015	2,000,000.00	2,006,200.00	2,043,260.00	1.900	672	0.710	122	01/31/2017
084670BX5	11795	Berkshire Hathaway		08/15/2016	2,000,000.00	1,998,920.00	1,999,760.00	1.150	730	1.156	683	08/15/2018
19416QEB2	11476	Colgate Palmolive		07/28/2014	1,500,000.00	1,496,745.00	1,472,835.00	0.900	1,373	1.396	577	05/01/2018
19416QDX5	11509	Colgate Palmolive		11/10/2014	3,698,000.00	3,702,844.38	3,733,759.66	1.300	797	0.851	106	01/15/2017
17275RAT9	11500	Cisco Systems		10/27/2014	5,000,000.00	5,002,000.00	5,031,600.00	1.100	858	0.828	153	03/03/2017
17275RAR3	11502	Cisco Systems		10/30/2014	2,500,000.00	2,548,900.00	2,531,750.00	2.125	1,583	1.819	881	03/01/2019
17275RAU6	11606	Cisco Systems		06/18/2015	2,500,000.00	2,520,525.00	2,506,100.00	1.650	1,093	1.566	622	06/15/2018
25468PDA1	11519	Walt Disney Company		11/28/2014	4,000,000.00	4,067,280.00	3,991,229.24	1.850	1,644	1.901	971	05/30/2019
25468PDA1	11551	Walt Disney Company		02/23/2015	2,000,000.00	2,033,640.00	2,006,230.00	1.850	1,557	1.774	971	05/30/2019
25468PDE3	11627	Walt Disney Company		09/18/2015	5,000,000.00	5,151,850.00	4,977,650.00	2.150	1,826	2.245	1,447	09/17/2020
459200HZ7	11549	IBM Corp		02/06/2015	3,000,000.00	2,999,610.00	2,990,850.00	1.125	1,096	1.229	493	02/06/2018
458140AL4	11513	Intel		11/20/2014	3,000,000.00	3,009,360.00	2,995,260.00	1.350	1,121	1.403	440	12/15/2017
478160BG8	11391	Johnson & Johnson		12/05/2013	2,000,000.00	2,022,940.00	2,000,080.00	1.650	1,826	1.649	795	12/05/2018
478160BF0	11518	Johnson & Johnson		11/25/2014	4,000,000.00	4,000,200.00	4,005,200.00	0.700	734	0.635	58	11/28/2016
478160BM5	11743	Johnson & Johnson		05/23/2016	4,000,000.00	4,096,440.00	4,090,320.00	1.875	1,291	1.220	1,160	12/05/2019
191216BT6	11659	Coca Cola		11/09/2015	3,000,000.00	3,050,400.00	2,975,400.00	1.875	1,814	2.049	1,487	10/27/2020
191216AR1	11694	Coca Cola		02/22/2016	4,000,000.00	4,292,400.00	4,253,040.00	3.150	1,728	1.750	1,506	11/15/2020
88579YAE1	11392	3M		12/10/2013	2,500,000.00	2,501,525.00	2,495,925.00	1.000	1,294	1.047	268	06/26/2017
88579YAE1	11393	3M		12/10/2013	2,500,000.00	2,501,525.00	2,495,475.00	1.000	1,294	1.052	268	06/26/2017
58933YAC9	11547	Merck		02/06/2015	3,000,000.00	3,003,120.00	3,001,200.00	1.100	1,090	1.085	487	01/31/2018

**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
September 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
<b>Corporate Bonds</b>												
594918AP9	11311	Microsoft		04/30/2013	2,500,000.00	2,500,125.00	2,505,000.00	0.875	1,660	0.931	410	11/15/2017
594918BF0	11660	Microsoft		11/10/2015	2,500,000.00	2,512,200.00	2,498,825.00	1.300	1,089	1.316	763	11/03/2018
594918BG8	11661	Microsoft		11/10/2015	2,500,000.00	2,551,825.00	2,497,150.00	2.000	1,820	2.024	1,494	11/03/2020
594918BN3	11788	Microsoft		08/08/2016	3,000,000.00	2,990,430.00	2,996,910.00	1.100	1,095	1.135	1,041	08/08/2019
64952WBK8	11283	New York Life		01/23/2013	2,855,000.00	2,859,910.60	2,872,529.70	1.300	1,741	1.167	394	10/30/2017
68389XAX3	11522	Oracle		12/05/2014	2,500,000.00	2,561,800.00	2,515,975.00	2.250	1,768	2.110	1,102	10/08/2019
68389XAQ8	11576	Oracle		04/13/2015	3,000,000.00	3,076,020.00	3,099,990.00	2.375	1,373	1.459	836	01/15/2019
717081DD2	11430	Pfizer Inc		02/24/2014	4,000,000.00	3,999,760.00	4,008,800.00	0.900	1,056	0.823	106	01/15/2017
717081DL4	11515	Pfizer Inc		11/24/2014	3,000,000.00	3,062,790.00	3,016,500.00	2.100	1,633	1.971	956	05/15/2019
742718EG0	11507	Procter & Gamble		11/10/2014	3,000,000.00	3,060,960.00	2,999,490.00	1.900	1,817	1.904	1,126	11/01/2019
89236TBP9	11472	Toyota Motor Credit Corp		07/21/2014	4,000,000.00	4,073,920.00	4,000,000.00	2.125	1,823	2.125	1,020	07/18/2019
89236TCP8	11620	Toyota Motor Credit Corp		08/11/2015	2,000,000.00	2,010,820.00	2,000,000.00	1.550	1,067	1.550	650	07/13/2018
89236TDC6	11729	Toyota Motor Credit Corp		04/25/2016	3,000,000.00	2,971,230.00	3,000,000.00	1.100	730	1.100	571	04/25/2018
90520EAF8	11493	MUFG UNION BANK		09/30/2014	4,000,000.00	4,050,320.00	3,991,080.00	2.250	1,679	2.301	947	05/06/2019
90331HMC4	11807	US Bank		09/20/2016	4,000,000.00	4,000,640.00	4,009,311.11	1.100	132	0.876	121	01/30/2017
94974BEZ9	11648	Wells Fargo & Compnay		10/23/2015	3,000,000.00	3,009,540.00	3,061,530.00	2.625	419	0.820	75	12/15/2016
94974BGM6	11773	Wells Fargo & Compnay		07/15/2016	2,000,000.00	2,040,580.00	2,066,480.00	2.600	1,468	1.740	1,390	07/22/2020
949746SA0	11784	Wells Fargo & Compnay		07/29/2016	2,500,000.00	2,491,425.00	2,504,945.83	2.100	1,823	2.063	1,759	07/26/2021
<b>Subtotal and Average</b>			<b>142,171,259.97</b>		<b>138,053,000.00</b>	<b>139,665,159.98</b>	<b>138,819,374.98</b>		<b>1,351</b>	<b>1.494</b>	<b>776</b>	
<b>Supranationals</b>												
4581X0CB2	11641	Inter-American Develop Bank		10/08/2015	1,500,000.00	1,500,945.00	1,506,375.00	0.875	404	0.659	45	11/15/2016
45905URG1	11566	IBRD (World Bank)		03/27/2015	2,000,000.00	2,003,660.00	2,001,280.00	0.700	662	0.664	108	01/17/2017
45905URF3	11592	IBRD (World Bank)		05/20/2015	3,000,000.00	3,008,880.00	3,006,030.00	0.900	789	0.806	289	07/17/2017
459058ET6	11643	IBRD (World Bank)		10/13/2015	3,000,000.00	3,000,030.00	3,000,000.00	0.800	731	0.800	377	10/13/2017
45905UVK7	11706	IBRD (World Bank)		03/17/2016	5,000,000.00	5,042,375.00	5,000,000.00	1.750	1,826	1.750	1,628	03/17/2021
459058FB4	11719	IBRD (World Bank)		04/26/2016	4,000,000.00	4,005,560.00	4,000,000.00	1.300	1,095	1.300	937	04/26/2019
45905UUL6	11769	IBRD (World Bank)		07/13/2016	4,000,000.00	4,018,180.00	4,026,920.00	1.200	743	1.060	663	07/26/2018
45950VJT4	11802	International Finance Corp.		09/02/2016	3,000,000.00	2,990,820.00	3,000,000.00	1.000	1,839	1.000	1,810	09/15/2021
45950VJS6	11803	International Finance Corp.		08/19/2016	5,000,000.00	4,951,550.00	5,000,000.00	1.000	1,822	1.000	1,779	08/15/2021
<b>Subtotal and Average</b>			<b>30,440,605.00</b>		<b>30,500,000.00</b>	<b>30,522,000.00</b>	<b>30,540,605.00</b>		<b>1,232</b>	<b>1.092</b>	<b>1,020</b>	
<b>State of California Obligations</b>												
13063CKL3	11459	State of California		06/09/2014	3,000,000.00	3,071,490.00	3,020,790.00	2.250	1,787	2.100	942	05/01/2019
13063CSQ4	11583	State of California		04/29/2015	2,500,000.00	2,554,125.00	2,507,050.00	1.800	1,799	1.740	1,278	04/01/2020
91412GSB2	11532	University of California		01/12/2015	1,130,000.00	1,144,791.70	1,127,333.20	1.796	1,631	1.851	1,003	07/01/2019

**City of Santa Monica  
Portfolio Management  
Portfolio Details - Investments  
September 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
<b>State of California Obligations</b>												
91412GSB2	11638	University of California		09/29/2015	2,500,000.00	2,532,725.00	2,521,775.00	1.796	1,371	1.556	1,003	07/01/2019
		<b>Subtotal and Average</b>	<b>9,176,948.20</b>		<b>9,130,000.00</b>	<b>9,303,131.70</b>	<b>9,176,948.20</b>		<b>1,657</b>	<b>1.822</b>	<b>1,058</b>	
		<b>Total and Average</b>	<b>680,143,441.64</b>		<b>673,922,093.81</b>	<b>675,782,182.29</b>	<b>674,661,876.18</b>		<b>1,097</b>	<b>1.126</b>	<b>772</b>	

**City of Santa Monica  
Portfolio Management  
Portfolio Details - Cash  
September 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			680,143,441.64		673,922,093.81	675,782,182.29	674,661,876.18		1,097	1.126	772

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

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
<b>Treasury Coupon Securities</b>							
<b>Subtotal</b>							<b>12,508,875.01</b>
<b>Federal Agency Coupon</b>							
3130A9A68	11801	Federal Home Loan Bank	1.125	09/14/2016	5,500,000.00	0.00	
3130A9FQ9	11805	Federal Home Loan Bank	1.000	09/28/2016	3,000,000.00	0.00	
3134G8PX1	11708	Fed Home Loan Mortgage Corp	1.200	09/28/2016	0.00	3,000,936.00	
3134G8UC1	11710	Fed Home Loan Mortgage Corp	1.450	09/30/2016	0.00	2,500,000.00	
3136G25M5	11669	Federal National Mort Assoc	1.865	09/19/2016	0.00	4,022,440.00	
3136G35R2	11804	Federal National Mort Assoc	1.250	09/20/2016	3,000,000.00	0.00	
3136G4CT8	11808	Federal National Mort Assoc	1.190	09/29/2016	5,000,000.00	0.00	
<b>Subtotal</b>					<b>16,500,000.00</b>	<b>9,523,376.00</b>	<b>403,817,174.45</b>
<b>Federal Agency Discount</b>							
313588E35	11715	Federal National Mort Assoc	0.380	09/01/2016	0.00	3,993,497.78	
313588H81	11678	Freddie mac Discount NT	0.610	09/30/2016	0.00	3,981,361.11	
<b>Subtotal</b>					<b>0.00</b>	<b>7,974,858.89</b>	<b>20,914,804.73</b>
<b>Local Agency Investment Funds (Monthly Summary)</b>							
SYS10090	10090	Local Agency Investment Fund	0.634		0.00	5,000,000.00	
<b>Subtotal</b>					<b>0.00</b>	<b>5,000,000.00</b>	<b>58,884,093.81</b>
<b>Columbia Money Market Fund (Monthly Summary)</b>							
<b>Subtotal</b>							<b>0.00</b>
<b>Local Agency Investment Funds - RDA (Monthly Summary)</b>							
<b>Subtotal</b>							<b>0.00</b>
<b>Corporate Bonds</b>							
037833CC2	11806	Apple Inc.	1.550	09/14/2016	1,992,720.00	0.00	
427866AP3	11449	HERSHEY COMPANY	5.450	09/01/2016	0.00	1,049,579.04	
88579YAD3	11467	3M	1.375	09/29/2016	0.00	3,605,842.80	
90521APH5	11431	UnionBanc Investments	1.500	09/26/2016	0.00	4,068,800.00	
90331HMC4	11807	US Bank	1.100	09/20/2016	4,003,200.00	0.00	
<b>Subtotal</b>					<b>5,995,920.00</b>	<b>8,724,221.84</b>	<b>138,819,374.98</b>

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

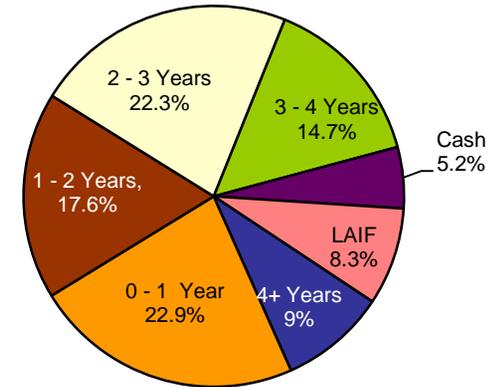
CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
<b>Supranationals</b>							
45950VJT4	11802	International Finance Corp.	1.000	09/02/2016	3,000,000.00	0.00	
		<b>Subtotal</b>			<b>3,000,000.00</b>	<b>0.00</b>	<b>30,540,605.00</b>
<b>State of California Obligations</b>							
		<b>Subtotal</b>					<b>9,176,948.20</b>
		<b>Total</b>			<b>25,495,920.00</b>	<b>31,222,456.73</b>	<b>674,661,876.18</b>

**Maturity Distribution**

The weighted average days to maturity of the portfolio as of September 30, 2016 is 772 days (2.11 years), an increase from August 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. Approximately 54% of the portfolio continues to be held in maturities of 2 years or less (including cash and LAIF balances).

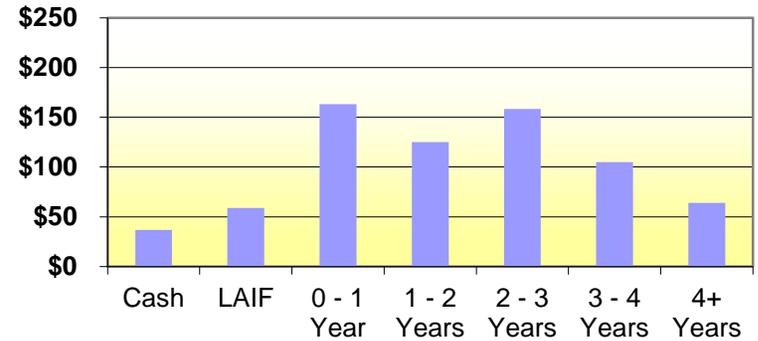
The current interest rate environment, while improving, is still extremely low compared to historical standards and continues to be very volatile. Based on this, the portfolio’s average days to maturity will likely continue to vary over the next several months. While many investments are still being made in shorter term securities, some investments in longer term securities that replace matured or called bonds are being made to take advantage of the yield curve. As noted earlier, interest rates are still expected to remain relatively low into 2017.

**Portfolio Maturities**



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

\$ 675,782,182.29	Market Value
<u>\$ 674,661,876.18</u>	Book Value
\$ 1,120,306.11	

### **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 September 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 three bonds issued by Berkshire Hathaway Company (BRK) with a total book value of \$8,041,860. Two of the bonds (book value (\$6,042,100) were held when Berkshire Hathaway bonds were slightly downgraded in May 2013 from AA+ to AA. The revised rating of AA is still within the second highest category of bond ratings (defined as high quality with a "very strong capacity to meet financial commitments"). Additionally, total

holdings in BRK represent a minor (1.2%) portion of the City's invested funds.

- The portfolio also holds one bond issued by 3M Corporation with a combined book value of \$4,991,400 (0.7% 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 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.
- The portfolio also holds two Bank of New York Mellon (BNY) bonds with a total book value \$7,070,480 and three Wells Fargo and Company bonds with a total book value of \$7,632,956. Two of the Wells Fargo bonds (book value \$6,058,650) and both the Bank of New York Mellon bonds were held in the City's portfolio when the credit rating for both companies was 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**

	Standard & Poors/ Fitch	Moody's	In Compliance (Yes/No)
<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 9/30/16**

	Pooled Portfolio (1) (3)	% of Portfolio	Legal/ Policy Limit	In Compliance (Yes/No)
<b>Federal Agency Securities</b>				
Federal Home Loan Bank	\$99,410,069.87	14.0%	50.0%	Yes
Federal National Mortgage Association	126,933,737.22	17.8%	50.0%	Yes
Federal Home Loan Mortgage Corporation	143,410,903.75	20.2%	50.0%	Yes
Farmer Mac	11,021,655.28	1.5%	50.0%	Yes
Federal Farm Credit Bank	43,955,613.06	6.2%	50.0%	Yes
<b>Total Federal Agency Securities</b>	<b>\$424,731,979.18</b>	<b>59.7%</b>	n/a	Yes
<b>Treasury Bills</b>	\$12,508,875.01	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>	\$138,819,374.98	19.5%	30.0%	Yes
<b>Supranationals</b>	\$30,540,605.00	4.3%	30.0%	Yes
<b>Money Market Mutual Funds</b>	\$0.00	0.0%	20.0%	Yes
<b>State Local Agency Investment Fund-City</b>	\$58,884,093.81	8.3%	\$65 million	Yes
<b>Cash (2)</b>	\$36,814,828.69	5.2%	None	Yes
<b>Total (Book Value)</b>	<b>\$711,476,704.87</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 (\$340,499.12), Successor Agency RPTTF account (\$25,968,471.21), Payroll account (\$140,600.59) 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 9/30/16 (Book Value)**

<b>Corporate Security</b>	<b>Pooled Portfolio</b>	<b>Credit Rating*</b>	<b>In Compliance (Yes/No)</b>
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
US Bank 1.10% maturing 01/30/17	\$4,009,311.11	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
Berkshire Hathaway 1.15% maturing 8/15/18	\$1,999,760.00	AA	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
Microsoft 1.10% maturing 08/08/19	\$2,996,910.00	AAA	Yes
Berkshire Hathaway 2.18% maturing 8/14/19	\$3,998,840.00	AA	Yes

<b>Corporate Security</b>	<b>Pooled Portfolio</b>	<b>Credit Rating*</b>	<b>In Compliance (Yes/No)</b>
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
Apple Inc. 1.55% maturing 08/04/21	\$1,996,164.44	AA+	Yes

\* Per Standard and Pools

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