City of
Santa Monica®

Information Item

Date: November 11, 2015

To: Mayor and City Council

From: Gigi Decavalles-Hughes, Director of Finance/City Treasurer

Subject: City Monthly Cash and Investment Report for September 2015

Introduction

In compliance with the City Charter, State law, and the City's Investment Policy, the attached monthly report provides information concerning City investments and cash held and/or managed by the Director of Finance/City Treasurer as of September 30, 2015.

Discussion

The September 2015 Cash and Investment Report provides an updated review of the City's investment portfolio and cash position. The value of cash and investments held in the pooled portfolio decreased by $0.6 million in September to $654 million. Expenditures for the purchase of new buses were partially offset by receipts from business license renewals. The pooled portfolio yield-to-maturity of 1.02% was slightly higher than the prior month and sixteen basis points higher than in September 2014. Net investment earnings for the month were $0.3 million. September year-to-date investment earnings were 27.9% greater than for the same period last year. Although the extended low interest rate environment continues to limit investment returns, portfolio yields continue to increase due to an upward trend in rates and the gradual rebalancing of the portfolio due to the resolution of the status of RDA assets with the State Controller's Office in June. As a result, the need to hold extraordinarily large cash balances has been removed; staff continues to rebalance the portfolio in a prudent and orderly manner.

In addition to the pooled portfolio, the City's total cash holdings as of September 30, 2015 included $15.1 million in debt proceeds held in trust with various fiscal agents, $20.3

million in other funds held in trust, and $28,922 in petty cash/change funds for a total balance of $689.4 million.

In compliance with Governmental Accounting Standards, the Monthly Cash and Investment Report provides the fair market value of all investments held by the City, with certain exceptions, as of the last day of the month. The fair market value may be greater or less than the original purchase price (book/reported value) of the investments due to fluctuations in the market resulting in either an unrealized gain or loss for financial disclosure purposes only. Since it is the City's policy to hold most securities to maturity, these fluctuations in market value do not affect the redemption value of the securities or the overall yield to maturity of the portfolio. The book values of investments shown in this report are exclusive of amortization/accretion of premiums/discounts. As of September 30, 2015, the market value of the City's portfolio was approximately $0.9 million less than the book value. Since the market price of bonds decreases as yields increase, this difference is likely to increase in the coming months as interest rates continue to move higher.

Attached is a summary of investment activity as well as a detailed report of public monies held by the City Treasurer as of September 30, 2015.

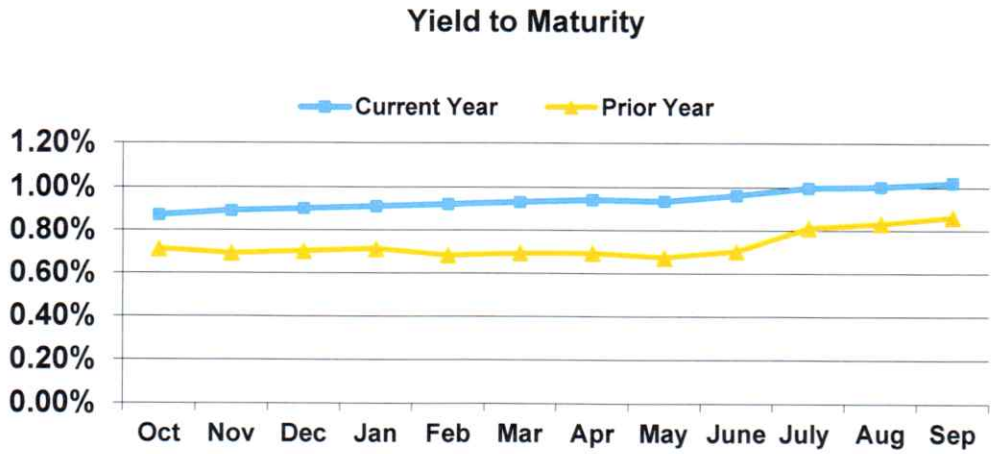
Prepared by: David Carr, Assistant City Treasurer

Attachments: 1 – Investment Highlights
2 – Investment Report

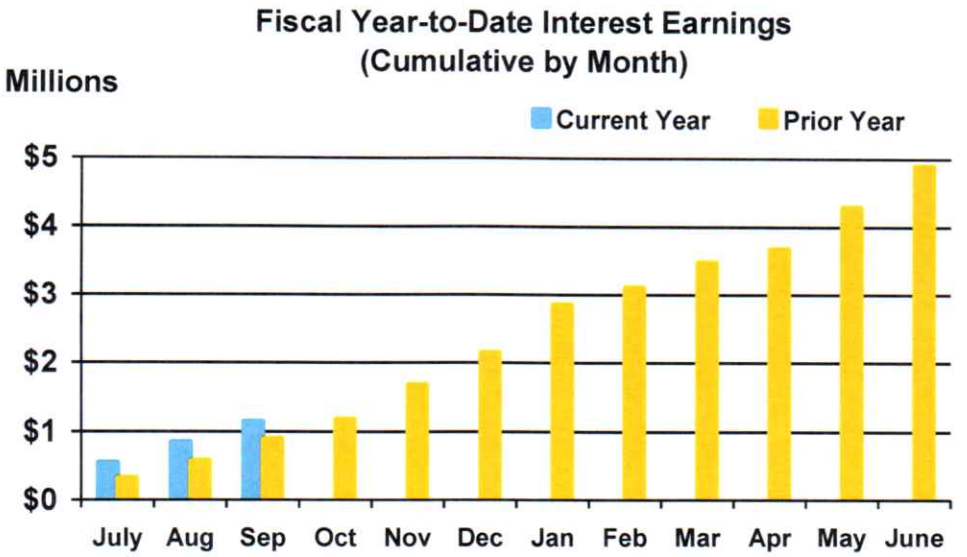
ATTACHMENT 1

Investment Highlights
September 30, 2015

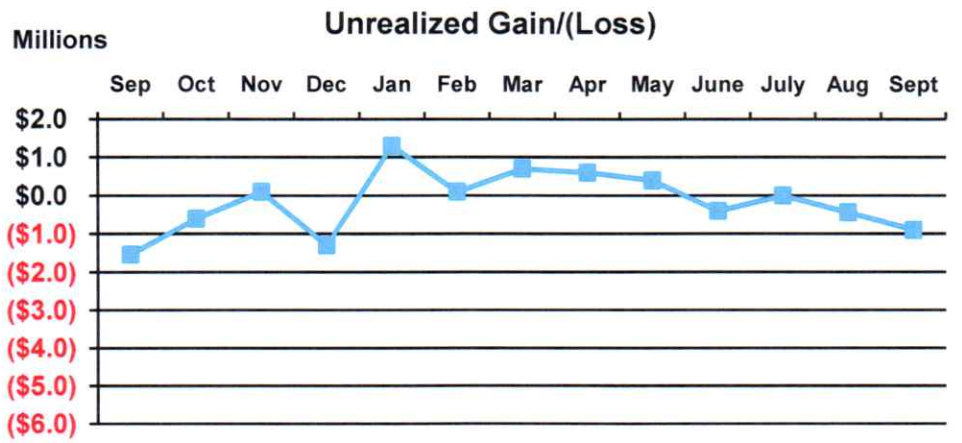
- As of September 30, 2015, the portfolio size is $654 million, $0.6 million less than in the prior month.
- Portfolio value is $8.6 million greater than one year ago.



- As of September 30, 2015, yield to maturity is 1.02%.
- The yield was up two basis points from the prior month and up sixteen basis points from one year earlier.



- September year-to-date interest earnings (cash basis) were 27.9% greater than one year earlier.



- As of September 30, 2015, the market value is about $0.9 million less than the unamortized book value (purchase price).

ATTACHMENT 2

City of
Santa Monica®

Investment Report
September 30, 2015

Prepared by:
Gigi Decavalles-Hughes, Director of Finance/City Treasurer
David R. Carr, Assistant City Treasurer

City of Santa Monica
Cash Receipts, Disbursements and Cash Balances
September 30, 2015

Petty Cash/Change Funds		**$28,922.00**
Pooled Portfolio		
Wells Fargo Bank (1)	$47,839,636.37	
Bank of New York (BNY)		
Cash	$0.00	
Corporate Bonds	$132,926,794.75	
Treasury Bills	$2,990,625.00	
State of California Bonds	$9,187,923.76	
Supranationals	$10,005,354.50	
Federal Agencies Securities	$401,401,061.49	
Total Bank of New York	$556,511,759.50	
State of California Local Agency Investment Fund - City	$49,656,167.44	
Total Pooled Portfolio		**$654,007,563.31**
Restricted Cash/Investments Held in Trust/Debt Proceeds		
Union Bank - Redevelopment Agency Term Loan	$11,650,309.60	
Union Bank-Earthquake Recovery Redevelopment 2006 Tax Allocation Refunding Bonds Series A & B	$9.44	
Union Bank-Civic Center Parking Project 2004 Lease Revenue Bonds	$54.02	
Union Bank-Civic Center Parking Project 2015 Lease Revenue Bonds	$67,597.93	
Union Bank-RDA 2011 Tax Allocation Bonds	$2,262,491.24	
BNY-2011 Parking Structure Series A & B	$2.82	
BNY-Parking Authority Lease Revenue Bonds 2002 Refunding	$4.09	
BNY-Public Safety Facility Bonds 2009 Refunding	$1,087,280.62	
U.S. Bank-Wastewater Enterprise Revenue Bonds-2012 Refunding	$0.15	
Total Restricted Cash/Investments Held in Trust		**$15,067,749.91**
Other Restricted Funds/Funds Held in Trust		
Cemetery Perpetual Care Fund (3)	$10,056,973.00	
Mausoleum Perpetual Care Fund (3)	$1,175,283.00	
Wells Fargo - Santa Monica Redevelopment Successor Agency RPTTF	$7,086,175.90	
Wells Fargo - HUD Depository Account (4)	$148,685.98	
Wells Fargo - Payroll Account	$152,711.75	
Wells Fargo - Public Agency Family Self Sufficiency Program (2)	$153,414.04	
Union Bank - W.E. O'Neil Direct Owner Costs PGW Escrow	$1,478,860.35	
Total Other Funds Held in Trust		**$20,252,104.02**
GRAND TOTAL		**$689,356,339.24**

City of Santa Monica
Cash Receipts, Disbursements and Cash Balances
September 30, 2015

(1) These are the actual bank account balances as of 9/30/2015. They only reflect checks and warrants that have been presented for payment and deposits received by the bank. The balance on deposit per the City books would reflect reductions for all checks and warrants issued and an increase for all deposits transmitted. Housing Authority and Parking Authority Funds are included in the totals.

(2) The City of Santa Monica Housing Authority administers the Family Self Sufficiency Program. An escrow account is set up for each family in the program. The Housing Authority maintains and releases the escrow funds as required by HUD regulations.

(3) The Cemetery Perpetual Care Funds and the Mausoleum Perpetual Care Funds are held in trust by Charles Schwab & Company, Inc. and administered by the investment firm Nelson Capital Management. Market value is shown since a large portion of the portfolio is in equities.

(4) HUD Depository account is used to receive monthly housing assistance payments from HUD.

Pursuant to Section 711d of the City Charter, I submit the following:

Cash and Investments - August 31, 2015	654,634,840.64
Receipts	55,169,280.06
Disbursements	(55,796,557.39)
Cash and Investments - September 30, 2015	654,007,563.31

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, 2015, total City cash and investments (including cash held for the Successor Agency to the Redevelopment Agency) were $689.4 million, a $0.7 million decrease from the prior month. The change primarily reflects a $0.6 million decrease in the pooled portfolio due to a large purchase of buses, partially offset by high receipts from business license renewals. Restricted Cash/Investments Held in Trust/Debt Proceeds and Other Restricted Funds/Funds Held in Trust were unchanged from prior month. Total cash and investments are categorized as follows:

Petty Cash/Change Funds	$ 28,922.00
Pooled Investment Portfolio	$ 654,007,563.31
Restricted Cash/Investment Held in Trust	$ 15,067,749.91
Other Funds Held in Trust	$ 20,252,104.02
Total	$ 689,356,339.24

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.

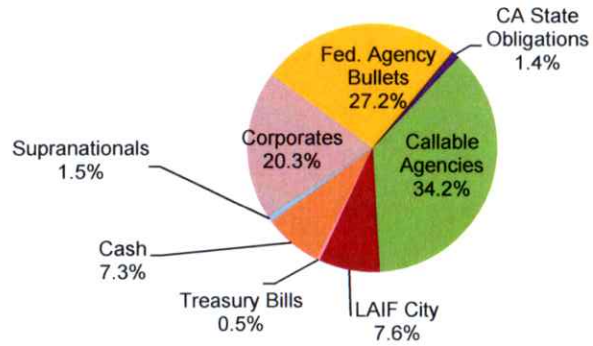
Pooled Investment Portfolio

As of September 30, 2015, the portfolio size (unamortized book value/purchase price) of City pooled cash and investments is $654 million, $0.6 million less than in the prior month. Since the City holds most investments to maturity, variations in portfolio book value are typically due to receipt and expenditure patterns during the month rather than any realized gains or losses on securities. Additionally, the City does not amortize premiums or accrete discounts except for financial reporting purposes on the last day of each fiscal year. As noted above, a large purchase of buses was partially offset by high receipts from business license renewals. Eleven investments were made during the month ($38.5 million), two investments matured ($15.2 million), and nine investments were called ($27.1 million). The balance of cash held at Wells Fargo Bank increased by about $3.2 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

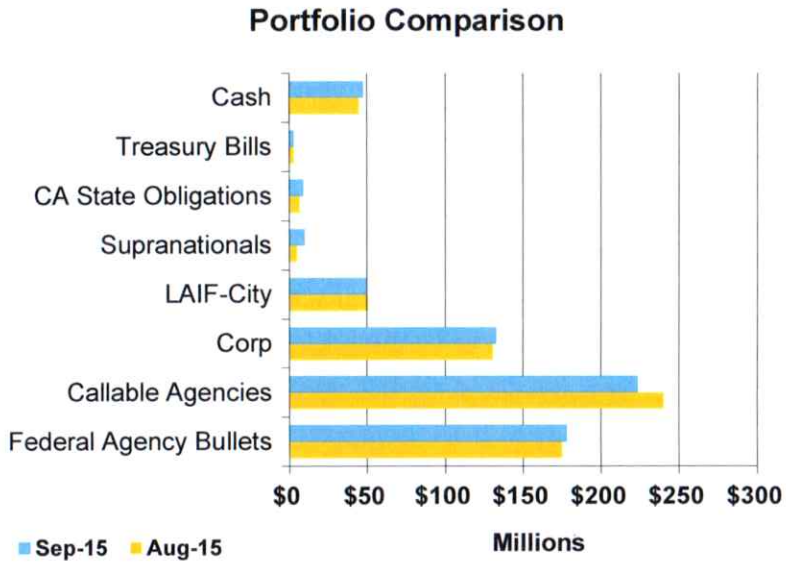
The portfolio is appropriately diversified and is in compliance with the City's Investment Policy and applicable provisions of the State Government Code. The largest sector of the portfolio is Federal Agency Securities (61.4%). The remaining 38.6% includes the State Local Agency Investment Fund (7.6%), corporate bonds (20.3%), CA State Obligations (1.4%), Treasury Bills (0.5%), Supranationals (1.5%) and cash (7.3%). This portfolio mix allows the City to maintain its primary investment objectives of safety and liquidity while attaining a rate of return consistent with the City's Investment Policy and investment strategy.

Portfolio Composition



Portfolio Comparison

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

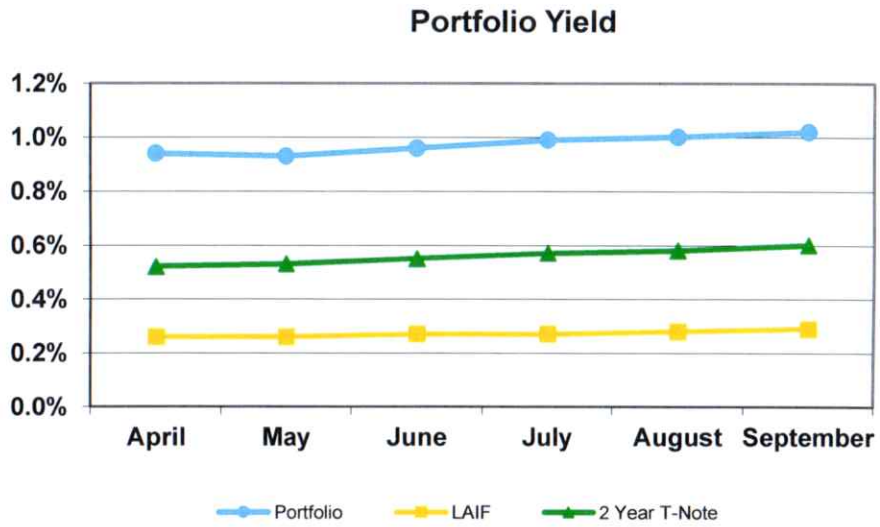


Rebalancing of Portfolio

As noted in the previous reports, the City continues to implement revisions to the investment strategy that is intended to increase portfolio returns with minimal increase in risk. While it will take some time to fully implement the new strategy, some initial steps have been taken. One of the changes is the approach to portfolio rebalancing. Staff has expanded the parameters of rebalancing to look for opportunities to improve portfolio performance even in these times of low and relatively stable interest rates. No rebalancing occurred in September. Staff will continue to look for prudent opportunities, which should become available as interest rates move up.

Portfolio Yield

The portfolio yield-to-maturity was 1.02% as of September 30, 2015, slightly higher than the prior month and sixteen basis points greater than one year earlier. Interest rates moved sharply lower in September as the Federal Reserve did not raise the Fed Funds rate as had been anticipated by many economists. The month-end two-year Constant Maturing Treasury security yield (CMT) decreased ten basis points in September after hitting a 3 ½ year high in August. The twelve month moving average did end the month at 0.60%, up two basis points from the prior month. As noted earlier, a significant amount of the portfolio is still being held in very liquid investments with short maturities, which also presents a downward pressure on the portfolio yield. The chart compares the month-end portfolio yield to the twelve-month moving averages of the two-year Constant Maturing Treasury security yield (CMT) and State Local Agency Investment Fund (LAIF) yield. The yield-to-maturity does not include the impact of the earnings allowance earned on deposits with Wells Fargo Bank. As noted earlier, these deposits earned a net 0.0725% in September. However, this allowance is not payable to the City in cash and can only be used to offset bank fees. Therefore, this allowance is not included in the yield-to-maturity calculation.



As noted above, interest rates in the two to five year maturity range fell sharply in August after five months of increases. Some rate volatility will likely continue in the upcoming months as financial markets try and assess economic data and the timing of future action by the Federal Reserve, now expected no earlier than December 2015. In addition, uncertain global economic activity continues to affect rates. During the last nine months, the two year CMT month-end rate has varied from a low of 0.47% to the August high of 0.74%. Rates are now expected to remain relatively low at least through the fall of 2015. The twelve month moving average LAIF yield was 0.29% in September, one basis point higher than last month, and remains near its all-time low. The month-end LAIF rate was 0.34%, the highest level in over two years, but also still near the all-time low.

As noted, The Federal Open Market Committee (Fed) left the target Fed Funds rate unchanged at a range of 0% to 0.25%. The Fed policy statement continued to note that economic growth has expanded moderately. The pace of job growth and labor utilization rates picked up a bit and growth in household spending was moderate. While business investments picked up, exports remained soft. Inflation continues to be low reflecting declining energy prices. The Fed statement noted that the Fed continues to believe economic data indicate lower interest rates are still appropriate and that they will be patient in deciding when to tighten (raise) the rate. It will do so when it has seen further improvement in the job market and believes inflation is approaching its 2% objective. Most analysts now expect Fed action in December 2015. Second quarter GDP showed an unexpectedly strong increase of 3.9% after tepid growth of just 0.6% in the previous quarter. However, the third quarter increase was a mild 1.5%. Most recent economic projections predict annualized growth in the 2.5-3% range for the full year. The September unemployment rate remained at 5.1%, the lowest level since April 2008. The stock market, as measured by the Dow Jones Industrial Average fell for the second consecutive month, down 1.5% after a 6.6% decrease in September.

The City's portfolio yield-to-maturity is now showing a consistent, but moderate upward trend. However, interest rates remain somewhat volatile and this volatility is likely to continue over the next several months as the market tries to anticipate Fed action. Overall, modest portfolio yield increases can be anticipated as the new investment strategy is implemented and the RDA situation is completely resolved.

Net investment income on a cash basis in September was $0.3 million. Year-to-date earnings are 27.9% greater than for the same period last year.

City of Santa Monica
Portfolio Management
Portfolio Details - Investments
September 30, 2015

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
Treasury Coupon Securities												
912828WT3	11477	U. S. Treasury Note		07/25/2014	3,000,000.00	3,014,100.00	2,990,625.00	0.875	1,086	0.982	653	07/15/2017
		Subtotal and Average	**2,990,625.00**		**3,000,000.00**	**3,014,100.00**	**2,990,625.00**		**1,086**	**0.982**	**653**	
Federal Agency Coupon												
31331J4J9	11020	Federal Farm Credit Bank		12/07/2010	2,000,000.00	2,006,040.00	2,000,000.00	1.740	1,826	1.740	67	12/07/2015
3133EA3J5	11253	Federal Farm Credit Bank		10/10/2012	5,000,000.00	4,960,150.00	5,000,000.00	0.900	1,826	0.900	740	10/10/2017
3133EA5W4	11260	Federal Farm Credit Bank		10/24/2012	5,000,000.00	5,000,300.00	5,000,000.00	0.650	1,461	0.650	389	10/24/2016
3133ECKV5	11302	Federal Farm Credit Bank		04/05/2013	3,000,000.00	2,998,110.00	3,000,000.00	0.700	1,522	0.700	613	06/05/2017
3133EA4H8	11305	Federal Farm Credit Bank		04/04/2013	5,000,000.00	4,989,350.00	4,999,250.00	0.820	1,559	0.824	649	07/11/2017
3133EDNC2	11456	Federal Farm Credit Bank		06/13/2014	2,500,000.00	2,506,925.00	2,499,375.00	0.700	945	0.710	470	01/13/2017
3133EDQL9	11481	Federal Farm Credit Bank		08/27/2014	3,000,000.00	3,000,150.00	2,999,640.00	0.230	414	0.241	14	10/15/2015
3133EDNS7	11508	Federal Farm Credit Bank		11/06/2014	2,105,000.00	2,105,357.85	2,104,305.35	0.450	592	0.470	263	06/20/2016
3133EEFP0	11523	Federal Farm Credit Bank		12/22/2014	2,500,000.00	2,503,825.00	2,498,750.00	1.200	1,092	1.217	809	12/18/2017
3133EDK92	11527	Federal Farm Credit Bank		12/24/2014	5,000,000.00	5,010,900.00	4,990,500.00	0.500	579	0.621	298	07/25/2016
3133EEYJ3	11573	Federal Farm Credit Bank		04/13/2015	2,500,000.00	2,509,825.00	2,500,000.00	1.680	1,827	1.680	1,656	04/13/2020
3133EE2D1	11607	Federal Farm Credit Bank		06/24/2015	5,000,000.00	5,034,700.00	5,000,000.00	1.720	1,461	1.720	1,362	06/24/2019
3133EE4S6	11615	Federal Farm Credit Bank		07/29/2015	5,000,000.00	5,012,350.00	4,992,250.00	1.650	1,461	1.690	1,397	07/29/2019
3133823A9	11285	Federal Home Loan Bank		02/22/2013	769,230.77	769,623.08	769,230.77	1.150	1,826	1.150	875	02/22/2018
3133834R9	11322	Federal Home Loan Bank		05/15/2013	3,000,000.00	2,997,120.00	2,990,280.00	0.375	1,136	0.480	267	06/24/2016
313383GK1	11337	Federal Home Loan Bank		06/27/2013	3,800,000.00	3,804,750.00	3,800,000.00	1.125	1,826	1.125	1,000	06/27/2018
313383C25	11345	Federal Home Loan Bank		06/25/2013	2,500,000.00	2,510,825.00	2,412,500.00	1.200	1,821	1.818	993	06/20/2018
313379DT3	11386	Federal Home Loan Bank		11/12/2013	4,000,000.00	4,025,720.00	3,960,880.00	1.250	1,669	1.472	981	06/08/2018
3130A0XC9	11435	Federal Home Loan Bank		02/26/2014	4,000,000.00	4,002,640.00	4,000,000.00	1.300	1,461	1.300	879	02/26/2018
3130A1BK3	11444	Federal Home Loan Bank		03/24/2014	5,000,000.00	5,003,500.00	5,000,000.00	0.500	823	0.500	267	06/24/2016
3130A25G7	11453	Federal Home Loan Bank		06/05/2014	3,000,000.00	3,000,360.00	2,999,526.00	1.050	1,188	1.055	705	09/05/2017
3130A2ZY5	11488	Federal Home Loan Bank		09/15/2014	2,500,000.00	2,500,050.00	2,499,725.00	0.210	389	0.220	8	10/09/2015
3130A2QV1	11494	Federal Home Loan Bank		10/01/2014	5,000,000.00	5,003,000.00	5,001,950.00	0.340	481	0.310	116	01/25/2016
313375RN9	11504	Federal Home Loan Bank		11/04/2014	3,000,000.00	3,010,440.00	3,026,280.00	1.000	493	0.353	162	03/11/2016
3130A3KJ2	11514	Federal Home Loan Bank		11/21/2014	3,000,000.00	3,002,460.00	3,000,000.00	0.320	483	0.320	169	03/18/2016
313383R78	11516	Federal Home Loan Bank		11/21/2014	2,825,000.00	2,831,836.50	2,838,644.75	0.750	605	0.457	291	07/18/2016
3130A3HV9	11521	Federal Home Loan Bank		12/03/2014	3,000,000.00	2,999,790.00	2,997,840.00	0.125	350	0.200	48	11/18/2015
3130A3S88	11526	Federal Home Loan Bank		12/22/2014	3,355,000.00	3,356,073.60	3,353,221.85	0.250	358	0.304	75	12/15/2015
3133834R9	11528	Federal Home Loan Bank		12/24/2014	5,000,000.00	4,995,200.00	4,985,750.00	0.375	548	0.566	267	06/24/2016
3130A3PA6	11530	Federal Home Loan Bank		12/30/2014	6,000,000.00	6,018,480.00	6,000,000.00	1.550	1,826	1.550	1,551	12/30/2019
3130A2C61	11540	Federal Home Loan Bank		01/30/2015	3,000,000.00	2,999,940.00	2,999,790.00	0.375	497	0.380	253	06/10/2016
3130A3Y32	11546	Federal Home Loan Bank		02/04/2015	3,000,000.00	3,001,620.00	3,000,000.00	0.270	383	0.270	144	02/22/2016

City of Santa Monica
Portfolio Management
Portfolio Details - Investments
September 30, 2015

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	YTM 365	Days to Maturity	Maturity Date
Federal Agency Coupon												
3130A4GY2	11552	Federal Home Loan Bank		03/24/2015	5,500,000.00	5,519,965.00	5,500,000.00	1.375	1,280	1.375	1,089	09/24/2018
3130A4HE5	11554	Federal Home Loan Bank		03/23/2015	3,000,000.00	3,010,470.00	3,000,000.00	1.200	1,096	1.200	904	03/23/2018
3130A4KX9	11556	Federal Home Loan Bank		03/30/2015	4,750,000.00	4,800,160.00	4,750,000.00	1.800	1,827	1.800	1,642	03/30/2020
3130A4Q54	11558	Federal Home Loan Bank		03/18/2015	5,000,000.00	5,014,400.00	5,000,000.00	0.800	791	0.798	594	05/17/2017
3130A4RJ3	11562	Federal Home Loan Bank		04/13/2015	3,000,000.00	2,996,790.00	3,000,000.00	1.200	1,187	1.200	1,016	07/13/2018
3130A4TH5	11570	Federal Home Loan Bank		03/30/2015	3,000,000.00	2,998,470.00	3,000,000.00	1.300	1,369	1.300	1,184	12/28/2018
3130A4WN8	11572	Federal Home Loan Bank		04/29/2015	2,500,000.00	2,507,100.00	2,500,000.00	1.500	1,827	1.500	1,672	04/29/2020
3130A4WW8	11574	Federal Home Loan Bank		04/29/2015	2,500,000.00	2,498,525.00	2,500,000.00	1.350	1,461	1.350	1,306	04/29/2019
3130A4SL7	11577	Federal Home Loan Bank		04/09/2015	1,285,000.00	1,284,781.55	1,285,000.00	1.375	1,450	1.375	1,275	03/29/2019
3130A4Y63	11580	Federal Home Loan Bank		04/23/2015	2,500,000.00	2,500,625.00	2,498,913.89	0.250	358	0.300	197	04/15/2016
3130A4W32	11584	Federal Home Loan Bank		04/28/2015	2,500,000.00	2,501,175.00	2,500,000.00	0.700	731	0.700	575	04/28/2017
3130A5AV1	11586	Federal Home Loan Bank		05/26/2015	2,000,000.00	2,002,260.00	2,000,000.00	0.500	731	0.500	603	05/26/2017
3130A4JT0	11590	Federal Home Loan Bank		03/17/2015	2,750,000.00	2,750,880.00	2,750,190.97	0.500	1,701	0.500	1,503	11/12/2019
313379EE5	11596	Federal Home Loan Bank		05/21/2015	3,000,000.00	3,040,950.00	3,021,810.00	1.625	1,485	1.592	1,352	06/14/2019
3130A3CC6	11599	Federal Home Loan Bank		05/27/2015	10,000,000.00	10,000,400.00	10,004,269.44	0.190	140	0.137	13	10/14/2015
3130A5RE1	11608	Federal Home Loan Bank		06/29/2015	3,000,000.00	3,004,680.00	3,000,000.00	1.170	1,096	1.170	1,002	06/29/2018
3130A5VK2	11613	Federal Home Loan Bank		07/22/2015	4,000,000.00	4,013,240.00	4,000,000.00	1.575	1,461	1.575	1,390	07/22/2019
313380EC7	11628	Federal Home Loan Bank		09/22/2015	3,000,000.00	3,000,690.00	2,997,815.00	0.750	717	0.802	708	09/08/2017
3134G3B90	11243	Fed Home Loan Mortgage Corp		08/15/2012	2,000,000.00	2,007,500.00	1,998,520.00	0.875	1,826	0.890	684	08/15/2017
3137EADJ5	11290	Fed Home Loan Mortgage Corp		01/31/2013	2,500,000.00	2,516,900.00	2,509,875.00	1.000	1,639	0.910	666	07/28/2017
3134G37H7	11301	Fed Home Loan Mortgage Corp		04/25/2013	5,000,000.00	5,003,000.00	5,000,000.00	1.150	1,826	1.150	937	04/25/2018
3134G44N5	11317	Fed Home Loan Mortgage Corp		05/28/2013	3,000,000.00	2,989,860.00	3,000,000.00	0.750	1,645	0.750	789	11/28/2017
3137EADH9	11335	Fed Home Loan Mortgage Corp		05/29/2013	3,000,000.00	3,020,460.00	3,009,930.00	1.000	1,492	0.976	637	06/29/2017
3134G3ZH6	11341	Fed Home Loan Mortgage Corp		06/06/2013	4,000,000.00	4,022,760.00	4,000,000.00	1.000	1,510	1.000	663	07/25/2017
3137EADH9	11348	Fed Home Loan Mortgage Corp		06/27/2013	2,500,000.00	2,517,050.00	2,474,375.00	1.000	1,463	1.346	637	06/29/2017
3137EADJ5	11394	Fed Home Loan Mortgage Corp		12/17/2013	5,000,000.00	5,033,800.00	4,992,900.00	1.000	1,319	1.040	666	07/28/2017
3134G3W55	11455	Fed Home Loan Mortgage Corp		06/03/2014	3,000,000.00	3,001,350.00	3,009,480.00	0.450	539	0.235	54	11/24/2015
3134G5AQ8	11463	Fed Home Loan Mortgage Corp		06/30/2014	2,000,000.00	2,002,280.00	2,000,000.00	0.700	914	0.700	456	12/30/2016
3134G5LV5	11498	Fed Home Loan Mortgage Corp		11/17/2014	2,500,000.00	2,508,725.00	2,499,910.00	1.000	1,096	1.001	778	11/17/2017
3134G5MF9	11501	Fed Home Loan Mortgage Corp		11/12/2014	2,500,000.00	2,503,275.00	2,500,000.00	1.250	1,826	1.250	1,503	11/12/2019
3134G4Z92	11520	Fed Home Loan Mortgage Corp		12/03/2014	2,500,000.00	2,508,500.00	2,505,475.00	0.875	866	0.782	564	04/17/2017
3134G5VF9	11525	Fed Home Loan Mortgage Corp		12/29/2014	5,000,000.00	5,011,650.00	5,000,000.00	1.450	1,278	1.450	1,002	06/29/2018
3134G6AC7	11538	Fed Home Loan Mortgage Corp		01/28/2015	3,000,000.00	3,008,730.00	3,000,000.00	0.850	912	0.850	666	07/28/2017
3134G6CN1	11541	Fed Home Loan Mortgage Corp		02/18/2015	3,000,000.00	3,003,000.00	3,000,000.00	1.000	912	1.000	687	08/18/2017
3134G6CN1	11542	Fed Home Loan Mortgage Corp		02/18/2015	2,000,000.00	2,002,000.00	2,000,000.00	1.000	912	1.000	687	08/18/2017
3134G6AY9	11544	Fed Home Loan Mortgage Corp		02/17/2015	3,000,000.00	3,003,930.00	2,999,250.00	0.700	731	0.713	505	02/17/2017

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Federal Agency Coupon												
3133EEPA2	11548	Fed Home Loan Mortgage Corp		02/12/2015	4,000,000.00	4,005,920.00	4,000,000.00	1.070	1,096	1.070	865	02/12/2018
3134G6RG0	11563	Fed Home Loan Mortgage Corp		04/29/2015	4,000,000.00	4,003,160.00	4,000,000.00	1.350	1,279	1.350	1,124	10/29/2018
3134G6UP6	11578	Fed Home Loan Mortgage Corp		04/29/2015	2,500,000.00	2,501,625.00	2,500,000.00	1.000	1,827	1.000	1,672	04/29/2020
3134G6XU2	11585	Fed Home Loan Mortgage Corp		05/14/2015	4,000,000.00	4,005,240.00	4,000,000.00	1.250	1,827	1.250	1,687	05/14/2020
3134G6W41	11593	Fed Home Loan Mortgage Corp		05/29/2015	3,000,000.00	3,001,800.00	3,000,000.00	0.800	727	0.800	602	05/25/2017
3134G6V42	11594	Fed Home Loan Mortgage Corp		06/29/2015	4,000,000.00	4,010,600.00	4,000,000.00	2.000	1,827	2.000	1,733	06/29/2020
3134G6R47	11598	Fed Home Loan Mortgage Corp		06/10/2015	5,000,000.00	5,020,150.00	5,000,000.00	1.500	1,461	1.500	1,348	06/10/2019
3134G65Q2	11600	Fed Home Loan Mortgage Corp		06/24/2015	2,000,000.00	2,002,680.00	2,000,000.00	1.000	1,644	1.000	1,545	12/24/2019
3134G63H4	11601	Fed Home Loan Mortgage Corp		05/29/2015	2,500,000.00	2,504,925.00	2,500,000.00	1.000	913	1.000	788	11/27/2017
3134G6V42	11602	Fed Home Loan Mortgage Corp		06/29/2015	5,000,000.00	5,013,250.00	5,000,000.00	2.000	1,827	2.000	1,733	06/29/2020
3134G67L1	11603	Fed Home Loan Mortgage Corp		06/30/2015	3,000,000.00	3,005,880.00	3,000,000.00	1.300	1,094	1.300	1,001	06/28/2018
3134G7BK6	11605	Fed Home Loan Mortgage Corp		06/30/2015	4,000,000.00	4,004,720.00	4,000,000.00	1.000	1,821	1.000	1,728	06/24/2020
3134G7DQ1	11609	Fed Home Loan Mortgage Corp		07/29/2015	5,445,000.00	5,450,935.05	5,445,000.00	1.750	1,827	1.750	1,763	07/29/2020
3134G7HB0	11614	Fed Home Loan Mortgage Corp		07/30/2015	3,000,000.00	3,004,200.00	3,000,000.00	2.000	1,827	2.000	1,764	07/30/2020
3134G7MF5	11616	Fed Home Loan Mortgage Corp		08/18/2015	5,000,000.00	5,005,100.00	5,000,000.00	1.000	1,827	1.000	1,783	08/18/2020
3134G7RA1	11619	Fed Home Loan Mortgage Corp		08/27/2015	2,500,000.00	2,506,875.00	2,500,000.00	2.050	1,827	2.050	1,792	08/27/2020
3134G7QZ7	11622	Fed Home Loan Mortgage Corp		08/27/2015	5,000,000.00	5,003,150.00	5,000,000.00	1.250	1,827	1.250	1,792	08/27/2020
3134G7YX3	11626	Fed Home Loan Mortgage Corp		09/28/2015	3,000,000.00	3,006,480.00	3,000,000.00	1.550	1,369	1.550	1,366	06/28/2019
3134G7XN6	11629	Fed Home Loan Mortgage Corp		09/30/2015	2,500,000.00	2,496,675.00	2,500,000.00	1.250	1,827	2.140	1,826	09/30/2020
3134G7XN6	11633	Fed Home Loan Mortgage Corp		09/30/2015	2,500,000.00	2,496,675.00	2,500,000.00	1.250	1,827	2.140	1,826	09/30/2020
3134G7G70	11637	Fed Home Loan Mortgage Corp		09/28/2015	2,500,000.00	2,496,450.00	2,500,000.00	1.400	1,369	1.400	1,366	06/28/2019
31315PYT0	11318	Farmer Mac		05/02/2013	3,000,000.00	3,000,420.00	3,000,000.00	0.990	1,826	0.990	944	05/02/2018
31315PN88	11351	Farmer Mac		07/05/2013	2,000,000.00	2,012,340.00	2,000,000.00	1.100	1,301	1.100	483	01/26/2017
31315P6X2	11499	Farmer Mac		10/29/2014	2,000,000.00	2,000,120.00	1,999,850.00	0.180	365	0.188	28	10/29/2015
31315PQ28	11511	Farmer Mac		11/20/2014	2,000,000.00	2,005,060.00	2,000,000.00	1.970	1,826	1.970	1,511	11/20/2019
3136G1DA4	11286	Federal National Mort Assoc		02/28/2013	5,000,000.00	5,004,350.00	5,000,000.00	1.000	1,826	1.171	881	02/28/2018
3135G0XA6	11319	Federal National Mort Assoc		05/21/2013	3,000,000.00	2,991,660.00	3,000,000.00	1.030	1,826	1.030	963	05/21/2018
3135G0PP2	11425	Federal National Mort Assoc		02/12/2014	2,500,000.00	2,510,450.00	2,492,050.00	1.000	1,316	1.090	720	09/20/2017
3136G22T3	11468	Federal National Mort Assoc		07/28/2014	4,000,000.00	4,017,120.00	4,000,000.00	1.050	1,096	1.050	666	07/28/2017
3136G22V8	11469	Federal National Mort Assoc		07/25/2014	4,000,000.00	4,034,360.00	4,000,000.00	1.500	1,461	1.500	1,028	07/25/2018
3136G26U6	11487	Federal National Mort Assoc		10/07/2014	2,500,000.00	2,533,775.00	2,500,000.00	2.000	1,826	2.000	1,467	10/07/2019
3135G0ZF3	11491	Federal National Mort Assoc		09/17/2014	4,000,000.00	4,021,360.00	4,000,000.00	1.070	1,045	1.070	666	07/28/2017
3136G2D87	11537	Federal National Mort Assoc		02/13/2015	3,000,000.00	3,005,160.00	3,000,000.00	1.000	1,096	1.000	866	02/13/2018
3136G2EF0	11545	Federal National Mort Assoc		02/27/2015	2,000,000.00	1,999,300.00	2,000,000.00	1.450	1,461	1.450	1,245	02/27/2019
3136G2G92	11571	Federal National Mort Assoc		04/27/2015	2,500,000.00	2,501,600.00	2,500,000.00	1.050	1,096	1.050	939	04/27/2018
3136G2J81	11587	Federal National Mort Assoc		05/27/2015	5,000,000.00	5,012,000.00	5,000,000.00	1.850	1,827	1.850	1,700	05/27/2020

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Federal Agency Coupon												
3136G2K48	11589	Federal National Mort Assoc		05/27/2015	5,000,000.00	5,025,850.00	5,000,000.00	1.800	1,827	1.800	1,700	05/27/2020
3135G0XP3	11617	Federal National Mort Assoc		08/05/2015	5,000,000.00	5,000,100.00	5,002,012.50	0.375	335	0.365	278	07/05/2016
		Subtotal and Average	**370,093,671.51**		**363,084,230.77**	**363,803,257.63**	**362,966,315.52**		**1,266**	**1.080**	**912**	
Federal Agency Discount												
313312C24	11621	Federal Farm Credit Bank		08/19/2015	3,000,000.00	2,992,440.00	2,986,425.00		362	0.465	319	08/15/2016
313312C65	11634	Federal Farm Credit Bank		09/23/2015	5,000,000.00	4,987,250.00	4,982,070.83	0.390	331	0.403	323	08/19/2016
313384PK9	11612	Federal Home Loan Bank		06/29/2015	7,500,000.00	7,499,325.00	7,496,302.08	0.125	142	0.127	48	11/18/2015
313384TM1	11623	Federal Home Loan Bank		08/27/2015	5,000,000.00	4,996,550.00	4,992,961.11		181	0.284	146	02/24/2016
313384WD7	11635	Federal Home Loan Bank		09/23/2015	5,000,000.00	4,993,300.00	4,992,430.56	0.250	218	0.257	210	04/28/2016
313588UP8	11604	Federal National Mort Assoc		06/03/2015	3,000,000.00	2,997,060.00	2,994,646.67	0.220	292	0.227	172	03/21/2016
313588SF3	11624	Federal National Mort Assoc		08/27/2015	5,000,000.00	4,997,900.00	4,995,176.39		151	0.233	116	01/25/2016
313588SN6	11625	Federal National Mort Assoc		08/27/2015	5,000,000.00	4,997,100.00	4,994,733.33	0.240	158	0.244	123	02/01/2016
		Subtotal and Average	**36,119,343.56**		**38,500,000.00**	**38,460,925.00**	**38,434,745.97**		**213**	**0.263**	**167**	
Local Agency Investment Funds												
SYS10090	10090	Local Agency Investment Fund			49,656,167.44	49,656,167.44	49,656,167.44	0.337	1	0.337	1	
		Subtotal and Average	**49,656,167.44**		**49,656,167.44**	**49,656,167.44**	**49,656,167.44**		**1**	**0.337**	**1**	
Columbia Money Market Fund												
SYS10091	10091	Columbia Money Market Reserves		09/15/2006	0.00	0.00	0.00	0.010	1	0.010	1	
		Subtotal and Average	**0.00**		**0.00**	**0.00**	**0.00**		**0**	**0.000**	**0**	
Local Agency Investment Funds - RDA												
SYS10092	10092	LAIF - RDA		03/17/2009	0.00	0.00	0.00	0.385	1	0.385	1	
		Subtotal and Average	**0.00**		**0.00**	**0.00**	**0.00**		**0**	**0.000**	**0**	
Corporate Bonds												
053015AD5	11632	AUTOMATIC DATA PROCESSING		09/24/2015	2,500,000.00	2,515,325.00	2,518,181.25	2.250	1,818	2.107	1,811	09/15/2020
037833AH3	11320	Apple Inc.		05/06/2013	3,000,000.00	3,000,810.00	3,002,430.00	0.450	1,093	0.423	215	05/03/2016
037833AJ9	11321	Apple Inc.		05/06/2013	2,500,000.00	2,488,325.00	2,505,600.00	1.000	1,823	0.954	945	05/03/2018
037833AJ9	11326	Apple Inc.		05/17/2013	2,500,000.00	2,488,325.00	2,478,975.00	1.000	1,812	1.175	945	05/03/2018
037833AQ3	11461	Apple Inc.		06/13/2014	3,000,000.00	3,046,440.00	3,011,100.00	2.100	1,788	2.020	1,313	05/06/2019
06406HCU1	11610	Bank of New York Mellon		06/26/2015	2,000,000.00	2,016,880.00	2,011,991.11	2.200	1,419	2.390	1,322	05/15/2019
06406HCL1	11618	Bank of New York Mellon		08/07/2015	5,000,000.00	5,056,950.00	5,065,250.00	2.100	1,090	1.662	1,035	08/01/2018

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Corporate Bonds												
084670BG2	11291	Berkshire Hathaway		02/11/2013	2,000,000.00	2,003,280.00	2,005,620.00	0.800	1,095	0.705	133	02/11/2016
084670BL1	11490	Berkshire Hathaway		09/16/2014	4,000,000.00	4,069,960.00	3,998,840.00	2.100	1,793	2.106	1,413	08/14/2019
084670BD9	11565	Berkshire Hathaway		03/31/2015	2,000,000.00	2,026,820.00	2,043,260.00	1.900	672	0.710	488	01/31/2017
19416QEB2	11476	Colgate Palmolive		07/28/2014	1,500,000.00	1,489,650.00	1,472,835.00	0.900	1,373	1.396	943	05/01/2018
19416QDX5	11509	Colgate Palmolive		11/10/2014	3,698,000.00	3,731,097.10	3,733,759.66	1.300	797	0.851	472	01/15/2017
1727275	11500	Cisco Systems		10/27/2014	5,000,000.00	5,016,450.00	5,031,600.00	1.100	858	0.828	519	03/03/2017
17275RAR3	11502	Cisco Systems		10/30/2014	2,500,000.00	2,531,350.00	2,531,750.00	2.125	1,583	1.819	1,247	03/01/2019
17275RAU6	11606	Cisco Systems		06/18/2015	2,500,000.00	2,518,225.00	2,506,214.58	1.650	1,093	1.566	988	06/15/2018
25468PDA1	11519	Walt Disney Company		11/28/2014	4,000,000.00	4,025,560.00	3,991,229.24	1.850	1,644	1.901	1,337	05/30/2019
25468PDA1	11551	Walt Disney Company		02/23/2015	2,000,000.00	2,012,780.00	2,006,230.00	1.850	1,557	1.774	1,337	05/30/2019
25468PDE3	11627	Walt Disney Company		09/18/2015	5,000,000.00	5,018,900.00	4,977,948.61	2.150	1,826	2.245	1,813	09/17/2020
427866AP3	11449	HERSHEY COMPANY		05/20/2014	947,000.00	989,169.91	1,049,579.04	5.450	835	0.656	336	09/01/2016
459200GX3	11473	IBM Corp		07/24/2014	4,000,000.00	4,045,960.00	4,105,920.00	1.950	729	0.612	295	07/22/2016
459200HZ7	11549	IBM Corp		02/06/2015	3,000,000.00	2,992,740.00	2,990,850.00	1.125	1,096	1.229	859	02/06/2018
459200HL8	11588	IBM Corp		05/08/2015	2,073,000.00	2,073,497.52	2,075,104.10	0.450	364	0.350	218	05/06/2016
458140AL4	11513	Intel		11/20/2014	3,000,000.00	2,994,630.00	2,995,260.00	1.350	1,121	1.403	806	12/15/2017
478160AY0	11293	Johnson & Johnson		02/12/2013	2,000,000.00	2,022,540.00	2,105,040.00	2.150	1,188	0.522	227	05/15/2016
478160BG8	11391	Johnson & Johnson		12/05/2013	2,000,000.00	2,029,060.00	2,000,080.00	1.650	1,826	1.649	1,161	12/05/2018
478160BF0	11518	Johnson & Johnson		11/25/2014	4,000,000.00	4,004,520.00	4,005,200.00	0.700	734	0.635	424	11/28/2016
46623EJR1	11506	JP Morgan Chase		11/06/2014	2,000,000.00	2,000,460.00	2,010,960.00	1.100	343	0.410	14	10/15/2015
88579YAE1	11392	3M		12/10/2013	2,500,000.00	2,510,075.00	2,495,925.00	1.000	1,294	1.047	634	06/26/2017
88579YAE1	11393	3M		12/10/2013	2,500,000.00	2,510,075.00	2,495,475.00	1.000	1,294	1.052	634	06/26/2017
88579YAD3	11467	3M		07/08/2014	3,544,000.00	3,572,706.40	3,605,842.80	1.375	814	0.584	364	09/29/2016
58933YAC9	11547	Merck		02/06/2015	3,000,000.00	2,996,400.00	3,001,200.00	1.100	1,090	1.085	853	01/31/2018
594918AP9	11311	Microsoft		04/30/2013	2,500,000.00	2,502,600.00	2,505,000.00	0.875	1,660	0.931	776	11/15/2017
64952WBK8	11283	New York Life		01/23/2013	2,855,000.00	2,855,142.75	2,872,529.70	1.300	1,741	1.167	760	10/30/2017
68389XAX3	11522	Oracle		12/05/2014	2,500,000.00	2,528,825.00	2,515,975.00	2.250	1,768	2.110	1,468	10/08/2019
68389XAQ8	11576	Oracle		04/13/2015	3,000,000.00	3,057,840.00	3,099,990.00	2.375	1,373	1.459	1,202	01/15/2019
717081DD2	11430	Pfizer Inc		02/24/2014	4,000,000.00	4,007,320.00	4,008,800.00	0.900	1,056	0.823	472	01/15/2017
717081DL4	11515	Pfizer Inc		11/24/2014	3,000,000.00	3,042,960.00	3,016,500.00	2.100	1,633	1.971	1,322	05/15/2019
742718DV8	11352	Procter & Gamble		07/05/2013	1,985,000.00	2,002,170.25	2,011,658.55	1.450	1,137	1.010	319	08/15/2016
742718EG0	11507	Procter & Gamble		11/10/2014	3,000,000.00	3,030,720.00	2,999,490.00	1.900	1,817	1.904	1,492	11/01/2019
89236TAL9	11333	Toyota Motor Credit Corp		05/28/2013	3,000,000.00	3,006,660.00	3,008,190.00	0.800	1,085	0.707	229	05/17/2016
89236TBP9	11472	Toyota Motor Credit Corp		07/21/2014	4,000,000.00	4,013,160.00	4,000,000.00	2.125	1,823	2.125	1,386	07/18/2019
89236TCP8	11620	Toyota Motor Credit Corp		08/11/2015	2,000,000.00	2,009,100.00	2,002,411.11	1.550	1,067	1.550	1,016	07/13/2018
90520EAF8	11493	MUFG UNION BANK		09/30/2014	4,000,000.00	4,009,480.00	3,991,080.00	2.250	1,679	2.301	1,313	05/06/2019

City of Santa Monica
Portfolio Management
Portfolio Details - Investments
September 30, 2015

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												
90521APH5	11431	UnionBanc Investments		02/24/2014	4,000,000.00	4,016,760.00	4,068,800.00	1.500	945	0.827	361	09/26/2016
94974BFL9	11362	Wells Fargo & Compnay		07/29/2013	3,000,000.00	3,012,900.00	2,997,120.00	1.250	1,087	1.283	293	07/20/2016
		Subtotal and Average	**132,311,831.58**		**132,102,000.00**	**132,894,598.93**	**132,926,794.75**		**1,288**	**1.320**	**858**	
Supranationals												
45818KQV7	11636	Inter-American Develop Bank		09/25/2015	5,000,000.00	4,998,750.00	4,998,044.50	0.160	88	0.322	82	12/22/2015
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	474	01/17/2017
45905URF3	11592	IBRD (World Bank)		05/20/2015	3,000,000.00	3,011,010.00	3,006,030.00	0.900	789	0.806	655	07/17/2017
		Subtotal and Average	**6,006,918.90**		**10,000,000.00**	**10,013,420.00**	**10,005,354.50**		**413**	**0.536**	**333**	
State of California Obligations												
13063CKL3	11459	State of California		06/09/2014	3,000,000.00	3,072,990.00	3,020,790.00	2.250	1,787	2.100	1,308	05/01/2019
13063CSQ4	11583	State of California		04/29/2015	2,500,000.00	2,509,125.00	2,507,050.00	1.800	1,799	1.740	1,644	04/01/2020
91412GSB2	11532	University of California		01/12/2015	1,130,000.00	1,135,254.50	1,127,333.20	1.796	1,631	1.851	1,369	07/01/2019
91412GSB2	11638	University of California		09/29/2015	2,500,000.00	2,511,625.00	2,532,750.56	1.796	1,371	1.556	1,369	07/01/2019
		Subtotal and Average	**6,824,023.24**		**9,130,000.00**	**9,228,994.50**	**9,187,923.76**		**1,656**	**1.821**	**1,424**	
		Total and Average	**604,002,581.23**		**605,472,398.21**	**607,071,463.50**	**606,167,926.94**		**1,092**	**1.022**	**775**	

City of Santa Monica
Portfolio Management
Activity By Type
September 1, 2015 through September 30, 2015

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Treasury Coupon Securities							
		Subtotal					**2,990,625.00**
Federal Agency Coupon							
3133EEJY7	11536	Federal Farm Credit Bank	1.690	09/17/2015	0.00	1,154,422.50	
313383CM1	11329	Federal Home Loan Bank	0.600	09/20/2015	0.00	3,000,000.00	
313383EN7	11334	Federal Home Loan Bank	1.000	09/20/2015	0.00	5,000,000.00	
3130A3MR2	11524	Federal Home Loan Bank	2.000	09/30/2015	0.00	458,333.33	
313380EC7	11628	Federal Home Loan Bank	0.750	09/22/2015	2,996,940.00	0.00	
3134G6JF1	11553	Fed Home Loan Mortgage Corp	1.400	09/26/2015	0.00	5,000,000.00	
3134G6HE6	11591	Fed Home Loan Mortgage Corp	1.000	09/16/2015	0.00	3,000,000.00	
3134G62P7	11595	Fed Home Loan Mortgage Corp	1.700	09/25/2015	0.00	3,000,000.00	
3134G7YX3	11626	Fed Home Loan Mortgage Corp	1.550	09/28/2015	3,000,000.00	0.00	
3134G7XN6	11629	Fed Home Loan Mortgage Corp	1.250	09/30/2015	2,500,000.00	0.00	
3134G7XN6	11633	Fed Home Loan Mortgage Corp	1.250	09/30/2015	2,500,000.00	0.00	
3134G7G70	11637	Fed Home Loan Mortgage Corp	1.400	09/28/2015	2,500,000.00	0.00	
3136G1NQ8	11336	Federal National Mort Assoc	1.000	09/19/2015	0.00	4,000,000.00	
3136G26T9	11486	Federal National Mort Assoc	2.050	09/30/2015	0.00	2,500,000.00	
		Subtotal			**13,496,940.00**	**27,112,755.83**	**362,966,315.52**
Federal Agency Discount							
313312C65	11634	Federal Farm Credit Bank	0.390	09/23/2015	4,982,070.83	0.00	
313384LU1	11611	Federal Home Loan Bank	0.070	09/16/2015	0.00	9,998,463.89	
313384WD7	11635	Federal Home Loan Bank	0.250	09/23/2015	4,992,430.56	0.00	
		Subtotal			**9,974,501.39**	**9,998,463.89**	**38,434,745.97**
Local Agency Investment Funds (Monthly Summary)							
		Subtotal					**49,656,167.44**
Columbia Money Market Fund (Monthly Summary)							
		Subtotal					**0.00**
Local Agency Investment Funds - RDA (Monthly Summary)							
		Subtotal					**0.00**
Corporate Bonds							

City of Santa Monica
Portfolio Management
Activity By Type
September 1, 2015 through September 30, 2015

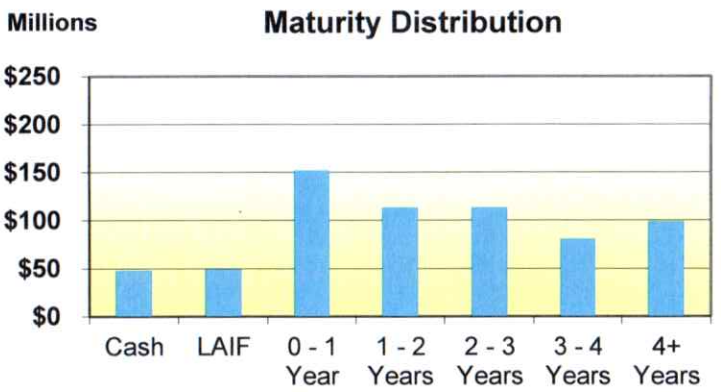
CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Corporate Bonds							
053015AD5	11632	AUTOMATIC DATA PROCESSING	2.250	09/24/2015	2,516,775.00	0.00	
25468PDE3	11627	Walt Disney Company	2.150	09/18/2015	4,977,650.00	0.00	
594918AG9	11211	Microsoft	1.625	09/25/2015	0.00	5,170,600.00	
		Subtotal			**7,494,425.00**	**5,170,600.00**	**132,926,794.75**
Supranationals							
45818KQV7	11636	Inter-American Develop Bank	0.160	09/25/2015	4,998,044.50	0.00	
		Subtotal			**4,998,044.50**	**0.00**	**10,005,354.50**
State of California Obligations							
91412GSB2	11638	University of California	1.796	09/29/2015	2,521,775.00	0.00	
		Subtotal			**2,521,775.00**	**0.00**	**9,187,923.76**
		Total			**38,485,685.89**	**42,281,819.72**	**606,167,926.94**

Portfolio Maturities

Maturity Distribution

The weighted average days to maturity of the portfolio as of September 30, 2015 is 775 days (2.12 years), a slight decrease from August. This calculation is for invested funds only and does not reflect the City's primary liquidity funds being held in cash at Wells Fargo Bank. As noted earlier, there are fiscal benefits to this strategy under the current interest rate environment. While the City has begun to lower the high liquidity portion of the portfolio as the final impact of RDA dissolution has become clearer, approximately 55.4% of the portfolio continues to be held in maturities of 2 years or less (including cash and LAIF balances).

While interest rates have edged upward over the last several months, the interest rate environment is still extremely low compared to historical standards and continues to be very volatile. Based on this, the portfolio's average days to maturity will likely continue to vary over the next several months. While many investments are still being made in shorter term securities, some investments in longer term securities that replace matured or called bonds are being made to take advantage of the yield curve. As noted earlier, interest rates are still expected to remain relatively low into 2016.



Unrealized Gains/Losses

The Governmental Accounting Standards Board Statement No. 31 (GASB 31) requires public agencies to report all investments, with certain exceptions, at current fair market value rather than at the original purchase price. Current fair

market value is defined in GASB 31 as "the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation state."

The current fair market value and unrealized gain/loss of a security do not affect its redemption value or yield if held to maturity. There is an inverse relationship between the price of the bond and the market interest rate. The City's practice is to purchase most securities with the intent to hold them to maturity. Book values are exclusive of interest realized to date on investments. Also, the book value shown is the purchase price and is exclusive of any amortization of premiums or accretion of discounts. As of September 30, 2015, the market value and the book value of the City's pooled investments (excluding cash) are:

$ 607,071,463.50	Market Value
$ 606,167,926.94	Book Value
$ 903,536.56	

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, 2015. All investments were in compliance with State law and the City's Investment Policy at the time of purchase and continue to be in compliance. State law requires that any investment subject to a credit downgrade subsequent to the time of purchase shall be reviewed for possible sale within a reasonable amount of time after the downgrade. The City's investment portfolio includes three bonds issued by Berkshire Hathaway Company (BRK) with a total book value of $8,047,720. One of those bonds with a book value of $2,005,620 was purchased before Berkshire Hathaway bonds were slightly downgraded in May 2013 from AA+ to AA. The revised rating of AA is still within the second highest category of bond ratings (defined as high quality with a "very strong capacity to meet financial commitments"). Additionally, total holdings in BRK represent a minor (1.3%) portion of the City's invested funds. Based on this, staff continues to recommend holding these securities at this time.

The portfolio also holds two bonds issued by 3M Corporation with a combined book value of $8,597,243 (1.4% of total invested funds) that were slightly downgraded by Moody's in February 2015 from Aa2 to Aa3 due to an anticipated increase

in the amount of debt in the company's capital structure. This moved the Moody's rating to a level equal to the S&P level of AA-, which is still considered "high quality". Based on this, and the expectations of continued strong operating performance by the company, staff recommends continuing to hold these securities at this time.

Additionally the portfolio includes two Bank of New York Mellon bonds with a total book value $7,077,241. While the bond rating remains A+, the outlook was changed to negative from stable, so staff will continue to monitor developments.

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

Credit Ratings - Corporate Medium Term Notes

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

Portfolio Allocation as of 9/30/15

	Pooled Portfolio (1) (3)	% of Portfolio	Legal/ Policy Limit	In Compliance (Yes/No)
Federal Agency Securities				
Federal Home Loan Bank	$146,425,311.42	22.4%	50.0%	Yes
Federal National Mortgage Association	60,478,618.89	9.2%	50.0%	Yes
Federal Home Loan Mortgage Corporation	129,944,715.00	19.9%	50.0%	Yes
Farmer Mac	8,999,850.00	1.4%	50.0%	Yes
Federal Farm Credit Bank	55,552,566.18	8.5%	50.0%	Yes
Total Federal Agency Securities	$401,401,061.49	61.4%	n/a	Yes
Treasury Bills	$2,990,625.00	0.5%	n/a	Yes
State of CA/UC Obligations	$9,187,923.76	1.4%	n/a	Yes
Corporate Bonds	$132,926,794.75	20.3%	30.0%	Yes
Supranationals	$10,005,354.50	1.5%	30.0%	Yes
Money Market Mutual Funds	$0.00	0.0%	10.0%	Yes
State Local Agency Investment Fund-City	$49,656,167.44	7.6%	$50 million	Yes
Cash (2)	$47,839,636.37	7.3%	None	Yes
Total (Book Value)	**$654,007,563.31**	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 ($148,685.98), Successor Agency RPTTF account ($7,086,175.90), payroll account ($152,711.75) 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 9/30/15 (Book Value)

Corporate Security	Pooled Portfolio	Credit Rating*	In Compliance (Yes/No)
JP Morgan Chase 1.1%, maturing 10/15/15	$2,010,960.00	A	Yes
Berkshire Hathaway 0.8% maturing 2/11/16	$2,005,620.00	AA	Yes
IBM 0.45% maturing 5/06/16	$2,075,104.10	AA-	Yes
Apple Inc. 0.45% maturing 5/3/16	$3,002,430.00	AA+	Yes
Johnson & Johnson 2.15% maturing 5/15/16	$2,105,040.00	AAA	Yes
Toyota Motor Credit Corp. 0.8% maturing 5/17/16	$3,008,190.00	AA-	Yes
Wells Fargo and Company 1.25% maturing 7/20/16	$2,997,120.00	A+	Yes
IBM 1.95% maturing 7/22/16	$4,105,920.00	AA-	Yes
Procter & Gamble 1.45% maturing 8/15/16	$2,011,658.55	AA-	Yes
Hershey Company 5.45% maturing 9/1/16	$1,049,579.04	A	Yes
UnionBanc Investments 1.5% maturing 9/26/16	$4,068,800.00	A+	Yes
3M Corp. 1.375% maturing 9/29/16	$3,605,842.80	AA-	Yes
Johnson & Johnson 0.7% maturing 11/28/16	$4,005,200.00	AAA	Yes
Colgate Palmolive 1.3% maturing 1/15/17	$3,733,759.66	AA-	Yes
Pfizer, Inc. 0.9% maturing 1/15/17	$4,008,800.00	AA	Yes
Berkshire Hathaway 1.9% maturing 1/31/17	$2,043,260.00	AA	Yes
Cisco Systems 1.1% maturing 3/3/17	$5,031,600.00	AA-	Yes
3M Corp. 1% maturing 6/26/17	$4,991,400.00	AA-	Yes
New York Life 1.3% maturing 10/30/17	$2,872,529.70	AA+	Yes
Microsoft 0.875% maturing 11/15/17	$2,505,000.00	AAA	Yes
Intel 1.35%, maturing 12/15/17	$2,995,260.00	A+	Yes
Merck 1.1% maturing 1/31/18	$3,001,200.00	AA	Yes
IBM 1.125% maturing 2/6/18	$2,990,850.00	AA-	Yes
Colgate Palmolive 0.9% maturing 5/1/18	$1,472,835.00	AA-	Yes
Apple Inc. 1% maturing 5/3/18	$4,984,575.00	AA+	Yes
Cisco Systems 1.65% maturing 6/15/18	$2,506,214.58	AA-	Yes
Johnson & Johnson 1.65% maturing 12/05/18	$2,000,080.00	AAA	Yes
Oracle 2.38% maturing 1/15/19	$3,099,990.00	AA-	Yes
Cisco Systems 2.125% maturing 3/1/19	$2,531,750.00	AA-	Yes
MFUG Union Bank 2.25% maturing 5/6/19	$3,991,080.00	A+	Yes
Apple Inc. 2.1% maturing 5/6/19	$3,011,100.00	AA+	Yes
Pfizer, Inc. 2.1% maturing 5/15/19	$3,016,500.00	AA	Yes
Bank of New York Mellon 2.2% maturing 5/15/19	$2,011,991.11	A+	Yes
Walt Disney Company 1.85%, maturing 5/30/19	$5,997,459.24	A	Yes
Toyota Motor Credit Corp. 2.125% maturing 7/18/19	$4,000,000.00	AA-	Yes
Berkshire Hathaway 2.18% maturing 8/14/19	$3,998,840.00	AA	Yes
Oracle 2.25% maturing 10/8/19	$2,515,975.00	AA-	Yes
Procter & Gamble 1.9% maturing 11/1/19	$2,999,490.00	AA-	Yes
Bank of New York Mellon 2.1% maturing 8/01/18	$5,065,250.00	A+	Yes
Toyota Motor Credit Corp. 1.55% maturing 7/13/18	$2,002,411.11	AA-	Yes
Walt Disney Company 2.15%, maturing 9/17/20	$4,977,948.61	A	Yes
Automatic Data Processing 2.25% maturing 9/15/20	$2,518,181.25	AA	Yes

* Per Standard and Poors

In compliance with California Government Code Section 53546 as amended February 1, 1996, I hereby certify that sufficient investment liquidity and anticipated revenues are available to meet the City's budgeted expenditure requirements for the next six months.

Gigi Decavalles-Hughes, Director of Finance/City Treasurer