



City of
Santa Rosa

City of Santa Rosa
Monthly Investment Report
April 30, 2016

City's Investment Objectives

- **Investment Objectives:** In accordance with the City's Investment Policy, the City's primary objectives in order of priority are:
 - **Safety** – Safety of principal is the foremost objective of the investment program. Investments of the City will be made in a manner that seeks to ensure the preservation of capital in the overall portfolio.
 - **Liquidity** – The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.
 - **Yield** – The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints, liquidity needs, and cash flow characteristics of the portfolio.
- **Certification:** The City has sufficient funds to meet expenditures for the following six-month period.

Investment Guidelines

- The City invests in permitted securities consistent with California Government Code sections §53601, 53635, and 16429.1. The City's Investment Policy includes additional sector allocation and maturity restrictions that reflect the City's risk tolerances.

Security Type	California Government Code	City's Investment Policy
U.S Treasury Notes	✓	✓
Federal Agencies	✓	✓
International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank Bonds	✓	
CA Municipal Investments	✓	✓
State Municipals	✓	✓
Corporate Notes	✓	✓
Mortgage-Backed Securities	✓	✓
Commercial Paper	✓	✓
Time Certificates of Deposit	✓	✓
Negotiable Certificates of Deposit	✓	✓
Bankers' Acceptances	✓	✓
Repurchase Agreements	✓	✓
Reverse Repurchase Agreements	✓	
Mutual Funds	✓	✓
Money Market Funds	✓	✓
Local Government Pools	✓	✓
Local Agency Investment Fund (LAIF)	✓	✓

Market Summary

Economic Conditions

- The pace of expansion for the U.S. economy slowed to 0.5% in the first quarter of 2016 as consumers pared spending, business investment remained anemic, and a strong dollar hurt exports. It was the weakest quarter in two years.
- Job growth aligned with the economy's moderate rate of expansion as employers added 160,000 in April, below the 200,000 median expectation. The unemployment rate remained at 5.0% as the participation rate decreased back below 63%.
- On the inflation front, the core PCE price index, the Fed's key metric for inflation, rose 1.6% in March from the year before — the third month in a row it exceeded 1.6%. Wages continued to grow, increasing 2.5% year-over-year in April, the 14th straight month rising more than 2% annually.
- The Federal Reserve's Open Market Committee, as expected, kept the target range for the federal funds rate at 0.25% to 0.50% at its April meeting. Several changes to the post-meeting Federal Reserve (Fed) statement — the statement eliminated references to global risk and a slowing rate of economic growth — suggest the committee could raise the overnight rate in coming months.

Market Reaction

- Treasury yields moved lower in the first part of the month as weak economic data diminished growth expectations. Yields subsequently reversed these declines, rising in anticipation of the Fed's April meeting, amid improving risk-asset sentiment before paring gains after the Fed left the federal funds target rate unchanged. Yields on most maturities ended the month a few basis points (bps) higher. Year-to-date, however, intermediate-term yields remain 25 to 50 bps (0.25%-0.50%) lower.
- Federal agency yield spreads remained tight relative to Treasuries in April, leading to slight underperformance on shorter maturities and slight outperformance on longer maturities.
- Investment-grade corporate yield spreads tightened throughout April, led by energy firms, which benefited from a rise in oil prices. As a result, the corporate sector strongly outperformed government securities, adding to its 2016 gains.
- Agency mortgage-backed securities (MBS) outperformed Treasury indexes for the first month this year as increases in interest rates reduced the prospects of MBS pre-payments.
- Yields on money market securities, those with maturities of less than one year, were largely unchanged in the month.

Portfolio Information Summary

Funds Included In Report

- The following report includes the City's funds held in overnight investment vehicles (savings accounts, money market funds, and CA state investment pool) and portfolio of individual fixed-income securities (operating and bond proceeds).

Portfolio Summary and Characteristics

- Funds are shown on a par, amortized cost, and market value basis.
 - Par Value. Face value, stated value or maturity value of a security.
 - Amortized Cost Value (Book Value). Represents the original cost of an investment adjusted for amortization of premium or accretion of discount.
 - Market Value. The current price at which that security is trading between buyers and sellers. Valuation highly dependent on interest rate movements.
- The investment sector and credit-ratings distribution is shown based on market value basis.
- Demonstrates level of diversification by investment type and credit quality. Additionally, illustrates active management of funds to optimize value in the current market.

Investment Program Maturity Summary

- The maturity distribution of the City's funds (market value plus accrued interest) from one day to the five year mandated limit.
- The change in by percentage in maturity distribution month-over-month is shown in the table.
- Demonstrates level of diversification by maturity date. Shows placement of funds to take advantage of opportunities while ensuring that the City has funds to meet its cash flow needs.

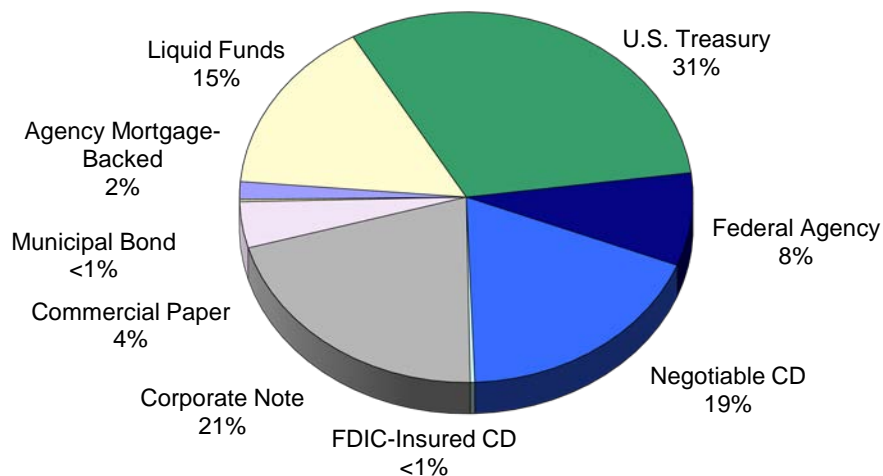
Portfolio Yield Summary

- The historical yield and duration of the City's funds, effective monthly yield for the California Local Government Investment Fund (LAIF), and the monthly yield for the Bank of America/Merrill Lynch 1-3 year Treasury Index is shown for the trailing 6-months.
- A historical record of the City's overall fund balance and earnings rates.

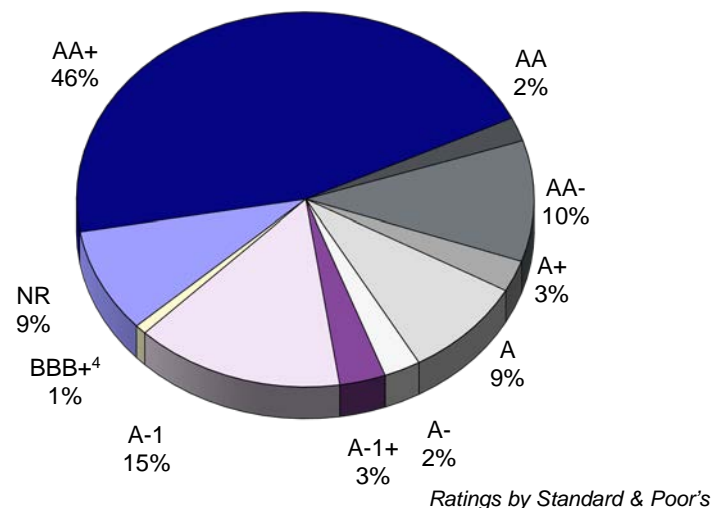
Portfolio Summary and Characteristics

Security Type	Par Value	Amortized Cost Value ¹	Market Value ¹	April 30, 2016 % of Portfolio ³
U.S. Treasury	\$116,809,000	\$117,840,843	\$118,370,563	31%
Federal Agency	\$30,645,000	\$30,654,346	\$30,730,264	8%
Federal Agency Mortgage-Backed	\$5,836,168	\$5,882,566	\$5,874,072	2%
Negotiable CD	\$69,450,000	\$69,679,131	\$69,761,825	19%
FDIC-Insured CD	\$1,232,145	\$1,233,712	\$1,229,704	<1%
Corporate Note	\$78,130,000	\$78,594,749	\$79,047,766	21%
Commercial Paper	\$15,262,000	\$15,234,500	\$15,239,447	4%
Municipal Bond	\$750,000	\$751,533	\$752,338	<1%
Liquid Funds²	\$58,090,245	\$58,090,245	\$58,090,245	15%
Total Value	\$376,204,558	\$377,961,627	\$379,096,223	100%

Sector Distribution



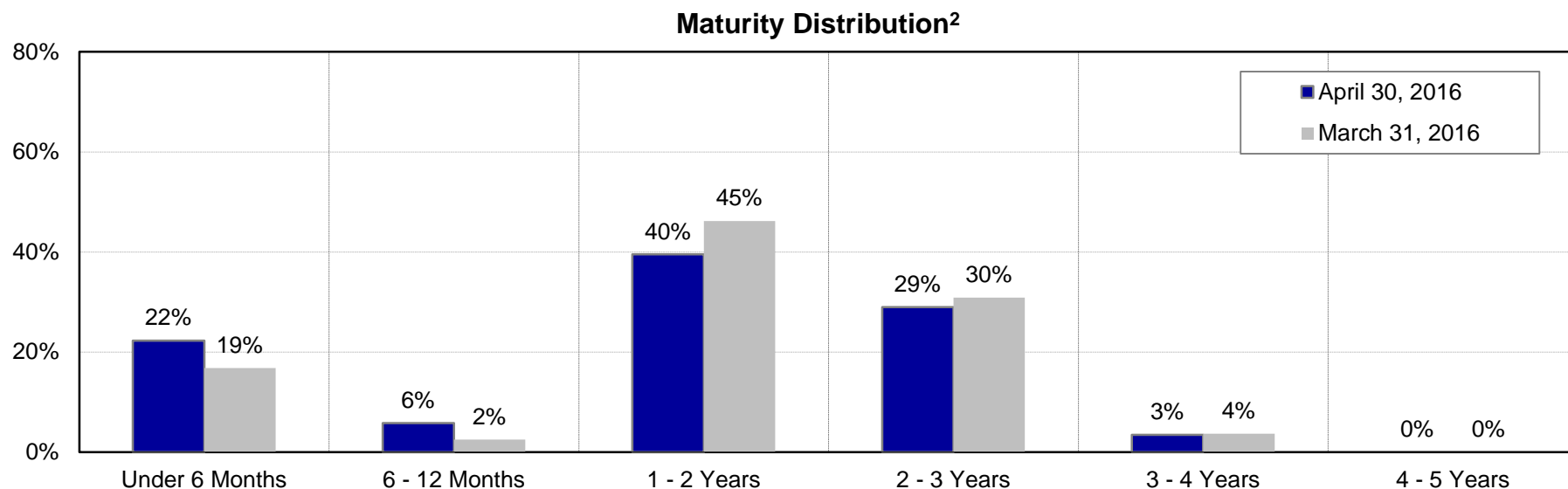
Credit Quality Distribution



1. Security market values include accrued interest as of trade date.
2. Liquid Funds include the City's LAIF, PFM Funds-Prime Money Market Fund, Wells Fargo Peg & Sweep, and custody account cash balances.
3. Based on market value plus accrued interest.
4. Credit rating for security was compliant at the time of purchase. City has elected to hold security until it is advantageous to sell or to maturity.

Investment Program Maturity Summary

Maturity ¹	Market Value ²	April 30, 2016 % of Portfolio	March 31, 2016 % of Portfolio
Under 6 Months	\$84,619,150	22%	19%
6 - 12 Months	\$21,882,024	6%	2%
1 - 2 Years	\$149,729,533	40%	45%
2 - 3 Years	\$109,876,659	29%	30%
3 - 4 Years	\$12,988,858	3%	4%
4 - 5 Years	\$0	0%	0%
Total Market Value	\$379,096,223	100%	100%

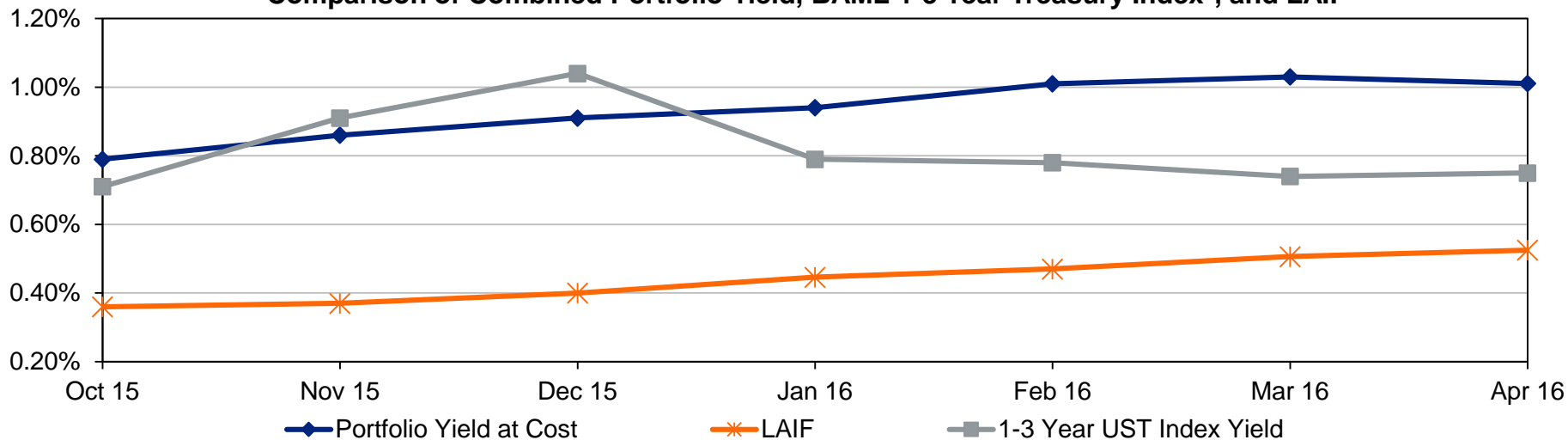


1. Funds held in LAIF are included in the under 6 month range because they can be accessed within one day.
2. Security market values include accrued interest as of trade date.

Portfolio Yield Summary

Date	Market Value ¹	Portfolio Duration	Portfolio Yield (Cost)	LAIF Yield (Monthly Effective) ²	1-3 Year Treasury Index Yield ²
Oct-15	\$376,403,515	1.27	0.79%	0.36%	0.71%
Nov-15	\$370,336,112	1.38	0.86%	0.37%	0.91%
Dec-15	\$367,051,029	1.47	0.91%	0.40%	1.04%
Jan-16	\$367,312,045	1.40	0.94%	0.45%	0.79%
Feb-16	\$362,571,482	1.55	1.01%	0.47%	0.78%
Mar-16	\$366,052,452	1.54	1.03%	0.51%	0.74%
Apr-16	\$379,096,223	1.44	1.01%	0.53%	0.75%

Comparison of Combined Portfolio Yield, BAML 1-3 Year Treasury Index², and LAIF³



1. Security market values include accrued interest as of trade date.
2. Source: Bank of America/Merrill Lynch Global Bond Indices
3. Source: California State Treasurer's Website. Average monthly effective yield.



Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2016**

CITY OF SANTA ROSA (PFM)

Transaction Type					Principal	Accrued		Realized G/L	Realized G/L	Sale
Trade	Settle	Security Description	CUSIP	Par	Proceeds	Interest	Total	Cost	Amort Cost	Method
BUY										
04/20/16	04/25/16	GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.000% 04/25/2019	38141GVT8	390,000.00	(388,915.80)	0.00	(388,915.80)			
04/21/16	04/26/16	GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.000% 04/25/2019	38141GVT8	2,500,000.00	(2,498,400.00)	(138.89)	(2,498,538.89)			
04/21/16	04/26/16	US TREASURY NOTES DTD 12/31/2010 2.750% 12/31/2017	912828PN4	2,575,000.00	(2,658,687.50)	(22,761.16)	(2,681,448.66)			

Transaction Type Sub-Total				5,465,000.00	(5,546,003.30)	(22,900.05)	(5,568,903.35)			
-----------------------------------	--	--	--	---------------------	-----------------------	--------------------	-----------------------	--	--	--

INTEREST										
04/01/16	04/01/16	MS ST TXBL GO BONDS DTD 02/18/2015 1.090% 10/01/2017	605581FX0	350,000.00	0.00	1,907.50	1,907.50			
04/01/16	04/25/16	FANNIE MAE SERIES 2015-M13 ASQ2 DTD 10/01/2015 1.646% 09/01/2019	3136AODO0	2,525,000.00	0.00	3,463.46	3,463.46			
04/01/16	04/25/16	FNMA SERIES 2015-M7 ASQ2 DTD 04/01/2015 1.550% 04/01/2018	3136ANJY4	1,280,000.00	0.00	1,653.33	1,653.33			
04/01/16	04/25/16	FNMA SERIES 2015-M15 ASQ2 DTD 11/01/2015 1.898% 01/01/2019	3136AOSW1	1,160,000.00	0.00	1,834.81	1,834.81			
04/01/16	04/25/16	FNMA SERIES 2015-M3 FA DTD 02/01/2015 0.624% 06/01/2018	3136AMMC0	890,067.31	0.00	498.57	498.57			
04/04/16	04/04/16	MONEY MARKET FUND	MONEY0002	0.00	0.00	0.67	0.67			
04/06/16	04/06/16	CANADIAN IMPERIAL BANK NY YCD DTD 04/10/2015 1.010% 04/06/2017	13606JYY9	5,500,000.00	0.00	27,775.00	27,775.00			
04/21/16	04/21/16	RABOBANK NEDERLAND NV CERT DEPOS DTD 04/27/2015 1.070% 04/21/2017	21684BXH2	5,500,000.00	0.00	29,425.00	29,425.00			
04/30/16	04/30/16	US TREASURY NOTES DTD 11/01/2010 1.875% 10/31/2017	912828PF1	7,400,000.00	0.00	69,375.00	69,375.00			
04/30/16	04/30/16	US TREASURY NOTES DTD 10/31/2013 1.250% 10/31/2018	912828WD8	7,000,000.00	0.00	43,750.00	43,750.00			
04/30/16	04/30/16	PEPSICO, INC CORP NOTES DTD 04/30/2015 1.250% 04/30/2018	713448CR7	1,090,000.00	0.00	6,812.50	6,812.50			



Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2016**

CITY OF SANTA ROSA (PFM)

Transaction Type					Principal	Accrued		Realized G/L	Realized G/L	Sale
Trade	Settle	Security Description	CUSIP	Par	Proceeds	Interest	Total	Cost	Amort Cost	Method
Transaction Type Sub-Total				32,695,067.31	0.00	186,495.84	186,495.84			
PAYDOWNS										
04/01/16	04/25/16	FNMA SERIES 2015-M3 FA DTD 02/01/2015 0.624% 06/01/2018	3136AMMC0	18,899.23	18,899.23	0.00	18,899.23	4.94	0.00	
Transaction Type Sub-Total				18,899.23	18,899.23	0.00	18,899.23	4.94	0.00	
SELL										
04/21/16	04/25/16	PFIZER INC GLOBAL NOTES DTD 06/03/2013 0.900% 01/15/2017	717081DD2	2,850,000.00	2,853,819.00	7,125.00	2,860,944.00	7,239.00	4,948.17	SPEC LOT
04/21/16	04/26/16	MCDONALDS CORP NOTES DTD 02/29/2008 5.350% 03/01/2018	58013MEE0	2,475,000.00	2,662,332.75	20,229.69	2,682,562.44	(99,099.00)	3,679.21	SPEC LOT
Transaction Type Sub-Total				5,325,000.00	5,516,151.75	27,354.69	5,543,506.44	(91,860.00)	8,627.38	
Managed Account Sub-Total					(10,952.32)	190,950.48	179,998.16	(91,855.06)	8,627.38	
Total Security Transactions					(\$10,952.32)	\$190,950.48	\$179,998.16	(\$91,855.06)	\$8,627.38	



Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2016**

SANTA ROSA FNTNGROVE 2011 A RESERVE FUND

Transaction Type					Principal	Accrued		Realized G/L	Realized G/L	Sale
Trade	Settle	Security Description	CUSIP	Par	Proceeds	Interest	Total	Cost	Amort Cost	Method
INTEREST										
04/01/16	04/01/16	MONEY MARKET FUND	MONEY0002	0.00	0.00	0.22	0.22			
Transaction Type Sub-Total				0.00	0.00	0.22	0.22			
Managed Account Sub-Total					0.00	0.22	0.22			
Total Security Transactions					\$0.00	\$0.22	\$0.22			



Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2016**

SANTA ROSA SKYHAWK 2011A RESERVE FUND

Transaction Type					Principal	Accrued		Realized G/L	Realized G/L	Sale
Trade	Settle	Security Description	CUSIP	Par	Proceeds	Interest	Total	Cost	Amort Cost	Method
INTEREST										
04/01/16	04/01/16	MONEY MARKET FUND	MONEY0002	0.00	0.00	0.16	0.16			
Transaction Type Sub-Total				0.00	0.00	0.16	0.16			
Managed Account Sub-Total					0.00	0.16	0.16			
Total Security Transactions					\$0.00	\$0.16	\$0.16			



Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2016**

SANTA ROSA WSTWTR 2002B RESERVE AC

Transaction Type					Principal	Accrued		Realized G/L	Realized G/L	Sale
Trade	Settle	Security Description	CUSIP	Par	Proceeds	Interest	Total	Cost	Amort Cost	Method
INTEREST										
04/01/16	04/01/16	MONEY MARKET FUND	MONEY0002	0.00	0.00	0.01	0.01			
04/01/16	04/01/16	MONEY MARKET FUND	MONEY0002	0.00	0.00	0.01	0.01			
Transaction Type Sub-Total				0.00	0.00	0.02	0.02			
Managed Account Sub-Total					0.00	0.02	0.02			
Total Security Transactions					\$0.00	\$0.02	\$0.02			



Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2016**

SANTA ROSA WSTWTR 2008A RSV AC

Transaction Type					Principal	Accrued		Realized G/L	Realized G/L	Sale
Trade	Settle	Security Description	CUSIP	Par	Proceeds	Interest	Total	Cost	Amort Cost	Method
INTEREST										
04/01/16	04/01/16	MONEY MARKET FUND	MONEY0002	0.00	0.00	0.02	0.02			
Transaction Type Sub-Total				0.00	0.00	0.02	0.02			
Managed Account Sub-Total					0.00	0.02	0.02			
Total Security Transactions					\$0.00	\$0.02	\$0.02			



Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2016**

SANTA ROSA WATER 2008 RSV AC

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
INTEREST										
04/01/16	04/01/16	MONEY MARKET FUND	MONEY0002	0.00	0.00	0.01	0.01			
Transaction Type Sub-Total				0.00	0.00	0.01	0.01			
Managed Account Sub-Total					0.00	0.01	0.01			
Total Security Transactions					\$0.00	\$0.01	\$0.01			



Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2016**

SANTA ROSA 2001B WASTEWATER PROJECT FUND

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
INTEREST										
04/04/16	04/04/16	MONEY MARKET FUND	MONEY0002	0.00	0.00	1.28	1.28			
Transaction Type Sub-Total				0.00	0.00	1.28	1.28			
Managed Account Sub-Total					0.00	1.28	1.28			
Total Security Transactions					\$0.00	\$1.28	\$1.28			



Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2016**

SANTA ROSA 2002B WASTEWATER PROJECT FUND

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
INTEREST										
04/04/16	04/04/16	MONEY MARKET FUND	MONEY0002	0.00	0.00	2.33	2.33			
Transaction Type Sub-Total				0.00	0.00	2.33	2.33			
Managed Account Sub-Total					0.00	2.33	2.33			
Total Security Transactions					\$0.00	\$2.33	\$2.33			



Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2016**

SANTA ROSA 2008A LOCAL WSTWTR PROJECT FD

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
INTEREST										
04/04/16	04/04/16	MONEY MARKET FUND	MONEY0002	0.00	0.00	2.28	2.28			
Transaction Type Sub-Total				0.00	0.00	2.28	2.28			
Managed Account Sub-Total					0.00	2.28	2.28			
Total Security Transactions					\$0.00	\$2.28	\$2.28			



Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2016**

SANTA ROSA 2008A SUBREGIONAL WSTWTR PROJ

Transaction Type					Principal	Accrued		Realized G/L	Realized G/L	Sale
Trade	Settle	Security Description	CUSIP	Par	Proceeds	Interest	Total	Cost	Amort Cost	Method
INTEREST										
04/04/16	04/04/16	MONEY MARKET FUND	MONEY0002	0.00	0.00	5.66	5.66			
Transaction Type Sub-Total				0.00	0.00	5.66	5.66			
Managed Account Sub-Total					0.00	5.66	5.66			
Total Security Transactions					\$0.00	\$5.66	\$5.66			



Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2016**

SANTA ROSA 2008 WATER BOND PROJECT FUND

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
INTEREST										
04/04/16	04/04/16	MONEY MARKET FUND	MONEY0002	0.00	0.00	0.98	0.98			
Transaction Type Sub-Total				0.00	0.00	0.98	0.98			
Managed Account Sub-Total					0.00	0.98	0.98			
Total Security Transactions					\$0.00	\$0.98	\$0.98			



Managed Account Security Transactions & Interest

For the Month Ending **April 30, 2016**

SANTA ROSA 2014A WASTEWATER PROJECT FUND

Transaction Type		Security Description	CUSIP	Par	Principal Proceeds	Accrued Interest	Total	Realized G/L Cost	Realized G/L Amort Cost	Sale Method
Trade	Settle									
INTEREST										
04/04/16	04/04/16	MONEY MARKET FUND	MONEY0002	0.00	0.00	23.40	23.40			
Transaction Type Sub-Total				0.00	0.00	23.40	23.40			
Managed Account Sub-Total					0.00	23.40	23.40			
Total Security Transactions					\$0.00	\$23.40	\$23.40			