

STAFF REPORT



ITEM NO. 16

CITY OF OCEANSIDE

DATE: June 23, 2010

TO: Honorable Mayor and City Councilmembers

FROM: City Treasurer's Office

SUBJECT: **PRESENTATION OF TREASURER'S REPORT – QUARTER ENDED MARCH 31, 2010, AND ADOPTION OF A RESOLUTION APPROVING THE POLICY FOR THE INVESTMENT OF CITY OF OCEANSIDE FUNDS**

SYNOPSIS

The Treasurer's Report provides general information to Council regarding the status of the City's investment portfolio. As its purpose is informational in nature, no action by Council is required on the report.

BACKGROUND

Since 1994, the City Treasurer has been making quarterly report presentations to City Council regarding the status of the investment portfolio. The last report was for the quarter ended December 31, 2009.

ANALYSIS

The quarterly Treasurer's report is intended to provide an awareness of the activity and performance of the City's investment portfolio. The goal of the Treasurer's office is to make investments in conformance with the investment policy adopted by the City Council.

REVIEW OF QUARTER ENDED MARCH 31, 2010

For the quarter ended March 31, 2010, the City's portfolio had a book value of \$145,493,091.27 (book value is the cost of the security plus any amortization or accretion of premiums or discounts). The average yield to maturity of the portfolio was 2.271%, which has generated fiscal year accrued earnings of \$3,051,498.93.

The following table provides a rolling 12-month comparison of the portfolio by quarter.

**City of Oceanside
Portfolio Comparison
Rolling 12-Month Quarterly Comparison**

	Mar 31, 2010	Dec 31, 2009	Sept 30, 2009	June 30, 2009
Book Value	\$145,493,091.27	\$152,393,059.72	\$156,631,035.27	\$187,034,270.83
Market Value	\$146,186,004.35	\$153,333,339.68	\$158,258,000.40	\$188,567,202.39
Unrealized Gain/(Loss)	\$692,913.08	\$940,279.96	\$1,626,965.13	\$1,532,931.56
Average YTM	2.271%	2.292%	2.709%	2.788%
Liquidity 0 – 6 months	9.93%	30.08%	16.60%	16.62%
Average DTM	960 (2.63 years)	691 (1.89 years)	800 (2.19 years)	853 (2.34 years)
Quarterly Earnings	\$881,650.09	\$950,331.44	\$1,219,517.40	\$1,435,089.49
Qtr Capital Gain/(Loss)	\$32,507.56	\$0.00	\$48,239.29	\$76,242.06

Liquidity declined from 30% to 10% during the quarter as investment of Property Tax receipts and called bonds resumed. The average days to maturity increased significantly due to the purchase of Federal Agency callable step up securities. Callable step up securities are utilized as protection against rising interest rates in the future. Typically the securities purchased for the portfolio have a longer final maturity date (four to five years) and a lower interest rate. The initial coupon rate is better than what an investor would receive if they held a comparable security to the reset date. If the security doesn't get called because interest rates have risen, then the interest rate increases, or steps-up, at the predetermined interest rate. If it does get called, the earnings are higher than what would have been received by investing in the shorter-term investments.

Interest rates ended the quarter at basically the same levels as the end of the previous quarter despite considerable volatility in the market. Concerns over European credit quality saw investors seek the safe haven of U.S. Treasuries and bond prices increase during January. However, strong economic data supporting growth in some areas of the economy combined with better-than-expected earnings reports, resulted in a shift from fixed income to equity markets. The shift brought prices down to the same levels seen at the beginning of the quarter. Despite the stronger economic data, the labor and housing markets remain weak and have investors concerned that a full recovery will not be experienced in the foreseeable future.

The Federal Open Market Committee (FOMC) left the Fed Funds rate unchanged at a range between 0 and 0.25% at their two scheduled meetings during the quarter (January 27 and March 16). The FOMC minutes still indicate Fed Funds will remain at these levels for an "extended period." However, the Fed did acknowledge that the economic data has shown some signs of improvement in the economy. The Fed allowed most of the special liquidity features, such as the Asset-Backed Commercial Paper Money Market Mutual Fund Liquidity Facility, to expire on February 1, 2010, and also raised the Discount Rate in February, signaling the official end of the credit crisis and the need to support liquidity measures in the market.

FISCAL IMPACT

Fiscal year earnings to date as of March 31, 2010, totaled \$3,051,498.93, a decrease of \$2,276,737.07 from the same period last year (March 2009). The City's General Fund has earned \$1,012,934.00 during the fiscal year. The following table provides the earnings distribution according to major fund categories:

**INVESTMENT EARNINGS BY FUND
FY 2009-2010 - Through 03/31/10**

Fund Name	FYTD Average Cash Balances	FYTD Investment Earnings
General Fund	\$49,067,983	\$1,012,934
Special Revenue Funds – Police	920,741	20,110
Special Revenue Funds – Transportation	8,028,679	153,854
Special Revenue Funds – Traffic	575,539	10,584
Lighting and Landscape Districts	863,463	17,162
CDC – Housing	9,585,035	207,131
CDC – Redevelopment	7,702,501	204,009
Community Facilities/Special Districts	3,455,735	58,722
Development Impact Fee Funds	30,744,879	569,925
Water Funds	35,618,466	620,483
Sewer Funds	1,944,381	65,950
Harbor Fund	5,881,816	104,862
Trust Funds	715,568	13,029
Unallocated Earnings Adjustments		(7,256)
Year to Date Totals as of 12/31/09	\$155,104,786	\$3,051,499

The General Fund category includes cash balances from internal service and special funds that are consolidated for purposes of calculating investment earnings. The following table provides the detail of the composition of the General Fund category in the previous table.

**COMPOSITION OF GENERAL FUND
AVERAGE CASH BALANCES
FY 2009-2010 - Through 03/31/10**

Fund Name	FYTD Average Cash Balances
General Fund	20,223,822
Recreation Programs	(869)
Solid Waste Disposal	2,478,316
Risk Management	5,270,491
Employee Services	(436,736)

Workers Compensation	8,511,882
Fleet Management	11,583,614
Payroll	(721,442)
93 COP Refunding	1,921,788
Other Miscellaneous Funds	237,117
Year to Date Totals as of 03/31/10	\$49,067,983

City banking and investment expenses are charged on a pro rata basis to all funds that have invested cash balances. The City changed the method of allocation of these expenditures in 2009-2010. In prior years, interest earnings were reduced by the banking and investment expenses and then the earnings were allocated based on fund cash balances. Now, the cash balances are reduced by their proportionate share of the banking and investment expenses prior to the interest earnings being allocated. Banking and investment expenses totaled \$186,292.00 year-to-date as of 03/31/10. The banking and investment expense breakdown is shown in the following table.

Banking and Investment Expenses	FYTD Expenses as of 03/31/10
Banking Expenses	
Armored Carrier	22,633
Banking Fees/Supplies	49,624
Check Stock	3,640
Merchant Services	70,310
Bank Transition Costs	1,320
Investment Expenses	
Bloomberg System	23,023
Custody and Safekeeping	11,379
Investment Software Maintenance	4,363
Total Banking and Investment Expenses	\$186,292

REVIEW OF INVESTMENT POLICY

Staff, in conjunction with the Investment Oversight Committee, conducted the annual review of the City's investment policy as required. As there were no legislative or procedural changes necessary, staff recommends Council approval of the existing policy.

COMMISSION/COMMITTEE REPORT

The Investment Oversight Committee reviewed the quarter end report for March 31, 2010, at its May 11, 2010, regular meeting, and concurs with its contents. The Committee confirms that the investments are in compliance with the California State Code and the City's adopted investment policy, and that the portfolio is managed in a satisfactory

manner. The Committee has reviewed the City's Investment Policy and it is their recommendation that the policy be approved as submitted.

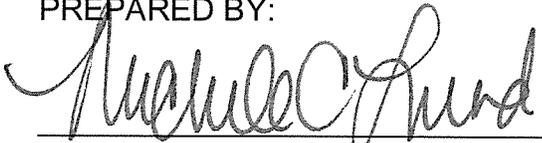
CITY ATTORNEY'S ANALYSIS

The referenced documents have been reviewed by the City Attorney and approved as to form.

RECOMMENDATION

Staff recommends that the City Council accept the Treasurer's Report for the quarter ended March 31, 2010, and adopt a resolution approving the policy for the investment of City of Oceanside funds.

PREPARED BY:



Michele C. Lund, CCMT
Treasury Manager

SUBMITTED BY:



Gary Felien
City Treasurer

Attachments: Treasurer's Quarter End Report – March 31, 2010
 Resolution
 City of Oceanside Investment Policy

CITY OF OCEANSIDE



TREASURER'S REPORT

For Quarter Ended

March 31, 2010



CITY OF OCEANSIDE
OFFICE OF THE CITY TREASURER

TO: CITY COUNCIL
CITY MANAGER

DATE: APRIL 28, 2010

SUBJECT: INVESTMENT REPORT FOR THE QUARTER ENDED MARCH 31, 2010

Following is summary information for the City of Oceanside Investment Portfolio for the quarter ended March 31, 2010.

Market/Portfolio Commentary

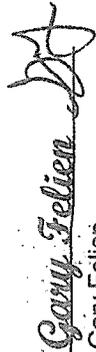
Although the bond market experienced some volatility during the quarter, interest rates closed at the same levels seen at the end of the prior quarter. Interest rates dropped in January as concerns over European credit quality saw investors flock to the safe haven of U.S. Treasuries. By the end of the quarter, bond prices dropped back to the levels seen at the beginning of the quarter as stronger economic data and better-than-expected earnings reports saw market participants shift out of the bond market into equities. The Federal Reserve continued to leave the Fed Funds rate at a range of 0 to .25% during the January and March FOMC meetings, but did begin to remove some of the temporary liquidity measures put in place to mitigate the credit crisis, including raising the Discount Rate in February.

For month of March, portfolio statistics are as follows:

• Portfolio Book Value	\$145,493,091.27
• Portfolio Market Value	\$146,186,004.35
• Unrealized Gain	\$692,913.08
• Average Yield-to-Maturity	2.271%
• Liquidity (0 – 6-months)	9.93%
• Average Days to Maturity	960 (2.63 years)
• Fiscal Year-to-Date Earnings	\$3,051,498.93
• Fiscal Year-to-Date Capital Gains/(Losses)	\$80,746.85

In compliance with the California Code Section 53646, 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. I also certify that investments in the City's portfolio meet the requirements of the City of Oceanside's adopted investment policy and the California Government Code section 53601. Market Prices are obtained from Bank of New York and the State Treasurer's Office (LAIF).

Respectfully submitted,


Gary Fellen
City Treasurer

**CITY OF OCEANSIDE
PORTFOLIO SUMMARY
FOR QUARTER ENDED MARCH 31, 2010**

INVESTMENT TYPE	FACE VALUE	BOOK VALUE	MARKET VALUE	YIELD TO MATURITY	DAYS TO MATURITY	PERCENT OF PORTFOLIO
Quarter Ended March 31, 2010						
LAIF	\$ 10,000,000.00	\$ 10,000,000.00	\$ 10,011,830.91	0.547%	1	6.87%
Treasury Securities - Coupon	2,000,000.00	1,986,959.60	1,988,280.00	1.602%	1,079	1.37%
Federal Agency Non - Callable	20,485,000.00	20,507,292.76	21,004,394.69	3.336%	363	14.10%
Federal Agency - Callable	98,020,000.00	97,999,238.91	98,189,151.25	2.225%	1,065	67.36%
Federal Agency Callable - Step Up	15,000,000.00	14,999,600.00	14,992,347.50	2.084%	1,713	10.31%
Total Investments	\$ 145,505,000.00	\$ 145,493,091.27	\$ 146,186,004.35	2.271%	960	100.00%
Unrealized Gain/(Loss) (Market Value - Book Value)						
Plus Accrued Interest			\$ 692,913.08			
Portfolio Liquidation Unrealized Gain/(Loss)						
			\$ 1,453,396.91			

Prior Period Comparisons

INVESTMENT TYPE	FACE VALUE	BOOK VALUE	MARKET VALUE	YIELD TO MATURITY	DAYS TO MATURITY	PERCENT OF PORTFOLIO
Quarter Ended December 31, 2009						
LAIF	\$ 29,750,000.00	\$ 29,750,000.00	\$ 29,778,197.79	0.569%	1	19.52%
Treasury Securities - Coupon	-	-	-	0.000%	0	0.00%
Federal Agency Non - Callable	28,485,000.00	28,505,928.18	29,157,743.45	3.669%	351	18.71%
Federal Agency - Callable	92,155,000.00	92,137,131.54	92,406,148.44	2.423%	995	60.46%
Federal Agency - Discount Notes	2,000,000.00	2,000,000.00	1,991,250.00	2.250%	1,824	1.31%
Total Investments	\$ 152,390,000.00	\$ 152,393,059.72	\$ 153,333,339.68	2.292%	691	100.00%
Unrealized Gain/(Loss) (Market Value - Book Value)						
Plus Accrued Interest			\$ 940,279.96			
Portfolio Liquidation Unrealized Gain/(Loss)						
			\$ 1,857,097.54			
Quarter Ended September 30, 2009						
LAIF	\$ 17,000,000.00	\$ 17,000,000.00	\$ 17,026,530.39	0.750%	1	10.85%
Treasury Securities - Coupon	-	-	-	0.000%	0	0.00%
Federal Agency Non - Callable	31,485,000.00	31,503,032.58	32,391,598.13	3.802%	405	20.11%
Federal Agency - Callable	108,155,000.00	108,128,002.69	108,839,871.88	2.698%	1,041	69.03%
Federal Agency - Discount Notes	-	-	-	0.000%	0	0.00%
Total Investments	\$ 156,640,000.00	\$ 156,631,035.27	\$ 158,258,000.40	2.709%	800	100.00%
Unrealized Gain/(Loss) (Market Value - Book Value)						
Plus Accrued Interest			\$ 1,626,965.13			
Portfolio Liquidation Unrealized Gain/(Loss)						
			\$ 2,730,226.78			

TREASURER'S REPORT



PORTFOLIO DETAILS

As Of March 31, 2010

Oceanside Quarterly Report

Portfolio Management

Portfolio Details - Investments

March 31, 2010

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM	Days to Maturity	Maturity Date
LALF												
SYS18000	18000	Local Agency Investment Fund	6,257,394.32		6,250,000.00	6,257,394.32	6,250,000.00	0.547		0.547	1	
SYS18001	18001	Local Agency Investment Fund	3,754,436.59		3,750,000.00	3,754,436.59	3,750,000.00	0.547		0.547	1	
	Subtotal and Average		18,161,290.32		10,000,000.00	10,011,830.91	10,000,000.00			0.547	1	
Treasury Securities - Coupon												
912828MT4	10-0058	U.S. Treasury Note	577,209.16	03/25/2010	2,000,000.00	1,988,280.00	1,986,959.60	1.375		1.602	1,079	03/15/2013
	Subtotal and Average		577,209.16		2,000,000.00	1,988,280.00	1,986,959.60			1.602	1,079	
Federal Agency - Non Callable												
31331QF69	07-0022	Federal Farm Credit Bank	1,455,437.50	09/07/2006	1,450,000.00	1,455,437.50	1,448,468.01	3.875		5.044	36	05/07/2010
3133XBUL7	06-0060	Federal Home Loan Bank	1,006,562.50	06/12/2006	1,000,000.00	1,006,562.50	999,134.83	4.650		5.284	55	05/26/2010
3133XR2Y5	08-0126	Federal Home Loan Bank	1,005,312.50	05/28/2008	1,000,000.00	1,005,312.50	999,809.96	3.000		3.099	71	06/11/2010
3133XRT83	09-0018	Federal Home Loan Bank	1,013,750.00	10/16/2008	1,000,000.00	1,013,750.00	999,318.90	3.375		3.530	162	09/10/2010
3133XR4S6	08-0121	Federal Home Loan Bank	1,016,562.50	05/22/2008	1,000,000.00	1,016,562.50	998,993.69	3.000		3.151	253	12/10/2010
31331VSK3	09-0024	Federal Farm Credit Bank	1,774,659.38	11/21/2008	1,710,000.00	1,774,659.38	1,736,626.59	4.875		3.030	323	02/18/2011
31331YWG1	08-0122	Federal Farm Credit Bank	2,044,375.00	05/23/2008	2,000,000.00	2,044,375.00	1,996,128.88	3.000		3.220	336	03/03/2011
3133XPWW0	08-0125	Federal Home Loan Bank	1,025,000.00	05/28/2008	1,000,000.00	1,025,000.00	998,871.19	3.250		3.374	344	03/11/2011
3133XJVL9	09-0025	Federal Home Loan Bank	1,376,757.81	11/21/2008	1,325,000.00	1,376,757.81	1,345,663.30	5.000		3.270	344	03/11/2011
3128X7JK1	08-0118	Federal Home Loan Mort Corp	2,052,540.00	05/21/2008	2,000,000.00	2,052,540.00	2,000,000.00	3.250		3.404	378	04/14/2011
3133XR4U1	08-0120	Federal Home Loan Bank	1,025,625.00	05/22/2008	1,000,000.00	1,025,625.00	996,882.13	3.125		3.401	435	06/10/2011
3133XRC65	08-0132	Federal Home Loan Bank	4,127,500.00	06/06/2008	4,000,000.00	4,127,500.00	3,992,575.61	3.375		3.540	435	06/10/2011
3133XTS49	09-0092	Federal Home Loan Bank	1,012,187.50	06/08/2009	1,000,000.00	1,012,187.50	994,819.67	1.875		2.117	811	06/20/2012
3136F9DH3	08-0100	Federal National Mortgage Assc	1,068,125.00	03/25/2008	1,000,000.00	1,068,125.00	1,000,000.00	4.250		4.250	1,089	03/25/2013
	Subtotal and Average		22,022,926.62		20,485,000.00	21,004,394.69	20,507,292.76			3.536	363	
Federal Agency - Callable												
3136F92J1	09-0037	Federal National Mortgage Assc	1,008,125.00	12/29/2008	1,000,000.00	1,008,125.00	999,888.33	2.000		2.010	637	12/29/2011
3136F94M2	09-0049	Federal National Mortgage Assc	2,009,375.00	01/27/2009	2,000,000.00	2,009,375.00	1,997,851.85	2.000		2.173	666	01/27/2012
3136FHCF0	09-0066	Federal National Mortgage Assc	1,013,437.50	02/26/2009	1,000,000.00	1,013,437.50	1,000,000.00	2.250		2.250	694	02/24/2012
3136FHCF0	09-0067	Federal National Mortgage Assc	2,026,875.00	02/26/2009	2,000,000.00	2,026,875.00	2,000,000.00	2.250		2.250	694	02/24/2012
31331GSSB6	09-0070	Federal Farm Credit Bank	2,000,625.00	04/09/2009	2,000,000.00	2,000,625.00	2,000,000.00	2.200		2.200	739	04/09/2012
31398AVN8	09-0071	Federal National Mortgage Assc	2,001,250.00	04/13/2009	2,000,000.00	2,001,250.00	1,999,933.33	2.150		2.185	743	04/13/2012
3136F9GT4	08-0112	Federal National Mortgage Assc	1,001,250.00	04/16/2008	1,000,000.00	1,001,250.00	1,000,000.00	3.400		3.400	746	04/16/2012
31331GTK5	09-0074	Federal Farm Credit Bank	2,001,875.00	04/20/2009	2,000,000.00	2,001,875.00	2,000,000.00	2.020		2.020	750	04/20/2012
3128X8VR0	09-0075	Federal Home Loan Mort Corp	2,001,920.00	04/20/2009	2,000,000.00	2,001,920.00	2,000,000.00	2.200		2.200	750	04/20/2012
31398AVX6	09-0080	Federal National Mortgage Assc	2,003,125.00	05/04/2009	2,000,000.00	2,003,125.00	2,000,000.00	2.150		2.150	764	05/04/2012
31398AVX6	09-0082	Federal National Mortgage Assc	1,001,562.50	05/04/2009	1,000,000.00	1,001,562.50	1,000,000.00	2.150		2.150	764	05/04/2012
31398AVX6	09-0083	Federal National Mortgage Assc	1,001,562.50	05/04/2009	1,000,000.00	1,001,562.50	1,000,000.00	2.150		2.150	764	05/04/2012

Oceanside Quarterly Report
Portfolio Management
Portfolio Details - Investments
March 31, 2010

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Rated Rate	Moody's	YTM	Days to Maturity	Maturity Date
Federal Agency - Callable												
3133XTJUF1	09-0091	Federal Home Loan Bank		06/15/2009	2,000,000.00	2,006,250.00	1,998,252.78	2.000		2.147	806	06/15/2012
3128X8L42	09-0090	Federal Home Loan Mort Corp		06/15/2009	2,000,000.00	2,005,840.00	1,999,897.22	2.000		2.009	806	06/15/2012
3128X9SY7	10-0025	Federal Home Loan Mort Corp		01/19/2010	1,000,000.00	1,002,090.00	1,000,187.50	1.625		1.612	840	07/19/2012
3128X8ER9	09-0045	Federal Home Loan Mort Corp		01/20/2009	2,000,000.00	2,028,780.00	2,000,000.00	2.375		2.375	841	07/20/2012
3128X8WD0	09-0072	Federal Home Loan Mort Corp		04/15/2009	2,000,000.00	2,001,250.00	2,000,000.00	2.300		2.300	928	10/15/2012
3133XTJZ0	09-0079	Federal Home Loan Bank		04/29/2009	2,000,000.00	2,002,500.00	2,000,000.00	2.040		2.040	942	10/29/2012
3136FHJ00	09-0073	Federal National Mortgage Assc		04/29/2009	2,000,000.00	2,023,750.00	2,000,000.00	2.250		2.250	942	10/29/2012
3136FHLA1	09-0078	Federal National Mortgage Assc		04/29/2009	2,000,000.00	2,002,500.00	2,000,000.00	2.150		2.150	942	10/29/2012
3136FHLO6	09-0081	Federal National Mortgage Assc		04/30/2009	2,000,000.00	2,002,500.00	2,000,000.00	2.250		2.250	943	10/30/2012
3136FHRE7	09-0085	Federal National Mortgage Assc		05/20/2009	2,000,000.00	2,003,750.00	2,000,000.00	2.250		2.250	964	11/20/2012
3133XWUG2	10-0037	Federal Home Loan Bank		02/23/2010	1,000,000.00	999,062.50	1,000,000.00	1.610		1.610	967	11/23/2012
3128X7SV7	08-0119	Federal Home Loan Mort Corp		05/23/2008	1,000,000.00	1,019,340.00	996,824.18	3.700		4.002	967	11/23/2012
3133XUQC0	10-0007	Federal Home Loan Bank		09/18/2009	2,000,000.00	2,007,500.00	2,000,000.00	2.250		2.251	992	12/18/2012
31398AB50	10-0011	Federal National Mortgage Assc		12/21/2009	1,000,000.00	995,625.00	999,027.78	1.800		1.875	995	12/21/2012
3133XWDL0	10-0013	Federal Home Loan Bank		12/28/2009	1,000,000.00	999,062.50	1,000,000.00	2.000		2.000	1,002	12/28/2012
3133XWDL0	10-0014	Federal Home Loan Bank		12/28/2009	1,000,000.00	999,062.50	1,000,000.00	2.000		2.000	1,002	12/28/2012
3133XWDL0	10-0017	Federal Home Loan Bank		12/28/2009	1,000,000.00	999,062.50	1,000,000.00	2.000		2.000	1,002	12/28/2012
31398AC26	10-0020	Federal National Mortgage Assc		01/06/2010	2,000,000.00	2,005,000.00	1,989,345.94	1.750		1.970	1,002	12/28/2012
31331JUB1	10-0023	Federal Farm Credit Bank		01/14/2010	2,000,000.00	2,001,250.00	2,000,000.00	2.000		2.000	1,019	01/14/2013
3128X9SW1	10-0045	Federal Home Loan Mort Corp		01/25/2010	1,000,000.00	1,003,160.00	1,000,000.00	2.000		2.000	1,030	01/25/2013
3128X9ZK9	10-0045	Federal Home Loan Mort Corp		02/25/2010	2,000,000.00	1,992,400.00	1,999,280.00	1.800		1.814	1,061	02/25/2013
31398AK35	10-0057	Federal National Mortgage Assc		03/25/2010	1,000,000.00	995,625.00	1,000,000.00	1.850		1.850	1,089	03/25/2013
3128X9TZ3	10-0024	Federal Home Loan Mort Corp		01/22/2010	1,000,000.00	1,000,900.00	1,000,000.00	2.050		2.050	1,117	04/22/2013
3128X9WX4	10-0034	Federal Home Loan Mort Corp		02/08/2010	1,000,000.00	1,000,110.00	1,000,000.00	2.000		2.000	1,133	05/08/2013
3128X9WX4	10-0035	Federal Home Loan Mort Corp		02/08/2010	1,000,000.00	1,000,110.00	1,000,000.00	2.000		2.000	1,133	05/08/2013
3128X8B84	09-0084	Federal Home Loan Mort Corp		05/13/2009	1,000,000.00	1,013,070.00	999,441.67	2.400		2.426	1,138	05/13/2013
31331GXN4	09-0089	Federal Farm Credit Bank		06/03/2009	1,000,000.00	1,013,750.00	1,000,000.00	2.700		2.700	1,159	06/03/2013
3133XWBS7	10-0010	Federal Home Loan Bank		12/28/2009	1,000,000.00	1,003,437.50	1,000,000.00	1.250		1.250	1,184	06/28/2013
3133XWDX4	10-0016	Federal Home Loan Bank		01/05/2010	1,000,000.00	1,000,625.00	1,000,000.00	2.250		2.250	1,191	07/05/2013
31331JBN2	10-0022	Federal Farm Credit Bank		01/12/2010	1,000,000.00	1,001,250.00	1,000,000.00	2.350		2.350	1,198	07/12/2013
3128X9TW0	10-0021	Federal Home Loan Mort Corp		01/19/2010	2,000,000.00	2,002,020.00	2,000,000.00	2.500		2.500	1,205	07/19/2013
3133XWMM2	10-0032	Federal Home Loan Bank		01/22/2010	1,000,000.00	1,001,250.00	1,000,000.00	2.200		2.200	1,208	07/22/2013
3128X9XR6	10-0040	Federal Home Loan Mort Corp		02/23/2010	2,000,000.00	2,005,480.00	2,000,000.00	2.125		2.125	1,240	08/23/2013
3136FJ4C2	10-0039	Federal National Mortgage Assc		02/23/2010	2,000,000.00	1,991,875.00	2,000,000.00	2.000		2.000	1,240	08/23/2013
31331G4J5	10-0009	Federal Farm Credit Bank		12/03/2009	2,000,000.00	1,988,750.00	2,000,000.00	2.300		2.300	1,251	09/03/2013
3133XXA72	10-0048	Federal Home Loan Bank		03/10/2010	1,020,000.00	1,017,768.75	1,020,000.00	2.000		2.000	1,258	09/10/2013
31398AJ29	10-0053	Federal National Mortgage Assc		03/16/2010	1,000,000.00	995,000.00	1,000,000.00	2.100		2.100	1,264	09/16/2013
3133XED5	10-0051	Federal Home Loan Bank		03/17/2010	2,000,000.00	1,995,000.00	2,000,000.00	2.000		2.000	1,265	09/17/2013
31331GS26	10-0008	Federal Farm Credit Bank		09/23/2009	2,000,000.00	2,008,750.00	2,000,000.00	2.350		2.350	1,271	09/23/2013

Oceanside Quarterly Report
 Portfolio Management
 Portfolio Details - Investments
 March 31, 2010

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM	Days to Maturity	Maturity Date
Federal Agency - Callable												
3133XX3P0	10-0050	Federal Home Loan Bank		02/25/2010	2,000,000.00	1,995,000.00	2,000,000.00	2.100		2.100	1,334	11/25/2013
3133XX3T2	10-0046	Federal Home Loan Bank		02/26/2010	2,000,000.00	1,997,500.00	2,000,000.00	2.150		2.150	1,335	11/26/2013
3128X9M23	10-0056	Federal Home Loan Mort Corp		03/17/2010	1,000,000.00	992,210.00	999,308.33	2.200		2.221	1,356	12/17/2013
3133XW7E3	10-0012	Federal Home Loan Bank		12/23/2009	1,000,000.00	997,187.50	1,000,000.00	2.500		2.500	1,362	12/23/2013
3136FJA76	10-0015	Federal National Mortgage Assc		01/06/2010	1,000,000.00	995,000.00	1,000,000.00	2.300		2.300	1,376	01/06/2014
3133XWFN4	10-0028	Federal Home Loan Bank		01/20/2010	2,000,000.00	1,997,500.00	2,000,000.00	2.550		2.550	1,378	01/08/2014
31331JBT9	10-0029	Federal Farm Credit Bank		01/21/2010	1,000,000.00	1,001,562.50	1,000,000.00	2.700		2.700	1,391	01/21/2014
3133XWMM6	10-0026	Federal Home Loan Bank		01/27/2010	1,000,000.00	1,003,750.00	1,000,000.00	2.375		2.375	1,397	01/27/2014
3136F94H3	09-0047	Federal National Mortgage Assc		01/28/2009	2,000,000.00	2,002,500.00	2,000,000.00	2.500		2.500	1,398	01/28/2014
31331JDL4	10-0044	Federal Farm Credit Bank		02/11/2010	2,000,000.00	1,998,125.00	2,000,000.00	2.420		2.420	1,412	02/11/2014
3133XWZ93	10-0049	Federal Home Loan Bank		02/24/2010	2,000,000.00	1,998,750.00	2,000,000.00	2.375		2.375	1,425	02/24/2014
31331JFL2	10-0047	Federal Farm Credit Bank		03/03/2010	1,000,000.00	1,003,437.50	1,000,000.00	2.490		2.490	1,432	03/03/2014
3128X9L65	10-0054	Federal Home Loan Mort Corp		03/18/2010	2,000,000.00	1,991,140.00	2,000,000.00	2.500		2.500	1,447	03/18/2014
31398AYW6	10-0006	Federal National Mortgage Assc		08/25/2009	1,000,000.00	1,010,000.00	1,000,000.00	3.500		3.500	1,607	08/25/2014
		Subtotal and Average	93,831,069.05		98,020,000.00	98,189,151.25	97,999,238.91			2.225	1,065	
Federal Agency Callable - Step Up												
3128X9VE7	10-0027	Federal Home Loan Mort Corp		01/28/2010	1,000,000.00	1,000,980.00	1,000,000.00	1.000		1.000	1,033	01/28/2013
3133XWUJ56	10-0038	Federal Home Loan Bank		02/25/2010	1,000,000.00	996,562.50	1,000,000.00	2.000		2.000	1,607	08/25/2014
3136FJET72	10-0018	Federal National Mortgage Assc		12/30/2009	1,000,000.00	1,003,125.00	1,000,000.00	2.250		2.250	1,734	12/30/2014
3136FJET72	10-0019	Federal National Mortgage Assc		12/30/2009	1,000,000.00	1,003,125.00	1,000,000.00	2.250		2.250	1,734	12/30/2014
3133XWR27	10-0030	Federal Home Loan Bank		01/29/2010	2,000,000.00	1,998,750.00	2,000,000.00	2.250		2.251	1,764	01/29/2015
3128X9WC0	10-0031	Federal Home Loan Mort Corp		01/29/2010	2,000,000.00	2,001,940.00	2,000,000.00	2.500		2.500	1,764	01/29/2015
3133XWSV6	10-0036	Federal Home Loan Bank		02/10/2010	2,000,000.00	1,995,000.00	2,000,000.00	2.000		2.000	1,776	02/10/2015
3133XWUJ7	10-0041	Federal Home Loan Bank		02/24/2010	2,000,000.00	1,998,125.00	2,000,000.00	2.000		2.000	1,790	02/24/2015
3133XWUJ7	10-0042	Federal Home Loan Bank		02/25/2010	1,000,000.00	998,437.50	999,600.00	2.250		2.261	1,791	02/25/2015
3128X9Y1	10-0043	Federal Home Loan Mort Corp		02/26/2010	1,000,000.00	999,740.00	1,000,000.00	2.750		2.750	1,792	02/26/2015
3133XXGX9	10-0052	Federal Home Loan Bank		03/16/2010	1,000,000.00	996,562.50	1,000,000.00	1.250		1.250	1,810	03/16/2015
		Subtotal and Average	14,515,690.05		15,000,000.00	14,992,347.50	14,999,600.00			2.084	1,713	
		Total and Average	149,108,185.20		145,505,000.00	146,186,004.35	145,493,091.27			2.271	960	

Oceanside Quarterly Report
 Portfolio Management
 Portfolio Details - Cash
 March 31, 2010

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM	Days to Maturity
		Average Balance	0.00	Accrued Interest at Purchase		3,225.06	3,225.06				0
		Subtotal				3,225.06	3,225.06				
		Total Cash and Investments	149,108,185.20		145,505,000.00	146,189,229.41	145,496,316.33			2.271	960

TREASURER'S REPORT



INVESTMENT TRANSACTIONS

01/01/10 Through 03/31/10

Oceanside Quarterly Report
Purchases Report
Sorted by Fund - Fund
January 1, 2010 - March 31, 2010

CUSIP	Investment #	Fund	Sec. Type	Issuer	Original Par Value	Purchase Date	Payment Periods	Principal Purchased	Accrued Interest at Purchase	Rate at Purchase	Maturity Date	YTM	Ending Book Value
3133XWDX4	10-0016		FAC	FHLB	1,000,000.00	01/05/2010	07/05 - 01/05	1,000,000.00		2.250	07/05/2013	2.250	1,000,000.00
3136FJA76	10-0015		FAC	FNMA	1,000,000.00	01/06/2010	07/06 - 01/06	1,000,000.00		2.300	01/06/2014	2.300	1,000,000.00
31398AC26	10-0020		FAC	FNMA	2,000,000.00	01/06/2010	06/28 - 12/28	1,987,320.00	777.78	1.750	12/28/2012	1.970	1,989,345.94
31331JBN2	10-0022		FAC	FFCB	1,000,000.00	01/12/2010	07/12 - 01/12	1,000,000.00		2.350	07/12/2013	2.350	1,000,000.00
31331JB1	10-0023		FAC	FFCB	2,000,000.00	01/14/2010	07/14 - 01/14	2,000,000.00		2.000	01/14/2013	2.000	2,000,000.00
3128X9TW0	10-0021		FAC	FHLMC	2,000,000.00	01/19/2010	04/19 - Final Pmt.	2,000,000.00		2.500	07/19/2013	2.500	2,000,000.00
3128X9SY7	10-0025		FAC	FHLMC	1,000,000.00	01/19/2010	07/19 - 01/19	1,000,312.50		1.625	07/19/2012	1.612	1,000,187.50
3133XWFFN4	10-0028		FAC	FHLB	2,000,000.00	01/20/2010	07/08 - 01/08	2,000,000.00	1,700.00	2.550	01/08/2014	2.550	2,000,000.00
31331JB79	10-0029		FAC	FFCB	1,000,000.00	01/21/2010	04/28 - Final Pmt.	1,000,000.00		2.700	01/21/2014	2.700	1,000,000.00
3133XWMM2	10-0032		FAC	FHLB	1,000,000.00	01/22/2010	07/22 - 01/22	1,000,000.00		2.200	07/22/2013	2.200	1,000,000.00
3128X9TZ3	10-0024		FAC	FHLMC	1,000,000.00	01/22/2010	04/22 - Final Pmt.	1,000,000.00		2.050	04/22/2013	2.050	1,000,000.00
3128X9SW1	10-0033		FAC	FHLMC	1,000,000.00	01/25/2010	07/25 - 01/25	1,000,000.00		2.000	01/25/2013	2.000	1,000,000.00
3133XWMM6	10-0026		FAC	FHLB	1,000,000.00	01/27/2010	07/27 - 01/27	1,000,000.00		2.375	01/27/2014	2.375	1,000,000.00
3128X9VE7	10-0027		MC1	FHLMC	1,000,000.00	01/28/2010	07/28 - 01/28	1,000,000.00		1.000	01/28/2013	1.000	1,000,000.00
3133XWR27	10-0030		MC1	FHLB	2,000,000.00	01/29/2010	04/29 - Final Pmt.	2,000,000.00		2.250	01/29/2015	2.251	2,000,000.00
3128X9WC0	10-0031		MC1	FHLMC	2,000,000.00	01/29/2010	07/29 - 01/29	2,000,000.00		2.500	01/29/2015	2.500	2,000,000.00
3128X9WX4	10-0034		FAC	FHLMC	1,000,000.00	02/08/2010	08/08 - 02/08	1,000,000.00		2.000	05/08/2013	2.000	1,000,000.00
3128X9WX4	10-0035		FAC	FHLMC	1,000,000.00	02/08/2010	08/08 - 02/08	1,000,000.00		2.000	05/08/2013	2.000	1,000,000.00
3133XWSY6	10-0036		MC1	FHLB	2,000,000.00	02/10/2010	08/10 - 02/10	2,000,000.00		2.000	02/10/2015	2.000	2,000,000.00
31331JDL4	10-0044		FAC	FFCB	2,000,000.00	02/11/2010	08/11 - 02/11	2,000,000.00		2.420	02/11/2014	2.420	2,000,000.00
3133XWUG2	10-0037		FAC	FHLB	1,000,000.00	02/23/2010	08/23 - 02/23	1,000,000.00		1.610	11/23/2012	1.610	1,000,000.00
3128X9XR6	10-0040		FAC	FHLMC	2,000,000.00	02/23/2010	08/23 - 02/23	2,000,000.00		2.125	08/23/2013	2.125	2,000,000.00
3136FJ4C2	10-0039		FAC	FNMA	2,000,000.00	02/23/2010	08/23 - 02/23	2,000,000.00		2.000	08/23/2013	2.000	2,000,000.00
3133XWTTX7	10-0041		MC1	FHLB	2,000,000.00	02/24/2010	08/24 - 02/24	2,000,000.00		2.000	02/24/2015	2.000	2,000,000.00
3133XWZ93	10-0049		FAC	FHLB	2,000,000.00	02/24/2010	08/24 - 02/24	2,000,000.00		2.375	02/24/2014	2.375	2,000,000.00
3133XWU56	10-0038		MC1	FHLB	1,000,000.00	02/25/2010	08/25 - 02/25	1,000,000.00		2.000	08/25/2014	2.000	1,000,000.00
3133XWUE7	10-0042		MC1	FHLB	999,500.00	02/25/2010	08/25 - 02/25	999,500.00		2.250	02/25/2015	2.261	999,600.00
3133XX3P0	10-0050		FAC	FHLB	2,000,000.00	02/25/2010	05/25 - 11/25	2,000,000.00		2.100	11/25/2013	2.100	2,000,000.00
3128X9ZK9	10-0045		FAC	FHLMC	2,000,000.00	02/25/2010	08/25 - 02/25	1,999,200.00		1.800	02/25/2013	1.814	1,999,280.00
3133XX3T2	10-0046		FAC	FHLB	2,000,000.00	02/26/2010	05/26 - 11/26	2,000,000.00		2.150	11/26/2013	2.150	2,000,000.00
3128X9XY1	10-0043		MC1	FHLMC	1,000,000.00	02/26/2010	08/26 - 02/26	1,000,000.00		2.750	02/26/2015	2.750	1,000,000.00
31331JFL2	10-0047		FAC	FFCB	1,000,000.00	03/03/2010	09/03 - 03/03	1,000,000.00		2.490	03/03/2014	2.490	1,000,000.00
3133XXA72	10-0048		FAC	FHLB	1,020,000.00	03/10/2010	09/10 - 03/10	1,020,000.00		2.000	09/10/2013	2.000	1,020,000.00
912828MT4	10-0055		TRC	TN	2,000,000.00	03/15/2010	03/17 - Final Pmt.	1,992,500.00		1.375	03/15/2013	1.503	0.00

Oceanside Quarterly Report
Purchases Report
January 1, 2010 - March 31, 2010

CUSIP	Investment #	Fund	Sec. Type	Original Par Value	Purchase Date	Payment Periods	Principal Purchased	Accrued Interest at Purchase	Rate at Purchase	Maturity Date	YTM	Ending Book Value
Undefined Fund												
3133XXGX9	10-0052		MC1 FHLB	1,000,000.00	03/16/2010	09/16 - 03/16	1,000,000.00		1.250	03/16/2015	1.250	1,000,000.00
31398AJ29	10-0053		FAC FNMA	1,000,000.00	03/16/2010	09/16 - 03/16	1,000,000.00		2.100	09/16/2013	2.100	1,000,000.00
3133XXED5	10-0051		FAC FHLB	2,000,000.00	03/17/2010	09/17 - 03/17	2,000,000.00		2.000	09/17/2013	2.000	2,000,000.00
3128X9M23	10-0056		FAC FHLMC	1,000,000.00	03/17/2010	09/17 - 03/17	999,250.00		2.200	12/17/2013	2.221	999,308.33
3128X9L65	10-0054		FAC FHLMC	2,000,000.00	03/18/2010	09/18 - 03/18	2,000,000.00		2.500	03/18/2014	2.500	2,000,000.00
31398AK35	10-0057		FAC FNMA	1,000,000.00	03/25/2010	09/25 - 03/25	1,000,000.00		1.850	03/25/2013	1.850	1,000,000.00
912828MT4	10-0058		TRC TN	2,000,000.00	03/25/2010	04/19 - Final Pmt.	1,986,875.00	747.28	1.375	03/15/2013	1.602	1,986,959.60
			Subtotal	60,020,000.00			59,984,957.50	3,225.06				57,994,681.37

Managed Pool Deposits

	Deposit Amount	Deposit Date	Deposit Amount	Rate
SYS18000	6,250,000.00	01/13/2010	6,250,000.00	1.377
SYS18000	8,250,000.00	01/22/2010	8,250,000.00	1.377
SYS18000	4,500,000.00	02/02/2010	4,500,000.00	1.377
SYS18000	2,000,000.00	02/03/2010	2,000,000.00	1.377
SYS18000	3,250,000.00	02/04/2010	3,250,000.00	1.377
SYS18000	6,250,000.00	02/17/2010	6,250,000.00	1.377
SYS18000	2,000,000.00	02/18/2010	2,000,000.00	1.377
SYS18000	1,500,000.00	03/02/2010	1,500,000.00	1.377
SYS18000	1,750,000.00	03/10/2010	1,750,000.00	1.377
SYS18000	1,000,000.00	03/22/2010	1,000,000.00	1.377
SYS18000	1,000,000.00	03/24/2010	1,000,000.00	1.377
	37,750,000.00		37,750,000.00	

Total Purchases and Deposits 97,770,000.00 3,225.06 57,994,681.37

Oceanside Quarterly Report Maturity Report

Sorted by Maturity Date
Receipts during January 1, 2010 - March 31, 2010

CUSIP	Investment #	Fund	Sec. Type	Issuer	Par Value	Maturity Date	Purchase Date at Maturity	Rate	Book Value at Maturity	Interest	Maturity Proceeds	Net Income
31331VYR1	06-0050		NCB	FFCB	1,000,000.00	01/04/2010	05/10/2006	5.300	1,000,000.00	26,500.00	1,026,500.00	26,500.00
31331Y3S7	09-0016		NCB	FFCB	2,000,000.00	01/21/2010	10/15/2008	3.050	2,000,000.00	30,500.00	2,030,500.00	30,500.00
3128X6K54	08-0074		NCB	FHLMC	1,000,000.00	01/29/2010	01/29/2008	3.250	1,000,000.00	16,250.00	1,016,250.00	16,250.00
3128X34V2	06-0061		NCB	FHLMC	1,000,000.00	02/22/2010	06/12/2006	4.240	1,000,000.00	21,200.00	1,021,200.00	21,200.00
3133XES63	07-0120		NCB	FHLB	1,000,000.00	03/12/2010	06/07/2007	4.875	1,000,000.00	24,375.00	1,024,375.00	24,375.00
Total Maturities									6,000,000.00	118,825.00	6,118,825.00	118,825.00

Oceanside Quarterly Report
Sales/Call Report
Sorted by Fund - Fund
January 1, 2010 - March 31, 2010

CUSIP	Investment #	Fund	Issuer Sec. Type	Purchase Date/Matur. Date	Par Value	Rate at Redem.	Book Value at Redem.	Redemption Principal	Redemption Interest	Total Amount	Net Income
3128X8DC3	09-0039	Undefined Fund	FHLMC FAC	01/06/2009 01/06/2010 07/06/2012	2,000,000.00	2.300	2,000,000.00	2,000,000.00	23,000.00	2,023,000.00	23,000.00
3128X8DZ2	09-0043		FHLMC FAC	01/21/2009 01/21/2010 01/21/2014	2,000,000.00	3.000	2,000,000.00	2,000,000.00	30,000.00	2,030,000.00	30,000.00
3128X8FM9	09-0050		FHLMC FAC	01/27/2009 01/27/2010 01/27/2012	2,000,000.00	2.000	2,000,000.00	2,000,000.00	20,000.00	2,020,000.00	20,000.00
3133XP3C6	08-0068		FHLB FAC	01/29/2008 01/29/2010 01/29/2013	2,000,000.00	4.000	2,000,000.00	2,000,000.00	40,000.00	2,040,000.00	40,000.00
3128X8GP1	09-0051		FHLMC FAC	02/02/2009 02/02/2010 02/02/2012	4,000,000.00	2.250	4,000,000.00	4,000,000.00	45,000.00	4,045,000.00	45,000.00
31398AVB5	09-0052		FNMA FAC	02/03/2009 02/03/2010 02/03/2012	2,000,000.00	2.125	2,000,000.00	2,000,000.00	21,250.00	2,021,250.00	21,250.00
3128X8HR6	09-0059		FHLMC FAC	02/04/2009 02/04/2010 02/04/2014	4,000,000.00	3.000	4,000,000.00	4,000,000.00	60,000.00	4,060,000.00	60,000.00
3136F8WZ7	08-0087		FNMA FAC	02/08/2008 02/08/2010 02/08/2012	2,155,000.00	3.350	2,155,000.00	2,155,000.00	36,096.25	2,191,096.25	36,096.25
3128X8HV7	09-0056		FHLMC FAC	02/11/2009 02/11/2010 08/11/2011	1,000,000.00	2.000	1,000,000.00	1,000,000.00	10,000.00	1,010,000.00	10,000.00
3128X8HV7	09-0057		FHLMC FAC	02/11/2009 02/11/2010 08/11/2011	1,000,000.00	2.000	1,000,000.00	1,000,000.00	10,000.00	1,010,000.00	10,000.00
3128X8JB9	09-0060		FHLMC FAC	02/17/2009 02/17/2010 02/17/2012	1,000,000.00	2.450	1,000,000.00	1,000,000.00	12,250.00	1,012,250.00	12,250.00
3128X8JB9	09-0061		FHLMC FAC	02/17/2009 02/17/2010 02/17/2012	2,000,000.00	2.450	2,000,000.00	2,000,000.00	24,500.00	2,024,500.00	24,500.00
3136FHBE4	09-0062		FNMA FAC	02/17/2009 02/17/2010 02/17/2012	1,000,000.00	2.500	1,000,000.00	1,000,000.00	12,500.00	1,012,500.00	12,500.00
3136FHBE4	09-0063		FNMA FAC	02/17/2009 02/17/2010 02/17/2012	2,000,000.00	2.500	2,000,000.00	2,000,000.00	25,000.00	2,025,000.00	25,000.00
3133XSY28	09-0058		FHLB FAC	02/18/2009 02/18/2010 02/18/2014	2,000,000.00	3.125	2,000,000.00	2,000,000.00	31,250.00	2,031,250.00	31,250.00
3136FHCG8	09-0065		FNMA FAC	02/24/2009 02/24/2010 02/24/2012	2,000,000.00	2.330	2,000,000.00	2,000,000.00	23,300.00	2,023,300.00	23,300.00
31331GNG0	09-0064		FFCB FAC	02/25/2009 02/25/2010 02/25/2013	2,000,000.00	3.000	2,000,000.00	2,000,000.00	30,000.00	2,030,000.00	30,000.00
31398AVL3	09-0068		FNMA FAC	03/02/2009 03/02/2010 03/02/2011	1,000,000.00	2.000	1,000,000.00	1,000,000.00	10,000.00	1,010,000.00	10,000.00

Oceanside Quarterly Report
Sales/Call Report
January 1, 2010 - March 31, 2010

CUSIP	Investment #	Fund	Issuer Sec. Type	Purchase Date	Redem. Date	Par Value	Rate at Redem.	Book Value at Redem.	Redemption Principal	Redemption Interest	Total Amount	Net Income
Undefined Fund												
31398AVS8	09-0069		FNMA FAC	03/02/2009	03/02/2010	2,000,000.00	2.500	2,000,000.00	2,000,000.00	25,000.00	2,025,000.00	25,000.00
					03/02/2012						Call	
912828MT4	10-0055		TN TRC	03/15/2010	03/17/2010	2,000,000.00	1.375	1,992,513.69	1,995,156.25	149.46	1,995,305.71	2,792.02
					03/15/2013						Sale	
3133XRT83	09-0018		FHLB NCB	10/16/2008	03/19/2010	2,000,000.00	3.375	1,998,535.00	2,028,400.00	1,687.50	2,030,087.50	31,552.50
					09/10/2010						Sale	
				Subtotal		41,155,000.00		41,146,048.69	41,178,556.25	490,983.21	41,669,539.46	523,490.77

Managed Pool Withdrawals												
				Withdrawal Date	Withdrawal Amount	Current Rate	Withdrawal Amount	Withdrawal Rate	Withdrawal Amount	Interest	Total Amount	
SYS18000	18000		LAIF	07/01/2009	01/05/2010	0.547	500,000.00	0.547	500,000.00		500,000.00	
SYS18000	18000		LAIF	07/01/2009	01/06/2010	0.547	1,250,000.00	0.547	1,250,000.00		1,250,000.00	
SYS18000	18000		LAIF	07/01/2009	01/12/2010	0.547	500,000.00	0.547	500,000.00		500,000.00	
SYS18000	18000		LAIF	07/01/2009	01/14/2010	0.547	3,250,000.00	0.547	3,250,000.00		3,250,000.00	
SYS18000	18000		LAIF	07/01/2009	01/15/2010	0.547	1,250,000.00	0.547	1,250,000.00		1,250,000.00	
SYS18000	18000		LAIF	07/01/2009	01/19/2010	0.547	3,500,000.00	0.547	3,500,000.00		3,500,000.00	
SYS18000	18000		LAIF	07/01/2009	01/20/2010	0.547	1,250,000.00	0.547	1,250,000.00		1,250,000.00	
SYS18000	18000		LAIF	07/01/2009	01/25/2010	0.547	3,000,000.00	0.547	3,000,000.00		3,000,000.00	
SYS18000	18000		LAIF	07/01/2009	01/26/2010	0.547	1,250,000.00	0.547	1,250,000.00		1,250,000.00	
SYS18000	18000		LAIF	07/01/2009	01/29/2010	0.547	3,000,000.00	0.547	3,000,000.00		3,000,000.00	
SYS18000	18000		LAIF	07/01/2009	02/12/2010	0.547	2,250,000.00	0.547	2,250,000.00		2,250,000.00	
SYS18000	18000		LAIF	07/01/2009	02/16/2010	0.547	2,000,000.00	0.547	2,000,000.00		2,000,000.00	
SYS18000	18000		LAIF	07/01/2009	02/23/2010	0.547	4,750,000.00	0.547	4,750,000.00		4,750,000.00	
SYS18000	18000		LAIF	07/01/2009	02/24/2010	0.547	750,000.00	0.547	750,000.00		750,000.00	
SYS18000	18000		LAIF	07/01/2009	02/25/2010	0.547	3,500,000.00	0.547	3,500,000.00		3,500,000.00	
SYS18001	18001		LAIF	07/01/2009	02/26/2010	0.547	7,750,000.00	0.547	7,750,000.00		7,750,000.00	
SYS18000	18000		LAIF	07/01/2009	03/01/2010	0.547	250,000.00	0.547	250,000.00		250,000.00	
SYS18000	18000		LAIF	07/01/2009	03/04/2010	0.547	250,000.00	0.547	250,000.00		250,000.00	
SYS18000	18000		LAIF	07/01/2009	03/12/2010	0.547	1,750,000.00	0.547	1,750,000.00		1,750,000.00	
SYS18000	18000		LAIF	07/01/2009	03/15/2010	0.547	4,750,000.00	0.547	4,750,000.00		4,750,000.00	
SYS18001	18001		LAIF	07/01/2009	03/16/2010	0.547	2,000,000.00	0.547	2,000,000.00		2,000,000.00	
SYS18001	18001		LAIF	07/01/2009	03/18/2010	0.547	2,500,000.00	0.547	2,500,000.00		2,500,000.00	
SYS18000	18000		LAIF	07/01/2009	03/23/2010	0.547	1,000,000.00	0.547	1,000,000.00		1,000,000.00	
SYS18000	18000		LAIF	07/01/2009	03/25/2010	0.547	3,000,000.00	0.547	3,000,000.00		3,000,000.00	
SYS18000	18000		LAIF	07/01/2009	03/26/2010	0.547	1,000,000.00	0.547	1,000,000.00		1,000,000.00	
SYS18000	18000		LAIF	07/01/2009	03/30/2010	0.547	1,250,000.00	0.547	1,250,000.00		1,250,000.00	
				Subtotal			57,500,000.00		57,500,000.00		57,500,000.00	

Oceanside Quarterly Report
 Sales/Call Report
 January 1, 2010 - March 31, 2010

CUSIP	Investment #	Fund	Issuer Sec. Type	Purchase Date	Matur. Date	Par Value	Rate at Redem.	Book Value at Redem.	Redemption Principal	Redemption Interest	Total Amount	Net Income
Total Sales and Withdrawals												
						98,655,000.00		41,146,048.69	98,678,556.25	490,983.21	99,169,539.46	523,490.77

TREASURER'S REPORT



LATE ACTIVITY
GRAPHS

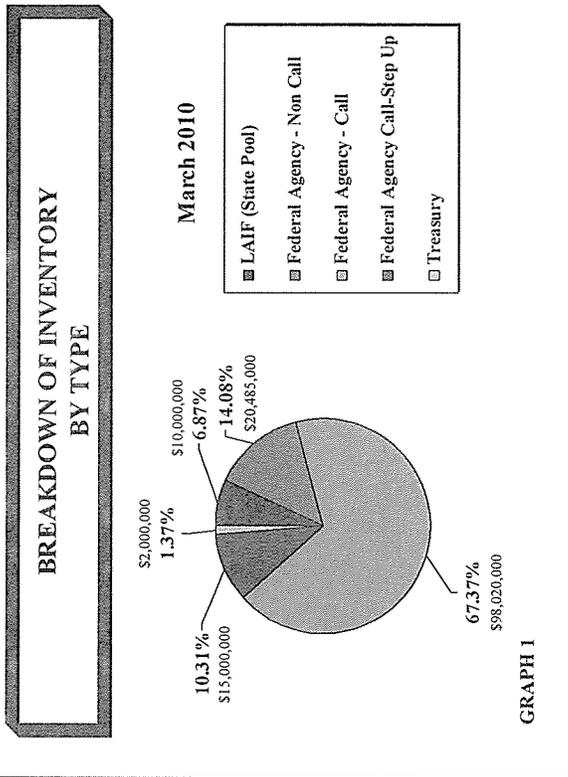
As of March 31, 2010

**Oceanside Quarterly Report
Cash/Checking Activity
January 1, 2010 - March 31, 2010**

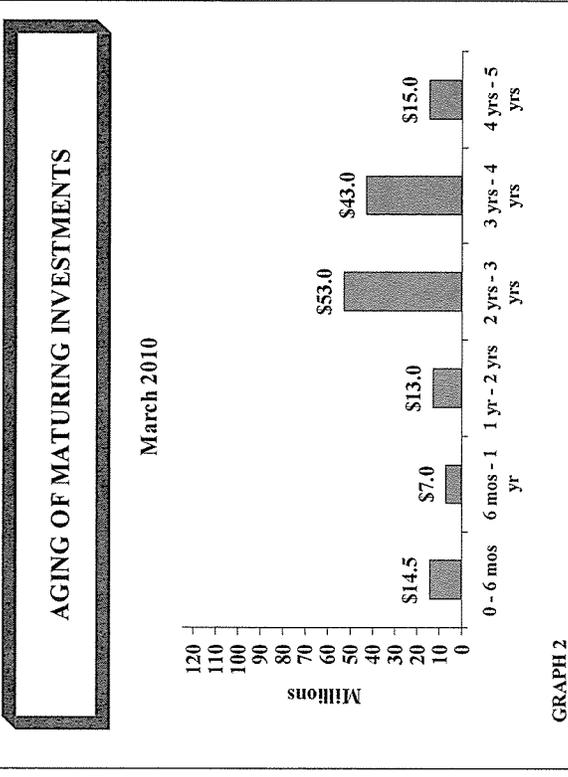
Issuer Investment #	Fund	Security ID	Transaction Date Receipt	Deposits	Withdrawals	Interest Received	Balance
LAI F	Local Agency Investment Fund						
	18000	SYS18000	01/05/2010				13,750,000.00
			01/06/2010		500,000.00		13,250,000.00
			01/12/2010		1,250,000.00		12,000,000.00
			01/13/2010		500,000.00		11,500,000.00
			01/14/2010	6,250,000.00			17,750,000.00
			01/15/2010		3,250,000.00		14,500,000.00
			01/15/2010		1,250,000.00		13,250,000.00
			01/19/2010		3,500,000.00	16,426.21	9,750,000.00
			01/20/2010		1,250,000.00		8,500,000.00
			01/22/2010		1,250,000.00		16,750,000.00
			01/25/2010	8,250,000.00			13,750,000.00
			01/26/2010		3,000,000.00		12,500,000.00
			01/29/2010		1,250,000.00		9,500,000.00
			01/31/2010		3,000,000.00		9,500,000.00
			02/02/2010	4,500,000.00			14,000,000.00
			02/03/2010	2,000,000.00			16,000,000.00
			02/04/2010	3,250,000.00			19,250,000.00
			02/12/2010		2,250,000.00		17,000,000.00
			02/16/2010		2,000,000.00		15,000,000.00
			02/17/2010	6,250,000.00			21,250,000.00
			02/18/2010	2,000,000.00			23,250,000.00
			02/23/2010		4,750,000.00		18,500,000.00
			02/24/2010		750,000.00		17,750,000.00
			02/25/2010		3,500,000.00		14,250,000.00
			02/28/2010		250,000.00		14,000,000.00
			03/01/2010	1,500,000.00			15,500,000.00
			03/02/2010		250,000.00		15,250,000.00
			03/04/2010	1,750,000.00			17,000,000.00
			03/10/2010		1,750,000.00		15,250,000.00
			03/12/2010		4,750,000.00		10,500,000.00
			03/15/2010	1,000,000.00			11,500,000.00
			03/22/2010		1,000,000.00		10,500,000.00
			03/23/2010	1,000,000.00			11,500,000.00
			03/24/2010		3,000,000.00		8,500,000.00
			03/25/2010				

Portfolio POOL
NLI AP
LP (PRF_LP) SymRept 6.41.202a
Report Ver. 5.001

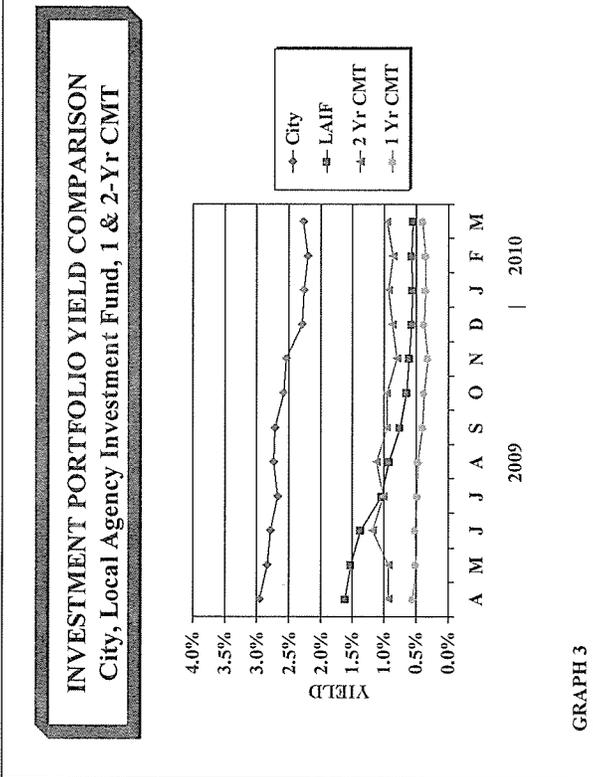
CITY OF OCEANSIDE INVESTMENT PORTFOLIO SUMMARY GRAPHS



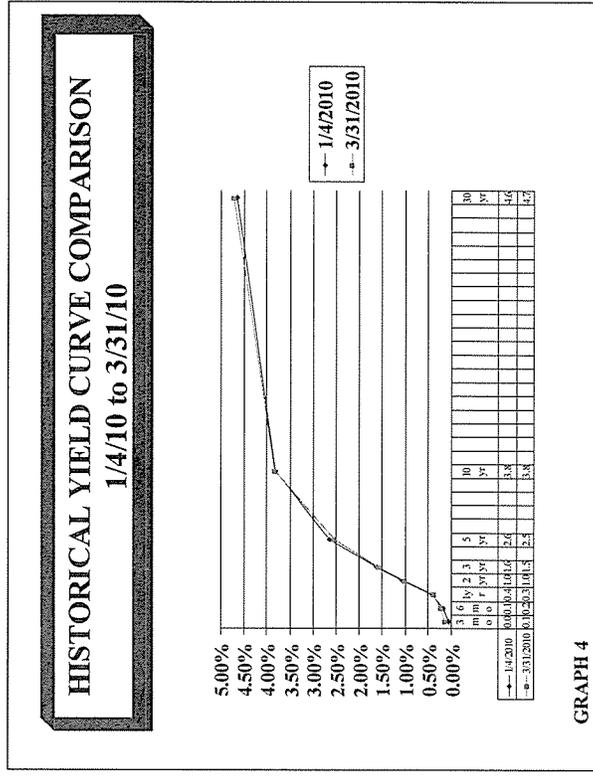
GRAPH 1



GRAPH 2



GRAPH 3



GRAPH 4

TREASURER'S REPORT



BOND FUNDS -
2003 REDEVELOPMENT TAX ALLOCATION BONDS
FUNDS HELD BY OUTSIDE MANAGEMENT

As of March 31, 2010

**Month End Reports
Portfolio Management
Portfolio Summary
March 31, 2010**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Managed Pool Accounts	14,446,000.00	14,463,090.93	14,446,000.00	100.00	1	1	0.540	0.547
Investments	14,446,000.00	14,463,090.93	14,446,000.00	100.00%	1	1	0.540	0.547
Total Earnings	March 31	Month Ending	Fiscal Year To Date					
Current Year		6,837.28						74,561.15

Gary Feilen, Commission Treasurer

Month End Reports
Portfolio Management
Portfolio Details - Investments
March 31, 2010

CUSIP	Investment #	Issuer	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM 365	Days to Maturity	Maturity Date
Managed Pool Accounts											
SYS18002-TA	18002-TA	State of CA LAIF		14,446,000.00	14,463,090.93	14,446,000.00	0.547		0.547	1	
		Subtotal and Average		14,446,000.00	14,463,090.93	14,446,000.00			0.547	1	
		Total and Average		14,446,000.00	14,463,090.93	14,446,000.00			0.547	1	

Month End Reports
Cash/Checking Activity
January 1, 2010 - March 31, 2010

Issuer	Investment #	Fund	Security ID	Current Transaction Rate	Date Receipt	Deposits	Withdrawals	Interest Received	Balance
Managed Pool Accounts									
State of CA LAIF									
18002-TA	03 TA		SYS18002-TA	0.569	01/15/2010			22,023.67	14,446,000.00
				0.558	01/31/2010				14,446,000.00
				0.577	02/28/2010				14,446,000.00
				0.547	03/31/2010				14,446,000.00
			Subtotal and Ending Balance	0.547		0.00	0.00	22,023.67	14,446,000.00
Total						0.00	0.00	22,023.67	14,446,000.00

**CITY OF OCEANSIDE
FUNDS MANAGED BY OUTSIDE PARTIES
AS OF MARCH 31, 2010**

TYPE OF FUND/INSTITUTION	MARKET VALUE	INSTITUTION TOTAL
<u>BOND FUNDS</u>		
Bank of New York		
1998 Water Revenue Refunding Bonds	161,877.03	
2002 Tax Allocation Bonds	2,980,153.17	
2002 Community Facilities District Bonds - Ocean Ranch Corporate Centre	2,432,750.57	
2002 Community Facilities District Bonds - Morro Hills Development	4,177,164.94	
2003 Refunding Certificates of Participation - Water System Bonds	3,851,412.90	
2004 Community Facilities District Bonds - Morro Hills Development Imp#1	754,821.76	
2004 Community Facilities District Bonds - Morro Hills Development	1,107,654.42	
2004 Refunding Tax Allocation Bonds	1,432,642.82	
2005 Civic Center Refunding Certificates of Participation	-	
2005 Pension Obligation Bonds	1.55	
2008 Community Facilities District Bonds-Pacific Coast Business Park	937,551.53	
2008 Revenue Refunding Bonds	936,619.45	
TOTAL FUNDS MANAGED BY OUTSIDE PARTIES	\$ 17,836,030.69	

1 RESOLUTION NO.

2 A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
3 OCEANSIDE APPROVING THE POLICY FOR THE
4 INVESTMENT OF CITY OF OCEANSIDE FUNDS

5 WHEREAS, Section 53646 of the State of California Government Code provides for the
6 annual review and adoption of an investment policy statement;

7 WHEREAS, said investment policy has been written in compliance with all applicable
8 laws and in accordance with guidelines provided by the Association of Public Treasurers of the
9 United States and Canada; and

10 WHEREAS, The City Treasurer, City staff and members of the City Treasurer's Citizen
11 Investment Oversight Committee have reviewed and approved the proposed policy.

12 NOW, THEREFORE, the City Council of the City of Oceanside does resolve as follows:

13 Section 1. That the policy statement attached hereto as Exhibit "A" is adopted; and

14 Section 2. That the policy be examined and considered for readoption no later than June
15 30, 2011.

16 PASSED AND ADOPTED by the City Council of the City of Oceanside, California,
17 this _____ day of _____, 2010, by the following vote:

18
19 AYES:

20 NAYS:

21 ABSENT:

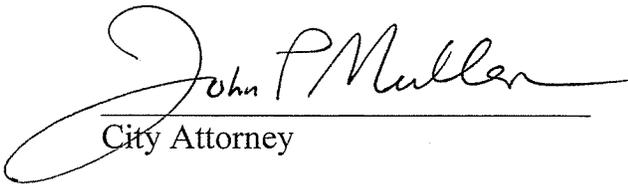
22 ABSTAIN:

23
24 MAYOR OF THE CITY OF OCEANSIDE

25
26 ATTEST:

27 APPROVED AS TO FORM:

28 _____
City Clerk



City Attorney

EXHIBIT A

CITY OF OCEANSIDE INVESTMENT POLICY



Prepared by the
City Treasurer's Office
300 North Coast Highway
Oceanside, CA 92054

Gary Felien
City Treasurer

Adopted June 23, 2010
City Council Resolution No.

EXHIBIT A

CITY OF OCEANSIDE INVESTMENT POLICY

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EXHIBIT A



CITY OF OCEANSIDE

Office of the City Treasurer

June 23, 2010

INTRODUCTION

The investment policies and practices of the City of Oceanside (hereafter referred to as the “City”) are based upon state law and prudent money management principles. The primary goals of these policies are:

1. To protect and manage the principal monies entrusted to this office in compliance with all Federal, State, and Local laws governing the investment of monies under the control of the City Treasurer.
2. To ensure ample liquidity to meet budgeted City expenditures for at least a six-month period.
3. To generate the maximum amount of investment income within the parameters of prudent risk management and required liquidity.

The monies (Investment Pool) entrusted to the City Treasurer in accordance with Council Ordinance 97-19, shall be referred to as the “Fund” throughout the remainder of this document. The Fund will be an actively managed portfolio. That is, the Treasury Manager and staff will observe, review, and react to changing conditions that affect the Fund. The Treasury Manager, as directed by the City Treasurer, shall manage the Fund on a full-time basis. The Treasury Manager shall manage all transactions and shall establish a system of controls to regulate the activities of all Treasury personnel. The authority to execute investment transactions that will affect the Fund will be limited to:

City Treasurer
Treasury Manager
Deputy Treasurer

In accordance with City Council Policy 200-03, the City Treasurer recognizes that the City has an obligation to be aware of the social and political impacts of its investments. The City Treasurer and investment staff shall not knowingly make any investments in any institution that practices or supports any form of discrimination as to race, religion, sex or physical disability.

The above officers will meet with members of the Citizen Investment Oversight Committee on a regular basis to discuss current market conditions and future trends and how each of these affects the Fund and the City.

EXHIBIT A

The policy stated below addresses risk management because it is such an integral part of the investment policy. To concentrate only on maximizing yield would be imprudent; therefore, policy issues will be directed to:

1. limiting the Fund's exposure to each issue and issuer of debt, and
2. determining a minimum credit requirement that firms must have in order to hold city monies.

1. SCOPE

In accordance with Ordinance 97-19 of the City Council of the City of Oceanside and under authority granted on January 7, 1998, the City Treasurer is responsible for investing the unexpended cash in the City Treasury. This investment policy applies to all the financial assets of the City of Oceanside. These funds are accounted for in the City of Oceanside's Comprehensive Annual Financial Report and include: General Fund, Special Revenue Funds, Capital Project Funds, Enterprise Funds, Debt Service Funds, Trust and Agency Funds, and Internal Service Funds. The investment policy does not apply to Employee Retirement and Deferred Compensation Funds, which are administered separately. Bond proceeds of the City of Oceanside shall be invested in accordance with the permitted investments of each bond indenture.

2. PRUDENT INVESTOR RULE

Generally, investments shall be made in the context of the "prudent investor" rule, which states:

"...investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

3. OBJECTIVES

A. Safety of principal.

Safety of principal is the foremost objective of the City of Oceanside. Each investment transaction shall seek to ensure, whenever possible, that all capital losses are avoided, whether from securities default, broker-dealer default, or erosion of market value. The City shall seek to preserve principal by mitigating the two types of risk: credit risk and market risk.

1. Credit risk, defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in only very safe securities (see *Section 8 Authorized Investments* for detailed limitations of credit risk), and by

EXHIBIT A

diversifying the investment portfolio so that the failure of any one issuer would not unduly harm the City's cash flow.

2. Market risk, defined as the risk of market value fluctuations due to overall changes in the general level of interest rates, shall be mitigated by structuring the portfolio so that securities mature at the same time that major cash outflows occur, thus reducing the need to sell securities prior to their maturity; and by prohibiting the taking of short positions, that is, selling securities that the City does not own. It is explicitly recognized herein, however, that in a diversified portfolio, occasional measured losses are inevitable and must be considered within the context of overall investment return and liquidity needs.

B. Liquidity

The portfolio will be structured with sufficient liquidity to allow the City to meet anticipated cash requirements. This will be accomplished through diversity of the instruments to include those with active secondary markets, those which can match maturities to expected cash needs, and the State Local Agency Investment Fund with immediate withdrawal provisions. A statement showing that the portfolio has ample liquidity to meet six months of budgeted City expenditures will be included in the Treasurer's report to Council.

C. Return on investment

The City's investment portfolio shall be designed to attain at least a market-average rate of return through economic cycles. Whenever possible, and consistent with risk limitations as defined herein and prudent investment principles, the Treasury Manager shall seek to augment returns above the market average rate of return as shown on the average CMT (Constant Maturity Treasury) whose maturity most closely matches the average maturity of the portfolio.

4. INVESTMENT PROCEDURES

The City Treasurer shall establish written investment policy procedures for the operation of the investment program consistent with this policy. The procedures should include reference to: safekeeping, Public Securities Administration repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy procedures established by the City Treasurer.

5. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that conflicts with proper execution of the investment program, or impairs their ability to make impartial investments decisions. Employees and investment officials shall disclose any

EXHIBIT A

material financial interests that could be related to the performance of the City's investment policy.

6. INVESTMENT OVERSIGHT COMMITTEE

The City Treasurer shall be responsible for establishing a Citizen Investment Oversight Committee consisting of no less than 5 members. Members of the committee shall serve at the City Treasurer's pleasure and meet on a regular basis to review investment operations and assure compliance to California Code requirements. The committee shall act in an advisory role and shall not make investment decisions.

7. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

The Treasurer will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the State of California. These may include primary dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). No deposit shall be made except as established by California laws. All financial institutions and broker/dealers for investment transactions must supply the Treasurer with the following: audited financial statements, proof of Financial Industry Regulatory Authority (FINRA) certification, proof of State of California registrations, completed broker/dealer questionnaire (attached as an addendum), and certificate of having read the City's investment policy. The Treasury Manager shall provide information regarding any newly acquired dealer to the City Treasurer and the Investment Oversight Committee.

The City may execute security transactions with the investment department of the City's custodial bank. If the custodial bank is not a primary dealer in government securities, investments shall be restricted to short term investments (six months or less) and the business relationship with the bank's investment department shall terminate at such time when the City terminates its banking relationship with the bank. If the City's custodial bank is a primary dealer, the rules pertaining to primary dealer status apply.

The City may purchase A1-P1 rated commercial paper from its direct issuer if it presents a higher return than in the secondary market.

The Treasury Manger shall annually send a copy of the current investment policy by electronic mail to all dealers approved to do business with the City. Broker/dealers shall be required to provide a certification acknowledging receipt of the policy and submit their most recent audited financial statements. Confirmation of receipt of this policy shall be considered evidence that the dealer understands the City's investment policies and agrees to sell the City only appropriate investments. The Treasury Manger will annually review the financial condition and registrations of qualified financial institutions and broker/dealers. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the City invests.

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8. AUTHORIZED INVESTMENTS

The City is further governed by California Government Code, Sections 53600 et seq. Within the context of these limitations, the following investments are authorized, as further limited herein:

- A. United States Treasury Bills, Bonds, and Notes, or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no limitation as to the percentage of the portfolio that can be invested in this category. The City shall not invest in any United States security that exceeds five-years of maturity.
- B. Obligations issued by the United States Government Agencies such as, the Government National Mortgage Association (GNMA), the Federal Farm Credit Bank System (FFCB), the Federal Home Loan Bank Board (FHLB), the Federal National Mortgage Association (FNMA), and the Student Loan Marketing Association (SLMA). There is no percentage limitation of the dollar amount that can be invested in these issues, however, no more than 25% of the cost value of the portfolio at the time of purchase may be invested in any single agency name. The City shall not invest in any agency security that could result in zero interest accrual if held to maturity.
- C. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as banker's acceptances. Banker's acceptances purchased may not exceed 180 days to maturity. No more than 20% of the cost value of the portfolio at the time of purchase may be invested in banker's acceptances. No more than 5% of the cost value of the portfolio may be invested in banker's acceptances issued by any one bank.
- D. Time deposits. The City may invest in non-negotiable time deposits collateralized in accordance with the California Government Code, in those U.S. banks and savings and loan associations, which meet the requirements as evaluated by a nationally recognized statistical rating organization (NSRO) as designated by the Securities and Exchange Commission, for the qualitative and quantitative analysis of financial institutions. Since time deposits are not liquid, no more than 15% of the cost value of the portfolio at the time of purchase may be invested in this category. The issuer firm should have been in existence for at least five years. The City may waive the first \$100,000.00 of collateral security for such deposits if the institution is insured pursuant to federal law. In order to secure such deposits, an institution shall maintain in the collateral pool, securities having a market value of at least 10% in excess of the total amount deposited. Real estate mortgages may not be accepted as collateral. The maximum term for deposits shall be one year. In general, the issuer must have a minimum tier one risk-based capital ratio of 6% as determined by the FDIC and their operation must have been profitable during their last reporting period.
- E. Repurchase agreements. The City may invest in repurchase agreements with banks and dealers with which the City has entered into a master repurchase contract which specifies terms and conditions of repurchase agreements.

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1. Transactions shall be limited to primary dealers and the top twenty-five U.S. banking institutions according to asset size. The maturity of repurchase agreements shall not exceed 30 days. The market value of the securities used as collateral for repurchase agreements shall be monitored daily by the investment staff and will not be allowed to fall below 100% of the value of the repurchase agreement. In order to conform with provisions of the Federal Bankruptcy Code which provides for the securities acceptable as collateral shall be certificates of deposit, eligible banker's acceptances, or securities that are either direct obligations of, or that are fully guaranteed as to principal and interest by, the United States or any agency of the United States.
 2. No more than 30% of the cost value of the portfolio at the time of purchase may be invested in repurchase agreements, and a "perfected security interest" shall always be maintained in the securities subject to a repurchase agreement.
- F. Reverse Repurchase Agreements. The City may enter into reverse repurchase agreements when the earnings from the matching investment(s) are greater than or equal to the cost of the reverse(s) and the terms and conditions are otherwise favorable to the City, or to provide funds for the immediate payment of City obligations. Reverse repurchase agreements entered into in accordance with this paragraph may only be entered into with securities owned and previously paid for a minimum of 30 days prior to the settlement of the reverse repurchase agreement. Maturities of reverse repurchase agreements may not exceed 60 days to maturity without written approval of the City Treasurer, and must be matched as to maturity with all proceeds of the reverse reinvested in the matched security or the Local Agency Investment Fund (LAIF). No more than 15% of the total cost value of the portfolio at the time of purchase is to be invested in reverse repurchase agreements.
- G. Commercial paper. The City may invest in commercial paper ranked P₁ by Moody's Investor Services and A₁ by Standard and Poor's, and issued by a domestic corporation having assets in excess of \$500 million. The commercial paper must also have an A or better rating for the issuers debt, other than commercial paper, if any, as provided by Moody's or Standard and Poor's. Purchase of commercial paper from corporations on negative credit watch by a major rating agency shall be prohibited. Purchases of eligible commercial paper may not exceed 270 days to maturity. No more than 15% of the total cost value of the portfolio at the time of purchase is to be invested in commercial paper. No more than 1% of the cost value of the portfolio at time of purchase may be invested in commercial paper issued by any one corporation. The sum of the market value of the Commercial Paper and Medium Term Notes invested in any one corporation or corporate entity shall not exceed 1% of the cost value of the portfolio at time of purchase.
- H. Medium Term Notes (MTNs). The City may invest in MTNs, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States, or by depository institutions licensed by the United States or any state and operating within the United States. MTNs eligible for purchase shall be rated "A" or better by Standard and Poor's or by Moody's rating services.

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Purchase of medium term notes from corporations on negative credit watch by a major rating agency shall be prohibited. MTNs with an "A" rating shall be limited to 24 months maximum maturity; AA rated MTNs shall be limited to 36 months. No more than 15% of the total cost value of the portfolio at the time of purchase is to be invested in medium term notes. No more than 1% of the cost value of the portfolio at time of purchase may be invested in notes issued by any one corporation. The sum of the market value of the Commercial Paper and Medium Term Notes invested in any one corporation or corporate entity shall not exceed 1% of the cost value of the portfolio at time of purchase.

Upon any announcement of negative credit watch or downgrade by a major rating agency of any issue within the portfolio, the Treasury Manager shall contact the City Treasurer and recommend a course of action. If at any time a security falls below "investment grade," the Treasury Manager shall obtain the best bid and take the necessary steps toward liquidation.

- I. Municipal Bonds. The City may invest in bonds issued by local agencies of the United States, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency or by a department, bond, agency, or authority of the local agency rated "A" or better by a major rating agency. Purchases of bonds from local agencies on negative credit watch by a major rating agency shall be prohibited. "A" rated bonds shall be limited to 24 months maximum maturity, "AA" rated bonds shall be limited to 36 months maximum maturity and "AAA" rated bonds shall be limited to 60 months maximum maturity. No more than 15% of the cost value of the portfolio at time of purchase is to be invested in municipal bonds.

Upon any announcement of negative credit watch or downgrade by a major rating agency of any issue within the portfolio, the Treasury Manager shall contact the City Treasurer and recommend a course of action. If at any time a security falls below "investment grade," the investment manager shall obtain the best bid and take the necessary steps toward liquidation.

- J. Local Agency Investment Fund. The City may invest in the Local Agency Investment Fund (LAIF), established by the State Treasurer for the benefit of local agencies, and identified under Government Code section 16429.1, up to the maximum amount permitted by State Law. Treasury staff shall investigate at least annually the status of LAIF with regard to ongoing investment in the pool.
- K. Restricted Investments. Individual investments in excess of 5 million dollars par value with a maturity of more than 3 years requires 72 hour advance notification (exclusive of weekends and holidays) to the City Manager and City Council. Also, any individual investment, regardless of maturity, of more than 10% of the total portfolio cost requires the same notification.
- L. Ineligible investments. Investments not described herein, including but not limited to, common stocks, inverse floaters, range notes, interest-only strips that are derived from a pool of mortgages, and mutual funds are prohibited from use in this portfolio. Investments that exceed five years in maturity are prohibited. The

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lending of funds directly from the investment portfolio, not otherwise covered herein, is prohibited.

9. SWAPPING OF SECURITIES

A swap is the movement from one security to another and may be done for a variety of reasons, such as to increase yield, lengthen or shorten maturities, to take a profit, or to increase investment quality. Losses or gains on security swaps must be recorded as a completed sale and purchase. The Treasurer's investment staff will maintain details of every swap transaction.

10. ACTIVE MANAGEMENT OF U.S. TREASURY POSITIONS

The City Treasurer may elect to actively manage the U.S. Treasury segment of the investment portfolio. Purchasing and subsequently selling all, or a portion of, U.S. Treasury securities may be implemented for the purpose of increasing current income to complement the earning of the portfolio. All investment transactions will be made with available cash and all such securities purchases must be made with the ability to hold to maturity. In no event will purchasing and selling Treasury issues interfere with the overall strategy of the core portfolio, nor will such trading ever compromise the City's daily liquidity to meet its current obligations.

U.S. Treasury securities may be sold prior to maturity [in the secondary market] for the purpose of realizing capital gains or minimizing losses. Records of such purchase and/or sale transactions shall fully describe the issue, trade date, par value, purchase cost, sale proceeds, and any accrued interest. Purchase and sale transactions will be matched via inventory "blocks" for the purpose of ascertaining the historical differences between purchase cost and sale proceeds. Multiple inventory blocks at different purchase prices may be used to document activity per issue.

Eligible Transactions: Purchases and/or sales of U.S. Treasury securities may occur under the following conditions:

- A. During the period in which the issue has been announced or trading has commenced, but not yet auctioned ("when-issued" period)
- B. During the period of time after the issue has been auctioned and the coupon determined, but not yet issued
- C. At any time after the issue date.

Limitations and Restrictions:

The frequency of purchase and/or sale transactions shall not be limited, except that the total position of purchased securities for active management (net of sales not yet settled) shall not exceed 10% of the total average portfolio as of the trade date, based upon par value. The total ownership of US Treasury issues shall not be limited except for those securities that have been purchased in anticipation of future sales. It shall be the objective of the City Treasurer that realized capital gains exceed capital losses.

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11. PORTFOLIO ADJUSTMENTS

Should an investment percentage-of-portfolio limitation be exceeded due to an incident such as fluctuation in portfolio size, the affected securities may be held to maturity to avoid losses. When no loss is indicated, the City Treasurer shall consider reconstructing the portfolio basing the decision in part on the expected length of time the portfolio will be imbalanced.

12. SAFEKEEPING OF SECURITIES

To protect against potential losses by collapse of individual securities dealers, all securities owned by the City, including collateral on repurchase agreements, shall be held in safekeeping by a third party bank trust department acting as agent for the City under the terms of a custody agreement executed by the bank and by the City. All securities will be received and delivered using standard delivery versus payment procedures.

The City's custodian bank recognizes daily instruction from the Treasury Manager and/or the Deputy Treasurer. If instructions are received by the custodian bank from any other authorized staff member, either by voice or in writing, the custodian bank will obtain phone approval from two other approved signers on the account.

13. REPORTING

On a quarterly basis, the City Treasurer shall submit to the City Council a report that provides the status of the current investment portfolio. The report shall identify the type of investment, name of the issuer, date of maturity, par and dollar amount invested in each security, the weighted average maturity of the investments, any funds investments or programs including loans that are under the management of contracted parties and the market value as of the date of the report along with the source of this valuation. The report shall also include comments on the fixed income markets and economic conditions, discussions regarding restrictions on percentage of investment by categories, and possible changes in future portfolio structure and investment strategies. In addition to the quarterly report to council, the City Treasurer will submit a monthly summary report to the City Manager and City Council. The City shall record interest revenue on a full accrual basis of accounting that is in accordance with generally accepted accounting practices for reporting and recording of interest earnings, accretions and premium amortizations. The City shall also comply with GASB 31 and GASB 40 when reporting fiscal year-end investments in the City's annual financial statement.

14. INTERNAL CONTROLS

The City Treasurer shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

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15. POLICY REVIEW

This investment policy shall be reviewed at least annually, following the receipt of the audit report, to ensure its consistency with the overall objective of preservation of principal, liquidity, rate of return, and its relevance to current law and financial and economic trends. The City Council, acting through the City Treasurer, shall be responsible for maintaining guidance over this investment policy to ensure that the City can adapt readily to changing market conditions, and shall approve any modification to the investment policy prior to implementation. Amendments to the policy shall be forwarded to the City Manager and the City Council. The policy shall be adopted annually, no later than June 30, by resolution of the City Council.

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4. Contact personnel: (provide an attachment if more space is required)

Name _____
Title _____
Telephone _____

Name _____
Title _____
Telephone _____

4a. Provide background information concerning the account representatives listed in No. 4 above. Please include information on the individual's employment history as it relates to the securities industry, official licenses and certificates, the history and details of any disciplinary actions or complaints and the disposition of each as well as the history of any arbitration or litigation, the nature of the case and status or disposition.

5. Please provide the following information regarding at least four comparable clients with whom any of the representatives listed in No. 4 has an established relationship. We would prefer public sector clients in our geographical area, if possible.

Client Name _____
Address _____
Person to Contact/ _____
Telephone _____
Length of relationship _____

Client Name _____
Address _____
Person to Contact/ _____
Telephone _____
Length of relationship _____

Client Name _____
Address _____
Person to Contact/ _____
Telephone _____
Length of relationship _____

Client Name _____
Address _____
Person to Contact/ _____
Telephone _____
Length of relationship _____

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6. Has/have the representative(s) listed in No. 4 been authorized by the firm to be account representative(s) for the City of Oceanside?

Yes _____ No _____

If Yes, by whom? _____

7. Please list the name and title of the immediate supervisor of the account representative(s) named in your response to No. 4 above.

- 1. _____
- 2. _____
- 3. _____
- 4. _____

8. Is your firm a member of NASD? Yes _____ No _____

If not, why?

9. Place an "X" by each regulatory agency that your firm is examined by and/or subject to its rules and regulations:

FDIC _____ SEC _____ NYSE _____

Comptroller of Currency _____ Federal Reserve System _____

10. Have you obtained all required licenses to operate as a broker/dealer in the State of California?

Yes _____ No _____

11. If you are not a Bank, please provide the following information regarding your principal banking relationship.

Bank Name _____
Address _____
Bank Contact _____
Telephone _____
Length of Relationship _____

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12. Place and “X” by each of the instruments below in which you make an active market (both buy and sell):

T-Bills	_____	T-Notes	_____
BA-Domestic	_____	BA-Foreign	_____
Commercial Paper	_____	Medium Term Notes	_____
Repurchase Agreements	_____	Reverse Repo	_____

Federal Agencies-please specify below

13. Does your firm specialize in any of the instruments listed above? If so, please specify which ones.

Section II – Part II: Request for Broker/Dealer Candidate Disclosure

To the best of your knowledge, has there been any “material” litigation, arbitration or regulatory proceedings, either pending, adjudicated or settled, that your firm has been subject to within the last five years that involved issues concerning the suitability of the sale or purchase of securities to institutional clients or fraudulent or unfair practices related to the sale of securities to a client? If so, please describe each such matter briefly. For purposes of this section, proceedings are “material” if your independent accountant applying generally accepted accounting principles determines that such proceedings required disclosure on your financial statements.

14. Please provide certified audited financial statements for the last three years. In addition, for those dealers preparing and submitting financial statements to the following organizations, please provide publicly available financial documents file with these agencies for the previous two years.

National Association of Securities Dealers
Securities and Exchange Commission
New York Stock Exchange
Federal Deposit Insurance Corp.

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Section III: Certification

I hereby certify that I have personally read the City of Oceanside's Investment Policy and the California Government Codes pertaining to the investments of the City of Oceanside; that the above information is true and correct to the best of my knowledge; and that I am authorized to execute this request for information on behalf of _____ (name of firm).

Signed

Print Name

Title

Date

Counter signature by Company president or person in charge of government securities operations

Signed

Print Name

Title

Date

EXHIBIT A

GLOSSARY

AGENCIES - Agencies of the Federal government set up to supply credit to various classes of institutions (e.g. S&L's, Small business firms, students, farmers, housing agencies, etc.)

ASKED - The price at which securities are offered. (The price at which a firm will sell a security to an investor.)

BANKERS ACCEPTANCE (BA) - A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BASIS POINT - One one-hundredth of a percent (i.e. 0.01%)

BEAR MARKET - A period of generally pessimistic attitudes and declining market prices.

BID - The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BOND EQUIVALENT YIELD - The basis on which yields on notes and bonds are quoted.

BROKER - A broker brings buyers and sellers together for compensation based on the investment yield spread.

BULL MARKET - A period of generally optimistic attitudes and increasing market prices.

CALLABLES - Securities that the issuer has the right to redeem prior to maturity.

CERTIFICATE OF DEPOSIT (CD) - A time deposit with a specific maturity evidenced by a certificate. Large denomination CD's are typically negotiable.

CMT - Constant Maturity Treasury

COLLATERAL - Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

CORPORATE MEDIUM TERM NOTE - A security issued by a corporation doing business in the U.S. with a maturity not to exceed five years.

COUPON - a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value; b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER - A dealer acts as a principal in all transactions, buying and selling for his/her own account.

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DEBENTURE - A bond secured only by the general credit of the issuer.

DELIVERY VS PAYMENT - Deliver of securities with a simultaneous exchange of money.

DERIVATIVES - Financial products that are dependent for their value on (or derived from) an underlying financial instrument, a commodity, or an index representing values of groups of such instruments or assets.

DISCOUNT – The difference between the cost of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be selling at a discount.

DISCOUNT SECURITIES - Non-interest bearing, money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g. U.S. Treasury Bills.

DIVERSIFICATION - Dividing investment funds among a variety of securities offering independent returns.

FEDERAL FUND RATE - The rate of interest associated with borrowing a Federal Reserve bank's excess reserves. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL OPEN MARKET COMMITTEE (FOMC) - Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other presidents serve on a rotating basis. The committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

INTERNAL RATE OF RETURN - Rate of return over the life of a security.

LIQUIDITY - The ability to convert securities into cash on short notice.

LOCAL AGENCY INVESTMENT FUND (LAIF) - The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE - The price at which a security is trading, usually the liquidation value.

MATURITY – The date upon which the principal or stated value of an investment becomes due and payable.

OFFER – The price asked by a seller of securities (When you are buying securities, you ask for an offer.) See Asked and Bid.

EXHIBIT A

OPEN MARKET OPERATIONS - Federal Reserve activity. Under the Federal Reserve Act, the Fed uses purchases and sales of Government and Federal Agency securities to add to or subtract from commercial bank reserves. Goals are to sustain economic growth, high employment and reasonable price stability.

PAPER GAIN OR LOSS - Term used for unrealized gain or loss on securities being held in a portfolio based on comparison of current market quotes and their original cost. This situation exists as long as the security is held while there is a difference between market value and the purchase price.

PORTFOLIO – Collection of securities held by an investor.

PRIMARY DEALER - A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York, and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC) registered securities broker/dealers, banks and a few unregulated firms.

RATE OF RETURN - The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity; on a bond, the current income return.

SAFEKEEPING - The service provided by banks and trust companies for clients when the bank or trust company stores the securities, takes in coupon payments, and redeems issues at maturity.

SECONDARY MARKET – A market made for the purchase and sale of outstanding issues following the initial distribution of securities.

SECURITIES AND EXCHANGE COMMISSION – Agency created by Congress to protect investors in securities transactions by administering and enforcing securities legislation.

SEC RULE 15C3-1 – See Uniform Net Capital Rule.

SPREAD - a) The yield or price difference between the bid and offer on an issue; b) The yield or price difference between different issues.

SWAP - The sale of one issue and the simultaneous purchase of another for some perceived advantage.

TREASURY BILLS - A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months or one year.

TREASURY BONDS - Long-term U.S. Treasury securities having initial maturities of more than ten years.

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TREASURY NOTES - Intermediate-term coupon bearing U.S. Treasury securities having initial maturities of one year to ten years.

UNIFORM NET CAPITAL RULE – Securities and Exchange Commission requirement that member firms, as well as non-member broker-dealers in securities, maintain a maximum ratio of indebtedness to liquid capital of 15-1. The requirement is also referred to as net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities. Liquid capital includes cash and assets easily converted to cash without penalty.

WHEN ISSUED BASIS (WI) - A term applied to securities that are traded before they are actually issued, with the stipulation that transactions are null and void if securities are not issued.

YIELD – The rate of annual income returned on an investment expressed as a percentage.

YIELD CURVE - Yield calculations of various maturities at a given time to observe spread differences.

YIELD TO MATURITY - The current income yield minus any premium above par, or plus any discount from par in the purchase price with the adjustment spread over the period from date of purchase to maturity.