



DATE: June 3, 2009

TO: Honorable Mayor and City Councilmembers

FROM: City Treasurer's Office

SUBJECT: **ACCEPTANCE OF THE TREASURER'S REPORT FOR QUARTER ENDED MARCH 31, 2009, 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. The Treasurer's office is also submitting the City's investment policy for annual approval, and therefore requesting Council adopt a resolution approving the investment policy as presented. Staff recommendation is to accept the Treasurer's Report for the quarter ended March 31, 2009, and adopt a resolution approving the policy for the investment of City of Oceanside funds.

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, 2008.

The City of Oceanside investment policy was first adopted in March 1988, and has been reviewed annually since that time. The investment policy was last reviewed by City Council on June 11, 2008.

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, 2009

For the quarter ended March 31, 2009, the City's portfolio had a book value of \$167,440,721 (book value is the cost of the security adjusted for any amortization or accretion of premiums or discounts). The average yield to maturity of the portfolio was 3.188%, which has generated fiscal year-to-date accrued earnings of \$5,328,236.

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, 2009	Dec 31, 2008	Sept 30, 2008	June 30, 2008
Book Value	\$167,440,720.51	\$184,384,510.82	\$187,606,424.86	\$216,723,136.15
Market Value	\$169,279,819.11	\$186,892,102.09	\$187,835,509.14	\$216,726,173.42
Unrealized Gain/(Loss)	\$1,839,098.60	\$2,507,591.27	\$229,084.28	\$453,037.27
Average YTM	3.188%	3.551%	3.947%	4.080%
Liquidity 0 – 6 months	8.21%	17.63%	18.03%	20.13%
Average DTM	922 (2.52 years)	755 (2.07 years)	782 (2.14 years)	793 (2.17 years)
Quarterly Earnings	\$1,530,492.04	\$1,756,375.24	\$2,041,369.16	\$2,322,302.51
Qtr Capital Gain/(Loss)	\$19,422.96	\$8,906.02	\$2,063.71	\$18,212.30

The average yield to maturity of the portfolio declined 36 basis points (0.36%) as compared to the quarter ended December 31, 2008, as investment and reinvestment of funds continues to be made in a very low interest rate environment. Interest earnings continue their decline due to lower interest rates and lower book value of the portfolio. The liquidity percentage of the portfolio is below the desired 10% core level for the quarter, however, callable securities redeemed by issuers provided the needed funds to meet the quarterly obligations. Liquidity levels were brought up above the 10% level during April as second installment property taxes were received. As expected redemptions taper off over the next two quarters, investment in the State's Local Agency Investment pool (LAIF) will increase to provide the necessary liquidity during the first half of fiscal year 2009-2010. It is expected that the higher LAIF balances will contribute to further declines in the portfolio's average weighted yield to maturity.

Overall bond market yields ended the quarter slightly higher (lower prices), most notable in the longer end of the curve (10 and 30-year bonds). Bond yields increased in January and February 2009, as investors were trying to determine the impact to the market of the severity of the global recession and increased Treasury issuance as the second government stimulus package was being considered by Congress. In March, yields retreated from their highs in February, as the Federal Reserve announced at the March 17, 2009, Federal Open Market Committee meeting (FOMC) that it would begin to purchase Treasuries in the open market in an effort to aid in the financial crisis and recession.

Economic data released during the quarter confirmed the severity of the recession. Lost jobs since the beginning of the recession (December 2007) topped the 5 million mark and the Unemployment Rate reached a high of 8.5% in March, a level not seen since the last major recession in the early 1980s. Gross Domestic Product (GDP) also posted a record - 6.3%, again the worst reading since the '80s. Despite the dismal unemployment and GDP news, there were some signs of stabilization in the housing, consumer spending and manufacturing areas of the economy, albeit at very minimal levels. Forecasters are hopeful that the first calendar 2009 quarter (January – March) will indicate the bottom of the economic cycle has been reached and, at a minimum, stabilize at these levels.

FISCAL IMPACT

Accrued earnings for the fiscal year as of March 31, 2009, totaled \$5,328,236, a decrease of \$2,485,273 as compared to fiscal year earnings the same period last year (as of March 31, 2008). The City's General Fund has earned \$3,092,687 during the fiscal year. The following table provides the earnings distribution according to major fund categories:

INVESTMENT EARNINGS BY FUND FY 2008/2009 - Through 03/31/09

Fund Name	YTD Average Cash Balances	FYTD Investment Earnings
General Fund	\$54,761,507	\$1,617,663
Special Revenue Funds - Police	1,495,206	36,531
Special Revenue Funds - Transportation	16,768,305	454,657
Special Revenue Funds - Traffic	1,022,541	29,945
Lighting and Landscape Districts	828,195	24,906
CDC - Housing	11,671,005	320,027
CDC - Redevelopment	10,304,838	330,307
Community Facilities/Special Districts	3,288,976	78,188
Development Impact Fee Funds	31,054,625	777,805
Water Funds	39,003,301	962,190
Sewer Funds	9,819,904	298,607
Harbor Fund	6,603,956	160,653
Trust Funds	708,024	17,762
Unallocated Earnings Adjustments		(8,104)
Interest Allocated		\$5,101,137
Banking/Investment Expenses		227,099
Year to Date Totals as of 3/31/09	\$187,330,384	\$5,328,236

REVIEW OF INVESTMENT POLICY

Staff, in conjunction with the Investment Oversight Committee, conducted the annual review of the City's investment policy as required. The following changes are being submitted to Council for approval:

1. Introduction

Added social and political responsibility language found in City Council Policy 200-03:

"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."

2. Section 8 - Authorized Investments, Sections B, C, D, E, F, G, H and I

Adds language in those asset classes that have percentage of portfolio restrictions (i.e., "No more than 25% of the cost value of the portfolio may be invested in any single agency name.") to reflect that the percentage will be considered at the time of purchase, and deletes the phrase "at any one time". Due to fluctuation of the size of the portfolio over the course of the fiscal year, or rebalancing of asset classes within the portfolio, the percentages of any particular asset class may exceed the allowable limits after the initial purchase of the security. This change would enable the assets held to remain in compliance with the investment policy as the portfolio composition changes.

3. Section 8 – Authorized Investments, Sections G and H

Change the percentage of allowable investment in a single corporate issuer name, for both commercial paper and corporate medium term notes, from 5% to 1%. The change will further limit the total dollar amount of principal losses due to default to a reasonable level, and aid in diversification of corporate assets held.

COMMISSION/COMMITTEE REPORT

The Investment Oversight Committee reviewed the report for the quarter ended March 31, 2009, at its May 12, 2009, regular meeting and concurs with its contents. The Committee confirms that the investments reviewed 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 also reviewed the proposed changes to the City's Investment Policy and it is their recommendation that the policy be approved as submitted.

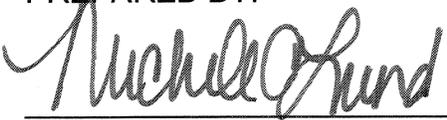
CITY ATTORNEY'S ANALYSIS

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

RECOMMENDATION

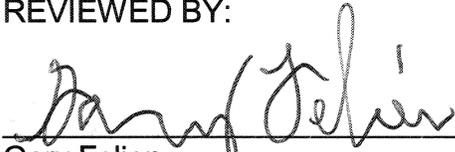
Staff recommends that the City Council accept the Treasurer's Report for the quarter ended March 31, 2009, and adopt a resolution approving the policy for the investment of City of Oceanside funds.

PREPARED BY:



Michele C. Lund, CCMT
Treasury Manager

REVIEWED BY:



Gary Felien
City Treasurer

Attachments: Treasurer's Quarter End Report – March 31, 2009
 Resolution
 City of Oceanside Investment Policy

CITY OF OCEANSIDE



TREASURER'S REPORT

***For Quarter Ended
March 31, 2009***



CITY OF OCEANSIDE

OFFICE OF THE CITY TREASURER

TO: CITY COUNCIL
CITY MANAGER

DATE: APRIL 30, 2009

SUBJECT: INVESTMENT REPORT FOR THE QUARTER ENDED MARCH 31, 2009

Market commentary for the quarter ended March 31, 2009

Bond interest rates for the quarter ended slightly higher (lower prices) in the short-end of the curve (0-1yrs) and the long-end of the curve (10-30 yrs), with the middle of the curve (2-5 yrs) little change. Although there was little change from the beginning of the quarter, volatility was quite high across the curve as a second stimulus package was passed by Congress during the quarter. Investors began to become concerned about the level of debt that would need to be issued to support the stimulus plans and the amount of supply that would be entering into the market. The economic data posted during the quarter provided a bleak picture of the recession with unemployment being at the highest level since the early 1980's and Gross Domestic Product being at the lowest levels since the same time period.

For the quarter ended March 31, 2009, portfolio statistics are as follows:

• Portfolio Book Value	\$167,440,720.51
• Portfolio Market Value	\$169,279,819.11
• Unrealized Gain	\$1,839,098.60
• Average Yield-to-Maturity	3.188%
• Liquidity (0 – 6-months)	8.21%
• Average Days to Maturity	922 (2.52 years)
• Fiscal Year-to-Date Earnings	\$5,328,236.44
• Year-to-Date Capital Gains/(Losses)	\$30,392.69

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 Felien
City Treasurer

TREASURER'S REPORT



PORTFOLIO DETAILS

As Of March 31, 2009

**CITY OF OCEANSIDE
PORTFOLIO SUMMARY
FOR QUARTER ENDED MARCH 31, 2009**

INVESTMENT TYPE	FACE VALUE	BOOK VALUE	MARKET VALUE	YIELD TO MATURITY	DAYS TO MATURITY	PERCENT OF PORTFOLIO
Quarter Ended March 31, 2009						
LAI	\$ 10,750,000.00	\$ 10,750,000.00	\$ 10,769,667.47	1.822%	1	6.42%
Treasury Securities - Coupon	6,000,000.00	5,994,803.03	6,052,035.00	2.840%	252	3.58%
Federal Agency Non - Callable	35,485,000.00	35,586,340.71	36,654,617.76	3.723%	651	21.25%
Federal Agency - Callable	115,155,000.00	115,109,576.77	115,803,498.88	3.168%	1,126	68.75%
Federal Agency - Discount Notes	0.00	0.00	0.00	0.000%	0	0.00%
Total Investments	\$ 167,390,000.00	\$ 167,440,720.51	\$ 169,279,819.11	3.188%	922	100.00%
Unrealized Gain/(Loss) (Market Value - Book Value)			1,839,098.60			
Plus Accrued Interest			\$ 1,290,634.87			
Portfolio Liquidation Unrealized Gain/(Loss)			\$ 3,129,733.47			

Prior Period Comparisons

INVESTMENT TYPE	FACE VALUE	BOOK VALUE	MARKET VALUE	YIELD TO MATURITY	DAYS TO MATURITY	PERCENT OF PORTFOLIO
Quarter and Year Ended December 31, 2008						
LAI	\$ 24,500,000.00	\$ 24,500,000.00	\$ 24,573,828.57	2.353%	1	13.29%
Treasury Securities - Coupon	6,000,000.00	5,992,338.22	6,094,080.00	2.840%	342	3.25%
Federal Agency Non - Callable	37,485,000.00	37,477,288.92	38,854,670.76	4.094%	552	20.33%
Federal Agency - Callable	116,430,000.00	116,414,883.68	117,369,522.76	3.665%	1,000	63.14%
Federal Agency - Discount Notes	-	-	-	0.000%	0	0.00%
Total Investments	\$ 184,415,000.00	\$ 184,384,510.82	\$ 186,892,102.09	3.551%	755	100.00%
Unrealized Gain/(Loss) (Market Value - Book Value)			2,507,591.27			
Plus Accrued Interest			1,606,975.51			
Portfolio Liquidation Unrealized Gain/(Loss)			\$ 4,114,566.78			
Quarter Ended September 30, 2008						
LAI	\$ 22,500,000.00	\$ 22,500,000.00	\$ 22,480,598.16	2.774%	1	11.99%
Treasury Securities - Coupon	6,000,000.00	5,989,818.60	6,023,260.00	2.840%	434	3.19%
Federal Agency Non - Callable	36,805,000.00	36,657,009.31	36,910,561.88	4.389%	527	19.54%
Federal Agency - Callable	122,485,000.00	122,459,596.95	122,421,089.10	4.084%	1,019	65.27%
Federal Agency - Discount Notes	-	-	-	0.000%	0	0.00%
Total Investments	\$ 187,790,000.00	\$ 187,606,424.86	\$ 187,835,509.14	3.947%	782	100.00%
Unrealized Gain/(Loss) (Market Value - Book Value)			229,084.28			
Plus Accrued Interest			1,992,001.70			
Portfolio Liquidation Unrealized Gain/(Loss)			\$ 2,221,085.98			

Oceanside Quarterly Report

Portfolio Management

Portfolio Details - Investments

March 31, 2009

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Moody's	YTM	Days to Maturity	Maturity Date
LAIF												
SYS18000	18000	Local Agency Investment Fund			9,000,000.00	9,016,465.79	9,000,000.00	1.822		1.822	1	
SYS18001	18001	Local Agency Investment Fund			1,750,000.00	1,753,201.68	1,750,000.00	1.822		1.822	1	
		Subtotal and Average	9,903,225.81		10,750,000.00	10,769,667.47	10,750,000.00			1.822	1	
Treasury Securities - Coupon												
912828GP9	07-0105	U.S. Treasury Note		05/18/2007	2,000,000.00	2,006,875.00	1,999,586.91	4.500		4.774	29	04/30/2009
912828HU7	08-0114	U.S. Treasury Note		04/16/2008	2,000,000.00	2,022,580.00	1,998,406.86	1.750		1.832	364	03/31/2010
912828HU7	08-0115	U.S. Treasury Note		04/17/2008	2,000,000.00	2,022,580.00	1,996,809.26	1.750		1.914	364	03/31/2010
		Subtotal and Average	5,994,392.23		6,000,000.00	6,052,035.00	5,994,803.03			2.840	252	
Federal Agency - Non Callable												
3128X1PN1	07-0110	Federal Home Loan Mort Corp		05/23/2007	1,000,000.00	1,006,910.00	995,348.20	3.250		5.072	99	07/09/2009
31331XJQ6	07-0079	Federal Farm Credit Bank		02/02/2007	1,000,000.00	1,022,500.00	998,657.34	4.820		5.075	209	10/27/2009
3128X3K85	07-0109	Federal Home Loan Mort Corp		05/23/2007	1,000,000.00	1,019,540.00	994,511.42	4.125		5.062	231	11/18/2009
31331XFS6	07-0078	Federal Farm Credit Bank		01/26/2007	1,000,000.00	1,025,937.50	997,747.58	4.750		5.106	250	12/07/2009
31331VYR1	06-0050	Federal Farm Credit Bank		05/10/2006	1,000,000.00	1,032,812.50	1,000,149.59	5.300		5.280	278	01/04/2010
31331Y3S7	09-0016	Federal Farm Credit Bank		10/15/2008	2,000,000.00	2,033,125.00	2,000,585.09	3.050		3.010	295	01/21/2010
3128X6K54	08-0074	Federal Home Loan Mort Corp		01/29/2008	1,000,000.00	1,016,080.00	1,000,000.00	3.250		3.250	303	01/29/2010
3128X34V2	06-0061	Federal Home Loan Mort Corp		06/12/2006	1,000,000.00	1,026,890.00	991,666.07	4.240		5.279	327	02/22/2010
3133XES83	07-0120	Federal Home Loan Bank		06/07/2007	1,000,000.00	1,036,875.00	997,138.34	4.875		5.200	345	03/12/2010
31331QF69	07-0022	Federal Farm Credit Bank		09/07/2006	1,450,000.00	1,493,953.13	1,433,148.10	3.875		5.044	401	05/07/2010
3133XBUL7	06-0060	Federal Home Loan Bank		06/12/2006	1,000,000.00	1,041,250.00	993,471.91	4.650		5.284	420	05/26/2010
3133XR2Y5	08-0126	Federal Home Loan Bank		05/28/2008	1,000,000.00	1,022,187.50	998,832.61	3.000		3.099	436	06/11/2010
3133XRT83	09-0018	Federal Home Loan Bank		10/16/2008	3,000,000.00	3,093,750.00	2,993,330.39	3.375		3.530	527	09/10/2010
3133XR4S6	08-0121	Federal Home Loan Bank		05/22/2008	1,000,000.00	1,028,125.00	997,538.79	3.000		3.151	618	12/10/2010
31331VSK3	09-0024	Federal Farm Credit Bank		11/21/2008	1,710,000.00	1,819,012.50	1,766,864.98	4.875		3.030	688	02/18/2011
31331YWG1	08-0122	Federal Farm Credit Bank		05/23/2008	2,000,000.00	2,058,750.00	1,991,931.28	3.000		3.220	701	03/03/2011
3133XPWW0	08-0125	Federal Home Loan Bank		05/28/2008	1,000,000.00	1,034,687.50	997,675.97	3.250		3.374	709	03/11/2011
3133XJVL9	09-0025	Federal Home Loan Bank		11/21/2008	1,325,000.00	1,408,640.63	1,367,542.08	5.000		3.270	709	03/11/2011
3128X7JK1	08-0118	Federal Home Loan Mort Corp		05/21/2008	2,000,000.00	2,067,654.00	2,000,000.00	3.250		3.404	743	04/14/2011
3133XR4U1	08-0120	Federal Home Loan Bank		05/22/2008	1,000,000.00	1,027,500.00	994,265.74	3.125		3.401	800	06/10/2011
3133XRC65	08-0132	Federal Home Loan Bank		06/06/2008	4,000,000.00	4,155,000.00	3,986,345.35	3.375		3.540	800	06/10/2011
31331GKF5	09-0044	Federal Farm Credit Bank		01/14/2009	2,000,000.00	2,006,875.00	2,012,210.21	2.500		2.330	1,384	01/14/2013
3136F8N35	09-0040	Federal National Mortgage Assc		01/07/2009	2,000,000.00	2,100,000.00	2,077,379.67	3.550		2.480	1,398	01/28/2013
3136F9DH3	08-0100	Federal National Mortgage Assc		03/25/2008	1,000,000.00	1,076,562.50	1,000,000.00	4.250		4.250	1,454	03/25/2013
		Subtotal and Average	37,519,932.50		35,485,000.00	36,654,617.76	35,586,340.71			3.723	651	

Portfolio POOL
NLI AP

Oceanside Quarterly Report
 Portfolio Management
 Portfolio Details - Investments
 March 31, 2009

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												
3128X54J4	07-0099	Federal Home Loan Mort Corp		04/27/2007	1,000,000.00	1,003,010.00	1,000,000.00	5.070		5.070	391	04/27/2010
3136F9SA2	08-0128	Federal National Mortgage Assc		06/10/2008	1,000,000.00	1,004,375.00	999,745.08	3.265		3.334	435	06/10/2010
31331GDM8	09-0019	Federal Farm Credit Bank		10/21/2008	1,000,000.00	1,011,562.50	1,000,000.00	3.250		3.250	568	10/21/2010
31331GDM8	09-0020	Federal Farm Credit Bank		10/21/2008	2,000,000.00	2,023,125.00	2,000,000.00	3.250		3.250	568	10/21/2010
3128X7G32	08-0135	Federal Home Loan Mort Corp		06/30/2008	1,000,000.00	1,007,350.00	1,000,000.00	4.050		4.050	638	12/30/2010
3136F9FW8	08-0109	Federal National Mortgage Assc		04/14/2008	1,000,000.00	1,000,625.00	1,000,000.00	3.000		3.032	653	01/14/2011
3136F9FW8	08-0110	Federal National Mortgage Assc		04/14/2008	3,000,000.00	3,001,875.00	3,000,000.00	3.000		3.068	653	01/14/2011
31398AVL3	09-0068	Federal National Mortgage Assc		03/02/2009	1,000,000.00	1,002,812.50	999,770.14	2.000		2.013	700	03/02/2011
3128X7DT8	08-0106	Federal Home Loan Mort Corp		04/04/2008	1,000,000.00	1,000,000.00	1,000,000.00	3.000		3.072	730	04/01/2011
31398APP1	08-0102	Federal National Mortgage Assc		04/01/2008	1,000,000.00	1,000,000.00	1,000,000.00	3.150		3.150	730	04/01/2011
31398APP1	08-0103	Federal National Mortgage Assc		04/01/2008	1,000,000.00	1,000,000.00	1,000,000.00	3.150		3.150	730	04/01/2011
31331YB74	08-0107	Federal Farm Credit Bank		04/07/2008	1,000,000.00	1,000,312.50	1,000,000.00	3.180		3.180	736	04/07/2011
3136F9GQ0	08-0111	Federal National Mortgage Assc		04/15/2008	2,000,000.00	2,020,000.00	2,000,000.00	3.050		3.050	744	04/15/2011
3136F8NF8	07-0111	Federal National Mortgage Assc		06/01/2007	1,000,000.00	1,006,875.00	1,000,000.00	5.250		5.250	791	06/01/2011
31331YT26	08-0124	Federal Farm Credit Bank		06/02/2008	1,000,000.00	1,016,250.00	1,000,000.00	3.620		3.620	792	06/02/2011
3133XSD07	09-0009	Federal Home Loan Bank		10/15/2008	860,000.00	865,106.25	860,000.00	4.000		4.002	835	07/15/2011
3133XSD07	09-0010	Federal Home Loan Bank		10/15/2008	1,140,000.00	1,146,768.75	1,140,000.00	4.000		4.002	835	07/15/2011
31331Y4A5	09-0003	Federal Farm Credit Bank		07/28/2008	1,000,000.00	1,008,750.00	999,512.50	3.875		3.928	848	07/28/2011
3128X8HV7	09-0056	Federal Home Loan Mort Corp		02/11/2009	1,000,000.00	1,003,890.00	1,000,000.00	2.000		2.000	862	08/11/2011
3128X8HV7	09-0057	Federal Home Loan Mort Corp		02/11/2009	1,000,000.00	1,003,890.00	1,000,000.00	2.000		2.000	862	08/11/2011
3128X6Q74	08-0079	Federal Home Loan Mort Corp		02/12/2008	1,000,000.00	1,002,620.00	1,000,000.00	3.500		3.500	863	08/12/2011
3128X6Q74	08-0080	Federal Home Loan Mort Corp		02/12/2008	1,000,000.00	1,002,620.00	1,000,000.00	3.500		3.500	863	08/12/2011
31331GCC0	09-0007	Federal Farm Credit Bank		09/29/2008	2,000,000.00	2,024,375.00	2,000,000.00	4.050		4.050	911	09/29/2011
31331GCC0	09-0008	Federal Farm Credit Bank		09/29/2008	2,000,000.00	2,024,375.00	2,000,000.00	4.050		4.050	911	09/29/2011
3133XSCC0	09-0006	Federal Home Loan Bank		10/14/2008	2,000,000.00	2,001,875.00	2,000,000.00	4.000		4.000	926	10/14/2011
3136F8HU0	08-0113	Federal National Mortgage Assc		04/24/2008	2,000,000.00	2,002,500.00	2,000,000.00	3.250		3.250	936	10/24/2011
31331GEW5	09-0021	Federal Farm Credit Bank		11/18/2008	2,000,000.00	2,021,250.00	2,000,000.00	3.375		3.375	961	11/18/2011
31331GEW5	09-0022	Federal Farm Credit Bank		11/19/2008	1,000,000.00	1,010,625.00	999,841.92	3.375		3.384	961	11/18/2011
31331GG06	09-0029	Federal Farm Credit Bank		12/15/2008	2,000,000.00	2,013,750.00	2,000,000.00	3.000		3.000	988	12/15/2011
3128X7TE8	09-0027	Federal Home Loan Mort Corp		12/23/2008	2,000,000.00	2,006,720.00	2,000,000.00	3.250		3.250	996	12/23/2011
3133XSQD3	09-0032	Federal Home Loan Bank		12/29/2008	2,000,000.00	2,017,500.00	2,000,000.00	3.100		3.100	1,002	12/29/2011
3136F92J1	09-0037	Federal National Mortgage Assc		12/29/2008	1,000,000.00	998,750.00	999,738.33	2.000		2.010	1,002	12/29/2011
3128X8FM9	09-0050	Federal Home Loan Mort Corp		01/27/2009	2,000,000.00	1,995,540.00	1,995,888.89	2.000		2.086	1,031	01/27/2012
3136F94M2	09-0049	Federal National Mortgage Assc		01/27/2009	2,000,000.00	2,004,375.00	1,991,185.19	2.000		2.173	1,031	01/27/2012
3128X6GP1	09-0051	Federal Home Loan Mort Corp		02/02/2009	4,000,000.00	3,995,720.00	4,000,000.00	2.250		2.250	1,037	02/02/2012
31398AVB5	09-0052	Federal National Mortgage Assc		02/03/2009	2,000,000.00	2,008,750.00	1,999,161.11	2.125		2.142	1,038	02/03/2012
3136F8W27	08-0087	Federal National Mortgage Assc		02/08/2008	2,155,000.00	2,194,059.38	2,155,000.00	3.350		3.350	1,043	02/08/2012
3128X8JB9	09-0060	Federal Home Loan Mort Corp		02/17/2009	1,000,000.00	1,004,050.00	1,000,000.00	2.450		2.450	1,052	02/17/2012
3128X8JB9	09-0061	Federal Home Loan Mort Corp		02/17/2009	2,000,000.00	2,008,100.00	2,000,000.00	2.450		2.450	1,052	02/17/2012

Data Updated: SET_QTR: 04/21/2009 09:20

Run Date: 04/21/2009 - 09:20

Portfolio POOL

NLI AP

PM (PRF_PM2) SymRept 6.41.202a

Oceanside Quarterly Report
 Portfolio Management
 Portfolio Details - Investments
 March 31, 2009

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												
3136FHBE4	09-0062	Federal National Mortgage Assc		02/17/2009	1,000,000.00	1,006,250.00	1,000,000.00	2.500		2.500	1,052	02/17/2012
3136FHBE4	09-0063	Federal National Mortgage Assc		02/17/2009	2,000,000.00	2,012,500.00	2,000,000.00	2.500		2.500	1,052	02/17/2012
3136FHCC8	09-0065	Federal National Mortgage Assc		02/24/2009	2,000,000.00	2,006,250.00	1,999,551.39	2.330		2.339	1,059	02/24/2012
3136FHCF0	09-0066	Federal National Mortgage Assc		02/26/2009	1,000,000.00	1,008,437.50	1,000,000.00	2.250		2.250	1,059	02/24/2012
3136FHCF0	09-0067	Federal National Mortgage Assc		02/26/2009	2,000,000.00	2,016,875.00	2,000,000.00	2.250		2.250	1,059	02/24/2012
3136HVS8	09-0069	Federal National Mortgage Assc		03/02/2009	2,000,000.00	2,015,000.00	1,999,540.28	2.500		2.509	1,066	03/02/2012
3136F9GT4	08-0112	Federal National Mortgage Assc		04/16/2008	1,000,000.00	1,023,437.50	1,000,000.00	3.400		3.400	1,111	04/16/2012
3136F9Y64	09-0031	Federal National Mortgage Assc		12/22/2008	2,000,000.00	2,005,000.00	2,000,000.00	3.375		3.375	1,178	06/22/2012
3128X8DC3	09-0039	Federal Home Loan Mort Corp		01/06/2009	2,000,000.00	2,003,260.00	2,000,000.00	2.300		2.300	1,192	07/06/2012
31331GKB4	09-0042	Federal Farm Credit Bank		01/13/2009	2,000,000.00	2,000,000.00	2,000,000.00	2.820		2.820	1,199	07/13/2012
3128X8ER9	09-0045	Federal Home Loan Mort Corp		01/20/2009	2,000,000.00	2,019,420.00	2,000,000.00	2.375		2.375	1,206	07/20/2012
3133XSVV7	09-0053	Federal Home Loan Bank		02/10/2009	2,000,000.00	1,985,625.00	1,991,041.67	2.125		2.312	1,227	08/10/2012
3128X6NS1	08-0022	Federal Home Loan Mort Corp		10/15/2007	2,000,000.00	2,042,120.00	2,000,000.00	5.050		5.050	1,293	10/15/2012
3128X7SV7	08-0119	Federal Home Loan Mort Corp		05/23/2008	1,000,000.00	1,033,420.00	991,896.18	3.700		4.002	1,332	11/23/2012
3136F8YW9	08-0044	Federal National Mortgage Assc		12/14/2007	1,000,000.00	1,022,187.50	1,000,000.00	4.600		4.600	1,353	12/14/2012
3133XSQK7	09-0030	Federal Home Loan Bank		12/18/2008	2,000,000.00	2,015,000.00	2,000,000.00	3.200		3.200	1,357	12/18/2012
3133XSRG5	09-0038	Federal Home Loan Bank		01/09/2009	2,000,000.00	1,991,875.00	1,999,455.56	2.800		2.813	1,379	01/09/2013
31331GKX6	09-0046	Federal Farm Credit Bank		01/22/2009	2,000,000.00	1,992,500.00	2,000,000.00	2.625		2.625	1,392	01/22/2013
3133XP3C6	08-0068	Federal Home Loan Bank		01/29/2008	2,000,000.00	2,045,625.00	2,000,000.00	4.000		4.000	1,399	01/29/2013
3133XSZL5	09-0055	Federal Home Loan Bank		02/04/2009	1,000,000.00	1,003,125.00	1,000,000.00	3.000		3.000	1,405	02/04/2013
3136F83X1	08-0099	Federal National Mortgage Assc		02/22/2008	1,000,000.00	1,004,375.00	1,000,000.00	4.125		4.248	1,423	02/22/2013
31331GNG0	09-0064	Federal Farm Credit Bank		02/25/2009	2,000,000.00	2,003,125.00	2,000,000.00	3.000		3.000	1,426	02/25/2013
3128X7F41	09-0001	Federal Home Loan Mort Corp		07/02/2008	2,000,000.00	2,019,920.00	2,000,000.00	5.000		5.000	1,553	07/02/2013
3128X7G73	09-0002	Federal Home Loan Mort Corp		07/08/2008	2,000,000.00	2,021,192.00	2,000,000.00	5.000		5.000	1,559	07/08/2013
3128X76Q2	09-0028	Federal Home Loan Mort Corp		12/11/2008	2,000,000.00	2,020,580.00	2,001,378.53	4.050		4.028	1,709	12/05/2013
3133XSQN2	09-0026	Federal Home Loan Bank		12/16/2008	2,000,000.00	2,001,250.00	2,000,000.00	3.750		3.750	1,720	12/16/2013
3133XSQL5	09-0035	Federal Home Loan Bank		01/02/2009	1,000,000.00	1,000,312.50	1,000,000.00	3.900		3.900	1,737	01/02/2014
3128X8DZ2	09-0043	Federal Home Loan Mort Corp		01/21/2009	2,000,000.00	2,011,250.00	2,000,000.00	3.000		3.000	1,756	01/21/2014
3136F94H3	09-0047	Federal National Mortgage Assc		01/28/2009	4,000,000.00	1,995,000.00	2,000,000.00	2.500		2.500	1,763	01/28/2014
3128X8HR6	09-0059	Federal Home Loan Mort Corp		02/04/2009	4,000,000.00	4,015,080.00	3,986,870.00	3.000		3.085	1,770	02/04/2014
3133XSX28	09-0058	Federal Home Loan Bank		02/18/2009	2,000,000.00	1,999,375.00	2,000,000.00	3.125		3.125	1,784	02/18/2014
Subtotal and Average					115,155,000.00	115,803,498.88	115,109,576.77			3.168	1,126	
Total and Average					167,390,000.00	167,279,819.11	167,440,720.51			3.188	921	

Portfolio POOL
 NLI: AP

Oceanside Quarterly Report
 Portfolio Management
 Portfolio Details - Cash
 March 31, 2009

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		1,818.75	1,818.75				0
		Subtotal				1,818.75	1,818.75				
		Total Cash and Investmentss	173,331,042.80		167,390,000.00	169,281,637.86	167,442,539.26			3.188	921

TREASURER'S REPORT



INVESTMENT TRANSACTIONS

01/01/09 Through 03/31/09

Oceanside Quarterly Report Purchases Report Sorted by Fund - Fund January 1, 2009 - March 31, 2009

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
Undefined Fund													
3133XSQJ5	09-0035		FAC	FHLB	1,000,000.00	01/02/2009	07/02 - 01/02	1,000,000.00		3.900	01/02/2014	3.900	1,000,000.00
3128X8DC3	09-0039		FAC	FHLMC	2,000,000.00	01/06/2009	07/06 - 01/06	2,000,000.00		2.300	07/06/2012	2.300	2,000,000.00
3136F8N35	09-0040		NCB	FNMA	2,000,000.00	01/07/2009	01/28 - 04/17	2,082,100.00	Received	3.550	01/28/2013	2.480	2,077,379.67
3136F9CB7	09-0041		NCB	FNMA	1,500,000.00	01/08/2009	01/13 - Final Pmt.	1,579,485.00	Sold	4.000	03/11/2013	2.650	0.00
3133XSRG5	09-0038		FAC	FHLB	2,000,000.00	01/09/2009	07/09 - 01/09	1,999,000.00		2.800	01/09/2013	2.813	1,999,455.56
31331GKB4	09-0042		FAC	FFCB	2,000,000.00	01/13/2009	04/13 - Final Pmt.	2,000,000.00		2.820	07/13/2012	2.820	2,000,000.00
31331GKF5	09-0044		NCB	FFCB	2,000,000.00	01/14/2009	07/14 - 01/14	2,012,900.00		2.500	01/14/2013	2.330	2,012,210.21
3128X8ER9	09-0045		FAC	FHLMC	2,000,000.00	01/20/2009	07/20 - 01/20	2,000,000.00		2.375	07/20/2012	2.375	2,000,000.00
3128X8DZ2	09-0043		FAC	FHLMC	2,000,000.00	01/21/2009	07/21 - 01/21	2,000,000.00		3.000	01/21/2014	3.000	2,000,000.00
31331GKX6	09-0046		FAC	FFCB	2,000,000.00	01/22/2009	07/22 - 01/22	2,000,000.00		2.625	01/22/2013	2.625	2,000,000.00
3133XSP93	09-0048		NCB	FHLB	2,000,000.00	01/22/2009	01/28 - Final Pmt.	2,020,320.00	Sold	3.125	12/13/2013	2.900	0.00
3128X8FM9	09-0050		FAC	FHLMC	2,000,000.00	01/27/2009	07/27 - 01/27	1,995,000.00		2.000	01/27/2012	2.086	1,995,888.89
3136F94M2	09-0049		FAC	FNMA	2,000,000.00	01/27/2009	07/27 - 01/27	1,990,000.00		2.000	01/27/2012	2.173	1,991,185.19
3136F94H3	09-0047		FAC	FNMA	2,000,000.00	01/28/2009	07/28 - 01/28	2,000,000.00		2.500	01/28/2014	2.500	2,000,000.00
3133XSP93	09-0054		NCB	FHLB	2,000,000.00	02/02/2009	02/13 - Final Pmt.	2,013,420.00	Sold	3.125	12/13/2013	2.975	0.00
3128X8GP1	09-0051		FAC	FHLMC	4,000,000.00	02/02/2009	08/02 - 02/02	4,000,000.00		2.250	02/02/2012	2.250	4,000,000.00
31398AVB5	09-0052		FAC	FNMA	2,000,000.00	02/03/2009	08/03 - 02/03	1,999,000.00		2.125	02/03/2012	2.142	1,999,161.11
3133XSZL5	09-0055		FAC	FHLB	1,000,000.00	02/04/2009	08/04 - 02/04	1,000,000.00		3.000	02/04/2013	3.000	1,000,000.00
3128X8HR6	09-0059		FAC	FHLMC	4,000,000.00	02/04/2009	08/04 - 02/04	3,984,400.00		3.000	02/04/2014	3.085	3,986,870.00
3133XSVV7	09-0053		FAC	FHLB	2,000,000.00	02/10/2009	08/10 - 02/10	1,987,500.00		2.125	08/10/2012	2.312	1,991,041.67
3128X8HV7	09-0056		FAC	FHLMC	1,000,000.00	02/11/2009	08/11 - 02/11	1,000,000.00		2.000	08/11/2011	2.000	1,000,000.00
3128X8HV7	09-0057		FAC	FHLMC	1,000,000.00	02/11/2009	08/11 - 02/11	1,000,000.00		2.000	08/11/2011	2.000	1,000,000.00
3128X8JB9	09-0060		FAC	FHLMC	1,000,000.00	02/17/2009	08/17 - 02/17	1,000,000.00		2.450	02/17/2012	2.450	1,000,000.00
3128X8JB9	09-0061		FAC	FHLMC	2,000,000.00	02/17/2009	08/17 - 02/17	2,000,000.00		2.450	02/17/2012	2.450	2,000,000.00
3136FHBE4	09-0062		FAC	FNMA	1,000,000.00	02/17/2009	08/17 - 02/17	1,000,000.00		2.500	02/17/2012	2.500	1,000,000.00
3136FHBE4	09-0063		FAC	FNMA	2,000,000.00	02/17/2009	08/17 - 02/17	2,000,000.00		2.500	02/17/2012	2.500	2,000,000.00
3133XSY28	09-0058		FAC	FHLB	2,000,000.00	02/18/2009	08/18 - 02/18	2,000,000.00		3.125	02/18/2014	3.125	2,000,000.00
3136FHCG8	09-0065		FAC	FNMA	2,000,000.00	02/24/2009	08/24 - 02/24	1,999,500.00		2.330	02/24/2012	2.339	1,999,551.39
31331GNG0	09-0064		FAC	FFCB	2,000,000.00	02/25/2009	08/25 - 02/25	2,000,000.00		3.000	02/25/2013	3.000	2,000,000.00
3136FHCF0	09-0066		FAC	FNMA	1,000,000.00	02/26/2009	08/24 - 02/24	1,000,000.00	125.00	2.250	02/24/2012	2.250	1,000,000.00
3136FHCF0	09-0067		FAC	FNMA	2,000,000.00	02/26/2009	08/24 - 02/24	2,000,000.00	250.00	2.250	02/24/2012	2.250	2,000,000.00
31398AVL3	09-0068		FAC	FNMA	1,000,000.00	03/02/2009	09/02 - 03/02	999,750.00		2.000	03/02/2011	2.013	999,770.14
31398AVS8	09-0069		FAC	FNMA	2,000,000.00	03/02/2009	09/02 - 03/02	1,999,500.00		2.500	03/02/2012	2.509	1,999,540.28
Subtotal									61,500,000.00				61,661,875.00
									375.00				56,052,054.11

Received = Accrued Interest at Purchase was received by report ending date.

Oceanside Quarterly Report
Purchases Report
January 1, 2009 - March 31, 2009

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
Managed Pool Deposits													
					Deposit Amount	Deposit Date		Deposit Amount		Rate			
SYS18000	18000		LA1	LAIF	5,250,000.00	01/14/2009		5,250,000.00		2.894			
SYS18000	18000		LA1	LAIF	1,500,000.00	01/21/2009		1,500,000.00		2.894			
SYS18000	18000		LA1	LAIF	5,000,000.00	01/26/2009		5,000,000.00		2.894			
SYS18000	18000		LA1	LAIF	6,500,000.00	01/28/2009		6,500,000.00		2.894			
SYS18000	18000		LA1	LAIF	3,500,000.00	02/04/2009		3,500,000.00		2.894			
SYS18000	18000		LA1	LAIF	1,250,000.00	02/05/2009		1,250,000.00		2.894			
SYS18000	18000		LA1	LAIF	3,750,000.00	02/11/2009		3,750,000.00		2.894			
SYS18000	18000		LA1	LAIF	1,500,000.00	02/13/2009		1,500,000.00		2.894			
SYS18000	18000		LA1	LAIF	1,250,000.00	02/19/2009		1,250,000.00		2.894			
SYS18000	18000		LA1	LAIF	1,000,000.00	02/20/2009		1,000,000.00		2.894			
SYS18000	18000		LA1	LAIF	2,000,000.00	02/23/2009		2,000,000.00		2.894			
SYS18000	18000		LA1	LAIF	2,750,000.00	03/19/2009		2,750,000.00		2.894			
SYS18000	18000		LA1	LAIF	1,000,000.00	03/23/2009		1,000,000.00		2.894			
SYS18000	18000		LA1	LAIF	3,000,000.00	03/30/2009		3,000,000.00		2.894			
SYS18001	18001		LA1	LAIF	5,000,000.00	01/26/2009		5,000,000.00		2.894			
				Subtotal	44,250,000.00			44,250,000.00					
Total Purchases and Deposits										375.00			56,052,054.11

Oceanside Quarterly Report Maturity Report

Sorted by Maturity Date
Receipts during January 1, 2009 - March 31, 2009

CUSIP	Investment #	Fund	Sec. Type	Issuer	Par Value	Maturity Date	Purchase Date	Rate at Maturity	Book Value at Maturity	Interest	Maturity Proceeds	Net Income
31331VM93	07-0014		NCB	FFCB	1,000,000.00	02/17/2009	08/17/2006	5.125	1,000,000.00	25,625.00	1,025,625.00	25,625.00
31331XQM7	07-0115		NCB	FFCB	2,000,000.00	02/23/2009	05/31/2007	5.000	2,000,000.00	50,000.00	2,050,000.00	50,000.00
31331VMF0	07-0072		NCB	FFCB	1,000,000.00	03/03/2009	01/22/2007	4.750	1,000,000.00	23,750.00	1,023,750.00	23,750.00
31331TB34	06-0043		NCB	FFCB	2,000,000.00	03/30/2009	05/03/2006	2.950	2,000,000.00	29,500.00	2,029,500.00	29,500.00
Total Maturities									6,000,000.00	128,875.00	6,128,875.00	128,875.00

**Oceanside Quarterly Report
Sales/Call Report
Sorted by Fund - Fund
January 1, 2009 - March 31, 2009**

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
3133XNSH3	08-0059		FHLB FAC	01/07/2008	01/07/2009	1,000,000.00	4.450	1,000,000.00	1,000,000.00	22,250.00	1,022,250.00	22,250.00
				07/07/2011							Call	
31398AKS0	08-0060		FNMA FAC	01/07/2008	01/07/2009	1,000,000.00	4.500	1,000,000.00	1,000,000.00	22,500.00	1,022,500.00	22,500.00
				01/07/2011							Call	
31398AEE8	08-0006		FNMA FAC	07/10/2007	01/09/2009	1,000,000.00	5.500	1,000,000.00	1,000,000.00	27,500.00	1,027,500.00	27,500.00
				07/09/2010							Call	
3136F6ZZ1	08-0061		FNMA FAC	01/09/2008	01/09/2009	2,000,000.00	4.625	2,000,000.00	2,000,000.00	46,250.00	2,046,250.00	46,250.00
				01/09/2012							Call	
3136F9CB7	08-0041		FNMA NCB	01/08/2009	01/13/2009	1,500,000.00	4.000	1,579,220.58	1,585,710.00	20,333.33	1,606,043.33	26,822.75
				03/11/2013							Sale	
3136F9FG3	08-0104		FNMA FAC	04/15/2008	01/15/2009	1,000,000.00	3.000	1,000,000.00	1,000,000.00	7,500.00	1,007,500.00	7,500.00
				10/15/2010							Call	
3133XSDDL9	09-0011		FHLB FAC	10/21/2008	01/21/2009	2,000,000.00	5.050	2,000,000.00	2,000,000.00	25,250.00	2,025,250.00	25,250.00
				10/21/2013							Call	
3133XSADM7	09-0012		FHLB FAC	10/22/2008	01/22/2009	2,000,000.00	4.050	2,000,000.00	2,000,000.00	20,250.00	2,020,250.00	20,250.00
				10/22/2010							Call	
3133XP4T8	08-0069		FHLB FAC	01/28/2008	01/28/2009	2,000,000.00	4.200	2,000,000.00	2,000,000.00	42,000.00	2,042,000.00	42,000.00
				01/28/2013							Call	
3133XP4T8	08-0070		FHLB FAC	01/28/2008	01/28/2009	1,000,000.00	4.200	1,000,000.00	1,000,000.00	21,000.00	1,021,000.00	21,000.00
				01/28/2013							Call	
3133XPD27	08-0073		FHLB FAC	01/30/2008	01/28/2009	1,000,000.00	3.250	1,000,000.00	1,000,000.00	16,250.00	1,016,250.00	16,250.00
				01/28/2011							Call	
3133XSP93	09-0048		FHLB NCB	01/22/2009	01/28/2009	2,000,000.00	3.125	2,020,250.77	2,025,720.00	9,375.00	2,035,095.00	14,844.23
				12/13/2013							Sale	
3128X6E93	08-0067		FHLMC FAC	01/28/2008	01/28/2009	1,000,000.00	3.450	1,000,000.00	1,000,000.00	17,250.00	1,017,250.00	17,250.00
				01/28/2011							Call	
3128X6J72	08-0072		FHLMC FAC	01/29/2008	01/28/2009	1,000,000.00	3.600	1,000,000.00	1,000,000.00	18,000.00	1,018,000.00	18,000.00
				01/28/2011							Call	
3133XPGW8	08-0077		FHLB FAC	02/04/2008	02/04/2009	2,000,000.00	3.350	2,000,000.00	2,000,000.00	33,500.00	2,033,500.00	33,500.00
				02/04/2011							Call	
3133XPGH1	08-0085		FHLB FAC	02/05/2008	02/04/2009	1,000,000.00	3.700	1,000,000.00	1,000,000.00	18,500.00	1,018,500.00	18,500.00
				11/04/2011							Call	
3128X6F43	08-0078		FHLMC FAC	02/04/2008	02/04/2009	2,000,000.00	3.200	2,000,000.00	2,000,000.00	32,000.00	2,032,000.00	32,000.00
				02/04/2011							Call	
3128X6P83	08-0083		FHLMC FAC	02/04/2008	02/04/2009	2,000,000.00	3.640	2,000,000.00	2,000,000.00	36,400.00	2,036,400.00	36,400.00
				02/04/2011							Call	

Portfolio POOL
NLI AP
SA (PRF_SA) SymRept 6.41.202a
Report Ver. 5.00

Data Updated: SET_QTR: 04/21/2009 09:20
Run Date: 04/21/2009 - 09:20

Oceanside Quarterly Report
Sales/Call Report
January 1, 2009 - March 31, 2009

CUSIP	Investment #	Fund	Issuer Sec. Type	Purchase/Redem. Date/Matur. Date	Par Value	Rate at Redem.	Book Value at Redem.	Redemption Principal	Redemption Interest	Total Amount	Net Income
Undefined Fund											
3136F8Q40	08-0076		FNMA FAC	02/04/2008 02/04/2009 02/04/2011	2,000,000.00	3.500	2,000,000.00	2,000,000.00	35,000.00	2,035,000.00 Call	35,000.00
3136F8V28	08-0082		FNMA FAC	02/04/2008 02/04/2009 02/04/2011	1,000,000.00	3.400	1,000,000.00	1,000,000.00	17,000.00	1,017,000.00 Call	17,000.00
3133XP7G3	09-0017		FHLB FAC	10/15/2008 02/05/2009 02/05/2010	1,550,000.00	3.500	1,550,000.00	1,550,000.00	27,125.00	1,577,125.00 Call	27,125.00
3128X6T63	08-0086		FHLMC FAC	02/07/2008 02/07/2009 02/07/2011	1,000,000.00	3.750	1,000,000.00	1,000,000.00	18,750.00	1,018,750.00 Call	18,750.00
31331YSS0	08-0092		FFCB FAC	02/19/2008 02/11/2009 02/11/2011	1,000,000.00	3.240	1,000,000.00	1,000,000.00	16,200.00	1,016,200.00 Call	16,200.00
3133XP7G3	08-0071		FHLB FAC	02/11/2008 02/11/2009 02/11/2011	1,000,000.00	3.500	1,000,000.00	1,000,000.00	17,500.00	1,017,500.00 Call	17,500.00
31398ANC2	08-0089		FNMA FAC	02/14/2008 02/11/2009 02/11/2011	1,000,000.00	3.125	1,000,000.00	1,000,000.00	15,625.00	1,015,625.00 Call	15,625.00
31398ANC2	08-0093		FNMA FAC	02/20/2008 02/11/2009 02/11/2011	2,000,000.00	3.125	2,000,000.00	2,000,000.00	31,250.00	2,031,250.00 Call	31,250.00
3136F82F1	08-0094		FNMA FAC	02/20/2008 02/12/2009 08/12/2010	1,000,000.00	3.125	1,000,000.00	1,000,000.00	15,625.00	1,015,625.00 Call	15,625.00
3133XP7G3	08-0084		FHLB FAC	02/13/2008 02/13/2009 02/13/2013	1,000,000.00	3.850	1,000,000.00	1,000,000.00	19,250.00	1,019,250.00 Call	19,250.00
3133XSP93	09-0054		FHLB NCB	02/02/2009 02/13/2009 12/13/2013	2,000,000.00	3.125	2,013,335.69	2,020,800.00	11,979.17	2,032,779.17 Sale	19,443.48
3133XP7G3	08-0081		FHLB FAC	02/15/2008 02/15/2009 02/15/2012	1,000,000.00	4.000	1,000,000.00	1,000,000.00	20,000.00	1,020,000.00 Call	20,000.00
31331Y5M8	09-0004		FFCB FAC	08/18/2008 02/18/2009 08/18/2010	1,000,000.00	3.570	1,000,000.00	1,000,000.00	17,850.00	1,017,850.00 Call	17,850.00
31398AMX7	08-0096		FNMA FAC	02/21/2008 02/19/2009 02/19/2010	1,000,000.00	3.000	1,000,000.00	1,000,000.00	15,000.00	1,015,000.00 Call	15,000.00
3136F85V3	08-0090		FNMA FAC	02/20/2008 02/20/2009 08/20/2010	1,000,000.00	3.000	1,000,000.00	1,000,000.00	15,000.00	1,015,000.00 Call	15,000.00
31398ANH1	08-0088		FNMA FAC	02/25/2008 02/25/2009 02/25/2011	2,000,000.00	3.250	2,000,000.00	2,000,000.00	32,500.00	2,032,500.00 Call	32,500.00
31398ANH1	08-0091		FNMA FAC	02/25/2008 02/25/2009 02/25/2011	1,000,000.00	3.250	1,000,000.00	1,000,000.00	16,250.00	1,016,250.00 Call	16,250.00
31398ANY4	08-0098		FNMA FAC	02/25/2008 02/25/2009 02/25/2011	1,000,000.00	3.550	1,000,000.00	1,000,000.00	17,750.00	1,017,750.00 Call	17,750.00
3136F9D67	09-0013		FNMA FAC	10/08/2008 02/26/2009 08/26/2011	1,725,000.00	4.000	1,725,000.00	1,725,000.00	34,500.00	1,759,500.00 Call	34,500.00
3128X67H3	09-0015		FHLMC FAC	10/09/2008 03/10/2009 03/10/2010	2,000,000.00	3.250	2,000,000.00	2,000,000.00	32,500.00	2,032,500.00 Call	32,500.00
3128X8AK8	09-0033		FHLMC FAC	12/19/2008 03/19/2009 09/19/2012	3,000,000.00	3.550	3,000,000.00	3,000,000.00	26,625.00	3,026,625.00 Call	26,625.00

CUSIP	Investment #	Fund	Issuer Sec. Type	Purchase Date	Redem. Date	Matur. Date	Par Value	Rate at Redem.	Book Value at Redem.	Redemption Principal	Redemption Interest	Total Amount	Net Income
Undefined Fund													
31331GHN2	09-0036		FFCB FAC	12/23/2008	03/23/2009	12/23/2010	1,000,000.00	2.370	1,000,000.00	1,000,000.00	5,925.00	1,005,925.00	5,925.00
3128X8BF8	09-0034		FHLMC FAC	12/30/2008	03/30/2009	12/30/2010	2,000,000.00	2.400	2,000,000.00	2,000,000.00	12,000.00	2,012,000.00	12,000.00
				Subtotal			58,775,000.00		58,887,807.04	58,907,230.00	907,312.50	59,814,542.50	926,735.46

Managed Pool Withdrawals													
					Withdrawal Date	Withdrawal Amount	Current Rate	Withdrawal Amount	Book Value at Redem.	Redemption Principal	Redemption Interest	Withdrawal Amount	Net Income
SYS18000	18000		LAIF	07/01/2008	01/02/2009	1,750,000.00	1.822	1,750,000.00				1,750,000.00	
SYS18000	18000		LAIF	07/01/2008	01/05/2009	750,000.00	1.822	750,000.00				750,000.00	
SYS18000	18000		LAIF	07/01/2008	01/06/2009	1,750,000.00	1.822	1,750,000.00				1,750,000.00	
SYS18000	18000		LAIF	07/01/2008	01/07/2009	1,000,000.00	1.822	1,000,000.00				1,000,000.00	
SYS18000	18000		LAIF	07/01/2008	01/08/2009	1,750,000.00	1.822	1,750,000.00				1,750,000.00	
SYS18000	18000		LAIF	07/01/2008	01/16/2009	1,750,000.00	1.822	1,750,000.00				1,750,000.00	
SYS18001	18001		LAIF	07/01/2008	01/20/2009	5,250,000.00	1.822	5,250,000.00				5,250,000.00	
SYS18000	18000		LAIF	07/01/2008	01/22/2009	2,000,000.00	1.822	2,000,000.00				2,000,000.00	
SYS18000	18000		LAIF	07/01/2008	01/27/2009	4,250,000.00	1.822	4,250,000.00				4,250,000.00	
SYS18000	18000		LAIF	07/01/2008	01/30/2009	2,500,000.00	1.822	2,500,000.00				2,500,000.00	
SYS18000	18000		LAIF	07/01/2008	02/02/2009	6,500,000.00	1.822	6,500,000.00				6,500,000.00	
SYS18000	18000		LAIF	07/01/2008	02/03/2009	2,250,000.00	1.822	2,250,000.00				2,250,000.00	
SYS18000	18000		LAIF	07/01/2008	02/10/2009	1,000,000.00	1.822	1,000,000.00				1,000,000.00	
SYS18000	18000		LAIF	07/01/2008	02/17/2009	4,500,000.00	1.822	4,500,000.00				4,500,000.00	
SYS18000	18000		LAIF	07/01/2008	02/24/2009	2,000,000.00	1.822	2,000,000.00				2,000,000.00	
SYS18000	18000		LAIF	07/01/2008	02/27/2009	5,250,000.00	1.822	5,250,000.00				5,250,000.00	
SYS18001	18001		LAIF	07/01/2008	03/02/2009	4,250,000.00	1.822	4,250,000.00				4,250,000.00	
SYS18000	18000		LAIF	07/01/2008	03/11/2009	2,750,000.00	1.822	2,750,000.00				2,750,000.00	
SYS18001	18001		LAIF	07/01/2008	03/13/2009	5,000,000.00	1.822	5,000,000.00				5,000,000.00	
SYS18000	18000		LAIF	07/01/2008	03/16/2009	250,000.00	1.822	250,000.00				250,000.00	
SYS18000	18000		LAIF	07/01/2008	03/18/2009	250,000.00	1.822	250,000.00				250,000.00	
SYS18000	18000		LAIF	07/01/2008	03/27/2009	1,250,000.00	1.822	1,250,000.00				1,250,000.00	
				Subtotal		58,000,000.00		58,000,000.00	58,887,807.04	116,907,230.00	907,312.50	117,814,542.50	926,735.46
Total Sales and Withdrawals										116,907,230.00	907,312.50	117,814,542.50	926,735.46

TREASURER'S REPORT



LATE ACTIVITY
GRAPHS

As of March 31, 2009

Oceanside Quarterly Report
 Cash/Checking Activity
 January 1, 2009 - March 31, 2009

Issuer Investment #	Fund	Security ID	Transaction Date	Receipt	Deposits	Withdrawals	Interest Received	Balance
LAI	Local Agency Investment Fund	SYS18000						13,250,000.00
18000			01/02/2009			1,750,000.00		11,500,000.00
			01/05/2009			750,000.00		10,750,000.00
			01/06/2009			1,750,000.00		9,000,000.00
			01/07/2009			1,000,000.00		8,000,000.00
			01/08/2009			1,750,000.00		6,250,000.00
			01/14/2009		5,250,000.00			11,500,000.00
			01/16/2009			1,750,000.00		9,750,000.00
			01/20/2009				64,625.37	9,750,000.00
			01/21/2009		1,500,000.00			11,250,000.00
			01/22/2009			2,000,000.00		9,250,000.00
			01/26/2009		5,000,000.00			14,250,000.00
			01/27/2009			4,250,000.00		10,000,000.00
			01/28/2009		6,500,000.00			16,500,000.00
			01/30/2009			2,500,000.00		14,000,000.00
			01/31/2009					14,000,000.00
			02/02/2009			6,500,000.00		7,500,000.00
			02/03/2009			2,250,000.00		5,250,000.00
			02/04/2009		3,500,000.00			8,750,000.00
			02/05/2009		1,250,000.00			10,000,000.00
			02/10/2009			1,000,000.00		9,000,000.00
			02/11/2009		3,750,000.00			12,750,000.00
			02/13/2009		1,500,000.00			14,250,000.00
			02/17/2009			4,500,000.00		9,750,000.00
			02/19/2009		1,250,000.00			11,000,000.00
			02/20/2009		1,000,000.00			12,000,000.00
			02/23/2009		2,000,000.00			14,000,000.00
			02/24/2009			2,000,000.00		12,000,000.00
			02/27/2009			5,250,000.00		6,750,000.00
			02/28/2009					6,750,000.00
			03/11/2009			2,750,000.00		4,000,000.00
			03/16/2009			250,000.00		3,750,000.00
			03/18/2009			250,000.00		3,500,000.00
			03/19/2009		2,750,000.00			6,250,000.00
			03/23/2009		1,000,000.00			7,250,000.00
			03/27/2009			1,250,000.00		6,000,000.00

Portfolio POOL
 NLI AP
 LP (PRF_LP) SymRept 6.41.202a
 Report Ver: 5.00i

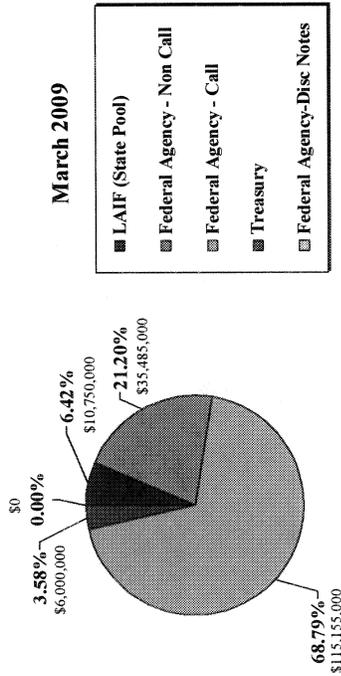
Oceanside Quarterly Report
 Cash/Checking Activity
 January 1, 2009 - March 31, 2009

Issuer Investment #	Fund	Security ID	Transaction Date Receipt	Deposits	Withdrawals	Interest Received	Balance
18000		SYS18000	03/30/2009	3,000,000.00			6,000,000.00
			03/31/2009				9,000,000.00
				39,250,000.00	43,500,000.00	64,625.37	9,000,000.00
							11,250,000.00
18001		SYS18001	01/20/2009		5,250,000.00		6,000,000.00
			01/20/2009			37,350.69	6,000,000.00
			01/26/2009	5,000,000.00			11,000,000.00
			01/31/2009				11,000,000.00
			02/28/2009				11,000,000.00
			03/02/2009		4,250,000.00		6,750,000.00
			03/13/2009		5,000,000.00		1,750,000.00
			03/31/2009				1,750,000.00
				5,000,000.00	14,500,000.00	37,350.69	1,750,000.00
							10,750,000.00
				44,250,000.00	58,000,000.00	101,976.06	10,750,000.00

Total

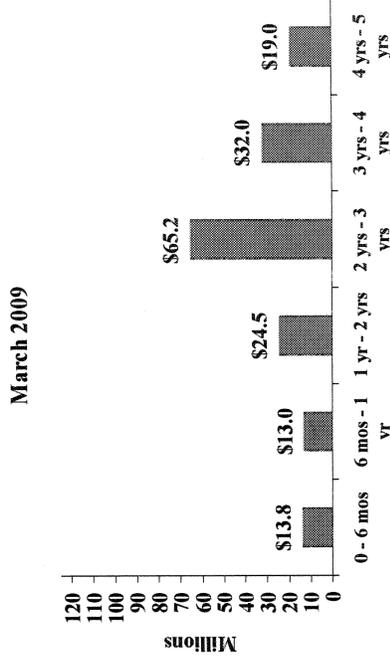
CITY OF OCEANSIDE INVESTMENT PORTFOLIO SUMMARY GRAPHS

BREAKDOWN OF INVENTORY BY TYPE



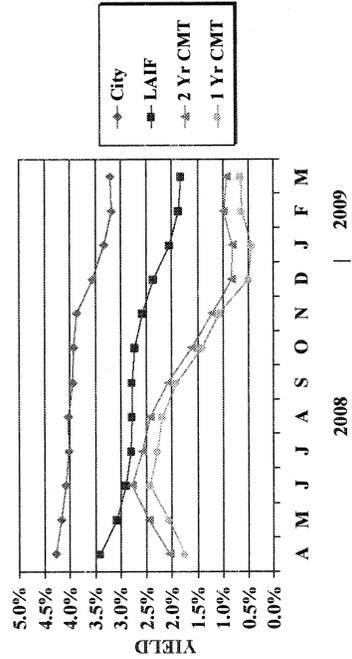
GRAPH 1

AGING OF MATURING INVESTMENTS



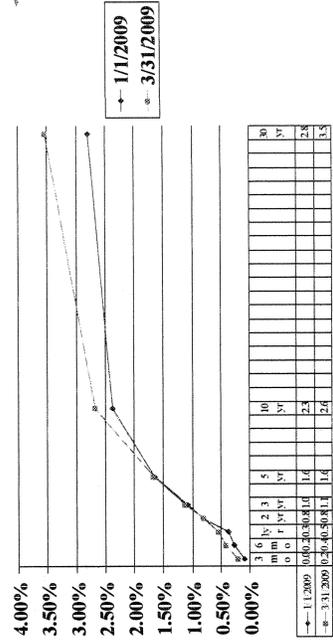
GRAPH 2

INVESTMENT PORTFOLIO YIELD COMPARISON City, Local Agency Investment Fund, 1 & 2-Yr CMT



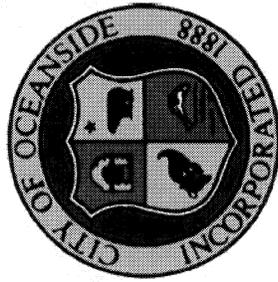
GRAPH 3

HISTORICAL YIELD CURVE COMPARISON 1/1/09 to 3/31/09



GRAPH 4

TREASURER'S REPORT



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

As of March 31, 2009

**2003 Escrow Tax Allocation
Portfolio Management
Portfolio Summary
March 31, 2009**

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	14,472,429.42	14,446,000.00	100.00	1	1	1.797	1.822
Investments	14,446,000.00	14,472,429.42	14,446,000.00	100.00%	1	1	1.797	1.822

Total Earnings **March 31 Month Ending** **Fiscal Year To Date**
 Current Year 22,912.55 267,562.98

Average Daily Balance **14,446,000.00**
Effective Rate of Return **1.87%**

 Rosemary R. Jones, Commission Treasurer

**Month End Reports
Portfolio Management
Portfolio Details - Investments
March 31, 2009**

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	14,497,267.29	14,446,000.00	1.869		1.869	1	
		Subtotal and Average		14,446,000.00	14,497,267.29	14,446,000.00			1.869	1	
		Total and Average		14,446,000.00	14,497,267.29	14,446,000.00			1.869	1	

**CITY OF OCEANSIDE
FUNDS MANAGED BY OUTSIDE PARTIES
AS OF MARCH 31, 2009**

TYPE OF FUND/INSTITUTION	MARKET VALUE	INSTITUTION TOTAL
<u>BOND FUNDS</u>		
Bank of New York		
1995 Refunding Certificates of Participation (Civic Center Project)	0.26	
1998 Oceanside Certificates of Participation - Police & Library Facility	1,552.29	
1998 Water Revenue Refunding Bonds	180,117.02	
1998 Wate reuse Variable Rate Demand Bonds	374,308.41	
2002 Tax Allocation Bonds	2,980,159.01	
2002 Community Facilities District Bonds - Ocean Ranch Corporate Centre	2,438,775.35	
2002 Community Facilities District Bonds - Morro Hills Development	3,985,535.53	
2003 Refunding Certificates of Participation - 93 Series A Bonds	3,829,783.03	
2003 Refunding Certificates of Participation - Water System Bonds	89.05	
2004 Community Facilities District Bonds - Morro Hills Development Imp#1	0.31	
2004 Community Facilities District Bonds - Morro Hills Development	765,929.79	
2004 Refunding Tax Allocation Bonds	1,139,068.13	
2005 Civic Center Refunding Certificates of Participation	1,432,639.92	
2005 Pension Obligation Bonds	407.82	
2008 Community Facilities District Bonds-Pacific Coast Business Park	23,346.90	
2008 Revenue Refunding Bonds	965,482.36	
TOTAL FUNDS MANAGED BY OUTSIDE PARTIES	\$ 17,151,712.82	

RESOLUTION NO.

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

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

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

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

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

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

Section 2. That the policy be examined and considered for readoption no later than June 30, 2010.

PASSED AND ADOPTED by the City Council of the City of Oceanside, California, this _____ day of _____, 2009, by the following vote:

AYES:

NAYS:

ABSENT:

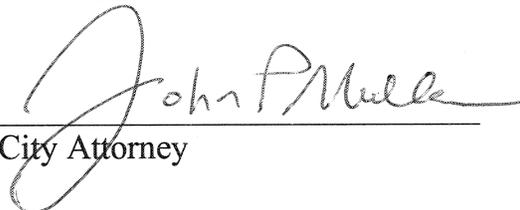
ABSTAIN:

MAYOR OF THE CITY OF OCEANSIDE

ATTEST:

APPROVED AS TO FORM:

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 10, 2009
City Council Resolution No. 09-XXXXX

EXHIBIT A

**CITY OF OCEANSIDE
INVESTMENT POLICY**

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<u>Objectives</u>	
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CITY OF OCEANSIDE

Office of the City Treasurer

June 10, 2009

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.

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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

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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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**CITY OF OCEANSIDE
OFFICE OF THE CITY TREASURER
BROKER/DEALER QUESTIONNAIRE AND CERTIFICATION**

Section I: Statement of Position and General Requirements

The City of Oceanside (the "City") is a statutory (home rule) Government operating under the laws of the State of California. The City manages an operational portfolio ranging in size from \$150,000,000.00 to \$200,000,000.00, which is comprised mainly of U.S. Treasury and Agency obligations as well as selected money market instruments. The City has adopted a written Investment policy that regulates the standards and procedures used in its cash management activities. A copy of the Investment policy is provided with this document.

The City maintains relationships with qualified members of the broker/dealer community who, in their opinion, understands the needs, constraints, and goals of the City.

The City will notify broker/dealers of their approval in writing. No transactions will be conducted with an approved broker/dealer until all paperwork required by both parties has been executed. The City solicits competitive bids and offers on the majority of its transactions. All securities will be delivered against payment to the third-party custodian named by the City. City personnel will review and substantiate all information and references requested in the document; therefore, please answer all questions as thoroughly as possible.

Section II – Part I: Request for General Information from Broker/Dealer Candidate

1. Name of firm _____

2. Address – Local _____
Headquarters _____

3. Telephone – Local (800) _____
(800) _____
Headquarters (800) _____

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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

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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.

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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.

EXHIBIT A

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.