



DATE: June 1, 2011

TO: Honorable Mayor and City Councilmembers

FROM: City Treasurer's Office

SUBJECT: **PRESENTATION OF TREASURER'S REPORT – QUARTER ENDED MARCH 31, 2011, AND ADOPTION OF A RESOLUTION APPROVING THE POLICY FOR THE INVESTMENT OF CITY OF OCEANSIDE FUNDS**

SYNOPSIS

Staff recommends that the City Council accept the Treasurer's Report for the quarter ended March 31, 2011, 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, 2010.

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 23, 2010.

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, 2011

For the quarter ended March 31, 2011, the City's portfolio had a book value of \$169,423,548.53 (book value is the cost of the security plus any amortization or accretion of premiums or discounts). The average yield to maturity of the portfolio was 1.661%, which has generated fiscal year accrued earnings of \$2,174,556.04.

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, 2011	Dec 31, 2010	Sept 30, 2010	June 30, 2010
Book Value	\$169,423,548.53	\$159,713,352.37	\$144,296,201.87	\$165,299,594.88
Market Value	\$168,566,701.90	\$159,451,226.79	\$145,412,990.83	\$166,651,933.26
Unrealized Gain/(Loss)	\$(856,846.63)	\$(262,125.58)	\$1,116,778.96	\$1,352,338.38
Unrealized Gain/(Loss) as a % of Book Value	(0.51%)	(0.16)%	0.77%	0.82%
Average Yield to Maturity	1.661%	1.797%	1.743%	1.850%
Liquidity 0 – 6 months	16.53%	20.74%	34.39%	24.95%
Average Days to Maturity	1,035 (2.84 years)	1,022 (2.88 years)	722 (1.98 years)	834 (2.29 years)
Quarterly Earnings	\$703,993.39	\$767,321.11	\$703,241.54	\$835,019.57
Qtr Capital Gain/(Loss)	\$0.00	\$111,525.98	\$500.00	\$37,582.50

Although bond interest rates have been slowly increasing over the past two quarters from historic low levels, the average yield to maturity of the portfolio continues to decline, nearly 14 basis points since the last quarter's close. Higher yielding bonds that are maturing and bonds being called are still being reinvested in a low interest rate environment, and it will take some time for portfolio yields to increase if interest rates continue in an upward trend.

Also affected by the increasing interest rate market is the level of unrealized losses in the portfolio. Fluctuating unrealized gains/losses are a natural function of the market for all fixed income portfolios such as the City's. Unless the bonds are sold prior to maturity, these losses will remain paper losses (unrealized). By properly laddering bond maturities and maintaining prudent cash reserves, all bonds in the City portfolio are held to maturity, unless sold for restructuring purposes in anticipation of significant market movement as allowed in the City's investment policy.

Bond interest rates increased on average 20 basis points across the curve since the December, 2010 quarter end, primarily due to evidence of moderate growth seen in the economic data releases for the quarter. There has been some improvement seen in unemployment and job creation, however, the improvement has not been enough to promote a strong economic recovery. A flight to quality due to the unrest in the Middle East and North Africa provided some volatility during the quarter, causing rates to retreat from highs posted mid-quarter. The Federal Reserve continued to leave the Fed Funds rate at a range of 0% to 0.25% during the January and March FOMC meetings. The Fed continued its program of purchasing Treasury securities to aid in stimulating the economy.

FISCAL IMPACT

Fiscal year-to-date earnings were \$2,174,556.04 as of March 31, 2011, which is a decrease of \$876,942.89 from the same period last year (March 2010). The City's General Fund has earned \$693,373.00 fiscal year-to-date as of 3/31/11. The table on the following page provides the earnings distribution according to major fund categories:

INVESTMENT EARNINGS BY FUND FY 2010-2011 as of 3/31/11

Fund Name	FYTD Average Cash Balances	FYTD Investment Earnings
General Fund	\$50,039,698	\$693,373
Special Revenue Funds – Police	1,327,817	14,837
Special Revenue Funds – Transportation	1,974,892	27,074
Lighting and Landscape Districts	878,749	9,417
CDC – Housing	8,293,533	94,925
CDC – Redevelopment	9,842,942	91,741
Community Facilities/Special Districts	4,421,678	45,269
Development Impact Fee Funds	31,553,875	338,728
Water Funds	36,093,350	366,853
Sewer Funds	5,722,727	58,526
Airport Funds	249,632	423
Harbor Fund	4,800,176	48,024
Trust Funds	715,143	7,634
Interest Allocated Through 3/31/11		\$1,796,824
Banking/Investment Expenses		312,471
Earnings Allocation Adjustments		65,261
Year to Date Totals as of 3/31/11	\$155,914,212	\$2,174,556

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

**COMPOSITION OF GENERAL FUND
AVERAGE CASH BALANCES
FY 2010-2011 as of 3/31/11**

Fund Name	FYTD Average Cash Balances
General Fund	\$7,344,892
Grants	(593,932)
City Debt Service Fund	(1,975,902)
General Fund Community Facilities CIP	4,070,202
Solid Waste Fund	4,365,924
Internal Service Funds	30,929,365
Trust Funds	6,115,464
Other Unrestricted Funds	(216,315)
Year to Date Totals as of 3/31/11	\$50,039,698

City banking and investment expenses are charged on a pro rata basis to all funds that have invested cash balances. Banking and investment expenses totaled \$312,471 fiscal year-to-date as of 3/31/11. The banking and investment expense breakdown is shown in the following table:

Banking and Investment Expenses	FYTD Expenses as of 3/31/11
Banking Expenses	
Armored Carrier	21,468
Bank Fees	63,382
Bank Supplies	3,148
Check Stock	5,683
Merchant Services	184,000
Investment Expenses	
Bloomberg System	23,023
Custody and Safekeeping	7,208
Investment Software Maintenance	4,559
Total Banking and Investment Expenses	\$312,471

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 change is being submitted to Council for approval:

1. Section 8 - Authorized Investments, Section D. Time Deposits

Updates to this section include:

- Change the section title from Time Deposits to Certificates of Deposit
- Add credit unions as an allowable banking institution
- Update the deposit insurance amount from \$100,000 to the amount allowed per account by the Federal Deposit Insurance Corporation or National Credit Union Association
- Decrease the maximum percentage of the portfolio allowed to be invested in Certificates of Deposit from 15% to 5%
- Increase the maximum term for Certificates of Deposit from 1 year to 3 years

This particular section has not been updated for several years and much has changed in the market with regard to certificates of deposit. If staff chooses to invest in certificates of deposit, the updated language will provide the most current parameters allowed by Federal and State law.

COMMISSION/COMMITTEE REPORT

The Investment Oversight Committee reviewed the report for the quarter ended March 31, 2011, at its May 10, 2011, 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.

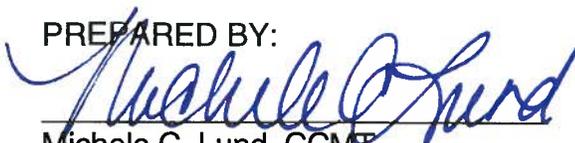
CITY ATTORNEY'S ANALYSIS

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

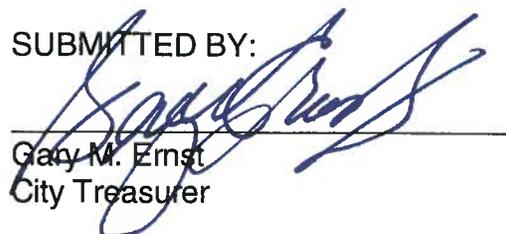
RECOMMENDATION

Staff recommends that the City Council accept the Treasurer's Report for the quarter ended March 31, 2011, and adopt a resolution approving the policy for the investment of City of Oceanside funds.

PREPARED BY:


Michele C. Lund, CCMF
Treasury Manager

SUBMITTED BY:


Gary M. Ernst
City Treasurer

Attachments: Treasurer's Quarter and Year End Report – March 31, 2011
Resolution

CITY OF OCEANSIDE



TREASURER'S REPORT

***For Quarter Ended
March 31, 2011***



CITY OF OCEANSIDE

OFFICE OF THE CITY TREASURER

TO: CITY COUNCIL
CITY MANAGER

DATE: APRIL 29, 2011

SUBJECT: INVESTMENT REPORT FOR THE QUARTER ENDED MARCH 31, 2011

Following is summary information for the City of Oceanside Investment Portfolio for the quarter ended March 31, 2011.

Market/Portfolio Commentary

Bond interest rates posted an overall increase since the prior quarter end primarily due to evidence of moderate growth seen in the economic data releases for the quarter. Although there has been slight improvement in the labor markets, the improvement has not been enough to support a meaningful stimulus to the economy. There was some volatility during the quarter due to a flight to quality stemming from the unrest in the Middle East and North Africa, causing rates to retreat from highs posted mid-quarter. The Federal Reserve continued to leave the Fed Funds rate at a range of 0% to 0.25% during the January and March FOMC meetings. The Fed continued its program of purchasing Treasury securities to aid in stimulating the economy.

For month of March, portfolio statistics are as follows:

• Portfolio Book Value	\$169,423,548.53
• Portfolio Market Value	\$168,566,701.90
• Unrealized Gain/Loss	(\$856,846.63)
• Average Yield-to-Maturity	1.661%
• Liquidity (0 - 6-months)	16.53%
• Average Days to Maturity	1,035 (2.84 years)
• Fiscal Year-to-Date Earnings	\$2,174,556.04
• Fiscal Year-to-Date Capital Gains/(Losses)	\$112,025.98

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 M. Ernst
City Treasurer

**CITY OF OCEANSIDE
PORTFOLIO SUMMARY
FOR QUARTER ENDED MARCH 31, 2011**

INVESTMENT TYPE	FACE VALUE	BOOK VALUE	MARKET VALUE	YIELD TO MATURITY	DAYS TO MATURITY	PERCENT OF PORTFOLIO
Quarter Ended March 31, 2011						
LAI	\$ 20,000,000.00	\$ 20,000,000.00	\$ 20,025,243.10	0.500%	1	11.80%
Treasury Securities - Coupon	12,000,000.00	11,989,959.94	12,087,240.00	2.342%	790	7.08%
Federal Agency Non - Callable	108,000,000.00	107,959,041.09	107,082,536.25	1.707%	1,208	63.72%
Federal Agency - Callable	1,500,000.00	1,511,654.69	1,500,885.00	1.810%	1,012	0.89%
Federal Agency Callable - Step Up	22,000,000.00	21,994,937.92	21,894,002.50	2.045%	1,501	12.98%
Municipal Bonds	5,955,000.00	5,967,954.89	5,976,795.05	1.898%	147	3.52%
Total Investments	\$ 169,455,000.00	\$ 169,423,548.53	\$ 168,566,701.90	1.661%	1,035	100.00%
Unrealized Gain/(Loss) (Market Value - Book Value)			(856,846.63)			
Plus Accrued Interest			\$ 712,091.01			
Portfolio Liquidation Unrealized Gain/(Loss)			\$ (144,755.62)			

Prior Period Comparisons

INVESTMENT TYPE	FACE VALUE	BOOK VALUE	MARKET VALUE	YIELD TO MATURITY	DAYS TO MATURITY	PERCENT OF PORTFOLIO
Quarter Ended December 31, 2010						
LAI	\$ 19,000,000.00	\$ 19,000,000.00	\$ 19,027,765.14	0.462%	1	11.90%
Treasury Securities - Coupon	-	-	-	0.000%	0	0.00%
Federal Agency Non - Callable	12,710,000.00	12,701,590.80	12,858,765.70	2.841%	602	7.95%
Federal Agency - Callable	102,020,000.00	101,982,369.14	101,596,920.95	1.845%	1,186	63.85%
Federal Agency - Discount Notes	21,000,000.00	20,999,644.44	20,932,000.00	2.178%	1,609	13.15%
Municipal Bonds	5,000,000.00	5,029,747.99	5,035,775.00	1.626%	161	3.15%
Total Investments	\$ 159,730,000.00	\$ 159,713,352.37	\$ 159,451,226.79	1.797%	1,022	100.00%
Unrealized Gain/(Loss) (Market Value - Book Value)			(262,125.58)			
Plus Accrued Interest			607,475.20			
Portfolio Liquidation Unrealized Gain/(Loss)			\$ 345,349.62			
Quarter and Ended September 30, 2010						
LAI	\$ 42,250,000.00	\$ 42,250,000.00	\$ 42,330,902.42	0.500%	1	29.28%
Treasury Securities - Coupon	-	-	-	0.000%	0	0.00%
Federal Agency Non - Callable	17,035,000.00	17,043,795.53	17,441,821.88	3.174%	376	11.81%
Federal Agency - Callable	71,020,000.00	71,002,406.34	71,535,586.53	2.111%	1,058	49.21%
Federal Agency - Discount Notes	14,000,000.00	14,000,000.00	14,104,680.00	1.882%	1,619	9.70%
Total Investments	\$ 144,305,000.00	\$ 144,296,201.87	\$ 145,412,990.83	1.743%	722	100.00%
Unrealized Gain/(Loss) (Market Value - Book Value)			1,116,788.96			
Plus Accrued Interest			600,892.98			
Portfolio Liquidation Unrealized Gain/(Loss)			\$ 1,717,681.94			

TREASURER'S REPORT



PORTFOLIO DETAILS

As Of March 31, 2011

Pool Month End Reports
Portfolio Management
Portfolio Details - Investments
March 31, 2011

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Days to Maturity	Maturity Date
LAIF												
SYS18000	18000	Local Agency Investment Fund			8,750,000.00	8,771,024.85	8,750,000.00	0.512		0.512	1	
SYS18001	18001	Local Agency Investment Fund			11,250,000.00	11,277,031.95	11,250,000.00	0.512		0.512	1	
		Subtotal and Average	31,959,677.42		20,000,000.00	20,048,056.80	20,000,000.00			0.512	1	
Federal Agency - Non Callable												
31331KCA6	11-0080	Federal Farm Credit Bank		02/10/2011	1,000,000.00	999,710.00	1,000,000.00	1.375		1.375	1,046	02/10/2014
3133XR4U1	08-0120	Federal Home Loan Bank		05/22/2008	1,000,000.00	1,005,270.00	999,498.52	3.125		3.401	70	06/10/2011
3133XTS49	09-0092	Federal Home Loan Bank		06/08/2009	1,000,000.00	1,016,800.00	997,153.74	1.875		2.117	446	06/20/2012
3133XXQV2	10-0059	Federal Home Loan Bank		04/05/2010	2,000,000.00	2,036,520.00	2,000,000.00	2.000		2.000	973	11/29/2013
31337ZY5	11-0046	Federal Home Loan Bank		12/13/2010	2,000,000.00	1,962,240.00	1,993,307.68	1.875		1.950	1,715	12/11/2015
31337JUH5	11-0085	Federal Home Loan Bank		03/15/2011	2,000,000.00	1,997,840.00	2,000,000.00	1.125		1.125	896	09/13/2013
3128X7JK1	08-0118	Federal Home Loan Mort Corp		05/21/2008	2,000,000.00	2,002,200.00	2,000,000.00	3.250		3.404	13	04/14/2011
3136F9DH3	08-0100	Federal National Mortgage Assc		03/25/2008	1,000,000.00	1,066,660.00	1,000,000.00	4.250		4.250	724	03/25/2013
		Subtotal and Average	11,215,517.49		12,000,000.00	12,087,240.00	11,989,959.94			2.342	790	

Federal Agency - Callable												
31331GXN4	09-0089	Federal Farm Credit Bank		06/03/2009	1,000,000.00	1,003,900.00	1,000,000.00	2.700		2.700	794	06/03/2013
31331JLY7	10-0065	Federal Farm Credit Bank		04/28/2010	1,000,000.00	1,001,250.00	1,000,000.00	2.375		2.375	1,123	04/28/2014
31331JMX8	10-0070	Federal Farm Credit Bank		05/06/2010	1,000,000.00	1,001,490.00	1,000,000.00	1.950		1.950	766	05/06/2013
31331JNM1	10-0075	Federal Farm Credit Bank		05/13/2010	1,000,000.00	1,002,520.00	1,000,000.00	2.450		2.450	1,138	05/13/2014
31331JNM1	10-0076	Federal Farm Credit Bank		05/13/2010	1,000,000.00	1,002,520.00	1,000,000.00	2.450		2.450	1,138	05/13/2014
31331JT45	11-0006	Federal Farm Credit Bank		10/19/2010	1,000,000.00	969,770.00	1,000,000.00	1.500		1.500	1,662	10/19/2015
31331JU84	11-0007	Federal Farm Credit Bank		10/26/2010	1,000,000.00	970,890.00	1,000,000.00	1.580		1.580	1,669	10/26/2015
31331JT45	11-0009	Federal Farm Credit Bank		10/19/2010	1,000,000.00	969,770.00	1,000,000.00	1.500		1.500	1,662	10/19/2015
31331JV75	11-0010	Federal Farm Credit Bank		10/27/2010	1,000,000.00	975,590.00	1,000,000.00	1.250		1.250	1,305	10/27/2014
31331JW25	11-0011	Federal Farm Credit Bank		10/28/2010	1,000,000.00	980,550.00	1,000,000.00	1.500		1.500	1,488	04/28/2015
31331JX57	11-0018	Federal Farm Credit Bank		10/28/2010	1,000,000.00	968,640.00	999,856.25	1.540		1.545	1,545	10/28/2015
31331JX57	11-0019	Federal Farm Credit Bank		10/28/2010	1,000,000.00	968,640.00	999,712.50	1.540		1.550	1,671	10/28/2015
31331JX99	11-0020	Federal Farm Credit Bank		11/04/2010	1,000,000.00	978,460.00	1,000,000.00	1.230		1.281	1,313	11/04/2014
31331JX99	11-0021	Federal Farm Credit Bank		11/04/2010	1,000,000.00	978,460.00	1,000,000.00	1.230		1.262	1,313	11/04/2014
31331JZ97	11-0024	Federal Farm Credit Bank		11/09/2010	2,000,000.00	1,937,900.00	2,000,000.00	1.600		1.600	1,683	11/09/2015
31331J3A9	11-0033	Federal Farm Credit Bank		11/23/2010	1,000,000.00	977,940.00	1,000,000.00	2.000		2.000	1,697	11/23/2015
31331J3A9	11-0039	Federal Farm Credit Bank		11/23/2010	1,000,000.00	977,940.00	1,000,000.00	2.000		2.000	1,697	11/23/2015
31331J3D3	11-0040	Federal Farm Credit Bank		12/01/2010	1,000,000.00	992,860.00	1,000,000.00	1.600		1.600	1,343	12/04/2014
31331J3F8	11-0041	Federal Farm Credit Bank		12/08/2010	1,000,000.00	989,160.00	1,000,000.00	1.500		1.500	1,347	12/08/2014
31331J3F8	11-0043	Federal Farm Credit Bank		12/08/2010	1,000,000.00	989,160.00	997,941.67	1.500		1.578	1,347	12/08/2014
31331J3F8	11-0044	Federal Farm Credit Bank		12/08/2010	1,000,000.00	989,160.00	986,445.94	1.500		1.634	1,347	12/08/2014
31331J3F8	11-0056	Federal Farm Credit Bank		12/09/2010	1,000,000.00	989,160.00	985,699.86	1.500		1.662	1,347	12/08/2014

Portfolio POOL
NLI AP
PM (PRF_PM2) 7.3.0

**Pool Month End Reports
Portfolio Management
Portfolio Details - Investments
March 31, 2011**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Days to Maturity	Maturity Date
Federal Agency - Callable												
31331J4T7	11-0057	Federal Farm Credit Bank		12/16/2010	1,000,000.00	993,140.00	1,000,000.00	1.350		1.350	990	12/16/2013
31331J4T7	11-0058	Federal Farm Credit Bank		12/16/2010	1,000,000.00	993,140.00	1,000,000.00	1.350		1.350	990	12/16/2013
31331J5W9	11-0059	Federal Farm Credit Bank		12/22/2010	1,000,000.00	992,530.00	1,000,000.00	2.000		2.000	1,361	12/22/2014
31331JK28	11-0072	Federal Farm Credit Bank		01/24/2011	2,000,000.00	1,986,600.00	2,000,000.00	1.500		1.550	1,272	09/24/2014
31331KBD1	11-0074	Federal Farm Credit Bank		02/02/2011	1,000,000.00	1,000,730.00	1,000,000.00	2.000		2.000	1,403	02/02/2015
31331KBD1	11-0075	Federal Farm Credit Bank		02/02/2011	1,000,000.00	1,000,730.00	1,000,000.00	2.000		2.000	1,403	02/02/2015
31331KDA5	11-0082	Federal Farm Credit Bank		02/24/2011	1,000,000.00	1,002,830.00	1,000,000.00	1.700		1.700	1,060	02/24/2014
31331KGD6	11-0100	Federal Farm Credit Bank		03/28/2011	1,000,000.00	995,860.00	1,000,000.00	1.375		1.375	1,092	03/28/2014
3133XWMM6	10-0026	Federal Home Loan Bank		01/27/2010	1,000,000.00	1,015,290.00	1,000,000.00	2.375		2.375	1,032	01/27/2014
3133XWMM2	10-0032	Federal Home Loan Bank		01/22/2010	1,000,000.00	1,005,200.00	1,000,000.00	2.200		2.200	843	07/22/2013
313370YV4	11-0005	Federal Home Loan Bank		09/30/2010	1,000,000.00	983,730.00	1,000,000.00	1.900		1.953	1,643	09/30/2015
313371E28	11-0013	Federal Home Loan Bank		10/25/2010	1,000,000.00	981,230.00	1,000,000.00	1.050		1.065	1,120	04/25/2014
313371E36	11-0014	Federal Home Loan Bank		10/27/2010	1,000,000.00	977,670.00	1,000,000.00	1.250		1.250	1,305	10/27/2014
313371J56	11-0016	Federal Home Loan Bank		11/16/2010	1,000,000.00	965,260.00	1,000,000.00	1.625		1.625	1,690	11/16/2015
313371PL4	11-0027	Federal Home Loan Bank		11/18/2010	1,000,000.00	968,240.00	1,000,000.00	1.550		1.550	1,692	11/18/2015
313371NR3	11-0028	Federal Home Loan Bank		11/24/2010	1,000,000.00	972,031.25	1,000,000.00	1.230		1.230	1,333	11/24/2014
313371PT7	11-0030	Federal Home Loan Bank		11/22/2010	1,000,000.00	972,700.00	1,000,000.00	1.000		0.998	1,239	08/22/2014
313371PT7	11-0031	Federal Home Loan Bank		11/22/2010	1,000,000.00	972,700.00	1,000,000.00	1.000		1.066	1,239	08/22/2014
313371KX3	11-0034	Federal Home Loan Bank		11/18/2010	1,000,000.00	994,520.00	1,000,000.00	1.000		1.000	962	11/18/2013
313371WQ5	11-0045	Federal Home Loan Bank		12/09/2010	1,000,000.00	999,765.78	1,000,000.00	1.375		1.393	1,165	06/09/2014
313371YF7	11-0048	Federal Home Loan Bank		12/17/2010	1,000,000.00	984,990.00	1,000,000.00	1.750		1.750	1,356	12/17/2014
3133723Q5	11-0049	Federal Home Loan Bank		12/22/2010	1,000,000.00	991,875.00	1,000,000.00	1.700		1.739	1,361	12/22/2014
313371ZG4	11-0051	Federal Home Loan Bank		12/23/2010	1,000,000.00	987,812.50	1,000,000.00	1.350		1.350	1,271	09/23/2014
313371ZG4	11-0052	Federal Home Loan Bank		12/23/2010	1,000,000.00	987,812.50	1,000,000.00	1.350		1.350	1,271	09/23/2014
3133724F8	11-0069	Federal Home Loan Bank		01/18/2011	2,000,000.00	1,977,400.00	2,000,000.00	1.500		1.560	1,186	06/30/2014
313372GZ1	11-0078	Federal Home Loan Bank		02/14/2011	2,000,000.00	1,987,300.00	2,000,000.00	1.300		1.300	1,050	02/14/2014
313372W91	11-0089	Federal Home Loan Bank		03/28/2011	1,000,000.00	996,620.00	1,000,000.00	1.500		1.500	1,092	03/28/2014
313372YY4	11-0095	Federal Home Loan Bank		03/30/2011	1,000,000.00	997,480.00	1,000,000.00	1.750		1.750	1,278	09/30/2014
3133733C4	11-0097	Federal Home Loan Bank		03/29/2011	1,000,000.00	993,170.00	1,000,000.00	1.650		1.650	1,277	09/29/2014
3128X8884	09-0084	Federal Home Loan Mort Corp		05/13/2009	1,000,000.00	1,002,520.00	999,941.67	2.400		2.426	773	05/13/2013
3128X92J8	10-0062	Federal Home Loan Mort Corp		04/07/2010	2,000,000.00	2,000,580.00	1,999,975.00	2.125		2.147	920	10/07/2013
3134G1GX6	10-0094	Federal Home Loan Mort Corp		06/30/2010	1,000,000.00	1,003,700.00	1,000,000.00	2.050		2.050	1,186	06/30/2014
3134G1HX5	10-0095	Federal Home Loan Mort Corp		06/30/2010	1,000,000.00	1,004,000.00	1,000,000.00	2.100		2.100	1,186	06/30/2014
3134G1XD1	11-0015	Federal Home Loan Mort Corp		10/28/2010	1,000,000.00	979,320.00	1,000,000.00	1.150		1.150	1,214	07/28/2014
3134G1YF5	11-0023	Federal Home Loan Mort Corp		11/17/2010	1,000,000.00	976,260.00	1,000,000.00	1.750		1.750	1,691	11/17/2015
3134G1YV0	11-0026	Federal Home Loan Mort Corp		11/18/2010	1,000,000.00	967,630.00	1,000,000.00	1.400		1.400	1,508	05/18/2015
3134G1ZV9	11-0029	Federal Home Loan Mort Corp		11/18/2010	1,000,000.00	973,990.00	1,000,000.00	1.250		1.250	1,327	11/18/2014
3134G1ZU1	11-0038	Federal Home Loan Mort Corp		11/23/2010	1,000,000.00	969,950.00	997,100.00	1.750		1.845	1,697	11/23/2015

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CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Status Rate	S&P	YTM	Days to Maturity	Maturity Date
Federal Agency - Callable												
3134G1T46	11-0065	Federal Home Loan Mort Corp		01/24/2011	1,000,000.00	997,690.00	1,000,000.00	1.700		1.700	1,210	07/24/2014
3134G1T46	11-0066	Federal Home Loan Mort Corp		01/24/2011	1,000,000.00	997,690.00	1,000,000.00	1.700		1.700	1,210	07/24/2014
3134G1T95	11-0067	Federal Home Loan Mort Corp		01/27/2011	1,000,000.00	999,531.25	1,000,000.00	2.000		2.000	1,397	01/27/2015
3134G1W67	11-0071	Federal Home Loan Mort Corp		01/28/2011	1,000,000.00	995,850.00	1,000,000.00	1.375		1.375	1,033	01/28/2014
3134G1X82	11-0073	Federal Home Loan Mort Corp		01/28/2011	1,000,000.00	994,970.00	1,000,000.00	1.165		1.165	941	10/28/2013
3134G1Y99	11-0076	Federal Home Loan Mort Corp		02/08/2011	1,000,000.00	996,040.00	1,000,000.00	1.650		1.650	1,225	08/08/2014
3134G1Y99	11-0077	Federal Home Loan Mort Corp		02/08/2011	1,000,000.00	996,040.00	1,000,000.00	1.650		1.650	1,225	08/08/2014
3134G14K7	11-0081	Federal Home Loan Mort Corp		03/07/2011	1,000,000.00	1,003,593.75	1,000,000.00	1.750		1.750	1,071	03/07/2014
3134G15D2	11-0084	Federal Home Loan Mort Corp		03/09/2011	1,000,000.00	997,310.00	1,000,000.00	2.500		2.500	1,804	03/09/2016
3134G17A6	11-0086	Federal Home Loan Mort Corp		03/23/2011	1,000,000.00	998,760.00	1,000,000.00	1.750		1.750	1,271	09/23/2014
3134G17A6	11-0087	Federal Home Loan Mort Corp		03/23/2011	1,000,000.00	998,760.00	1,000,000.00	1.750		1.750	1,271	09/23/2014
3134G17A6	11-0088	Federal Home Loan Mort Corp		03/23/2011	1,000,000.00	998,760.00	1,000,000.00	1.750		1.750	1,271	09/23/2014
3134G17K4	11-0094	Federal Home Loan Mort Corp		03/30/2011	1,000,000.00	999,970.00	1,000,000.00	2.000		2.000	1,278	09/30/2014
3136FHJ00	09-0073	Federal National Mortgage Assc		04/29/2009	2,000,000.00	2,002,920.00	2,000,000.00	2.250		2.250	577	10/29/2012
31398AC26	10-0020	Federal National Mortgage Assc		01/06/2010	2,000,000.00	2,005,900.00	1,997,926.39	1.750		1.970	637	12/28/2012
3136FJ4C2	10-0039	Federal National Mortgage Assc		02/23/2010	2,000,000.00	2,022,600.00	2,000,000.00	2.000		2.000	875	08/23/2013
3136FMNX8	10-0066	Federal National Mortgage Assc		04/29/2010	1,000,000.00	1,001,190.00	1,000,000.00	2.000		2.048	850	07/29/2013
31398AQ54	10-0067	Federal National Mortgage Assc		05/06/2010	1,000,000.00	1,001,440.00	999,927.08	1.875		1.901	766	05/06/2013
3136FMPPH	10-0068	Federal National Mortgage Assc		05/14/2010	1,000,000.00	1,006,190.00	998,761.11	2.050		2.139	958	11/14/2013
3136FMPPH	10-0069	Federal National Mortgage Assc		05/14/2010	1,000,000.00	1,006,190.00	999,174.07	2.050		2.110	958	11/14/2013
31398AS45	10-0072	Federal National Mortgage Assc		05/24/2010	1,000,000.00	1,003,140.00	1,000,000.00	2.000		2.000	815	06/24/2013
31398AS37	10-0073	Federal National Mortgage Assc		05/25/2010	1,000,000.00	1,001,290.00	1,000,000.00	1.300		1.300	420	05/25/2012
3136FMVV3	10-0084	Federal National Mortgage Assc		06/14/2010	1,000,000.00	1,002,630.00	1,000,000.00	2.000		2.000	1,078	03/14/2014
3136FMVV3	10-0085	Federal National Mortgage Assc		06/14/2010	2,000,000.00	2,005,260.00	2,000,000.00	2.000		2.000	1,078	03/14/2014
3136FMXM1	10-0090	Federal National Mortgage Assc		06/16/2010	1,000,000.00	996,120.00	999,479.17	2.050		2.116	1,172	06/16/2014
3136FMG65	11-0002	Federal National Mortgage Assc		07/15/2010	1,000,000.00	1,003,750.00	1,000,000.00	2.000		2.000	1,201	07/15/2014
31398A4Y5	11-0017	Federal National Mortgage Assc		10/27/2010	1,000,000.00	970,150.00	997,997.22	1.550		1.623	1,670	10/27/2014
31398A6B3	11-0032	Federal National Mortgage Assc		11/23/2010	1,000,000.00	966,100.00	998,150.44	1.600		1.660	1,697	11/23/2015
3136FPL88	11-0047	Federal National Mortgage Assc		12/16/2010	1,000,000.00	988,660.00	1,000,000.00	1.200		1.200	990	12/16/2013
3136FPR41	11-0060	Federal National Mortgage Assc		12/27/2010	1,000,000.00	996,590.00	1,000,000.00	1.400		1.400	1,001	12/27/2013
3136FPR82	11-0061	Federal National Mortgage Assc		12/30/2010	1,000,000.00	996,550.00	1,000,000.00	1.625		1.625	1,186	06/30/2014
3136FPW60	11-0063	Federal National Mortgage Assc		12/30/2010	1,000,000.00	996,740.00	1,000,000.00	1.500		1.500	1,004	12/30/2013
3136FF3L9	11-0068	Federal National Mortgage Assc		01/25/2011	2,000,000.00	1,993,640.00	1,981,186.94	0.750		1.113	966	11/22/2014
31398A6G2	11-0079	Federal National Mortgage Assc		02/01/2011	1,000,000.00	999,180.00	1,000,000.00	1.500		1.500	1,092	03/28/2014
3136FRD23	11-0090	Federal National Mortgage Assc		03/28/2011	1,000,000.00	999,180.00	1,000,000.00	1.500		1.500	1,092	03/28/2014
3135G0BF9	11-0091	Federal National Mortgage Assc		03/28/2011	1,000,000.00	996,900.00	1,000,000.00	1.500		1.500	1,092	03/28/2014
3136FRD03	11-0092	Federal National Mortgage Assc		03/29/2011	1,000,000.00	1,001,180.00	1,000,000.00	2.000		2.000	1,368	12/29/2014
3136FRD03	11-0093	Federal National Mortgage Assc		03/29/2011	1,000,000.00	1,001,180.00	1,000,000.00	2.000		2.000	1,368	12/29/2014

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Pool Month End Reports
Portfolio Management
Portfolio Details - Investments
March 31, 2011

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Days to Maturity	Maturity Date
Medium Term Notes												
36962G4X9	11-0096	General Electric Capital Corp	100,413,127.43	03/22/2011	1,500,000.00	1,500,885.00	1,511,654.69	2.100	AA	1.810	1,012	01/07/2014
Subtotal and Average			100,413,127.43		108,000,000.00	107,080,106.25	107,959,041.09			1.707	1,208	
Subtotal and Average			487,644.13		1,500,000.00	1,500,885.00	1,511,654.69			1.810	1,012	
Federal Agency Callable - Step Up												
3133XWBS7	10-0010	Federal Home Loan Bank		12/28/2009	1,000,000.00	1,002,260.00	1,000,000.00	1.250		2.233	819	06/28/2013
3133XWTX7	10-0041	Federal Home Loan Bank		02/24/2010	2,000,000.00	2,046,460.00	2,000,000.00	2.000		2.963	1,425	02/24/2015
313371U53	11-0042	Federal Home Loan Bank		12/10/2010	1,000,000.00	980,730.00	1,000,000.00	1.500		2.129	1,714	12/10/2015
3133722K9	11-0053	Federal Home Loan Bank		12/30/2010	1,000,000.00	995,050.00	1,000,000.00	1.500		1.500	1,734	12/30/2015
3133722K9	11-0054	Federal Home Loan Bank		12/30/2010	1,000,000.00	995,050.00	1,000,000.00	1.500		1.500	1,734	12/30/2015
3134G1VZ4	11-0008	Federal Home Loan Mort Corp		10/29/2010	1,000,000.00	986,875.00	1,000,000.00	1.125		1.125	1,307	10/29/2014
3134G1XX7	11-0025	Federal Home Loan Mort Corp		11/09/2010	1,000,000.00	974,880.00	999,894.44	1.000		1.050	1,683	11/09/2015
3134G1G57	11-0050	Federal Home Loan Mort Corp		12/23/2010	1,000,000.00	987,610.00	1,000,000.00	1.875		1.875	1,727	12/23/2015
3134G1E91	11-0055	Federal Home Loan Mort Corp		12/30/2010	1,000,000.00	979,850.00	1,000,000.00	1.800		1.800	1,734	12/30/2015
3136FMJN5	10-0060	Federal National Mortgage Assc		04/12/2010	1,000,000.00	1,000,270.00	1,000,000.00	1.100		2.188	742	04/12/2013
3136FMXY5	10-0088	Federal National Mortgage Assc		06/15/2010	1,000,000.00	1,003,380.00	1,000,000.00	2.000		3.150	1,536	06/15/2015
3136FMYF5	10-0089	Federal National Mortgage Assc		06/15/2010	1,000,000.00	1,009,720.00	1,000,000.00	1.500		2.945	1,536	06/15/2015
3136FMG99	11-0001	Federal National Mortgage Assc		07/13/2010	1,000,000.00	1,000,560.00	1,000,000.00	2.000		2.796	1,564	07/13/2015
3136FM50	11-0003	Federal National Mortgage Assc		07/07/2010	2,000,000.00	2,000,520.00	2,000,000.00	2.000		2.585	1,558	07/07/2015
3136FMM50	11-0004	Federal National Mortgage Assc		07/07/2010	1,000,000.00	1,000,260.00	1,000,000.00	2.000		2.585	1,558	07/07/2015
3136FPD9	11-0012	Federal National Mortgage Assc		11/12/2010	1,000,000.00	977,187.50	1,000,000.00	1.250		1.250	1,686	11/12/2015
3136FPWC7	11-0022	Federal National Mortgage Assc		11/10/2010	1,000,000.00	969,950.00	1,000,000.00	1.375		1.375	1,684	11/10/2015
3136FPS24	11-0062	Federal National Mortgage Assc		12/30/2010	1,000,000.00	993,340.00	1,000,000.00	2.125		2.125	1,734	12/30/2015
3136FPH75	11-0064	Federal National Mortgage Assc		01/06/2011	1,000,000.00	995,260.00	995,043.48	1.000		1.851	1,356	12/17/2014
3136FP4G9	11-0070	Federal National Mortgage Assc		01/27/2011	1,000,000.00	994,790.00	1,000,000.00	1.000		1.000	1,213	07/27/2014
Subtotal and Average			22,477,854.76		22,000,000.00	21,894,002.50	21,994,937.92			2.072	1,501	
Municipal Bonds												
13063BH3	11-0035	State of California		11/23/2010	2,500,000.00	2,509,150.00	2,505,503.28	3.000		1.501	54	05/25/2011
13063BH1	11-0036	State of California		11/23/2010	2,500,000.00	2,514,450.00	2,507,451.61	3.000		1.751	88	06/28/2011
769123JL5	11-0083	Riverside Co RDA		03/08/2011	955,000.00	953,195.05	955,000.00	3.328	A	3.327	549	10/01/2012
Subtotal and Average			5,755,108.58		5,955,000.00	5,976,795.05	5,967,954.89			1.898	147	

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**Pool Month End Reports
 Portfolio Management
 Portfolio Details - Investments
 March 31, 2011**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Days to Maturity
Total and Average			172,308,929.81		169,455,000.00	168,587,085.60	169,423,548.53			1.666	1,035

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Portfolio Details - Cash
March 31, 2011

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Days to Maturity
		Average Balance	0.00	Accrued Interest at Purchase		12,548.62	12,548.62				0
		Subtotal				12,548.62	12,548.62				
		Total Cash and Investments	172,308,929.81		169,455,000.00	168,599,634.22	169,436,097.15			1.666	1,035

TREASURER'S REPORT



INVESTMENT TRANSACTIONS

01/01/11 Through 03/31/11

**Oceanside Quarterly Report
Purchases Report
Sorted by Fund - Fund
January 1, 2011 - March 31, 2011**

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
Investment Clearing													
3136FP75	11-0064	102	MC1	FNMA	1,000,000.00	01/06/2011	06/17 - 12/17	989,500.00	527.78	1.000	12/17/2014	1.851	995,043.48
3133724F8	11-0069	102	FAC	FHLB	2,000,000.00	01/18/2011	06/30 - 12/30	1,996,000.00	1,500.00	1.500	06/30/2014	1.560	2,000,000.00
31331JK28	11-0072	102	FAC	FFCB	2,000,000.00	01/24/2011	03/24 - 09/24	1,996,460.00	Received	1.500	09/24/2014	1.550	2,000,000.00
3134G1T46	11-0065	102	FAC	FHLMC	1,000,000.00	01/24/2011	07/24 - 01/24	1,000,000.00		1.700	07/24/2014	1.700	1,000,000.00
3134G1T46	11-0066	102	FAC	FHLMC	1,000,000.00	01/24/2011	07/24 - 01/24	1,000,000.00		1.700	07/24/2014	1.700	1,000,000.00
3136FP3L9	11-0068	102	FAC	FNMA	1,000,000.00	01/25/2011	07/25 - 01/25	1,000,000.00		1.625	07/25/2014	1.625	1,000,000.00
3134G1T95	11-0067	102	FAC	FHLMC	1,000,000.00	01/27/2011	07/27 - 01/27	1,000,000.00		2.000	01/27/2015	2.000	1,000,000.00
3136FP4G9	11-0070	102	MC1	FNMA	1,000,000.00	01/27/2011	07/27 - 01/27	1,000,000.00		1.000	07/27/2014	1.000	1,000,000.00
3134G1W67	11-0071	102	FAC	FHLMC	1,000,000.00	01/28/2011	07/28 - 01/28	1,000,000.00		1.375	01/28/2014	1.375	1,000,000.00
3134G1X82	11-0073	102	FAC	FHLMC	1,000,000.00	01/28/2011	04/28 - 10/28	1,000,000.00		1.165	10/28/2013	1.165	1,000,000.00
31398A6G2	11-0079	102	FAC	FNMA	2,000,000.00	02/01/2011	05/22 - 11/22	1,980,000.00	2,875.00	0.750	11/22/2013	1.113	1,981,186.94
31331KBD1	11-0074	102	FAC	FFCB	1,000,000.00	02/02/2011	08/02 - 02/02	1,000,000.00		2.000	02/02/2015	2.000	1,000,000.00
31331KBD1	11-0075	102	FAC	FFCB	1,000,000.00	02/02/2011	08/02 - 02/02	1,000,000.00		2.000	02/02/2015	2.000	1,000,000.00
3134G1Y99	11-0076	102	FAC	FHLMC	1,000,000.00	02/08/2011	08/08 - 02/08	1,000,000.00		1.650	08/08/2014	1.650	1,000,000.00
3134G1Y99	11-0077	102	FAC	FHLMC	1,000,000.00	02/08/2011	08/08 - 02/08	1,000,000.00		1.650	08/08/2014	1.650	1,000,000.00
31331KCA6	11-0080	102	NCB	FFCB	1,000,000.00	02/10/2011	08/10 - 02/10	1,000,000.00		1.375	02/10/2014	1.375	1,000,000.00
313372GZ1	11-0078	102	FAC	FHLB	2,000,000.00	02/14/2011	08/14 - 02/14	2,000,000.00		1.300	02/14/2014	1.300	2,000,000.00
31331KDA5	11-0082	102	FAC	FFCB	1,000,000.00	02/24/2011	08/24 - 02/24	1,000,000.00		1.700	02/24/2014	1.700	1,000,000.00
3134G14K7	11-0081	102	FAC	FHLMC	1,000,000.00	03/07/2011	09/07 - 03/07	1,000,000.00		1.750	03/07/2014	1.750	1,000,000.00
769123JL5	11-0083	102	MUN	RIVCRA	955,000.00	03/08/2011	10/01 - 04/01	955,000.00		3.328	10/01/2012	3.327	955,000.00
3134G15D2	11-0084	102	FAC	FHLMC	1,000,000.00	03/09/2011	09/09 - 03/09	1,000,000.00		2.500	03/09/2016	2.500	1,000,000.00
313372UH5	11-0085	102	NCB	FHLB	2,000,000.00	03/15/2011	09/15 - 03/15	2,000,000.00		1.125	09/13/2013	1.125	2,000,000.00
36962G4X9	11-0096	102	MTN	GEORP	1,500,000.00	03/22/2011	07/07 - 01/07	1,511,760.00	6,562.50	2.100	01/07/2014	1.810	1,511,654.69
3134G17A6	11-0086	102	FAC	FHLMC	1,000,000.00	03/23/2011	09/23 - 03/23	1,000,000.00		1.750	09/23/2014	1.750	1,000,000.00
3134G17A6	11-0087	102	FAC	FHLMC	1,000,000.00	03/23/2011	09/23 - 03/23	1,000,000.00		1.750	09/23/2014	1.750	1,000,000.00
3134G17A6	11-0088	102	FAC	FHLMC	1,000,000.00	03/23/2011	09/23 - 03/23	1,000,000.00		1.750	09/23/2014	1.750	1,000,000.00
31331KGD6	11-0100	102	FAC	FFCB	1,000,000.00	03/28/2011	09/28 - 03/28	1,000,000.00		1.375	03/28/2014	1.375	1,000,000.00
313372W91	11-0089	102	FAC	FHLB	1,000,000.00	03/28/2011	09/28 - 03/28	1,000,000.00		1.500	03/28/2014	1.500	1,000,000.00
3136FRDZ3	11-0090	102	FAC	FNMA	1,000,000.00	03/28/2011	09/28 - 03/28	1,000,000.00		1.500	03/28/2014	1.500	1,000,000.00
313550BF9	11-0091	102	FAC	FNMA	1,000,000.00	03/28/2011	09/28 - 03/28	1,000,000.00		1.500	03/28/2014	1.500	1,000,000.00
3133733C4	11-0097	102	FAC	FHLB	1,000,000.00	03/29/2011	09/29 - 03/29	1,000,000.00		1.650	09/29/2014	1.650	1,000,000.00
3136FRDQ3	11-0092	102	FAC	FNMA	1,000,000.00	03/29/2011	06/29 - 12/29	1,000,000.00		2.000	12/29/2014	2.000	1,000,000.00
3136FRDQ3	11-0093	102	FAC	FNMA	1,000,000.00	03/29/2011	06/29 - 12/29	1,000,000.00		2.000	12/29/2014	2.000	1,000,000.00
313372YY4	11-0095	102	FAC	FHLB	1,000,000.00	03/30/2011	09/30 - 03/30	1,000,000.00		1.750	09/30/2014	1.750	1,000,000.00

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

Oceanside Quarterly Report
Purchases Report
January 1, 2011 - March 31, 2011

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
Investment Clearing													
3134G17K4	11-0094	102	FAC	FHLMC	1,000,000.00	03/30/2011	09/30 - 03/30	1,000,000.00		2.000	09/30/2014	2.000	1,000,000.00
				Subtotal	40,455,000.00			40,428,720.00	11,465.28				40,442,885.11
				Total Purchases	40,455,000.00			40,428,720.00	11,465.28				40,442,885.11

Oceanside Quarterly Report Maturity Report

Sorted by Maturity Date

Amounts due during January 1, 2011 - March 31, 2011

CUSIP	Investment #	Fund	Sec. Type	Issuer	Par Value	Maturity Date	Purchase Date at Maturity	Rate	Book Value at Maturity	Interest	Maturity Proceeds	Net Income
31331VSK3	09-0024	102	NCB	FFCB	1,710,000.00	02/18/2011	11/21/2008	4.875	1,710,000.00	41,681.25	1,751,681.25	41,681.25
31331YWG1	08-0122	102	NCB	FFCB	2,000,000.00	03/03/2011	05/23/2008	3.000	2,000,000.00	30,000.00	2,030,000.00	30,000.00
Total Maturities					3,710,000.00				3,710,000.00	71,681.25	3,781,681.25	71,681.25

**Oceanside Quarterly Report
Sales/Call Report
Sorted by Maturity Date - Fund
January 1, 2011 - March 31, 2011**

CUSIP	Investment #	Fund	Issuer Sec. Type	Purchase Date	Redem. Matur. Date	Par Value	Rate at Redem.	Book Value at Redem.	Redemption Principal	Redemption Interest	Total Amount	Net Income
02/24/2012												
3136FHCF0	09-0066	102	FNMA FAC	02/26/2009	02/24/2011 02/24/2012	1,000,000.00	2.250	1,000,000.00	1,000,000.00	11,250.00	1,011,250.00 Call	11,250.00
3136FHCF0	09-0067	102	FNMA FAC	02/26/2009	02/24/2011 02/24/2012	2,000,000.00	2.250	2,000,000.00	2,000,000.00	22,500.00	2,022,500.00 Call	22,500.00
				Subtotal		3,000,000.00		3,000,000.00	3,000,000.00	33,750.00	3,033,750.00	33,750.00
07/20/2012												
3128X8ER9	09-0045	102	FHLMC FAC	01/20/2009	01/20/2011 07/20/2012	2,000,000.00	2.375	2,000,000.00	2,000,000.00	23,750.00	2,023,750.00 Call	23,750.00
				Subtotal		2,000,000.00		2,000,000.00	2,000,000.00	23,750.00	2,023,750.00	23,750.00
01/14/2013												
31331JB1	10-0023	102	FFCB FAC	01/14/2010	01/14/2011 01/14/2013	2,000,000.00	2.000	2,000,000.00	2,000,000.00	20,000.00	2,020,000.00 Call	20,000.00
				Subtotal		2,000,000.00		2,000,000.00	2,000,000.00	20,000.00	2,020,000.00	20,000.00
01/25/2013												
3128X9SW1	10-0033	102	FHLMC FAC	01/25/2010	01/25/2011 01/25/2013	1,000,000.00	2.000	1,000,000.00	1,000,000.00	10,000.00	1,010,000.00 Call	10,000.00
				Subtotal		1,000,000.00		1,000,000.00	1,000,000.00	10,000.00	1,010,000.00	10,000.00
02/25/2013												
3128X9ZK9	10-0045	102	FHLMC FAC	02/25/2010	02/25/2011 02/25/2013	2,000,000.00	1.800	2,000,000.00	2,000,000.00	18,000.00	2,018,000.00 Call	18,000.00
				Subtotal		2,000,000.00		2,000,000.00	2,000,000.00	18,000.00	2,018,000.00	18,000.00
03/25/2013												
31396AK35	10-0057	102	FNMA FAC	03/25/2010	03/25/2011 03/25/2013	1,000,000.00	1.850	1,000,000.00	1,000,000.00	9,250.00	1,009,250.00 Call	9,250.00
				Subtotal		1,000,000.00		1,000,000.00	1,000,000.00	9,250.00	1,009,250.00	9,250.00
05/08/2013												
3128X9WX4	10-0034	102	FHLMC FAC	02/08/2010	02/08/2011 05/08/2013	1,000,000.00	2.000	1,000,000.00	1,000,000.00	10,000.00	1,010,000.00 Call	10,000.00
3128X9WX4	10-0035	102	FHLMC FAC	02/08/2010	02/08/2011 05/08/2013	1,000,000.00	2.000	1,000,000.00	1,000,000.00	10,000.00	1,010,000.00 Call	10,000.00
				Subtotal		2,000,000.00		2,000,000.00	2,000,000.00	20,000.00	2,020,000.00	20,000.00

Oceanside Quarterly Report
Sales/Call Report
January 1, 2011 - March 31, 2011

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
07/05/2013												
3133XWDX4	10-0016	102	FHLB FAC	01/05/2010	01/05/2011 07/05/2013	1,000,000.00	2.250	1,000,000.00	1,000,000.00	11,250.00	1,011,250.00 Call	11,250.00
					Subtotal	1,000,000.00		1,000,000.00	1,000,000.00	11,250.00	1,011,250.00	11,250.00
08/23/2013												
3128X9XR6	10-0040	102	FHLMC FAC	02/23/2010	02/23/2011 08/23/2013	2,000,000.00	2.125	2,000,000.00	2,000,000.00	21,250.00	2,021,250.00 Call	21,250.00
					Subtotal	2,000,000.00		2,000,000.00	2,000,000.00	21,250.00	2,021,250.00	21,250.00
09/10/2013												
3133XXA72	10-0048	102	FHLB FAC	03/10/2010	03/10/2011 09/10/2013	1,020,000.00	2.000	1,020,000.00	1,020,000.00	10,200.00	1,030,200.00 Call	10,200.00
					Subtotal	1,020,000.00		1,020,000.00	1,020,000.00	10,200.00	1,030,200.00	10,200.00
09/17/2013												
3133XXED5	10-0051	102	FHLB FAC	03/17/2010	03/17/2011 09/17/2013	2,000,000.00	2.000	2,000,000.00	2,000,000.00	20,000.00	2,020,000.00 Call	20,000.00
					Subtotal	2,000,000.00		2,000,000.00	2,000,000.00	20,000.00	2,020,000.00	20,000.00
11/25/2013												
3133XX3P0	10-0050	102	FHLB FAC	02/25/2010	02/25/2011 11/25/2013	2,000,000.00	2.100	2,000,000.00	2,000,000.00	10,500.00	2,010,500.00 Call	10,500.00
					Subtotal	2,000,000.00		2,000,000.00	2,000,000.00	10,500.00	2,010,500.00	10,500.00
01/28/2014												
3138F94H3	09-0047	102	FNMA FAC	01/28/2009	01/28/2011 01/28/2014	2,000,000.00	2.500	2,000,000.00	2,000,000.00	25,000.00	2,025,000.00 Call	25,000.00
					Subtotal	2,000,000.00		2,000,000.00	2,000,000.00	25,000.00	2,025,000.00	25,000.00
02/11/2014												
31331JDL4	10-0044	102	FFCB FAC	02/11/2010	02/11/2011 02/11/2014	2,000,000.00	2.420	2,000,000.00	2,000,000.00	24,200.00	2,024,200.00 Call	24,200.00
					Subtotal	2,000,000.00		2,000,000.00	2,000,000.00	24,200.00	2,024,200.00	24,200.00
03/03/2014												
31331JFL2	10-0047	102	FFCB FAC	03/03/2010	03/03/2011 03/03/2014	1,000,000.00	2.490	1,000,000.00	1,000,000.00	12,450.00	1,012,450.00 Call	12,450.00
					Subtotal	1,000,000.00		1,000,000.00	1,000,000.00	12,450.00	1,012,450.00	12,450.00
06/30/2014												
3134G1JD7	10-0096	102	FHLMC FAC	06/30/2010	03/30/2011 06/30/2014	1,000,000.00	2.150	1,000,000.00	1,000,000.00	5,375.00	1,005,375.00 Call	5,375.00

Oceanside Quarterly Report
 Sales/Call Report
 January 1, 2011 - March 31, 2011

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
03/16/2015				Subtotal		1,000,000.00		1,000,000.00	1,000,000.00	5,375.00	1,005,375.00	5,375.00
3133XXGX9	10-0052	102	FHLB MC1	03/16/2010	03/16/2011	1,000,000.00	1.250%	1,000,000.00	1,000,000.00	6,250.00	1,006,250.00	6,250.00
				03/16/2015							Call	
				Subtotal		1,000,000.00		1,000,000.00	1,000,000.00	6,250.00	1,006,250.00	6,250.00
				Total Sales		28,020,000.00		28,020,000.00	28,020,000.00	281,225.00	28,301,225.00	281,225.00

V - Security with variable rate change.

TREASURER'S REPORT



**LAI F ACTIVITY
GRAPHS**

As of March 31, 2011

Oceanside Quarterly Report Cash/Checking Activity January 1, 2011 - March 31, 2011

Issuer Investment #	Fund	Security ID	Current Transaction Rate	Date	Transaction Receipt	Deposits	Withdrawals	Interest Received	Balance
LAIF	18000								
		SYS18000							
			0.462	01/03/2011		1,750,000.00			9,250,000.00
			0.462	01/05/2011		1,500,000.00			11,000,000.00
			0.462	01/06/2011			1,250,000.00		12,500,000.00
			0.462	01/12/2011		9,250,000.00			11,250,000.00
			0.462	01/14/2011				22,164.88	20,500,000.00
			0.462	01/18/2011			3,250,000.00		20,500,000.00
			0.462	01/19/2011		1,500,000.00			17,250,000.00
			0.462	01/20/2011		1,500,000.00			20,250,000.00
			0.462	01/24/2011			3,750,000.00		16,500,000.00
			0.462	01/25/2011			750,000.00		15,750,000.00
			0.462	01/27/2011			1,750,000.00		14,000,000.00
			0.462	01/28/2011			2,250,000.00		11,750,000.00
			0.462	01/31/2011			2,000,000.00		9,750,000.00
			0.538	02/07/2011		2,750,000.00			9,750,000.00
			0.538	02/11/2011		1,000,000.00			12,500,000.00
			0.538	02/14/2011			2,250,000.00		13,500,000.00
			0.538	02/15/2011		1,500,000.00			11,250,000.00
			0.538	02/18/2011		1,500,000.00			12,750,000.00
			0.538	02/23/2011		1,500,000.00			14,250,000.00
			0.538	02/25/2011		4,500,000.00			18,750,000.00
			0.538	02/28/2011		1,750,000.00			20,500,000.00
			0.512	02/28/2011			5,250,000.00		15,250,000.00
			0.512	03/02/2011		1,500,000.00			15,250,000.00
			0.512	03/03/2011		2,250,000.00			16,750,000.00
			0.512	03/07/2011			1,000,000.00		19,000,000.00
			0.512	03/08/2011			500,000.00		18,000,000.00
			0.512	03/15/2011			4,500,000.00		17,500,000.00
			0.512	03/16/2011		1,750,000.00			13,000,000.00
			0.512	03/17/2011		1,000,000.00			14,750,000.00
			0.512	03/22/2011			500,000.00		15,750,000.00
			0.512	03/23/2011			2,750,000.00		15,250,000.00
			0.512	03/25/2011		1,000,000.00			12,500,000.00
			0.512	03/28/2011			4,750,000.00		13,500,000.00
			0.500	03/31/2011					8,750,000.00

Portfolio POOL
NLI AP
LP (PRF_LP) 7.1.1
Report Ver. 7.3.2

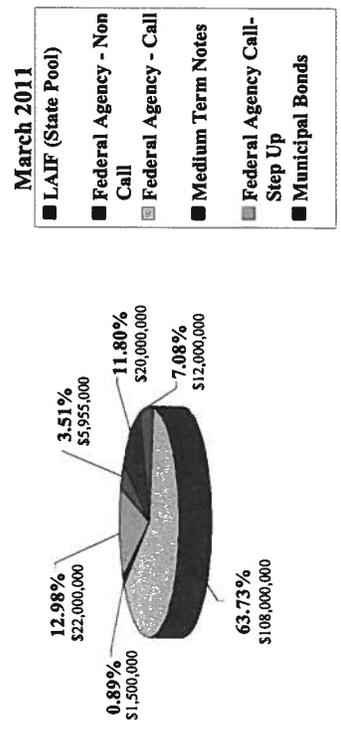
Oceanside Quarterly Report
 Cash/Checking Activity
 January 1, 2011 - March 31, 2011

Issuer Investment #	Fund	Security ID	Current Transaction Rate	Date	Receipt	Deposits	Withdrawals	Interest Received	Balance
			0.500			36,000,000.00	36,500,000.00	22,164.88	8,750,000.00
18001		SYS18001							9,750,000.00
			0.462	01/14/2011					9,750,000.00
			0.462	01/21/2011		8,000,000.00		16,330.21	17,750,000.00
			0.538	01/31/2011					17,750,000.00
			0.538	02/01/2011			1,250,000.00		16,500,000.00
			0.538	02/02/2011			1,250,000.00		15,250,000.00
			0.538	02/03/2011			750,000.00		14,500,000.00
			0.538	02/24/2011		2,750,000.00			17,250,000.00
			0.512	02/28/2011			2,750,000.00		17,250,000.00
			0.512	03/29/2011			3,250,000.00		14,500,000.00
			0.512	03/30/2011					11,250,000.00
			0.500	03/31/2011					11,250,000.00
			0.500			10,750,000.00	9,250,000.00	16,330.21	11,250,000.00
Subtotal and Ending Balance						46,750,000.00	45,750,000.00	38,495.09	20,000,000.00

Total

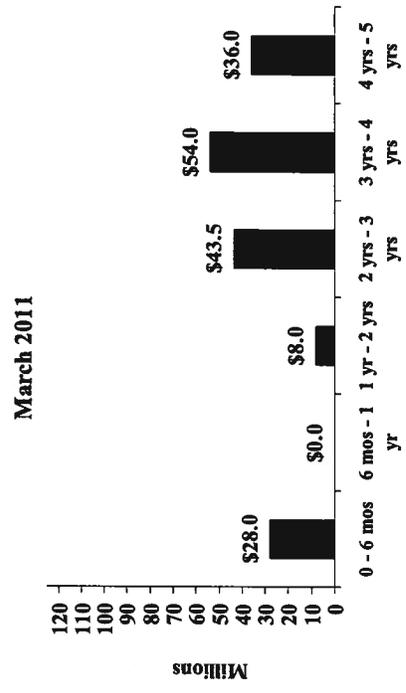
CITY OF OCEANSIDE INVESTMENT PORTFOLIO SUMMARY GRAPHS

BREAKDOWN OF INVENTORY BY TYPE



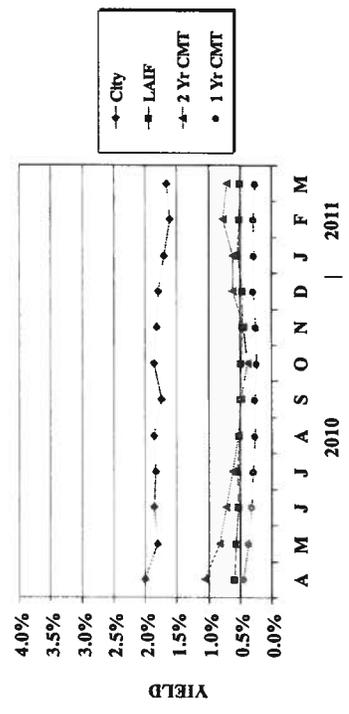
GRAPH 1

AGING OF MATURING INVESTMENTS



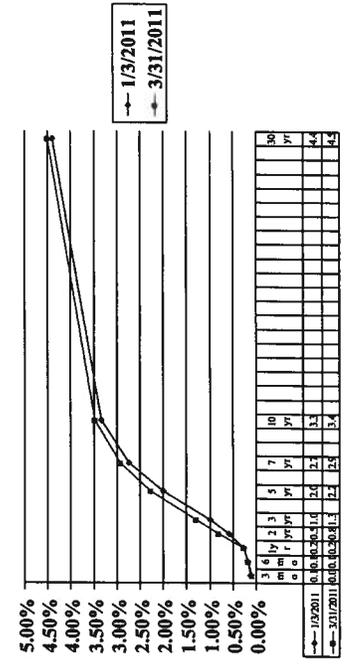
GRAPH 2

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



GRAPH 3

HISTORICAL YIELD CURVE COMPARISON 1/3/11 to 3/31/11



GRAPH 4

TREASURER'S REPORT



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

As of March 31, 2011

Month End Reports
Portfolio Management
Portfolio Details - Investments
March 31, 2011

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
Managed Pool Accounts												
SYS18002-TA	18002-TA	State of CA LAIF	12,346,000.00		12,346,000.00	12,375,665.46	12,346,000.00	0.512	0.505	0.512	1	
		Subtotal and Average	12,346,000.00		12,346,000.00	12,375,665.46	12,346,000.00		0.505	0.512	1	
		Total and Average	12,346,000.00		12,346,000.00	12,375,665.46	12,346,000.00		0.505	0.512	1	

Month End Reports
Cash/Checking Activity
January 1, 2011 - March 31, 2011

Issuer	Investment #	Fund	Security ID	Current Transaction Rate	Transaction Date	Receipt	Deposits	Withdrawals	Interest Received	Balance
Managed Pool Accounts										
State of CA LAIF										
18002-TA	03 TA	SYS18002-TA		0.462	01/14/2011				15,468.36	12,346,000.00
				0.538	01/31/2011					12,346,000.00
				0.512	02/28/2011					12,346,000.00
				0.500	03/31/2011					12,346,000.00
				0.500			0.00	0.00	15,468.36	12,346,000.00
Subtotal and Ending Balance										
							0.00	0.00	15,468.36	12,346,000.00
Total										
							0.00	0.00	15,468.36	12,346,000.00

**FUNDS MANAGED BY OUTSIDE PARTIES
AS OF MARCH 31, 2011**

TYPE OF FUND/INSTITUTION	MARKET VALUE	INSTITUTION TOTAL
<u>BOND FUNDS</u>		
Bank of New York		
1998 Water Revenue Refunding Bonds	146,127.03	
2002 Tax Allocation Bonds	2,980,152.50	
2002 Community Facilities District Bonds - Ocean Ranch Corporate Centre	2,432,754.23	
2002 Community Facilities District Bonds - Morro Hills Development	3,808,396.91	
2003 Refunding Certificates of Participation - Series A	3,881,779.07	
2004 Community Facilities District Bonds - Morro Hills Development Imp#1	720,542.15	
2004 Community Facilities District Bonds - Morro Hills Development	931,376.23	
2004 Refunding Tax Allocation Bonds	1,432,593.57	
2005 Pension Obligation Bonds	0.03	
2008 Community Facilities District Bonds-Pacific Coast Business Park	1.73	
2008 Revenue Refunding Bonds	937,548.17	
	936,606.76	
TOTAL FUNDS MANAGED BY OUTSIDE PARTIES	<u>\$ 17,271,271.62</u>	

1 RESOLUTION NO.

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

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

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

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

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

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

14 Section 2. That the policy be examined and considered for readoption no later than June
15 30, 2012.

16 PASSED AND ADOPTED by the City Council of the City of Oceanside, California,
17 this _____ day of _____, 2011, by the following vote:

18 AYES:

19 NAYS:

20 ABSENT:

21 ABSTAIN:

22
23
24 MAYOR OF THE CITY OF OCEANSIDE

25 ATTEST:

26 APPROVED AS TO FORM:

27
28 _____
City Clerk

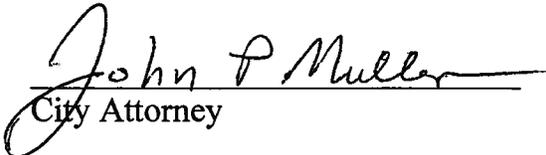

City Attorney

EXHIBIT A

CITY OF OCEANSIDE INVESTMENT POLICY



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

**Gary M. Ernst
City Treasurer**

**Adopted June 1, 2011
City Council Resolution No.**

EXHIBIT A

**CITY OF OCEANSIDE
INVESTMENT POLICY**

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C. <u>Return on Investment</u>	<u>3</u>
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CITY OF OCEANSIDE

Office of the City Treasurer

June 1, 2011

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 the City's budgeted 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

EXHIBIT A

make impartial investments decisions. Employees and investment officials shall disclose any 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. Certificates of Deposit. The City may invest in non-negotiable certificates of deposit collateralized in accordance with the California Government Code, in those state or national banks, savings or federal associations, or state or federal credit unions, 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. The issuing firm is required to be in existence for at least five years. In general, the issuer must have a minimum tier one risk-based capital ratio of 6% as determined by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Association (NCUA) and their operation must have been profitable during their last reporting period. The City may waive collateral requirements for the portion of any deposit insured up to the amount allowed per account by the FDIC or the NCUA. 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. Since time deposits are not liquid, no more than 5% of the cost value of the portfolio at the time of purchase may be invested in this category. The maximum term for deposits shall be three years.

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- 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.
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 to provisions of the Federal Bankruptcy Code which provides for the liquidation of securities held as collateral for repurchase agreements, the only 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

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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. 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.

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- 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 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)

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- 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.

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

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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) _____

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.

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

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.

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

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.

EXHIBIT A

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

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.