ITEM NO. 9

STAFF REPORT

CITY OF OCEANSIDE

DATE: June 20, 2012

TO: Honorable Mayor and City Councilmembers

FROM: City Treasurer's Office

SUBJECT: **PRESENTATION OF TREASURER'S REPORT – QUARTER ENDED MARCH 31, 2012, 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, 2012, 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, 2011.

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, 2012

For the quarter ended March 31, 2012, the City's portfolio had a book value of $205,051,590.03 (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 1.20%, which has generated fiscal year to date accrued earnings of $1,797,453.79.

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, 2012	Dec 31, 2011	Sept 30, 2011	June 30, 2011
Book Value	$205,051,590.03	$189,514,583.01	$173,294,874.48	$191,844,476.00
Market Value	$205,334,284.01	$190,002,647.84	$173,874,707.06	$192,227,769.37
Unrealized Gain/(Loss)	$282,693.98	$488,064.83	$579,832.58	$383,293.37
Unrealized Gain/(Loss) as a % of Book Value	0.13%	0.25%	0.33%	0.20%
Average Yield to Maturity	1.200%	1.321%	1.381%	1.405%
Liquidity 0 – 6 months	16.76%	19.83%	20.34%	16.85%
Average Days to Maturity	1,129 (3.09 years)	1,064 (2.91 years)	933 (2.56 years)	959 (2.63 years)
Quarterly Earnings	$609,605.98	$589,558.51	$598,289.30	$699,103.10
Qtr Capital Gain/(Loss)	$0.00	$13,827.32	$0.00	$4,510.17

During the third fiscal quarter the portfolio's book value increased by $15.5 million. The receipt of $7.4 million in property taxes and $9 million in Triple-Flip proceeds contributed to the book value increase. Comparative to the end of the second fiscal quarter, the average yield to maturity declined 12 basis points (.12%). Contributing to the decline was the reinvestment of called bond proceeds and investment of the property tax and Triple-Flip revenues in lower interest rate securities.

In comparison to the end of the second quarter of the fiscal year, bond interest rates ended slightly higher across the yield curve. Signs of moderate growth in the economy (especially in the labor and housing markets) contributed to a temporary increase in rates as bond market participants shifted to investment in the equity markets. Interest rates peaked in February when the Dow Jones Industrial Average crossed the 13,000 mark in reaction to a Greek bailout agreement, which temporarily eased concerns over the turmoil in the European sovereign markets.

The Federal Open Market Committee (FOMC) met twice during the quarter and kept the target rate for Fed Funds at 0% to .25%. During the January FOMC meeting, the Committee extended the time frame for supporting lower interest rates to late 2014 from mid-2013. The Fed statements released at both the January and March meetings continued its support of "Operation Twist". The accommodative monetary policy is set to expire in June 2012, and is intended to create downward pressure on long term interest rates while stimulating the economy. The pressure on the long bond market is achieved through the sale of securities with maturities of three years or less, and then using the sale proceeds to purchase securities with remaining maturities of 6 to 30 years.

FISCAL IMPACT

Gross fiscal year to date earnings were $1,797,753.79, which is a decrease of $376,802.25 from the same period last year (quarter ended March 2012). The City's General Fund has earned $462,658.00 fiscal year to date. The following table provides the earnings distribution as recorded in Fund 102, Interest Allocation (1102.4321.XXXX), grouped into the major fund categories:

INVESTMENT EARNINGS BY FUND
FY 2011-2012 as of 3/31/12

Fund Name	FYTD Average Cash Balances	FYTD Investment Earnings
General Fund	55,057,862	462,658
Special Revenue Funds – Police	1,286,773	10,022
Special Revenue Funds – Transportation	7,299,067	58,871
Lighting and Landscape Districts	1,227,394	9,883
CDC – Housing	8,588,203	71,147
Community Facilities/Special Districts	1,852,415	24,914
Development Impact Fee Funds	28,847,329	241,537
Municipal Golf Course Improvement Fund	43,107	110
Water Funds	46,564,651	363,695
Sewer Funds	15,511,387	134,587
Airport Funds	527,152	8,030
Harbor Fund	4,020,319	31,982
Grant and Trust Funds	1,348,362	5,600
Debt Service Funds	906,598	5,244
Successor Agency	14,915,218	134,464
Funds with Negative Balances	(1,198,272)	-
Bank and Investment Expenses		309,272
Interest Allocated Through 3/31/12		**$1,872,016**
Pending Earnings Allocation Adjustments		(74,563)
Year to Date Totals as of 3/31/12	**$186,797,565**	**$1,797,453**

Since the last reporting period, the new allocation process was implemented resulting in a few category shifts between the General Fund and all other funds. The direct impact of the shift was the creation of the category "Funds with Negative Balances". In prior years, these funds had been erroneously reported in the General Fund category. Those funds are the Library Fund (209), the 2010 Storm Damage Fund (228) and the CDBG Fund (237). In addition, several new funds were added. Those funds are the Municipal Golf

Course Improvement Fund (Fund 596), Successor Agency Funds (Funds 971, 972, 973 and 977) and the Ad Hoc-CIP Project Fund (710). The Ad Hoc-CIP Project Fund currently has a negative balance, therefore it is included in the "Funds with Negative Balances" category.

The General Fund, in accordance with City Council Policy 200-11, includes cash balances from funds that do not have interest allocation restrictions. These funds are consolidated for purposes of calculating investment earnings. The following table provides the detail for the composition of the General Fund category from the previous table.

COMPOSITION OF GENERAL FUND
AVERAGE CASH BALANCES
FY 2011-2012 as of 3/31/12

Fund Name	FYTD Average Cash Balances
General Fund	11,321,857
Grants	169,157
City Debt Service Fund	(920,232)
General Fund Community Facilities CIP	3,127,541
Solid Waste Fund	6,308,526
Internal Service Funds	31,569,823
Trust Funds	3,481,190
FYTD Average Cash Balances as of 3/31/12	**$55,057,862**

City banking and investment expenses are charged on a pro rata basis to all funds that have invested cash balances. Banking and investment expenses (account 200010102.5405), totaled $309,272.10 fiscal year to date as of March 31, 2012. The following chart categorizes the allocated bank and investment charges through March 31, 2012.

BANKING AND INVESTMENT EXPENSES
FY 2011-2012 as of 3/31/12

Expense Type	FYTD Expenses as of 3/31/12
Banking Expenses	
Armored Carrier	18,746
Bank Fees/Fee Reimbursements	58,439
Bank Supplies	867
Check Stock	6,392
Merchant Services	187,362
Investment Expenses	
Bloomberg System	23,685
Custody and Safekeeping	9,239
Investment Software Maintenance	4,542
Total Banking and Investment Expenses	**$309,272**

REVIEW OF INVESTMENT POLICY

Staff, in conjunction with the Investment Oversight Committee, conducted the annual review of the City's investment policy as required. Staff is recommending modifications to the corporate medium term note and municipal bond categories to allow for investment in these two markets that have experienced notable changes following the credit crisis of 2008. These changes will provide less constrictive investment maturity length parameters, enabling investment these security types, which may provide incremental yield enhancement to the City's portfolio while mitigating risk. In addition to the changes in the corporate medium term note and municipal bond sections, there is one housekeeping change in the U.S. Government Agencies section.

The following changes are being submitted to Council for approval:

1. **Section 8 – Authorized Investments, Section H. Medium Term Notes.** The update to this section will extend the maximum allowable maturity for "A" and "AA" rated securities. The update in maximum allowable maturity levels will expand the range of available securities for purchase and provide a greater opportunity to enhance portfolio yield.

   The requested change for "A" rated securities will extend the maximum maturity to 36 months from 24 months. The requested change for "AA" securities will extend the maximum maturity to 48 months from 36 months.

2. **Section 8 – Authorized Investments, Section I. Municipal Bonds.** The update to this section will extend the maximum allowable maturity in the same

manner as corporate medium term notes. The maximum allowable maturity for "A" rated securities will be extended to 36 months from 24 months. "AA" rated securities will extend to 48 months from 36 months. The amendment provides consistency between corporate medium term note and municipal bond asset classes. In addition to the change in maximum maturity limitations, it is recommended that a limitation of purchases from any one issuer not exceed 1% of the cost value of the portfolio should also be added to this section. This limitation aids in minimizing any potential losses to the City's portfolio in the event of default by an issuing agency. This change would also be consistent with the allowable investment language for corporate medium term notes.

3. **Section 8 - Authorized Investments, Section B. Obligations issued by the United States Government Agencies.** This update will delete the Student Loan Marketing Association (SLMA) since it is no longer a government sponsored entity.

COMMISSION/COMMITTEE REPORT

The Investment Oversight Committee reviewed the quarter end report for March 31, 2012, at its May 8, 2012, meeting, and concurs with its contents. The Committee confirms that the investments are in compliance with the California State Code and the City's adopted investment policy, and that the portfolio is managed in a satisfactory manner. The Committee also reviewed the proposed changes to the City's Investment Policy and it is their recommendation that the policy changes be approved as submitted.

CITY ATTORNEY'S ANALYSIS

City Attorney analysis does not apply.

RECOMMENDATION

Staff recommends that the City Council accept the Treasurer's Report for the quarter ended March 31, 2012, and adopt a resolution approving the policy for the investment of City of Oceanside funds

PREPARED BY:

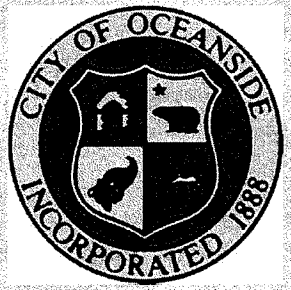
Michele C. Lund, CCMT
Treasury Manager

SUBMITTED BY:

Gary M. Ernst
City Treasurer

Attachments: Treasurer's Quarter End Report – March 31, 2012
Resolution

CITY OF OCEANSIDE



TREASURER'S REPORT

FOR MONTH AND QUARTER ENDED
MARCH 31, 2012

CITY OF OCEANSIDE
OFFICE OF THE CITY TREASURER

TO: CITY COUNCIL
CITY MANAGER

DATE: APRIL 30, 2012

SUBJECT: INVESTMENT REPORT FOR THE MONTH AND QUARTER ENDED MARCH 31, 2012

Following is summary information for the City of Oceanside Investment Portfolio for the month and quarter ended March 31, 2012.

Market/Portfolio Commentary

Bond prices ended in the third quarter of the fiscal year slightly lower across the yield curve comparative to the second fiscal quarter's end. While the turmoil in the European sovereign markets continued to provide volatility in the market, overall signs of modest growth in the economy (including the labor and housing markets) contributed to a modest rise in interest rates.

At both of the Federal Open Market Committee (FOMC) meetings held during the quarter, the Fed kept the target rate for Fed Funds at 0% to .25%. The January statement release, however, contained a notable change to the FOMC's target date for lifting its accommodative monetary policy. The FOMC extended the time frame for supporting lower rates through late 2014, as compared to mid-2013 as previously stated. The March 13 meeting statement did not vary considerably from January's statement.

The book value of the portfolio has increased by $15.5 million dollars in comparison to the end of last fiscal quarter. In January, the City received $7.4 million in property taxes and $9 million dollars in Triple-Flip proceeds from the County, accounting for the increase. The yield to maturity declined 12 basis points (.12%) since the second fiscal quarter's end. Called bond proceeds and incoming revenues (such as the property tax receipts invested in low interest rate securities) contributed to the continued drop in overall yield to maturity. Moving forward, purchases of securities offering maturities of 4 to 5 years should help provide additional incremental yield to the portfolio. Investment in corporate medium term notes and municipal bonds will also be continued where appropriate to enhance portfolio yield.

For month and quarter ended March 31, 2012, portfolio statistics are as follows:

- Portfolio Book Value $205,051,590.03
- Portfolio Market Value $205,334,284.01
- Unrealized Gain/Loss $282,693.98
- Average Yield-to-Maturity 1.20%
- Liquidity (0 – 6-months) 16.76%
- Average Days to Maturity 1,129 (3.09 years)
- Fiscal Year-to-Date Earnings $1,797,453.79
- Fiscal Year-to-Date Capital Gains/(Losses) $13,827.32

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 MONTH AND QUARTER ENDED MARCH 31, 2012

INVESTMENT TYPE	FACE VALUE	BOOK VALUE	MARKET VALUE	YIELD TO MATURITY	DAYS TO MATURITY	PERCENT OF PORTFOLIO
Month and Quarter Ended March 31, 2012						
LAIF	$ 32,000,000.00	$ 32,000,000.00	$ 32,038,755.61	0.383%	1	15.61%
Federal Agency Non - Callable	8,000,000.00	7,999,487.80	8,125,102.50	1.874%	646	3.90%
Federal Agency - Callable	117,000,000.00	116,992,461.82	116,997,166.25	1.254%	1,435	57.06%
Federal Agency Callable - Step Up	27,080,000.00	27,079,850.00	27,121,984.60	1.572%	1,656	13.21%
Medium Term Notes	5,305,000.00	5,344,258.83	5,370,196.15	1.139%	732	2.61%
Municipal Bonds	15,325,000.00	15,635,531.58	15,681,078.90	1.497%	611	7.63%
Total Investments	$ 204,710,000.00	$ 205,051,590.03	$ 205,334,284.01	1.200%	1,129	100.00%
Unrealized Gain/(Loss) (Market Value - Book Value)			282,693.98			
Plus Accrued Interest			$ 626,792.00			
Portfolio Liquidation Unrealized Gain/(Loss)			$ 909,485.98			

Prior Period Comparisons

	FACE VALUE	BOOK VALUE	MARKET VALUE	YIELD TO MATURITY	DAYS TO MATURITY	PERCENT OF PORTFOLIO
Month and Quarter Ended December 31, 2011						
LAIF	$ 35,250,000.00	$ 35,250,000.00	$ 35,308,232.89	0.382%	1	18.60%
Federal Agency Non - Callable	7,000,000.00	6,998,904.29	7,159,520.00	1.999%	576	3.69%
Federal Agency - Callable	107,000,000.00	106,992,456.62	107,209,243.75	1.455%	1,357	56.46%
Federal Agency - Step Up	2,500,000.00	2,514,119.82	2,524,330.00	1.412%	709	1.33%
Medium Term Notes	24,130,000.00	24,128,877.78	24,175,954.80	1.732%	1,666	12.73%
Municipal Bonds	13,325,000.00	13,630,224.50	13,625,366.40	1.605%	752	7.19%
Total Investments	$ 189,205,000.00	$ 189,514,583.01	$ 190,002,647.84	1.321%	1,064	100.00%
Unrealized Gain/(Loss) (Market Value - Book Value)			488,064.83			
Plus Accrued Interest			489,756.21			
Portfolio Liquidation Unrealized Gain/(Loss)			$ 977,821.04			
Month and Quarter Ended September 30, 2011						
LAIF	$ 36,250,000.00	$ 36,250,000.00	$ 36,316,975.21	0.378%	1	20.92%
Federal Agency Non - Callable	7,000,000.00	6,998,320.77	7,180,800.00	1.999%	668	4.04%
Federal Agency - Callable	104,510,000.00	104,493,323.79	104,793,257.35	1.560%	1,180	60.30%
Medium Term Notes	18,000,000.00	18,000,000.00	18,017,800.00	1.986%	1,577	10.39%
Federal Agency - Step Up	1,500,000.00	1,509,548.42	1,508,955.00	1.810%	829	0.87%
Municipal Bonds	6,025,000.00	6,043,681.50	6,056,919.50	1.682%	656	3.49%
Total Investments	$ 173,285,000.00	$ 173,294,874.48	$ 173,874,707.06	1.381%	933	100.00%
Unrealized Gain/(Loss) (Market Value - Book Value)			579,832.58			
Plus Accrued Interest			547,274.45			
Portfolio Liquidation Unrealized Gain/(Loss)			$ 1,127,107.03			

Market prices used in calculating market values were obtained from Bank of New York and State Treasurer's Office (LAIF).

CITY OF OCEANSIDE
INTEREST EARNINGS SUMMARY
March 31, 2012

	Month Ending March 31, 2012	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	$ 217,150.00	$ 1,567,293.42
PLUS Accrued Interest at End of Period	588,454.33	588,454.33
LESS Accrued Interest at Beginning of Period	(592,799.63)	(429,533.35)
Interest Earned during Period	$ 212,804.70	$ 1,726,214.40
ADJUSTED by Premiums and Discounts	(16,879.54)	(54,013.59)
ADJUSTED by Capital Gains or Losses	0.00	13,827.32
Earnings during Period	$ 195,925.16	$ 1,686,028.13
Local Agency Investment Fund (L.A.I.F.):		
Interest Collected	$ -	$ 116,966.40
PLUS Accrued Interest at End of Period	38,337.65	38,337.65
LESS Accrued Interest at Beginning of Period	(29,108.22)	(41,112.13)
Interest Earned during Period	$ 9,229.43	$ 114,191.92
TOTAL Interest Earned during Period	$ 222,034.13	$ 1,840,406.32
TOTAL Premiums and Discounts	(16,879.54)	(54,013.59)
TOTAL Capital Gains or Losses	0.00	13,827.32
SUB-TOTAL Earnings during Period	$ 205,154.59	$ 1,800,220.05
Earnings Adjustments	-	(2,766.26)
TOTAL Earnings during Period	$ 205,154.59	$ 1,797,453.79

CITY OF OCEANSIDE

PORTFOLIO DETAILS

AS OF MARCH 31, 2012

Pool Month End Reports
Portfolio Management
Portfolio Details - Investments
March 31, 2012

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			13,750,000.00	13,774,917.19	13,750,000.00	0.389		0.389	1	
SYS18001	18001	Local Agency Investment Fund			18,250,000.00	18,283,071.90	18,250,000.00	0.389		0.389	1	
		Subtotal and Average	**27,935,483.87**		**32,000,000.00**	**32,057,989.09**	**32,000,000.00**			**0.389**	**1**	
Federal Agency - Non Callable												
31331KCA6	11-0080	Federal Farm Credit Bank		02/10/2011	1,000,000.00	1,015,220.00	1,000,000.00	1.375		1.375	680	02/10/2014
3133XTS49	09-0092	Federal Home Loan Bank		06/08/2009	1,000,000.00	1,003,730.00	999,487.80	1.875		2.117	80	06/20/2012
3133XXQV2	10-0059	Federal Home Loan Bank		04/05/2010	2,000,000.00	2,054,062.50	2,000,000.00	2.000		2.000	607	11/29/2013
313372UH5	11-0085	Federal Home Loan Bank		03/15/2011	2,000,000.00	2,022,900.00	2,000,000.00	1.125		1.125	530	09/13/2013
3133786Q9	12-0109	Federal Home Loan Bank		02/13/2012	1,000,000.00	989,920.00	1,000,000.00	1.000		1.000	1,779	02/13/2017
3136F9DH3	08-0100	Federal National Mortgage Assc		03/25/2008	1,000,000.00	1,039,270.00	1,000,000.00	4.250		4.250	358	03/25/2013
		Subtotal and Average	**7,999,396.82**		**8,000,000.00**	**8,125,102.50**	**7,999,487.80**			**1.874**	**646**	
Federal Agency - Callable												
31331JT45	11-0006	Federal Farm Credit Bank		10/19/2010	1,000,000.00	1,000,440.00	1,000,000.00	1.500		1.500	1,296	10/19/2015
31331JT45	11-0009	Federal Farm Credit Bank		10/19/2010	1,000,000.00	1,000,440.00	1,000,000.00	1.500		1.500	1,296	10/19/2015
31331J3A9	11-0033	Federal Farm Credit Bank		11/23/2010	1,000,000.00	1,002,290.00	1,000,000.00	2.000		2.000	1,331	11/23/2015
31331J3A9	11-0039	Federal Farm Credit Bank		11/23/2010	1,000,000.00	1,002,290.00	1,000,000.00	2.000		2.000	1,331	11/23/2015
31331KMF4	11-0130	Federal Farm Credit Bank		06/06/2011	1,000,000.00	1,001,220.00	1,000,000.00	1.180		1.180	796	06/06/2014
31331KZL7	12-0018	Federal Farm Credit Bank		09/28/2011	1,000,000.00	999,160.00	1,000,000.00	1.020		1.020	1,275	09/28/2015
31331KN22	12-0032	Federal Farm Credit Bank		11/02/2011	1,000,000.00	1,000,090.00	1,000,000.00	1.170		1.170	1,310	11/02/2015
31331KR28	12-0039	Federal Farm Credit Bank		11/09/2011	1,000,000.00	1,000,880.00	999,936.67	1.140		1.148	1,317	11/09/2015
31331KR69	12-0049	Federal Farm Credit Bank		11/14/2011	2,000,000.00	2,006,200.00	1,999,628.33	1.470		1.476	1,688	11/14/2016
31331KS92	12-0051	Federal Farm Credit Bank		11/16/2011	1,000,000.00	1,000,760.00	1,000,000.00	1.120		1.120	1,324	11/16/2015
31331KV56	12-0058	Federal Farm Credit Bank		11/23/2011	1,000,000.00	1,003,770.00	1,000,000.00	1.500		1.500	1,697	11/23/2016
31331KV56	12-0061	Federal Farm Credit Bank		11/23/2011	1,000,000.00	1,003,770.00	1,000,000.00	1.500		1.500	1,697	11/23/2016
31331KZ29	12-0066	Federal Farm Credit Bank		12/07/2011	1,000,000.00	1,002,820.00	1,000,000.00	1.330		1.330	1,345	12/07/2015
31331KZ29	12-0067	Federal Farm Credit Bank		12/07/2011	1,000,000.00	1,002,820.00	1,000,000.00	1.330		1.330	1,345	12/07/2015
31331KZ29	12-0068	Federal Farm Credit Bank		12/07/2011	2,000,000.00	2,005,640.00	2,000,000.00	1.330		1.330	1,345	12/07/2015
31331KZ29	12-0069	Federal Farm Credit Bank		12/07/2011	1,000,000.00	1,002,820.00	1,000,000.00	1.330		1.330	1,345	12/07/2015
31331K3W8	12-0076	Federal Farm Credit Bank		12/21/2011	1,000,000.00	999,750.00	1,000,000.00	1.140		1.140	1,359	12/21/2015
31331K3W8	12-0077	Federal Farm Credit Bank		12/21/2011	2,000,000.00	1,999,500.00	2,000,000.00	1.140		1.140	1,359	12/21/2015
31331K3W8	12-0078	Federal Farm Credit Bank		12/21/2011	1,000,000.00	999,750.00	1,000,000.00	1.140		1.140	1,359	12/21/2015
31331K3W8	12-0079	Federal Farm Credit Bank		12/21/2011	1,000,000.00	999,750.00	1,000,000.00	1.140		1.140	1,359	12/21/2015
31331K4G2	12-0080	Federal Farm Credit Bank		12/22/2011	1,000,000.00	1,000,700.00	1,000,000.00	1.430		1.430	1,726	12/22/2016
31331K4G2	12-0081	Federal Farm Credit Bank		12/22/2011	1,000,000.00	1,000,700.00	1,000,000.00	1.430		1.430	1,726	12/22/2016
31331K4G2	12-0082	Federal Farm Credit Bank		12/22/2011	2,000,000.00	2,001,400.00	2,000,000.00	1.430		1.430	1,726	12/22/2016
31331K6R6	12-0091	Federal Farm Credit Bank		01/20/2012	2,000,000.00	1,995,960.00	2,000,000.00	0.820		0.820	1,202	07/17/2015

Pool Month End Reports
Portfolio Management
Portfolio Details - Investments
March 31, 2012

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												
3133EABY3	12-0097	Federal Farm Credit Bank		02/01/2012	1,000,000.00	994,300.00	1,000,000.00	1.100		1.100	1,675	11/01/2016
3133EADZ8	12-0113	Federal Farm Credit Bank		02/21/2012	2,000,000.00	1,991,220.00	2,000,000.00	1.170		1.170	1,787	02/21/2017
3133EAGG7	12-0120	Federal Farm Credit Bank		03/08/2012	1,000,000.00	999,230.00	1,000,000.00	1.000		1.000	1,437	03/08/2016
3133EAGG7	12-0122	Federal Farm Credit Bank		03/08/2012	1,000,000.00	999,230.00	1,000,000.00	1.000		1.000	1,437	03/08/2016
3133EAJA7	12-0126	Federal Farm Credit Bank		03/21/2012	1,000,000.00	1,001,730.00	998,160.00	0.970		1.023	1,450	03/21/2016
313373AV4	11-0102	Federal Home Loan Bank		04/18/2011	1,000,000.00	1,000,590.00	1,000,000.00	1.530		1.530	838	07/18/2014
3133736V9	11-0103	Federal Home Loan Bank		04/20/2011	1,000,000.00	1,000,700.00	999,935.08	1.625		1.661	932	10/20/2014
313373JX1	11-0108	Federal Home Loan Bank		04/27/2011	1,000,000.00	1,000,700.00	1,000,000.00	1.250		1.250	635	12/27/2013
313376CY9	12-0046	Federal Home Loan Bank		11/28/2011	1,000,000.00	1,000,070.00	1,000,000.00	1.550		1.550	1,702	11/28/2016
313376CJ2	12-0050	Federal Home Loan Bank		11/16/2011	1,000,000.00	1,003,240.00	1,000,000.00	1.500		1.500	1,690	11/16/2016
313376CJ2	12-0052	Federal Home Loan Bank		11/16/2011	1,000,000.00	1,003,240.00	1,000,000.00	1.500		1.500	1,690	11/16/2016
313376CY9	12-0059	Federal Home Loan Bank		11/28/2011	1,000,000.00	1,000,070.00	1,000,000.00	1.550		1.550	1,702	11/28/2016
313376CY9	12-0060	Federal Home Loan Bank		11/28/2011	1,000,000.00	1,000,070.00	1,000,000.00	1.550		1.566	1,702	11/28/2016
313376CH6	12-0062	Federal Home Loan Bank		11/23/2011	1,000,000.00	1,000,050.00	1,000,000.00	1.125		1.149	1,331	11/23/2015
313376ME2	12-0087	Federal Home Loan Bank		12/30/2011	1,000,000.00	999,860.00	1,000,000.00	1.190		1.200	1,459	03/30/2016
313376TE5	12-0094	Federal Home Loan Bank		02/03/2012	2,000,000.00	1,996,440.00	1,999,518.95	1.020		1.026	1,493	05/03/2016
313376U86	12-0095	Federal Home Loan Bank		02/08/2012	1,000,000.00	997,230.00	999,856.11	0.960		0.969	1,408	02/08/2016
313376TF2	12-0098	Federal Home Loan Bank		02/07/2012	1,000,000.00	997,968.75	1,000,000.00	1.200		1.200	1,681	11/07/2016
313376TF2	12-0099	Federal Home Loan Bank		02/07/2012	1,000,000.00	997,968.75	1,000,000.00	1.200		1.200	1,681	11/07/2016
313376TT2	12-0100	Federal Home Loan Bank		02/08/2012	1,000,000.00	998,840.00	1,000,000.00	0.690		0.690	1,132	05/08/2015
313376VE2	12-0102	Federal Home Loan Bank		02/14/2012	2,000,000.00	1,994,460.00	2,000,000.00	0.740		0.740	1,230	08/14/2015
3133786N6	12-0111	Federal Home Loan Bank		02/21/2012	2,000,000.00	1,993,100.00	2,000,000.00	1.200		1.200	1,787	02/21/2017
313376YV1	12-0114	Federal Home Loan Bank		02/23/2012	2,000,000.00	1,985,300.00	1,999,653.33	1.050		1.056	1,789	02/23/2017
3133783Q2	12-0116	Federal Home Loan Bank		03/02/2012	1,000,000.00	995,110.00	999,045.63	1.250		1.270	1,796	03/02/2017
313378AS0	12-0117	Federal Home Loan Bank		03/06/2012	2,000,000.00	1,992,480.00	2,000,000.00	1.250		1.250	1,800	03/06/2017
313378C33	12-0118	Federal Home Loan Bank		03/07/2012	1,000,000.00	994,640.00	999,566.67	1.240		1.250	1,801	03/07/2017
3134G2KL5	11-0123	Federal Home Loan Mort Corp		06/13/2011	2,000,000.00	2,004,800.00	2,000,000.00	1.600		1.600	1,076	03/13/2015
3134G2KU5	11-0135	Federal Home Loan Mort Corp		06/21/2011	1,000,000.00	1,003,870.00	1,000,000.00	2.000		1.991	1,450	03/21/2016
3134G2Y89	12-0023	Federal Home Loan Mort Corp		10/24/2011	1,000,000.00	1,001,820.00	1,000,000.00	1.000		0.999	1,118	04/24/2015
3134G2Z39	12-0024	Federal Home Loan Mort Corp		10/26/2011	1,000,000.00	1,003,970.00	1,000,000.00	1.500		1.500	1,669	10/26/2016
3134G2Z39	12-0025	Federal Home Loan Mort Corp		10/26/2011	1,000,000.00	1,003,970.00	998,291.67	1.500		1.563	1,669	10/26/2016
3134G22F8	12-0026	Federal Home Loan Mort Corp		11/01/2011	1,000,000.00	1,003,281.25	1,000,000.00	1.000		1.000	1,125	05/01/2015
3134G23F7	12-0028	Federal Home Loan Mort Corp		11/16/2011	1,000,000.00	1,002,000.00	1,000,000.00	1.250		1.250	1,324	11/16/2015
3134G23F7	12-0029	Federal Home Loan Mort Corp		11/16/2011	1,000,000.00	1,002,000.00	1,000,000.00	1.250		1.250	1,324	11/16/2015
3134G23S9	12-0034	Federal Home Loan Mort Corp		11/07/2011	1,000,000.00	1,002,280.00	1,000,000.00	1.050		1.050	1,131	05/07/2015
3134G23K6	12-0035	Federal Home Loan Mort Corp		11/09/2011	1,000,000.00	1,004,450.00	999,394.44	1.600		1.621	1,683	11/09/2016
3134G23Q3	12-0036	Federal Home Loan Mort Corp		11/14/2011	1,000,000.00	1,003,830.00	1,000,000.00	1.625		1.625	1,688	11/14/2016
3134G23Q3	12-0037	Federal Home Loan Mort Corp		11/14/2011	1,000,000.00	1,003,830.00	999,541.61	1.625		1.640	1,688	11/14/2016

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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												
3134G27A4	12-0054	Federal Home Loan Mort Corp		11/25/2011	1,000,000.00	1,000,810.00	1,000,000.00	1.000		1.000	1,333	11/25/2015
3134G26R8	12-0055	Federal Home Loan Mort Corp		11/28/2011	1,000,000.00	1,002,120.00	1,000,000.00	1.450		1.450	1,702	11/28/2016
3134G26R8	12-0057	Federal Home Loan Mort Corp		11/28/2011	1,000,000.00	1,002,120.00	1,000,000.00	1.450		1.450	1,702	11/28/2016
3134G3CV0	12-0071	Federal Home Loan Mort Corp		12/19/2011	1,000,000.00	1,000,640.00	1,000,000.00	1.000		1.000	992	12/19/2014
3134G3FP0	12-0073	Federal Home Loan Mort Corp		12/19/2011	1,000,000.00	999,960.00	1,000,000.00	0.780		0.780	992	12/19/2014
3134G3MR8	12-0101	Federal Home Loan Mort Corp		02/13/2012	2,000,000.00	1,994,940.00	2,000,000.00	0.550		0.550	1,048	02/13/2015
3134G3MP2	12-0104	Federal Home Loan Mort Corp		02/24/2012	2,000,000.00	1,987,660.00	2,000,000.00	1.000		1.000	1,606	08/24/2016
3134G3MT4	12-0105	Federal Home Loan Mort Corp		02/24/2012	1,000,000.00	993,260.00	1,000,000.00	1.125		1.125	1,790	02/24/2017
3134G3MX5	12-0107	Federal Home Loan Mort Corp		02/24/2012	2,000,000.00	1,987,620.00	2,000,000.00	0.800		0.800	1,424	02/24/2016
3134G3MY3	12-0108	Federal Home Loan Mort Corp		02/28/2012	2,000,000.00	1,991,875.00	2,000,000.00	0.650		0.650	1,244	08/28/2015
3134G3TL4	12-0127	Federal Home Loan Mort Corp		03/29/2012	1,000,000.00	1,001,510.00	1,000,000.00	0.900		0.900	1,275	09/28/2015
3135G0BG7	11-0101	Federal National Mortgage Assc		04/18/2011	1,000,000.00	1,000,560.00	1,000,000.00	1.500		1.500	747	04/18/2014
3136FRGK3	11-0105	Federal National Mortgage Assc		04/25/2011	1,000,000.00	1,000,880.00	999,933.33	1.700		1.732	845	07/25/2014
3136FRLS0	11-0112	Federal National Mortgage Assc		05/23/2011	1,000,000.00	1,001,290.00	1,000,000.00	1.250		1.250	782	05/23/2014
3136FRMX8	11-0115	Federal National Mortgage Assc		05/24/2011	1,000,000.00	1,001,550.00	1,000,000.00	1.520		1.520	967	11/24/2014
3136FRMF7	11-0120	Federal National Mortgage Assc		06/07/2011	1,000,000.00	1,002,920.00	1,000,000.00	2.000		2.000	1,345	12/07/2015
3136FRQL0	11-0132	Federal National Mortgage Assc		06/15/2011	1,000,000.00	1,002,490.00	1,000,000.00	1.650		1.650	1,170	06/15/2015
3136FRQR7	11-0136	Federal National Mortgage Assc		06/22/2011	2,000,000.00	2,004,100.00	2,000,000.00	1.350		1.350	995	12/22/2014
3136FRY98	12-0004	Federal National Mortgage Assc		09/19/2011	1,000,000.00	1,000,800.00	1,000,000.00	1.000		1.000	1,174	06/19/2015
3136FRX57	12-0005	Federal National Mortgage Assc		09/20/2011	1,000,000.00	997,850.00	1,000,000.00	1.420		1.420	1,633	09/20/2016
3136FRZ30	12-0007	Federal National Mortgage Assc		09/21/2011	1,000,000.00	1,004,140.00	1,000,000.00	1.500		1.500	1,634	09/21/2016
3136FR3E1	12-0014	Federal National Mortgage Assc		09/28/2011	1,000,000.00	1,003,437.50	1,000,000.00	1.400		1.400	1,641	09/28/2016
3136FR3Q4	12-0015	Federal National Mortgage Assc		09/28/2011	1,000,000.00	1,003,010.00	1,000,000.00	1.320		1.320	1,641	09/28/2016
3136FTME6	12-0053	Federal National Mortgage Assc		11/16/2011	1,000,000.00	1,000,625.00	1,000,000.00	1.550		1.550	1,690	11/16/2016
3135G0GG2	12-0072	Federal National Mortgage Assc		12/06/2011	1,000,000.00	1,000,300.00	1,000,000.00	0.750		0.750	614	12/06/2013
3136FTWV7	12-0083	Federal National Mortgage Assc		12/27/2011	2,000,000.00	2,001,040.00	2,000,000.00	1.250		1.250	1,548	06/27/2016
3136FTWV7	12-0084	Federal National Mortgage Assc		12/27/2011	2,000,000.00	2,001,040.00	2,000,000.00	1.250		1.250	1,548	06/27/2016
3136FTVH9	12-0085	Federal National Mortgage Assc		12/28/2011	2,000,000.00	2,005,260.00	2,000,000.00	1.500		1.500	1,732	12/28/2016
3136FTA58	12-0093	Federal National Mortgage Assc		01/30/2012	2,000,000.00	1,995,840.00	2,000,000.00	1.300		1.300	1,765	01/30/2017
3136FTK81	12-0103	Federal National Mortgage Assc		02/21/2012	2,000,000.00	2,000,560.00	2,000,000.00	1.300		1.300	1,787	02/21/2017
3135G0HQ9	12-0112	Federal National Mortgage Assc		02/27/2012	2,000,000.00	1,997,020.00	2,000,000.00	1.250		1.250	1,793	02/27/2017
3136FT6F1	12-0121	Federal National Mortgage Assc		03/28/2012	1,000,000.00	999,080.00	1,000,000.00	1.000		1.000	1,457	03/28/2016
		Subtotal and Average	**121,477,026.84**		**117,000,000.00**	**116,997,166.25**	**116,992,461.82**			**1.254**	**1,435**	
Federal Agency Callable - Step Up												
3133XWTX7	10-0041	Federal Home Loan Bank		02/24/2010	2,000,000.00	2,007,620.00	2,000,000.00	2.000		2.963	1,059	02/24/2015
313376CT0	12-0063	Federal Home Loan Bank		11/25/2011	1,000,000.00	1,001,140.00	999,850.00	1.000		1.601	1,699	11/25/2016
313376Q99	12-0089	Federal Home Loan Bank		01/13/2012	1,000,000.00	998,520.00	1,000,000.00	1.125		1.125	1,748	01/13/2017

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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 - Step Up												
3134G2M33	12-0019	Federal Home Loan Mort Corp		09/28/2011	1,000,000.00	1,001,370.00	1,000,000.00	0.500		2.063	1,641	09/28/2016
3134G2W99	12-0020	Federal Home Loan Mort Corp		10/13/2011	1,000,000.00	1,000,390.00	1,000,000.00	1.250		1.250	1,656	10/13/2016
3134G3BQ2	12-0065	Federal Home Loan Mort Corp		11/29/2011	2,000,000.00	2,008,520.00	2,000,000.00	1.375		1.713	1,702	11/28/2016
3134G26H0	12-0074	Federal Home Loan Mort Corp		12/19/2011	1,080,000.00	1,084,449.60	1,080,000.00	1.250		1.668	1,702	11/28/2016
3134G3GP9	12-0088	Federal Home Loan Mort Corp		01/11/2012	1,000,000.00	1,002,170.00	1,000,000.00	1.250		1.541	1,746	01/11/2017
3134G3LU2	12-0096	Federal Home Loan Mort Corp		02/14/2012	2,000,000.00	1,999,740.00	2,000,000.00	1.050		1.050	1,780	02/14/2017
3136FMYF5	10-0089	Federal National Mortgage Assc		06/15/2010	1,000,000.00	1,001,620.00	1,000,000.00	1.500		2.956	1,170	06/15/2015
3136FR3X9	12-0013	Federal National Mortgage Assc		09/28/2011	1,000,000.00	1,002,220.00	1,000,000.00	1.300		1.475	1,641	09/28/2016
3136FR4E0	12-0016	Federal National Mortgage Assc		09/28/2011	1,000,000.00	1,001,930.00	1,000,000.00	1.250		1.445	1,641	09/28/2016
3136FTLL1	12-0043	Federal National Mortgage Assc		11/16/2011	1,000,000.00	1,005,890.00	1,000,000.00	1.500		1.814	1,690	11/16/2016
3136FTNJ4	12-0056	Federal National Mortgage Assc		11/28/2011	1,000,000.00	1,003,050.00	1,000,000.00	1.250		1.250	1,702	11/28/2016
3136FTRK7	12-0064	Federal National Mortgage Assc		11/28/2011	1,000,000.00	1,003,040.00	1,000,000.00	1.375		1.725	1,702	11/28/2016
3136FTRV3	12-0070	Federal National Mortgage Assc		12/07/2011	1,000,000.00	1,000,450.00	1,000,000.00	1.000		2.029	1,711	12/07/2016
3136FTVR7	12-0086	Federal National Mortgage Assc		12/28/2011	2,000,000.00	2,001,720.00	2,000,000.00	1.000		1.000	1,732	12/28/2016
3136FTYY9	12-0090	Federal National Mortgage Assc		01/30/2012	1,000,000.00	1,001,270.00	1,000,000.00	1.020		1.496	1,765	01/30/2017
3136FTA66	12-0092	Federal National Mortgage Assc		01/25/2012	2,000,000.00	2,001,480.00	2,000,000.00	1.000		1.000	1,760	01/25/2017
3136FTW62	12-0119	Federal National Mortgage Assc		03/08/2012	1,000,000.00	997,880.00	1,000,000.00	1.000		1.000	1,802	03/08/2017
3136FT2K4	12-0123	Federal National Mortgage Assc		03/20/2012	1,000,000.00	1,000,625.00	1,000,000.00	1.100		1.100	1,814	03/20/2017
3136FT3W7	12-0124	Federal National Mortgage Assc		03/28/2012	1,000,000.00	996,890.00	1,000,000.00	1.125		1.125	1,822	03/28/2017
		Subtotal and Average	**27,983,036.83**		**27,080,000.00**	**27,121,984.60**	**27,079,850.00**			**1.560**	**1,656**	
Medium Term Notes												
369604AY9	12-0115	General Electric		02/29/2012	805,000.00	834,326.15	834,874.71	5.000	AA	0.529	306	02/01/2013
36962G4X9	11-0096	General Electric Capital Corp		03/22/2011	1,500,000.00	1,531,110.00	1,507,442.15	2.100		1.810	646	01/07/2014
89233P5Z5	12-0110	Toyota Motor Credit		02/17/2012	2,000,000.00	1,999,660.00	1,997,122.22	1.000		1.051	1,052	02/17/2015
91159HGZ7	12-0031	US Bancorp		10/31/2011	1,000,000.00	1,005,100.00	1,004,819.75	1.125	AA	0.813	577	10/30/2013
		Subtotal and Average	**5,345,907.19**		**5,305,000.00**	**5,370,196.15**	**5,344,258.83**			**1.139**	**732**	
Municipal Bonds												
13063BNP3	12-0030	State of Callifornia		10/31/2011	2,000,000.00	2,046,180.00	2,057,756.52	3.000		1.050	548	10/01/2013
13066KL31	12-0021	California St Dept of Wtr Reso		10/13/2011	1,000,000.00	1,080,870.00	1,064,935.48	3.000	AAA	1.180	1,339	12/01/2015
13066KL23	12-0022	California St Dept of Wtr Reso		10/13/2011	1,000,000.00	1,063,890.00	1,055,906.38	3.000	AAA	0.870	974	12/01/2014
25256PAB8	12-0047	Diamond Bar CA Pub Fing Auth		12/01/2011	320,000.00	321,148.80	321,221.33	3.000	AA	0.702	61	06/01/2012
25256PAC6	12-0048	Diamond Bar CA Pub Fing Auth		12/01/2011	235,000.00	240,917.30	240,371.84	3.000	AA	1.021	426	06/01/2013
399262HN7	12-0044	Grossmont CA Union High School		11/22/2011	1,000,000.00	1,004,730.00	1,000,000.00	1.427	AA	1.427	852	08/01/2014
4521518T3	12-0106	State of Illinois		02/03/2012	2,000,000.00	2,035,700.00	2,038,046.95	3.321	AA	0.770	275	01/01/2013
492246ME0	11-0142	Kern CA High School District		06/29/2011	2,070,000.00	2,096,599.50	2,070,000.00	1.984		1.984	852	08/01/2014
607763BC2	12-0003	Modesto CA Irrigation District		07/29/2011	1,000,000.00	1,012,430.00	1,013,343.93	2.000	A	0.920	456	07/01/2013

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Portfolio Management
Portfolio Details - Investments
March 31, 2012

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Days to Maturity	Maturity Date
Municipal Bonds												
675371AJ7	12-0075	City of Oceanside		12/21/2011	1,745,000.00	1,820,942.40	1,818,949.15	4.830		2.988	866	08/15/2014
769123JL5	11-0083	Riverside Co RDA		03/08/2011	955,000.00	956,890.90	955,000.00	3.328	A	3.327	183	10/01/2012
769036AR5	11-0113	City of Riverside		05/18/2011	1,000,000.00	1,000,490.00	1,000,000.00	1.000		1.000	61	06/01/2012
79766DCQ0	12-0006	San Francisco Airport		09/20/2011	1,000,000.00	1,000,290.00	1,000,000.00	0.947	A	0.947	395	05/01/2013
		Subtotal and Average	**15,642,613.54**		**15,325,000.00**	**15,681,078.90**	**15,635,531.58**			**1.497**	**611**	
		Total and Average	**206,383,465.09**		**204,710,000.00**	**205,353,517.49**	**205,051,590.03**			**1.199**	**1,129**	

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Portfolio Details - Cash
March 31, 2012

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		10,701.79	10,701.79				0
				Subtotal		10,701.79	10,701.79				
		Total Cash and Investments	206,383,465.09		204,710,000.00	205,364,219.28	205,062,291.82			1.199	1,129

CITY OF OCEANSIDE

INVESTMENT TRANSACTIONS

1/1/12 THROUGH 3/31/12

Oceanside Quarterly Report
Purchases Report
Sorted by Purchase Date - Fund
January 1, 2012 - March 31, 2012

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
3134G3GP9	12-0088	102	MC1	FHLMC	1,000,000.00	01/11/2012	07/11 - 01/11	1,000,000.00		1.250	01/11/2017	1.541	1,000,000.00
313376Q99	12-0089	102	MC1	FHLB	1,000,000.00	01/13/2012	07/13 - 01/13	1,000,000.00		1.125	01/13/2017	1.125	1,000,000.00
31331K6R6	12-0091	102	FAC	FFCB	2,000,000.00	01/20/2012	07/17 - 01/17	2,000,000.00	136.67	0.820	07/17/2015	0.820	2,000,000.00
3136FTA66	12-0092	102	MC1	FNMA	2,000,000.00	01/25/2012	07/25 - 01/25	2,000,000.00		1.000	01/25/2017	1.000	2,000,000.00
3136FTYY9	12-0090	102	MC1	FNMA	1,000,000.00	01/30/2012	07/30 - 01/30	1,000,000.00		1.020	01/30/2017	1.496	1,000,000.00
3136FTA58	12-0093	102	FAC	FNMA	2,000,000.00	01/30/2012	07/30 - 01/30	2,000,000.00		1.300	01/30/2017	1.300	2,000,000.00
3133EABY3	12-0097	102	FAC	FFCB	1,000,000.00	02/01/2012	05/01 - 11/01	1,000,000.00		1.100	11/01/2016	1.100	1,000,000.00
313376TE5	12-0094	102	FAC	FHLB	2,000,000.00	02/03/2012	05/03 - 11/03	1,999,500.00		1.020	05/03/2016	1.026	1,999,518.95
4521518T3	12-0106	102	MUN	ILS	2,000,000.00	02/03/2012	07/01 - 01/01	2,046,220.00	5,904.00	3.321	01/01/2013	0.770	2,038,046.95
313376TF2	12-0098	102	FAC	FHLB	1,000,000.00	02/07/2012	05/07 - 11/07	1,000,000.00		1.200	11/07/2016	1.200	1,000,000.00
313376TF2	12-0099	102	FAC	FHLB	1,000,000.00	02/07/2012	05/07 - 11/07	1,000,000.00		1.200	11/07/2016	1.200	1,000,000.00
313376U86	12-0095	102	FAC	FHLB	1,000,000.00	02/08/2012	08/08 - 02/08	999,650.00		0.960	02/08/2016	0.969	999,856.11
313376TT2	12-0100	102	FAC	FHLB	1,000,000.00	02/08/2012	05/08 - 11/08	1,000,000.00		0.690	05/08/2015	0.690	1,000,000.00
3133786Q9	12-0109	102	NCB	FHLB	1,000,000.00	02/13/2012	08/13 - 02/13	1,000,000.00		1.000	02/13/2017	1.000	1,000,000.00
3134G3MR8	12-0101	102	FAC	FHLMC	2,000,000.00	02/13/2012	08/13 - 02/13	2,000,000.00		0.550	02/13/2015	0.550	2,000,000.00
313376VE2	12-0102	102	FAC	FHLB	2,000,000.00	02/14/2012	08/14 - 02/14	2,000,000.00		0.740	08/14/2015	0.740	2,000,000.00
3134G3LU2	12-0096	102	MC1	FHLMC	2,000,000.00	02/14/2012	08/14 - 02/14	2,000,000.00		1.050	02/14/2017	1.050	2,000,000.00
89233P5Z5	12-0110	102	MTN	TOYOTA	2,000,000.00	02/17/2012	08/17 - 02/17	1,997,000.00		1.000	02/17/2015	1.051	1,997,122.22
3133EADZ8	12-0113	102	FAC	FFCB	2,000,000.00	02/21/2012	08/21 - 02/21	2,000,000.00		1.170	02/21/2017	1.170	2,000,000.00
3133786N6	12-0111	102	FAC	FHLB	2,000,000.00	02/21/2012	08/21 - 02/21	2,000,000.00		1.200	02/21/2017	1.200	2,000,000.00
3136FTK81	12-0103	102	FAC	FNMA	2,000,000.00	02/21/2012	08/21 - 02/21	2,000,000.00		1.300	02/21/2017	1.300	2,000,000.00
313376YV1	12-0114	102	FAC	FHLB	2,000,000.00	02/23/2012	08/23 - 02/23	1,999,400.00		1.050	02/23/2017	1.056	1,999,653.33
3134G3MP2	12-0104	102	FAC	FHLMC	2,000,000.00	02/24/2012	08/24 - 02/24	2,000,000.00		1.000	08/24/2016	1.000	2,000,000.00
3134G3MT4	12-0105	102	FAC	FHLMC	1,000,000.00	02/24/2012	08/24 - 02/24	1,000,000.00		1.125	02/24/2017	1.125	1,000,000.00
3134G3MX5	12-0107	102	FAC	FHLMC	2,000,000.00	02/24/2012	08/24 - 02/24	2,000,000.00		0.800	02/24/2016	0.800	2,000,000.00
3135G0HQ9	12-0112	102	FAC	FNMA	2,000,000.00	02/27/2012	08/27 - 02/27	2,000,000.00		1.250	02/27/2017	1.250	2,000,000.00
3134G3MY3	12-0108	102	FAC	FHLMC	2,000,000.00	02/28/2012	08/28 - 02/28	2,000,000.00		0.650	08/28/2015	0.650	2,000,000.00
369604AY9	12-0115	102	MTN	GE	805,000.00	02/29/2012	08/01 - 02/01	838,061.35	3,130.56	5.000	02/01/2013	0.529	834,874.71
3133783Q2	12-0116	102	FAC	FHLB	1,000,000.00	03/02/2012	09/02 - 03/02	999,030.00		1.250	03/02/2017	1.270	999,045.63
313378AS0	12-0117	102	FAC	FHLB	2,000,000.00	03/06/2012	09/06 - 03/06	2,000,000.00		1.250	03/06/2017	1.250	2,000,000.00
313378C33	12-0118	102	FAC	FHLB	1,000,000.00	03/07/2012	09/07 - 03/07	999,500.00		1.240	03/07/2017	1.250	999,566.67
3133EAGG7	12-0120	102	FAC	FFCB	1,000,000.00	03/08/2012	09/08 - 03/08	1,000,000.00		1.000	03/08/2016	1.000	1,000,000.00
3133EAGG7	12-0122	102	FAC	FFCB	1,000,000.00	03/08/2012	09/08 - 03/08	1,000,000.00		1.000	03/08/2016	1.000	1,000,000.00
3136FTW62	12-0119	102	MC1	FNMA	1,000,000.00	03/08/2012	09/08 - 03/08	1,000,000.00		1.000	03/08/2017	1.000	1,000,000.00
3136FT2K4	12-0123	102	MC1	FNMA	1,000,000.00	03/20/2012	09/20 - 03/20	1,000,000.00		1.100	03/20/2017	1.100	1,000,000.00

Oceanside Quarterly Report
Purchases Report
January 1, 2012 - March 31, 2012

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
3133EAJA7	12-0126	102	FAC	FFCB	1,000,000.00	03/21/2012	09/21 - 03/21	997,930.00		0.970	03/21/2016	1.023	998,160.00
3136FT6F1	12-0121	102	FAC	FNMA	1,000,000.00	03/28/2012	09/28 - 03/28	1,000,000.00		1.000	03/28/2016	1.000	1,000,000.00
3136FT3W7	12-0124	102	MC1	FNMA	1,000,000.00	03/28/2012	09/28 - 03/28	1,000,000.00		1.125	03/28/2017	1.125	1,000,000.00
3134G3TL4	12-0127	102	FAC	FHLMC	1,000,000.00	03/29/2012	09/28 - 03/28	1,000,000.00		0.900	09/28/2015	0.900	1,000,000.00
			Total Purchases		**56,805,000.00**			**56,876,291.35**	**9,171.23**				**56,865,844.57**

Oceanside Quarterly Report
Sales/Call Report
Sorted by Maturity Date - Fund
January 1, 2012 - March 31, 2012

CUSIP	Investment #	Fund	Issuer Sec. Type	Purchase Date	Redem. Date Matur. Date	Par Value	Rate at Redem.	Book Value at Redem.	Redemption Principal	Redemption Interest	Total Amount	Net Income
08/23/2013												
3136FJ4C2	10-0039	102	FNMA FAC	02/23/2010	02/23/2012 08/23/2013	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**
01/27/2014												
3133XWMW6	10-0026	102	FHLB FAC	01/27/2010	01/27/2012 01/27/2014	1,000,000.00	2.375	1,000,000.00	1,000,000.00	11,875.00	1,011,875.00 Call	11,875.00
					Subtotal	**1,000,000.00**		**1,000,000.00**	**1,000,000.00**	**11,875.00**	**1,011,875.00**	**11,875.00**
02/14/2014												
313372GZ1	11-0078	102	FHLB FAC	02/14/2011	02/14/2012 02/14/2014	2,000,000.00	1.300	2,000,000.00	2,000,000.00	13,000.00	2,013,000.00 Call	13,000.00
					Subtotal	**2,000,000.00**		**2,000,000.00**	**2,000,000.00**	**13,000.00**	**2,013,000.00**	**13,000.00**
02/24/2014												
31331KDA5	11-0082	102	FFCB FAC	02/24/2011	02/24/2012 02/24/2014	1,000,000.00	1.700	1,000,000.00	1,000,000.00	8,500.00	1,008,500.00 Call	8,500.00
					Subtotal	**1,000,000.00**		**1,000,000.00**	**1,000,000.00**	**8,500.00**	**1,008,500.00**	**8,500.00**
03/28/2014												
31331KGD6	11-0100	102	FFCB FAC	03/28/2011	03/28/2012 03/28/2014	1,000,000.00	1.375	1,000,000.00	1,000,000.00	6,875.00	1,006,875.00 Call	6,875.00
313372W91	11-0089	102	FHLB FAC	03/28/2011	03/28/2012 03/28/2014	1,000,000.00	1.500	1,000,000.00	1,000,000.00	7,500.00	1,007,500.00 Call	7,500.00
3136FRDZ3	11-0090	102	FNMA FAC	03/28/2011	03/28/2012 03/28/2014	1,000,000.00	1.500	1,000,000.00	1,000,000.00	7,500.00	1,007,500.00 Call	7,500.00
3135G0BF9	11-0091	102	FNMA FAC	03/28/2011	03/28/2012 03/28/2014	1,000,000.00	1.500	1,000,000.00	1,000,000.00	7,500.00	1,007,500.00 Call	7,500.00
					Subtotal	**4,000,000.00**		**4,000,000.00**	**4,000,000.00**	**29,375.00**	**4,029,375.00**	**29,375.00**
07/24/2014												
3134G1T46	11-0065	102	FHLMC FAC	01/24/2011	01/24/2012 07/24/2014	1,000,000.00	1.700	1,000,000.00	1,000,000.00	8,500.00	1,008,500.00 Call	8,500.00
3134G1T46	11-0066	102	FHLMC FAC	01/24/2011	01/24/2012 07/24/2014	1,000,000.00	1.700	1,000,000.00	1,000,000.00	8,500.00	1,008,500.00 Call	8,500.00
					Subtotal	**2,000,000.00**		**2,000,000.00**	**2,000,000.00**	**17,000.00**	**2,017,000.00**	**17,000.00**

CUSIP	Investment #	Fund	Issuer Sec. Type	Purchase Date	Redem. Date Matur. Date	Par Value	Rate at Redem.	Book Value at Redem.	Redemption Principal	Redemption Interest	Total Amount	Net Income
07/25/2014												
3136FP3L9	11-0068	102	FNMA FAC	01/25/2011	01/25/2012 07/25/2014	1,000,000.00	1.625	1,000,000.00	1,000,000.00	8,125.00	1,008,125.00 Call	8,125.00
					Subtotal	**1,000,000.00**		**1,000,000.00**	**1,000,000.00**	**8,125.00**	**1,008,125.00**	**8,125.00**
07/27/2014												
3136FP4G9	11-0070	102	FNMA MC1	01/27/2011	01/27/2012 07/27/2014	1,000,000.00	1.000V	1,000,000.00	1,000,000.00	5,000.00	1,005,000.00 Call	5,000.00
					Subtotal	**1,000,000.00**		**1,000,000.00**	**1,000,000.00**	**5,000.00**	**1,005,000.00**	**5,000.00**
08/08/2014												
3134G1Y99	11-0076	102	FHLMC FAC	02/08/2011	02/08/2012 08/08/2014	1,000,000.00	1.650	1,000,000.00	1,000,000.00	8,250.00	1,008,250.00 Call	8,250.00
3134G1Y99	11-0077	102	FHLMC FAC	02/08/2011	02/08/2012 08/08/2014	1,000,000.00	1.650	1,000,000.00	1,000,000.00	8,250.00	1,008,250.00 Call	8,250.00
					Subtotal	**2,000,000.00**		**2,000,000.00**	**2,000,000.00**	**16,500.00**	**2,016,500.00**	**16,500.00**
09/23/2014												
3134G17A6	11-0086	102	FHLMC FAC	03/23/2011	03/23/2012 09/23/2014	1,000,000.00	1.750	1,000,000.00	1,000,000.00	8,750.00	1,008,750.00 Call	8,750.00
3134G17A6	11-0087	102	FHLMC FAC	03/23/2011	03/23/2012 09/23/2014	1,000,000.00	1.750	1,000,000.00	1,000,000.00	8,750.00	1,008,750.00 Call	8,750.00
3134G17A6	11-0088	102	FHLMC FAC	03/23/2011	03/23/2012 09/23/2014	1,000,000.00	1.750	1,000,000.00	1,000,000.00	8,750.00	1,008,750.00 Call	8,750.00
					Subtotal	**3,000,000.00**		**3,000,000.00**	**3,000,000.00**	**26,250.00**	**3,026,250.00**	**26,250.00**
01/06/2015												
3134G2MX7	12-0001	102	FHLMC FAC	07/06/2011	01/06/2012 01/06/2015	1,000,000.00	1.350	1,000,000.00	1,000,000.00	6,750.00	1,006,750.00 Call	6,750.00
					Subtotal	**1,000,000.00**		**1,000,000.00**	**1,000,000.00**	**6,750.00**	**1,006,750.00**	**6,750.00**
01/27/2015												
3134G1T95	11-0067	102	FHLMC FAC	01/27/2011	01/27/2012 01/27/2015	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**
02/02/2015												
31331KBD1	11-0074	102	FFCB FAC	02/02/2011	02/02/2012 02/02/2015	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
31331KBD1	11-0075	102	FFCB FAC	02/02/2011	02/02/2012 02/02/2015	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**

V - Security with variable rate change.

CUSIP	Investment #	Fund	Issuer Sec. Type	Purchase Date	Redem. Date Matur. Date	Par Value	Rate at Redem.	Book Value at Redem.	Redemption Principal	Redemption Interest	Total Amount	Net Income
03/09/2015												
313373VZ2	11-0121	102	FHLB FAC	06/09/2011	03/09/2012 03/09/2015	2,000,000.00	1.500	2,000,000.00	2,000,000.00	15,000.00	2,015,000.00 Call	15,000.00
					Subtotal	**2,000,000.00**		**2,000,000.00**	**2,000,000.00**	**15,000.00**	**2,015,000.00**	**15,000.00**
08/10/2015												
31331KQ60	12-0041	102	FFCB FAC	11/10/2011	02/10/2012 08/10/2015	1,000,000.00	1.000	1,000,000.00	1,000,000.00	2,500.00	1,002,500.00 Call	2,500.00
					Subtotal	**1,000,000.00**		**1,000,000.00**	**1,000,000.00**	**2,500.00**	**1,002,500.00**	**2,500.00**
09/16/2016												
3135G0DJ9	12-0010	102	FNMA FAC	09/16/2011	03/16/2012 09/16/2016	1,000,000.00	1.450	1,000,000.00	1,000,000.00	7,250.00	1,007,250.00 Call	7,250.00
					Subtotal	**1,000,000.00**		**1,000,000.00**	**1,000,000.00**	**7,250.00**	**1,007,250.00**	**7,250.00**
09/21/2016												
3136FRX65	12-0008	102	FNMA FAC	09/21/2011	03/21/2012 09/21/2016	1,000,000.00	1.500	1,000,000.00	1,000,000.00	7,500.00	1,007,500.00 Call	7,500.00
3136FRX65	12-0009	102	FNMA FAC	09/21/2011	03/21/2012 09/21/2016	1,000,000.00	1.500	1,000,000.00	1,000,000.00	7,500.00	1,007,500.00 Call	7,500.00
					Subtotal	**2,000,000.00**		**2,000,000.00**	**2,000,000.00**	**15,000.00**	**2,015,000.00**	**15,000.00**
09/27/2016												
3135G0DL4	12-0011	102	FNMA MC1	09/27/2011	03/27/2012 09/27/2016	1,000,000.00	0.500V	1,000,000.00	1,000,000.00	2,500.00	1,002,500.00 Call	2,500.00
					Subtotal	**1,000,000.00**		**1,000,000.00**	**1,000,000.00**	**2,500.00**	**1,002,500.00**	**2,500.00**
09/28/2016												
3134G2G48	12-0012	102	FHLMC MC1	09/28/2011	03/28/2012 09/28/2016	1,000,000.00	1.350V	1,000,000.00	1,000,000.00	6,750.00	1,006,750.00 Call	6,750.00
					Subtotal	**1,000,000.00**		**1,000,000.00**	**1,000,000.00**	**6,750.00**	**1,006,750.00**	**6,750.00**
09/29/2016												
313375PH4	12-0017	102	FHLB MC1	09/29/2011	03/29/2012 09/29/2016	1,000,000.00	1.000V	1,000,000.00	1,000,000.00	5,000.00	1,005,000.00 Call	5,000.00
					Subtotal	**1,000,000.00**		**1,000,000.00**	**1,000,000.00**	**5,000.00**	**1,005,000.00**	**5,000.00**
10/03/2016												
31331KM98	12-0033	102	FFCB FAC	11/03/2011	02/03/2012 10/03/2016	1,000,000.00	1.625	1,000,000.00	1,000,000.00	4,062.50	1,004,062.50 Call	4,062.50
					Subtotal	**1,000,000.00**		**1,000,000.00**	**1,000,000.00**	**4,062.50**	**1,004,062.50**	**4,062.50**
11/01/2016												

V - Security with variable rate change.

CUSIP	Investment #	Fund	Issuer Sec. Type	Purchase Date	Redem. Date Matur. Date	Par Value	Rate at Redem.	Book Value at Redem.	Redemption Principal	Redemption Interest	Total Amount	Net Income
11/01/2016												
313375YS0	12-0027	102	FHLB FAC	11/01/2011	02/10/2012 11/01/2016	1,000,000.00	1.550	1,000,000.00	1,000,000.00	4,262.50	1,004,262.50 Call	4,262.50
					Subtotal	**1,000,000.00**		**1,000,000.00**	**1,000,000.00**	**4,262.50**	**1,004,262.50**	**4,262.50**
11/10/2016												
3133763J2	12-0040	102	FHLB FAC	11/10/2011	02/10/2012 11/10/2016	1,000,000.00	1.750	1,000,000.00	1,000,000.00	4,375.00	1,004,375.00 Call	4,375.00
3133762N4	12-0042	102	FHLB MC1	11/10/2011	02/10/2012 11/10/2016	1,050,000.00	1.125V	1,050,000.00	1,050,000.00	2,953.13	1,052,953.13 Call	2,953.13
					Subtotal	**2,050,000.00**		**2,050,000.00**	**2,050,000.00**	**7,328.13**	**2,057,328.13**	**7,328.13**
11/23/2016												
3133766V2	12-0038	102	FHLB MC1	11/23/2011	02/23/2012 11/23/2016	1,000,000.00	1.000V	1,000,000.00	1,000,000.00	2,500.00	1,002,500.00 Call	2,500.00
3133766V2	12-0045	102	FHLB MC1	11/23/2011	02/23/2012 11/23/2016	1,000,000.00	1.000V	1,000,000.00	1,000,000.00	2,500.00	1,002,500.00 Call	2,500.00
					Subtotal	**2,000,000.00**		**2,000,000.00**	**2,000,000.00**	**5,000.00**	**2,005,000.00**	**5,000.00**
					Total Sales	**38,050,000.00**		**38,050,000.00**	**38,050,000.00**	**267,028.13**	**38,317,028.13**	**267,028.13**

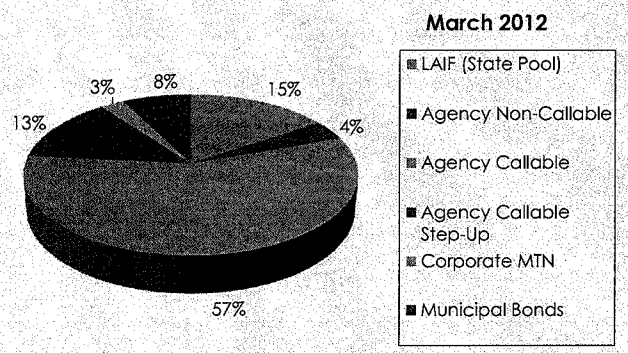
V - Security with variable rate change.

CITY OF OCEANSIDE

LAIF ACTIVITY GRAPHS

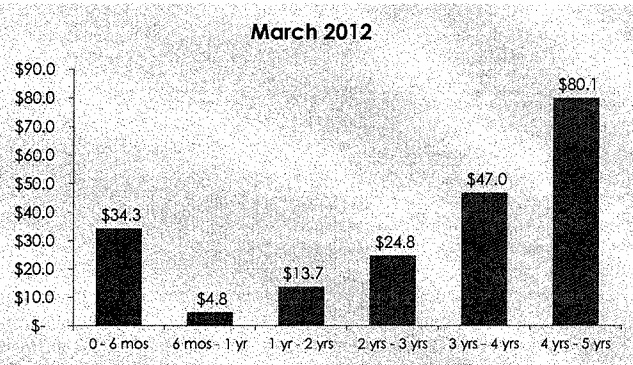
AS OF MARCH 31, 2012

BREAKDOWN OF INVENTORY BY TYPE
(as a percent of portfolio)



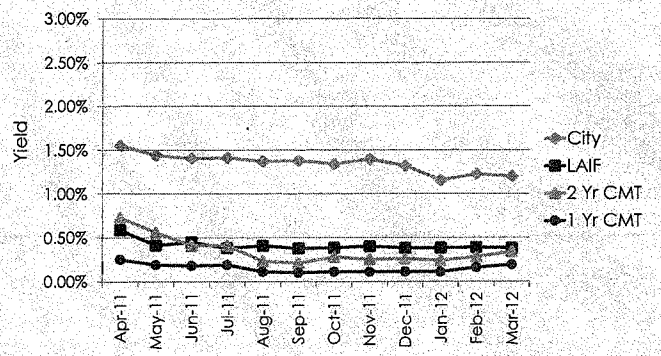
Graph 1

AGING OF MATURING INVESTMENTS



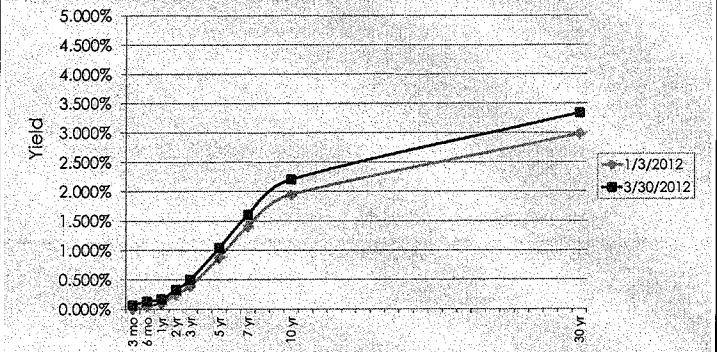
Graph 2

INVESTMENT PORTFOLIO YIELD COMPARISON
CITY, LAIF, 1 & 2 YEAR CMT



Graph 3

HISTORICAL YIELD CURVE COMPARISON
1/3/12 to 3/30/12



Graph 4

Oceanside Quarterly Report
Cash/Checking Activity
January 1, 2012 - March 31, 2012

Issuer Investment #	Fund	Security ID	Current Rate	Transaction Date	Receipt	Deposits	Withdrawals	Interest Received	Balance
LAIF									
Local Agency Investment Fund									
18000		SYS18000							**18,500,000.00**
			0.382	01/03/2012			250,000.00		18,250,000.00
			0.382	01/06/2012			1,500,000.00		16,750,000.00
			0.382	01/10/2012		2,000,000.00			18,750,000.00
			0.382	01/11/2012		8,000,000.00			26,750,000.00
			0.382	01/13/2012			3,000,000.00		23,750,000.00
			0.382	01/13/2012				16,696.04	23,750,000.00
			0.382	01/19/2012			1,000,000.00		22,750,000.00
			0.382	01/20/2012		6,750,000.00			29,500,000.00
			0.382	01/24/2012		1,000,000.00			30,500,000.00
			0.382	01/26/2012		1,750,000.00			32,250,000.00
			0.382	01/30/2012			1,250,000.00		31,000,000.00
			0.382	01/31/2012			1,000,000.00		30,000,000.00
			0.385	01/31/2012					30,000,000.00
			0.385	02/01/2012		1,500,000.00			31,500,000.00
			0.385	02/03/2012			3,000,000.00		28,500,000.00
			0.385	02/07/2012			1,000,000.00		27,500,000.00
			0.385	02/08/2012		1,500,000.00			29,000,000.00
			0.385	02/10/2012		2,500,000.00			31,500,000.00
			0.385	02/13/2012			3,250,000.00		28,250,000.00
			0.385	02/14/2012			1,500,000.00		26,750,000.00
			0.385	02/15/2012			1,250,000.00		25,500,000.00
			0.385	02/16/2012			250,000.00		25,250,000.00
			0.385	02/17/2012			3,000,000.00		22,250,000.00
			0.385	02/21/2012			5,500,000.00		16,750,000.00
			0.385	02/22/2012		2,000,000.00			18,750,000.00
			0.385	02/24/2012			4,000,000.00		14,750,000.00
			0.385	02/27/2012			2,250,000.00		12,500,000.00
			0.389	02/29/2012					12,500,000.00
			0.389	03/06/2012			1,000,000.00		11,500,000.00
			0.389	03/08/2012			3,250,000.00		8,250,000.00
			0.389	03/15/2012			2,750,000.00		5,500,000.00
			0.389	03/16/2012		500,000.00			6,000,000.00
			0.389	03/21/2012		1,500,000.00			7,500,000.00
			0.389	03/23/2012		2,250,000.00			9,750,000.00
			0.389	03/27/2012		1,500,000.00			11,250,000.00

Issuer Investment #	Fund	Security ID	Current Rate	Transaction Date	Receipt	Deposits	Withdrawals	Interest Received	Balance
Local Agency Investment Fund									
18000		SYS18000							**11,250,000.00**
			0.389	03/28/2012		2,500,000.00			13,750,000.00
			0.383	03/31/2012					13,750,000.00
	Subtotal and Ending Balance		**0.383**			**35,250,000.00**	**40,000,000.00**	**16,696.04**	**13,750,000.00**
18001		SYS18001							**16,750,000.00**
			0.382	01/13/2012				19,822.96	16,750,000.00
			0.382	01/23/2012		1,250,000.00			18,000,000.00
			0.382	01/27/2012		8,000,000.00			26,000,000.00
			0.385	01/31/2012					26,000,000.00
			0.385	02/28/2012			1,750,000.00		24,250,000.00
			0.385	02/29/2012			4,750,000.00		19,500,000.00
			0.389	02/29/2012					19,500,000.00
			0.389	03/02/2012			1,250,000.00		18,250,000.00
			0.383	03/31/2012					18,250,000.00
	Subtotal and Ending Balance		**0.383**			**9,250,000.00**	**7,750,000.00**	**19,822.96**	**18,250,000.00**
				Total		**44,500,000.00**	**47,750,000.00**	**36,519.00**	**32,000,000.00**

CITY OF OCEANSIDE

FUNDS HELD BY OUTSIDE MANAGEMENT

AS OF MARCH 31, 2012

FUNDS MANAGED BY OUTSIDE PARTIES
AS OF MARCH 31, 2012

TYPE OF FUND/INSTITUTION	MARKET VALUE	INSTITUTION TOTAL
BOND FUNDS		
Bank of New York		
1998 Water Revenue Refunding Bonds	125,891.25	
2002 Tax Allocation Bonds	2,980,156.61	
2002 Community Facilities District Bonds - Ocean Ranch Corporate Centre	2,432,751.25	
2002 Community Facilities District Bonds - Morro Hills Development	999,660.88	
2003 Refunding Certificates of Participation - Series A	4,208,156.75	
2004 Community Facilities District Bonds - Morro Hills Development Imp#1	682,085.97	
2004 Community Facilities District Bonds - Morro Hills Development	905,611.53	
2005 Pension Obligation Bonds	0.88	
2008 Community Facilities District Bonds-Pacific Coast Business Park	937,549.45	
2008 Revenue Refunding Bonds	936,630.44	
TOTAL FUNDS MANAGED BY OUTSIDE PARTIES	**$ 14,208,495.01**	

RESOLUTION NO.

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

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

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

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

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

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

Section 2. That the policy be examined and considered for readoption no later than June 30, 2013.

PASSED AND ADOPTED by the City Council of the City of Oceanside, California, this _____day of _____, 2012, by the following vote:

AYES:

NAYS:

ABSENT:

ABSTAIN:

_____
MAYOR OF THE CITY OF OCEANSIDE

ATTEST:

_____
City Clerk

APPROVED AS TO FORM:

_____
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 20, 2012
City Council Resolution No.

Exhibit A

CITY OF OCEANSIDE
INVESTMENT POLICY

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Exhibit A

CITY OF OCEANSIDE

Office of the City Treasurer

June 20, 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.

Exhibit A

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

1. limiting the Fund's exposure to each issue and issuer of debt, and

2. determining a minimum credit requirement that firms must have in order to hold city monies.

1. SCOPE

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

2. PRUDENT INVESTOR RULE

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

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

3. OBJECTIVES

A. Safety of principal.

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

1. Credit risk, defined as the risk of loss due to failure of the issuer of a security, shall be mitigated by investing in only very safe securities (see *Section 8 Authorized Investments* for detailed limitations of credit risk), and by diversifying the investment portfolio so that the failure of any one issuer would not unduly harm the City's cash flow.

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

B. Liquidity

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

C. Return on investment

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

4. INVESTMENT PROCEDURES

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

5. ETHICS AND CONFLICTS OF INTEREST

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

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), and the Federal National Mortgage Association (FNMA). 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.

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 P_1 by Moody's Investor Services and A_1 by Standard and Poor's, and issued by a domestic corporation having assets in excess of $500 million. The commercial paper must also have an A or better rating for the issuers debt, other than commercial paper, if any, as provided by Moody's or Standard and Poor's. Purchase of commercial paper from corporations on negative credit watch by a major rating agency shall be prohibited. Purchases of eligible commercial paper may not exceed 270 days to maturity. No more than 15% of the total cost value of the portfolio at the time of purchase is to be invested in commercial paper. No more than 1% of the cost value of the portfolio at time of purchase may be invested in commercial paper issued by any one corporation. The sum of the market value of the Commercial Paper and Medium Term Notes invested in any one corporation or corporate entity shall not exceed 1% of the cost value of the portfolio at time of purchase.

H. Medium Term Notes (MTNs). The City may invest in MTNs, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States, or by depository institutions licensed by the United States or any state and operating within the United States. MTNs eligible for purchase shall be rated "A" or better by Standard and Poor's or by Moody's rating services. 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 36 months maximum maturity; "AA" rated MTNs shall be limited to 48 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 36 months maximum maturity, "AA" rated bonds shall be limited to 48 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. No more than 1% of the cost value of the portfolio at time of purchase may be invested in notes issued by any one local agency.

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

J. Local Agency Investment Fund. The City may invest in the Local Agency Investment Fund (LAIF), established by the State Treasurer for the benefit of local agencies, and identified under Government Code section 16429.1, up to the maximum amount permitted by State Law. Treasury staff shall investigate at least annually the status of LAIF with regard to ongoing investment in the pool.

K. Restricted Investments. Individual investments in excess of 5 million dollars par value with a maturity of more than 3 years requires 72 hour advance notification (exclusive of weekends and holidays) to the City Manager and City Council. Also,

any individual investment, regardless of maturity, of more than 10% of the total portfolio cost requires the same notification.

L. Ineligible investments. Investments not described herein, including but not limited to, common stocks, inverse floaters, range notes, interest-only strips that are derived from a pool of mortgages, and mutual funds are prohibited from use in this portfolio. Investments that exceed five years in maturity are prohibited. The lending of funds directly from the investment portfolio, not otherwise covered herein, is prohibited.

9. SWAPPING OF SECURITIES

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

10. ACTIVE MANAGEMENT OF U.S. TREASURY POSITIONS

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

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

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

A. During the period in which the issue has been announced or trading has commenced, but not yet auctioned ("when-issued" period)

B. During the period of time after the issue has been auctioned and the coupon determined, but not yet issued

C. At any time after the issue date.

Limitations and Restrictions:
The frequency of purchase and/or sale transactions shall not be limited, except that the total position of purchased securities for active management (net of sales not yet settled) shall not

exceed 10% of the total average portfolio as of the trade date, based upon par value. The total ownership of US Treasury issues shall not be limited except for those securities that have been purchased in anticipation of future sales. It shall be the objective of the City Treasurer that realized capital gains exceed capital losses.

11. PORTFOLIO ADJUSTMENTS

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

12. SAFEKEEPING OF SECURITIES

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

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

13. REPORTING

On a quarterly basis, the City Treasurer shall submit to the City Council a report that provides the status of the current investment portfolio. The report shall identify the type of investment, name of the issuer, date of maturity, par and dollar amount invested in each security, the weighted average maturity of the investments, any funds investments or programs including loans that are under the management of contracted parties and the market value as of the date of the report along with the source of this valuation. The report shall also include comments on the fixed income markets and economic conditions, discussions regarding restrictions on percentage of investment by categories, and possible changes in future portfolio structure and investment strategies.

In addition to the quarterly report to council, the City Treasurer will submit a monthly summary report to the City Manager and City Council. The City shall record interest revenue on a full accrual basis of accounting that is in accordance with generally accepted accounting practices for reporting and recording of interest earnings, accretions and premium amortizations. The City shall also comply with GASB 31 and GASB 40 when reporting fiscal year-end investments in the City's annual financial statement.

14. INTERNAL CONTROLS

Exhibit A

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.

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.

Exhibit A

CITY OF OCEANSIDE
OFFICE OF THE CITY TREAURER
BROKER/DEALER QUESTIONNAIRE AND CERTIFICATION

Section I: Statement of Position and General Requirements

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

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

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

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

1. Name of firm _____

2. Address – Local Headquarters _____
   _____
   _____
   _____
   _____

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

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 _____

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 _____

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.

Section III: Certification

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

Signed _____

Print Name _____

Title _____

Date _____

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

Signed _____

Print Name _____

Title _____

Date _____

Exhibit A

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

CMT - Constant Maturity Treasury

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

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

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

Exhibit A

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 place 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.

Exhibit A

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.