



DATE: June 26, 2013

TO: Honorable Mayor and City Councilmembers

FROM: City Treasurer's Office

SUBJECT: **PRESENTATION OF TREASURER'S REPORT – QUARTER ENDED MARCH 31, 2013, AND ADOPTION OF A RESOLUTION APPROVING THE POLICY FOR THE INVESTMENT OF CITY OF OCEANSIDE FUNDS**

SYNOPSIS

Staff recommends that City Council accept the Treasurer's Report for the quarter ended March 31, 2013, 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, 2012.

The City of Oceanside investment policy was first adopted in March 1988, and has been reviewed annually since that time. The investment policy was last reviewed and adopted by City Council on June 20, 2012.

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, 2013

For the quarter ended March 31, 2013, the City's portfolio had a book value of \$225,700,173.61 (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 0.914 percent which has generated fiscal year to date accrued earnings of \$1,652,882.61.

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, 2013	Dec 31, 2012	Sept 30, 2012	June 30, 2012
Book Value	\$225,700,173.61	\$220,772,508.22	\$207,909,847.48	\$226,217,763.73
Market Value	\$226,068,328.20	\$221,350,727.71	\$208,659,887.49	\$226,892,939.57
Unrealized Gain/(Loss)	\$368,154.59	\$578,219.49	\$750,040.01	\$675,175.84
Unrealized Gain/(Loss) as a % of Book Value	0.16%	0.26%	0.36%	0.30%
Average Yield to Maturity	0.914%	0.893%	1.060%	1.046%
Liquidity 0 – 6 months	16.03%	21.33%	12.31%	20.51%
Average Days to Maturity	1,172 (3.21 years)	1,078 (2.95 years)	1,182 (3.24 years)	1,076 (2.95 years)
Quarterly Earnings	\$514,788.70	\$521,794.41	\$616,299.50	\$555,652.25
Qtr Capital Gain/(Loss)	\$9,095.67	\$0.00	\$22,423.13	\$460.75

The portfolio's book value rose modestly by \$4.9 million comparative to the end of the second quarter of Fiscal Year 2012-2013. Yield to maturity increased slightly by 2 basis points (0.02 percent) in comparison to the previous quarter's end. The increase in yield to maturity is attributable to utilizing the cash balances in the City's Local Agency Investment Fund (LAIF) to purchase longer maturing Agency securities which are earning up to 80 basis points (0.80 percent) more in yield. The portfolio investment strategy of purchasing securities maturing in 4 to 5 years, as well as purchases of corporate medium term notes and municipal bonds where appropriate, will continue until such time when bond interest rates begin to rise.

Despite some volatility in the bond market during the third quarter of Fiscal Year 2012-2013, bond interest rates ended relatively unchanged comparative to the second fiscal quarter's end; the exception being the 10-year and 30-year sectors of the curve which increased by 9 and 15 basis points respectively (0.09 percent and 0.15 percent). The events that contributed to the volatility in the market included weaker than expected economic data reports, especially evident in the labor market, and the automatic Federal budget cuts (sequestration) that took place on March 1. Overall, the accommodative monetary policies of the Federal Reserve have kept interest rate levels at their historical lows.

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 percent to 0.25 percent, and reaffirmed their plan of maintaining the current target rate range at least through mid-2015. There were no significant announcements from the FOMC; however minute releases in the months following the meetings indicated discussions were growing

among the members regarding the future of the quantitative easing policies that are in place.

FISCAL IMPACT

Gross fiscal year to date earnings were \$1,652,882.61, which is a decrease of \$144,871.18 from the same period last year (quarter ended March 2012). The City's General Fund has earned \$345,705 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
FISCAL YEAR 2012-2013 as of 3/31/13**

Fund Name	FYTD Average Cash Balances	FYTD Investment Earnings
General Fund	83,033,068	364,705
Special Revenue Funds - Police	1,093,279	6,030
Special Revenue Funds - Library	18,556	101
Special Revenue Funds - Transportation	10,740,208	57,872
Lighting and Landscape Districts	1,536,214	8,474
Federal and State Grants	-	111
Housing Agency	7,439,015	40,895
Community Facilities Districts	3,957,374	21,721
General City Capital Improvement	2,990,605	16,427
Development Impact Fees	24,276,205	133,479
Municipal Golf Course Improvement	38,673	213
Water Funds	52,465,387	287,502
Sewer Funds	27,149,865	147,643
Airport Funds	335,316	1,854
Harbor Fund	3,379,127	18,604
Trust Funds	666,010	3,664
General Debt Service	1,892,890	10,467
Successor Agency	17,375,300	102,082
Banking and Investment Expenses		371,336
Interest Allocated through 3/31/13		\$ 1,593,180
Earnings Allocation Adjustments		59,703
Year to Date Totals as of 3/31/13	\$ 238,387,092	\$ 1,652,883

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
FISCAL YEAR 2012-2013 as of 3/31/13**

Fund Name	FYTD Average Cash Balances
General Fund	34,230,726
Grants	170,297
General Fund Capital Improvements	3,180,573
Solid Waste Fund	6,709,919
Internal Service Funds	35,636,922
Trust Funds	2,869,193
Payroll Fund	235,438
FYTD Average Cash Balances as of 3/31/13	\$ 83,033,068

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 \$371,335.52 fiscal year to date as of March 31, 2013. The following chart categorizes the allocated bank and investment charges through March 31, 2013, as well as provides a comparison to the same period last year (March 2012). Overall, banking fees have increased by \$62,064, primarily due to the increase in merchant service costs. In an effort to provide efficiencies through the use of technology, as well as provide convenience for customers, the City has expanded its on-line capabilities for payment of utility bills, business licenses and development related services. As a result, there has been an increase in credit card transactions which equates to higher merchant service costs. Custody and Safekeeping costs have also increased due to an increased portfolio size (fees are based on the volume of securities held in safekeeping by the custodial bank). Offsetting the increases was a decline in banking fees. Staff will be monitoring this decline to see if a trend is developing due to the increase in on-line payments for City services.

**BANKING AND INVESTMENT EXPENSES
FISCAL YEAR 2012-2013 YEAR TO DATE COMPARISON
AS OF MARCH 31, 2013**

Expense Type	FYTD Expenses as of 3/31/13	FYTD Expenses as of 3/31/12
Banking Expenses		
Armored Carrier	21,718	18,746
Bank Fees	51,677	58,439
Bank Supplies	1,953	867
Check Stock	4,177	6,392
Merchant Services	252,976	187,362
Investment Expenses		
Bloomberg Services	23,686	23,685
Custody and Safekeeping	10,470	9,239
Investment Software Maintenance	4,679	4,542
Total Banking and Investment Expenses	\$ 371,336	\$ 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 a modification to the municipal bond category with regard to City-issued securities that may be downgraded below an “A-” rating, a change in the Federal Agency security category language to provide a more generic definition, and two minor housekeeping updates.

The following changes are being submitted to Council for approval:

1. **Section 2 – Prudent Investor Rule.** The update to this section changes the prudent investor “rule” to prudent investor “standard”. This change updates the language to match the prudent investor standard language in the State government code.
2. **Section 4 – Investment Procedures.** The update to this section changes “Public Securities Administration” repurchase agreements to “master” repurchase agreements. The Public Securities Administration no longer exists; this is a housekeeping item to change outdated language.
3. **Section 8 - Authorized Investments, Section B. Obligations issued by the United States Government Agencies.** This update will eliminate the listing of specific government agencies and reference the overall classification of government agency securities. The new language provides for a more generic definition that adds flexibility due to changing government markets.

4. **Section 8 – Authorized Investments, Section I. Municipal Bonds.** Currently, the policy states that any municipal security that falls below investment grade must be sold. The recommended update to this section makes an exception for municipal securities in the portfolio issued by the City. This change will enable the City to retain its own debt if downgraded below investment grade and not be forced to sell the security at a potential loss.

COMMISSION/COMMITTEE REPORT

The Investment Oversight Committee reviewed the quarter end report for March 31, 2013, at its May 14, 2013, 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

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

RECOMMENDATION

Staff recommends that the City Council accept the Treasurer's Report for the quarter ended March 31, 2013, and adopt a resolution approving the policy for the investment of City of Oceanside funds.

PREPARED BY:



Michele C. Lund
Treasury Manager

SUBMITTED BY:



Gary M. Ernst
City Treasurer

Attachments: Treasurer's Quarter and Year Ended Report – March 31, 2013
Resolution

CITY OF OCEANSIDE



TREASURER'S REPORT FOR MONTH & QUARTER ENDED MARCH 31, 2013



CITY OF OCEANSIDE
OFFICE OF THE CITY TREASURER

TO: CITY COUNCIL
CITY MANAGER

DATE: APRIL 24, 2013

SUBJECT: INVESTMENT REPORT FOR THE MONTH & QUARTER ENDED MARCH 31, 2013

The following is summary information for the City of Oceanside Investment Portfolio for the month & quarter ended March 31, 2013.

Market/Portfolio Commentary

Comparative to the 2nd fiscal quarter's end, bond interest rates ended relatively unchanged; the exception being the 10-year and 30-year sectors of the curve which increased by 9 and 15 basis points respectively (.09 % and .15%). During the quarter, the market experienced some volatility due to various factors. The events that contributed to the volatility in the market included the automatic Federal budget cuts (sequestration) that took place on March 1 and weaker than expected economic data reports, especially evident in the labor market. Overall, the accommodative monetary policies of the Federal Reserve have kept interest rate levels at their historical lows.

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%, and reaffirmed their plan of maintaining the current target rate range at least through mid-2015. There were no significant announcements from the FOMC; however minute releases in the months following the meetings indicated discussions were growing among the members regarding the future of the quantitative easing policies that are in place.

The book value of the portfolio rose slightly by \$4.9 million in comparison to the end of the prior fiscal quarter. Yield to maturity increased 2 basis points (.02%) since the second fiscal quarter's end. Cash balances in LAIF were invested in securities with maturities of 4 to 5 years (higher yields to maturity than LAIF) which contributed to the increase.

For month & quarter ended March 31, 2013, portfolio statistics are as follows:

• Portfolio Book Value	\$225,700,173.61
• Portfolio Market Value	\$226,068,328.20
• Unrealized Gain/Loss	\$368,154.59
• Average Yield-to-Maturity	0.914%
• Liquidity (0 – 6-months)	16.03%
• Average Days to Maturity	1,172 (3.21 years)
• Fiscal Year-to-Date Earnings	\$1,652,882.61
• Fiscal Year-to-Date Capital Gains/(Losses)	\$31,518.80

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 & QUARTER ENDED MARCH 31, 2013**

INVESTMENT TYPE	FACE VALUE	BOOK VALUE	MARKET VALUE	YIELD TO MATURITY	DAYS TO MATURITY	PERCENT OF PORTFOLIO
Month & Quarter Ended March 31, 2013						
LAIIF	\$ 25,250,000.00	\$ 25,250,000.00	\$ 25,275,719.65	0.285%	1	11.19%
Federal Agency Non - Callable	10,000,000.00	10,000,000.00	10,063,557.50	1.152%	845	4.43%
Federal Agency - Callable	135,690,000.00	135,682,955.22	135,789,009.40	0.937%	1,484	60.12%
Federal Agency Callable - Step Up	23,000,000.00	22,996,090.27	23,058,201.25	1.074%	1,601	10.19%
Medium Term Notes	9,250,000.00	9,326,113.15	9,378,180.00	1.058%	712	4.13%
Municipal Bonds	22,285,000.00	22,445,014.97	22,503,660.40	0.012%	493	9.94%
Total Investments	\$ 225,475,000.00	\$ 225,700,173.61	\$ 226,068,328.20	0.914%	1,172	100.00%
Unrealized Gain/(Loss) (Market Value - Book Value)			368,154.59			
Plus Accrued Interest			\$ 500,984.79			
Portfolio Liquidation Unrealized Gain/(Loss)			<u>\$ 869,139.38</u>			

Prior Period Comparisons

INVESTMENT TYPE	FACE VALUE	BOOK VALUE	MARKET VALUE	YIELD TO MATURITY	DAYS TO MATURITY	PERCENT OF PORTFOLIO
Month & Quarter Ended December 31, 2012						
LAIIF	\$ 39,500,000.00	\$ 39,500,000.00	\$ 39,544,525.63	0.326%	1	17.89%
Federal Agency Non - Callable	10,000,000.00	10,000,000.00	10,078,680.00	1.152%	935	4.53%
Federal Agency - Callable	115,690,000.00	115,678,513.19	115,934,990.45	0.957%	1,507	52.40%
Federal Agency - Step Up	23,000,000.00	23,000,000.00	23,078,220.00	1.016%	740	10.42%
Medium Term Notes	10,055,000.00	10,141,953.76	10,188,521.43	1.114%	1,578	4.59%
Municipal Bonds	22,285,000.00	22,452,041.27	22,525,790.20	1.161%	459	10.17%
Total Investments	\$ 220,530,000.00	\$ 220,772,508.22	\$ 221,350,727.71	0.893%	1,078	100.00%
Unrealized Gain/(Loss) (Market Value - Book Value)			578,219.49			
Plus Accrued Interest			531,784.29			
Portfolio Liquidation Unrealized Gain/(Loss)			<u>\$ 1,110,003.78</u>			
Month & Quarter Ended September 30, 2012						
LAIIF	\$ 22,750,000.00	\$ 22,750,000.00	\$ 22,779,895.14	0.348%	1	10.94%
Federal Agency Non - Callable	6,000,000.00	6,000,000.00	6,077,830.00	1.438%	606	2.89%
Federal Agency - Callable	121,000,000.00	120,986,848.34	121,369,613.75	1.111%	1,471	58.19%
Medium Term Notes	31,630,000.00	31,630,000.00	31,734,132.00	1.202%	1,601	15.21%
Federal Agency - Step Up	7,305,000.00	7,340,869.22	7,405,203.20	1.131%	658	3.53%
Municipal Bonds	18,980,000.00	19,202,129.92	19,293,213.40	1.208%	445	9.24%
Total Investments	\$ 207,665,000.00	\$ 207,909,847.48	\$ 208,659,887.49	1.060%	1,182	100.00%
Unrealized Gain/(Loss) (Market Value - Book Value)			750,040.01			
Plus Accrued Interest			587,174.36			
Portfolio Liquidation Unrealized Gain/(Loss)			<u>\$ 1,337,214.37</u>			

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

**CITY OF OCEANSIDE
INTEREST EARNINGS SUMMARY
March 31, 2013**

	<u>Month Ending March 31, 2013</u>	<u>Fiscal Year To Date</u>
CD/Coupon/Discount Investments:		
Interest Collected	\$ 161,177.08	\$ 1,644,216.21
PLUS Accrued Interest at End of Period	473,743.74	473,743.73
LESS Accrued Interest at Beginning of Period	<u>(458,175.04)</u>	<u>(515,130.32)</u>
Interest Earned during Period	<u>\$ 176,745.78</u>	<u>\$ 1,602,829.62</u>
ADJUSTED by Premiums and Discounts	(11,428.77)	(131,964.39)
ADJUSTED by Capital Gains or Losses	<u>3,577.05</u>	<u>31,518.80</u>
Earnings during Period	<u>\$ 168,894.06</u>	<u>\$ 1,502,384.03</u>
Local Agency Investment Fund (L.A.I.F.):		
Interest Collected	\$ -	\$ 99,099.30
PLUS Accrued Interest at End of Period	27,241.06	27,241.06
LESS Accrued Interest at Beginning of Period	<u>(21,593.54)</u>	<u>(35,545.13)</u>
Interest Earned during Period	<u>\$ 5,647.52</u>	<u>\$ 90,795.23</u>
TOTAL Interest Earned during Period	\$ 182,393.30	\$ 1,693,624.85
TOTAL Premiums and Discounts	(11,428.77)	(131,964.39)
TOTAL Capital Gains or Losses	<u>3,577.05</u>	<u>31,518.80</u>
SUB-TOTAL Earnings during Period	\$ 174,541.58	\$ 1,593,179.26
Earnings Adjustments	-	59,703.35
TOTAL Earnings during Period	<u>\$ 174,541.58</u>	<u>\$ 1,652,882.61</u>

CITY OF OCEANSIDE



PORTFOLIO DETAILS

AS OF MARCH 31, 2013

Oceanside Investment Pool Portfolio Management Portfolio Details - Investments March 31, 2013

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			12,750,000.00	12,762,987.15	12,750,000.00	0.285		0.285	1	
SYS18001	18001	Local Agency Investment Fund			12,500,000.00	12,512,732.50	12,500,000.00	0.285		0.285	1	
Subtotal and Average			23,250,000.00		25,275,719.65	25,250,000.00				0.285	1	
Treasury Securities - Coupon												
Subtotal and Average			128,055.24									
Federal Agency - Non Callable												
313372UH5	11-0085	Federal Home Loan Bank		03/15/2011	2,000,000.00	2,009,000.00	2,000,000.00	1.125		1.125	165	09/13/2013
3133XXQV2	10-0059	Federal Home Loan Bank		04/05/2010	2,000,000.00	2,024,375.00	2,000,000.00	2.000		2.000	242	11/29/2013
3133HKCA6	11-0080	Federal Farm Credit Bank		02/10/2011	1,000,000.00	1,010,312.50	1,000,000.00	1.375		1.375	315	02/10/2014
3134G3SS0	13-0036	Federal Home Loan Mort Corp		10/18/2012	2,000,000.00	2,003,100.00	2,000,000.00	0.625		0.625	1,310	11/01/2016
3133786Q9	12-0109	Federal Home Loan Bank		02/13/2012	1,000,000.00	1,015,970.00	1,000,000.00	1.000		1.000	1,414	02/13/2017
3133ECBX1	13-0068	Federal Farm Credit Bank		12/28/2012	1,000,000.00	1,000,400.00	1,000,000.00	0.820		0.820	1,641	09/28/2017
3133ECBX1	13-0069	Federal Farm Credit Bank		12/28/2012	1,000,000.00	1,000,400.00	1,000,000.00	0.820		0.820	1,641	09/28/2017
Subtotal and Average			10,000,000.00		10,063,557.50	10,000,000.00				1.152	845	

Federal Agency - Callable												
3134G3MR8	12-0101	Federal Home Loan Mort Corp		02/13/2012	2,000,000.00	2,005,800.00	2,000,000.00	0.550		0.550	683	02/13/2015
3134G3MY3	12-0108	Federal Home Loan Mort Corp		02/28/2012	2,000,000.00	2,008,200.00	2,000,000.00	0.650		0.650	879	08/28/2015
3134G3TL4	12-0127	Federal Home Loan Mort Corp		03/29/2012	1,000,000.00	1,006,670.00	1,000,000.00	0.900		0.900	910	09/28/2015
313380U96	13-0061	Federal Home Loan Bank		12/14/2012	1,695,000.00	1,695,050.85	1,695,000.00	0.500		0.500	928	10/16/2015
3134G27A4	12-0054	Federal Home Loan Mort Corp		11/25/2011	1,000,000.00	1,004,580.00	1,000,000.00	1.000		1.000	968	11/25/2015
3134G3MX5	12-0107	Federal Home Loan Mort Corp		02/24/2012	2,000,000.00	2,009,640.00	2,000,000.00	0.800		0.800	1,059	02/24/2016
3133EAVG0	12-0149	Federal Farm Credit Bank		06/22/2012	2,000,000.00	2,002,980.00	2,000,000.00	0.800		0.800	1,085	03/21/2016
3133EAVG0	12-0164	Federal Farm Credit Bank		06/21/2012	1,000,000.00	1,001,490.00	1,000,000.00	0.800		0.800	1,085	03/21/2016
313378TX9	12-0129	Federal Home Loan Bank		04/11/2012	1,000,000.00	1,000,320.00	1,000,000.00	1.125		1.125	1,106	04/11/2016
3135G0KA0	12-0130	Federal National Mortgage Assc		04/26/2012	1,000,000.00	1,000,625.00	999,982.64	1.125		1.131	1,121	04/26/2016
3133EAPP7	12-0140	Federal Farm Credit Bank		05/09/2012	2,000,000.00	2,001,520.00	2,000,000.00	0.900		0.900	1,134	05/09/2016
3135G0KT9	12-0147	Federal National Mortgage Assc		05/17/2012	2,000,000.00	2,001,780.00	2,000,000.00	0.950		0.950	1,142	05/17/2016
3134G3U99	13-0045	Federal Home Loan Mort Corp		11/20/2012	1,000,000.00	1,002,480.00	1,000,000.00	0.625		0.625	1,145	05/20/2016
3133EARX6	12-0153	Federal Farm Credit Bank		05/23/2012	1,000,000.00	1,000,860.00	1,000,000.00	0.910		0.910	1,148	05/23/2016
313379J26	12-0160	Federal Home Loan Bank		06/06/2012	1,000,000.00	1,003,330.00	1,000,000.00	0.850		0.850	1,162	06/06/2016
3136G0LF6	12-0161	Federal National Mortgage Assc		06/13/2012	1,000,000.00	1,001,170.00	1,000,000.00	0.850		0.850	1,169	06/13/2016
3133EAUE6	12-0163	Federal Farm Credit Bank		06/14/2012	1,000,000.00	1,001,320.00	999,898.61	0.875		0.888	1,170	06/14/2016
3136G0DQ1	12-0137	Federal National Mortgage Assc		04/26/2012	2,000,000.00	2,001,120.00	2,000,000.00	1.000		1.000	1,212	07/26/2016
3133EAJ33	13-0003	Federal Farm Credit Bank		08/16/2012	1,000,000.00	1,001,820.00	999,066.85	0.730		0.794	1,232	08/15/2016
3134G3MP2	12-0104	Federal Home Loan Mort Corp		02/24/2012	2,000,000.00	2,012,700.00	2,000,000.00	1.000		1.000	1,241	08/24/2016

Portfolio POOL
AP
PM (PRF_PM2) 7.3.0

**Oceanside Investment Pool
Portfolio Management
Portfolio Details - Investments
March 31, 2013**

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												
3133EAU22	13-0024	Federal Farm Credit Bank		09/12/2012	1,000,000.00	1,001,780.00	999,906.08	0.680		0.685	1,260	09/12/2016
3136FRX57	12-0005	Federal National Mortgage Assc		09/20/2011	1,000,000.00	1,006,030.00	1,000,000.00	1.420		1.420	1,268	09/20/2016
3133EAZ76	13-0033	Federal Farm Credit Bank		09/26/2012	1,000,000.00	1,002,120.00	1,000,000.00	0.690		0.690	1,274	09/26/2016
3134G3P38	13-0031	Federal Home Loan Mort Corp		10/05/2012	1,000,000.00	1,000,100.00	1,000,000.00	0.750		0.750	1,283	10/05/2016
3133EA5V6	13-0038	Federal Farm Credit Bank		10/24/2012	1,000,000.00	1,002,100.00	1,000,000.00	0.620		0.620	1,302	10/24/2016
3133EA5V6	13-0039	Federal Farm Credit Bank		10/24/2012	1,000,000.00	1,002,100.00	1,000,000.00	0.620		0.620	1,302	10/24/2016
3133EA5W4	13-0050	Federal Farm Credit Bank		12/05/2012	1,000,000.00	999,310.00	1,000,000.00	0.650		0.657	1,302	10/24/2016
3136G0GT2	12-0141	Federal National Mortgage Assc		05/14/2012	1,000,000.00	1,001,150.00	999,940.28	1.050		1.061	1,323	11/14/2016
3133EC5B6	13-0052	Federal Farm Credit Bank		12/05/2012	1,000,000.00	999,680.00	999,831.92	0.640		0.646	1,338	11/29/2016
3133EC6S8	13-0059	Federal Farm Credit Bank		12/12/2012	1,000,000.00	999,050.00	999,825.69	0.600		0.606	1,351	12/12/2016
3135G0JA9	13-0084	Federal National Mortgage Assc		02/06/2013	2,000,000.00	2,004,300.00	2,000,000.00	0.750		0.750	1,407	02/06/2017
3135G0UC5	13-0081	Federal National Mortgage Assc		02/13/2013	2,000,000.00	2,005,220.00	2,004,400.00	1.000		0.923	1,414	02/13/2017
3136FTK81	12-0103	Federal National Mortgage Assc		02/21/2012	2,000,000.00	2,020,580.00	2,000,000.00	1.300		1.300	1,422	02/21/2017
3134G3MT4	12-0105	Federal Home Loan Mort Corp		02/24/2012	1,000,000.00	1,004,760.00	1,000,000.00	1.125		1.125	1,425	02/24/2017
3133EAW46	13-0029	Federal Farm Credit Bank		09/17/2012	1,000,000.00	995,510.00	1,000,000.00	0.790		0.790	1,446	03/17/2017
3136FT6H7	12-0125	Federal National Mortgage Assc		04/05/2012	1,000,000.00	1,000,156.25	999,966.67	1.350		1.412	1,465	04/05/2017
3133EALY2	12-0132	Federal Farm Credit Bank		04/18/2012	1,000,000.00	999,640.00	999,976.39	1.220		1.230	1,478	04/18/2017
3133EAPB8	12-0138	Federal Farm Credit Bank		05/02/2012	2,000,000.00	2,002,187.50	2,000,000.00	1.230		1.230	1,492	05/02/2017
3133812G9	13-0037	Federal Home Loan Bank		11/08/2012	1,000,000.00	991,350.00	1,000,000.00	0.740		0.740	1,498	05/08/2017
3134G3UH1	12-0143	Federal Home Loan Mort Corp		05/15/2012	2,000,000.00	2,002,812.50	2,000,000.00	1.250		1.250	1,505	05/15/2017
313379B81	12-0144	Federal Home Loan Bank		05/16/2012	1,000,000.00	1,001,420.00	999,937.50	1.240		1.250	1,506	05/16/2017
3136G0GA3	12-0145	Federal National Mortgage Assc		05/16/2012	1,000,000.00	1,010,625.00	1,000,000.00	1.200		1.200	1,506	05/16/2017
313381AN5	13-0046	Federal Home Loan Bank		11/23/2012	1,550,000.00	1,551,038.50	1,550,000.00	0.800		0.800	1,513	05/23/2017
3134G3UZ1	12-0152	Federal Home Loan Mort Corp		05/24/2012	2,000,000.00	2,003,320.00	1,999,926.39	1.200		1.205	1,514	05/24/2017
313379FN4	12-0158	Federal Home Loan Bank		06/04/2012	1,000,000.00	1,000,090.00	1,000,000.00	1.150		1.160	1,520	05/30/2017
3136G0JX0	12-0155	Federal National Mortgage Assc		05/30/2012	1,000,000.00	1,001,490.00	1,000,000.00	1.250		1.250	1,520	05/30/2017
3133EAQ84	13-0030	Federal Farm Credit Bank		09/19/2012	1,000,000.00	998,990.00	1,000,000.00	0.920		0.000	1,526	06/05/2017
3133EC5L4	13-0054	Federal Farm Credit Bank		12/05/2012	2,000,000.00	1,995,360.00	2,000,000.00	0.770		0.780	1,526	06/05/2017
3134G3Z58	13-0060	Federal Home Loan Mort Corp		12/27/2012	1,000,000.00	995,440.00	1,000,000.00	0.750		0.750	1,548	06/27/2017
3133EA4H8	13-0040	Federal Farm Credit Bank		11/08/2012	2,000,000.00	1,995,400.00	2,000,000.00	0.820		0.820	1,562	07/11/2017
3136G1BT5	13-0080	Federal National Mortgage Assc		02/07/2013	2,000,000.00	2,001,340.00	2,000,000.00	0.850		0.850	1,589	08/07/2017
3136G1BT5	13-0086	Federal National Mortgage Assc		02/07/2013	1,000,000.00	1,000,670.00	999,825.00	0.850		0.856	1,589	08/07/2017
3134G3A42	13-0007	Federal Home Loan Mort Corp		08/16/2012	1,000,000.00	1,001,150.00	1,000,000.00	1.000		1.046	1,596	08/14/2017
3135G0NC3	13-0008	Federal National Mortgage Assc		08/16/2012	1,000,000.00	1,002,460.00	998,978.35	1.000		1.057	1,596	08/14/2017
313381Z24	13-0091	Federal Home Loan Bank		02/15/2013	1,000,000.00	999,150.00	1,000,000.00	0.850		0.850	1,597	08/15/2017
3133EC3G7	13-0049	Federal Farm Credit Bank		12/03/2012	2,000,000.00	1,997,040.00	2,000,000.00	0.800		0.820	1,603	08/21/2017
313380FV4	13-0022	Federal Home Loan Bank		09/10/2012	2,000,000.00	2,000,160.00	2,000,000.00	1.000		1.000	1,603	08/21/2017
313380FV4	13-0023	Federal Home Loan Bank		09/10/2012	1,000,000.00	1,000,080.00	1,000,000.00	1.000		1.002	1,603	08/21/2017

Oceanside Investment Pool
Portfolio Management
Portfolio Details - Investments
March 31, 2013

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												
3133EAP28	13-0010	Federal Farm Credit Bank		08/22/2012	2,000,000.00	2,006,920.00	2,000,000.00	1.100		1.100	1,604	08/22/2017
3134G3C81	13-0004	Federal Home Loan Mort Corp		08/22/2012	1,000,000.00	1,001,390.00	1,000,000.00	1.010		1.040	1,604	08/22/2017
3135G0NR0	13-0005	Federal National Mortgage Assc		08/28/2012	2,000,000.00	2,006,040.00	2,000,000.00	1.100		1.100	1,610	08/28/2017
3136G0YE5	13-0006	Federal National Mortgage Assc		08/28/2012	2,000,000.00	2,003,000.00	2,000,000.00	1.000		1.000	1,610	08/28/2017
313380LL9	13-0014	Federal Home Loan Bank		09/06/2012	1,000,000.00	1,000,090.00	1,000,000.00	1.080		1.080	1,619	09/06/2017
313380LL9	13-0015	Federal Home Loan Bank		09/06/2012	1,000,000.00	1,000,090.00	1,000,000.00	1.080		1.080	1,619	09/06/2017
313380MP9	13-0028	Federal Home Loan Bank		09/13/2012	1,000,000.00	1,000,080.00	1,000,000.00	0.980		1.001	1,624	09/11/2017
3133EAU97	13-0025	Federal Farm Credit Bank		09/13/2012	1,000,000.00	1,000,080.00	1,000,000.00	1.020		1.020	1,626	09/13/2017
3133ECA95	13-0063	Federal Farm Credit Bank		12/18/2012	2,000,000.00	1,993,320.00	2,000,000.00	0.790		0.795	1,631	09/18/2017
3134G3J43	13-0021	Federal Home Loan Mort Corp		09/27/2012	1,000,000.00	1,001,730.00	1,000,000.00	1.040		1.040	1,640	09/27/2017
3135G0PD9	13-0020	Federal National Mortgage Assc		09/27/2012	2,000,000.00	2,006,720.00	2,000,000.00	1.070		1.070	1,640	09/27/2017
3136G0B26	13-0027	Federal National Mortgage Assc		09/27/2012	1,000,000.00	1,003,220.00	1,000,000.00	1.000		1.000	1,640	09/27/2017
3133EA5A2	13-0035	Federal Farm Credit Bank		10/18/2012	1,000,000.00	1,001,930.00	1,000,000.00	0.870		0.880	1,661	10/18/2017
313381WB7	13-0085	Federal Home Loan Bank		02/07/2013	1,000,000.00	998,250.00	998,946.00	0.875		0.902	1,681	11/07/2017
3133813R4	13-0053	Federal Home Loan Bank		12/05/2012	2,000,000.00	2,002,140.00	2,000,493.51	1.000		0.979	1,683	11/09/2017
3133813R4	13-0065	Federal Home Loan Bank		12/19/2012	2,000,000.00	2,002,140.00	2,000,000.00	1.000		1.000	1,683	11/09/2017
3133EC2M5	13-0041	Federal Farm Credit Bank		11/13/2012	1,000,000.00	1,003,320.00	1,000,000.00	0.940		0.940	1,687	11/13/2017
3133EC2M5	13-0042	Federal Farm Credit Bank		11/13/2012	1,000,000.00	1,003,320.00	1,000,000.00	0.940		0.940	1,687	11/13/2017
3133817D1	13-0044	Federal Home Loan Bank		11/15/2012	1,000,000.00	1,001,610.00	1,000,000.00	0.980		0.980	1,689	11/15/2017
3133EC2Y9	13-0047	Federal Farm Credit Bank		11/20/2012	1,000,000.00	998,840.00	1,000,000.00	0.850		0.850	1,694	11/20/2017
3133EC2Y9	13-0051	Federal Farm Credit Bank		12/05/2012	1,445,000.00	1,443,323.80	1,445,000.00	0.850		0.850	1,694	11/20/2017
3134G3Y38	13-0048	Federal Home Loan Mort Corp		11/27/2012	2,000,000.00	1,989,280.00	2,000,000.00	0.900		0.900	1,701	11/27/2017
3133EC7A6	13-0057	Federal Farm Credit Bank		12/12/2012	1,000,000.00	994,990.00	1,000,000.00	0.820		0.820	1,716	12/12/2017
3133EC7A6	13-0058	Federal Farm Credit Bank		12/12/2012	1,000,000.00	994,990.00	999,163.33	0.820		0.845	1,716	12/12/2017
313381K95	13-0064	Federal Home Loan Bank		12/28/2012	2,000,000.00	1,988,300.00	2,000,000.00	0.840		0.840	1,732	12/28/2017
3134G32Y5	13-0067	Federal Home Loan Mort Corp		12/28/2012	2,000,000.00	1,995,680.00	1,998,550.00	0.900		0.931	1,732	12/28/2017
3134G33B4	13-0070	Federal Home Loan Mort Corp		01/14/2013	1,000,000.00	997,010.00	999,717.51	1.000		1.010	1,746	01/11/2018
313381QE8	13-0071	Federal Home Loan Bank		01/22/2013	2,000,000.00	1,994,020.00	1,998,150.00	0.950		0.981	1,757	01/22/2018
3134G33Y4	13-0073	Federal Home Loan Mort Corp		01/22/2013	2,000,000.00	1,996,840.00	1,997,287.50	0.950		0.981	1,757	01/22/2018
313381SP1	13-0074	Federal Home Loan Bank		01/30/2013	2,000,000.00	2,000,680.00	2,000,000.00	1.050		1.050	1,765	01/30/2018
313381LU2	13-0075	Federal Home Loan Bank		01/30/2013	1,000,000.00	999,320.00	1,000,000.00	1.020		1.020	1,765	01/30/2018
3136G1AZ2	13-0072	Federal National Mortgage Assc		01/30/2013	2,000,000.00	2,002,620.00	2,000,000.00	1.000		1.000	1,765	01/30/2018
3135G0TV5	13-0076	Federal National Mortgage Assc		01/30/2013	1,000,000.00	999,940.00	1,000,000.00	1.030		1.030	1,765	01/30/2018
3135G0TV5	13-0079	Federal National Mortgage Assc		01/30/2013	2,000,000.00	1,999,880.00	2,000,000.00	1.030		1.030	1,765	01/30/2018
313381UD5	13-0077	Federal Home Loan Bank		02/01/2013	2,000,000.00	1,999,520.00	2,000,000.00	1.000		1.000	1,767	02/01/2018
3136G1BK4	13-0078	Federal National Mortgage Assc		02/05/2013	1,000,000.00	1,000,080.00	1,000,000.00	1.000		1.000	1,771	02/05/2018
3133ECEQ3	13-0083	Federal Farm Credit Bank		02/06/2013	1,000,000.00	1,002,740.00	1,000,000.00	1.100		1.100	1,772	02/06/2018
3134G34Y3	13-0089	Federal Home Loan Mort Corp		02/14/2013	1,000,000.00	998,230.00	999,880.56	1.000		1.005	1,780	02/14/2018

**Oceanside Investment Pool
Portfolio Management
Portfolio Details - Investments
March 31, 2013**

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												
3135G0UE1	13-0088	Federal National Mortgage Assc		02/14/2013	2,000,000.00	1,998,500.00	1,999,304.44	1.000		1.008	1,780	02/14/2018
3135G0UD3	13-0090	Federal National Mortgage Assc		02/14/2013	1,000,000.00	1,000,220.00	1,000,000.00	1.010		1.010	1,780	02/14/2018
		Subtotal and Average	137,004,951.46		135,690,000.00	135,789,009.40	135,682,955.22			0.937	1,484	

Federal Agency Callable - Step Up

3136G0MT5	12-0162	Federal National Mortgage Assc		06/13/2012	1,000,000.00	1,000,420.00	1,000,000.00	0.500		1.149	1,169	06/13/2016
313376Q99	12-0089	Federal Home Loan Bank		01/13/2012	1,000,000.00	1,007,680.00	1,000,000.00	1.125		1.125	1,383	01/13/2017
3134G3LU2	12-0096	Federal Home Loan Mort Corp		02/14/2012	2,000,000.00	2,015,460.00	2,000,000.00	1.050		1.050	1,415	02/14/2017
3136G0HC8	12-0150	Federal National Mortgage Assc		05/24/2012	2,000,000.00	2,000,820.00	2,000,000.00	0.750		1.292	1,514	05/24/2017
3136G0HC8	12-0151	Federal National Mortgage Assc		05/24/2012	2,000,000.00	2,000,820.00	2,000,000.00	0.750		1.292	1,514	05/24/2017
3136G0HC8	12-0154	Federal National Mortgage Assc		05/24/2012	2,000,000.00	2,000,820.00	2,000,000.00	0.750		1.292	1,514	05/24/2017
3136G0ZM6	13-0012	Federal National Mortgage Assc		09/12/2012	2,000,000.00	2,020,040.00	2,000,000.00	0.750		0.750	1,625	09/12/2017
3136G0ZW4	13-0018	Federal National Mortgage Assc		09/20/2012	1,000,000.00	999,375.00	1,000,000.00	0.750		0.750	1,633	09/20/2017
3136G0B59	13-0019	Federal National Mortgage Assc		09/20/2012	1,000,000.00	1,002,031.25	1,000,000.00	0.700		0.700	1,633	09/20/2017
3136G0D24	13-0026	Federal National Mortgage Assc		09/25/2012	1,000,000.00	1,001,220.00	1,000,000.00	0.500		1.093	1,638	09/25/2017
3136G03G4	13-0043	Federal National Mortgage Assc		11/15/2012	1,000,000.00	1,000,610.00	1,000,000.00	0.700		0.700	1,689	11/15/2017
3136G1C23	13-0087	Federal National Mortgage Assc		02/13/2013	2,000,000.00	2,000,120.00	1,996,533.33	0.700		1.071	1,779	02/13/2018
3136G1CQ0	13-0092	Federal National Mortgage Assc		02/20/2013	1,000,000.00	1,000,625.00	999,556.94	0.750		1.152	1,786	02/20/2018
3136G1CJ6	13-0093	Federal National Mortgage Assc		02/21/2013	2,000,000.00	2,000,160.00	2,000,000.00	0.750		1.094	1,787	02/21/2018
3136G1DA4	13-0094	Federal National Mortgage Assc		02/28/2013	2,000,000.00	2,008,000.00	2,000,000.00	1.000		1.171	1,794	02/28/2018
		Subtotal and Average	24,705,592.29		23,000,000.00	23,058,201.25	22,996,090.27			1.074	1,601	

Medium Term Notes

91159HGZ7	12-0031	US Bancorp		10/31/2011	1,000,000.00	1,003,950.00	1,001,600.62	1.125	AA	0.813	212	10/30/2013
36962G4X9	11-0096	General Electric Capital Corp		03/22/2011	1,500,000.00	1,519,665.00	1,503,229.61	2.100		1.810	281	01/07/2014
89233P5Z5	12-0110	Toyota Motor Credit		02/17/2012	2,000,000.00	2,016,875.00	1,998,122.22	1.000		1.051	687	02/17/2015
63254AAA6	13-0009	National Australia Bank Lt		08/21/2012	1,000,000.00	1,025,000.00	1,014,264.14	2.000	AA	1.250	707	03/09/2015
149123BY6	12-0169	Caterpillar Inc		06/26/2012	1,000,000.00	1,007,830.00	999,843.47	0.950		0.957	816	06/26/2015
369604BE2	13-0034	General Electric		10/09/2012	1,250,000.00	1,254,175.00	1,253,951.48	0.850	AA	0.723	921	10/09/2015
191216AU4	13-0062	Coca-Cola Compay		12/14/2012	1,500,000.00	1,550,685.00	1,555,101.61	1.800	AA	0.709	1,249	09/01/2016
		Subtotal and Average	9,327,337.86		9,250,000.00	9,378,180.00	9,326,113.15			1.058	712	

Municipal Bonds

79766DCQ0	12-0006	San Francisco Airport		09/20/2011	1,000,000.00	1,000,320.00	1,000,000.00	0.947	A	0.947	30	05/01/2013
25256PAC6	12-0048	Diamond Bar CA Pub Fing Auth		12/01/2011	235,000.00	235,855.40	235,767.41	3.000	AA	1.021	61	06/01/2013
769036AS3	12-0146	City of Riverside		05/17/2012	2,000,000.00	2,000,420.00	2,000,000.00	0.750	A	0.750	61	06/01/2013
816506AV1	13-0013	City of Selma, CA		08/28/2012	1,500,000.00	1,500,030.00	1,500,000.00	0.750		0.750	88	06/28/2013
607763BC2	12-0003	Modesto CA Irrigation District		07/29/2011	1,000,000.00	1,003,410.00	1,002,668.79	2.000	A	0.920	91	07/01/2013

Portfolio POOL

AP

PM (PRF_PM2) 7.3.0

**Oceanside Investment Pool
Portfolio Management
Portfolio Details - Investments
March 31, 2013**

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												
650264SW5	13-0056	Newark Unified School District		12/20/2012	735,000.00	735,433.65	735,000.00	0.510		0.510	122	08/01/2013
799561KV6	12-0165	San Ysidro School District		06/27/2012	430,000.00	430,111.80	430,000.00	0.650		0.650	122	08/01/2013
220507AG2	13-0032	City of Corte Madera		09/26/2012	2,000,000.00	2,000,560.00	2,000,000.00	0.700		0.700	177	09/25/2013
13063BNP3	12-0030	State of California		10/31/2011	2,000,000.00	2,022,860.00	2,019,252.17	3.000		1.050	183	10/01/2013
399262HN7	12-0044	Grossmont CA Union High School		11/22/2011	1,000,000.00	1,006,280.00	1,000,000.00	1.427	AA	1.427	487	08/01/2014
492246MEO	11-0142	Kern CA High School District		06/29/2011	2,070,000.00	2,093,494.50	2,070,000.00	1.984		1.984	487	08/01/2014
675371AJ7	12-0075	City of Oceanside		12/21/2011	1,745,000.00	1,796,634.55	1,787,776.21	4.830		2.988	501	08/15/2014
13066KL23	12-0022	California St Dept of Wtr Reso		10/13/2011	1,000,000.00	1,043,300.00	1,034,941.49	3.000	AAA	0.870	609	12/01/2014
650264SY1	13-0055	Newark Unified School District		12/20/2012	570,000.00	572,080.50	570,000.00	0.990		0.990	852	08/01/2015
13066KL31	12-0021	California St Dept of Wtr Reso		10/13/2011	1,000,000.00	1,065,970.00	1,047,225.81	3.000	AAA	1.180	974	12/01/2015
20772JKJ0	13-0095	State of Connecticut		03/05/2013	2,000,000.00	2,011,240.00	2,023,147.60	1.032	AA	0.700	1,293	10/15/2016
73358WKH6	13-0066	Port Authority of NY & NJ		12/21/2012	2,000,000.00	1,985,660.00	1,989,235.49	0.850		1.000	1,340	12/01/2016
Subtotal and Average					22,285,000.00	22,503,660.40	22,445,014.97			1.154	493	
Total and Average					225,475,000.00	226,068,328.20	225,700,173.61			0.914	1,171	

**Oceanside Investment Pool
 Portfolio Management
 Portfolio Details - Cash
 March 31, 2013**

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			12,817.91	12,817.91				0
				Accrued Interest at Purchase		12,817.91	12,817.91				
				Subtotal							
		Total Cash and Investments	226,604,795.54		225,475,000.00	226,081,146.11	225,712,991.52			0.914	1,171

CITY OF OCEANSIDE



INVESTMENT TRANSACTIONS

1/1/13 THROUGH 3/31/13

Oceanside Quarterly Report Purchases Report

Sorted by Purchase Date - Fund January 1, 2013 - March 31, 2013

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
3134G33B4	13-0070	102	FAC	FHLMC	1,000,000.00	01/14/2013	07/11 - 01/11	999,500.00	83.33	1.000	01/11/2018	1.010	999,717.51
313381QE8	13-0071	102	FAC	FHLB	2,000,000.00	01/22/2013	07/22 - 01/22	1,997,000.00		0.950	01/22/2018	0.981	1,998,150.00
3134G33Y4	13-0073	102	FAC	FHLMC	2,000,000.00	01/22/2013	07/22 - 01/22	1,997,000.00		0.950	01/22/2018	0.981	1,997,287.50
313381SP1	13-0074	102	FAC	FHLB	2,000,000.00	01/30/2013	07/30 - 01/30	2,000,000.00		1.050	01/30/2018	1.050	2,000,000.00
313381UJ2	13-0075	102	FAC	FHLB	1,000,000.00	01/30/2013	07/30 - 01/30	1,000,000.00		1.020	01/30/2018	1.020	1,000,000.00
3137EADN6	13-0082	102	NCB	FHLMC	2,000,000.00	01/30/2013	02/22 - Final Pmt.	1,974,940.00	Sold	0.750	01/12/2018	1.010	0.00
3136G1AZ2	13-0072	102	FAC	FNMA	2,000,000.00	01/30/2013	07/30 - 01/30	2,000,000.00		1.000	01/30/2018	1.000	2,000,000.00
3135G0TV5	13-0076	102	FAC	FNMA	1,000,000.00	01/30/2013	07/30 - 01/30	1,000,000.00		1.030	01/30/2018	1.030	1,000,000.00
3135G0TV5	13-0079	102	FAC	FNMA	2,000,000.00	01/30/2013	07/30 - 01/30	2,000,000.00		1.030	01/30/2018	1.030	2,000,000.00
313381UD5	13-0077	102	FAC	FHLB	2,000,000.00	02/01/2013	08/01 - 02/01	2,000,000.00		1.100	02/01/2018	1.100	2,000,000.00
3136G1BK4	13-0078	102	FAC	FNMA	1,000,000.00	02/05/2013	08/05 - 02/05	1,000,000.00		1.000	02/05/2018	1.000	1,000,000.00
3133ECEQ3	13-0083	102	FAC	FFCB	1,000,000.00	02/06/2013	08/06 - 02/06	1,000,000.00		1.100	02/06/2018	1.100	1,000,000.00
3135G0UA9	13-0084	102	FAC	FNMA	2,000,000.00	02/06/2013	08/06 - 02/06	2,000,000.00		0.750	02/06/2017	0.750	2,000,000.00
313381WB7	13-0085	102	FAC	FHLB	1,000,000.00	02/07/2013	08/07 - 02/07	998,760.00		0.875	11/07/2017	0.902	998,946.00
3136G1BT5	13-0080	102	FAC	FNMA	2,000,000.00	02/07/2013	08/07 - 02/07	2,000,000.00		0.850	08/07/2017	0.850	2,000,000.00
3136G1BT5	13-0086	102	FAC	FNMA	1,000,000.00	02/07/2013	08/07 - 02/07	999,750.00		0.850	08/07/2017	0.856	999,825.00
3135G0UC5	13-0081	102	FAC	FNMA	2,000,000.00	02/13/2013	08/13 - 02/13	2,006,000.00		1.000	02/13/2017	0.923	2,004,400.00
3136G1C23	13-0087	102	MC1	FNMA	2,000,000.00	02/13/2013	08/13 - 02/13	1,996,000.00		0.700	02/13/2018	1.071	1,996,533.33
3134G34Y3	13-0089	102	FAC	FHLMC	1,000,000.00	02/14/2013	08/14 - 02/14	999,750.00		1.000	02/14/2018	1.005	999,880.56
3135G0JET	13-0088	102	FAC	FNMA	2,000,000.00	02/14/2013	08/14 - 02/14	1,999,200.00		1.000	02/14/2018	1.008	1,999,304.44
3135G0UD3	13-0090	102	FAC	FNMA	1,000,000.00	02/14/2013	08/14 - 02/14	1,000,000.00		1.010	02/14/2018	1.010	1,000,000.00
313381Z24	13-0091	102	FAC	FHLB	1,000,000.00	02/15/2013	08/15 - 02/15	1,000,000.00		0.850	08/15/2017	0.850	1,000,000.00
3136G1CQ0	13-0092	102	MC1	FNMA	1,000,000.00	02/20/2013	08/20 - 02/20	999,500.00		0.750	02/20/2018	1.152	999,556.94
3136G1CJ6	13-0093	102	MC1	FNMA	2,000,000.00	02/21/2013	08/21 - 02/21	2,000,000.00		0.750	02/21/2018	1.094	2,000,000.00
3136G1DA4	13-0094	102	MC1	FNMA	2,000,000.00	02/28/2013	08/28 - 02/28	2,000,000.00		1.000	02/28/2018	1.171	2,000,000.00
20772JKJ0	13-0095	102	MUN	CTS	2,000,000.00	03/05/2013	04/15 - 10/15	2,023,620.00	6,249.33	1.032	10/15/2016	0.700	2,023,147.60
912828UR9	13-0096	102	TRC	INDJAP	2,000,000.00	03/11/2013	03/13 - Final Pmt.	1,984,843.75	Sold	0.750	02/28/2018	0.906	0.00
Total Purchases								43,000,000.00	6,332.66				39,016,748.88

Portfolio POOL
NLI AP
PU (PRF_PU) 7.1.1
Report Ver. 7.3.2

**Oceanside Quarterly Report
Sales/Call Report
Sorted by Redemption Date - Fund
January 1, 2013 - March 31, 2013**

JSP	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
35G0MG5	13-0001	102	FNMA FAC	07/03/2012	01/03/2013	01/03/2017	1,000,000.00	1.000	1,000,000.00	1,000,000.00	5,000.00	1,005,000.00	5,000.00
												Call	
34G3GP9	12-0088	102	FHLMC MC1	01/11/2012	01/11/2013	01/11/2017	1,000,000.00	1.250V	1,000,000.00	1,000,000.00	6,250.00	1,006,250.00	6,250.00
												Call	
36FTA66	12-0092	102	FNMA MC1	01/25/2012	01/25/2013	01/25/2017	2,000,000.00	1.000V	2,000,000.00	2,000,000.00	10,000.00	2,010,000.00	10,000.00
												Call	
36FTY9	12-0090	102	FNMA MC1	01/30/2012	01/30/2013	01/30/2017	1,000,000.00	1.020V	1,000,000.00	1,000,000.00	5,100.00	1,005,100.00	5,100.00
												Call	
36FTA58	12-0093	102	FNMA FAC	01/30/2012	01/30/2013	01/30/2017	2,000,000.00	1.300	2,000,000.00	2,000,000.00	13,000.00	2,013,000.00	13,000.00
												Call	
33EADZ8	12-0113	102	FFCB FAC	02/21/2012	02/21/2013	02/21/2017	2,000,000.00	1.170	2,000,000.00	2,000,000.00	11,700.00	2,011,700.00	11,700.00
												Call	
37EADN6	13-0082	102	FHLMC NCB	01/30/2013	02/22/2013	01/12/2018	2,000,000.00	0.750	1,975,249.38	1,980,768.00	1,666.67	1,982,434.67	7,185.29
												Sale	
35G0HQ9	12-0112	102	FNMA FAC	02/27/2012	02/27/2013	02/27/2017	2,000,000.00	1.250	2,000,000.00	2,000,000.00	12,500.00	2,012,500.00	12,500.00
												Call	
33EAGG7	12-0120	102	FFCB FAC	03/08/2012	03/08/2013	03/08/2016	1,000,000.00	1.000	1,000,000.00	1,000,000.00	5,000.00	1,005,000.00	5,000.00
												Call	
33EAGG7	12-0122	102	FFCB FAC	03/08/2012	03/08/2013	03/08/2016	1,000,000.00	1.000	1,000,000.00	1,000,000.00	5,000.00	1,005,000.00	5,000.00
												Call	
36FTW62	12-0119	102	FNMA MC1	03/08/2012	03/08/2013	03/08/2017	1,000,000.00	1.000V	1,000,000.00	1,000,000.00	5,000.00	1,005,000.00	5,000.00
												Call	
2828UR9	13-0096	102	INDJAP TRC	03/11/2013	03/13/2013	02/28/2018	2,000,000.00	0.750	1,984,860.45	1,988,437.50	529.89	1,988,967.39	4,106.94
												Sale	
36FT2K4	12-0123	102	FNMA MC1	03/20/2012	03/20/2013	03/20/2017	1,000,000.00	1.100V	1,000,000.00	1,000,000.00	5,500.00	1,005,500.00	5,500.00
												Call	
36FR3Q4	12-0015	102	FNMA FAC	09/28/2011	03/28/2013	09/28/2016	1,000,000.00	1.320	1,000,000.00	1,000,000.00	6,600.00	1,006,600.00	6,600.00
												Call	
36FT3W7	12-0124	102	FNMA MC1	03/28/2012	03/28/2013	03/28/2017	1,000,000.00	1.125V	1,000,000.00	1,000,000.00	5,625.00	1,005,625.00	5,625.00
												Call	
Total Sales							21,000,000.00		20,960,109.83	20,969,205.50	98,471.56	21,067,677.06	107,567.23

- Security with variable rate change.

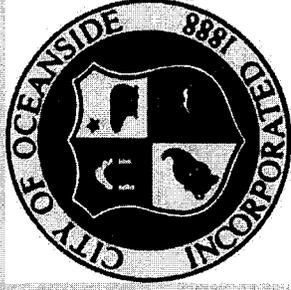
Oceanside Quarterly Report Maturity Report

Sorted by Maturity Date

Amounts due during January 1, 2013 - March 31, 2013

CUSIP	Investment #	Fund	Sec. Type	Issuer	Par Value	Maturity Date	Purchase Date at Maturity	Rate	Book Value at Maturity	Interest	Maturity Proceeds	Net Income
4521518T3	12-0106	102	MUN	ILS	2,000,000.00	01/01/2013	02/03/2012	3.321	2,000,000.00	33,210.00	2,033,210.00	33,210.00
369604AY9	12-0115	102	MTN	GE	805,000.00	02/01/2013	02/29/2012	5.000	805,000.00	20,125.00	825,125.00	20,125.00
Total Maturities					2,805,000.00				2,805,000.00	53,335.00	2,858,335.00	53,335.00

CITY OF OCEANSIDE



LAIIF ACTIVITY GRAPHS

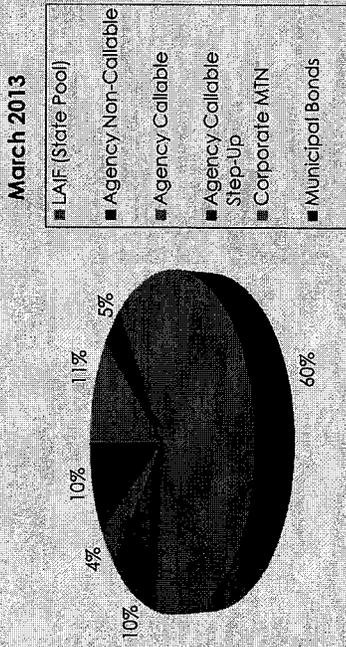
AS OF MARCH 31, 2013

Oceanside Quarterly Report
Cash/Checking Activity
January 1, 2013 - March 31, 2013

Issuer Investment #	Fund	Security ID	Current Transaction Rate	Date Receipt	Deposits	Withdrawals	Interest Received	Balance
18000	Local Agency Investment Fund	SYS18000						24,750,000.00
			0.326	01/02/2013	4,500,000.00			29,250,000.00
			0.326	01/03/2013		500,000.00		28,750,000.00
			0.326	01/09/2013	2,000,000.00			30,750,000.00
			0.326	01/14/2013				29,500,000.00
			0.326	01/15/2013		1,250,000.00	13,739.99	29,500,000.00
			0.326	01/16/2013	5,750,000.00			35,250,000.00
			0.326	01/17/2013		3,000,000.00		32,250,000.00
			0.326	01/22/2013		4,000,000.00		28,250,000.00
			0.326	01/30/2013		5,750,000.00		22,500,000.00
			0.326	01/31/2013		2,500,000.00		20,000,000.00
			0.300	01/31/2013				20,000,000.00
			0.300	02/01/2013		2,250,000.00		17,750,000.00
			0.300	02/06/2013		3,000,000.00		14,750,000.00
			0.300	02/07/2013		2,250,000.00		12,500,000.00
			0.300	02/08/2013		1,750,000.00		10,750,000.00
			0.300	02/11/2013	1,250,000.00	250,000.00		10,500,000.00
			0.300	02/22/2013				11,750,000.00
			0.300	02/28/2013		5,500,000.00		6,250,000.00
			0.286	02/28/2013	2,500,000.00			6,250,000.00
			0.286	03/08/2013				8,750,000.00
			0.286	03/13/2013	3,250,000.00			12,000,000.00
			0.286	03/15/2013		1,000,000.00		11,000,000.00
			0.286	03/18/2013		1,000,000.00		10,000,000.00
			0.286	03/20/2013	2,250,000.00			12,250,000.00
			0.286	03/22/2013		750,000.00		11,500,000.00
			0.286	03/27/2013	1,250,000.00			12,750,000.00
			0.285	03/31/2013				12,750,000.00
			0.285		22,750,000.00	34,750,000.00	13,739.99	12,750,000.00
18001		SYS18001						14,750,000.00
			0.326	01/15/2013			11,967.37	14,750,000.00
			0.326	01/25/2013	10,000,000.00			24,750,000.00
			0.300	01/31/2013				24,750,000.00
			0.300	02/13/2013		2,250,000.00		22,500,000.00
			0.300	02/14/2013		4,500,000.00		18,000,000.00

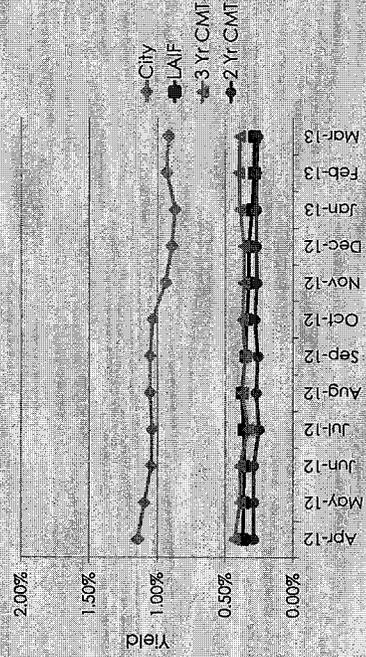
Portfolio POOL
NLI AP
LP (PRF_LP) 7.1.1
Report Ver. 7.3.2

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



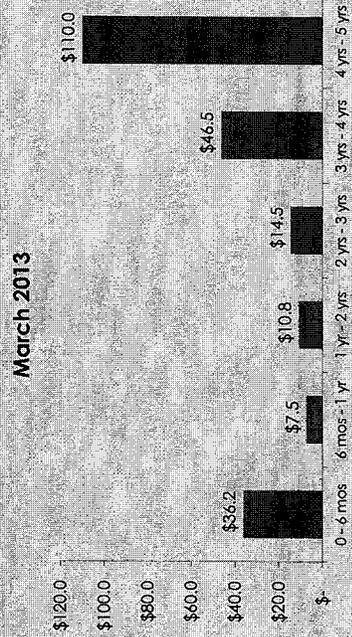
Graph 1

INVESTMENT PORTFOLIO YIELD COMPARISON CITY, LAIF, 2 & 3 YEAR CMT



Graph 3

AGING OF MATURING INVESTMENTS



Graph 2

HISTORICAL YIELD CURVE COMPARISON 1/1/13 to 3/31/13



Graph 4

CITY OF OCEANSIDE



FUNDS HELD BY OUTSIDE MANAGEMENT

AS OF MARCH 31, 2013

**CITY OF OCEANSIDE
FUNDS HELD BY OUTSIDE MANAGEMENT
AS OF MARCH 31, 2013**

<u>TYPE OF FUND/INSTITUTION</u>	<u>MARKET VALUE</u>	<u>INSTITUTION TOTAL</u>
<u>BOND FUNDS</u>		
Bank of New York		
1998 Water Revenue Refunding Bonds	\$ 107,913.75	
2002/2003 Tax Allocation Bonds	2,980,157.43	
2002 Community Facilities District Bonds - Ocean Ranch Corporate Centre	2,433,638.27	
2002 Community Facilities District Bonds - Morro Hills Development	959,814.13	
2004 Community Facilities District Bonds - Morro Hills Development Imp#1	659,318.27	
2004 Community Facilities District Bonds - Morro Hills Development	870,529.78	
2005 Pension Obligation Bonds	1,621.75	
2008 Community Facilities District Bonds-Pacific Coast Business Park	922,873.05	
2008 Revenue Refunding Bonds	939,997.80	
2013 Certificates of Participation (2003 Refunding)	17,087,689.93	

TOTAL FUNDS MANAGED BY OUTSIDE PARTIES

\$ 26,963,554.16

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, 2014.

PASSED AND ADOPTED by the City Council of the City of Oceanside, California, this _____ day of _____, 2013, by the following vote:

AYES:

NAYS:

ABSENT:

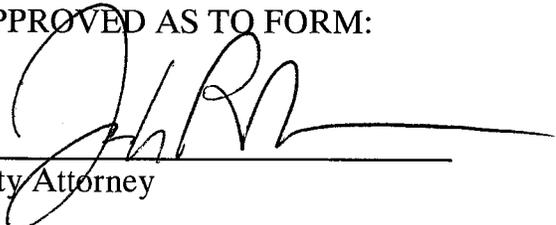
ABSTAIN:

MAYOR OF THE CITY OF OCEANSIDE

ATTEST:

APPROVED AS TO FORM:

City Clerk



City Attorney

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 26, 2013
City Council Resolution No.**

Exhibit A

**CITY OF OCEANSIDE
INVESTMENT POLICY**

TABLE OF CONTENTS

<u>Introduction</u>	<u>1</u>
<u>Scope</u>	<u>2</u>
<u>Prudent Investor Standard</u>	<u>2</u>
<u>Objectives</u>	
A. <u>Safety of Principal</u>	<u>2</u>
B. <u>Liquidity</u>	<u>3</u>
C. <u>Return on Investment</u>	<u>3</u>
<u>Investment Procedures</u>	<u>3</u>
<u>Ethics and Conflicts of Interest</u>	<u>3</u>
<u>Investment Oversight Committee</u>	<u>4</u>
<u>Authorized Financial Institutions and Dealers</u>	<u>4</u>
<u>Authorized Investments</u>	<u>5</u>
<u>Swapping of Securities</u>	<u>8</u>
<u>Active Management of U.S. Treasury Positions</u>	<u>8</u>
<u>Portfolio Adjustments</u>	<u>9</u>
<u>Safekeeping of Securities</u>	<u>9</u>
<u>Reporting</u>	<u>9</u>
<u>Internal Controls</u>	<u>9</u>
<u>Policy Review</u>	<u>10</u>
<i><u>Broker/Dealer Questionnaire</u></i>	
<i><u>Glossary</u></i>	



CITY OF OCEANSIDE

Office of the City Treasurer

June 26, 2013

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 STANDARD

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

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

3. OBJECTIVES

A. Safety of principal.

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

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

Exhibit A

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

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

B. Liquidity

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

C. Return on investment

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

4. INVESTMENT PROCEDURES

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

5. ETHICS AND CONFLICTS OF INTEREST

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

Exhibit A

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

Exhibit A

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.

Exhibit A

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 Federal Agencies or United States government-sponsored enterprise obligations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or United States government-sponsored enterprise obligations. 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.

Exhibit A

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

Exhibit A

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, with the exception of securities issued by the City, falls below "investment grade," the Treasury Manager shall obtain the best bid and take the necessary steps toward liquidation. If a City-issued security falls below "investment grade", the Treasury Manager shall contact the City Treasurer and recommend a course of action.

- 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.

Exhibit A

- 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

Exhibit A

purchased in anticipation of future sales. It shall be the objective of the City Treasurer that realized capital gains exceed capital losses.

Exhibit A

11. PORTFOLIO ADJUSTMENTS

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

12. SAFEKEEPING OF SECURITIES

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

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

13. REPORTING

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

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

14. INTERNAL CONTROLS

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

Exhibit A

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.

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

Section 1: 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 \$200,000,000 to \$250,000,000 that is comprised primarily 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: Request for General Information from Broker/Dealer Candidate

1. Firm Information

Name of Firm	
CRD #	
Address	
Phone Number	
Web Address	

2. Broker Information

Broker Name	
CRD #	
Phone Number	
Email Address	

Exhibit A

3. Please provide a current FINRA BrokerCheck Report for broker listed above.
4. Please provide the following information regarding four comparable public agency clients with whom the broker has an established relationship. We would prefer public sector clients in the City's geographical area, if possible.

Public Agency Name	
Contact Name	
Address	
Phone Number	
Email Address	
Length of Relationship	

Public Agency Name	
Contact Name	
Address	
Phone Number	
Email Address	
Length of Relationship	

Public Agency Name	
Contact Name	
Address	
Phone Number	
Email Address	
Length of Relationship	

Public Agency Name	
Contact Name	
Address	
Phone Number	
Email Address	
Length of Relationship	

5. Has the broker listed in No. 2 been authorized by the firm to be a broker for the City of Oceanside?

Yes		No	
-----	--	----	--

If Yes, by whom? _____

Exhibit A

6. Please list the name, and title of the immediate supervisor of the Broker.

Briefly describe any formal program of broker supervision if your firm has established such a program.

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

Yes		No	
-----	--	----	--

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

U.S. Treasuries		Commercial Paper	
Federal Agencies		Medium Term Notes	
Bankers Acceptances		Municipals	
Certificates of Deposit		Repo/Reverse Repo	

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

Section III: Request for Broker/Dealer Candidate Disclosure

1. 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 an institutional client? If so, please describe each such matter briefly as an attached addendum. 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.

Yes		No	
-----	--	----	--

Exhibit A

2. Please provide certified audited financial statements for the last three years.

Section IV: 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 placed in the custody of the State Treasurer for investment and reinvestment.

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

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

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.

1 RESOLUTION NO.

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

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

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

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

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

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

14 Section 2. That the policy be examined and considered for readoption no later than June
15 30, 2014.

16 PASSED AND ADOPTED by the City Council of the City of Oceanside, California,
17 this _____ day of _____, 2013, by the following vote:

18
19 AYES:

20 NAYS:

21 ABSENT:

22 ABSTAIN:

23
24 MAYOR OF THE CITY OF OCEANSIDE

25
26 ATTEST:

27 APPROVED AS TO FORM:

28 _____
City Clerk


City Attorney