

STAFF REPORT*CITY OF OCEANSIDE*

DATE: June 25, 2014

TO: Honorable Mayor and City Councilmembers

FROM: City Treasurer's Office

SUBJECT: **PRESENTATION OF TREASURER'S REPORT – QUARTER ENDED MARCH 31, 2014, AND ADOPTION OF THE CITY OF OCEANSIDE INVESTMENT POLICY**

SYNOPSIS

Staff recommends that City Council accept the Treasurer's Report for the quarter ended March 31, 2014, 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, 2013.

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 26, 2013.

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, 2014

For the quarter ended March 31, 2014, the City's portfolio had a book value of \$260,479,664.40 (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 0.964 percent which has generated fiscal year to date accrued earnings of \$1,775,366.09.

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, 2014	Dec 31, 2013	Sept 30, 2013	June 30, 2013
Book Value	\$260,479,664.40	\$253,128,908.39	\$243,226,286.73	\$258,163,646.04
Market Value	\$258,225,201.37	\$250,406,616.89	\$241,101,214.55	\$255,191,173.12
Unrealized Gain/(Loss)	\$(2,254,463.03)	\$(2,722,291.50)	\$(2,125,082.18)	\$(2,972,472.92)
Unrealized Gain/(Loss) as a % of Book Value	(0.87%)	(1.08%)	(0.87%)	(1.16%)
Average Yield to Maturity	0.964%	0.933%	0.911%	0.867%
Liquidity 0 – 6 months	12.19%	13.99%	15.93%	20.87%
Average Days to Maturity	1,127 (3.09 years)	1,107 (3.03 years)	1,133 (3.10 years)	1,125 (3.08 years)
Quarterly Earnings	\$622,852.12	\$584,231.60	\$568,282.37	\$501,399.99
Qtr Capital Gain/(Loss)	\$21,598.92	\$100.00	\$0.00	\$0.00

Comparative to the end of the prior fiscal quarter, the book value of the portfolio increased by \$7.3 million. The overall book value increase is primarily attributable to the receipt of Triple Flip funds (Vehicle License Fee In-Lieu and Sales Tax Compensation) in January. These funds were invested in higher yielding securities resulting in an increase of three basis points (0.03 percent) in yield to maturity. Despite an increase in bond interest rates in the 2 and 3-year sectors of the curve, the portfolio's unrealized losses declined in comparison to prior fiscal quarter. The City will not realize any actual losses as long as the City's securities are held to maturity. Given an overall increase in interest rates and continued Fed asset purchase tapering, investment strategy remains primarily focused with purchasing agency securities having maturities of 3 to 4 years. Staff continues to monitor the corporate medium term note and municipal bond markets for investment opportunities.

Bond interest rates ended modestly higher in the 2- and 3-year sectors of the curve (up to 0.1% higher) and declined in the 7- to 30-year sectors of the curve (up to .41% lower) after a quarter that contained significant volatility. Factors contributing to the third fiscal quarter 2013-2014 volatility included concerns of a potential crisis in emerging markets, the Russia-Ukraine conflict and comments made by Fed Chair Janet Yellen with regard to increasing the federal funds rate sooner than expected.

The Fed continued reducing monthly bond purchases during the quarter, bringing down their monthly asset purchases to \$55 billion per month (\$30 billion in Treasury securities and \$25 billion in Federal agency mortgage-backed securities) as of March 31, 2014. Ben Bernanke served as Fed Chair for the last time at the January 29th FOMC meeting. Janet Yellen, his successor, began her term as Fed Chair on February 3, presiding over her first

FOMC meeting in March. The Fed continues to maintain the current target fed funds rate of 0% to .25%; however, Yellen suggested (during her first post-meeting press conference) that the Fed may begin increasing the fed funds rate after the tapering is complete (presumably spring of 2015). Her statement caught the market by surprise as many analysts had been predicting an increase in the fed funds rate no sooner than 2016.

FISCAL IMPACT

Gross fiscal year to date earnings were \$1,775,366.09, which is an increase of \$122,483.48 from the same period last year (quarter ended March 2013). The City's General Fund has earned \$421,480.00 fiscal year to date. The following table provides the earnings distribution as recorded in Fund 102, Interest Allocation (1102.4321.XXXX), grouped into the major fund categories.

**INVESTMENT EARNINGS BY FUND
FISCAL YEAR 2013-2014 as of 03/31/14**

Fund Name	FYTD Average Cash Balances	FYTD Investment Earnings
General Fund	81,967,064	421,480
Special Revenue Funds - Police	1,156,533	5,971
Special Revenue Funds - Library	3,871	26
Special Revenue Funds - Transportation	11,889,469	61,046
Lighting and Landscape Districts	1,543,810	7,964
Federal and State Grants	-	26
Housing Agency	7,929,725	40,704
Community Facilities Districts	2,489,911	15,647
General City Capital Improvement	2,757,207	14,150
Development Impact Fees	22,995,551	118,004
Municipal Golf Course Improvement	112,685	578
Water Funds	62,303,250	319,611
Sewer Funds	40,254,025	206,344
Airport Funds	381,808	1,958
Harbor Fund	3,830,338	19,645
Trust Funds	656,229	3,367
General Debt Service	1,501,649	7,737
Successor Agency	12,770,659	67,511
Banking and Investment Expenses		465,934
Interest Allocated through 03/31/14		\$ 1,777,703
Earnings Allocation Adjustments		(2,337)
Year to Date Totals as of 03/31/14	\$ 254,543,784	\$ 1,775,366

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 2013-2014 as of 03/31/14**

Fund Name	FYTD Average Cash Balances
General Fund	28,899,964
Grants	141,595
General Fund Capital Improvements	3,325,301
Solid Waste Fund	7,147,130
Internal Service Funds	39,258,951
Trust Funds	3,096,539
Payroll Fund	65,155
City Debt Service Funds	32,429
FYTD Average Cash Balances as of 03/31/14	\$ 81,967,064

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 \$465,934.10 fiscal year to date as of March 31, 2014. The following chart categorizes the allocated bank and investment charges through March 31, 2014, as well as provides a comparison to the same period last year (March 31, 2013). Overall, bank and investment fees have increased by \$94,598.58 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. In addition to the increase in merchant service costs, there has been an increase in armored carrier services. The Finance Department has been implementing tighter cash controls at outlying cash collection locations (such as the community centers and swimming pools) requiring deposit pickup by the armored carrier at each location resulting in increased costs.

**BANKING AND INVESTMENT EXPENSES
FISCAL YEAR 2013-2014 YEAR TO DATE COMPARISON
AS OF MARCH 31, 2014**

Expense Type	FYTD Expenses as of 03/31/14	FYTD Expenses as of 03/31/13
Banking Expenses		
Armored Carrier	35,151	21,718
Bank Fees	52,058	51,677
Bank Supplies	338	1,953
Check Stock	926	4,177
Merchant Services	338,288	252,976
Investment Expenses		
Bloomberg Services	23,913	23,686
Custody and Safekeeping	10,441	10,470
Investment Software Maintenance	4,819	4,679
Total Banking and Investment Expenses	\$ 465,934	\$ 371,336

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 the following changes for Council approval:

1. **Section 8 - Authorized Investments, Negotiable Certificates of Deposit.** The addition of negotiable CDs (CDs of larger denominations, secured by the issuing bank and available for trading on the secondary market) will provide an additional asset class to aid in diversification of the portfolio at competitive interest rates. This asset class will be added as Subsection E.

2. **Section 8 – Authorized Investments, Subsections I. Corporate Medium Term Notes and J. Municipal Bonds.** Currently, the policy states that any municipal security that falls below an A-/A3 must be sold (with the exception for municipal securities in the portfolio issued by the City). Staff is recommending eliminating the requirement to immediately sell securities that fall below an A-/A3; instead, requiring the Treasury Manager to perform a due diligence review of the security and recommend a course of action to the City Treasurer. Frequently, the downgrade does not materially affect the ability of the issuer to make payments on the security and an immediate sale of the security may result in an unnecessary principal loss in the portfolio. In order to limit the portfolio's exposure to holding securities below an A-/A3 rating, staff is also recommending

a not-to-exceed limit of 2 percent of the cost value of the portfolio for longer than 90 days without Council notification.

COMMISSION/COMMITTEE REPORT

The Investment Oversight Committee reviewed the quarter ended March 31, 2014, report at its May 13, 2014, 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

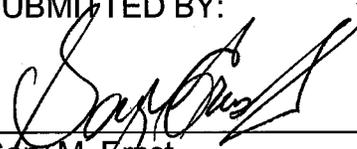
Staff recommends that City Council accept the Treasurer's Report for the quarter ended March 31, 2014, and adopt a resolution approving the policy for the investment of City of Oceanside funds.

PREPARED BY:



Michele C. Lund
Treasury Manager

SUBMITTED BY:



Gary M. Ernst
City Treasurer

Attachment: 1) Treasurer's Quarter End Report – March 31, 2014
 2) Resolution

CITY OF OCEANSIDE



TREASURER'S REPORT
FOR MONTH & QUARTER ENDED
MARCH 31, 2014



CITY OF OCEANSIDE

OFFICE OF THE CITY TREASURER

TO: CITY COUNCIL
CITY MANAGER

DATE: APRIL 22, 2014

SUBJECT: INVESTMENT REPORT FOR THE MONTH & QUARTER ENDED MARCH 31, 2014

The following is summary information for the City of Oceanside Investment Portfolio for the month & quarter ended March 31, 2014.

Market/Portfolio Commentary

Following market volatility during the third fiscal quarter 2013-2014, bond interest rates ended higher in the 2- and 3-year sectors of the curve (up to 0.1% higher) and declined in the 7- to 30-year sectors of the curve (up to .41% lower). Factors contributing to the volatility included concerns of a potential crisis in emerging markets, the Russia-Ukraine conflict and comments made by Fed Chair Janet Yellen with regards to increasing the federal funds rate sooner than expected.

The Fed continued reducing monthly bond purchases during the quarter, bringing down the monthly asset purchases to \$55 billion per month (\$30 billion in Treasury securities and \$25 billion in Federal agency mortgage-backed securities) as of March 31, 2014. Ben Bernanke served as Fed Chair for the last time at the January 29th FOMC meeting. Janet Yellen, his successor, began her term as Fed Chair on February 3, presiding over her first FOMC meeting in March. The Fed continues to maintain the current target fed funds rate of 0% to .25%; however, Yellen suggested (during her first post-meeting press conference) that the Fed may begin increasing the fed funds rate after the tapering is complete (presumably spring of 2015). Her statement caught the market by surprise as many analysts had been predicting an increase in the fed funds rate no sooner than 2016.

The book value of the portfolio increased by \$7.28 million in comparison to the end of the prior fiscal quarter. Surplus funds were invested in higher-yielding securities resulting in a slight increase of three basis points in yield to maturity. Given an overall increase in interest rates, further Fed asset purchase tapering and potential for an increased Fed Funds rate, investment strategy continues with the purchase of agency securities with maturities of 3 to 4 years. Staff continues to monitor the corporate medium term note and municipal bond markets for investment opportunities.

For month & quarter ended March 31, 2014, portfolio statistics are as follows:

• Portfolio Book Value	\$260,479,664.40
• Portfolio Market Value	\$258,225,201.37
• Unrealized Gain/(Loss)	(\$2,254,463.03)
• Average Yield-to-Maturity	0.964%
• Liquidity (0 – 6-months)	12.19%
• Average Days to Maturity	1,127 (3.09 years)
• Fiscal Year-to-Date Earnings	\$1,775,366.09
• Fiscal Year-to-Date Capital Gains/(Losses)	\$21,698.92

The unrealized losses the portfolio is experiencing is the result of a rapidly rising interest rate environment. When interest rates rise, market values in a fixed income portfolio decline. As long as the portfolio securities are held to maturity, the City will not incur any actual losses.

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,


Gay M. Ernst
City Treasurer

**CITY OF OREGON
PORTFOLIO SUMMARY
FOR MONTH & QUARTER ENDED MARCH 31, 2014**

INVESTMENT TYPE	FACE VALUE	BOOK VALUE	MARKET VALUE	YIELD TO MATURITY	DAYS TO MATURITY	PERCENT OF PORTFOLIO
Month & Quarter Ended March 31, 2014						
LAI	\$ 24,750,000.00	\$ 24,750,000.00	\$ 24,757,848.67	2.360%	1	9.50%
Treasury Securities-Coupon	4,000,000.00	3,958,827.25	3,917,340.00	1.302%	1,642	1.52%
Federal Agency Non - Callable	14,000,000.00	13,983,602.92	13,845,275.00	0.985%	1,295	5.37%
Federal Agency - Callable	159,900,000.00	159,883,571.88	158,043,760.75	1.003%	1,298	61.38%
Federal Agency Callable - Step Up	30,000,000.00	29,991,346.15	29,707,522.50	1.222%	1,519	11.51%
Medium Term Notes	13,900,000.00	14,113,442.26	14,121,119.00	0.791%	699	5.42%
Municipal Bonds	13,735,000.00	13,798,873.94	13,832,335.45	1.326%	421	5.30%
Total Investments	\$ 260,285,000.00	\$ 260,479,684.40	\$ 258,225,201.37	0.964%	1,127	100.00%
Unrealized Gain/(Loss) (Market Value - Book Value)			(2,254,483.03)			
Plus Accrued Interest			\$ 537,031.39			
Portfolio Liquidation Unrealized Gain/(Loss)			\$ (1,717,431.64)			

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, 2013						
LAI	\$ 30,250,000.00	\$ 30,250,000.00	\$ 30,258,700.51	0.264%	1	11.95%
Treasury Securities-Coupon	4,000,000.00	3,960,800.89	3,885,937.50	1.159%	1,687	1.56%
Federal Agency Non - Callable	12,000,000.00	11,988,064.10	11,849,210.00	0.963%	1,236	4.74%
Federal Agency - Callable	156,625,000.00	156,589,156.27	154,390,813.48	0.989%	1,329	61.86%
Federal Agency Callable - Step Up	24,000,000.00	23,999,465.27	23,670,730.00	1.200%	1,477	9.48%
Medium Term Notes	12,400,000.00	12,524,184.76	12,534,875.00	0.947%	633	4.95%
Municipal Bonds	13,735,000.00	13,817,237.10	13,816,350.40	1.327%	511	5.46%
Total Investments	\$ 253,010,000.00	\$ 253,128,908.39	\$ 250,406,616.89	0.933%	1,106	100.00%
Unrealized Gain/(Loss) (Market Value - Book Value)			(2,722,291.50)			
Plus Accrued Interest			\$ 546,467.85			
Portfolio Liquidation Unrealized Gain/(Loss)			\$ (2,175,823.65)			
Month & Quarter Ended September 30, 2013						
LAI	\$ 30,750,000.00	\$ 30,750,000.00	\$ 30,767,445.09	0.257%	1	12.64%
Federal Agency Non - Callable	2,000,000.00	1,976,091.93	1,944,062.50	0.892%	1,672	0.81%
Federal Agency - Callable	11,000,000.00	10,989,666.52	10,901,262.50	1.136%	1,067	4.52%
Medium Term Notes	146,175,000.00	146,138,410.71	144,321,813.16	0.956%	1,395	60.08%
Federal Agency - Step Up	25,000,000.00	24,998,340.27	24,756,652.50	1.095%	1,564	10.28%
Medium Term Notes	12,400,000.00	12,538,187.04	12,554,494.50	0.947%	725	5.00%
Municipal Bonds	15,735,000.00	15,835,600.26	15,855,484.30	1.293%	527	6.51%
Total Investments	\$ 243,060,000.00	\$ 243,226,296.73	\$ 241,101,214.55	0.911%	1,133	94.85%
Unrealized Gain/(Loss) (Market Value - Book Value)			(2,125,082.18)			
Plus Accrued Interest			\$ 568,282.37			
Portfolio Liquidation Unrealized Gain/(Loss)			\$ (1,556,799.81)			

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

**CITY OF OCEANSIDE
INTEREST EARNINGS SUMMARY
March 31, 2014**

	<u>Month Ending March 31, 2014</u>	<u>Fiscal Year To Date</u>
CD/Coupon/Discount Investments:		
Interest Collected	\$ 134,461.41	\$ 1,709,156.49
PLUS Accrued Interest at End of Period	509,503.04	509,503.05
LESS Accrued Interest at Beginning of Period	(447,883.33)	(529,030.02)
Interest Earned during Period	<u>\$ 196,081.12</u>	<u>\$ 1,689,629.52</u>
ADJUSTED by Premiums and Discounts	(3,855.25)	(3,370.25)
ADJUSTED by Capital Gains or Losses	10,107.46	21,698.92
Earnings during Period	<u>\$ 202,333.33</u>	<u>\$ 1,707,958.19</u>
Local Agency Investment Fund (L.A.I.F.):		
Interest Collected	\$ -	\$ 74,901.39
PLUS Accrued Interest at End of Period	27,528.34	27,528.34
LESS Accrued Interest at Beginning of Period	(19,830.87)	(35,021.99)
Interest Earned during Period	<u>\$ 7,697.47</u>	<u>\$ 67,407.74</u>
TOTAL Interest Earned during Period	\$ 203,778.59	\$ 1,757,037.26
TOTAL Premiums and Discounts	(3,855.25)	(3,370.25)
TOTAL Capital Gains or Losses	10,107.46	21,698.92
SUB-TOTAL Earnings during Period	\$ 210,030.80	\$ 1,775,366.93
Earnings Adjustments	-	0.16
TOTAL Earnings during Period	<u>\$ 210,030.80</u>	<u>\$ 1,775,366.09</u>

CITY OF OCEANSIDE



PORTFOLIO DETAILS

AS OF MARCH 31, 2014

Oceanside Investment Pool
Portfolio Management
Portfolio Details - Investments
March 31, 2014

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	9,250,000.00		9,252,933.34	9,250,000.00	0.236			0.236	1	
SYS18001	18001	Local Agency Investment Fund	15,500,000.00		15,504,915.33	15,500,000.00	0.236			0.236	1	
		Subtotal and Average	38,403,225.81		24,757,848.67	24,750,000.00				0.236	1	
Treasury Securities - Coupon												
912828UZ1	13-0123	Industrial Bank Of Japan NY	2,000,000.00	05/23/2013	1,937,340.00	1,978,694.36	0.625			0.892	1,490	04/30/2018
912828C24	14-0055	Industrial Bank Of Japan NY	2,000,000.00	03/20/2014	1,980,000.00	1,980,132.89	1.500			1.712	1,794	02/28/2019
		Subtotal and Average	3,193,720.69		3,917,340.00	3,958,827.25				1.302	1,642	
Federal Agency - Non Callable												
3133ECBX1	13-0068	Federal Farm Credit Bank	1,000,000.00	12/28/2012	985,840.00	1,000,000.00	0.820			0.820	1,276	09/28/2017
3133ECBX1	13-0069	Federal Farm Credit Bank	1,000,000.00	12/28/2012	985,840.00	1,000,000.00	0.820			0.820	1,276	09/28/2017
3133EDDV1	14-0033	Federal Farm Credit Bank	1,000,000.00	01/23/2014	998,030.00	1,000,000.00	1.160			1.160	1,301	10/23/2017
3133EDGW6	14-0053	Federal Farm Credit Bank	1,000,000.00	03/11/2014	989,375.00	998,578.82	1.300			1.335	1,532	06/11/2018
313379DT3	13-0126	Federal Home Loan Bank	1,000,000.00	06/10/2013	985,810.00	1,003,662.73	1.250			1.365	1,529	06/08/2018
313383JB8	13-0132	Federal Home Loan Bank	2,000,000.00	06/27/2013	1,978,580.00	2,000,000.00	1.000			1.000	1,275	09/27/2017
3134GSS50	13-0036	Federal Home Loan Mort Corp	2,000,000.00	10/18/2012	1,994,940.00	2,000,000.00	0.625			0.625	945	11/01/2016
3137EADJ5	14-0023	Federal Home Loan Mort Corp	1,000,000.00	12/20/2013	995,500.00	997,989.63	1.000			1.062	1,214	07/28/2017
3137EADL0	14-0052	Federal Home Loan Mort Corp	1,000,000.00	03/07/2014	991,950.00	999,136.47	1.000			1.025	1,277	09/29/2017
3135GOWJ8	13-0122	Federal National Mortgage Assc	2,000,000.00	05/23/2013	1,945,880.00	1,987,122.02	0.875			1.035	1,511	05/21/2018
3135GOPP2	14-0040	Federal National Mortgage Assc	1,000,000.00	02/12/2014	993,530.00	997,113.25	1.000			1.085	1,268	09/20/2017
		Subtotal and Average	13,467,944.42		13,845,275.00	13,983,602.92				0.985	1,295	
Federal Agency - Callable												
3133EAJ33	13-0003	Federal Farm Credit Bank	1,000,000.00	08/16/2012	1,000,070.00	1,000,000.00	0.730			0.794	867	08/15/2016
3133EAP28	13-0010	Federal Farm Credit Bank	2,000,000.00	08/22/2012	1,987,020.00	2,000,000.00	1.100			1.100	1,239	08/22/2017
3133EAU22	13-0024	Federal Farm Credit Bank	1,000,000.00	09/12/2012	998,150.00	1,000,000.00	0.680			0.685	895	09/12/2016
3133EAW46	13-0029	Federal Farm Credit Bank	1,000,000.00	09/17/2012	988,180.00	1,000,000.00	0.790			0.790	1,081	03/17/2017
3133EAZ76	13-0033	Federal Farm Credit Bank	1,000,000.00	09/28/2012	997,860.00	1,000,000.00	0.690			0.690	909	09/26/2016
3133EA5A2	13-0035	Federal Farm Credit Bank	1,000,000.00	10/18/2012	988,990.00	1,000,000.00	0.870			0.880	1,296	10/18/2017
3133EA5V6	13-0038	Federal Farm Credit Bank	1,000,000.00	10/24/2012	997,490.00	1,000,000.00	0.620			0.620	937	10/24/2016
3133EA5V6	13-0039	Federal Farm Credit Bank	1,000,000.00	10/24/2012	997,490.00	1,000,000.00	0.620			0.620	937	10/24/2016
3133EA4H8	13-0040	Federal Farm Credit Bank	2,000,000.00	11/08/2012	1,973,500.00	2,000,000.00	0.820			0.820	1,197	07/11/2017
3133EC2M5	13-0041	Federal Farm Credit Bank	1,000,000.00	11/13/2012	984,150.00	1,000,000.00	0.940			0.940	1,322	11/13/2017
3133EC2M5	13-0042	Federal Farm Credit Bank	1,000,000.00	11/13/2012	984,150.00	1,000,000.00	0.940			0.940	1,322	11/13/2017
3133EC2Y9	13-0047	Federal Farm Credit Bank	1,000,000.00	11/20/2012	985,320.00	1,000,000.00	0.850			0.850	1,329	11/20/2017
3133EC3G7	13-0049	Federal Farm Credit Bank	2,000,000.00	12/03/2012	1,968,640.00	2,000,000.00	0.800			0.820	1,238	08/21/2017
3133EA5W4	13-0050	Federal Farm Credit Bank	1,000,000.00	12/05/2012	995,020.00	1,000,000.00	0.650			0.657	937	10/24/2016

Portfolio POOL
AP
PM (PRE_PM2) 7.3.0

Oceanside Investment Pool
Portfolio Management
Portfolio Details - Investments
March 31, 2014

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												
3133EC2Y9	13-0051	Federal Farm Credit Bank		12/05/2012	1,445,000.00	1,423,787.40	1,445,000.00	0.850		0.850	1,329	11/20/2017
3133EC5B6	13-0052	Federal Farm Credit Bank		12/05/2012	1,000,000.00	994,400.00	1,000,000.00	0.640		0.646	973	11/29/2016
3133EC5L4	13-0054	Federal Farm Credit Bank		12/05/2012	2,000,000.00	1,973,520.00	2,000,000.00	0.770		0.780	1,161	06/05/2017
3133EC7A6	13-0057	Federal Farm Credit Bank		12/12/2012	1,000,000.00	981,050.00	1,000,000.00	0.820		0.820	1,351	12/12/2017
3133EC7A6	13-0058	Federal Farm Credit Bank		12/12/2012	1,000,000.00	981,050.00	1,000,000.00	0.820		0.845	1,351	12/12/2017
3133EC6S8	13-0059	Federal Farm Credit Bank		12/12/2012	1,000,000.00	987,580.00	1,000,000.00	0.600		0.606	986	12/12/2016
3133ECA95	13-0063	Federal Farm Credit Bank		12/18/2012	2,000,000.00	1,965,625.00	2,000,000.00	0.790		0.795	1,266	09/18/2017
3133ECEQ3	13-0083	Federal Farm Credit Bank		02/06/2013	1,000,000.00	987,200.00	1,000,000.00	1.100		1.100	1,407	02/06/2018
3133ECMF8	13-0097	Federal Farm Credit Bank		04/30/2013	2,000,000.00	1,956,000.00	2,000,000.00	0.980		0.980	1,484	04/24/2018
3133ECMZ4	13-0098	Federal Farm Credit Bank		05/01/2013	1,000,000.00	986,370.00	999,958.33	0.690		0.703	1,126	05/01/2017
3133ECNY6	13-0100	Federal Farm Credit Bank		05/08/2013	1,000,000.00	974,000.00	1,000,000.00	0.950		0.950	1,498	05/08/2018
3133ECNV6	13-0101	Federal Farm Credit Bank		05/08/2013	1,000,000.00	974,000.00	1,000,000.00	0.950		0.950	1,498	05/08/2018
3133ECQ66	13-0104	Federal Farm Credit Bank		05/22/2013	2,000,000.00	1,948,540.00	1,999,957.50	1.080		1.083	1,512	05/22/2018
3133ECQ66	13-0105	Federal Farm Credit Bank		05/22/2013	2,000,000.00	1,948,540.00	2,000,000.00	1.080		1.080	1,512	05/22/2018
3133ECR30	13-0124	Federal Farm Credit Bank		06/05/2013	2,000,000.00	1,988,280.00	2,000,000.00	0.960		0.960	1,161	06/05/2017
3133ED7B2	14-0013	Federal Farm Credit Bank		11/14/2013	1,000,000.00	995,760.00	999,752.65	1.300		1.310	1,322	11/13/2017
3133EDA69	14-0017	Federal Farm Credit Bank		11/20/2013	1,000,000.00	991,920.00	1,000,000.00	1.330		1.330	1,329	11/20/2017
3133EDCJ9	14-0026	Federal Farm Credit Bank		12/26/2013	1,000,000.00	993,630.00	1,000,000.00	1.180		1.283	1,274	09/26/2017
3133EDC26	14-0028	Federal Farm Credit Bank		12/26/2013	1,000,000.00	999,590.00	997,670.94	1.270		1.353	1,357	12/18/2017
313379J26	12-0160	Federal Home Loan Bank		06/06/2012	1,000,000.00	999,260.00	1,000,000.00	0.850		0.850	797	06/06/2016
313380LL9	13-0014	Federal Home Loan Bank		09/06/2012	1,000,000.00	984,610.00	1,000,000.00	1.080		1.080	1,254	09/06/2017
313380LL9	13-0015	Federal Home Loan Bank		09/06/2012	1,000,000.00	984,610.00	1,000,000.00	1.080		1.080	1,254	09/06/2017
313380MP9	13-0028	Federal Home Loan Bank		09/13/2012	1,000,000.00	986,718.75	1,000,000.00	0.980		1.001	1,259	09/11/2017
3133812G9	13-0037	Federal Home Loan Bank		11/08/2012	1,000,000.00	984,230.00	1,000,000.00	0.740		0.740	1,133	05/08/2017
3133817D1	13-0044	Federal Home Loan Bank		11/15/2012	1,000,000.00	986,890.00	1,000,000.00	0.980		0.980	1,324	11/15/2017
313381AN5	13-0046	Federal Home Loan Bank		11/23/2012	1,550,000.00	1,530,113.50	1,550,000.00	0.800		0.800	1,148	05/23/2017
3133813R4	13-0053	Federal Home Loan Bank		12/05/2012	2,000,000.00	1,966,280.00	2,000,000.00	1.000		0.979	1,318	11/09/2017
313381K95	13-0064	Federal Home Loan Bank		12/28/2012	2,000,000.00	1,957,740.00	2,000,000.00	0.840		0.840	1,367	12/28/2017
3133813R4	13-0065	Federal Home Loan Bank		12/19/2012	2,000,000.00	1,966,280.00	2,000,000.00	1.000		1.000	1,318	11/09/2017
313381QE8	13-0071	Federal Home Loan Bank		01/22/2013	2,000,000.00	1,971,620.00	2,000,000.00	0.950		0.981	1,392	01/22/2018
313381SP1	13-0074	Federal Home Loan Bank		01/30/2013	2,000,000.00	1,968,100.00	2,000,000.00	1.050		1.050	1,400	01/30/2018
313381LU2	13-0075	Federal Home Loan Bank		01/30/2013	1,000,000.00	984,730.00	1,000,000.00	1.020		1.020	1,400	01/30/2018
313381WB7	13-0085	Federal Home Loan Bank		02/07/2013	1,000,000.00	983,740.00	1,000,000.00	0.875		0.902	1,316	11/07/2017
313381Z24	13-0091	Federal Home Loan Bank		02/15/2013	1,000,000.00	987,320.00	1,000,000.00	0.850		0.850	1,232	08/15/2017
3133837A3	13-0115	Federal Home Loan Bank		06/13/2013	1,000,000.00	978,300.00	1,000,000.00	1.100		1.100	1,534	06/13/2018
3133837A3	13-0116	Federal Home Loan Bank		06/13/2013	1,000,000.00	978,300.00	1,000,000.00	1.100		1.100	1,534	06/13/2018
3133837A3	13-0117	Federal Home Loan Bank		06/13/2013	2,000,000.00	1,956,600.00	2,000,000.00	1.100		1.100	1,534	06/13/2018
313383BD2	13-0119	Federal Home Loan Bank		06/13/2013	2,000,000.00	971,890.00	1,000,000.00	1.100		1.100	1,534	06/13/2018

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Federal Agency - Callable												
313383JK8	13-0135	Federal Home Loan Bank		06/27/2013	1,200,000.00	1,200,000.00	1,200,000.00	1.000		0.000	1,183	06/27/2017
3130A0B90	14-0015	Federal Home Loan Bank		11/20/2013	1,000,000.00	996,050.00	1,000,000.00	1.200		1.200	1,329	11/20/2017
3130A0B90	14-0016	Federal Home Loan Bank		11/20/2013	1,000,000.00	996,060.00	1,000,000.00	1.200		1.200	1,329	11/20/2017
3130A0GC8	14-0027	Federal Home Loan Bank		01/09/2014	1,000,000.00	991,400.00	999,482.67	1.250		1.400	1,379	01/09/2018
3130A0LX6	14-0035	Federal Home Loan Bank		01/28/2014	1,000,000.00	1,000,410.00	1,000,000.00	1.250		1.250	1,214	07/28/2017
3130A0S92	14-0036	Federal Home Loan Bank		02/14/2014	1,000,000.00	995,850.00	999,641.67	1.300		1.322	1,231	08/14/2017
3130A0TB6	14-0037	Federal Home Loan Bank		02/14/2014	1,000,000.00	1,001,060.00	1,000,000.00	1.300		1.300	1,231	08/14/2017
3130A0TR1	14-0038	Federal Home Loan Bank		02/19/2014	1,000,000.00	998,920.00	1,000,000.00	1.000		1.000	1,144	05/19/2017
3130A0XC9	14-0041	Federal Home Loan Bank		02/26/2014	1,000,000.00	992,010.00	1,000,000.00	1.300		1.300	1,427	02/26/2018
3130A0XC9	14-0042	Federal Home Loan Bank		02/26/2014	1,000,000.00	992,010.00	1,000,000.00	1.300		1.300	1,427	02/26/2018
3130A0Y61	14-0044	Federal Home Loan Bank		03/13/2014	2,000,000.00	1,989,100.00	2,000,000.00	1.300		1.300	1,352	12/13/2017
3130A15C8	14-0046	Federal Home Loan Bank		03/20/2014	2,000,000.00	1,995,280.00	2,000,000.00	1.450		0.015	1,541	06/20/2018
3130A14J4	14-0049	Federal Home Loan Bank		03/26/2014	1,000,000.00	989,800.00	1,000,000.00	1.150		1.150	1,365	12/26/2017
3130A14K1	14-0050	Federal Home Loan Bank		03/26/2014	1,000,000.00	993,540.00	1,000,000.00	1.050		1.050	1,274	09/26/2017
3130A1AW8	14-0056	Federal Home Loan Bank		03/27/2014	2,075,000.00	2,072,925.00	2,075,000.00	1.000		1.000	1,091	03/27/2017
3130A1CF3	14-0060	Federal Home Loan Bank		03/27/2014	1,000,000.00	995,520.00	1,000,000.00	1.500		1.500	1,456	03/27/2018
3130A1AG3	14-0062	Federal Home Loan Bank		03/27/2014	1,000,000.00	991,710.00	999,522.22	1.400		1.413	1,456	03/27/2018
3134G3J43	13-0021	Federal Home Loan Mort Corp		09/27/2012	1,000,000.00	990,320.00	1,000,000.00	1.040		1.040	1,275	09/27/2017
3134G3P38	13-0031	Federal Home Loan Mort Corp		10/05/2012	1,000,000.00	998,940.00	1,000,000.00	0.750		0.750	918	10/05/2016
3134G3Y38	13-0048	Federal Home Loan Mort Corp		11/27/2012	2,000,000.00	1,963,980.00	2,000,000.00	0.900		0.900	1,336	11/27/2017
3134G3ZS8	13-0060	Federal Home Loan Mort Corp		12/27/2012	1,000,000.00	988,520.00	1,000,000.00	0.750		0.750	1,183	06/27/2017
3134G3ZV5	13-0067	Federal Home Loan Mort Corp		12/28/2012	2,000,000.00	1,968,580.00	2,000,000.00	0.900		0.931	1,367	12/28/2017
3134G33B4	13-0070	Federal Home Loan Mort Corp		01/14/2013	1,000,000.00	984,790.00	1,000,000.00	1.000		1.010	1,381	01/11/2018
3134G33Y4	13-0073	Federal Home Loan Mort Corp		01/22/2013	2,000,000.00	1,998,520.00	2,000,000.00	0.950		0.981	1,392	01/22/2018
3134G34Y3	13-0089	Federal Home Loan Mort Corp		02/14/2013	1,000,000.00	975,440.00	1,000,000.00	1.000		1.005	1,415	02/14/2018
3134G42G2	13-0121	Federal Home Loan Mort Corp		05/23/2013	2,000,000.00	1,952,080.00	2,000,000.00	1.050		1.050	1,490	04/30/2018
3134G4A99	13-0128	Federal Home Loan Mort Corp		06/26/2013	2,000,000.00	1,969,520.00	2,000,000.00	1.300		1.300	1,547	06/26/2018
3134G4A99	13-0129	Federal Home Loan Mort Corp		06/26/2013	2,000,000.00	1,969,520.00	1,993,819.44	1.300		1.404	1,547	06/26/2018
3134G46X1	13-0131	Federal Home Loan Mort Corp		06/27/2013	2,000,000.00	1,972,960.00	1,998,686.11	1.250		1.307	1,548	06/27/2018
3134G4AE8	13-0134	Federal Home Loan Mort Corp		09/13/2013	1,000,000.00	987,210.00	1,000,000.00	1.400		1.400	1,548	06/27/2018
3134G4FD5	14-0005	Federal Home Loan Mort Corp		08/13/2013	1,180,000.00	1,183,976.60	1,176,452.56	1.125		1.323	1,074	03/10/2017
3134G4MD7	14-0020	Federal Home Loan Mort Corp		12/19/2013	1,000,000.00	996,330.00	1,000,000.00	1.000		1.000	1,175	06/19/2017
3134G4PB8	14-0022	Federal Home Loan Mort Corp		12/27/2013	1,000,000.00	995,020.00	1,000,000.00	1.000		1.000	1,183	06/27/2017
3134G4PB8	14-0024	Federal Home Loan Mort Corp		12/27/2013	1,000,000.00	995,020.00	1,000,000.00	1.000		1.000	1,183	06/27/2017
3134G4PK8	14-0025	Federal Home Loan Mort Corp		12/27/2013	1,000,000.00	993,560.00	1,000,000.00	1.150		1.147	1,275	09/27/2017
3134G4SQ2	14-0029	Federal Home Loan Mort Corp		01/17/2014	1,000,000.00	999,280.00	1,000,000.00	1.250		1.250	1,203	07/17/2017
3134G4SQ2	14-0030	Federal Home Loan Mort Corp		01/17/2014	1,000,000.00	999,280.00	1,000,000.00	1.250		1.250	1,203	07/17/2017
3134G4SQ2	14-0031	Federal Home Loan Mort Corp		01/17/2014	1,000,000.00	999,280.00	1,000,000.00	1.250		1.250	1,203	07/17/2017

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Federal Agency - Callable												
3134C4TS7	14-0034	Federal Home Loan Mort Corp		01/28/2014	1,000,000.00	1,005,670.00	1,000,000.00	1.150		1.150	1,214	07/28/2017
3134C4XK9	14-0057	Federal Home Loan Mort Corp		03/27/2014	1,000,000.00	994,520.00	1,000,000.00	1.300		1.300	1,456	03/27/2018
3134G4XK9	14-0058	Federal Home Loan Mort Corp		03/27/2014	1,000,000.00	994,520.00	1,000,000.00	1.300		1.300	1,456	03/27/2018
3136G0GA3	12-0145	Federal National Mortgage Assc		05/16/2012	1,000,000.00	1,001,340.00	1,000,000.00	1.200		1.200	1,141	05/16/2017
3135G0NRO	13-0005	Federal National Mortgage Assc		08/28/2012	2,000,000.00	1,993,680.00	2,000,000.00	1.100		1.100	1,245	08/28/2017
3136G0YE5	13-0006	Federal National Mortgage Assc		08/28/2012	2,000,000.00	1,990,280.00	2,000,000.00	1.000		1.000	1,245	08/28/2017
3135G0NC3	13-0008	Federal National Mortgage Assc		08/16/2012	1,000,000.00	987,260.00	1,000,000.00	1.000		1.057	1,231	08/14/2017
3135G0PD9	13-0020	Federal National Mortgage Assc		09/27/2012	2,000,000.00	1,982,700.00	2,000,000.00	1.070		1.070	1,275	09/27/2017
3136G0BZ6	13-0027	Federal National Mortgage Assc		09/27/2012	1,000,000.00	990,740.00	1,000,000.00	1.000		1.000	1,275	09/27/2017
3136G1AZZ	13-0072	Federal National Mortgage Assc		01/30/2013	2,000,000.00	1,964,300.00	2,000,000.00	1.000		1.000	1,400	01/30/2018
3135G0TV5	13-0076	Federal National Mortgage Assc		01/30/2013	1,000,000.00	983,710.00	1,000,000.00	1.030		1.030	1,400	01/30/2018
3136G1BK4	13-0078	Federal National Mortgage Assc		02/05/2013	1,000,000.00	982,910.00	1,000,000.00	1.000		1.000	1,406	02/05/2018
3135G0TV5	13-0079	Federal National Mortgage Assc		01/30/2013	2,000,000.00	1,967,420.00	2,000,000.00	1.030		1.030	1,400	01/30/2018
3136G1BT5	13-0080	Federal National Mortgage Assc		02/07/2013	2,000,000.00	1,977,620.00	2,000,000.00	0.850		0.850	1,224	08/07/2017
3135G0UC5	13-0081	Federal National Mortgage Assc		02/13/2013	2,000,000.00	1,997,840.00	2,000,000.00	1.000		0.923	1,049	02/13/2017
3135G0UA9	13-0084	Federal National Mortgage Assc		02/06/2013	2,000,000.00	1,989,620.00	2,000,000.00	0.750		0.750	1,042	02/06/2017
3136G1BT5	13-0086	Federal National Mortgage Assc		02/07/2013	1,000,000.00	988,810.00	1,000,000.00	0.850		0.856	1,224	08/07/2017
3135G0JE1	13-0088	Federal National Mortgage Assc		02/14/2013	2,000,000.00	1,961,480.00	2,000,000.00	1.000		1.008	1,415	02/14/2018
3135G0UD3	13-0090	Federal National Mortgage Assc		02/14/2013	1,000,000.00	985,210.00	1,000,000.00	1.010		1.010	1,415	02/14/2018
3136G1LE7	13-0099	Federal National Mortgage Assc		05/15/2013	1,000,000.00	976,330.00	1,000,000.00	1.010		1.010	1,505	05/15/2018
3136G1KD0	13-0102	Federal National Mortgage Assc		05/15/2013	2,000,000.00	1,947,320.00	1,999,840.29	1.000		1.020	1,490	04/30/2018
3136G1MQ9	13-0109	Federal National Mortgage Assc		05/28/2013	1,000,000.00	984,550.00	1,000,000.00	0.750		0.750	1,245	08/28/2017
3135G0XK4	13-0111	Federal National Mortgage Assc		05/30/2013	1,000,000.00	982,000.00	1,000,000.00	1.050		1.069	1,515	05/25/2018
3135G0XK4	13-0112	Federal National Mortgage Assc		05/30/2013	2,000,000.00	1,964,000.00	2,000,000.00	1.050		1.050	1,515	05/25/2018
3135G0XL2	13-0127	Federal National Mortgage Assc		06/13/2013	2,000,000.00	1,982,320.00	2,000,000.00	0.650		1.050	1,063	02/27/2017
3135G0MW0	14-0007	Federal National Mortgage Assc		10/03/2013	1,000,000.00	992,270.00	1,000,000.00	1.050		1.290	1,226	08/09/2017
3136G1WV7	14-0011	Federal National Mortgage Assc		11/15/2013	1,000,000.00	998,270.00	1,000,000.00	1.000		1.000	1,140	05/15/2017
3136G1WV7	14-0012	Federal National Mortgage Assc		11/15/2013	1,000,000.00	998,270.00	1,000,000.00	1.000		1.000	1,140	05/15/2017
3136G1BT5	14-0014	Federal National Mortgage Assc		11/14/2013	1,000,000.00	988,810.00	1,000,000.00	0.850		1.140	1,224	08/07/2017
3136G1XF1	14-0018	Federal National Mortgage Assc		11/27/2013	1,000,000.00	996,450.00	1,000,000.00	1.000		1.000	1,147	05/22/2017
3135G0UD3	14-0019	Federal National Mortgage Assc		11/20/2013	1,450,000.00	1,428,554.50	1,450,000.00	1.010		1.272	1,415	02/14/2018
Subtotal and Average					159,900,000.00	158,043,760.75	159,883,571.88			1.003	1,298	
Federal Agency Callable - Step Up												
3133836N6	13-0114	Federal Home Loan Bank		06/12/2013	2,000,000.00	1,970,920.00	2,000,000.00	0.800		1.119	1,533	06/12/2018
313383EM9	13-0125	Federal Home Loan Bank		06/20/2013	1,000,000.00	986,130.00	1,000,000.00	0.900		1.165	1,541	06/20/2018
313383J44	13-0130	Federal Home Loan Bank		06/26/2013	1,000,000.00	989,900.00	1,000,000.00	0.750		1.342	1,547	06/26/2018
313383J28	13-0136	Federal Home Loan Bank		06/27/2013	2,000,000.00	1,982,500.00	2,000,000.00	1.000		1.491	1,548	06/27/2018

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Federal Agency Callable - Step Up												
3130A12D9	14-0045	Federal Home Loan Bank		03/20/2014	1,000,000.00	992,530.00	1,000,000.00	1.000		1.493	1,449	03/20/2018
3130A0ZV5	14-0047	Federal Home Loan Bank		03/20/2014	2,000,000.00	1,985,420.00	2,000,000.00	1.500		1.500	1,814	03/20/2019
3130A13Y2	14-0048	Federal Home Loan Bank		03/25/2014	2,000,000.00	1,995,937.50	2,000,000.00	1.625		1.625	1,819	03/25/2019
3130A1AY4	14-0059	Federal Home Loan Bank		03/27/2014	1,000,000.00	992,020.00	1,000,000.00	1.500		1.500	1,821	03/27/2019
3130A16Q6	14-0061	Federal Home Loan Bank		03/27/2014	1,000,000.00	991,290.00	1,000,000.00	1.500		1.500	1,821	03/27/2019
3136G0ZM6	13-0012	Federal National Mortgage Assc		09/12/2012	2,000,000.00	2,003,260.00	2,000,000.00	0.750		0.750	1,260	09/12/2017
3136G0B59	13-0019	Federal National Mortgage Assc		09/25/2012	1,000,000.00	998,680.00	1,000,000.00	0.700		1.095	1,268	09/20/2017
3136G0D24	13-0026	Federal National Mortgage Assc		09/25/2012	1,000,000.00	993,830.00	1,000,000.00	0.500		1.093	1,273	09/25/2017
3136G03G4	13-0043	Federal National Mortgage Assc		11/15/2012	1,000,000.00	990,080.00	1,000,000.00	0.700		0.976	1,324	11/15/2017
3136G1C23	13-0087	Federal National Mortgage Assc		02/13/2013	2,000,000.00	1,980,140.00	2,000,000.00	0.700		1.071	1,414	02/13/2018
3136G1CQ0	13-0092	Federal National Mortgage Assc		02/20/2013	1,000,000.00	987,560.00	1,000,000.00	0.750		1.152	1,421	02/20/2018
3136G1CJ6	13-0093	Federal National Mortgage Assc		02/21/2013	2,000,000.00	1,954,000.00	2,000,000.00	0.750		1.094	1,422	02/21/2018
3136G1DA4	13-0094	Federal National Mortgage Assc		02/28/2013	2,000,000.00	1,985,900.00	2,000,000.00	1.000		1.171	1,429	02/28/2018
3136G1LV9	13-0110	Federal National Mortgage Assc		05/29/2013	1,000,000.00	986,470.00	1,000,000.00	0.700		1.077	1,519	05/29/2018
3136G1MY2	13-0118	Federal National Mortgage Assc		06/13/2013	2,000,000.00	1,969,375.00	2,000,000.00	0.800		1.115	1,534	06/13/2018
3136G1MR7	14-0043	Federal National Mortgage Assc		03/03/2014	2,000,000.00	1,971,580.00	1,991,346.15	0.700		1.204	1,525	06/04/2018
Subtotal and Average					30,000,000.00	29,707,522.50	29,991,346.15			1.222	1,519	

Medium Term Notes

C3331CDA9	14-0051	Bank of Montreal		03/06/2014	2,000,000.00	2,048,900.00	2,067,425.79	1.950		0.744	1,035	01/30/2017
149123BY6	12-0169	Caterpillar Inc		06/26/2012	1,000,000.00	1,005,760.00	999,913.47	0.950		0.957	451	06/26/2015
369604BE2	13-0034	General Electric		10/09/2012	1,250,000.00	1,255,650.00	1,252,384.81	0.850	AA	0.723	556	10/09/2015
38259PAC6	14-0039	Google Inc.		02/11/2014	1,000,000.00	1,032,620.00	1,034,851.05	2.125		0.480	779	05/19/2016
459200GX3	13-0120	International Business Machine		05/23/2013	2,150,000.00	2,212,264.00	2,209,732.78	1.950	AA	0.730	843	07/22/2016
191216AU4	13-0062	Coca-Cola Company		12/14/2012	1,500,000.00	1,535,745.00	1,538,974.31	1.800	AA	0.709	884	09/01/2016
58933YAD7	13-0103	Merck & Co Inc. Pharmaceutical		05/21/2013	2,000,000.00	2,002,100.00	2,004,130.55	0.700	AA	0.602	778	05/18/2016
63254AA6	13-0009	National Australia Bank Lt		08/21/2012	1,000,000.00	1,015,800.00	1,006,907.28	2.000	AA	1.250	342	03/09/2015
89233P5Z5	12-0110	Toyota Motor Credit		02/17/2012	2,000,000.00	2,012,280.00	1,999,122.22	1.000		1.051	322	02/17/2015
Subtotal and Average					13,900,000.00	14,121,119.00	14,113,442.26			0.791	699	

Municipal Bonds

13066KL31	12-0021	California St Dept of Wtr Reso		10/13/2011	1,000,000.00	1,045,400.00	1,029,516.13	3.000	AAA	1.180	609	12/01/2015
13066KL23	12-0022	California St Dept of Wtr Reso		10/13/2011	1,000,000.00	1,019,030.00	1,013,976.60	3.000	AAA	0.870	244	12/01/2014
20772JKJ0	13-0095	State of Connecticut		03/05/2013	2,000,000.00	2,010,760.00	2,016,606.68	1.032	AA	0.700	928	10/15/2016
39926ZHN7	12-0044	Grossmont CA Union High School		11/22/2011	1,000,000.00	1,002,600.00	1,000,000.00	1.427	AA	1.427	122	08/01/2014
492246ME0	11-0142	Kern CA High School District		06/29/2011	2,070,000.00	2,079,149.40	2,070,000.00	1.984		1.984	122	08/01/2014
541498CJ8	13-0107	Loma Prieta CA JT Elem Sch Dis		05/28/2013	170,000.00	169,879.30	170,000.00	0.340	AA	0.340	122	08/01/2014
541498CK5	13-0108	Loma Prieta CA JT Elem Sch Dis		05/28/2013	180,000.00	180,037.80	180,000.00	0.540	AA	0.540	487	08/01/2015

Portfolio POOL
AP
PM (PRF_PMT) 7.3.0

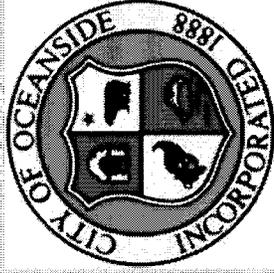
**Oceanside Investment Pool
Portfolio Management
Portfolio Details - Investments
March 31, 2014**

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												
650264SY1	13-0055	Newark Unified School District		12/20/2012	570,000.00	573,368.70	570,000.00	0.990		0.990	487	08/01/2015
675371AJ7	12-0075	City of Oceanside		12/21/2011	1,745,000.00	1,768,470.25	1,756,603.26	4.830		2.988	136	08/15/2014
73358WKH6	13-0066	Port Authority of NY & NJ		12/21/2012	2,000,000.00	1,983,800.00	1,992,171.27	0.850		1.000	975	12/01/2016
769036AT1	13-0113	City of Riverside		06/03/2013	2,000,000.00	1,999,840.00	2,000,000.00	0.650	A	0.650	61	06/01/2014
		Subtotal and Average	13,801,737.00		13,735,000.00	13,832,335.45	13,798,873.94			1.326	421	
		Total and Average	261,904,169.77		260,285,000.00	258,225,201.37	260,479,664.40			0.964	1,126	

Oceanside Investment Pool
 Portfolio Management
 Portfolio Details - Cash
 March 31, 2014

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Days to Maturity
		Average Balance	0.00	Accrued Interest at Purchase		14,150.15	14,150.15				0
		Subtotal				14,150.15	14,150.15				
		Total Cash and Investments	261,904,169.77		260,285,000.00	258,239,351.52	260,493,814.55			0.964	1,126

CITY OF OCEANSIDE



INVESTMENT TRANSACTIONS

1/1/14 THROUGH 3/31/14

**Oceanside Quarterly Report
Purchases Report
Sorted by Fund - Fund
January 1, 2014 - March 31, 2014**

CUSIP	Investment #	Fund	Sec. Type	Issuer	Original Par Value	Purchase Date	Payment Periods	Principal Purchased	Accrued Interest at Purchase	Rate at Purchase	Maturity Date	YTM	Ending Book Value
Investment Clearing													
3130A0GC8	14-0027	102	FAC	FHLB	1,000,000.00	01/09/2014	07/09 - 01/09	994,180.00		1.250	01/09/2018	1.400	999,482.67
3133EDDK5	14-0032	102	NCB	FFCB	1,000,000.00	01/17/2014	02/04 - Final Pmt.	999,200.00		1.000	04/17/2017	1.025	0.00
3134GASQ2	14-0029	102	FAC	FHLMC	1,000,000.00	01/17/2014	07/17 - 01/17	1,000,000.00		1.250	07/17/2017	1.250	1,000,000.00
3134GASQ2	14-0030	102	FAC	FHLMC	1,000,000.00	01/17/2014	07/17 - 01/17	1,000,000.00		1.250	07/17/2017	1.250	1,000,000.00
3134GASQ2	14-0031	102	FAC	FHLMC	1,000,000.00	01/17/2014	07/17 - 01/17	1,000,000.00		1.250	07/17/2017	1.250	1,000,000.00
3133EDDV1	14-0033	102	NCB	FFCB	1,000,000.00	01/23/2014	04/23 - 10/23	1,000,000.00		1.160	10/23/2017	1.160	1,000,000.00
3130A0LX6	14-0035	102	FAC	FHLB	1,000,000.00	01/28/2014	07/28 - 01/28	1,000,000.00		1.250	07/28/2017	1.250	1,000,000.00
3134G4TS7	14-0034	102	FAC	FHLMC	1,000,000.00	01/28/2014	07/28 - 01/28	1,000,000.00		1.150	07/28/2017	1.150	1,000,000.00
38259PAC6	14-0039	102	MTN	GOOG	1,000,000.00	02/11/2014	05/19 - 11/19	1,037,120.00	4,840.28	2.125	05/19/2016	0.480	1,034,851.05
3135G0PP2	14-0040	102	NCB	FNMA	1,000,000.00	02/12/2014	03/20 - 09/20	997,000.00	Received	1.000	09/20/2017	1.085	997,113.25
3130A0S92	14-0036	102	FAC	FHLB	1,000,000.00	02/14/2014	08/14 - 02/14	999,250.00		1.300	08/14/2017	1.322	999,641.67
3130A0TB6	14-0037	102	FAC	FHLB	1,000,000.00	02/14/2014	08/14 - 02/14	1,000,000.00		1.300	08/14/2017	1.300	1,000,000.00
3130A0TR1	14-0038	102	FAC	FHLB	1,000,000.00	02/19/2014	08/19 - 02/19	1,000,000.00		1.000	05/19/2017	1.000	1,000,000.00
3130A0XC9	14-0041	102	FAC	FHLB	1,000,000.00	02/26/2014	08/26 - 02/26	1,000,000.00		1.300	02/26/2018	1.300	1,000,000.00
3130A0XC9	14-0042	102	FAC	FHLB	1,000,000.00	02/26/2014	08/26 - 02/26	1,000,000.00		1.300	02/26/2018	1.300	1,000,000.00
3136G1MR7	14-0043	102	MC1	FNMA	2,000,000.00	03/03/2014	06/04 - 12/04	1,987,500.00	3,461.11	0.700	06/04/2018	1.204	1,991,346.15
C3331CDA9	14-0051	102	MTN	BMO	2,000,000.00	03/06/2014	07/30 - 01/30	2,069,080.00	3,900.00	1.950	01/30/2017	0.744	2,067,425.79
3137EADL0	14-0052	102	NCB	FHLMC	1,000,000.00	03/07/2014	03/29 - 09/29	999,120.00	Received	1.000	09/29/2017	1.025	999,136.47
912828C24	14-0054	102	TRC	INDJAP	2,000,000.00	03/10/2014	03/17 - Final Pmt.	1,987,343.75	Sold	1.500	02/28/2019	1.633	0.00
3133EDGW6	14-0053	102	NCB	FFCB	1,000,000.00	03/11/2014	06/11 - 12/11	998,560.00		1.300	06/11/2018	1.335	998,578.82
3130A0Y61	14-0044	102	FAC	FHLB	2,000,000.00	03/13/2014	06/13 - 12/13	2,000,000.00		1.300	12/13/2017	1.300	2,000,000.00
3130A12D9	14-0045	102	MC1	FHLB	1,000,000.00	03/20/2014	09/20 - 03/20	1,000,000.00		1.000	03/20/2018	1.493	1,000,000.00
3130A15C8	14-0046	102	FAC	FHLB	2,000,000.00	03/20/2014	06/20 - 12/20	2,000,000.00		1.450	06/20/2018	0.015	2,000,000.00
3130A0ZV5	14-0047	102	MC1	FHLB	2,000,000.00	03/20/2014	08/20 - 03/20	2,000,000.00		1.500	03/20/2019	1.500	2,000,000.00
912828C24	14-0055	102	TRC	INDJAP	2,000,000.00	03/20/2014	04/08 - Final Pmt.	1,980,000.00	1,630.43	1.500	02/28/2019	1.712	1,980,132.89
3130A13Y2	14-0048	102	MC1	FHLB	2,000,000.00	03/25/2014	09/25 - 03/25	2,000,000.00		1.625	03/25/2019	1.625	2,000,000.00
3130A14J4	14-0049	102	FAC	FHLB	1,000,000.00	03/26/2014	06/26 - 12/26	1,000,000.00		1.150	12/26/2017	1.150	1,000,000.00
3130A14K1	14-0050	102	FAC	FHLB	1,000,000.00	03/26/2014	09/26 - 03/26	1,000,000.00		1.050	09/26/2017	1.050	1,000,000.00
3130A1AW8	14-0056	102	FAC	FHLB	2,075,000.00	03/27/2014	09/27 - 03/27	2,075,000.00		1.000	03/27/2017	1.000	2,075,000.00
3130A1AY4	14-0059	102	MC1	FHLB	1,000,000.00	03/27/2014	09/27 - 03/27	1,000,000.00		1.500	03/27/2019	1.500	1,000,000.00
3130A1CF3	14-0060	102	FAC	FHLB	1,000,000.00	03/27/2014	09/27 - 03/27	1,000,000.00		1.500	03/27/2018	1.500	1,000,000.00
3130A16Q6	14-0061	102	MC1	FHLB	1,000,000.00	03/27/2014	09/27 - 03/27	1,000,000.00		1.500	03/27/2019	1.500	1,000,000.00
3130A1AG3	14-0062	102	FAC	FHLB	1,000,000.00	03/27/2014	09/27 - 03/27	999,500.00		1.400	03/27/2018	1.413	999,522.22
3134GAXK9	14-0057	102	FAC	FHLMC	1,000,000.00	03/27/2014	09/27 - 03/27	1,000,000.00		1.300	03/27/2018	1.300	1,000,000.00

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

Oceanside Quarterly Report
Purchases Report
January 1, 2014 - March 31, 2014

CUSIP	Investment #	Fund	Sec. Type	Issuer	Original Par Value	Purchase Date	Payment Periods	Principal Purchased	Accrued Interest at Purchase	Rate at Purchase	Maturity Date	YTM	Ending Book Value
Investment Clearing													
3134G4XX9	14-0058	102	FAC	FHLMC	1,000,000.00	03/27/2014	09/27 - 03/27	1,000,000.00		1.300	03/27/2018	1.300	1,000,000.00
				Subtotal	44,075,000.00			44,122,853.75	13,831.82				41,142,230.98
				Total Purchases	44,075,000.00			44,122,853.75	13,831.82				41,142,230.98

**Oceanside Quarterly Report
Sales/Call Report
Sorted by Maturity Date - Fund
January 1, 2014 - March 31, 2014**

CUSIP	Investment #	Fund	Issuer Sec. Type	Purchase Date	Redem. Date	Par Value	Rate at Redem.	Book Value at Redem.	Redemption Principal	Redemption Interest	Total Amount	Net Income
02/13/2015												
3134G3MR8	12-0101	102	FHLMC FAC	02/13/2012	02/13/2014 02/13/2015	2,000,000.00	0.550	2,000,000.00	2,000,000.00	5,500.00	2,005,500.00 Call	5,500.00
				Subtotal		2,000,000.00		2,000,000.00	2,000,000.00	5,500.00	2,005,500.00	5,500.00
08/28/2015												
3134G3MY3	12-0108	102	FHLMC FAC	02/28/2012	02/28/2014 08/28/2015	2,000,000.00	0.650	2,000,000.00	2,000,000.00	6,500.00	2,006,500.00 Call	6,500.00
				Subtotal		2,000,000.00		2,000,000.00	2,000,000.00	6,500.00	2,006,500.00	6,500.00
09/28/2015												
3134G3TL4	12-0127	102	FHLMC FAC	03/29/2012	03/28/2014 09/28/2015	1,000,000.00	0.900	1,000,000.00	1,000,000.00	4,500.00	1,004,500.00 Call	4,500.00
				Subtotal		1,000,000.00		1,000,000.00	1,000,000.00	4,500.00	1,004,500.00	4,500.00
02/24/2016												
3134G3MX5	12-0107	102	FHLMC FAC	02/24/2012	02/24/2014 02/24/2016	2,000,000.00	0.800	2,000,000.00	2,000,000.00	8,000.00	2,008,000.00 Call	8,000.00
				Subtotal		2,000,000.00		2,000,000.00	2,000,000.00	8,000.00	2,008,000.00	8,000.00
08/24/2016												
3134G3MP2	12-0104	102	FHLMC FAC	02/24/2012	02/24/2014 08/24/2016	2,000,000.00	1.000	2,000,000.00	2,000,000.00	10,000.00	2,010,000.00 Call	10,000.00
				Subtotal		2,000,000.00		2,000,000.00	2,000,000.00	10,000.00	2,010,000.00	10,000.00
09/26/2016												
3136G1VQ9	14-0003	102	FNMA FAC	09/26/2013	03/26/2014 09/26/2016	1,000,000.00	1.100	1,000,000.00	1,000,000.00	5,500.00	1,005,500.00 Call	5,500.00
				Subtotal		1,000,000.00		1,000,000.00	1,000,000.00	5,500.00	1,005,500.00	5,500.00
09/27/2016												
3136G1V48	14-0004	102	FNMA FAC	09/27/2013	03/27/2014 09/27/2016	1,000,000.00	1.100	1,000,000.00	1,000,000.00	5,500.00	1,005,500.00 Call	5,500.00
				Subtotal		1,000,000.00		1,000,000.00	1,000,000.00	5,500.00	1,005,500.00	5,500.00
01/13/2017												
313376Q99	12-0089	102	FHLB MC1	01/13/2012	01/13/2014 01/13/2017	1,000,000.00	1.125V	1,000,000.00	1,000,000.00	5,625.00	1,005,625.00 Call	5,625.00
				Subtotal		1,000,000.00		1,000,000.00	1,000,000.00	5,625.00	1,005,625.00	5,625.00

V - Security with variable rate change.

Oceanside Quarterly Report
Sales/Call Report
January 1, 2014 - March 31, 2014

CUSIP	Investment #	Fund	Issuer Sec. Type	Purchase Date	Redem. Date	Par Value	Rate at Redem.	Book Value at Redem.	Redemption Principal	Redemption Interest	Total Amount	Net Income
02/13/2017												
3133786Q9	12-0109	102	FHLB NCB	02/13/2012	02/06/2014	1,000,000.00	1.000	1,000,000.00	1,005,260.00	4,805.56	1,010,065.56	10,065.56
				02/13/2017							Sale	
				Subtotal		1,000,000.00		1,000,000.00	1,005,260.00	4,805.56	1,010,065.56	10,065.56
02/14/2017												
3134G3LU2	12-0096	102	FHLMC MC1	02/14/2012	02/14/2014	2,000,000.00	1.050V	2,000,000.00	2,000,000.00	10,500.00	2,010,500.00	10,500.00
				02/14/2017							Call	
				Subtotal		2,000,000.00		2,000,000.00	2,000,000.00	10,500.00	2,010,500.00	10,500.00
02/21/2017												
3136FTK81	12-0103	102	FNMA FAC	02/21/2012	02/21/2014	2,000,000.00	1.300	2,000,000.00	2,000,000.00	13,000.00	2,013,000.00	13,000.00
				02/21/2017							Call	
				Subtotal		2,000,000.00		2,000,000.00	2,000,000.00	13,000.00	2,013,000.00	13,000.00
02/24/2017												
3134G3MT4	12-0105	102	FHLMC FAC	02/24/2012	02/24/2014	1,000,000.00	1.125	1,000,000.00	1,000,000.00	5,625.00	1,005,625.00	5,625.00
				02/24/2017							Call	
3134G3MZ0	14-0006	102	FHLMC FAC	10/02/2013	02/24/2014	2,000,000.00	1.100	2,000,000.00	2,000,000.00	11,000.00	2,011,000.00	11,000.00
				02/24/2017							Call	
				Subtotal		3,000,000.00		3,000,000.00	3,000,000.00	16,625.00	3,016,625.00	16,625.00
04/17/2017												
3133EDDK5	14-0032	102	FFCB NCB	01/17/2014	02/04/2014	1,000,000.00	1.000	999,211.62	1,003,370.00	472.22	1,003,842.22	4,630.60
				04/17/2017							Sale	
				Subtotal		1,000,000.00		999,211.62	1,003,370.00	472.22	1,003,842.22	4,630.60
04/24/2017												
3133ED5M0	14-0008	102	FFCB FAC	10/24/2013	02/26/2014	1,000,000.00	1.130	1,000,000.00	1,000,000.00	3,829.44	1,003,829.44	3,829.44
				04/24/2017							Call	
3133ED5M0	14-0009	102	FFCB FAC	10/24/2013	02/26/2014	1,000,000.00	1.130	1,000,000.00	1,000,000.00	3,829.44	1,003,829.44	3,829.44
				04/24/2017							Call	
				Subtotal		2,000,000.00		2,000,000.00	2,000,000.00	7,658.88	2,007,658.88	7,658.88
06/27/2017												
313383JK8	13-0135	102	FHLB FAC	06/27/2013	03/27/2014	800,000.00	1.000	800,000.00	800,000.00	2,000.00	802,000.00	2,000.00
				06/27/2017							Call	
				Subtotal		800,000.00		800,000.00	800,000.00	2,000.00	802,000.00	2,000.00
10/30/2017												
3133ED5S7	14-0010	102	FFCB FAC	10/30/2013	03/04/2014	1,000,000.00	1.400	1,000,000.00	1,000,000.00	4,822.22	1,004,822.22	4,822.22
				10/30/2017							Call	
				Subtotal		1,000,000.00		1,000,000.00	1,000,000.00	4,822.22	1,004,822.22	4,822.22

V - Security with variable rate change.

Oceanside Quarterly Report
Sales/Call Report
January 1, 2014 - March 31, 2014

CUSIP	Investment #	Fund	Issuer Sec. Type	Purchase Date	Redem. Date	Par Value	Rate at Redem.	Book Value at Redem.	Redemption Principal	Redemption Interest	Total Amount	Net Income
11/30/2018												
912828A34	14-0021	102	INDJAP TRC	12/03/2013	02/04/2014 11/30/2018	2,000,000.00	1.250	1,983,708.17	1,985,781.25	4,532.97	1,990,314.22 Sale	6,606.05
					Subtotal	2,000,000.00		1,983,708.17	1,985,781.25	4,532.97	1,990,314.22	6,606.05
02/28/2019												
912828C24	14-0054	102	INDJAP TRC	03/10/2014	03/17/2014 02/28/2019	2,000,000.00	1.500	1,987,392.54	1,997,500.00	1,385.87	1,998,885.87 Sale	11,493.33
					Subtotal	2,000,000.00		1,987,392.54	1,997,500.00	1,385.87	1,998,885.87	11,493.33
					Total Sales	28,800,000.00		28,770,312.33	28,791,911.25	116,927.72	28,908,838.97	138,526.64

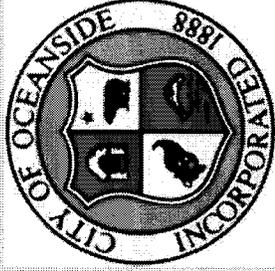
Oceanside Quarterly Report Maturity Report

Sorted by Maturity Date

Amounts due during January 1, 2014 - March 31, 2014

CUSIP	Investment #	Fund	Sec. Type	Issuer	Par Value	Maturity Date	Purchase Date	Rate at Maturity	Book Value at Maturity	Interest	Maturity Proceeds	Net Income
36962G4X9	11-0096	102	MTN	GECORP	1,500,000.00	01/07/2014	03/22/2011	2.100	1,500,000.00	15,750.00	1,515,750.00	15,750.00
31331KCA6	11-0080	102	NCB	FFCB	1,000,000.00	02/10/2014	02/10/2011	1.375	1,000,000.00	6,875.00	1,006,875.00	6,875.00
Total Maturities					2,500,000.00				2,500,000.00	22,625.00	2,522,625.00	22,625.00

CITY OF OCEANSIDE



LAIF ACTIVITY GRAPHS

AS OF MARCH 31, 2014

Oceanside Quarterly Report
Cash/Checking Activity
January 1, 2014 - March 31, 2014

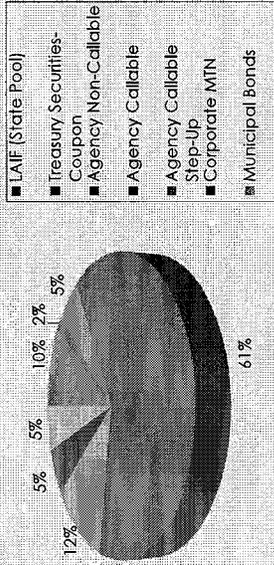
Issuer Investment #	Fund	Security ID	Current Transaction Rate	Date Receipt	Deposits	Withdrawals	Interest Received	Balance
18000	Local Agency Investment Fund	SYS18000						14,750,000.00
			0.264	01/02/2014	2,000,000.00			16,750,000.00
			0.264	01/03/2014		500,000.00		16,250,000.00
			0.264	01/06/2014	1,750,000.00			18,000,000.00
			0.264	01/07/2014	1,250,000.00			19,250,000.00
			0.264	01/10/2014		1,500,000.00		17,750,000.00
			0.264	01/13/2014	1,250,000.00			19,000,000.00
			0.264	01/15/2014	9,250,000.00			28,250,000.00
			0.264	01/15/2014			7,359.73	28,250,000.00
			0.264	01/16/2014		1,750,000.00		26,500,000.00
			0.264	01/17/2014		5,000,000.00		21,500,000.00
			0.264	01/24/2014	2,000,000.00			23,500,000.00
			0.264	01/31/2014		1,500,000.00		22,000,000.00
			0.244	01/31/2014				22,000,000.00
			0.244	02/04/2014				25,750,000.00
			0.244	02/10/2014	3,750,000.00			27,250,000.00
			0.244	02/11/2014	1,500,000.00			26,500,000.00
			0.244	02/13/2014	2,750,000.00	750,000.00		29,250,000.00
			0.244	02/14/2014		1,000,000.00		28,250,000.00
			0.244	02/18/2014		1,250,000.00		27,000,000.00
			0.244	02/24/2014	6,750,000.00			33,750,000.00
			0.244	02/28/2014		250,000.00		33,500,000.00
			0.236	02/28/2014				33,500,000.00
			0.236	03/03/2014		1,500,000.00		32,000,000.00
			0.236	03/04/2014	1,250,000.00			33,250,000.00
			0.236	03/06/2014		1,000,000.00		32,250,000.00
			0.236	03/07/2014		3,250,000.00		29,000,000.00
			0.236	03/10/2014		1,750,000.00		27,250,000.00
			0.236	03/11/2014	500,000.00			26,750,000.00
			0.236	03/13/2014		750,000.00		26,000,000.00
			0.236	03/14/2014		750,000.00		25,250,000.00
			0.236	03/20/2014		5,750,000.00		19,500,000.00
			0.236	03/21/2014		2,500,000.00		17,000,000.00
			0.236	03/25/2014		1,500,000.00		15,500,000.00
			0.236	03/27/2014		4,000,000.00		11,500,000.00
			0.236	03/28/2014		2,250,000.00		9,250,000.00

Oceanside Quarterly Report
 Cash/Checking Activity
 January 1, 2014 - March 31, 2014

Issuer Investment #	Fund	Security ID	Current Transaction Rate	Date Receipt	Deposits	Withdrawals	Interest Received	Balance
18000		SYS18000	0.236	03/31/2014				9,250,000.00
								9,250,000.00
		Subtotal and Ending Balance	0.236		33,500,000.00	39,000,000.00	7,359.73	9,250,000.00
18001		SYS18001	0.264	01/15/2014				15,500,000.00
			0.244	01/31/2014			13,034.93	15,500,000.00
			0.236	02/28/2014				15,500,000.00
			0.236	03/31/2014				15,500,000.00
		Subtotal and Ending Balance	0.236		0.00	0.00	13,034.93	15,500,000.00
Total					33,500,000.00	39,000,000.00	20,394.66	24,750,000.00

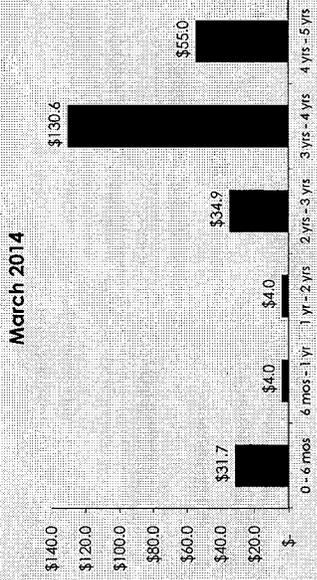
BREAKDOWN OF INVENTORY BY TYPE

(as a percent of portfolio)



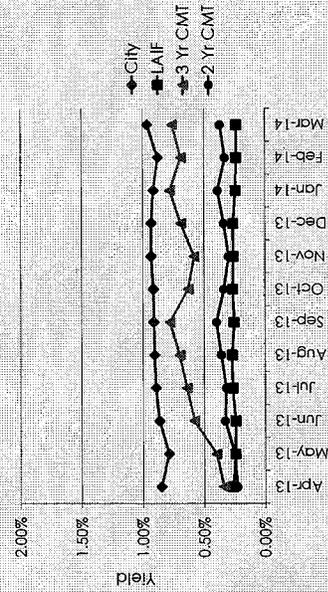
Graph 1

AGING OF MATURING INVESTMENTS



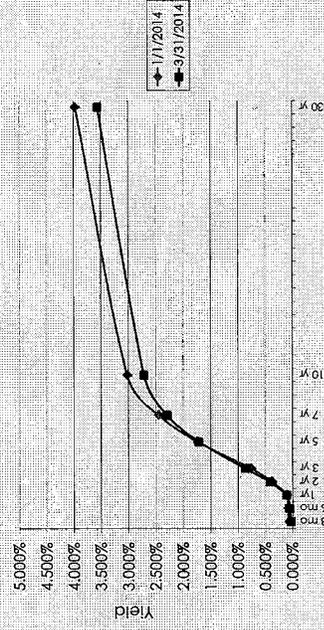
Graph 2

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



Graph 3

HISTORICAL YIELD CURVE COMPARISON 1/1/14 to 3/31/14



Graph 4

CITY OF OCEANSIDE



FUNDS HELD BY OUTSIDE MANAGEMENT

AS OF MARCH 31, 2014

**CITY OF OCEANSIDE
FUNDS HELD BY OUTSIDE MANAGEMENT
AS OF MARCH 31, 2014**

TYPE OF FUND/INSTITUTION	MARKET VALUE	INSTITUTION TOTAL
<u>BOND FUNDS</u>		
Bank of New York		
2002/2003 Tax Allocation Bonds	3,240,640.00	
2002 Community Facilities District Bonds - Ocean Ranch Corporate Centre	1,395,180.72	
2002 Community Facilities District Bonds - Morro Hills Development	135,953.00	
2004 Community Facilities District Bonds - Morro Hills Development Imp#1	695.02	
2005 Pension Obligation Bonds	-	
2008 Community Facilities District Bonds-Pacific Coast Business Park	903,193.83	
2013 Certificates of Participation (2003 Refunding)	707,305.80	
2013 Sewer Revenue Refunding Bonds	1,016,824.48	
2013 Water Revenue Refunding Bonds	11,718,413.76	
2013A Community Facilities District Bonds - Morro Hills Development	565,914.99	
2013 Community Facilities District Bonds - Ocean Ranch Corporate Centre	1,129,682.04	
2013 Harbor Revenue Refunding Bonds	10,343.83	
2014A Community Facility District Bonds - Morro Hills Development Imp Area #1	425,866.52	
2014A Community Facility District Bonds - Morro Hills Development	11,820,620.61	
	<u>33,070,634.60</u>	
Deutsche Bank		
2013 Street Light Retrofit Lease Escrow Fund	4,603,480.54	
TOTAL FUNDS MANAGED BY OUTSIDE PARTIES	<u>\$ 37,674,115.14</u>	

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, 2015.

PASSED AND ADOPTED by the City Council of the City of Oceanside, California, this _____ day of _____, 2014, by the following vote:

AYES:

NAYS:

ABSENT:

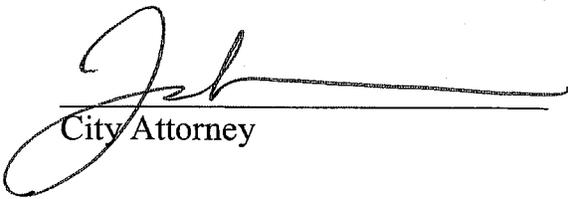
ABSTAIN:

MAYOR OF THE CITY OF OCEANSIDE

ATTEST:

APPROVED AS TO FORM:

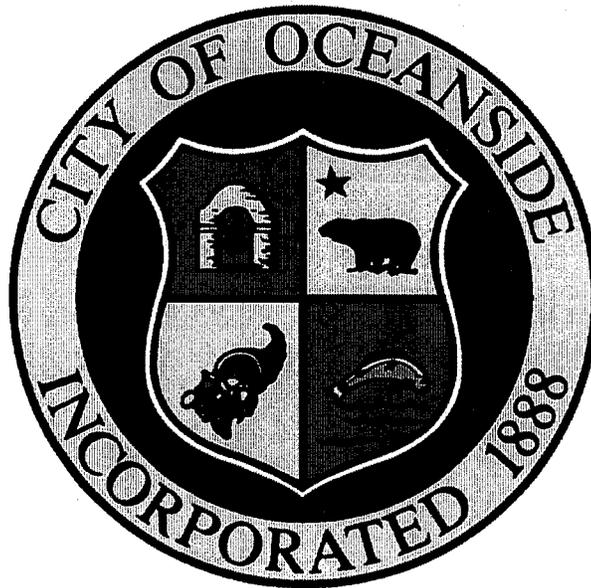
City Clerk



City Attorney

EXHIBIT A

CITY OF OCEANSIDE INVESTMENT POLICY



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

**Gary M. Ernst
City Treasurer**

**Adopted June 25, 2014
City Council Resolution No.**

CITY OF OCEANSIDE INVESTMENT POLICY

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CITY OF OCEANSIDE

Office of the City Treasurer

June 25, 2014

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.

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 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 and procedures established by the City Treasurer.

5. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that conflicts with proper execution of the investment program, or impairs their ability to make impartial investments decisions. Employees and investment officials shall disclose any material financial interests that could be related to the performance of the City's investment policy.

6. INVESTMENT OVERSIGHT COMMITTEE

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

7. AUTHORIZED FINANCIAL INSTITUTIONS AND DEALERS

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

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

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

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

8. AUTHORIZED INVESTMENTS

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

- A. United States Treasury Bills, Bonds, and Notes, or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There is no limitation as to the percentage of the portfolio that can be invested in this category. The City shall not invest in any United States security that exceeds five-years of maturity.
- B. Obligations issued by 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. Negotiable Certificates of Deposit. The City may invest in negotiable certificates of deposit issued by a nationally or state-chartered bank, a savings association or a federal association, a state or federal credit union, or by a federally licensed or state-licensed branch of a foreign bank. No more than 15% of the cost value of the portfolio at the time of purchase may be invested in negotiable certificates of

deposit. For purposes of this section, negotiable certificates of deposit do not come within California Government Code Article 2 (commencing with Section 53630), except that the amount invested shall be subject to the limitations of Section 53638. The legislative body of a local agency and the treasurer or other official of the local agency having legal custody of the monies are prohibited from investing local agency funds, or funds in the custody of the local agency, in negotiable certificates of deposit issued by a state or federal credit union if a member of the legislative body of the local agency, or a person with investment decision making authority in the administrative office manager's office, budget office, auditor-controller's office, or treasurer's office of the local agency also serves on the board of directors, or any committee appointed by the board of directors, or the credit committee or the supervisory committee of the state or federal credit union issuing the negotiable certificates of deposit.

F. Repurchase agreements. The City may invest in repurchase agreements with banks and dealers with which the City has entered into a master repurchase contract which specifies terms and conditions of repurchase agreements.

1. Transactions shall be limited to primary dealers and the top twenty-five U.S. banking institutions according to asset size. The maturity of repurchase agreements shall not exceed 30 days. The market value of the securities used as collateral for repurchase agreements shall be monitored daily by the investment staff and will not be allowed to fall below 100% of the value of the repurchase agreement. In order to conform to provisions of the Federal Bankruptcy Code which provides for the liquidation of securities held as collateral for repurchase agreements, the only securities acceptable as collateral shall be certificates of deposit, eligible banker's acceptances, or securities that are either direct obligations of, or that are fully guaranteed as to principal and interest by, the United States or any agency of the United States.

2. No more than 30% of the cost value of the portfolio at the time of purchase may be invested in repurchase agreements, and a "perfected security interest" shall always be maintained in the securities subject to a repurchase agreement.

G. 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.

H. 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 issuer's 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.

- I. Medium Term Notes (MTNs). The City may invest in MTNs, defined as all corporate and depository institution debt securities with a maximum remaining maturity of five years or less, issued by corporations organized and operating within the United States, or by depository institutions licensed by the United States or any state and operating within the United States. MTNs eligible for purchase shall be rated "A" or better by Standard and Poor's or by Moody's rating services. Purchase of medium term notes from corporations on negative credit watch by a major rating agency shall be prohibited. MTNs with an "A" rating shall be limited to 36 months maximum maturity; "AA" rated MTNs shall be limited to 48 months. No more than 15% of the total cost value of the portfolio at the time of purchase is to be invested in medium term notes. No more than 1% of the cost value of the portfolio at time of purchase may be invested in notes issued by any one corporation. The sum of the market value of the Commercial Paper and Medium Term Notes invested in any one corporation or corporate entity shall not exceed 1% of the cost value of the portfolio at time of purchase.

Upon any announcement of negative credit watch or downgrade, including a downgrade below an A3/A-, 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. No more than 2% of the cost value of the portfolio shall carry a credit rating below A3/A- for longer than 90 days without Council notification.

- J. 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, including a downgrade below an A3/A-, 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. No more than 2% of the cost value of the portfolio shall carry a credit rating below A3/A- for longer than 90 days without Council notification.

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

9. SWAPPING OF SECURITIES

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

10. ACTIVE MANAGEMENT OF U.S. TREASURY POSITIONS

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

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

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

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

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

Limitations and Restrictions:

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

11. PORTFOLIO ADJUSTMENTS

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

12. SAFEKEEPING OF SECURITIES

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

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

13. REPORTING

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

In addition to the quarterly report to council, the City Treasurer will submit a monthly summary report to the City Manager and City Council. The City shall record interest revenue on a full

accrual basis of accounting that is in accordance with generally accepted accounting practices for reporting and recording of interest earnings, accretions and premium amortizations. The City shall also comply with GASB 31 and GASB 40 when reporting fiscal year-end investments in the City's annual financial statement.

14. INTERNAL CONTROLS

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

15. POLICY REVIEW

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

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 \$225,000,000 to \$290,000,000 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	

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	
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If Yes, by whom? _____

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	
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8. Place and "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	
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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 _____

GLOSSARY

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

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

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

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

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

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

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

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

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

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

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

CMT - Constant Maturity Treasury

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

PORTFOLIO – Collection of securities held by an investor.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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