

STAFF REPORT



ITEM NO. 27
CITY OF OCEANSIDE

DATE: June 24, 2015

TO: Honorable Mayor and City Councilmembers

FROM: City Treasurer's Office

SUBJECT: **PRESENTATION OF TREASURER'S REPORT – QUARTER ENDED MARCH 31, 2015, 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, 2015, 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, 2014.

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 25, 2014.

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, 2015

For the quarter ended March 31, 2015, the City's portfolio had a book value of \$287,535,626 (book value is the cost of the security plus any amortization or accretion of premiums or discounts). The average yield to maturity of the portfolio was 1.016 percent, which has generated fiscal year to date accrued earnings of \$2,143,888.

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, 2015	Dec 31, 2014	Sept 30, 2014	June 30, 2014
Book Value	\$287,535,626	\$278,825,117	\$274,618,302	\$288,230,929
Market Value	\$287,496,546	\$277,529,969	\$273,133,915	\$287,391,191
Unrealized Gain/(Loss)	\$(39,080)	\$(1,295,148)	\$(1,484,387)	\$(839,738)
Unrealized Gain/(Loss) as a % of Book Value	(0.01%)	(0.46%)	(0.54%)	(0.29%)
Average Yield to Maturity	1.016%	1.050%	1.034%	0.944%
Liquidity 0 – 6 months	11.92%	7.81%	8.11%	18.22%
Average Days to Maturity	878 (2.41 years)	993 (2.72 years)	1,068 (2.93 years)	982 (2.69 years)
Quarterly Earnings	\$749,840	\$725,251	\$668,797	\$659,309
Qtr Capital Gain/(Loss)	\$33,397	\$45,970	\$5,048	\$15,466

Comparative to the end of the prior fiscal quarter, the book value of the portfolio increased by \$8.7 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. The average weighted yield to maturity decreased by 3.4 basis points as core liquidity was restored to normal levels (a range between 10 to 15 percent of book value) by increasing account balances in the State pool (LAIF). A market rally in January provided an opportunity to book realized gains (profits), enhancing overall interest earnings. Unrealized gains and losses continue to fluctuate, corresponding with overall market volatility which has been experiencing major swings in interest rate direction during the past several months. As long as the portfolio securities are held to maturity, the City will not incur any actual losses due to market volatility.

Market volatility continued during the third quarter of FY 2014-2015 ending in overall lower bond interest rates comparative to the prior fiscal quarter. Rates were lower in the 2 to 30-year sectors of the curve (ranging from 10 to 28 basis points), leading to continued yield curve flattening. Lingering concerns over an economic slowdown in Europe, and weaker than expected domestic economic data posted in March, contributed to the higher bond prices.

The Federal Open Market Committee (FOMC) maintained the current target range for the federal funds rate at 0 to 0.25 percent during both FOMC meetings in the quarter, noting both times that although the labor market has improved, inflation continues to run below their expectations. At their January meeting, the Committee reaffirmed its “patient” approach toward normalizing monetary policy; however, the word “patient” was removed from the policy statement following the March meeting, fueling market debate

about the timing of a possible rate hike. The ongoing uncertainty surrounding the outlook of Fed monetary policy continues to create market volatility, providing opportunities for profit taking which increases overall earnings.

FISCAL IMPACT

Gross fiscal year to date earnings were \$2,143,888, which is an increase of \$368,522 from the same period last year (quarter ended March 2014). The City's General Fund has earned \$536,556 fiscal year to date. The following table provides the earnings distribution as recorded in Fund 102, Interest Allocation (1102.4321), grouped into the major fund categories:

INVESTMENT EARNINGS BY FUND FISCAL YEAR 2014-2015 AS OF 3/31/15

Fund Name	FYTD Average Cash Balances	FYTD Investment Earnings
General Fund	91,915,564	536,556
Special Revenue Funds - Police	1,446,374	8,444
Special Revenue Funds - Library	-	-
Special Revenue Funds - Transportation	8,538,892	49,898
Lighting and Landscape Districts	1,280,808	7,600
Federal and State Grants	-	85
Housing Agency	7,911,380	46,216
Community Facilities Districts	3,025,326	17,660
General City Capital Improvement	2,250,987	13,146
Development Impact Fees	22,816,170	133,285
Municipal Golf Course Improvement	121,226	708
Water Funds	72,725,684	424,687
Sewer Funds	53,668,573	313,365
Airport Funds	494,387	2,887
Harbor Fund	4,044,309	23,618
Trust Funds	639,253	3,733
General Debt Service	2,107,627	12,308
Successor Agency	12,312,004	71,889
Banking and Investment Expenses		478,957
Interest Allocated through 3/31/15		\$ 2,145,042
Earnings Allocation Adjustments		(1,153)
Year to Date Totals as of 3/31/15	\$ 285,298,564	\$ 2,143,888

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 2014-2015 AS OF 3/31/15**

Fund Name	FYTD Average Cash Balances
General Fund	31,231,751
Grants	136,605
General Fund Capital Improvements	11,150,203
Solid Waste Fund	6,939,513
Internal Service Funds	38,797,164
Trust Funds	3,398,751
Payroll Fund	229,149
City Debt Service Funds	32,428
FYTD Average Cash Balances as of 3/31/15	\$ 91,915,564

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 \$478,957 for the quarter ended March 31, 2015. The following chart categorizes the year to date allocated bank and investment charges for Fiscal Year 2014-2015, as well as provides a comparison to Fiscal Year 2013-2014. Bank and investment fees have increased by approximately \$13,000 comparative to last fiscal year. The largest increase of approximately \$7,300 is found in armored carrier costs. The higher armored carrier costs are attributable to the addition of deposit pickups at the libraries and recreation community centers and pools. Increases in other expense categories include approximately \$2,300 in custody and safekeeping services, approximately \$1,800 in check stock purchases and approximately \$2,300 in merchant services fees. The higher custody and safekeeping costs are attributable to the \$20 million increase in portfolio holdings comparative to last fiscal year. The increase in check stock purchases is attributable to a timing difference in purchasing check stock inventory as compared to last fiscal year. The increase in merchant services fees have been minimal this fiscal year; staff has been monitoring the fee levels to determine if the year-over-year increases experienced over the past few fiscal years have finally leveled out.

**BANKING AND INVESTMENT EXPENSES
FISCAL YEAR 2014-2015 YEAR TO DATE COMPARISON
AS OF 3/31/15**

Expense Type	FYTD Expenses as of 3/31/15	FYTD Expenses as of 3/31/14
Banking Expenses		
Armored Carrier	42,532	35,151
Bank Fees	51,347	52,058
Bank Supplies	-	338
Check Stock	2,780	926
Merchant Services	340,653	338,288
Investment Expenses		
Bloomberg Services	23,913	23,913
Custody and Safekeeping	12,768	10,441
Investment Software Maintenance	4,964	4,819
Total Banking and Investment Expenses	\$ 478,957	\$ 465,934

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 one change for Council approval.

The recommended addition is to Section 8 - Authorized Investments, Obligations issued by Supranational Organizations. In 2014 A: the California Government code was updated to allow local agencies to invest in securities issued by Washington-based supranational organizations (i.e. World Bank (International Bank for Reconstruction and Development-IBRD), International Finance Corporation (IFC), Inter-American Development Bank (IADB)). The law provides for a maximum maturity of 5 years, a rating of "AA" or better by a nationally recognized statistical rating organization and a maximum limit not to exceed 30 percent of the agency's total investments. Staff is recommending a not to exceed limit of 15 percent of the cost value of the portfolio at time of purchase. The addition of securities issued by supranational organizations will provide an additional asset class to aid in diversification of the portfolio at competitive interest rates. Currently, World Bank securities are "AAA" rated and are offered at competitive interest rates compared to United States federal agency securities (such as Fannie Mae and Freddie Mac). This asset class will be added as Subsection C.

COMMISSION/COMMITTEE REPORT

The Investment Oversight Committee reviewed the quarter ended March 31, 2015, report at its May 12, 2015, 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, 2015, and adopt a resolution approving the policy for the investment of City of Oceanside funds.

PREPARED BY:



Michele C. Lund
Treasury Manager

SUBMITTED BY:

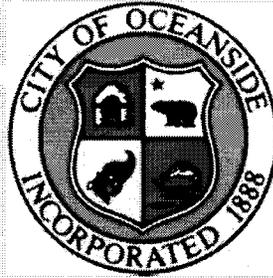


Gary M. Ernst
City Treasurer

Attachments

1. Treasurer's Quarter End Report – March 31, 2015
2. Resolution

CITY OF OCEANSIDE



TREASURER'S REPORT

*FOR MONTH & QUARTER ENDED
MARCH 31, 2015*



CITY OF OCEANSIDE

OFFICE OF THE CITY TREASURER

TO: CITY COUNCIL
CITY MANAGER

DATE: APRIL 24, 2015

SUBJECT: INVESTMENT REPORT FOR THE MONTH & QUARTER ENDED MARCH 31, 2015

The following is summary information for the City of Oceanside Investment Portfolio for the month & quarter ended March 31, 2015.

Market/Portfolio Commentary

Market volatility continued during the third quarter of FY 2014-2015 ending in overall lower bond interest rates comparative to the prior fiscal quarter. Rates were lower in the 2 to 30-year sectors of the curve (ranging from 10 to 28 basis points), leading to continued yield curve flattening. Lingering concerns over an economic slowdown in Europe, and weaker than expected domestic economic data posted in March, contributed to the higher bond prices.

The Federal Open Market Committee maintained the current target range for the federal funds rate at 0 to 0.25% during both FOMC meetings in the quarter, noting both times that although the labor market has improved, inflation continues to run below their expectations. At their January meeting, the Committee reaffirmed its "patient" approach toward normalizing monetary policy; however, the word "patient" was removed from the policy statement following the March meeting, fueling market debate about the timing of a possible rate hike. The ongoing uncertainty surrounding the outlook of Fed monetary policy continues to create market volatility, providing opportunities for profit taking which increases overall earnings.

The book value of the portfolio increased by \$8.7 million comparative to the end of the prior fiscal quarter. The average weighted yield to maturity decreased by 3.4 basis points as core liquidity was restored to normal levels (a range between 10 to 15% of book value). Unrealized gains and losses continue to fluctuate, corresponding with overall market volatility which has been experiencing major swings in interest rate direction during the past several months. As long as the portfolio securities are held to maturity, the City will not incur any actual losses.

Portfolio Statistics

For month & quarter ended March 31, 2015, portfolio statistics are as follows:

- Portfolio Book Value \$287,535,626.29
- Portfolio Market Value \$287,496,545.71
- Unrealized Gain/(Loss) (\$39,080.58)
- Average Yield-to-Maturity 1.016%
- Liquidity (0 – 6-months) 11.92%
- Average Days to Maturity 878 (2.41 years)
- Fiscal Year-to-Date Earnings \$2,143,888.31
- Fiscal Year-to-Date Capital Gains/(Losses) \$84,414.51

In compliance with the California Code Section 53646, I hereby certify that sufficient investment liquidity and anticipated revenues are available to meet the City's budgeted expenditure requirements for the next six months. I also certify that investments in the City's portfolio meet the requirements of the City of Oceanside's adopted investment policy and the California Government Code section 53601. Market Prices are obtained from Bank of New York and the State Treasurer's Office (LAIF).

Respectfully submitted,



Gary M. Ernst
City Treasurer

**CITY OF OCEANSIDE
PORTFOLIO SUMMARY
FOR MONTH & QUARTER ENDED MARCH 31, 2015**

INVESTMENT TYPE	FACE VALUE	BOOK VALUE	MARKET VALUE	YIELD TO MATURITY	DAYS TO MATURITY	PERCENT OF PORTFOLIO
Month & Quarter Ended March 31, 2015						
LAIF	\$ 33,500,000.00	\$ 33,500,000.00	\$ 33,512,854.89	0.278%	1	11.65%
Federal Agency Non - Callable	13,000,000.00	12,993,552.41	13,026,260.00	0.963%	949	4.52%
Federal Agency - Callable	196,913,333.34	196,899,156.13	196,794,656.42	1.127%	1,014	68.48%
Federal Agency Callable - Step Up	23,100,000.00	23,100,000.00	23,115,102.00	1.329%	1,244	8.03%
Medium Term Notes	12,150,000.00	12,275,938.51	12,287,430.50	0.794%	588	4.27%
Municipal Bonds	8,750,000.00	8,766,979.24	8,760,241.90	0.919%	498	3.05%
Total Investments	\$ 287,413,333.34	\$ 287,535,626.29	\$ 287,496,545.71	1.016%	878	100.00%
Unrealized Gain/(Loss) (Market Value - Book Value)			(39,080.58)			
Plus Accrued Interest			\$ 667,496.48			
Portfolio Liquidation Unrealized Gain/(Loss)			\$ 628,415.90			

Prior Period Comparisons

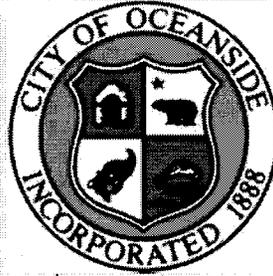
	FACE VALUE	BOOK VALUE	MARKET VALUE	YIELD TO MATURITY	DAYS TO MATURITY	PERCENT OF PORTFOLIO
Month & Quarter Ended December 31, 2014						
LAIF	\$ 18,750,000.00	\$ 18,750,000.00	\$ 18,749,632.13	0.267%	1	6.72%
Treasury Securities-Coupon	4,000,000.00	3,973,169.16	3,946,715.00	0.802%	1,505	1.42%
Federal Agency Non - Callable	14,000,000.00	13,993,041.82	13,918,340.00	0.966%	1,028	5.02%
Federal Agency - Callable	189,710,000.00	189,686,643.13	188,619,293.60	1.100%	1,077	68.03%
Federal Agency Callable - Step Up	28,100,000.00	28,099,919.44	28,014,470.00	1.460%	1,380	10.08%
Medium Term Notes	16,400,000.00	16,550,035.08	16,522,493.00	0.847%	534	5.94%
Municipal Bonds	7,750,000.00	7,772,307.95	7,759,024.80	0.935%	593	2.79%
Total Investments	\$ 278,710,000.00	\$ 278,825,116.58	\$ 277,529,968.53	1.050%	993	100.00%
Unrealized Gain/(Loss) (Market Value - Book Value)			(1,295,148.05)			
Plus Accrued Interest			600,717.57			
Portfolio Liquidation Unrealized Gain/(Loss)			\$ (694,430.48)			
Month & Quarter Ended September 30, 2014						
LAIF	\$ 18,250,000.00	\$ 18,250,000.00	\$ 18,253,308.43	0.246%	1	6.65%
Treasury Securities-Coupon	6,000,000.00	5,961,135.86	5,928,902.50	1.218%	1,363	2.17%
Federal Agency Non - Callable	17,000,000.00	16,990,539.49	16,877,015.00	0.993%	1,131	6.19%
Federal Agency - Callable	174,970,000.00	174,963,039.10	173,823,324.45	1.077%	1,154	63.71%
Federal Agency Callable - Step Up	34,100,000.00	34,098,867.79	33,913,556.25	1.347%	1,452	12.42%
Medium Term Notes	17,400,000.00	17,573,589.35	17,552,313.00	0.853%	606	6.40%
Municipal Bonds	6,750,000.00	6,781,130.81	6,785,495.50	0.906%	561	2.47%
Total Investments	\$ 274,470,000.00	\$ 274,618,302.40	\$ 273,133,915.13	1.034%	1,068	100.00%
Unrealized Gain/(Loss) (Market Value - Book Value)			(1,484,387.27)			
Plus Accrued Interest			653,114.47			
Portfolio Liquidation Unrealized Gain/(Loss)			\$ (831,272.80)			

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, 2015**

	Month Ending March 31, 2015	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	\$ 233,393.15	\$ 1,991,418.75
PLUS Accrued Interest at End of Period	642,192.82	642,192.82
LESS Accrued Interest at Beginning of Period	<u>(634,632.71)</u>	<u>(566,860.55)</u>
Interest Earned during Period	<u>\$ 240,953.26</u>	<u>\$ 2,066,751.02</u>
ADJUSTED by Premiums and Discounts	(1,450.76)	(59,994.20)
ADJUSTED by Capital Gains or Losses	<u>14,354.21</u>	<u>84,414.51</u>
Earnings during Period	<u>\$ 253,856.71</u>	<u>\$ 2,091,171.33</u>
Local Agency Investment Fund (L.A.I.F.):		
Interest Collected	\$ -	\$ 54,416.04
PLUS Accrued Interest at End of Period	24,998.10	24,998.10
LESS Accrued Interest at Beginning of Period	<u>(18,690.62)</u>	<u>(24,336.69)</u>
Interest Earned during Period	<u>\$ 6,307.48</u>	<u>\$ 55,077.45</u>
TOTAL Interest Earned during Period	\$ 247,260.74	\$ 2,121,828.47
TOTAL Premiums and Discounts	(1,450.76)	(59,994.20)
TOTAL Capital Gains or Losses	<u>14,354.21</u>	<u>84,414.51</u>
SUB-TOTAL Earnings during Period	\$ 260,164.19	\$ 2,146,248.78
Earnings Adjustments	<u>-</u>	<u>(2,360.47)</u>
TOTAL Earnings during Period	<u>\$ 260,164.19</u>	<u>\$ 2,143,888.31</u>

CITY OF OCEANSIDE



PORTFOLIO DETAILS

AS OF MARCH 31, 2015

**Oceanside Quarterly Report
Portfolio Management
Portfolio Details - Investments
March 31, 2015**

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			14,000,000.00	14,005,372.19	14,000,000.00	0.278		0.278	1	
SYS18001	18001	Local Agency Investment Fund			19,500,000.00	19,507,482.70	19,500,000.00	0.278		0.278	1	
Subtotal and Average			32,630,555.56		33,500,000.00	33,512,854.89	33,500,000.00			0.278	1	
Treasury Securities - Coupon												
Subtotal and Average			792,916.26									
Federal Agency - Non Callable												
3134G3S50	13-0036	Federal Home Loan Mort Corp		10/18/2012	2,000,000.00	2,002,360.00	2,000,000.00	0.625		0.625	580	11/01/2016
3133EDQM7	15-0034	Federal Farm Credit Bank		12/09/2014	1,000,000.00	1,004,270.00	1,000,000.00	1.000		1.000	838	07/17/2017
3130A14K1	14-0050	Federal Home Loan Bank		03/26/2014	1,000,000.00	1,003,490.00	1,000,000.00	1.050		1.050	909	09/26/2017
3133ECBX1	13-0068	Federal Farm Credit Bank		12/28/2012	1,000,000.00	1,001,980.00	1,000,000.00	0.820		0.820	911	09/28/2017
3133ECBX1	13-0069	Federal Farm Credit Bank		12/28/2012	1,000,000.00	1,001,980.00	1,000,000.00	0.820		0.820	911	09/28/2017
3134G32W9	14-0082	Federal Home Loan Mort Corp		06/25/2014	1,000,000.00	1,007,670.00	1,000,531.17	1.250		1.230	1,000	12/26/2017
3135G0UE1	13-0088	Federal National Mortgage Assc		02/14/2013	2,000,000.00	2,000,280.00	2,000,000.00	1.000		1.008	1,050	02/14/2018
3130A46D9	15-0061	Federal Home Loan Bank		02/20/2015	1,000,000.00	1,003,810.00	1,000,000.00	1.100		1.100	1,056	02/20/2018
3135G0WJ8	13-0122	Federal National Mortgage Assc		05/23/2013	2,000,000.00	1,995,240.00	1,990,233.48	0.875		1.035	1,146	05/21/2018
313379DT3	13-0126	Federal Home Loan Bank		06/10/2013	1,000,000.00	1,005,180.00	1,002,787.76	1.250		1.160	1,164	06/08/2018
Subtotal and Average			13,782,189.03		13,000,000.00	13,026,260.00	12,993,552.41			0.963	949	
Federal Agency - Callable												
3133EAU22	13-0024	Federal Farm Credit Bank		09/12/2012	1,000,000.00	999,460.00	1,000,000.00	0.680		0.685	530	09/12/2016
3134G3P38	13-0031	Federal Home Loan Mort Corp		10/05/2012	1,000,000.00	1,000,600.00	1,000,000.00	0.750		0.750	553	10/05/2016
3133EA5V6	13-0038	Federal Farm Credit Bank		10/24/2012	1,000,000.00	995,940.00	1,000,000.00	0.620		0.620	572	10/24/2016
3133EA5V6	13-0039	Federal Farm Credit Bank		10/24/2012	1,000,000.00	995,940.00	1,000,000.00	0.620		0.620	572	10/24/2016
3133EA5W4	13-0050	Federal Farm Credit Bank		12/05/2012	1,000,000.00	1,000,050.00	1,000,000.00	0.650		0.657	572	10/24/2016
3133EC5B6	13-0052	Federal Farm Credit Bank		12/05/2012	1,000,000.00	998,890.00	1,000,000.00	0.640		0.646	608	11/29/2016
3133EC6S8	13-0059	Federal Farm Credit Bank		12/12/2012	1,000,000.00	999,440.00	1,000,000.00	0.600		0.606	621	12/12/2016
3135G0UA9	13-0084	Federal National Mortgage Assc		02/06/2013	2,000,000.00	1,994,920.00	2,000,000.00	0.750		0.750	677	02/06/2017
3135G0XL2	13-0127	Federal National Mortgage Assc		06/13/2013	2,000,000.00	2,000,440.00	2,000,000.00	0.650		1.050	698	02/27/2017
3133EAW46	13-0029	Federal Farm Credit Bank		09/17/2012	1,000,000.00	998,690.00	1,000,000.00	0.790		0.790	716	03/17/2017
3130A1FT0	14-0069	Federal Home Loan Bank		04/17/2014	1,000,000.00	1,000,360.00	1,000,000.00	1.050		1.075	747	04/17/2017
3133ECMZ4	13-0098	Federal Farm Credit Bank		05/01/2013	1,000,000.00	996,920.00	1,000,000.00	0.690		0.703	761	05/01/2017
3133812G9	13-0037	Federal Home Loan Bank		11/08/2012	1,000,000.00	996,370.00	1,000,000.00	0.740		0.740	768	05/08/2017
3136G1WV7	14-0011	Federal National Mortgage Assc		11/15/2013	1,000,000.00	1,000,880.00	1,000,000.00	1.000		1.000	775	05/15/2017
3136G1WV7	14-0012	Federal National Mortgage Assc		11/15/2013	1,000,000.00	1,000,880.00	1,000,000.00	1.000		1.000	775	05/15/2017
3136G1XF1	14-0018	Federal National Mortgage Assc		11/27/2013	1,000,000.00	1,001,150.00	1,000,000.00	1.000		1.000	782	05/22/2017
313381AN5	13-0046	Federal Home Loan Bank		11/23/2012	1,550,000.00	1,547,210.00	1,550,000.00	0.800		0.800	783	05/23/2017

**Oceanside Quarterly Report
Portfolio Management
Portfolio Details - Investments
March 31, 2015**

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												
3133EC5L4	13-0054	Federal Farm Credit Bank		12/05/2012	2,000,000.00	1,998,620.00	2,000,000.00	0.770		0.780	796	06/05/2017
3133ECR30	13-0124	Federal Farm Credit Bank		06/05/2013	2,000,000.00	2,000,180.00	2,000,000.00	0.960		0.960	796	06/05/2017
3134G4MD7	14-0020	Federal Home Loan Mort Corp		12/19/2013	1,000,000.00	1,001,500.00	1,000,000.00	1.000		1.000	810	06/19/2017
3134G32S8	13-0060	Federal Home Loan Mort Corp		12/27/2012	1,000,000.00	998,950.00	1,000,000.00	0.750		0.750	818	06/27/2017
3134G4PB8	14-0022	Federal Home Loan Mort Corp		12/27/2013	1,000,000.00	1,001,630.00	1,000,000.00	1.000		1.000	818	06/27/2017
3134G4PB8	14-0024	Federal Home Loan Mort Corp		12/27/2013	1,000,000.00	1,001,630.00	1,000,000.00	1.000		1.000	818	06/27/2017
3134G57G4	14-0080	Federal Home Loan Mort Corp		06/30/2014	2,000,000.00	2,003,340.00	2,000,000.00	1.020		1.037	821	06/30/2017
3134G5TE5	15-0041	Federal Home Loan Mort Corp		12/30/2014	1,000,000.00	1,001,920.00	1,000,000.00	1.050		1.050	821	06/30/2017
3133EA4H8	13-0040	Federal Farm Credit Bank		11/08/2012	2,000,000.00	1,992,300.00	2,000,000.00	0.820		0.820	832	07/11/2017
3136G1BT5	13-0080	Federal National Mortgage Assc		02/07/2013	2,000,000.00	1,997,640.00	2,000,000.00	0.850		0.850	859	08/07/2017
3136G1BT5	13-0086	Federal National Mortgage Assc		02/07/2013	1,000,000.00	998,820.00	1,000,000.00	0.850		0.856	859	08/07/2017
3136G1BT5	14-0014	Federal National Mortgage Assc		11/14/2013	1,000,000.00	998,820.00	1,000,000.00	0.850		1.140	859	08/07/2017
3135G0MW0	14-0007	Federal National Mortgage Assc		10/03/2013	1,000,000.00	1,000,840.00	1,000,000.00	1.050		1.290	861	08/09/2017
3135G0NC3	13-0008	Federal National Mortgage Assc		08/16/2012	1,000,000.00	999,540.00	1,000,000.00	1.000		1.057	866	08/14/2017
313381Z24	13-0091	Federal Home Loan Bank		02/15/2013	1,000,000.00	998,350.00	1,000,000.00	0.850		0.850	867	08/15/2017
3133EC3G7	13-0049	Federal Farm Credit Bank		12/03/2012	2,000,000.00	1,998,440.00	2,000,000.00	0.800		0.820	873	08/21/2017
3133EAP28	13-0010	Federal Farm Credit Bank		08/22/2012	2,000,000.00	1,998,660.00	2,000,000.00	1.100		1.100	874	08/22/2017
3134G6ER0	15-0062	Federal Home Loan Mort Corp		02/25/2015	1,000,000.00	1,002,050.00	1,000,000.00	1.000		1.000	877	08/25/2017
3133EDTR3	15-0018	Federal Farm Credit Bank		08/28/2014	1,000,000.00	1,002,260.00	999,795.83	1.090		1.107	880	08/28/2017
3135G0NR0	13-0005	Federal National Mortgage Assc		08/28/2012	2,000,000.00	2,001,980.00	2,000,000.00	1.100		1.100	880	08/28/2017
3136G1MQ9	13-0109	Federal National Mortgage Assc		05/28/2013	1,000,000.00	993,440.00	1,000,000.00	0.750		0.750	880	08/28/2017
313380LL9	13-0014	Federal Home Loan Bank		09/06/2012	1,000,000.00	998,850.00	1,000,000.00	1.080		1.080	889	09/06/2017
313380LL9	13-0015	Federal Home Loan Bank		09/06/2012	1,000,000.00	998,850.00	1,000,000.00	1.080		1.080	889	09/06/2017
313380MP9	13-0028	Federal Home Loan Bank		09/13/2012	1,000,000.00	997,860.00	1,000,000.00	0.980		1.001	894	09/11/2017
3133ECA95	13-0063	Federal Farm Credit Bank		12/18/2012	2,000,000.00	1,994,220.00	2,000,000.00	0.790		0.795	901	09/18/2017
3136G25T0	15-0023	Federal National Mortgage Assc		09/18/2014	1,000,000.00	999,470.00	1,000,000.00	1.150		1.150	901	09/18/2017
3133EDCJ9	14-0026	Federal Farm Credit Bank		12/26/2013	1,000,000.00	1,000,120.00	1,000,000.00	1.180		1.195	909	09/26/2017
3134G3J43	13-0021	Federal Home Loan Mort Corp		09/27/2012	1,000,000.00	1,001,000.00	1,000,000.00	1.040		1.040	910	09/27/2017
3134G4PK8	14-0025	Federal Home Loan Mort Corp		12/27/2013	1,000,000.00	1,001,730.00	1,000,000.00	1.150		1.147	910	09/27/2017
3135G0PD9	13-0020	Federal National Mortgage Assc		09/27/2012	2,000,000.00	1,992,380.00	2,000,000.00	1.070		1.070	910	09/27/2017
3136G0B26	13-0027	Federal National Mortgage Assc		09/27/2012	1,000,000.00	997,150.00	1,000,000.00	1.000		1.000	910	09/27/2017
3134G4ZU5	14-0067	Federal Home Loan Mort Corp		04/17/2014	2,000,000.00	2,000,960.00	2,000,000.00	1.250		1.250	930	10/17/2017
3133EA5A2	13-0035	Federal Farm Credit Bank		10/18/2012	1,000,000.00	996,340.00	1,000,000.00	0.870		0.880	931	10/18/2017
313381WB7	13-0085	Federal Home Loan Bank		02/07/2013	1,000,000.00	996,530.00	1,000,000.00	0.875		0.902	951	11/07/2017
3133813R4	13-0053	Federal Home Loan Bank		12/05/2012	2,000,000.00	1,994,760.00	2,000,000.00	1.000		0.979	953	11/09/2017
3133813R4	13-0065	Federal Home Loan Bank		12/19/2012	2,000,000.00	1,994,760.00	2,000,000.00	1.000		1.000	953	11/09/2017
3133EC2M5	13-0041	Federal Farm Credit Bank		11/13/2012	1,000,000.00	997,880.00	1,000,000.00	0.940		0.940	957	11/13/2017
3133EC2M5	13-0042	Federal Farm Credit Bank		11/13/2012	1,000,000.00	997,880.00	1,000,000.00	0.940		0.940	957	11/13/2017

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Federal Agency - Callable												
3133817D1	13-0044	Federal Home Loan Bank		11/15/2012	1,000,000.00	998,390.00	1,000,000.00	0.980		0.980	959	11/15/2017
3133EC2Y9	13-0047	Federal Farm Credit Bank		11/20/2012	1,000,000.00	996,540.00	1,000,000.00	0.850		0.850	964	11/20/2017
3133EC2Y9	13-0051	Federal Farm Credit Bank		12/05/2012	1,445,000.00	1,440,000.30	1,445,000.00	0.850		0.850	964	11/20/2017
3130A0B90	14-0015	Federal Home Loan Bank		11/20/2013	1,000,000.00	1,004,060.00	1,000,000.00	1.200		1.200	964	11/20/2017
3130A0B90	14-0016	Federal Home Loan Bank		11/20/2013	1,000,000.00	1,004,060.00	1,000,000.00	1.200		1.200	964	11/20/2017
3134G5MY8	15-0029	Federal Home Loan Mort Corp		11/21/2014	1,000,000.00	1,001,340.00	999,791.67	1.050		1.075	965	11/21/2017
3136G23N5	15-0014	Federal National Mortgage Assc		08/22/2014	2,000,000.00	1,999,780.00	2,000,000.00	1.200		1.200	966	11/22/2017
3134G3Y38	13-0048	Federal Home Loan Mort Corp		11/27/2012	2,000,000.00	1,993,380.00	2,000,000.00	0.900		0.900	971	11/27/2017
3136G2A23	15-0030	Federal National Mortgage Assc		11/28/2014	1,240,000.00	1,240,830.80	1,240,000.00	1.200		1.200	972	11/28/2017
3136G2AK3	15-0032	Federal National Mortgage Assc		11/28/2014	1,000,000.00	1,000,820.00	1,000,000.00	1.150		1.150	972	11/28/2017
3133EEER7	15-0042	Federal Farm Credit Bank		12/11/2014	1,000,000.00	996,160.00	998,750.00	1.140		1.201	985	12/11/2017
3133EC7A6	13-0057	Federal Farm Credit Bank		12/12/2012	1,000,000.00	991,710.00	1,000,000.00	0.820		0.820	986	12/12/2017
3133EC7A6	13-0058	Federal Farm Credit Bank		12/12/2012	1,000,000.00	991,710.00	1,000,000.00	0.820		0.845	986	12/12/2017
3133EDC26	14-0028	Federal Farm Credit Bank		12/26/2013	1,000,000.00	1,000,100.00	1,000,000.00	1.270		1.353	992	12/18/2017
3130A2D78	14-0079	Federal Home Loan Bank		06/26/2014	1,000,000.00	1,000,300.00	1,000,000.00	1.300		1.300	1,000	12/26/2017
3134G5SV8	15-0040	Federal Home Loan Mort Corp		12/30/2014	1,000,000.00	1,001,700.00	1,000,000.00	1.300		1.334	1,000	12/26/2017
3136G2B89	15-0038	Federal National Mortgage Assc		12/26/2014	1,000,000.00	1,000,690.00	1,000,000.00	1.200		1.200	1,000	12/26/2017
3134G5WB7	15-0047	Federal Home Loan Mort Corp		12/30/2014	1,000,000.00	1,002,160.00	1,000,000.00	1.350		1.350	1,001	12/27/2017
313381K95	13-0064	Federal Home Loan Bank		12/28/2012	2,000,000.00	1,987,940.00	2,000,000.00	0.840		0.840	1,002	12/28/2017
3134G32Y5	13-0067	Federal Home Loan Mort Corp		12/28/2012	2,000,000.00	1,995,760.00	2,000,000.00	0.900		0.931	1,002	12/28/2017
3134G5AH8	14-0081	Federal Home Loan Mort Corp		06/30/2014	1,000,000.00	1,001,660.00	1,000,000.00	1.250		1.250	1,003	01/29/2018
3134G5TW5	15-0044	Federal Home Loan Mort Corp		12/29/2014	1,000,000.00	1,001,990.00	1,000,000.00	1.250		1.250	1,003	12/29/2017
3130A0GC8	14-0027	Federal Home Loan Bank		01/09/2014	1,000,000.00	1,000,110.00	1,000,000.00	1.250		1.400	1,014	01/09/2018
3134G33B4	13-0070	Federal Home Loan Mort Corp		01/14/2013	1,000,000.00	997,770.00	1,000,000.00	1.000		1.010	1,016	01/11/2018
313381QE8	13-0071	Federal Home Loan Bank		01/22/2013	2,000,000.00	1,998,100.00	2,000,000.00	0.950		0.981	1,027	01/22/2018
3130A1XP8	14-0073	Federal Home Loan Bank		05/22/2014	1,000,000.00	1,001,520.00	1,000,000.00	1.300		1.300	1,027	01/22/2018
3134G33Y4	13-0073	Federal Home Loan Mort Corp		01/22/2013	2,000,000.00	1,997,180.00	2,000,000.00	0.950		0.981	1,027	01/22/2018
3130A3UN2	15-0048	Federal Home Loan Bank		01/29/2015	1,000,000.00	1,000,540.00	1,000,000.00	1.300		1.300	1,034	01/29/2018
313381SP1	13-0074	Federal Home Loan Bank		01/30/2013	2,000,000.00	1,999,740.00	2,000,000.00	1.050		1.050	1,035	01/30/2018
313381UJ2	13-0075	Federal Home Loan Bank		01/30/2013	1,000,000.00	998,710.00	1,000,000.00	1.020		1.020	1,035	01/30/2018
3136G1A22	13-0072	Federal National Mortgage Assc		01/30/2013	2,000,000.00	1,988,640.00	2,000,000.00	1.000		1.000	1,035	01/30/2018
3135G0TV5	13-0076	Federal National Mortgage Assc		01/30/2013	1,000,000.00	1,000,760.00	1,000,000.00	1.030		1.030	1,035	01/30/2018
3135G0TV5	13-0079	Federal National Mortgage Assc		01/30/2013	2,000,000.00	2,001,520.00	2,000,000.00	1.030		1.030	1,035	01/30/2018
3136G1BK4	13-0078	Federal National Mortgage Assc		02/05/2013	1,000,000.00	995,020.00	1,000,000.00	1.000		1.000	1,041	02/05/2018
3133ECEQ3	13-0083	Federal Farm Credit Bank		02/06/2013	1,000,000.00	1,000,110.00	1,000,000.00	1.100		1.100	1,042	02/06/2018
3135G0A94	15-0059	Federal National Mortgage Assc		02/13/2015	1,000,000.00	1,000,770.00	999,235.56	1.250		1.277	1,049	02/13/2018
3134G34Y3	13-0089	Federal Home Loan Mort Corp		02/14/2013	1,000,000.00	998,580.00	1,000,000.00	1.000		1.005	1,050	02/14/2018
3135G0UD3	13-0090	Federal National Mortgage Assc		02/14/2013	1,000,000.00	996,780.00	1,000,000.00	1.010		1.010	1,050	02/14/2018

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Federal Agency - Callable												
3135G0UD3	14-0019	Federal National Mortgage Assc		11/20/2013	1,450,000.00	1,445,331.00	1,450,000.00	1.010		1.272	1,050	02/14/2018
3136G23B1	15-0010	Federal National Mortgage Assc		08/15/2014	1,250,000.00	1,252,700.00	1,250,000.00	1.300		1.300	1,051	02/15/2018
3134G5EZ4	15-0013	Federal Home Loan Mort Corp		08/20/2014	2,000,000.00	2,003,120.00	2,000,000.00	1.400		1.400	1,056	02/20/2018
3130A0XC9	14-0041	Federal Home Loan Bank		02/26/2014	1,000,000.00	1,005,980.00	1,000,000.00	1.300		1.300	1,062	02/26/2018
3130A0XC9	14-0042	Federal Home Loan Bank		02/26/2014	1,000,000.00	1,005,980.00	1,000,000.00	1.300		1.300	1,062	02/26/2018
3134G6EV1	15-0063	Federal Home Loan Mort Corp		02/26/2015	1,000,000.00	1,004,630.00	1,000,000.00	1.200		1.200	1,062	02/26/2018
3130A4AN2	15-0065	Federal Home Loan Bank		02/27/2015	1,000,000.00	1,001,600.00	1,000,000.00	1.250		1.250	1,063	02/27/2018
3136G2A80	15-0031	Federal National Mortgage Assc		11/28/2014	1,000,000.00	1,001,620.00	1,000,000.00	1.250		1.250	1,064	02/28/2018
3130A4CK6	15-0067	Federal Home Loan Bank		03/12/2015	1,000,000.00	1,001,500.00	1,000,000.00	1.400		1.400	1,076	03/12/2018
3134G5R72	15-0035	Federal Home Loan Mort Corp		12/16/2014	1,000,000.00	1,004,010.00	1,000,000.00	1.250		1.250	1,080	03/16/2018
3136G26E2	15-0022	Federal National Mortgage Assc		09/23/2014	1,000,000.00	1,002,900.00	1,000,000.00	1.400		1.400	1,087	03/23/2018
3130A1AG3	14-0062	Federal Home Loan Bank		03/27/2014	1,000,000.00	1,002,060.00	1,000,000.00	1.400		1.413	1,091	03/27/2018
3134G6KW2	15-0072	Federal Home Loan Mort Corp		03/30/2015	1,000,000.00	1,003,400.00	1,000,000.00	1.300		1.300	1,093	03/29/2018
3134G4Z43	14-0063	Federal Home Loan Mort Corp		04/17/2014	2,000,000.00	2,001,060.00	2,000,000.00	1.375		1.375	1,112	04/17/2018
3134G4ZR2	14-0066	Federal Home Loan Mort Corp		04/17/2014	1,000,000.00	1,000,600.00	1,000,000.00	1.500		1.500	1,112	04/17/2018
3133ECMF8	13-0097	Federal Farm Credit Bank		04/30/2013	2,000,000.00	1,993,500.00	2,000,000.00	0.980		0.980	1,119	04/24/2018
3134G42G2	13-0121	Federal Home Loan Mort Corp		05/23/2013	2,000,000.00	1,990,560.00	2,000,000.00	1.050		1.050	1,125	04/30/2018
3136G1KD0	13-0102	Federal National Mortgage Assc		05/15/2013	2,000,000.00	1,988,180.00	2,000,000.00	1.000		1.020	1,125	04/30/2018
3133ECNY6	13-0100	Federal Farm Credit Bank		05/08/2013	1,000,000.00	991,780.00	1,000,000.00	0.950		0.950	1,133	05/08/2018
3133ECNY6	13-0101	Federal Farm Credit Bank		05/08/2013	1,000,000.00	991,780.00	1,000,000.00	0.950		0.950	1,133	05/08/2018
3133EEPC8	15-0060	Federal Farm Credit Bank		02/18/2015	1,895,000.00	1,897,027.65	1,891,346.99	1.220		1.347	1,136	05/11/2018
3136G1LE7	13-0099	Federal National Mortgage Assc		05/15/2013	1,000,000.00	993,290.00	1,000,000.00	1.010		1.010	1,140	05/15/2018
3133ECQ56	13-0104	Federal Farm Credit Bank		05/22/2013	2,000,000.00	1,994,680.00	2,000,000.00	1.080		1.083	1,147	05/22/2018
3133ECQ56	13-0105	Federal Farm Credit Bank		05/22/2013	2,000,000.00	1,994,680.00	2,000,000.00	1.080		1.080	1,147	05/22/2018
3134G5MU6	15-0027	Federal Home Loan Mort Corp		11/24/2014	1,000,000.00	1,001,740.00	1,000,000.00	1.375		1.375	1,149	05/24/2018
3134G55C5	14-0075	Federal Home Loan Mort Corp		05/28/2014	2,000,000.00	2,004,160.00	2,000,000.00	1.500		1.500	1,150	05/25/2018
3135G0XK4	13-0111	Federal National Mortgage Assc		05/30/2013	1,000,000.00	988,570.00	1,000,000.00	1.050		1.069	1,150	05/25/2018
3135G0XK4	13-0112	Federal National Mortgage Assc		05/30/2013	2,000,000.00	1,977,140.00	2,000,000.00	1.050		1.050	1,150	05/25/2018
3133837A3	13-0115	Federal Home Loan Bank		06/13/2013	1,000,000.00	997,240.00	1,000,000.00	1.100		1.100	1,169	06/13/2018
3133837A3	13-0116	Federal Home Loan Bank		06/13/2013	1,000,000.00	997,240.00	1,000,000.00	1.100		1.100	1,169	06/13/2018
3133837A3	13-0117	Federal Home Loan Bank		06/13/2013	2,000,000.00	1,994,480.00	2,000,000.00	1.100		1.100	1,169	06/13/2018
313383BD2	13-0119	Federal Home Loan Bank		06/13/2013	1,000,000.00	995,920.00	1,000,000.00	1.100		1.100	1,169	06/13/2018
3136G2B55	15-0036	Federal National Mortgage Assc		12/18/2014	1,000,000.00	1,001,720.00	1,000,000.00	1.375		1.375	1,174	06/18/2018
3136G2B55	15-0037	Federal National Mortgage Assc		12/18/2014	1,750,000.00	1,753,010.00	1,750,000.00	1.375		1.375	1,174	06/18/2018
3130A15C8	14-0046	Federal Home Loan Bank		03/20/2014	1,333,333.34	1,333,506.67	1,333,333.34	1.450		1.450	1,176	06/20/2018
3133EDP97	14-0083	Federal Farm Credit Bank		06/26/2014	2,000,000.00	1,998,300.00	2,000,000.00	1.500		1.500	1,182	06/26/2018
3134G4A99	13-0128	Federal Home Loan Mort Corp		06/26/2013	2,000,000.00	2,003,300.00	2,000,000.00	1.300		1.300	1,182	06/26/2018
3134G4A99	13-0129	Federal Home Loan Mort Corp		06/26/2013	2,000,000.00	2,003,300.00	1,998,819.44	1.300		1.404	1,182	06/26/2018

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Federal Agency - Callable												
3134G46X1	13-0131	Federal Home Loan Mort Corp		06/27/2013	2,000,000.00	2,001,060.00	2,000,000.00	1.250		1.307	1,183	06/27/2018
3134G4AE8	13-0134	Federal Home Loan Mort Corp		06/27/2013	1,000,000.00	1,002,200.00	1,000,000.00	1.400		1.400	1,183	06/27/2018
3130A3NL4	15-0039	Federal Home Loan Bank		12/29/2014	1,000,000.00	1,004,350.00	1,000,000.00	1.350		1.350	1,185	06/29/2018
3133EENZ9	15-0057	Federal Farm Credit Bank		02/13/2015	1,000,000.00	1,001,250.00	1,000,000.00	1.330		1.330	1,230	08/13/2018
3136G22Z9	15-0011	Federal National Mortgage Assc		08/15/2014	1,000,000.00	1,005,920.00	1,000,000.00	1.500		1.500	1,232	08/15/2018
3136G2DN4	15-0052	Federal National Mortgage Assc		02/17/2015	1,000,000.00	998,790.00	1,000,000.00	1.300		1.300	1,234	08/17/2018
3136G2DN4	15-0053	Federal National Mortgage Assc		02/17/2015	1,000,000.00	998,790.00	1,000,000.00	1.300		1.300	1,234	08/17/2018
3134G6AU7	15-0055	Federal Home Loan Mort Corp		02/20/2015	2,000,000.00	1,995,320.00	2,000,000.00	1.400		1.400	1,237	08/20/2018
3134G6BN2	15-0054	Federal Home Loan Mort Corp		02/24/2015	1,000,000.00	1,000,540.00	1,000,000.00	1.300		1.300	1,241	08/24/2018
3133EDTQ5	15-0017	Federal Farm Credit Bank		08/27/2014	1,000,000.00	1,002,920.00	999,797.22	1.590		1.603	1,244	08/27/2018
3134G6HA4	15-0069	Federal Home Loan Mort Corp		03/18/2015	1,000,000.00	1,002,930.00	1,000,000.00	1.500		1.500	1,266	09/18/2018
3134G6HA4	15-0070	Federal Home Loan Mort Corp		03/18/2015	1,000,000.00	1,002,930.00	1,000,000.00	1.500		1.500	1,266	09/18/2018
3134G44S4	15-0028	Federal Home Loan Mort Corp		11/17/2014	1,000,000.00	988,710.00	993,632.08	1.000		1.541	1,338	11/29/2018
3133EEFQ8	15-0043	Federal Farm Credit Bank		12/17/2014	1,000,000.00	1,003,470.00	1,000,000.00	1.620		1.620	1,356	12/17/2018
3130A4KC5	15-0071	Federal Home Loan Bank		03/24/2015	1,000,000.00	1,006,360.00	1,000,000.00	1.500		1.500	1,363	12/24/2018
3133EELW8	15-0051	Federal Farm Credit Bank		01/28/2015	1,000,000.00	1,002,880.00	1,000,000.00	1.520		1.520	1,398	01/28/2019
3133EEPL8	15-0058	Federal Farm Credit Bank		02/11/2015	1,000,000.00	1,002,470.00	1,000,000.00	1.520		1.520	1,412	02/11/2019
3134G4UQ9	15-0046	Federal Home Loan Mort Corp		12/23/2014	1,000,000.00	1,003,510.00	999,770.67	1.750		1.757	1,420	02/19/2019
3134G6FB4	15-0064	Federal Home Loan Mort Corp		02/26/2015	1,000,000.00	1,003,020.00	1,000,000.00	1.500		1.500	1,427	02/26/2019
3134G6FC2	15-0066	Federal Home Loan Mort Corp		02/27/2015	1,000,000.00	1,003,400.00	1,000,000.00	1.625		1.625	1,428	02/27/2019
3133EEJY7	15-0050	Federal Farm Credit Bank		01/22/2015	1,000,000.00	999,900.00	999,883.33	1.690		1.702	1,482	04/22/2019
3136G24A2	15-0015	Federal National Mortgage Assc		08/26/2014	2,000,000.00	2,035,620.00	2,000,000.00	2.000		2.000	1,608	08/26/2019
Subtotal and Average			192,746,452.96		196,913,333.34	196,794,656.42	196,899,156.13			1.127	1,014	

Federal Agency Callable - Step Up

3136G03G4	13-0043	Federal National Mortgage Assc		11/15/2012	1,000,000.00	1,000,040.00	1,000,000.00	0.700		0.976	959	11/15/2017
3136G1C23	13-0087	Federal National Mortgage Assc		02/13/2013	2,000,000.00	2,001,580.00	2,000,000.00	0.800		0.811	1,049	02/13/2018
3136G1CQ0	13-0092	Federal National Mortgage Assc		02/20/2013	1,000,000.00	1,000,280.00	1,000,000.00	0.750		1.152	1,056	02/20/2018
3136G1CJ6	13-0093	Federal National Mortgage Assc		02/21/2013	2,000,000.00	2,000,500.00	2,000,000.00	0.750		1.094	1,057	02/21/2018
3136G1DA4	13-0094	Federal National Mortgage Assc		02/28/2013	2,000,000.00	2,002,120.00	2,000,000.00	1.000		1.171	1,064	02/28/2018
3136G1LV9	13-0110	Federal National Mortgage Assc		05/29/2013	1,000,000.00	1,000,970.00	1,000,000.00	0.700		1.077	1,154	05/29/2018
3136G1MR7	14-0043	Federal National Mortgage Assc		03/03/2014	2,000,000.00	2,001,400.00	2,000,000.00	0.700		1.411	1,160	06/04/2018
3133836N6	13-0114	Federal Home Loan Bank		06/12/2013	2,000,000.00	2,002,320.00	2,000,000.00	0.800		1.119	1,168	06/12/2018
3136G1MY2	13-0118	Federal National Mortgage Assc		06/13/2013	2,000,000.00	1,997,940.00	2,000,000.00	0.800		1.115	1,169	06/13/2018
313383EM9	13-0125	Federal Home Loan Bank		06/20/2013	1,000,000.00	999,230.00	1,000,000.00	0.900		1.165	1,176	06/20/2018
313383J44	13-0130	Federal Home Loan Bank		06/26/2013	1,000,000.00	1,001,080.00	1,000,000.00	0.750		1.342	1,182	06/26/2018
3130A2H41	15-0001	Federal Home Loan Bank		07/09/2014	2,100,000.00	2,105,292.00	2,100,000.00	1.375		2.033	1,547	06/26/2019
3130A2UJ3	15-0019	Federal Home Loan Bank		08/28/2014	2,000,000.00	2,002,400.00	2,000,000.00	1.000		2.174	1,610	08/28/2019

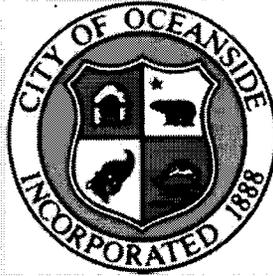
**Oceanside Quarterly Report
Portfolio Management
Portfolio Details - Investments
March 31, 2015**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	S&P	YTM	Days to Maturity	Maturity Date
Federal Agency Callable - Step Up												
3134G5H99	15-0021	Federal Home Loan Mort Corp		09/18/2014	1,000,000.00	1,002,580.00	1,000,000.00	1.750		1.942	1,631	09/18/2019
3134G6CT8	15-0066	Federal Home Loan Mort Corp		02/13/2015	1,000,000.00	997,370.00	1,000,000.00	1.000		1.000	1,779	02/13/2020
Subtotal and Average			26,377,765.25		23,100,000.00	23,115,102.00	23,100,000.00			1.329	1,244	
Medium Term Notes												
58933YAD7	13-0103	Merck & Co Inc. Pharmaceutical		05/21/2013	2,000,000.00	2,002,800.00	2,002,191.83	0.700	AA	0.602	413	05/18/2016
38259PAC6	14-0039	Google Inc.		02/11/2014	1,000,000.00	1,019,310.00	1,018,514.62	2.125		0.480	414	05/19/2016
459200GX3	13-0120	International Business Machine		05/23/2013	2,150,000.00	2,189,065.50	2,183,855.76	1.950	AA	0.730	478	07/22/2016
191216AU4	13-0062	Coca-Cola Company		12/14/2012	1,500,000.00	1,525,650.00	1,522,847.01	1.800	AA	0.709	519	09/01/2016
C3331CDA9	14-0051	Bank of Montreal		03/06/2014	2,000,000.00	2,038,960.00	2,043,605.10	1.950		0.744	670	01/30/2017
064159EK8	14-0072	Bank of Nova Scotia		05/12/2014	1,000,000.00	1,002,800.00	1,002,644.42	1.250		1.117	741	04/11/2017
037833AM2	14-0076	Apple Inc.		05/30/2014	1,000,000.00	1,004,960.00	1,002,451.39	1.050	AA	0.931	765	05/05/2017
02665WAF8	15-0002	American Honda Finance Corp		07/15/2014	1,500,000.00	1,503,885.00	1,499,828.38	1.200		1.205	835	07/14/2017
Subtotal and Average			14,270,629.87		12,150,000.00	12,287,430.50	12,275,938.51			0.794	588	
Municipal Bonds												
541498CK5	13-0108	Loma Prieta CA JT Elem Sch Dis		05/28/2013	180,000.00	180,082.80	180,000.00	0.540	AA	0.540	122	08/01/2015
650264SY1	13-0055	Newark Unified School District		12/20/2012	570,000.00	570,359.10	570,000.00	0.990		0.990	122	08/01/2015
13066KL31	12-0021	California St Dept of Wtr Reso		10/13/2011	1,000,000.00	1,018,830.00	1,011,806.45	3.000	AAA	1.180	244	12/01/2015
68428LDK7	15-0049	County of Orange (CA)		01/14/2015	1,000,000.00	998,530.00	1,000,000.00	0.800		0.800	456	06/30/2016
20772JKJ0	13-0095	State of Connecticut		03/05/2013	2,000,000.00	2,005,500.00	2,010,065.75	1.032	AA	0.700	563	10/15/2016
54465AEY4	15-0026	Los Angeles Co Redevelopment		10/30/2014	2,000,000.00	1,990,220.00	2,000,000.00	1.000		1.000	610	12/01/2016
73358WKH6	13-0066	Port Authority of NY & NJ		12/21/2012	2,000,000.00	1,996,720.00	1,995,107.04	0.850		1.000	610	12/01/2016
Subtotal and Average			8,625,167.58		8,750,000.00	8,760,241.90	8,766,979.24			0.919	498	
Total and Average			289,225,676.49		287,413,333.34	287,496,545.71	287,535,626.29			1.016	877	

**Oceanside Quarterly Report
Portfolio Management
Portfolio Details - Cash
March 31, 2015**

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		471.76	471.76				0
				Subtotal		471.76	471.76				
Total Cash and Investments			289,225,676.49		287,413,333.34	287,497,017.47	287,536,098.05			1.016	877

CITY OF OCEANSIDE



INVESTMENT TRANSACTIONS

1/1/15 THROUGH 3/31/15

**Oceanside Quarterly Report
Purchases Report
Sorted by Fund - Fund
January 1, 2015 - March 31, 2015**

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													
68428LDK7	15-0049	102	MUN	ORAGEN	1,000,000.00	01/14/2015	06/30 - 12/31	1,000,000.00	22.22	0.800	06/30/2016	0.800	1,000,000.00
3133EEJY7	15-0050	102	FAC	FFCB	1,000,000.00	01/22/2015	04/22 - 10/22	999,500.00		1.690	04/22/2019	1.702	999,883.33
3133EELW8	15-0051	102	FAC	FFCB	1,000,000.00	01/28/2015	07/28 - 01/28	1,000,000.00		1.520	01/28/2019	1.520	1,000,000.00
3130A3UN2	15-0048	102	FAC	FHLB	1,000,000.00	01/29/2015	07/29 - 01/29	1,000,000.00		1.300	01/29/2018	1.300	1,000,000.00
3133EEPL8	15-0058	102	FAC	FFCB	1,000,000.00	02/11/2015	08/11 - 02/11	1,000,000.00		1.520	02/11/2019	1.520	1,000,000.00
3133EENZ9	15-0057	102	FAC	FFCB	1,000,000.00	02/13/2015	08/13 - 02/13	1,000,000.00		1.330	08/13/2018	1.330	1,000,000.00
3134G6CT8	15-0056	102	MC1	FHLMC	1,000,000.00	02/13/2015	08/13 - 02/13	1,000,000.00		1.000	02/13/2020	1.000	1,000,000.00
3135G0A94	15-0059	102	FAC	FNMA	1,000,000.00	02/13/2015	08/13 - 02/13	999,200.00		1.250	02/13/2018	1.277	999,235.56
3136G2DN4	15-0052	102	FAC	FNMA	1,000,000.00	02/17/2015	08/17 - 02/17	1,000,000.00		1.300	08/17/2018	1.300	1,000,000.00
3136G2DN4	15-0053	102	FAC	FNMA	1,000,000.00	02/17/2015	08/17 - 02/17	1,000,000.00		1.300	08/17/2018	1.300	1,000,000.00
3133EEPC8	15-0060	102	FAC	FFCB	1,895,000.00	02/18/2015	05/11 - 11/11	1,887,420.00	449.54	1.220	05/11/2018	1.347	1,891,346.99
3130A46D9	15-0061	102	NCB	FHLB	1,000,000.00	02/20/2015	08/20 - 02/20	1,000,000.00		1.100	02/20/2018	1.100	1,000,000.00
3134G6AU7	15-0055	102	FAC	FHLMC	2,000,000.00	02/20/2015	08/20 - 02/20	2,000,000.00		1.400	08/20/2018	1.400	2,000,000.00
3134G6BN2	15-0054	102	FAC	FHLMC	1,000,000.00	02/24/2015	08/24 - 02/24	1,000,000.00		1.300	08/24/2018	1.300	1,000,000.00
3134G6ER0	15-0062	102	FAC	FHLMC	1,000,000.00	02/25/2015	08/25 - 02/25	1,000,000.00		1.000	08/25/2017	1.000	1,000,000.00
3134G6EV1	15-0063	102	FAC	FHLMC	1,000,000.00	02/26/2015	08/26 - 02/26	1,000,000.00		1.200	02/26/2018	1.200	1,000,000.00
3134G6FB4	15-0064	102	FAC	FHLMC	1,000,000.00	02/26/2015	08/26 - 02/26	1,000,000.00		1.500	02/26/2019	1.500	1,000,000.00
3130A4AN2	15-0065	102	FAC	FHLB	1,000,000.00	02/27/2015	05/27 - Quarterly	1,000,000.00		1.250	02/27/2018	1.250	1,000,000.00
3134G6FC2	15-0066	102	FAC	FHLMC	1,000,000.00	02/27/2015	08/27 - 02/27	1,000,000.00		1.625	02/27/2019	1.625	1,000,000.00
912828J50	15-0068	102	TRC	TN	2,000,000.00	03/04/2015	03/19 - Final Pmt.	1,978,437.50	Received	1.375	02/29/2020	1.601	0.00
3130A4CK6	15-0067	102	FAC	FHLB	1,000,000.00	03/12/2015	09/12 - 03/12	1,000,000.00		1.400	03/12/2018	1.400	1,000,000.00
3134G6HA4	15-0069	102	FAC	FHLMC	1,000,000.00	03/18/2015	09/18 - 03/18	1,000,000.00		1.500	09/18/2018	1.500	1,000,000.00
3134G6HA4	15-0070	102	FAC	FHLMC	1,000,000.00	03/18/2015	09/18 - 03/18	1,000,000.00		1.500	09/18/2018	1.500	1,000,000.00
3130A4KC5	15-0071	102	FAC	FHLB	1,000,000.00	03/24/2015	09/24 - 03/24	1,000,000.00		1.500	12/24/2018	1.500	1,000,000.00
3134G6KW2	15-0072	102	FAC	FHLMC	1,000,000.00	03/30/2015	09/29 - 03/29	1,000,000.00		1.300	03/29/2018	1.300	1,000,000.00
Subtotal					27,895,000.00			27,864,557.50	471.76				25,890,465.88
Total Purchases					27,895,000.00			27,864,557.50	471.76				25,890,465.88

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

**Oceanside Quarterly Report
Sales/Call Report
Sorted by Maturity Date - Fund
January 1, 2015 - March 31, 2015**

CUSIP	Investment #	Fund	Issuer Sec. Type	Purchase Date	Redem. Date Matur. Date	Par Value	Rate at Redem.	Book Value at Redem.	Redemption Principal	Redemption Interest	Total Amount	Net Income
10/09/2015												
369604BE2	13-0034	102	GE MTN	10/09/2012	01/15/2015 10/09/2015	1,250,000.00	0.850	1,251,148.89	1,253,287.50	2,833.33	1,256,120.83 Sale	4,971.94
Subtotal						1,250,000.00		1,251,148.89	1,253,287.50	2,833.33	1,256,120.83	4,971.94
09/26/2016												
3133EAZ76	13-0033	102	FFCB FAC	09/26/2012	02/06/2015 09/26/2016	1,000,000.00	0.690	1,000,000.00	1,000,000.00	2,491.67	1,002,491.67 Call	2,491.67
Subtotal						1,000,000.00		1,000,000.00	1,000,000.00	2,491.67	1,002,491.67	2,491.67
03/27/2017												
3130A1AW8	14-0056	102	FHLB FAC	03/27/2014	03/27/2015 03/27/2017	2,075,000.00	1.000	2,075,000.00	2,075,000.00	10,375.00	2,085,375.00 Call	10,375.00
Subtotal						2,075,000.00		2,075,000.00	2,075,000.00	10,375.00	2,085,375.00	10,375.00
06/27/2017												
313383JK8	13-0135	102	FHLB FAC	06/27/2013	03/27/2015 06/27/2017	1,200,000.00	1.000	1,200,000.00	1,200,000.00	3,000.00	1,203,000.00 Call	3,000.00
Subtotal						1,200,000.00		1,200,000.00	1,200,000.00	3,000.00	1,203,000.00	3,000.00
07/28/2017												
3134G4TS7	14-0034	102	FHLMC FAC	01/28/2014	01/28/2015 07/28/2017	1,000,000.00	1.150	1,000,000.00	1,000,000.00	5,750.00	1,005,750.00 Call	5,750.00
Subtotal						1,000,000.00		1,000,000.00	1,000,000.00	5,750.00	1,005,750.00	5,750.00
09/27/2017												
313383JB8	13-0132	102	FHLB NCB	06/27/2013	01/21/2015 09/27/2017	2,000,000.00	1.000	2,000,000.00	2,006,960.00	1,333.33	2,008,293.33 Sale	8,293.33
Subtotal						2,000,000.00		2,000,000.00	2,006,960.00	1,333.33	2,008,293.33	8,293.33
10/17/2017												
3130A1H35	14-0065	102	FHLB FAC	04/17/2014	01/17/2015 10/17/2017	1,000,000.00	1.350	1,000,000.00	1,000,000.00	3,375.00	1,003,375.00 Call	3,375.00
Subtotal						1,000,000.00		1,000,000.00	1,000,000.00	3,375.00	1,003,375.00	3,375.00
10/23/2017												
3133EDDV1	14-0033	102	FFCB NCB	01/23/2014	03/23/2015 10/23/2017	1,000,000.00	1.160	1,000,000.00	1,005,020.00	4,833.33	1,009,853.33 Sale	9,853.33
Subtotal						1,000,000.00		1,000,000.00	1,005,020.00	4,833.33	1,009,853.33	9,853.33

Oceanside Quarterly Report
Sales/Call Report
January 1, 2015 - March 31, 2015

CUSIP	Investment #	Fund	Issuer Sec. Type	Purchase Date	Redem. Date Matur. Date	Par Value	Rate at Redem.	Book Value at Redem.	Redemption Principal	Redemption Interest	Total Amount	Net Income
11/13/2017												
3133ED7B2	14-0013	102	FFCB FAC	11/14/2013	01/23/2015 11/13/2017	1,000,000.00	1.300	1,000,000.00	1,000,000.00	2,527.78	1,002,527.78 Call	2,527.78
Subtotal						1,000,000.00		1,000,000.00	1,000,000.00	2,527.78	1,002,527.78	2,527.78
01/16/2018												
3130A2KB1	15-0003	102	FHLB FAC	07/16/2014	02/17/2015 01/16/2018	2,000,000.00	1.350	2,000,000.00	2,000,000.00	2,325.00	2,002,325.00 Call	2,325.00
Subtotal						2,000,000.00		2,000,000.00	2,000,000.00	2,325.00	2,002,325.00	2,325.00
03/27/2018												
3134G4XK9	14-0057	102	FHLMC FAC	03/27/2014	03/27/2015 03/27/2018	1,000,000.00	1.300	1,000,000.00	1,000,000.00	6,500.00	1,006,500.00 Call	6,500.00
3134G4XK9	14-0058	102	FHLMC FAC	03/27/2014	03/27/2015 03/27/2018	1,000,000.00	1.300	1,000,000.00	1,000,000.00	6,500.00	1,006,500.00 Call	6,500.00
Subtotal						2,000,000.00		2,000,000.00	2,000,000.00	13,000.00	2,013,000.00	13,000.00
04/30/2018												
912828UZ1	13-0123	102	INDJAP TRC	05/23/2013	01/16/2015 04/30/2018	2,000,000.00	0.625	1,982,841.10	1,983,359.38	2,658.84	1,986,018.22 Sale	3,177.12
Subtotal						2,000,000.00		1,982,841.10	1,983,359.38	2,658.84	1,986,018.22	3,177.12
06/20/2018												
3130A15C8	14-0046	102	FHLB FAC	03/20/2014	02/20/2015 06/20/2018	666,666.66	1.450	666,666.66	666,666.66	1,611.11	668,277.77 Call	1,611.11
Subtotal						666,666.66		666,666.66	666,666.66	1,611.11	668,277.77	1,611.11
07/23/2018												
3133EDQZ8	15-0006	102	FFCB FAC	07/25/2014	03/23/2015 07/23/2018	1,000,000.00	1.520	999,782.12	1,000,200.00	2,533.33	1,002,733.33 Sale	2,951.21
Subtotal						1,000,000.00		999,782.12	1,000,200.00	2,533.33	1,002,733.33	2,951.21
11/15/2018												
3136G23H8	15-0012	102	FNMA FAC	08/15/2014	03/20/2015 11/15/2018	1,000,000.00	1.600	1,000,000.00	1,003,000.00	5,555.56	1,008,555.56 Sale	8,555.56
Subtotal						1,000,000.00		1,000,000.00	1,003,000.00	5,555.56	1,008,555.56	8,555.56
03/20/2019												
3130A12M9	15-0016	102	FHLB MC1	08/22/2014	03/20/2015 03/20/2019	1,000,000.00	1.000V	1,000,000.00	1,000,000.00	5,000.00	1,005,000.00 Call	5,000.00
Subtotal						1,000,000.00		1,000,000.00	1,000,000.00	5,000.00	1,005,000.00	5,000.00
03/27/2019												

V - Security with variable rate change.

Oceanside Quarterly Report
Sales/Call Report
January 1, 2015 - March 31, 2015

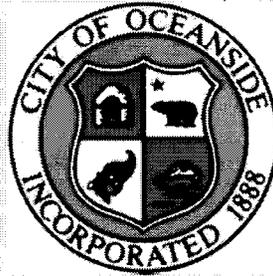
CUSIP	Investment #	Fund	Issuer Sec. Type	Purchase Date	Redem. Date Matur. Date	Par Value	Rate at Redem.	Book Value at Redem.	Redemption Principal	Redemption Interest	Total Amount	Net Income
03/27/2019												
3130A1AY4	14-0059	102	FHLB MC1	03/27/2014	03/27/2015 03/27/2019	1,000,000.00	1.500V	1,000,000.00	1,000,000.00	7,500.00	1,007,500.00 Call	7,500.00
Subtotal						1,000,000.00		1,000,000.00	1,000,000.00	7,500.00	1,007,500.00	7,500.00
07/30/2019												
3130A2LP9	15-0004	102	FHLB MC1	07/30/2014	01/30/2015 07/30/2019	1,000,000.00	1.375V	1,000,000.00	1,000,000.00	6,875.00	1,006,875.00 Call	6,875.00
3130A2MA1	15-0005	102	FHLB MC1	07/30/2014	01/30/2015 07/30/2019	1,000,000.00	1.250V	1,000,000.00	1,000,000.00	6,250.00	1,006,250.00 Call	6,250.00
3130A2M86	15-0008	102	FHLB MC1	07/30/2014	01/30/2015 07/30/2019	1,000,000.00	1.500V	1,000,000.00	1,000,000.00	7,500.00	1,007,500.00 Call	7,500.00
Subtotal						3,000,000.00		3,000,000.00	3,000,000.00	20,625.00	3,020,625.00	20,625.00
09/30/2019												
3134G5JP1	15-0024	102	FHLMC MC1	10/16/2014	03/30/2015 09/30/2019	1,000,000.00	1.800V	1,000,000.00	1,000,000.00	9,000.00	1,009,000.00 Call	9,000.00
Subtotal						1,000,000.00		1,000,000.00	1,000,000.00	9,000.00	1,009,000.00	9,000.00
10/09/2019												
3130A34F8	15-0025	102	FHLB FAC	10/27/2014	01/09/2015 10/09/2019	750,000.00	2.050	750,000.00	750,000.00	3,843.75	753,843.75 Call	3,843.75
Subtotal						750,000.00		750,000.00	750,000.00	3,843.75	753,843.75	3,843.75
11/30/2019												
912828G61	15-0045	102	TN TRC	12/18/2014	01/07/2015 11/30/2019	2,000,000.00	1.500	1,990,574.18	2,000,000.00	3,131.87	2,003,131.87 Sale	12,557.69
Subtotal						2,000,000.00		1,990,574.18	2,000,000.00	3,131.87	2,003,131.87	12,557.69
02/29/2020												
912828J50	15-0068	102	TN TRC	03/04/2015	03/19/2015 02/29/2020	2,000,000.00	1.375	1,978,614.92	1,984,531.25	1,419.84	1,985,951.09 Sale	7,336.17
Subtotal						2,000,000.00		1,978,614.92	1,984,531.25	1,419.84	1,985,951.09	7,336.17
Total Sales						30,941,666.66		30,894,627.87	30,928,024.79	114,723.74	31,042,748.53	148,120.66

V - Security with variable rate change.

Oceanside Quarterly Report
Maturity Report
Sorted by Maturity Date
Amounts due during January 1, 2015 - March 31, 2015

CUSIP	Investment #	Fund	Sec. Type	Issuer	Par Value	Maturity Date	Purchase Date	Rate at Maturity	Book Value at Maturity	Interest	Maturity Proceeds	Net Income
89233P5Z5	12-0110	102	MTN	TOYOTA	2,000,000.00	02/17/2015	02/17/2012	1.000	2,000,000.00	10,000.00	2,010,000.00	10,000.00
63254AAA6	13-0009	102	MTN	NAB	1,000,000.00	03/09/2015	08/21/2012	2.000	1,000,000.00	10,000.00	1,010,000.00	10,000.00
Total Maturities					3,000,000.00				3,000,000.00	20,000.00	3,020,000.00	20,000.00

CITY OF OCEANSIDE



LAIF ACTIVITY GRAPHS

AS OF MARCH 31, 2015

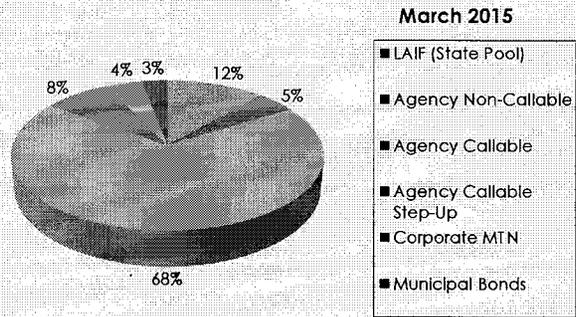
**Oceanside Quarterly Report
Cash/Checking Activity
January 1, 2015 - March 31, 2015**

Issuer	Investment #	Fund	Security ID	Current Transaction Rate	Date	Receipt	Deposits	Withdrawals	Interest Received	Balance
LAIF										
Local Agency Investment Fund										
	18000		SYS18000							9,000,000.00
				0.267	01/02/2015		1,000,000.00			10,000,000.00
				0.267	01/05/2015		1,000,000.00			11,000,000.00
				0.267	01/07/2015		3,000,000.00			14,000,000.00
				0.267	01/09/2015			250,000.00		13,750,000.00
				0.267	01/14/2015		8,000,000.00			21,750,000.00
				0.267	01/15/2015		500,000.00			22,250,000.00
				0.267	01/15/2015				7,681.05	22,250,000.00
				0.267	01/20/2015			500,000.00		21,750,000.00
				0.267	01/22/2015			3,750,000.00		18,000,000.00
				0.267	01/23/2015		8,750,000.00			26,750,000.00
				0.267	01/26/2015			500,000.00		26,250,000.00
				0.267	01/29/2015			250,000.00		26,000,000.00
				0.262	01/31/2015					26,000,000.00
				0.262	02/13/2015			2,250,000.00		23,750,000.00
				0.262	02/17/2015			1,000,000.00		22,750,000.00
				0.262	02/18/2015			500,000.00		22,250,000.00
				0.262	02/20/2015			5,000,000.00		17,250,000.00
				0.262	02/24/2015			250,000.00		17,000,000.00
				0.262	02/25/2015			500,000.00		16,500,000.00
				0.262	02/26/2015			2,250,000.00		14,250,000.00
				0.262	02/27/2015			5,250,000.00		9,000,000.00
				0.266	02/28/2015					9,000,000.00
				0.266	03/02/2015		1,000,000.00			10,000,000.00
				0.266	03/04/2015			1,500,000.00		8,500,000.00
				0.266	03/06/2015			500,000.00		8,000,000.00
				0.266	03/09/2015		1,250,000.00			9,250,000.00
				0.266	03/12/2015			250,000.00		9,000,000.00
				0.266	03/16/2015			1,500,000.00		7,500,000.00
				0.266	03/18/2015			750,000.00		6,750,000.00
				0.266	03/19/2015		1,250,000.00			8,000,000.00
				0.266	03/23/2015		1,500,000.00			9,500,000.00
				0.266	03/24/2015			750,000.00		8,750,000.00
				0.266	03/25/2015		1,250,000.00			10,000,000.00
				0.266	03/26/2015			500,000.00		9,500,000.00
				0.266	03/27/2015		5,750,000.00			15,250,000.00

**Oceanside Quarterly Report
Cash/Checking Activity
January 1, 2015 - March 31, 2015**

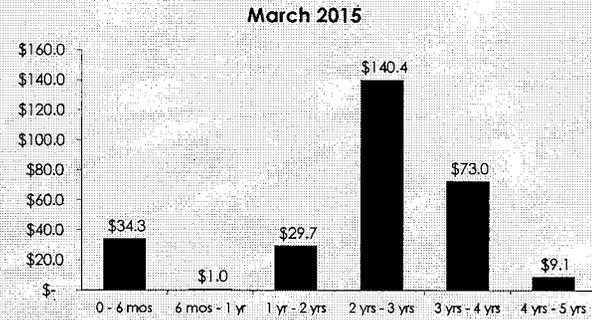
Issuer	Investment #	Fund	Security ID	Current Transaction Rate	Date Receipt	Deposits	Withdrawals	Interest Received	Balance
Local Agency Investment Fund									
	18000		SYS18000						15,250,000.00
				0.266	03/30/2015		1,250,000.00		14,000,000.00
				0.278	03/31/2015				14,000,000.00
	Subtotal and Ending Balance			0.278		34,250,000.00	29,250,000.00	7,681.05	14,000,000.00
	18001		SYS18001						9,750,000.00
				0.267	01/15/2015			6,435.99	9,750,000.00
				0.267	01/16/2015	2,250,000.00			12,000,000.00
				0.267	01/21/2015	3,750,000.00			15,750,000.00
				0.267	01/30/2015	1,750,000.00			17,500,000.00
				0.262	01/31/2015				17,500,000.00
				0.266	02/28/2015				17,500,000.00
				0.266	03/20/2015	2,000,000.00			19,500,000.00
				0.278	03/31/2015				19,500,000.00
	Subtotal and Ending Balance			0.278		9,750,000.00	0.00	6,435.99	19,500,000.00
Total						44,000,000.00	29,250,000.00	14,117.04	33,500,000.00

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



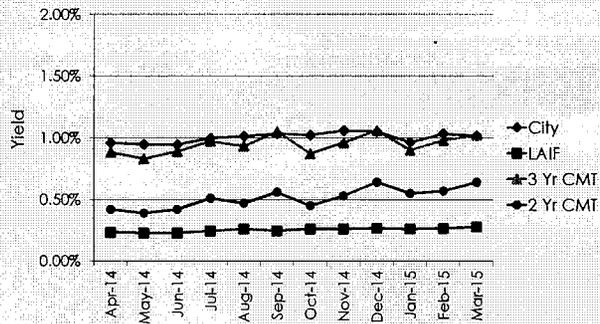
Graph 1

AGING OF MATURING INVESTMENTS



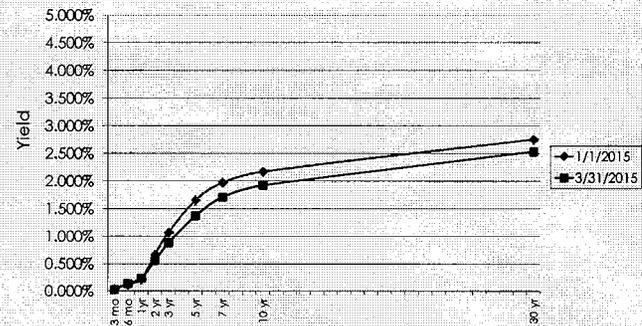
Graph 2

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



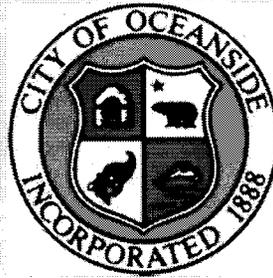
Graph 3

HISTORICAL YIELD CURVE COMPARISON 1/1/15 to 3/31/15



Graph 4

CITY OF OCEANSIDE



FUNDS HELD BY OUTSIDE MANAGEMENT

AS OF MARCH 31, 2015

**CITY OF OCEANSIDE
FUNDS HELD BY OUTSIDE MANAGEMENT
AS OF MARCH 31, 2015**

TYPE OF FUND/INSTITUTION	MARKET VALUE	INSTITUTION TOTAL
<u>BOND FUNDS</u>		
Bank of New York		
2002/2003 Tax Allocation Bonds	\$ 3,240,662.74	
2005 Pension Obligation Bonds	4.68	
2008 Community Facilities District Bonds-Pacific Coast Business Park	990,069.07	
2013 Certificates of Participation (2003 Refunding)	669,886.87	
2013 Sewer Revenue Refunding Bonds	961,612.34	
2013 Water Revenue Refunding Bonds	10,820,490.74	
2013/2014 Community Facilities District Bonds - Ocean Ranch Corporate Centre	1,862,985.50	
2013/2014 Community Facilities District Bonds - Morro Hills Development	1,698,922.18	
2014 Community Facility District Bonds - Morro Hills Development Imp Area #1	571,820.89	
		\$ 20,816,455.01
Deutsche Bank		
2013 Street Light Retrofit Lease Escrow Fund	1,052,699.73	
		\$ 1,052,699.73
TOTAL FUNDS MANAGED BY OUTSIDE PARTIES		<u>\$ 21,869,154.74</u>

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.

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, 2016.

PASSED AND ADOPTED by the City Council of the City of Oceanside, California, this _____ day of _____, 2015, by the following vote:

AYES:

NAYS:

ABSENT:

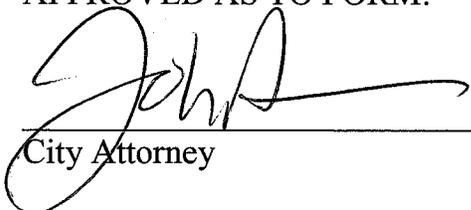
ABSTAIN:

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, CCMT
City Treasurer**

**Adopted June 24, 2015
City Council Resolution No**

CITY OF OCEANSIDE INVESTMENT POLICY

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CITY OF OCEANSIDE

Office of the City Treasurer

June 24, 2015

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. The City shall not invest in any agency security that exceeds five-years of maturity.
- C. United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank ("supranationals"). The maximum remaining maturity for supranational obligations must be five years or less, and they must be eligible for purchase and sale within the United States. In addition, these investments must be rated "AA" or better by an NRSRO. No more than 15% of the cost value of the portfolio at the time of purchase may be invested in supranational obligations.
- D. 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.
- E. 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.

- F. 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.
- G. 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.
- H. 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.

I. 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 issuer's debt, other than commercial paper (if any), must also have an A or better rating 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.

J. 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.

K. 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.

- L. 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.
- M. 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.
- N. 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

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 \$300,000,000 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 preferred method of submission of the questionnaire is electronically in PDF format. Please email the completed questionnaire and required attachments to michelelund@bloomberg.net or mlund@ci.oceanside.ca.us.

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 #	
Address	
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/Title	
Phone Number	
Email Address	
Length of Relationship	

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

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

Public Agency Name	
Contact Name/Title	
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 an "X" by each of the instruments below in which you make an active market (both buy and sell):

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

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

Section III: Request for Broker/Dealer Candidate Disclosure

1. To the best of your knowledge, has there been any "material" litigation, arbitration or regulatory proceedings, either pending, adjudicated or settled, that your firm has been subject to within the last five years that involved issues concerning the suitability of the sale or purchase of securities to institutional clients or fraudulent or unfair practices related to the sale of securities to an institutional client? If so, please describe each such matter briefly as an attached addendum. For purposes of this section, proceedings are "material" if your independent accountant applying generally accepted accounting principles determines that such proceedings required disclosure on your financial statements.

Yes		No	
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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.