

AGENDA REPORT

City Council

MEETING DATE: August 24, 2016

PREPARED BY: Tim Nash
Finance Director

DEPT. DIRECTOR: Tim Nash

DEPARTMENT: Finance

CITY MANAGER: Karen P. Brust

SUBJECT:

Treasurer's Annual Report for the Fiscal Year Ended June 30, 2016, adoption of Investment Policy and approval of Broker Dealer list.

RECOMMENDATION:

That City Council take the following action:

1. Receive and file the Treasurer's Report for the fiscal year ended June 30, 2016
2. Adopt revised Investment Policy
3. Approve list of Broker/Dealers

STRATEGIC PLAN:

Organizational Efficiency and Effectiveness

FISCAL CONSIDERATIONS:

There is no direct fiscal impact associated with this report. Investment revenue for FY 2015-16 was \$814,481.

BACKGROUND:

The City's adopted Investment Policy (Section XVI) requires the City Treasurer to report investment positions and results of the Pooled Investment Fund and the Investment of Bond Proceeds to the City Council annually at a public meeting. Section VII of the Investment Policy requires City Council approval of any broker/dealers and Section XVII requires that the Investment Policy be reviewed and adopted at least annually, regardless of whether there are any proposed changes to the Policy.

The following information is included in this agenda report and the related attachments:

- Detailed reports on the Pooled Investment Fund of the city for FY 2015-16 – **Attachment 1**
- Summary report for the investment of bond proceeds – **Attachment 2**
- Redlined and clean copies of the revised Investment Policy – **Attachments 3 & 4**
- List of recommended Broker/Dealers for City Council approval – **Attachment 5**

ANALYSIS:

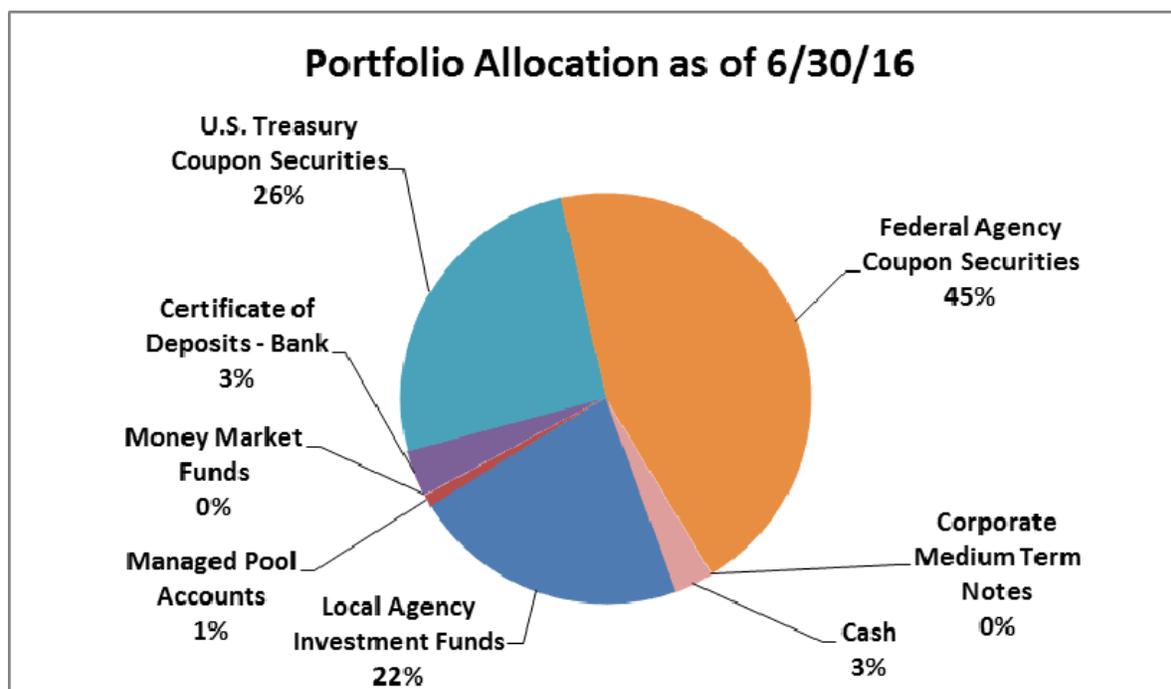
Pooled Investment Report

The Annual Investment Report for the Pooled Investment Fund (**Attachment 1**) is produced via the City's SymPro investment-tracking software and includes the following separate reports, which together, are intended to address all significant aspects of the City's Investment Program.

As of June 30, 2016, the book value (purchase price of securities as recorded on the City's books) of the Pooled Investment Fund was \$109.4 million and the average weighted yield to maturity was 0.927%. Fiscal year-to-date investment revenue (interest payments and capital gains) generated by the Pooled Investment Fund as of June 30, 2016 was \$814,481 for an effective rate of return of .83%. FY 2015-16 investment pool revenue increased 39% over FY 2014-15 revenue of \$583,973. The following table compares the Pooled Investment Fund statistics for the last four quarters.

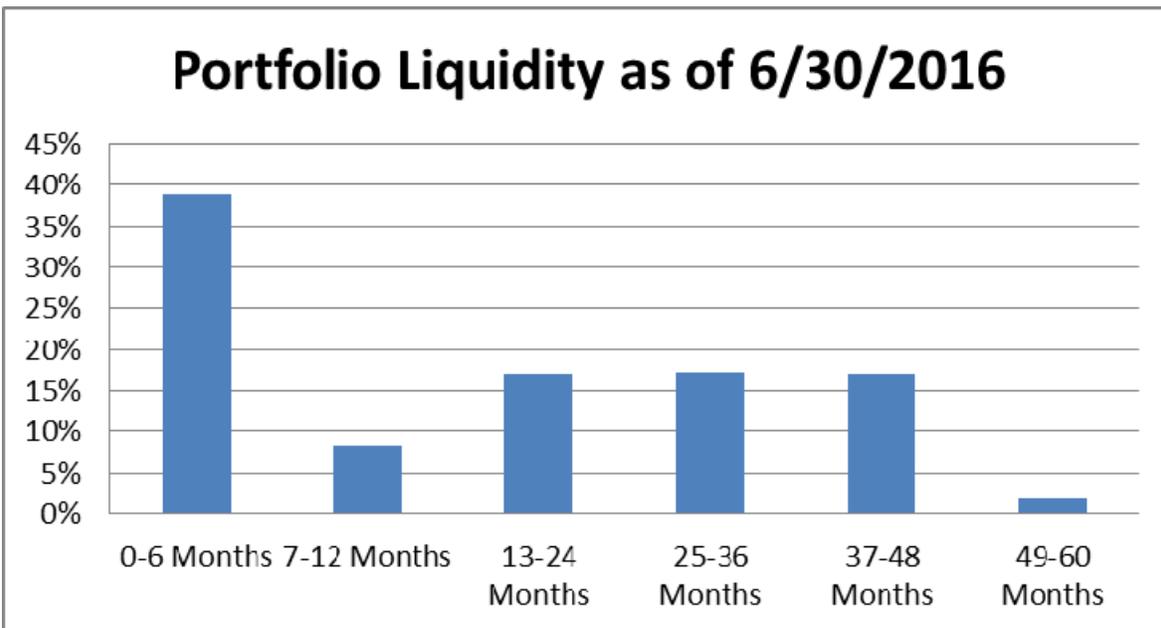
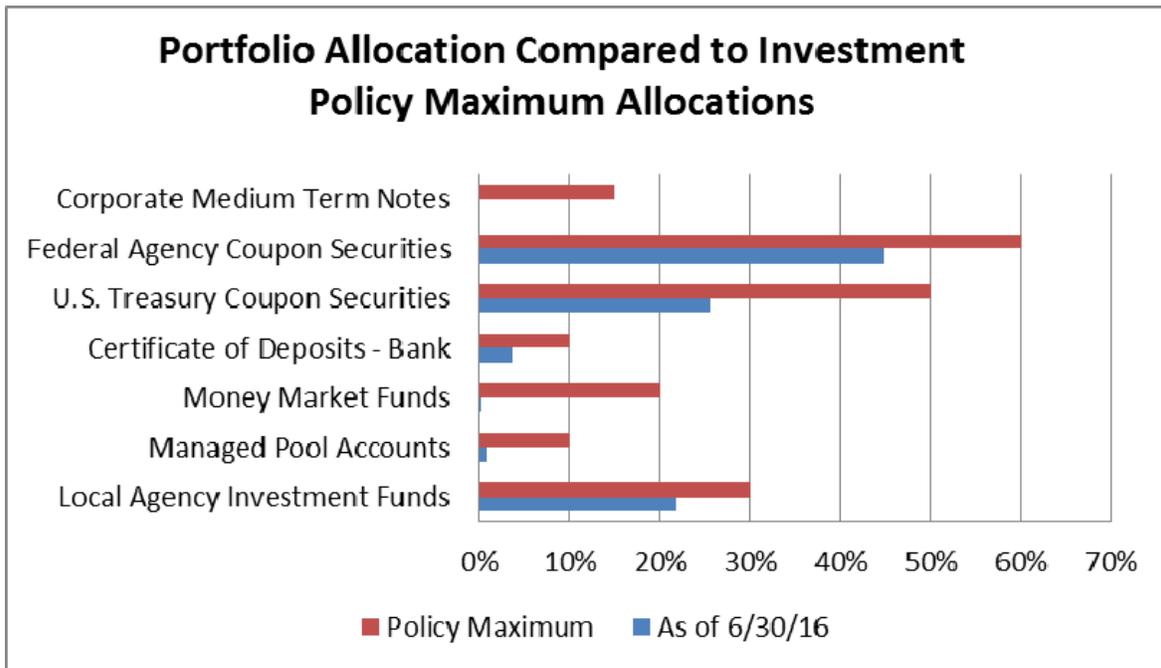
FY 2015-16	Jun 30, 2016	Mar 31, 2016	Dec 31, 2015	Sep 30, 2015
Book Value	\$ 109,364,381	\$ 99,837,788	\$ 95,673,936	\$ 91,038,563
Market Value	\$ 109,977,566	\$ 100,199,530	\$ 95,517,379	\$ 91,305,660
Unrealized Gain/(Loss)	\$ 613,185	\$ 361,742	\$ (156,557)	\$ 267,097
Unrealized Gain/Loss as % of Book Value	0.5607%	0.3623%	-0.1636%	0.2934%
Effective Rate of Return	0.83%	0.82%	0.81%	0.79%
Average Yield To Maturity	0.927%	0.852%	0.809%	0.828%
Average Maturity (Years)	1.48	1.25	1.34	1.63
Investment Earnings Year to Date	\$ 814,481	\$ 581,249	\$ 375,728	\$ 191,632

As stated in Section IV of the City's investment policy, the investment objectives for the City's portfolio in priority order are: 1. safety of principal, 2. liquidity of funds 3. return on investments. In order to achieve those objectives the investment policy also defines (a) maximum allocations of the portfolio by security type, (b) liquidity sufficiency and (c) return on investment benchmarks. The charts below provide graphical information about portfolio investment allocation, liquidity and performance compared to various benchmarks.

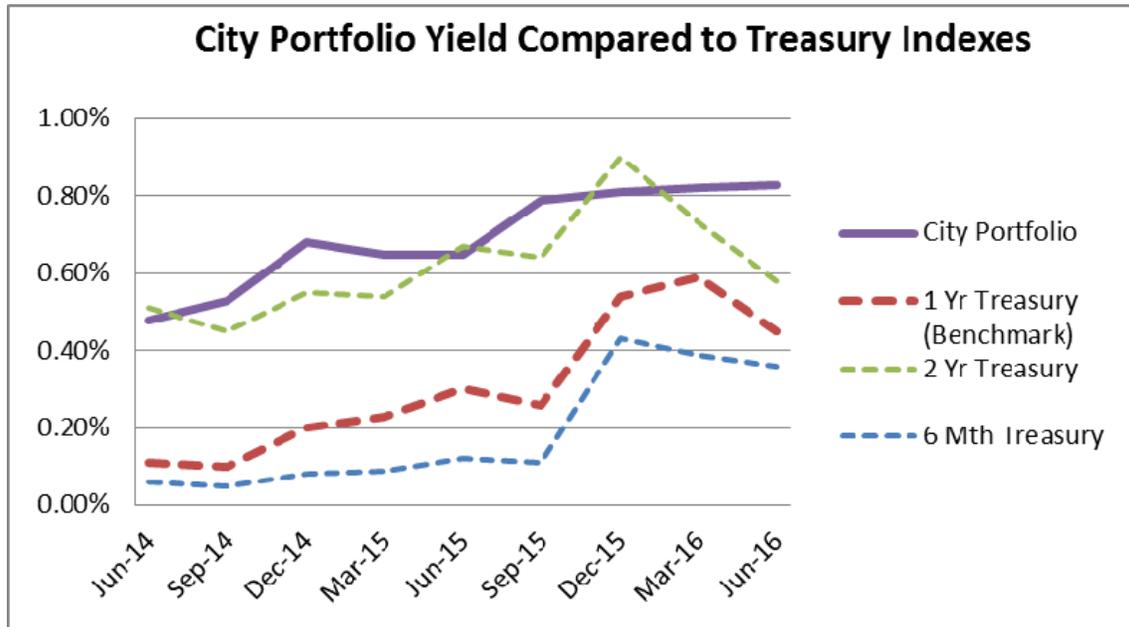


The largest allocation (45%) in the pooled investment portfolio is to federal agency securities. These securities are issued by Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit and Federal Home Loan Mortgage. This diversity of issuers provides additional security. Although the Federal Agency securities were downgraded by

Standard & Poors to AA+ in August 2011, they continue to be regarded as among the safest securities in the global market. The next largest allocation (26%) is to U.S. Treasury coupon securities which are issued by the U.S. Government and carry the full faith and credit of the U.S. Government. Treasuries have a credit rating of AAA from Moody's and AA+ from Standard and Poor's. Next at (22%) of the portfolio, is the Local Agency Investment Fund (LAIF), which is a program created by state statute that began in 1977 as an investment alternative for California's local governments and special districts. All securities in LAIF are purchased under the authority of Government Code Sections 16430 and 16480.4. All funds invested in LAIF are essentially available overnight. LAIF has not been assigned a rating by Moody's or Standard and Poor's.



The portfolio is currently very liquid with 26% available overnight and a total of 39% available within 180 days. The weighted average maturity of the entire portfolio is less than 1.5 years. Utilizing a laddered maturity investment strategy it is anticipated that as securities mature new investments will be directed to the 49-60 month segment to take advantage of higher rates further out on the yield curve.



In the chart above the performance of the portfolio is compared to the six month, one year and two year treasury yields as of the end of each quarter. The stated performance benchmark for the portfolio is the one year treasury. Actual performance of the portfolio compares favorably with the two year treasury while carrying a weighted average maturity of less than 1.5 years.

Investment of Bond Proceeds

The Annual Investment Report for the Investment of Bond Proceeds (**Attachment 2**) is straightforward and is subject to only very minor changes in activity from year-to-year. Bond proceeds are held by trustee banks and investments are based upon the bond indenture agreement for each bond issue. Rates on available investment vehicles (which are extremely limited by the bond indentures) are yielding near zero at this point.

Investment Policy Update

Section XVII. requires at least an annual review of the investment policy regardless of whether there are any proposed changes to the policy. The last revisions to the investment policy were made in 2013. **Attachment 3** is a redline version of the current investment policy highlighting proposed revisions for the current review of the policy. Revisions to the investment policy are proposed in the following general areas:

- Clarification of staff responsibilities assigned in the policy
- Addition of California Government Code reference in section VIII
- Changes to update terminology
- Elimination of language that does not reflect current practices

After the retirement of the Investment Officer, all responsibilities for the investments of the City have been assumed by the Finance Director/City Treasurer, and references to the Investment Officer have been removed from the policy. The Finance Director/City Treasurer has been authorized to delegate some or all investment duties to other qualified individuals within the organization.

The California Government Code reference has been added to section VIII "Delegation of Authority." Section 53607 of the California Government Code describes the City Council's power to delegate the authority to invest, reinvest the City's funds, to sell or exchange securities purchased, and to deposit securities for safekeeping to the City Treasurer.

Section VIII. "Authorized & Suitable Investment Instruments" has been changed to reflect investment allocation "maximums" rather than "targets." Targets may have been interpreted that the goal for the City's investment policy was to meet the percentage "target" identified for each type of investment. In practice, the percentage identified for each investment type was intended to represent the maximum amount of the portfolio that should be allocated to a given investment type to insure appropriate diversification of the policy.

In a number of sections, language has been eliminated that was determined to be either outdated or unnecessary due to changes in legal requirements or current practices in managing the investments of the City.

Attachment 4 is a clean copy of the Investment Policy with all revisions included.

Authorized Broker/Dealers

A list of Broker/Dealers recommended to City Council for authorization to sell investments and related activity with the City is included in **Attachment 5**. Each Broker/Dealer has submitted a broker/dealer questionnaire and a certification of understanding regarding the City's Investment Policy. Broker/Dealers for the City must meet all of the following minimum qualifications:

- Have a net capital position in excess of \$10 million
- Have been in business for at least 5 years
- Are currently licensed as a broker/dealer or investment advisor in California
- Must carry adequate insurance coverage including liability, errors and omissions, and worker's compensation (if applicable)

Currently the City utilizes one authorized broker/dealer, Wedbush Securities. Wedbush Securities has provided excellent service and competitive pricing for securities purchased. In order to insure a competitive environment for security purchases, five additional broker/dealers are recommended for authorization by City Council. Each broker/dealer recommended meets the minimum requirements and has experience working with other southern California cities.

1. Raymond James & Associates – Rosa Schulte
2. Stifel, Nicolaus and Company – Bill Blackwill
3. Wells Fargo Securities, LLC – John Williams
4. Vining Sparks IBG, L.P. – Josh Gorham
5. Union Bank Investment Services – Mark Kreymer

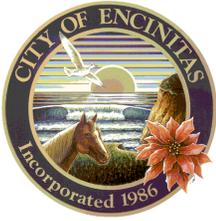
A copy of the broker/dealer questionnaire submitted by each firm is included in **Attachment 5**.

ENVIRONMENTAL CONSIDERATIONS:

The action being considered by the City Council is exempt from the California Environmental Quality Act (CEQA) because it is not a "project" under Section 15378(b)(5) of CEQA Guidelines. The action involves an organizational or administrative activity of government that will not result in the direct or indirect physical change in the environment.

ATTACHMENTS:

1. Annual Investment Report for the Pooled Investment Fund
2. Annual Investment Report for the Investment of Bond Proceeds
3. City of Encinitas Investment Policy – redlined with proposed changes
4. City of Encinitas Investment Policy – clean copy with proposed changes
5. Authorized Broker/Dealer list with completed questionnaires



City of Encinitas - YTD Report
Portfolio Management
Portfolio Summary
June 30, 2016

Investments	Par Value	Market Value	Book Value	% of Portfolio	YTM	Term	Days to Maturity
Local Agency Investment Funds	23,889,873.10	23,889,873.10	23,889,873.10	22.53	0.580	1	1
Managed Pool Accounts	1,003,468.65	1,003,468.65	1,003,468.65	0.95	0.510	1	1
Money Market Funds	469.61	469.61	469.61	0.00	0.180	1	1
Certificates of Deposit - Bank	3,968,000.00	4,004,128.64	3,968,000.00	3.74	1.403	1,311	500
U.S. Treasury Coupon Securities	28,000,000.00	28,266,326.95	28,078,900.45	26.48	0.909	1,057	745
Federal Agency Coupon Securities	46,000,000.00	46,562,180.00	46,177,654.52	43.56	1.107	1,203	732
Federal Agency Callable Securities	2,900,000.00	2,905,104.00	2,900,000.00	2.74	0.580	1,279	171
Investments	105,761,811.36	106,631,550.95	106,018,366.33	100.00%	0.927	888	540

Cash							
Passbook/Checking (not included in yield calculations)	3,346,015.09	3,346,015.09	3,346,015.09		0.000	1	1
Total Cash and Investments	109,107,826.45	109,977,566.04	109,364,381.42		0.927	888	540

Total Earnings	June 30 Period Ending	Fiscal Year Ending
Current Year	814,480.64	814,480.64
Average Daily Balance	97,478,231.57	
Effective Rate of Return	0.83%	

I certify the accuracy of the attached report on the City of Encinitas' Pooled Investment Fund. All funds for which the City has oversight responsibility are reflected in this report. All investments are in compliance with the City's adopted Investment Policy., which is available through the City Clerk's office. The City's Investment Program provides sufficient liquidity to meet the next six (6) months expenditure requirements. The source of the market values of investments owned is Union Bank of California Custody Services.

 Tim Nash, Finance Director \ Treasurer

City of Encinitas - YTD Report
Portfolio Management
Portfolio Details - Investments
June 30, 2016

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM	S&P Moody's	Maturity Date
Local Agency Investment Funds											
SYS1012	1012	CA LAIF			23,889,873.10	23,889,873.10	23,889,873.10	0.580	0.580	NR	
Subtotal and Average			18,036,833.94		23,889,873.10	23,889,873.10	23,889,873.10		0.580		
Managed Pool Accounts											
SYS1003	1003	CA Asset Management Program			1,003,468.65	1,003,468.65	1,003,468.65	0.510	0.510	AAA	
Subtotal and Average			1,001,777.67		1,003,468.65	1,003,468.65	1,003,468.65		0.510		
Money Market Funds											
SYS1004	1004	Union Bank Custody Acct.			469.61	469.61	469.61	0.180	0.180	AAA	
Subtotal and Average			284,297.51		469.61	469.61	469.61		0.180		
Certificates of Deposit - Bank											
140420QG8	1479	Capital One Bank USA, NA		10/22/2014	248,000.00	248,305.04	248,000.00	1.000	1.000	NR	NR 10/24/2016
795450PZ2	1437	Sallie Mae Bank/Murray		10/24/2012	248,000.00	248,679.52	248,000.00	1.350	1.350	NR	NR 10/24/2016
36160XY43	1439	GE Capital Bank		10/26/2012	248,000.00	248,644.80	248,000.00	1.350	1.350	NR	NR 10/26/2016
20033ADJ2	1455	Comenity Capital Bank		11/12/2013	248,000.00	248,438.96	248,000.00	1.000	1.000	NR	NR 11/14/2016
71270QKU9	1486	Peoples United Bank		12/10/2014	248,000.00	248,419.12	248,000.00	1.000	1.000	NR	NR 12/12/2016
52168UCU4	1476	Leader Bank		10/23/2014	248,000.00	248,677.04	248,000.00	1.050	1.050	NR	NR 04/21/2017
20451PKJ4	1470	Compass Bank		06/11/2014	248,000.00	248,798.56	248,000.00	1.050	1.050	NR	NR 05/11/2017
628779FH8	1471	NBT Bank		06/06/2014	248,000.00	248,907.68	248,000.00	0.950	0.950	NR	NR 06/06/2017
23204HBH0	1474	Customers Bank		06/18/2014	248,000.00	248,798.56	248,000.00	0.950	0.950	NR	NR 06/19/2017
02587DLV8	1438	American Express Centurion		10/25/2012	248,000.00	250,098.08	248,000.00	1.500	1.500	NR	NR 10/25/2017
45083ADZ2	1482	Iberia Bank /LA		12/04/2014	248,000.00	249,150.72	248,000.00	1.200	1.200	NR	NR 12/04/2017
254672CB2	1477	Discovery Bank		10/22/2014	248,000.00	251,233.92	248,000.00	1.800	1.800	NR	NR 10/22/2018
0606247A5	1454	Bank of Baroda		11/12/2013	248,000.00	253,031.92	248,000.00	2.050	2.050	NR	NR 11/13/2018
8562843F9	1484	State Bank of India		12/05/2014	248,000.00	252,791.36	248,000.00	2.000	2.000	NR	NR 12/05/2018
87164YEB6	1478	Synchrony Bank		10/17/2014	248,000.00	255,018.40	248,000.00	2.000	2.000	NR	NR 10/17/2019
17284C5K6	1487	CIT Bank		12/10/2014	248,000.00	255,134.96	248,000.00	2.200	2.200	NR	NR 12/10/2019
Subtotal and Average			4,759,431.69		3,968,000.00	4,004,128.64	3,968,000.00		1.403		
U.S. Treasury Coupon Securities											
912828QX1	1459	U.S. Treasury Notes		12/23/2013	2,000,000.00	2,002,160.00	2,001,579.75	1.500	0.531	AA+	Aaa 07/31/2016
912828RF9	1489	U.S. Treasury Notes		12/11/2014	2,000,000.00	2,002,320.00	2,001,833.52	1.000	0.447	AA+	Aaa 08/31/2016
912828F47	1488	U.S. Treasury Notes		12/11/2014	2,000,000.00	2,000,740.00	1,999,989.21	0.500	0.502	AA+	Aaa 09/30/2016
912828WA4	1481	U.S. Treasury Notes		11/04/2014	2,000,000.00	2,001,560.00	2,000,675.55	0.625	0.508	AA+	Aaa 10/15/2016
912828TG5	1511	U.S. Treasury Notes		01/27/2016	2,000,000.00	1,999,380.00	1,993,727.31	0.500	0.792		Aaa 07/31/2017

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City of Encinitas - YTD Report
Portfolio Management
Portfolio Details - Investments
June 30, 2016

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM	S&P Moody's	Maturity Date
U.S. Treasury Coupon Securities											
912828UE8	1490	U.S. Treasury Notes		12/17/2014	2,000,000.00	2,005,240.00	1,991,977.48	0.750	1.022	AA+	Aaa 12/31/2017
912828VK3	1491	U.S. Treasury Notes		02/20/2015	2,000,000.00	2,030,400.00	2,008,779.89	1.375	1.150	AA+	Aaa 06/30/2018
912828XK1	1509	U.S. Treasury Notes		01/27/2016	2,000,000.00	2,011,356.92	1,996,702.21	0.875	0.971	Aaa	07/15/2018
912828TH3	1510	U.S. Treasury Notes		01/27/2016	2,000,000.00	2,008,200.00	1,980,720.33	0.875	1.195	Aaa	07/31/2019
912828TN0	1515	U.S. Treasury Notes		06/01/2016	2,000,000.00	2,020,454.35	2,002,465.29	1.000	1.042	Aaa	08/31/2019
912828TV2	1516	U.S. Treasury Notes		06/01/2016	2,000,000.00	2,033,653.91	2,013,839.47	1.250	1.071	Aaa	10/31/2019
912828J50	1517	U.S. Treasury Notes		06/01/2016	2,000,000.00	2,044,689.73	2,022,232.08	1.375	1.161	Aaa	02/29/2020
912828J84	1518	U.S. Treasury Notes		06/01/2016	2,000,000.00	2,042,478.47	2,019,489.71	1.375	1.172	Aaa	03/31/2020
912828XM7	1514	U.S. Treasury Notes		04/19/2016	2,000,000.00	2,063,693.57	2,044,888.65	1.625	1.149	NR	Aaa 07/31/2020
Subtotal and Average			20,552,293.44		28,000,000.00	28,266,326.95	28,078,900.45		0.909		
Federal Agency Coupon Securities											
3135G0ES8	1453	Federal Nat'l Mortgage Assoc.		06/26/2013	2,000,000.00	2,006,900.00	2,002,726.17	1.375	1.002	AAA	Aaa 11/15/2016
3137EADT3	1467	Federal Home Loan Mortgage		03/10/2014	2,000,000.00	2,004,780.00	2,001,352.94	0.875	0.768	AAA	Aaa 02/22/2017
3137EADC0	1466	Federal Home Loan Mortgage		03/10/2014	2,000,000.00	2,006,560.00	2,002,868.68	1.000	0.788	AAA	Aaa 03/08/2017
3135G0JA2	1473	Federal Nat'l Mortgage Assoc.		06/09/2014	1,000,000.00	1,004,430.00	1,002,513.43	1.125	0.815	AAA	Aaa 04/27/2017
3137EADF3	1468	Federal Home Loan Mortgage		03/10/2014	2,000,000.00	2,011,500.00	2,006,672.07	1.250	0.858	AAA	Aaa 05/12/2017
3133EEX62	1502	Federal Farm Credit		06/24/2015	1,000,000.00	1,001,650.00	1,000,176.86	0.800	0.781	AA+	Aaa 06/16/2017
3133EDSU7	1508	Federal Farm Credit		06/26/2015	1,000,000.00	1,003,930.00	1,001,885.51	1.000	0.830	AA+	Aaa 08/15/2017
3136G0YE5	1494	Federal Nat'l Mortgage Assoc.		05/27/2015	1,000,000.00	1,005,670.00	1,002,519.48	1.000	0.780	AA+	Aaa 08/28/2017
3136G0ZH7	1480	Federal Nat'l Mortgage Assoc.		11/04/2014	2,000,000.00	2,009,820.00	2,000,332.22	1.050	1.036	AAA	Aaa 09/05/2017
3130A4TR3	1495	Federal Home Loan Bank		05/27/2015	2,000,000.00	2,007,100.00	2,001,402.04	0.875	0.820	AA+	Aaa 10/16/2017
3135G0TG8	1504	Federal Nat'l Mortgage Assoc.		06/26/2015	2,000,000.00	2,010,200.00	1,996,366.49	0.875	0.990	AA+	Aaa 02/08/2018
3137EADP1	1492	Federal Home Loan Mortgage		03/20/2015	2,000,000.00	2,003,680.00	1,995,195.16	0.875	1.020	AA+	Aaa 03/07/2018
3133EEM98	1496	Federal Farm Credit		05/27/2015	2,000,000.00	2,011,880.00	1,998,885.66	1.000	1.030	AA+	Aaa 05/21/2018
3135G0E33	1501	Federal Nat'l Mortgage Assoc.		06/24/2015	2,000,000.00	2,017,600.00	1,998,594.16	1.125	1.160	AA+	Aaa 07/20/2018
3130A5E54	1497	Federal Home Loan Bank		05/27/2015	2,000,000.00	2,015,320.00	2,000,000.00	1.100	1.100	AA+	Aaa 08/13/2018
3135G0YM9	1503	Federal Nat'l Mortgage Assoc.		06/26/2015	2,000,000.00	2,051,100.00	2,027,903.23	1.875	1.230	AA+	Aaa 09/18/2018
3130A53Z0	1493	Federal Home Loan Bank		04/24/2015	2,000,000.00	2,015,540.00	1,999,094.65	1.050	1.070	AA+	Aaa 10/23/2018
3135G0YT4	1505	Federal Nat'l Mortgage Assoc.		06/26/2015	2,000,000.00	2,042,580.00	2,016,657.31	1.625	1.270	AA+	Aaa 11/27/2018
3135G0ZA4	1500	Federal Nat'l Mortgage Assoc.		06/24/2015	2,000,000.00	2,055,340.00	2,025,492.91	1.875	1.377	AA+	Aaa 02/19/2019
3133782M2	1498	Federal Home Loan Bank		05/27/2015	2,000,000.00	2,036,320.00	2,009,392.90	1.500	1.320	AA+	Aaa 03/08/2019
313379EE5	1499	Federal Home Loan Bank		05/27/2015	2,000,000.00	2,045,260.00	2,012,869.81	1.625	1.400	AA+	Aaa 06/14/2019
3135G0ZG1	1506	Federal Nat'l Mortgage Assoc.		06/26/2015	2,000,000.00	2,055,380.00	2,009,535.99	1.750	1.595	AA+	Aaa 09/12/2019
3135G0ZY2	1507	Federal Nat'l Mortgage Assoc.		06/26/2015	2,000,000.00	2,056,260.00	2,006,856.92	1.750	1.645	AA+	Aaa 11/26/2019
3137EADR7	1512	Federal Home Loan Mortgage		04/19/2016	2,000,000.00	2,030,160.00	2,017,972.31	1.375	1.134	AA+	Aaa 05/01/2020

City of Encinitas - YTD Report
Portfolio Management
Portfolio Details - Investments
June 30, 2016

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM	S&P	Moody's	Maturity Date
Federal Agency Coupon Securities												
313383HU8	1513	Federal Home Loan Bank		04/19/2016	2,000,000.00	2,053,220.00	2,040,387.62	1.750	1.224	AA+	Aaa	06/12/2020
Subtotal and Average			48,767,594.75		46,000,000.00	46,562,180.00	46,177,654.52		1.107			
Federal Agency Callable Securities												
313383FB2	1451	Federal Home Loan Bank		06/19/2013	2,900,000.00	2,905,104.00	2,900,000.00	0.580	0.580	AAA	Aaa	12/19/2016
Subtotal and Average			3,878,142.08		2,900,000.00	2,905,104.00	2,900,000.00		0.580			
Corporate Medium Term Notes												
Subtotal and Average			112,001.98									
Total and Average			97,478,231.57		105,761,811.36	106,631,550.95	106,018,366.33		0.927			

City of Encinitas - YTD Report
Portfolio Management
Portfolio Details - Cash
June 30, 2016

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM	S&P Moody's
Passbook/Checking Accounts										
SYS1010	1010	Union Bank Checking Acct.			3,346,015.09	3,346,015.09	3,346,015.09		0.000	
		Average Balance	0.00							
Total Cash and Investments			97,478,231.57		109,107,826.45	109,977,566.04	109,364,381.42		0.927	

City of Encinitas - YTD Report
Portfolio Management
Activity By Type
July 1, 2015 through June 30, 2016

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Passbook/Checking Accounts (Monthly Summary)							
SYS1010	1010	Union Bank Checking Acct.			31,424,213.85	29,841,082.37	
Subtotal					31,424,213.85	29,841,082.37	0.00
Local Agency Investment Funds (Monthly Summary)							
SYS1012	1012	CA LAIF	0.580		52,868,513.54	47,550,000.00	
Subtotal					52,868,513.54	47,550,000.00	23,889,873.10
Managed Pool Accounts (Monthly Summary)							
SYS1003	1003	CA Asset Management Program	0.510		2,699.58	0.00	
Subtotal					2,699.58	0.00	1,003,468.65
Money Market Funds (Monthly Summary)							
SYS1004	1004	Union Bank Custody Acct.	0.180		44,578,190.34	44,599,375.01	
Subtotal					44,578,190.34	44,599,375.01	469.61
Certificates of Deposit - Bank							
02005QV34	1449	Ally Bank	0.650	04/11/2016	0.00	248,000.00	
03784JDM3	1483	Apple Bank for Savings	0.400	12/31/2015	0.00	248,000.00	
05568P3A3	1450	BMW Bank North America	0.650	10/13/2015	0.00	248,000.00	
33767AGC9	1485	First Bank Puerto Rico	0.800	06/06/2016	0.00	248,000.00	
38143AP25	1435	Goldman Sachs Bank, USA	1.050	10/26/2015	0.00	248,000.00	
92937CBM9	1456	Wex Bank	0.650	11/16/2015	0.00	248,000.00	
Subtotal					0.00	1,488,000.00	3,968,000.00
U.S. Treasury Coupon Securities							
912828QF0	1461	U.S. Treasury Notes	2.000	04/30/2016	0.00	2,000,000.00	
912828QJ2	1462	U.S. Treasury Notes	2.125	02/29/2016	0.00	2,000,000.00	
912828VG2	1464	U.S. Treasury Notes	0.500	06/15/2016	0.00	2,000,000.00	
912828XK1	1509	U.S. Treasury Notes	0.875	01/27/2016	1,995,312.85	0.00	
912828TH3	1510	U.S. Treasury Notes	0.875	01/27/2016	1,978,046.88	0.00	
912828TG5	1511	U.S. Treasury Notes	0.500	01/27/2016	1,991,250.00	0.00	
912828XM7	1514	U.S. Treasury Notes	1.625	04/19/2016	2,039,687.50	0.00	
912828TN0	1515	U.S. Treasury Notes	1.000	06/01/2016	1,997,343.75	0.00	
912828TV2	1516	U.S. Treasury Notes	1.250	06/01/2016	2,011,953.13	0.00	
912828J50	1517	U.S. Treasury Notes	1.375	06/01/2016	2,015,625.00	0.00	
912828J84	1518	U.S. Treasury Notes	1.375	06/01/2016	2,015,156.25	0.00	

City of Encinitas - YTD Report
Portfolio Management
Activity By Type
July 1, 2015 through June 30, 2016

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Subtotal					16,044,375.36	6,000,000.00	28,078,900.45
Federal Agency Coupon Securities							
3133ECGT5	1447	Federal Farm Credit	0.410	03/01/2016	0.00	2,000,000.00	
313371NW2	1429	Federal Home Loan Bank	1.375	12/11/2015	0.00	2,000,000.00	
313370JB5	1442	Federal Home Loan Bank	1.750	09/11/2015	0.00	2,000,000.00	
313383HU8	1513	Federal Home Loan Bank	1.750	04/19/2016	2,042,434.00	0.00	
3134A4ZT4	1440	Federal Home Loan Mortgage	4.750	01/19/2016	0.00	2,000,000.00	
3137EADQ9	1446	Federal Home Loan Mortgage	0.500	05/13/2016	0.00	2,000,000.00	
3134G3ZA1	1448	Federal Home Loan Mortgage	0.500	08/28/2015	0.00	2,000,000.00	
3137EADR7	1512	Federal Home Loan Mortgage	1.375	04/19/2016	2,018,910.00	0.00	
3135G0LN1	1444	Federal Nat'l Mortgage Assoc.	0.500	07/02/2015	0.00	2,000,000.00	
Subtotal					4,061,344.00	14,000,000.00	46,177,654.52
Federal Agency Callable Securities							
3134G56W0	1472	Federal Home Loan Mortgage	0.650	06/23/2016	0.00	1,000,000.00	
Subtotal					0.00	1,000,000.00	2,900,000.00
Corporate Medium Term Notes							
36962G4N1	1421	General Electric Capital Corp	1.000	08/11/2015	0.00	1,000,000.00	
Subtotal					0.00	1,000,000.00	0.00
Total					148,979,336.67	145,478,457.38	106,018,366.33

City of Encinitas - YTD Report
Portfolio Management
Interest Earnings Summary
June 30, 2016

	June 30 Month Ending	Fiscal Year To Date
CD/Coupon/Discount Investments:		
Interest Collected	1,009,822.33	1,009,822.33
Plus Accrued Interest at End of Period	227,241.94	227,241.94
Less Accrued Interest at Beginning of Period	(238,468.28)	(238,468.28)
Less Accrued Interest at Purchase During Period	(65,098.58)	(65,098.58)
Interest Earned during Period	933,497.41	933,497.41
Adjusted by Premiums and Discounts	-203,958.40	-203,958.40
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	729,539.01	729,539.01
Pass Through Securities:		
Interest Collected	0.00	0.00
Plus Accrued Interest at End of Period	0.00	0.00
Less Accrued Interest at Beginning of Period	(0.00)	(0.00)
Less Accrued Interest at Purchase During Period	(0.00)	(0.00)
Interest Earned during Period	0.00	0.00
Adjusted by Premiums and Discounts	0.00	0.00
Adjusted by Capital Gains or Losses	0.00	0.00
Earnings during Periods	0.00	0.00
Cash/Checking Accounts:		
Interest Collected	71,431.06	71,431.06
Plus Accrued Interest at End of Period	35,600.70	35,600.70
Less Accrued Interest at Beginning of Period	(22,090.13)	(22,090.13)
Interest Earned during Period	84,941.63	84,941.63
Total Interest Earned during Period	1,018,439.04	1,018,439.04
Total Adjustments from Premiums and Discounts	-203,958.40	-203,958.40
Total Capital Gains or Losses	0.00	0.00
Total Earnings during Period	814,480.64	814,480.64



**City of Encinitas - YTD Report
Investments by Issuer
Active Investments
Sorted by Fund
June 30, 2016**

CITY OF ENCINITAS
505 S. VULCAN
ENCINITAS, ENCINITAS, CA 9
(760)633-2641

CUSIP	Investment #	Security Type	Investment Class	Book Value	Current Rate	Market Value	Market Date	YTM 365	Redemption Date	Days To Maturity	Call Date	Collateral
American Express Centurion												
02587DLV8	1438	Certificates of Deposit - Bank	Fair	248,000.00	1.500	250,098.08	06/30/2016	1.500	10/25/2017	481		
Subtotal and Average				248,000.00		250,098.08		1.500		481		
Bank of Baroda												
0606247A5	1454	Certificates of Deposit - Bank	Amort	248,000.00	2.050	253,031.92	06/30/2016	2.050	11/13/2018	865		
Subtotal and Average				248,000.00		253,031.92		2.050		865		
CA Asset Management Program												
SYS1003	1003	Managed Pool Accounts	Amort	1,003,468.65	0.510	1,003,468.65	06/30/2016	0.510		1		
Subtotal and Average				1,003,468.65		1,003,468.65		0.510		1		
Capital One Bank USA, NA												
140420QG8	1479	Certificates of Deposit - Bank	Amort	248,000.00	1.000	248,305.04	06/30/2016	1.000	10/24/2016	115		
Subtotal and Average				248,000.00		248,305.04		1.000		115		
CIT Bank												
17284C5K6	1487	Certificates of Deposit - Bank	Amort	248,000.00	2.200	255,134.96	06/30/2016	2.200	12/10/2019	1,257		
Subtotal and Average				248,000.00		255,134.96		2.200		1,257		
Comenity Capital Bank												
20033ADJ2	1455	Certificates of Deposit - Bank	Amort	248,000.00	1.000	248,438.96	06/30/2016	1.000	11/14/2016	136		
Subtotal and Average				248,000.00		248,438.96		1.000		136		
Compass Bank												
20451PKJ4	1470	Certificates of Deposit - Bank	Amort	248,000.00	1.050	248,798.56	06/30/2016	1.050	05/11/2017	314		
Subtotal and Average				248,000.00		248,798.56		1.050		314		
Customers Bank												
23204HBH0	1474	Certificates of Deposit - Bank	Amort	248,000.00	0.950	248,798.56	06/30/2016	0.950	06/19/2017	353		
Subtotal and Average				248,000.00		248,798.56		0.950		353		

City of Encinitas - YTD Report
Investments by Issuer
Sorted by Fund

CUSIP	Investment #	Security Type	Investment Class	Book Value	Current Rate	Market Value	Market Date	YTM 365	Redemption Date	Days To Maturity	Call Date	Collateral
Discovery Bank												
254672CB2	1477	Certificates of Deposit - Bank	Amort	248,000.00	1.800	251,233.92	06/30/2016	1.800	10/22/2018	843		
Subtotal and Average				248,000.00		251,233.92		1.800		843		
Federal Farm Credit												
3133EEM98	1496	Federal Agency Coupon Securities	Fair	1,998,885.66	1.000	2,011,880.00	06/30/2016	1.030	05/21/2018	689		
3133EEX62	1502	Federal Agency Coupon Securities	Fair	1,000,176.86	0.800	1,001,650.00	06/30/2016	0.781	06/16/2017	350		
3133EDSU7	1508	Federal Agency Coupon Securities	Fair	1,001,885.51	1.000	1,003,930.00	06/30/2016	0.830	08/15/2017	410		
Subtotal and Average				4,000,948.03		4,017,460.00		0.918		534		
Federal Home Loan Bank												
3130A53Z0	1493	Federal Agency Coupon Securities	Fair	1,999,094.65	1.050	2,015,540.00	06/30/2016	1.070	10/23/2018	844		
3130A4TR3	1495	Federal Agency Coupon Securities	Fair	2,001,402.04	0.875	2,007,100.00	06/30/2016	0.820	10/16/2017	472		
3130A5E54	1497	Federal Agency Coupon Securities	Fair	2,000,000.00	1.100	2,015,320.00	06/30/2016	1.100	08/13/2018	773		
3133782M2	1498	Federal Agency Coupon Securities	Fair	2,009,392.90	1.500	2,036,320.00	06/30/2016	1.320	03/08/2019	980		
313379EE5	1499	Federal Agency Coupon Securities	Fair	2,012,869.81	1.625	2,045,260.00	06/30/2016	1.400	06/14/2019	1,078		
313383HU8	1513	Federal Agency Coupon Securities	Fair	2,040,387.62	1.750	2,053,220.00	06/30/2016	1.224	06/12/2020	1,442		
313383FB2	1451	Federal Agency Callable Securities	Fair	2,900,000.00	0.580	2,905,104.00	06/30/2016	0.580	12/19/2016	171		
Subtotal and Average				14,963,147.02		15,077,864.00		1.045		785		
Federal Home Loan Mortgage												
3137EADC0	1466	Federal Agency Coupon Securities	Fair	2,002,868.68	1.000	2,006,560.00	06/30/2016	0.788	03/08/2017	250		
3137EADT3	1467	Federal Agency Coupon Securities	Fair	2,001,352.94	0.875	2,004,780.00	06/30/2016	0.768	02/22/2017	236		
3137EADF3	1468	Federal Agency Coupon Securities	Fair	2,006,672.07	1.250	2,011,500.00	06/30/2016	0.858	05/12/2017	315		
3137EADP1	1492	Federal Agency Coupon Securities	Fair	1,995,195.16	0.875	2,003,680.00	06/30/2016	1.020	03/07/2018	614		
3137EADR7	1512	Federal Agency Coupon Securities	Fair	2,017,972.31	1.375	2,030,160.00	06/30/2016	1.134	05/01/2020	1,400		
Subtotal and Average				10,024,061.16		10,056,680.00		0.914		564		
Federal Nat'l Mortgage Assoc.												
3135G0ES8	1453	Federal Agency Coupon Securities	Fair	2,002,726.17	1.375	2,006,900.00	06/30/2016	1.002	11/15/2016	137		
3135G0JA2	1473	Federal Agency Coupon Securities	Fair	1,002,513.43	1.125	1,004,430.00	06/30/2016	0.815	04/27/2017	300		
3136G0ZH7	1480	Federal Agency Coupon Securities	Fair	2,000,332.22	1.050	2,009,820.00	06/30/2016	1.036	09/05/2017	431		
3136G0YE5	1494	Federal Agency Coupon Securities	Fair	1,002,519.48	1.000	1,005,670.00	06/30/2016	0.780	08/28/2017	423		
3135G0ZA4	1500	Federal Agency Coupon Securities	Fair	2,025,492.91	1.875	2,055,340.00	06/30/2016	1.377	02/19/2019	963		
3135G0E33	1501	Federal Agency Coupon Securities	Fair	1,998,594.16	1.125	2,017,600.00	06/30/2016	1.160	07/20/2018	749		
3135G0YM9	1503	Federal Agency Coupon Securities	Fair	2,027,903.23	1.875	2,051,100.00	06/30/2016	1.230	09/18/2018	809		
3135G0TG8	1504	Federal Agency Coupon Securities	Fair	1,996,366.49	0.875	2,010,200.00	06/30/2016	0.990	02/08/2018	587		

**City of Encinitas - YTD Report
Investments by Issuer
Sorted by Fund**

CUSIP	Investment #	Security Type	Investment Class	Book Value	Current Rate	Market Value	Market Date	YTM 365	Redemption Date	Days To Maturity	Call Date	Collateral
3135G0YT4	1505	Federal Agency Coupon Securities	Fair	2,016,657.31	1.625	2,042,580.00	06/30/2016	1.270	11/27/2018	879		
3135G0ZG1	1506	Federal Agency Coupon Securities	Fair	2,009,535.99	1.750	2,055,380.00	06/30/2016	1.595	09/12/2019	1,168		
3135G0ZY2	1507	Federal Agency Coupon Securities	Fair	2,006,856.92	1.750	2,056,260.00	06/30/2016	1.645	11/26/2019	1,243		
Subtotal and Average				20,089,498.31		20,315,280.00		1.211		733		
GE Capital Bank												
36160XY43	1439	Certificates of Deposit - Bank	Fair	248,000.00	1.350	248,644.80	06/30/2016	1.350	10/26/2016	117		
Subtotal and Average				248,000.00		248,644.80		1.350		117		
Iberia Bank /LA												
45083ADZ2	1482	Certificates of Deposit - Bank	Amort	248,000.00	1.200	249,150.72	06/30/2016	1.200	12/04/2017	521		
Subtotal and Average				248,000.00		249,150.72		1.200		521		
State Bank of India												
8562843F9	1484	Certificates of Deposit - Bank	Amort	248,000.00	2.000	252,791.36	06/30/2016	2.000	12/05/2018	887		
Subtotal and Average				248,000.00		252,791.36		2.000		887		
CA LAIF												
SYS1012	1012	Local Agency Investment Funds	Amort	23,889,873.10	0.580	23,889,873.10	06/30/2016	0.580		1		
Subtotal and Average				23,889,873.10		23,889,873.10		0.580		1		
Leader Bank												
52168UCU4	1476	Certificates of Deposit - Bank	Amort	248,000.00	1.050	248,677.04	06/30/2016	1.050	04/21/2017	294		
Subtotal and Average				248,000.00		248,677.04		1.050		294		
NBT Bank												
628779FH8	1471	Certificates of Deposit - Bank	Amort	248,000.00	0.950	248,907.68	06/30/2016	0.950	06/06/2017	340		
Subtotal and Average				248,000.00		248,907.68		0.950		340		
Peoples United Bank												
71270QKU9	1486	Certificates of Deposit - Bank	Amort	248,000.00	1.000	248,419.12	06/30/2016	1.000	12/12/2016	164		
Subtotal and Average				248,000.00		248,419.12		1.000		164		
Sallie Mae Bank/Murray												
795450PZ2	1437	Certificates of Deposit - Bank	Fair	248,000.00	1.350	248,679.52	06/30/2016	1.350	10/24/2016	115		
Subtotal and Average				248,000.00		248,679.52		1.350		115		

City of Encinitas - YTD Report
Investments by Issuer
Sorted by Fund

CUSIP	Investment #	Security Type	Investment Class	Book Value	Current Rate	Market Value	Market Date	YTM 365	Redemption Date	Days To Maturity	Call Date	Collateral
Synchrony Bank												
87164YEB6	1478	Certificates of Deposit - Bank	Amort	248,000.00	2.000	255,018.40	06/30/2016	2.000	10/17/2019	1,203		
Subtotal and Average				248,000.00		255,018.40		2.000		1,203		
Union Bank Checking Acct.												
SYS1010	1010	Passbook/Checking Accounts	Amort	3,346,015.09		3,346,015.09	06/30/2016			1		
Subtotal and Average				3,346,015.09		3,346,015.09				1		
Union Bank Custody Acct.												
SYS1004	1004	Money Market Funds	Amort	469.61	0.180	469.61	06/30/2016	0.180		1		
Subtotal and Average				469.61		469.61		0.180		1		
U.S. Treasury Notes												
912828QX1	1459	U.S. Treasury Coupon Securities	Fair	2,001,579.75	1.500	2,002,160.00	06/30/2016	0.531	07/31/2016	30		
912828WA4	1481	U.S. Treasury Coupon Securities	Fair	2,000,675.55	0.625	2,001,560.00	06/30/2016	0.508	10/15/2016	106		
912828F47	1488	U.S. Treasury Coupon Securities	Fair	1,999,989.21	0.500	2,000,740.00	06/30/2016	0.502	09/30/2016	91		
912828RF9	1489	U.S. Treasury Coupon Securities	Fair	2,001,833.52	1.000	2,002,320.00	06/30/2016	0.447	08/31/2016	61		
912828UE8	1490	U.S. Treasury Coupon Securities	Fair	1,991,977.48	0.750	2,005,240.00	06/30/2016	1.022	12/31/2017	548		
912828VK3	1491	U.S. Treasury Coupon Securities	Fair	2,008,779.89	1.375	2,030,400.00	06/30/2016	1.150	06/30/2018	729		
912828XK1	1509	U.S. Treasury Coupon Securities	Fair	1,996,702.21	0.875	2,011,356.92	06/30/2016	0.971	07/15/2018	744		
912828TH3	1510	U.S. Treasury Coupon Securities	Fair	1,980,720.33	0.875	2,008,200.00	06/30/2016	1.195	07/31/2019	1,125		
912828TG5	1511	U.S. Treasury Coupon Securities	Fair	1,993,727.31	0.500	1,999,380.00	06/30/2016	0.792	07/31/2017	395		
912828XM7	1514	U.S. Treasury Coupon Securities	Fair	2,044,888.65	1.625	2,063,693.57	06/30/2016	1.149	07/31/2020	1,491		
912828TN0	1515	U.S. Treasury Coupon Securities	Fair	2,002,465.29	1.000	2,020,454.35	06/30/2016	1.042	08/31/2019	1,156		
912828TV2	1516	U.S. Treasury Coupon Securities	Fair	2,013,839.47	1.250	2,033,653.91	06/30/2016	1.071	10/31/2019	1,217		
912828J50	1517	U.S. Treasury Coupon Securities	Fair	2,022,232.08	1.375	2,044,689.73	06/30/2016	1.161	02/29/2020	1,338		
912828J84	1518	U.S. Treasury Coupon Securities	Fair	2,019,489.71	1.375	2,042,478.47	06/30/2016	1.172	03/31/2020	1,369		
Subtotal and Average				28,078,900.45		28,266,326.95		0.909		744		
Total and Average				109,364,381.42		109,977,566.04		0.898		523		



**City of Encinitas - YTD Report
Activity Report
Sorted By Issuer
July 1, 2015 - June 30, 2016**

CITY OF ENCINITAS
505 S. VULCAN
ENCINITAS, ENCINITAS, CA 9
(760)633-2641

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Par Value		Ending Balance
				Beginning Balance	Current Rate		Purchases or Deposits	Redemptions or Withdrawals	
Issuer: Ally Bank									
Certificates of Deposit - Bank									
02005QV34	1449	Ally Bank			0.650	04/12/2016	0.00	248,000.00	
		Subtotal and Balance		248,000.00			0.00	248,000.00	0.00
		Issuer Subtotal	0.000%	248,000.00			0.00	248,000.00	0.00
Issuer: American Express Centurion									
Certificates of Deposit - Bank									
		Subtotal and Balance		248,000.00					248,000.00
		Issuer Subtotal	0.227%	248,000.00			0.00	0.00	248,000.00
Issuer: Apple Bank for Savings									
Certificates of Deposit - Bank									
03784JDM3	1483	Apple Bank for Savings			0.400	12/31/2015	0.00	248,000.00	
		Subtotal and Balance		248,000.00			0.00	248,000.00	0.00
		Issuer Subtotal	0.000%	248,000.00			0.00	248,000.00	0.00
Issuer: Bank of Baroda									
Certificates of Deposit - Bank									
		Subtotal and Balance		248,000.00					248,000.00
		Issuer Subtotal	0.227%	248,000.00			0.00	0.00	248,000.00
Issuer: BMW Bank North America									
Certificates of Deposit - Bank									
05568P3A3	1450	BMW Bank North America			0.650	10/13/2015	0.00	248,000.00	
		Subtotal and Balance		248,000.00			0.00	248,000.00	0.00

City of Encinitas - YTD Report
Activity Report
July 1, 2015 - June 30, 2016

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Par Value		Ending Balance
				Beginning Balance	Current Rate		Purchases or Deposits	Redemptions or Withdrawals	
		Issuer Subtotal	0.000%	248,000.00			0.00	248,000.00	0.00
Issuer: CA Asset Management Program									
Managed Pool Accounts									
SYS1003	1003	CA Asset Management Program			0.510		2,699.58	0.00	
		Subtotal and Balance		1,000,769.07			2,699.58	0.00	1,003,468.65
		Issuer Subtotal	0.920%	1,000,769.07			2,699.58	0.00	1,003,468.65
Issuer: Capital One Bank USA, NA									
Certificates of Deposit - Bank									
		Subtotal and Balance		248,000.00					248,000.00
		Issuer Subtotal	0.227%	248,000.00			0.00	0.00	248,000.00
Issuer: CIT Bank									
Certificates of Deposit - Bank									
		Subtotal and Balance		248,000.00					248,000.00
		Issuer Subtotal	0.227%	248,000.00			0.00	0.00	248,000.00
Issuer: Comenity Capital Bank									
Certificates of Deposit - Bank									
		Subtotal and Balance		248,000.00					248,000.00
		Issuer Subtotal	0.227%	248,000.00			0.00	0.00	248,000.00
Issuer: Compass Bank									
Certificates of Deposit - Bank									
		Subtotal and Balance		248,000.00					248,000.00
		Issuer Subtotal	0.227%	248,000.00			0.00	0.00	248,000.00
Issuer: Customers Bank									

**City of Encinitas - YTD Report
Activity Report
July 1, 2015 - June 30, 2016**

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Current Rate	Transaction Date	Par Value		Ending Balance
				Beginning Balance				Purchases or Deposits	Redemptions or Withdrawals	
Issuer: Customers Bank										
Certificates of Deposit - Bank										
Subtotal and Balance					248,000.00					248,000.00
Issuer Subtotal			0.227%		248,000.00			0.00	0.00	248,000.00
Issuer: Discovery Bank										
Certificates of Deposit - Bank										
Subtotal and Balance					248,000.00					248,000.00
Issuer Subtotal			0.227%		248,000.00			0.00	0.00	248,000.00
Issuer: First Bank Puerto Rico										
Certificates of Deposit - Bank										
33767AGC9	1485	First Bank Puerto Rico				0.800	06/06/2016	0.00	248,000.00	
Subtotal and Balance					248,000.00			0.00	248,000.00	0.00
Issuer Subtotal			0.000%		248,000.00			0.00	248,000.00	0.00
Issuer: Federal Farm Credit										
Federal Agency Coupon Securities										
313371NW2	1429	Federal Home Loan Bank				1.375	12/11/2015	0.00	2,000,000.00	
313370JB5	1442	Federal Home Loan Bank				1.750	09/11/2015	0.00	2,000,000.00	
313383HU8	1513	Federal Home Loan Bank				1.750	04/19/2016	2,000,000.00	0.00	
Subtotal and Balance					14,000,000.00			2,000,000.00	4,000,000.00	12,000,000.00
Federal Agency Callable Securities										

City of Encinitas - YTD Report
Activity Report
July 1, 2015 - June 30, 2016

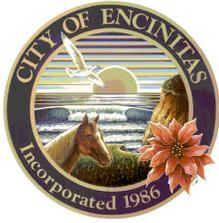
CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Current Rate	Transaction Date	Par Value		Ending Balance
				Beginning Balance				Purchases or Deposits	Redemptions or Withdrawals	
Subtotal and Balance				2,900,000.00					2,900,000.00	
Issuer Subtotal			13.656%	16,900,000.00			2,000,000.00	4,000,000.00	14,900,000.00	
Issuer: Federal Home Loan Mortgage										
Federal Agency Coupon Securities										
3134A4ZT4	1440	Federal Home Loan Mortgage			4.750	01/19/2016	0.00	2,000,000.00		
3137EADQ9	1446	Federal Home Loan Mortgage			0.500	05/13/2016	0.00	2,000,000.00		
3134G3ZA1	1448	Federal Home Loan Mortgage			0.500	08/28/2015	0.00	2,000,000.00		
3137EADR7	1512	Federal Home Loan Mortgage			1.375	04/19/2016	2,000,000.00	0.00		
Subtotal and Balance				14,000,000.00			2,000,000.00	6,000,000.00		10,000,000.00
Federal Agency Callable Securities										
3134G56W0	1472	Federal Home Loan Mortgage			0.650	06/23/2016	0.00	1,000,000.00		
Subtotal and Balance				1,000,000.00			0.00	1,000,000.00		0.00
Issuer Subtotal			9.165%	15,000,000.00			2,000,000.00	7,000,000.00		10,000,000.00
Issuer: Federal Nat'l Mortgage Assoc.										
Federal Agency Coupon Securities										
3135G0LN1	1444	Federal Nat'l Mortgage Assoc.			0.500	07/02/2015	0.00	2,000,000.00		
Subtotal and Balance				22,000,000.00			0.00	2,000,000.00		20,000,000.00
Issuer Subtotal			18.330%	22,000,000.00			0.00	2,000,000.00		20,000,000.00
Issuer: GE Capital Bank										
Certificates of Deposit - Bank										
Subtotal and Balance				248,000.00						248,000.00
Issuer Subtotal			0.227%	248,000.00			0.00	0.00		248,000.00
Issuer: General Electric Capital Corp										
Corporate Medium Term Notes										
36962G4N1	1421	General Electric Capital Corp			1.000	08/11/2015	0.00	1,000,000.00		
Subtotal and Balance				1,000,000.00			0.00	1,000,000.00		0.00

City of Encinitas - YTD Report
Activity Report
July 1, 2015 - June 30, 2016

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Par Value		Ending Balance
				Beginning Balance	Current Rate		Purchases or Deposits	Redemptions or Withdrawals	
Issuer Subtotal			0.000%	1,000,000.00			0.00	1,000,000.00	0.00
Issuer: Goldman Sachs Bank, USA									
Certificates of Deposit - Bank									
38143AP25	1435	Goldman Sachs Bank, USA			1.050	10/26/2015	0.00	248,000.00	
Subtotal and Balance				248,000.00			0.00	248,000.00	0.00
Issuer Subtotal			0.000%	248,000.00			0.00	248,000.00	0.00
Issuer: Iberia Bank /LA									
Certificates of Deposit - Bank									
Subtotal and Balance				248,000.00					248,000.00
Issuer Subtotal			0.227%	248,000.00			0.00	0.00	248,000.00
Issuer: State Bank of India									
Certificates of Deposit - Bank									
Subtotal and Balance				248,000.00					248,000.00
Issuer Subtotal			0.227%	248,000.00			0.00	0.00	248,000.00
Issuer: CA LAIF									
Local Agency Investment Funds									
SYS1012	1012	CA LAIF			0.580		52,868,513.54	47,550,000.00	
Subtotal and Balance				18,571,359.56			52,868,513.54	47,550,000.00	23,889,873.10
Issuer Subtotal			21.896%	18,571,359.56			52,868,513.54	47,550,000.00	23,889,873.10
Issuer: Leader Bank									
Certificates of Deposit - Bank									
Subtotal and Balance				248,000.00					248,000.00
Issuer Subtotal			0.227%	248,000.00			0.00	0.00	248,000.00

City of Encinitas - YTD Report
Activity Report
July 1, 2015 - June 30, 2016

CUSIP	Investment #	Issuer	Percent of Portfolio	Par Value		Transaction Date	Par Value		Ending Balance
				Beginning Balance	Current Rate		Purchases or Deposits	Redemptions or Withdrawals	
Subtotal and Balance				21,654.28			44,578,190.34	44,599,375.01	469.61
Issuer Subtotal			0.000%	21,654.28			44,578,190.34	44,599,375.01	469.61
Issuer: U.S. Treasury Notes									
U.S. Treasury Coupon Securities									
912828QF0	1461	U.S. Treasury Notes			2.000	05/02/2016	0.00	2,000,000.00	
912828QJ2	1462	U.S. Treasury Notes			2.125	02/29/2016	0.00	2,000,000.00	
912828VG2	1464	U.S. Treasury Notes			0.500	06/15/2016	0.00	2,000,000.00	
912828XK1	1509	U.S. Treasury Notes			0.875	01/27/2016	2,000,000.00	0.00	
912828TH3	1510	U.S. Treasury Notes			0.875	01/27/2016	2,000,000.00	0.00	
912828TG5	1511	U.S. Treasury Notes			0.500	01/27/2016	2,000,000.00	0.00	
912828XM7	1514	U.S. Treasury Notes			1.625	04/19/2016	2,000,000.00	0.00	
912828TN0	1515	U.S. Treasury Notes			1.000	06/01/2016	2,000,000.00	0.00	
912828TV2	1516	U.S. Treasury Notes			1.250	06/01/2016	2,000,000.00	0.00	
912828J50	1517	U.S. Treasury Notes			1.375	06/01/2016	2,000,000.00	0.00	
912828J84	1518	U.S. Treasury Notes			1.375	06/01/2016	2,000,000.00	0.00	
Subtotal and Balance				18,000,000.00			16,000,000.00	6,000,000.00	28,000,000.00
Issuer Subtotal			25.663%	18,000,000.00			16,000,000.00	6,000,000.00	28,000,000.00
Issuer: Wex Bank									
Certificates of Deposit - Bank									
92937CBM9	1456	Wex Bank			0.650	11/16/2015	0.00	248,000.00	
Subtotal and Balance				248,000.00			0.00	248,000.00	0.00
Issuer Subtotal			0.000%	248,000.00			0.00	248,000.00	0.00
Total			100.000%	105,712,666.52			148,873,617.31	145,478,457.38	109,107,826.45



City of Encinitas - YTD Report
Interest Earnings
Sorted by Security Type - Maturity Date
July 1, 2015 - June 30, 2016
Yield on Beginning Book Value

CUSIP	Investment #	Fund	Issuer	Ending Par Value	Beginning Book Value	Ending Book Value	Maturity Date	Current Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Security Type: Local Agency Investment Funds												
SYS1012	1012	001	LAIF	23,889,873.10	18,571,359.56	23,889,873.10		0.580	0.438	81,635.27	0.00	81,635.27
			Subtotal	23,889,873.10	18,571,359.56	23,889,873.10			0.438	81,635.27	0.00	81,635.27
Security Type: Managed Pool Accounts												
SYS1003	1003	001	CAMP	1,003,468.65	1,000,769.07	1,003,468.65		0.510	0.304	3,048.47	0.00	3,048.47
			Subtotal	1,003,468.65	1,000,769.07	1,003,468.65			0.304	3,048.47	0.00	3,048.47
Security Type: Money Market Funds												
SYS1004	1004	001	UBCUST	469.61	21,654.28	469.61		0.180	1.188	257.89	0.00	257.89
			Subtotal	469.61	21,654.28	469.61			1.188	257.89	0.00	257.89
Security Type: Certificates of Deposit - Bank												
05568P3A3	1450	001	BMWBNK	0.00	248,000.00	0.00	10/13/2015	0.650	0.650	459.30	0.00	459.30
38143AP25	1435	001	GLDSCH	0.00	248,000.00	0.00	10/26/2015	1.050	1.050	834.71	0.00	834.71
92937CBM9	1456	001	WEXBNK	0.00	248,000.00	0.00	11/16/2015	0.650	0.650	609.47	0.00	609.47
03784JDM3	1483	001	APPLE	0.00	248,000.00	0.00	12/31/2015	0.400	0.400	497.35	0.00	497.35
02005QV34	1449	001	ALLYBK	0.00	248,000.00	0.00	04/11/2016	0.650	0.650	1,258.68	0.00	1,258.68
33767AGC9	1485	001	FBPR	0.00	248,000.00	0.00	06/06/2016	0.800	0.800	1,853.54	0.00	1,853.54
795450PZ2	1437	001	SMAEBN	248,000.00	248,000.00	248,000.00	10/24/2016	1.350	1.350	3,357.17	0.00	3,357.17
140420QG8	1479	001	CAPONE	248,000.00	248,000.00	248,000.00	10/24/2016	1.000	1.000	2,486.79	0.00	2,486.79
36160XY43	1439	001	GECBNK	248,000.00	248,000.00	248,000.00	10/26/2016	1.350	1.350	3,357.17	0.00	3,357.17
20033ADJ2	1455	001	COMNTY	248,000.00	248,000.00	248,000.00	11/14/2016	1.000	1.000	2,486.80	0.00	2,486.80
71270QKU9	1486	001	PEOPLE	248,000.00	248,000.00	248,000.00	12/12/2016	1.000	1.000	2,486.79	0.00	2,486.79
52168UCU4	1476	001	LEADER	248,000.00	248,000.00	248,000.00	04/21/2017	1.050	1.050	2,611.13	0.00	2,611.13
20451PKJ4	1470	001	COMPSS	248,000.00	248,000.00	248,000.00	05/11/2017	1.050	1.050	2,611.14	0.00	2,611.14
628779FH8	1471	001	NBTBNK	248,000.00	248,000.00	248,000.00	06/06/2017	0.950	0.950	2,362.45	0.00	2,362.45
23204HBH0	1474	001	CUSTBN	248,000.00	248,000.00	248,000.00	06/19/2017	0.950	0.950	2,362.46	0.00	2,362.46
02587DLV8	1438	001	AMEXCN	248,000.00	248,000.00	248,000.00	10/25/2017	1.500	1.500	3,730.20	0.00	3,730.20
45083ADZ2	1482	001	IBERIA	248,000.00	248,000.00	248,000.00	12/04/2017	1.200	1.200	2,984.15	0.00	2,984.15

City of Encinitas - YTD Report
Interest Earnings
July 1, 2015 - June 30, 2016

CUSIP	Investment #	Fund	Issuer	Ending Par Value	Beginning Book Value	Ending Book Value	Maturity Date	Current Annualized Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Security Type: Certificates of Deposit - Bank												
254672CB2	1477	001	DISCOV	248,000.00	248,000.00	248,000.00	10/22/2018	1.800	1.800	4,476.23	0.00	4,476.23
0606247A5	1454	001	BARODA	248,000.00	248,000.00	248,000.00	11/13/2018	2.050	2.050	5,097.92	0.00	5,097.92
8562843F9	1484	001	INDIA	248,000.00	248,000.00	248,000.00	12/05/2018	2.000	2.000	4,973.59	0.00	4,973.59
87164YEB6	1478	001	SYNCHR	248,000.00	248,000.00	248,000.00	10/17/2019	2.000	2.000	4,973.59	0.00	4,973.59
17284C5K6	1487	001	CITBNK	248,000.00	248,000.00	248,000.00	12/10/2019	2.200	2.200	5,470.95	0.00	5,470.95
			Subtotal	3,968,000.00	5,456,000.00	3,968,000.00			1.285	61,341.58	0.00	61,341.58
Security Type: U.S. Treasury Coupon Securities												
912828QJ2	1462	001	UST	0.00	2,022,570.04	0.00	02/29/2016	2.125	0.425	28,294.84	-22,570.04	5,724.80
912828QF0	1461	001	UST	0.00	2,025,031.48	0.00	04/30/2016	2.000	0.488	33,260.87	-25,031.48	8,229.39
912828VG2	1464	001	UST	0.00	1,999,285.34	0.00	06/15/2016	0.500	0.536	9,562.84	714.66	10,277.50
912828QX1	1459	001	UST	2,000,000.00	2,020,852.72	2,001,579.75	07/31/2016	1.500	0.530	30,013.66	-19,272.97	10,740.69
912828RF9	1489	001	UST	2,000,000.00	2,012,834.61	2,001,833.52	08/31/2016	1.000	0.446	20,000.00	-11,001.09	8,998.91
912828F47	1488	001	UST	2,000,000.00	1,999,945.83	1,999,989.21	09/30/2016	0.500	0.501	10,000.00	43.38	10,043.38
912828WA4	1481	001	UST	2,000,000.00	2,003,008.09	2,000,675.55	10/15/2016	0.625	0.506	12,500.00	-2,332.54	10,167.46
912828TG5	1511	001	UST	2,000,000.00	0.00	1,993,727.31	07/31/2017	0.500	0.795	4,284.52	2,477.31	6,761.83
912828UE8	1490	001	UST	2,000,000.00	1,986,619.37	1,991,977.48	12/31/2017	0.750	1.022	15,000.00	5,358.11	20,358.11
912828VK3	1491	001	UST	2,000,000.00	2,013,187.90	2,008,779.89	06/30/2018	1.375	1.144	27,500.00	-4,408.01	23,091.99
912828XK1	1509	001	UST	2,000,000.00	0.00	1,996,702.21	07/15/2018	0.875	0.975	7,500.00	812.44	8,312.44
912828TH3	1510	001	UST	2,000,000.00	0.00	1,980,720.33	07/31/2019	0.875	1.203	7,497.91	2,673.45	10,171.36
912828TN0	1515	001	UST	2,000,000.00	0.00	2,002,465.29	08/31/2019	1.000	1.034	1,630.43	67.19	1,697.62
912828TV2	1516	001	UST	2,000,000.00	0.00	2,013,839.47	10/31/2019	1.250	1.059	2,038.05	-287.57	1,750.48
912828J50	1517	001	UST	2,000,000.00	0.00	2,022,232.08	02/29/2020	1.375	1.146	2,241.85	-342.65	1,899.20
912828J84	1518	001	UST	2,000,000.00	0.00	2,019,489.71	03/31/2020	1.375	1.165	2,254.10	-325.01	1,929.09
912828XM7	1514	001	UST	2,000,000.00	0.00	2,044,888.65	07/31/2020	1.625	1.144	6,517.86	-1,852.42	4,665.44
			Subtotal	28,000,000.00	18,083,335.38	28,078,900.45			0.702	220,096.93	-75,277.24	144,819.69
Security Type: Federal Agency Coupon Securities												
3135G0LN1	1444	001	FNMA	0.00	2,000,007.18	0.00	07/02/2015	0.500	0.376	27.78	-7.18	20.60
3134G3ZA1	1448	001	FHLMC	0.00	2,000,469.10	0.00	08/28/2015	0.500	0.351	1,583.33	-469.10	1,114.23
313370JB5	1442	001	FHLB	0.00	2,005,155.85	0.00	09/11/2015	1.750	0.417	6,805.56	-5,155.85	1,649.71
313371NW2	1429	001	FHLB	0.00	2,006,806.43	0.00	12/11/2015	1.375	0.604	12,222.22	-6,806.43	5,415.79
3134A4ZT4	1440	001	FHLMC	0.00	2,047,274.57	0.00	01/19/2016	4.750	0.439	52,250.00	-47,274.57	4,975.43
3133ECGT5	1447	001	FFCRED	0.00	1,999,917.95	0.00	03/01/2016	0.410	0.415	5,466.67	82.05	5,548.72
3137EADQ9	1446	001	FHLMC	0.00	2,001,358.93	0.00	05/13/2016	0.500	0.420	8,666.66	-1,358.93	7,307.73
3135G0ES8	1453	001	FNMA	2,000,000.00	2,010,050.21	2,002,726.17	11/15/2016	1.375	1.001	27,500.00	-7,324.04	20,175.96
3137EADT3	1467	001	FHLMC	2,000,000.00	2,003,461.41	2,001,352.94	02/22/2017	0.875	0.766	17,500.00	-2,108.47	15,391.53

Data Updated: SET_ANNU: 07/19/2016 15:09

Run Date: 07/19/2016 - 15:09

No fiscal year history available

Portfolio ENCI

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Report Ver. 7.3.5

City of Encinitas - YTD Report
Interest Earnings
July 1, 2015 - June 30, 2016

CUSIP	Investment #	Fund	Issuer	Ending Par Value	Beginning Book Value	Ending Book Value	Maturity Date	Current Annualized Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Security Type: Federal Agency Coupon Securities												
3137EADC0	1466	001	FHLMC	2,000,000.00	2,007,049.76	2,002,868.68	03/08/2017	1.000	0.786	20,000.00	-4,181.08	15,818.92
3135G0JA2	1473	001	FNMA	1,000,000.00	1,005,570.31	1,002,513.43	04/27/2017	1.125	0.813	11,250.00	-3,056.88	8,193.12
3137EADF3	1468	001	FHLMC	2,000,000.00	2,014,395.36	2,006,672.07	05/12/2017	1.250	0.855	25,000.00	-7,723.29	17,276.71
3133EEX62	1502	001	FFCRED	1,000,000.00	1,000,539.19	1,000,176.86	06/16/2017	0.800	0.779	8,000.00	-184.55	7,815.45
3133EDSU7	1508	001	FFCRED	1,000,000.00	1,007,204.55	1,001,885.51	08/15/2017	1.000	0.824	10,000.00	-1,680.15	8,319.85
3136G0YE5	1494	001	FNMA	1,000,000.00	1,007,166.79	1,002,519.48	08/28/2017	1.000	0.775	10,000.00	-2,175.09	7,824.91
3136G0ZH7	1480	001	FNMA	2,000,000.00	2,000,614.30	2,000,332.22	09/05/2017	1.050	1.033	21,000.00	-282.08	20,717.92
3130A4TR3	1495	001	FHLB	2,000,000.00	2,004,480.55	2,001,402.04	10/16/2017	0.875	0.817	17,500.00	-1,085.45	16,414.55
3135G0TG8	1504	001	FNMA	2,000,000.00	2,000,807.82	1,996,366.49	02/08/2018	0.875	0.985	17,500.00	2,267.00	19,767.00
3137EADP1	1492	001	FHLMC	2,000,000.00	1,992,972.75	1,995,195.16	03/07/2018	0.875	1.019	17,500.00	2,854.35	20,354.35
3133EEM98	1496	001	FFCRED	2,000,000.00	1,998,629.05	1,998,885.66	05/21/2018	1.000	1.027	20,000.00	589.94	20,589.94
3135G0E33	1501	001	FNMA	2,000,000.00	1,998,909.32	1,998,594.16	07/20/2018	1.125	1.157	22,500.00	684.84	23,184.84
3130A5E54	1497	001	FHLB	2,000,000.00	2,000,855.56	2,000,000.00	08/13/2018	1.100	1.097	22,000.00	0.00	22,000.00
3135G0YM9	1503	001	FNMA	2,000,000.00	2,050,715.28	2,027,903.23	09/18/2018	1.875	1.211	37,500.00	-12,603.72	24,896.28
3130A53Z0	1493	001	FHLB	2,000,000.00	1,998,761.24	1,999,094.65	10/23/2018	1.050	1.067	21,000.00	391.74	21,391.74
3135G0YT4	1505	001	FNMA	2,000,000.00	2,026,199.89	2,016,657.31	11/27/2018	1.625	1.259	32,500.00	-6,924.52	25,575.48
3135G0ZA4	1500	001	FNMA	2,000,000.00	2,048,194.59	2,025,492.91	02/19/2019	1.875	1.355	37,500.00	-9,680.85	27,819.15
3133782M2	1498	001	FHLB	2,000,000.00	2,019,473.07	2,009,392.90	03/08/2019	1.500	1.309	30,000.00	-3,496.84	26,503.16
313379EE5	1499	001	FHLB	2,000,000.00	2,017,228.36	2,012,869.81	06/14/2019	1.625	1.391	32,500.00	-4,358.55	28,141.45
3135G0ZG1	1506	001	FNMA	2,000,000.00	2,022,629.69	2,009,535.99	09/12/2019	1.750	1.579	35,000.00	-2,982.59	32,017.41
3135G0ZY2	1507	001	FNMA	2,000,000.00	2,011,788.68	2,006,856.92	11/26/2019	1.750	1.635	35,000.00	-2,015.09	32,984.91
3137EADR7	1512	001	FHLMC	2,000,000.00	0.00	2,017,972.31	05/01/2020	1.375	1.130	5,500.00	-937.69	4,562.31
313383HU8	1513	001	FHLB	2,000,000.00	0.00	2,040,387.62	06/12/2020	1.750	1.213	7,000.00	-2,046.38	4,953.62
			Subtotal	46,000,000.00	56,308,687.74	46,177,654.52			1.018	627,772.22	-129,049.45	498,722.77
Security Type: Federal Agency Callable Securities												
313383FB2	1451	001	FHLB	2,900,000.00	2,900,000.00	2,900,000.00	12/19/2016	0.580	0.578	16,820.00	0.00	16,820.00
3134G56W0	1472	001	FHLMC	0.00	1,000,000.00	0.00	12/23/2016	0.650	0.648	6,355.56	0.00	6,355.56
			Subtotal	2,900,000.00	3,900,000.00	2,900,000.00			0.596	23,175.56	0.00	23,175.56
Security Type: Corporate Medium Term Notes												
36962G4N1	1421	001	GECC	0.00	999,631.71	0.00	08/11/2015	1.000	1.318	1,111.12	368.29	1,479.41
			Subtotal	0.00	999,631.71	0.00			1.318	1,111.12	368.29	1,479.41
			Total	105,761,811.36	104,341,437.74	106,018,366.33			0.831	1,018,439.04	-203,958.40	814,480.64

City of Encinitas - YTD Report
Realized Gains and Losses
Sales/Calls/Maturities: July 1, 2015 - June 30, 2016

Investment #	Inv. Type	Purchase Date	Par Value	Sale Date	Days Held		Maturity/Sale	Realized	Total	Total	Total
Issuer			Current Rate	Maturity Date	Term	Book Value	Proceeds	Gain/Loss	Earnings	Net Earnings	Yield 365
Federal Agency Coupon Securities											
1447	FAC	03/28/2013	2,000,000.00	03/01/2016	1,069	2,000,000.00	2,000,000.00	0.00	24,345.00	24,345.00	0.416
	Federal Farm Credit		0.410	03/01/2016	1,069						
1446	FAC	03/28/2013	2,000,000.00	05/13/2016	1,142	2,000,000.00	2,000,000.00	0.00	26,350.00	26,350.00	0.421
	Federal Home Loan Mortgage		0.500	05/13/2016	1,142						
			Federal Agency Coupon Securities		Subtotals	14,000,000.00	14,000,000.00	0.00	179,094.34	179,094.34	0.435
Federal Agency Callable Securities											
1472	MC2	06/23/2014	1,000,000.00	06/23/2016	731	1,000,000.00	1,000,000.00	0.00	13,000.00	13,000.00	0.649
	Federal Home Loan Mortgage		0.650	12/23/2016	914						
			Federal Agency Callable Securities		Subtotals	1,000,000.00	1,000,000.00	0.00	13,000.00	13,000.00	0.649
Corporate Medium Term Notes											
1421	MTN	02/22/2012	1,000,000.00	08/11/2015	1,266	1,000,000.00	1,000,000.00	0.00	48,130.38	48,130.38	1.388
	General Electric Capital Corp		1.000	08/11/2015	1,266						
			Corporate Medium Term Notes		Subtotals	1,000,000.00	1,000,000.00	0.00	48,130.38	48,130.38	1.388
			Total Realized Gains/Losses			23,488,000.00	23,488,000.00	0.00	330,927.76	330,927.76	0.515

Unrealized Gains and Losses

Open Positions through June 30, 2016

Investment #	Inv. Type	Purchase Date	Par Value Current Rate	Maturity Date	Term Days Held	Book Value	Market Value Market Date	Unrealized Gain/Loss	To Date Earnings	To Date Net Earnings	Actual Yield 365
Certificates of Deposit - Bank											
1479	BCD	10/22/2014	248,000.00 1.000	10/24/2016	733 618	248,000.00	248,305.04 06/30/2016	305.04	4,199.01	4,504.05	1.073
1437	BCD	10/24/2012	248,000.00 1.350	10/24/2016	1,461 1,346	248,000.00	248,679.52 06/30/2016	679.52	12,346.32	13,025.84	1.424
1439	BCD	10/26/2012	248,000.00 1.350	10/26/2016	1,461 1,344	248,000.00	248,644.80 06/30/2016	644.80	12,327.98	12,972.78	1.421
1455	BCD	11/12/2013	248,000.00 1.000	11/14/2016	1,098 962	248,000.00	248,438.96 06/30/2016	438.96	6,536.33	6,975.29	1.067
1486	BCD	12/10/2014	248,000.00 1.000	12/12/2016	733 569	248,000.00	248,419.12 06/30/2016	419.12	3,866.08	4,285.20	1.108
1476	BCD	10/23/2014	248,000.00 1.050	04/21/2017	911 617	248,000.00	248,677.04 06/30/2016	677.04	4,401.83	5,078.87	1.211
1470	BCD	06/11/2014	248,000.00 1.050	05/11/2017	1,065 751	248,000.00	248,798.56 06/30/2016	798.56	5,357.82	6,156.38	1.206
1471	BCD	06/06/2014	248,000.00 0.950	06/06/2017	1,096 756	248,000.00	248,907.68 06/30/2016	907.68	4,879.82	5,787.50	1.127
1474	BCD	06/18/2014	248,000.00 0.950	06/19/2017	1,097 744	248,000.00	248,798.56 06/30/2016	798.56	4,802.37	5,600.93	1.108
1438	BCD	10/25/2012	248,000.00 1.500	10/25/2017	1,826 1,345	248,000.00	250,098.08 06/30/2016	2,098.08	13,707.95	15,806.03	1.730
1482	BCD	12/04/2014	248,000.00 1.200	12/04/2017	1,096 575	248,000.00	249,150.72 06/30/2016	1,150.72	4,688.22	5,838.94	1.495
1477	BCD	10/22/2014	248,000.00 1.800	10/22/2018	1,461 618	248,000.00	251,233.92 06/30/2016	3,233.92	7,558.22	10,792.14	2.570
1454	BCD	11/12/2013	248,000.00 2.050	11/13/2018	1,827 962	248,000.00	253,031.92 06/30/2016	5,031.92	13,399.47	18,431.39	2.820
1484	BCD	12/05/2014	248,000.00 2.000	12/05/2018	1,461 574	248,000.00	252,791.36 06/30/2016	4,791.36	7,800.11	12,591.47	3.229
1478	BCD	10/17/2014	248,000.00 2.000	10/17/2019	1,826 623	248,000.00	255,018.40 06/30/2016	7,018.40	8,465.97	15,484.37	3.658
1487	BCD	12/10/2014	248,000.00 2.200	12/10/2019	1,826 569	248,000.00	255,134.96 06/30/2016	7,134.96	8,505.38	15,640.34	4.046
Certificates of Deposit - Bank Subtotals						3,968,000.00	4,004,128.64	36,128.64	122,842.88	158,971.52	1.893

Unrealized Gains and Losses
Open Positions through June 30, 2016

Investment #	Inv.	Purchase	Par Value	Maturity Date	Term	Market Value	Unrealized	To Date	To Date	Actual	
Issuer	Type	Date	Current Rate		Days Held	Book Value	Gain/Loss	Earnings	Net Earnings	Yield 365	
						Market Date					
U.S. Treasury Coupon Securities											
1459	TRC	12/23/2013	2,000,000.00	07/31/2016	951	2,001,579.75	2,002,160.00	580.25	27,208.44	27,788.69	0.550
U.S. Treasury Notes			1.500		921		06/30/2016				
1489	TRC	12/11/2014	2,000,000.00	08/31/2016	629	2,001,833.52	2,002,320.00	486.48	13,976.69	14,463.17	0.464
U.S. Treasury Notes			1.000		568		06/30/2016				
1488	TRC	12/11/2014	2,000,000.00	09/30/2016	659	1,999,989.21	2,000,740.00	750.79	15,602.97	16,353.76	0.525
U.S. Treasury Notes			0.500		568		06/30/2016				
1481	TRC	11/04/2014	2,000,000.00	10/15/2016	711	2,000,675.55	2,001,560.00	884.45	16,837.27	17,721.72	0.534
U.S. Treasury Notes			0.625		605		06/30/2016				
1511	TRC	01/27/2016	2,000,000.00	07/31/2017	551	1,993,727.31	1,999,380.00	5,652.69	6,761.83	12,414.52	1.457
U.S. Treasury Notes			0.500		156		06/30/2016				
1490	TRC	12/17/2014	2,000,000.00	12/31/2017	1,110	1,991,977.48	2,005,240.00	13,262.52	31,338.89	44,601.41	1.454
U.S. Treasury Notes			0.750		562		06/30/2016				
1491	TRC	02/20/2015	2,000,000.00	06/30/2018	1,226	2,008,779.89	2,030,400.00	21,620.11	31,464.68	53,084.79	1.941
U.S. Treasury Notes			1.375		497		06/30/2016				
1509	TRC	01/27/2016	2,000,000.00	07/15/2018	900	1,996,702.21	2,011,356.92	14,654.71	8,312.44	22,967.15	2.691
U.S. Treasury Notes			0.875		156		06/30/2016				
1510	TRC	01/27/2016	2,000,000.00	07/31/2019	1,281	1,980,720.33	2,008,200.00	27,479.67	10,171.36	37,651.03	4.448
U.S. Treasury Notes			0.875		156		06/30/2016				
1515	TRC	06/01/2016	2,000,000.00	08/31/2019	1,186	2,002,465.29	2,020,454.35	17,989.06	1,697.62	19,686.68	11.961
U.S. Treasury Notes			1.000		30		06/30/2016				
1516	TRC	06/01/2016	2,000,000.00	10/31/2019	1,247	2,013,839.47	2,033,653.91	19,814.44	1,750.48	21,564.92	13.029
U.S. Treasury Notes			1.250		30		06/30/2016				
1517	TRC	06/01/2016	2,000,000.00	02/29/2020	1,368	2,022,232.08	2,044,689.73	22,457.65	1,899.20	24,356.85	14.654
U.S. Treasury Notes			1.375		30		06/30/2016				
1518	TRC	06/01/2016	2,000,000.00	03/31/2020	1,399	2,019,489.71	2,042,478.47	22,988.76	1,929.09	24,917.85	15.012
U.S. Treasury Notes			1.375		30		06/30/2016				
1514	TRC	04/19/2016	2,000,000.00	07/31/2020	1,564	2,044,888.65	2,063,693.57	18,804.92	4,665.44	23,470.36	5.739
U.S. Treasury Notes			1.625		73		06/30/2016				
U.S. Treasury Coupon Securities					Subtotals	28,078,900.45	28,266,326.95	187,426.50	173,616.40	361,042.90	5.339
Federal Agency Coupon Securities											
1453	FAC	06/26/2013	2,000,000.00	11/15/2016	1,238	2,002,726.17	2,006,900.00	4,173.83	60,808.12	64,981.95	1.076
Federal Nat'l Mortgage Assoc.			1.375		1,101		06/30/2016				
1467	FAC	03/10/2014	2,000,000.00	02/22/2017	1,080	2,001,352.94	2,004,780.00	3,427.06	35,528.78	38,955.84	0.842
Federal Home Loan Mortgage			0.875		844		06/30/2016				
1466	FAC	03/10/2014	2,000,000.00	03/08/2017	1,094	2,002,868.68	2,006,560.00	3,691.32	36,515.35	40,206.67	0.868
Federal Home Loan Mortgage			1.000		844		06/30/2016				
1473	FAC	06/09/2014	1,000,000.00	04/27/2017	1,053	1,002,513.43	1,004,430.00	1,916.57	16,886.93	18,803.50	0.909
Federal Nat'l Mortgage Assoc.			1.125		753		06/30/2016				

Unrealized Gains and Losses
Open Positions through June 30, 2016

Investment #	Inv. Type	Purchase Date	Par Value	Maturity Date	Term	Market Value	Unrealized Gain/Loss	To Date Earnings	To Date Net Earnings	Actual Yield 365	
Issuer			Current Rate		Days Held	Book Value	Market Date				
Federal Agency Coupon Securities											
1468	FAC	03/10/2014	2,000,000.00	05/12/2017	1,159	2,006,672.07	2,011,500.00	4,827.93	39,880.41	44,708.34	0.964
Federal Home Loan Mortgage			1.250		844		06/30/2016				
1502	FAC	06/24/2015	1,000,000.00	06/16/2017	723	1,000,176.86	1,001,650.00	1,473.14	7,967.41	9,440.55	0.924
Federal Farm Credit			0.800		373		06/30/2016				
1508	FAC	06/26/2015	1,000,000.00	08/15/2017	781	1,001,885.51	1,003,930.00	2,044.49	8,435.40	10,479.89	1.029
Federal Farm Credit			1.000		371		06/30/2016				
1494	FAC	05/27/2015	1,000,000.00	08/28/2017	824	1,002,519.48	1,005,670.00	3,150.52	8,563.93	11,714.45	1.064
Federal Nat'l Mortgage Assoc.			1.000		401		06/30/2016				
1480	FAC	11/04/2014	2,000,000.00	09/05/2017	1,036	2,000,332.22	2,009,820.00	9,487.78	34,357.22	43,845.00	1.322
Federal Nat'l Mortgage Assoc.			1.050		605		06/30/2016				
1495	FAC	05/27/2015	2,000,000.00	10/16/2017	873	2,001,402.04	2,007,100.00	5,697.96	17,964.81	23,662.77	1.076
Federal Home Loan Bank			0.875		401		06/30/2016				
1504	FAC	06/26/2015	2,000,000.00	02/08/2018	958	1,996,366.49	2,010,200.00	13,833.51	20,041.55	33,875.06	1.669
Federal Nat'l Mortgage Assoc.			0.875		371		06/30/2016				
1492	FAC	03/20/2015	2,000,000.00	03/07/2018	1,083	1,995,195.16	2,003,680.00	8,484.84	26,064.89	34,549.73	1.348
Federal Home Loan Mortgage			0.875		469		06/30/2016				
1496	FAC	05/27/2015	2,000,000.00	05/21/2018	1,090	1,998,885.66	2,011,880.00	12,994.34	22,534.55	35,528.89	1.618
Federal Farm Credit			1.000		401		06/30/2016				
1501	FAC	06/24/2015	2,000,000.00	07/20/2018	1,122	1,998,594.16	2,017,600.00	19,005.84	23,635.66	42,641.50	2.088
Federal Nat'l Mortgage Assoc.			1.125		373		06/30/2016				
1497	FAC	05/27/2015	2,000,000.00	08/13/2018	1,174	2,000,000.00	2,015,320.00	15,320.00	24,077.77	39,397.77	1.793
Federal Home Loan Bank			1.100		401		06/30/2016				
1503	FAC	06/26/2015	2,000,000.00	09/18/2018	1,180	2,027,903.23	2,051,100.00	23,196.77	25,242.07	48,438.84	2.350
Federal Nat'l Mortgage Assoc.			1.875		371		06/30/2016				
1493	FAC	04/24/2015	2,000,000.00	10/23/2018	1,278	1,999,094.65	2,015,540.00	16,445.35	25,372.99	41,818.34	1.759
Federal Home Loan Bank			1.050		434		06/30/2016				
1505	FAC	06/26/2015	2,000,000.00	11/27/2018	1,250	2,016,657.31	2,042,580.00	25,922.69	25,930.69	51,853.38	2.530
Federal Nat'l Mortgage Assoc.			1.625		371		06/30/2016				
1500	FAC	06/24/2015	2,000,000.00	02/19/2019	1,336	2,025,492.91	2,055,340.00	29,847.09	28,360.08	58,207.17	2.812
Federal Nat'l Mortgage Assoc.			1.875		373		06/30/2016				
1498	FAC	05/27/2015	2,000,000.00	03/08/2019	1,381	2,009,392.90	2,036,320.00	26,927.10	29,006.24	55,933.34	2.534
Federal Home Loan Bank			1.500		401		06/30/2016				
1499	FAC	05/27/2015	2,000,000.00	06/14/2019	1,479	2,012,869.81	2,045,260.00	32,390.19	30,799.25	63,189.44	2.857
Federal Home Loan Bank			1.625		401		06/30/2016				
1506	FAC	06/26/2015	2,000,000.00	09/12/2019	1,539	2,009,535.99	2,055,380.00	45,844.01	32,462.10	78,306.11	3.834
Federal Nat'l Mortgage Assoc.			1.750		371		06/30/2016				
1507	FAC	06/26/2015	2,000,000.00	11/26/2019	1,614	2,006,856.92	2,056,260.00	49,403.08	33,443.03	82,846.11	4.061
Federal Nat'l Mortgage Assoc.			1.750		371		06/30/2016				

Unrealized Gains and Losses
Open Positions through June 30, 2016

<u>Investment #</u>	<u>Inv.</u>	<u>Purchase</u>	<u>Par Value</u>	<u>Maturity Date</u>	<u>Term</u>		<u>Market Value</u>		<u>To Date</u>	<u>To Date</u>	<u>Actual</u>
<u>Issuer</u>	<u>Type</u>	<u>Date</u>	<u>Current Rate</u>		<u>Days Held</u>	<u>Book Value</u>	<u>Market Date</u>	<u>Gain/Loss</u>	<u>Earnings</u>	<u>Net Earnings</u>	<u>Yield 365</u>
Federal Agency Coupon Securities											
1512	FAC	04/19/2016	2,000,000.00	05/01/2020	1,473	2,017,972.31	2,030,160.00	12,187.69	4,562.31	16,750.00	4.150
Federal Home Loan Mortgage			1.375		73		06/30/2016				
1513	FAC	04/19/2016	2,000,000.00	06/12/2020	1,515	2,040,387.62	2,053,220.00	12,832.38	4,953.62	17,786.00	4.358
Federal Home Loan Bank			1.750		73		06/30/2016				
Federal Agency Coupon Securities					Subtotals	46,177,654.52	46,562,180.00	384,525.48	623,395.16	1,007,920.64	2.085
Federal Agency Callable Securities											
1451	MC2	06/19/2013	2,900,000.00	12/19/2016	1,279	2,900,000.00	2,905,104.00	5,104.00	51,020.67	56,124.67	0.638
Federal Home Loan Bank			0.580		1,108		06/30/2016				
Federal Agency Callable Securities					Subtotals	2,900,000.00	2,905,104.00	5,104.00	51,020.67	56,124.67	0.638
Total Current Bond Positions						81,124,554.97	81,737,739.59	613,184.62	970,875.11	1,584,059.73	3.150
Total Realized and Unrealized Gains/Losses								613,184.62	1,301,802.87	1,914,987.49	2.559

Unrealized Gains and Losses

Passbook/Checking Accounts through June 30, 2016

Investment #	Inv. Type	Purchase Date	Current Rate	Book Value	Market Value
Issuer					Market Date
Passbook/Checking Accounts					
1010	PA1	07/01/2015		3,346,015.09	3,346,015.09
Union Bank Checking Acct.					06/30/2016
			Passbook/Checking Accounts	Subtotals	3,346,015.09
Local Agency Investment Funds					
1012	LA5	07/01/2015	0.580	23,889,873.10	23,889,873.10
CA LAIF					06/30/2016
			Local Agency Investment Funds	Subtotals	23,889,873.10
Managed Pool Accounts					
1003	LA1	07/01/2015	0.510	1,003,468.65	1,003,468.65
CA Asset Management Program					06/30/2016
			Managed Pool Accounts	Subtotals	1,003,468.65
Money Market Funds					
1004	LA3	07/01/2015	0.180	469.61	469.61
Union Bank Custody Acct.					06/30/2016
			Money Market Funds	Subtotals	469.61
Total Portfolio				109,364,381.42	109,977,566.04



City of Encinitas - YTD Report
Accrued Interest
Sorted by Security Type - Maturity Date
July 1, 2015 - June 30, 2016

CUSIP	Investment #	Security Type	Par Value	Maturity Date	Current Rate	* Beginning Accrued Interest	Adjusted Acc'd Int. at Purchase During Period	Interest Earned	Interest Received	* Ending Accrued Interest
Local Agency Investment Funds										
SYS1012	1012	LA5	23,889,873.10		0.580	22,002.99	0.00	81,635.27	68,513.54	35,124.72
		Subtotal	23,889,873.10			22,002.99	0.00	81,635.27	68,513.54	35,124.72
Managed Pool Accounts										
SYS1003	1003	LA1	1,003,468.65		0.510	72.10	0.00	3,048.47	2,699.58	420.99
		Subtotal	1,003,468.65			72.10	0.00	3,048.47	2,699.58	420.99
Money Market Funds										
SYS1004	1004	LA3	469.61		0.180	15.04	0.00	257.89	217.94	54.99
		Subtotal	469.61			15.04	0.00	257.89	217.94	54.99
Certificates of Deposit - Bank										
05568P3A3	1450	BCD	0.00	10/13/2015	0.650	353.32	0.00	459.30	812.63	-0.01
38143AP25	1435	BCD	0.00	10/26/2015	1.050	485.13	0.00	834.71	1,319.84	0.00
92937CBM9	1456	BCD	0.00	11/16/2015	0.650	207.57	0.00	609.47	817.04	0.00
03784JDM3	1483	BCD	0.00	12/31/2015	0.400	57.08	0.00	497.35	554.43	0.00
02005QV34	1449	BCD	0.00	04/11/2016	0.650	362.15	0.00	1,258.68	1,620.83	0.00
33767AGC9	1485	BCD	0.00	06/06/2016	0.800	141.34	0.00	1,853.54	1,994.85	0.03
140420QG8	1479	BCD	248,000.00	10/24/2016	1.000	475.62	0.00	2,486.79	2,486.80	475.61
795450PZ2	1437	BCD	248,000.00	10/24/2016	1.350	623.74	0.00	3,357.17	3,357.18	623.73
36160XY43	1439	BCD	248,000.00	10/26/2016	1.350	605.40	0.00	3,357.17	3,357.18	605.39
20033ADJ2	1455	BCD	248,000.00	11/14/2016	1.000	129.06	0.00	2,486.80	2,486.81	129.05
71270QKU9	1486	BCD	248,000.00	12/12/2016	1.000	142.69	0.00	2,486.79	2,486.80	142.68
52168UCU4	1476	BCD	248,000.00	04/21/2017	1.050	57.08	0.00	2,611.13	2,611.13	57.08
20451PKJ4	1470	BCD	248,000.00	05/11/2017	1.050	142.68	0.00	2,611.14	2,611.14	142.68
628779FH8	1471	BCD	248,000.00	06/06/2017	0.950	161.37	0.00	2,362.45	2,362.46	161.36
23204HBH0	1474	BCD	248,000.00	06/19/2017	0.950	83.91	0.00	2,362.46	2,362.46	83.91
02587DLV8	1438	BCD	248,000.00	10/25/2017	1.500	682.85	0.00	3,730.20	3,730.20	682.85
45083ADZ2	1482	BCD	248,000.00	12/04/2017	1.200	220.15	0.00	2,984.15	2,984.16	220.14
254672CB2	1477	BCD	248,000.00	10/22/2018	1.800	856.11	0.00	4,476.23	4,476.24	856.10
0606247A5	1454	BCD	248,000.00	11/13/2018	2.050	696.44	0.00	5,097.92	5,097.93	696.43
8562843F9	1484	BCD	248,000.00	12/05/2018	2.000	353.31	0.00	4,973.59	4,973.58	353.32
87164YEB6	1478	BCD	248,000.00	10/17/2019	2.000	1,019.17	0.00	4,973.59	4,973.58	1,019.18
17284C5K6	1487	BCD	248,000.00	12/10/2019	2.200	313.90	0.00	5,470.95	5,470.94	313.91

* Beginning Accrued may not include investments that redeemed in the previous month that had outstanding accrued interest.

City of Encinitas - YTD Report
Accrued Interest
Sorted by Security Type - Maturity Date

CUSIP	Investment #	Security Type	Par Value	Maturity Date	Current Rate	* Beginning Accrued Interest	Adjusted Acc'd Int. at Purchase During Period	Interest Earned	Interest Received	* Ending Accrued Interest
Subtotal			3,968,000.00			8,170.07	0.00	61,341.58	62,948.21	6,563.44
U.S. Treasury Coupon Securities										
912828QJ2	1462	TRC	0.00	02/29/2016	2.125	14,205.16	0.00	28,294.84	42,500.00	0.00
912828QF0	1461	TRC	0.00	04/30/2016	2.000	6,739.13	0.00	33,260.87	40,000.00	0.00
912828VG2	1464	TRC	0.00	06/15/2016	0.500	437.16	0.00	9,562.84	10,000.00	0.00
912828QX1	1459	TRC	2,000,000.00	07/31/2016	1.500	12,513.81	0.00	30,013.66	30,000.00	12,527.47
912828RF9	1489	TRC	2,000,000.00	08/31/2016	1.000	6,684.78	0.00	20,000.00	20,000.00	6,684.78
912828F47	1488	TRC	2,000,000.00	09/30/2016	0.500	2,513.66	0.00	10,000.00	10,000.00	2,513.66
912828WA4	1481	TRC	2,000,000.00	10/15/2016	0.625	2,629.78	0.00	12,500.00	12,500.00	2,629.78
912828TG5	1511	TRC	2,000,000.00	07/31/2017	0.500	0.00	0.00	4,284.52	108.70	4,175.82
912828UE8	1490	TRC	2,000,000.00	12/31/2017	0.750	40.76	0.00	15,000.00	15,000.00	40.76
912828VK3	1491	TRC	2,000,000.00	06/30/2018	1.375	74.73	0.00	27,500.00	27,500.00	74.73
912828XK1	1509	TRC	2,000,000.00	07/15/2018	0.875	0.00	0.00	7,500.00	0.00	7,500.00
912828TH3	1510	TRC	2,000,000.00	07/31/2019	0.875	0.00	0.00	7,497.91	190.22	7,307.69
912828TN0	1515	TRC	2,000,000.00	08/31/2019	1.000	0.00	0.00	1,630.43	0.00	1,630.43
912828TV2	1516	TRC	2,000,000.00	10/31/2019	1.250	0.00	0.00	2,038.05	0.00	2,038.05
912828J50	1517	TRC	2,000,000.00	02/29/2020	1.375	0.00	0.00	2,241.85	0.00	2,241.85
912828J84	1518	TRC	2,000,000.00	03/31/2020	1.375	0.00	0.00	2,254.10	0.00	2,254.10
912828XM7	1514	TRC	2,000,000.00	07/31/2020	1.625	0.00	0.00	6,517.86	0.00	6,517.86
Subtotal			28,000,000.00			45,838.97	0.00	220,096.93	207,798.92	58,136.98
Federal Agency Coupon Securities										
3135G0LN1	1444	FAC	0.00	07/02/2015	0.500	4,972.22	0.00	27.78	5,000.00	0.00
3134G3ZA1	1448	FAC	0.00	08/28/2015	0.500	3,416.67	0.00	1,583.33	5,000.00	0.00
313370JB5	1442	FAC	0.00	09/11/2015	1.750	10,694.44	0.00	6,805.56	17,500.00	0.00
313371NW2	1429	FAC	0.00	12/11/2015	1.375	1,527.78	0.00	12,222.22	13,750.00	0.00
3134A4ZT4	1440	FAC	0.00	01/19/2016	4.750	42,750.00	0.00	52,250.00	95,000.00	0.00
3133ECGT5	1447	FAC	0.00	03/01/2016	0.410	2,733.33	0.00	5,466.67	8,200.00	0.00
3137EADQ9	1446	FAC	0.00	05/13/2016	0.500	1,333.34	0.00	8,666.66	10,000.00	0.00
3135G0ES8	1453	FAC	2,000,000.00	11/15/2016	1.375	3,513.89	0.00	27,500.00	27,500.00	3,513.89
3137EADT3	1467	FAC	2,000,000.00	02/22/2017	0.875	6,270.84	0.00	17,500.00	17,500.00	6,270.84
3137EADC0	1466	FAC	2,000,000.00	03/08/2017	1.000	6,277.78	0.00	20,000.00	20,000.00	6,277.78
3135G0JA2	1473	FAC	1,000,000.00	04/27/2017	1.125	2,000.00	0.00	11,250.00	11,250.00	2,000.00
3137EADF3	1468	FAC	2,000,000.00	05/12/2017	1.250	3,402.78	0.00	25,000.00	25,000.00	3,402.78
3133EEX62	1502	FAC	1,000,000.00	06/16/2017	0.800	155.55	0.00	8,000.00	7,822.22	333.33
3133EDSU7	1508	FAC	1,000,000.00	08/15/2017	1.000	138.89	0.00	10,000.00	6,361.11	3,777.78
3136G0YE5	1494	FAC	1,000,000.00	08/28/2017	1.000	944.45	0.00	10,000.00	7,527.78	3,416.67
3136G0ZH7	1480	FAC	2,000,000.00	09/05/2017	1.050	6,766.67	0.00	21,000.00	21,000.00	6,766.67
3130A4TR3	1495	FAC	2,000,000.00	10/16/2017	0.875	1,652.77	0.00	17,500.00	15,506.94	3,645.83
3135G0TG8	1504	FAC	2,000,000.00	02/08/2018	0.875	243.06	0.00	17,500.00	10,791.67	6,951.39

* Beginning Accrued may not include investments that redeemed in the previous month that had outstanding accrued interest.

City of Encinitas - YTD Report
Accrued Interest
Sorted by Security Type - Maturity Date

CUSIP	Investment #	Security Type	Par Value	Maturity Date	Current Rate	* Beginning Accrued Interest	Adjusted Acc'd Int. at Purchase During Period	Interest Earned	Interest Received	* Ending Accrued Interest
Federal Agency Coupon Securities										
3137EADP1	1492	FAC	2,000,000.00	03/07/2018	0.875	4,909.73	0.00	17,500.00	16,868.06	5,541.67
3133EEM98	1496	FAC	2,000,000.00	05/21/2018	1.000	1,888.89	0.00	20,000.00	19,666.67	2,222.22
3135G0E33	1501	FAC	2,000,000.00	07/20/2018	1.125	437.50	0.00	22,500.00	12,875.00	10,062.50
3130A5E54	1497	FAC	2,000,000.00	08/13/2018	1.100	2,077.77	0.00	22,000.00	15,644.44	8,433.33
3135G0YM9	1503	FAC	2,000,000.00	09/18/2018	1.875	520.84	0.00	37,500.00	27,291.67	10,729.17
3130A53Z0	1493	FAC	2,000,000.00	10/23/2018	1.050	3,908.34	0.00	21,000.00	20,941.67	3,966.67
3135G0YT4	1505	FAC	2,000,000.00	11/27/2018	1.625	451.38	0.00	32,500.00	29,881.94	3,069.44
3135G0ZA4	1500	FAC	2,000,000.00	02/19/2019	1.875	729.17	0.00	37,500.00	24,479.17	13,750.00
3133782M2	1498	FAC	2,000,000.00	03/08/2019	1.500	2,833.34	0.00	30,000.00	23,416.67	9,416.67
313379EE5	1499	FAC	2,000,000.00	06/14/2019	1.625	1,534.72	0.00	32,500.00	32,500.00	1,534.72
3135G0ZG1	1506	FAC	2,000,000.00	09/12/2019	1.750	486.11	0.00	35,000.00	24,888.89	10,597.22
3135G0ZY2	1507	FAC	2,000,000.00	11/26/2019	1.750	486.11	0.00	35,000.00	32,083.33	3,402.78
3137EADR7	1512	FAC	2,000,000.00	05/01/2020	1.375	0.00	0.00	5,500.00	916.67	4,583.33
313383HU8	1513	FAC	2,000,000.00	06/12/2020	1.750	0.00	0.00	7,000.00	5,152.78	1,847.22
		Subtotal	46,000,000.00			119,058.36	0.00	627,772.22	611,316.68	135,513.90
Federal Agency Callable Securities										
313383FB2	1451	MC2	2,900,000.00	12/19/2016	0.580	560.67	0.00	16,820.00	16,820.00	560.67
3134G56W0	1472	MC2	0.00	12/23/2016	0.650	144.44	0.00	6,355.56	6,500.00	0.00
		Subtotal	2,900,000.00			705.11	0.00	23,175.56	23,320.00	560.67
Corporate Medium Term Notes										
36962G4N1	1421	MTN	0.00	08/11/2015	1.000	1,368.00	0.00	1,111.12	2,479.12	0.00
		Subtotal	0.00			1,368.00	0.00	1,111.12	2,479.12	0.00
		Total	105,761,811.36			197,230.64	0.00	1,018,439.04	979,293.99	236,375.69

* Beginning Accrued may not include investments that redeemed in the previous month that had outstanding accrued interest.



**City of Encinitas - YTD Report
 Purchases Report
 Sorted by Security Type - Purchase Date
 July 1, 2015 - June 30, 2016**

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
U.S. Treasury Coupon Securities													
912828XK1	1509	001	TRC	UST	2,000,000.00	01/27/2016	07/15 - 01/15	1,995,312.85	576.92	0.875	07/15/2018	0.971	1,996,702.21
912828TH3	1510	001	TRC	UST	2,000,000.00	01/27/2016	01/31 - 07/31	1,978,046.88	Received	0.875	07/31/2019	1.195	1,980,720.33
912828TG5	1511	001	TRC	UST	2,000,000.00	01/27/2016	01/31 - 07/31	1,991,250.00	Received	0.500	07/31/2017	0.792	1,993,727.31
912828XM7	1514	001	TRC	UST	2,000,000.00	04/19/2016	07/31 - 01/31	2,039,687.50	7,053.57	1.625	07/31/2020	1.149	2,044,888.65
912828TN0	1515	001	TRC	UST	2,000,000.00	06/01/2016	08/31 - 02/28	1,997,343.75	5,054.35	1.000	08/31/2019	1.042	2,002,465.29
912828TV2	1516	001	TRC	UST	2,000,000.00	06/01/2016	10/31 - 04/30	2,011,953.13	2,173.91	1.250	10/31/2019	1.071	2,013,839.47
912828J50	1517	001	TRC	UST	2,000,000.00	06/01/2016	08/31 - 02/28	2,015,625.00	6,949.73	1.375	02/29/2020	1.161	2,022,232.08
912828J84	1518	001	TRC	UST	2,000,000.00	06/01/2016	09/30 - 03/31	2,015,156.25	4,658.47	1.375	03/31/2020	1.172	2,019,489.71
Subtotal					16,000,000.00			16,044,375.36	26,466.95				16,074,065.05
Federal Agency Coupon Securities													
313383HU8	1513	001	FAC	FHLB	2,000,000.00	04/19/2016	06/12 - 12/12	2,042,434.00	Received	1.750	06/12/2020	1.224	2,040,387.62
3137EADR7	1512	001	FAC	FHLMC	2,000,000.00	04/19/2016	05/01 - 11/01	2,018,910.00	Received	1.375	05/01/2020	1.134	2,017,972.31
Subtotal					4,000,000.00			4,061,344.00	0.00				4,058,359.93
Total Purchases					20,000,000.00			20,105,719.36	26,466.95				20,132,424.98

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

CITY OF ENCINITAS
INVESTMENT OF BOND PROCEEDS
For the Fiscal Year ended June 30, 2016

GOVERNMENTAL FUNDS	TRUSTEE CASH & INVESTMENTS	Yield	Maturity Date	Market Value	FY 2015-16		
					Income	Budget	
ENCINITAS PUBLIC FINANCING AUTHORITY							
1997 CERTIFICATES OF PARTICIPATION (CIVIC CENTER)							
	Bond Fund	Blackrock Money Market Fund	0.22%	1 day	\$ 3,862	5	
	Reserve Fund	Blackrock Money Market Fund	0.22%		18,601	15	
	Reserve Fund	Guaranteed Investment Contract	5.97%	12/1/2016	619,500	\$ 37,190	
					\$ 641,963	\$ 37,210	
						\$ 40,000	
2006 LEASE REVENUE BONDS (PUBLIC LIBRARY)							
	Bond Fund	Blackrock Money Market Fund			\$ -	3	
	Interest Account	Federated Prime Cash Money Market Fund			-	-	
	Reserve Fund	Federated Prime Cash Money Market Fund			-	155	
					\$ 0	\$ 158	
						\$ 0	
2010 LEASE REVENUE BONDS (COMM PARK ACQUISITION)							
	Bond Fund	Blackrock Money Market Fund	0.22%		\$ 78	79	
	Reserve Fund	Blackrock Money Market Fund	0.22%		1,412,709	1163	
					\$ 1,412,787	\$ 1,242	
						\$ 0	
2013 LEASE REVENUE BONDS (COMM PARK DEVELOPMENT)							
	Bond Fund	Blackrock Money Market Fund	0.29%		\$ 7	9	
	Project Fund	Blackrock Money Market Fund			-	-	
					\$ 7	\$ 9	
						\$ 0	
2014 ENCINITAS PUBLIC FINANCING AUTHORITY 2014 A & B LEASE REVENUE BONDS (PACIFIC VIEW PROPERTY & MOONLIGHT BEACH LIFEGUARD TOWER)							
	Bond Fund	Blackrock Money Market Fund	0.22%		\$ 1,887	23	
	Construction Series A	Blackrock Money Market Fund	0.22%		3,006,072	2,473	
	Construction Series B	Blackrock Money Market Fund	0.22%		-	-	
					3,007,959	2,496	
						-	
2015 LEASE REVENUE BONDS (PUBLIC LIBRARY)							
	Bond Fund	Blackrock Money Market Fund	0.20%		\$ 25	21	
	Interest Account	Federated Prime Cash Money Market Fund	0.21%		38	-	
					\$ 63	\$ 21	
						\$ 0	
ENCINITAS PUBLIC FINANCING AUTHORITY (TOTALS) (A)					\$ 5,062,779	\$ 41,136	40,000
CITY OF ENCINITAS / ASSOCIATION OF BAY AREA GOVERNMENTS (ABAG)							
2002 LEASE REVENUE BONDS (ABAG FUNDING)							
	Bond Fund	Wells Fargo Money Market Fund	0.01%		\$ 287,786	17	
	Principal Fund	Wells Fargo Money Market Fund	0.01%		-	-	
	Interest Fund	Wells Fargo Money Market Fund	0.01%		-	-	
	Reserve Fund	Wells Fargo Money Market Fund	0.01%		216,414	563	
					\$ 504,200	\$ 580	
						\$ 0	
OTHER CITY BOND ISSUES (B)							
TOTALS FOR GOVERNMENTAL FUNDS (A) + (B)					\$ 5,566,979	\$ 41,716	\$ 40,000
ENTERPRISE FUNDS							
TRUSTEE CASH & INVESTMENTS							
SAN DIEGUITO WATER DISTRICT							
2007 WATER REVENUE BONDS							
	Bond Fund	Blackrock Money Market Fund			\$ 10	10	
	Reserve Fund	Federated Prime Cash Money Market Fund	0.36%		1,376,996	1,624	
					\$ 1,377,006	\$ 1,634	
						\$ 0	
2014 WATER REVENUE BONDS							
	Bond Fund	Blackrock Money Market Fund	0.01%		\$ 7	-	
	Reserve Fund	Blackrock Money Market Fund	0.01%		-	-	
	Cost of Issuance	Blackrock Money Market Fund	0.01%		-	-	
					\$ 7	\$ 0	
						\$ 0	
TOTALS FOR ENTERPRISE FUNDS (C)					\$ 1,377,013	\$ 1,634	\$ 0
TOTAL TRUSTEE CASH & INVESTMENTS (A) + (B) + (C)					\$ 6,943,992	\$ 43,350	\$ 40,000

**CITY OF ENCINITAS
ADMINISTRATIVE MANUAL**

Policy Title: Investment Policy **Section:** Finance
Responsible Department: Finance **Number:** Admin Policy F019
Approved By: City Council **Date Approved:** 1994
Last Amended: October 24, 2012 23, 2013
Amendment Date: October 23, 2013 August 24, 2016

I. Philosophy

The Investment Policy of the Encinitas City Council for the City of Encinitas represents the financial guidelines for the City's Investment Program. It is the policy of the City of Encinitas to invest excess public funds in a prudent manner that safeguards the public trust, minimizes the risk of loss of capital, and provides assurance that all financial obligations will be met in the regular course of business. The City Council shall provide direction to the ~~Investment Officer~~ City Treasurer as to the goals and specific objectives of the Investment Program.

II. Scope

This Investment Policy applies to all financial assets under the oversight of the City of Encinitas, except bond proceeds held by outside trustees and funds held by other governmental agencies. The City of Encinitas includes the City and all component units: the Encinitas Housing Authority (EHA), the Encinitas Public Financing Authority (EPFA), and the San Dieguito Water District (SDWD). These funds are accounted for in the City of Encinitas' Comprehensive Annual Financial Report and include:

GENERAL FUND
SPECIAL REVENUE FUNDS
CAPITAL PROJECT FUNDS
ENTERPRISE FUNDS
INTERNAL SERVICE FUNDS

This policy also applies to funds that the City manages for other governmental agencies. Currently, the City manages funds for the Encinitas Ranch Golf Authority (ERGA), a legally separate joint powers authority which is not a component unit of the City.

The investment of Bond Proceeds held with trustees is directed by the City, but is governed by the restrictions on Permitted Investments in the applicable Bond Indenture agreements.

A portion of City funds is held by other governmental agencies. These funds are invested under the guidelines of the investment policies of those agencies.

The City retirement plan is with CALPERS, and the City has no authority or oversight over the investments in any of those plans. Further, the City administers several deferred compensation plans. Assets held in those plans are held in trust for the participants, and are not assets of the City. The City does not have any authority over the investments held in these trusts.

III. Prudence

Investments shall be made with reasonable financial 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.

The standard of prudence to be used by investment officials shall be the ~~“prudent person” and/or “prudent investor”~~ standard. California Gov’t Code 53600.3 states that, “When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Agency. The standard shall be applied in the context of managing an overall portfolio. Investment officials acting in accordance with established procedures and exercising due prudence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes.

IV. Investment Objectives

A. **Safety of Principal** - the first objective of this policy is to ensure the safety of principal. The portfolio shall be planned and managed to minimize the risk of actual loss of principal. Principal is defined as the original purchase price of the security, excluding any purchase of accrued interest, up to the par (face) value of the security. Any purchase amount above par value (premium) is considered to be a purchase of accrued interest, and is excluded from the calculation of principal amount. The ~~Investment Officer~~City Treasurer shall consider both credit risk and concentration risk (the concept of diversification) when assessing safety, and shall follow the guidelines outlined later in this policy to achieve that objective.

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B. **Liquidity** - The second objective is the maintenance of sufficient liquidity to meet all operating and capital spending requirements that can be reasonably anticipated. ~~Liquidity is further broken down between primary and secondary liquidity. Primary liquidity is defined as funds which are available to the City to pay demands within 48 hours without loss of interest. Secondary liquidity is defined as funds invested in authorized investments that mature within a one-year time period, minimizing market risk.~~

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C. **Return on investments** - The third objective is yield, specifically, attaining a market rate of return over time, consistent with Council direction as to acceptable levels of risk. Refer to Section XV below for further discussion of performance measurement.

~~V.~~ Delegation of Authority

~~Authority and responsibility to manage the City of Encinitas’ Investment Program rests first in accordance with the California Government Code, Section 53607, the City Council. Primary management responsibility rests with hereby delegates the authority to invest or reinvest the City’s funds, to sell or exchange securities purchased, and to deposit securities for safekeeping to the City Treasurer. The City of Encinitas Municipal Code Chapter 2.28 designates that the Finance Director shall serve as City Treasurer. The Finance Director/City Treasurer has the option to designate another individual within the organization to assume some, or all, of the duties described in this~~

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~~*Policy. The Finance Director has assigned some of these duties to the City Finance Manager III. For purposes day-to-day management of the Investment Program, the Finance Manager III shall be designated as the **Investment Officer**, and the duties referred to herein will generally cite the Investment Officer as performing these tasks. delegate some, or all, of the duties described in this Policy to other qualified individuals within the organization.*~~

Investment Procedures

The ~~Investment Officer~~City Treasurer is responsible for establishing written investment procedures for the management and operation of the Investment Program, consistent with this Policy. Those procedures shall include reference to such items as: custody/safekeeping, repurchase agreements (if applicable), wire transfer agreements, banking service agreements, and explicit delegation of authority to personnel involved in the processing of banking or investment transactions. No person may engage in any investment transaction except as provided under the terms of this Policy and the established procedures.

VI. **Ethics, & Conflict of Interest**

The investment responsibility carries with it the responsibility of ensuring that investments placed are done so without improper influence or the appearance of improper influence. All officers and employees (officials) involved in the investment function shall adhere to the State's Code of Economic Interest and to the following:

Officials shall refrain from personal business activity that could conflict with proper and impartial execution of the Investment Program, or that could impair their ability to make impartial investment decisions. Further, officials shall not personally or through a close relative maintain any accounts, interest, or private dealings with any firm with which the City places investments, with the exception of regular savings, checking and money market accounts, or other similar transactions that are offered on a non-negotiable basis to the general public. Any such relationships shall be disclosed annually to the City Clerk in conjunction with annual disclosure statements of economic interest.

VII. **Authorized Financial Dealers and Institutions**

The ~~Investment Officer~~City Treasurer shall maintain a list of **qualified financial institutions** authorized to provide financial or investment services to the City.

The City shall contract with one institution to provide **general banking services**, which shall be reviewed at least every five years. City Council shall approve the selected institution and the contract for banking services.

The City shall contract with one institution to provide **investment custody services**, which shall be reviewed at least every five (5) years. City Council shall approve the selected institution and the contract for custody services.

The ~~Investment Officer~~City Treasurer shall maintain a list of **qualified security broker-dealers** authorized to provide financial or investment services to the City. To be eligible for consideration to become an authorized provider, each Broker/Firm shall meet the following MINIMUM requirements:

- (1) have a net capital position in excess of \$10 million,
- (2) have been in business for at least five years,
- (3) are currently licensed as a broker-dealer or investment adviser in California, and
- (4) Must carry adequate insurance coverage including liability, errors and omissions, and workers compensation (if applicable.)

Firms providing only representation of money market funds are exempt for requirement #1, but must still comply with all other requirements, including those listed below.

The City Council shall approve the initial authorization of any broker-dealer. Authorized firms shall be notified by the ~~Investment Officer~~City Treasurer via an engagement letter, which outlines each parties' responsibilities (primarily the continuing compliance requirements discussed directly below).

There is no contract for professional services or term to the engagement. The ~~Investment Officer~~City Treasurer shall periodically evaluate the performance of all qualified broker-dealers, and determine if any changes need to be made.

All broker-dealers authorized to do business with the City of Encinitas must also comply with the following requirements:

- (1) Firms must submit audited financial statements annually, within six months of their fiscal year-end,
- (2) Firms must provide proof of their ~~NASD~~Financial Industry Regulatory Authority (FINRA) certification, and must disclose to the City immediately any regulatory actions or complaints against the broker assigned to the City account,
- (3) Firms must provide proof of their registration/license to do business in the State of California, and shall immediately disclose to the City any change in that status.
- (4) Firms must certify in writing that they have received, read, and agree to comply with the City of Encinitas' most recently adopted Investment Policy.

VIII. Authorized & Suitable Investment Instruments

As a unit of local government in the State of California, the City of Encinitas is restricting itself to the investments authorized by Government ~~Code~~Code, Sections 53600 through 53635 (the Gov't "Code") except as otherwise provided herein by specific additional Council actions.

SPECIFIC INVESTMENT TYPES AND AMOUNTS - The ~~Investment Officer~~City Treasurer is authorized to invest in only the following types of investments listed below in **Section VIII.**, ~~unless specifically authorized in advance by the Finance Director/City Treasurer.~~

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INVESTMENT ALLOCATIONS - The ~~State Law~~ **Maximum** allocations listed below refer to the percentage of the total portfolio ~~or dollar amount~~ that may be invested in each instrument under the provisions of the Gov't Code. The ~~Target~~**Investment Policy Maximum** allocations refer to ~~guidelines~~**maximum allocations** the ~~Investment Officer generally~~City Treasurer follows, in order to effect proper diversification of the portfolio and limit concentration risk. The ~~Investment Officer~~City Treasurer is permitted to exceed these ~~target~~**maximum** allocations for temporary periods. Any asset allocation that exceeds the ~~target~~**Investment Policy Maximum allocation** for a period of more than three months shall be reported to the ~~Finance Director~~City Treasurer/Manager.

For purposes of calculating the percentage allocations, the assumption will be applied that the size of the portfolio for any fiscal year shall be determined by the total par value of the portfolio at the beginning of the first day of the fiscal year. Any investment types that exceed the maximum allowable under the Gov't Code shall be reported to the City Council in the quarterly investment report.

INVESTMENT ALLOCATIONS

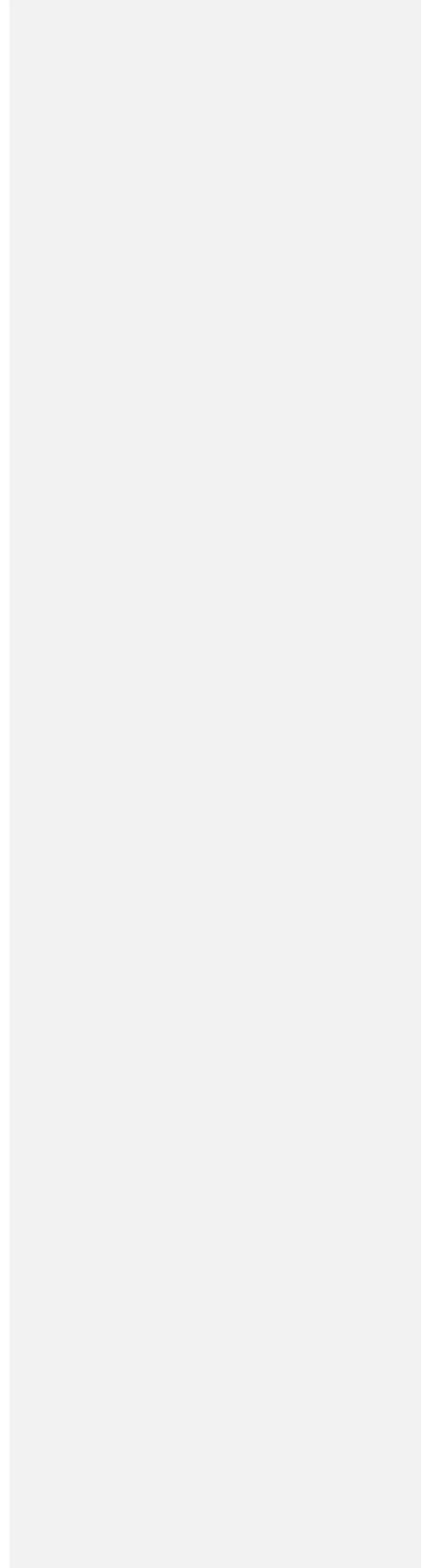
	MAXIMUM	TARGET
	<u>STATE LAW</u> <u>MAXIMUM</u>	<u>INV POLICY</u> <u>MAXIMUM</u>
(1) Repurchase agreements	NO LIMIT	20%
<p><i>This type of investment is only authorized in relation to the City's general banking arrangements, in which excess cash balances are "swept" into an interest earning account overnight. Maximum maturity is one day. All balances are required to be properly collateralized at 102% of par value in accordance with State requirements.</i></p>		
(2) CA Local Agency Inv Fund (LAIF)	\$8065 million	30%
<p><i>The \$8065 million listed under "MAXIMUM STATE LAW" refers to the LAIF limit on maximum deposits per local agency, not to the CA gov't code restrictions. The City of Encinitas maintains two accounts with the LAIF, one in the name of the City and the other in the name of the San Dieguito Water District. Each account has a deposit limit of \$40 million 65million. Since San Dieguito Water District is a component unit of the City, the City may legally utilize the SDWD account in the operation of the City Pool. Thus, SDWD owns its ratable share of all City Pooled investments, but does not have a direct ownership interest in the LAIF account in its name.</i></p>		
(3) Other Gov't Managed Pools	NO LIMIT	NO LIMIT30%
Per Issuer		10% per Pool
<p><i>Investments in individual pools shall be limited to 10% of the total portfolio. Currently approved pools are the San Diego County Investment Pool and the California Asset Management Program (CAMP). The City Council must approve the addition of any other governmental pools.</i></p>		
(4) Mutual Funds <u>and Money Market Mutual Funds</u> (Total)	20%	20%
Per Issuer	10%	10%
(A) Money Market Mutual Funds	N/A	20%
Per Issuer	N/A	10%

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~~Money Market Mutual Funds have a stable NAV (net asset value) of \$1.00 as defined under United States Securities and Exchange Commission (SEC) rule 2a-7. Qualifying funds must meet one of the following criteria: (1) Attained the highest ranking or the highest letter and numerical rating provided by not less than two~~

nationally recognized statistical rating organizations, OR (2) Retained an Investment Advisor registered or exempt from registration with the SEC with not less than five years' experience managing money market mutual funds with assets under management in excess of \$500 million.



INVESTMENT ALLOCATIONS (continued)

MAXIMUM	TARGET
<u>STATE LAW</u>	<u>INV POLICY</u>
<u>MAXIMUM</u>	<u>MAXIMUM</u>

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(B) Bond Mutual Funds	N/A	10%
Per Issuer	N/A	\$5 million

~~Bond Mutual Funds are similar to Money Market Mutual Funds, and are subject to the same limitations as Money Market Mutual Funds. In other words, the total allocation to Mutual Funds (investment types 4 & 5) is limited to 20% of the total portfolio. Bond Mutual Funds typically have a weighted average maturity of greater than 70 days, and are subject to more volatility and market risk. They have a net asset value (price) that can change based on market conditions. Because of the higher risk profile, the City is limiting investment in Bond Mutual Funds to no more than 10% of the total portfolio, and to \$5 million per issuer.~~

~~Currently, SEC regulations are being drafted that will likely change the accounting and measurement focus for certain money market funds. Specifically, certain funds will no longer be permitted to maintain a "stable NAV" of \$1.00. They will be required to "mark-to-market" all investments every working day. This could, and likely will periodically, change the overall value of the fund. This would create either a gain or loss on the fund, depending on the effect of interest rate and credit risk changes. For the next period, the City of Encinitas will not be investing in any money market funds which are required to, or actually adopt, what is referred to as a "floating NAV."~~

~~A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years experience investing in instruments authorized by California Government Code sections 53601 and 53635.~~

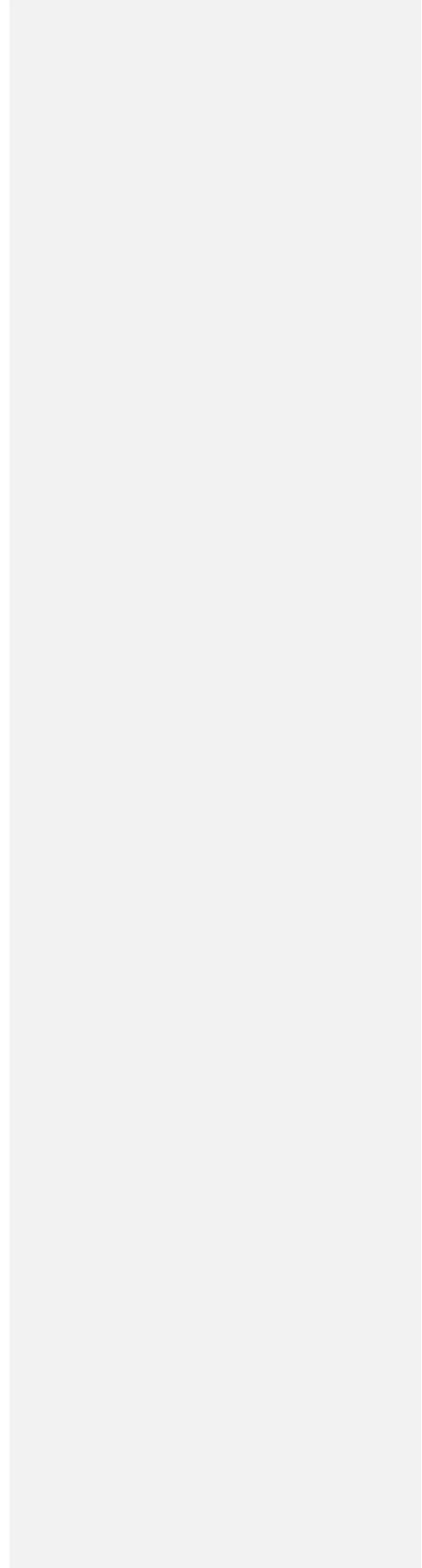
(5) Certificates of Deposit (CD's)	NO LIMIT	10%
Per Issuer	NO LIMIT	\$1 million

~~All CD's must be either insured by the FDIC or properly collateralized, pursuant to Section X below. Maturity shall not exceed one year. No more than \$1 million per issuer. To be eligible to receive deposits from the City of Encinitas, each qualified financial institution must have received an overall rating of not less than "satisfactory" in its most recent evaluation by regulators of its record of meeting the credit needs of its community.~~

(6) Negotiable Certificates of Deposit	30%	10%
Per Issuer		\$1 million

~~All Negotiable CD's must be issued by a provider rated either: (1) **Aaa** by Moody's, (2) **AAA** by Standard & Pools, or (3) **Aa1** by Moody's and **AA+** by Standard & Pools. Investments with institutions rated at least **Aa3** and **AA-** will be allowed, but shall be properly collateralized pursuant to Section X below. Investments of~~

\$250,000 or less that are fully insured by the FDIC are exempt from the above credit rating requirements. Maturity shall not exceed five years. No more than \$1 million per issuer.



INVESTMENT ALLOCATIONS (continued)

		MAXIMUM	TARGET
		<u>STATE LAW</u>	<u>INV POLICY</u>
		<u>MAXIMUM</u>	<u>MAXIMUM</u>
(7)	Bankers Acceptances	40%	10%
	<i>Per Issuer</i>	30%	\$1 million

Bankers Acceptances (BA's) represent a time draft drawn on and accepted by a Bank for payment of the shipment or storage of merchandise. They are generally considered a very safe investment since both the credit of the issuer and the Bank is pledged for repayment. They must not exceed 180 days maturity. BA's must have an underlying credit rating of **A1/P1**, and are limited to \$1 million per issuer.

(8)	U.S. Treasury Bills, Notes and Bonds	NO LIMIT	50%
(9)	U.S. Government-Sponsored Agencies	NO LIMIT	60%
	<i>Per Issuer</i>		15%

City shall invest primarily in securities issued by Federal Home Loan Bank (FHLB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), and Federal Farm Credit Bureau (FFCB). City may invest in ~~Student Loan Marketing Association (SLMA)~~, Private Equity Funding Corporation (PEFCO) and Tennessee Valley Authority (TVA); however, the overall limit of 60% still applies. City may also invest in the Government National Mortgage Association, but only via authorized Mutual Funds cited in Category 5 above, and subject to those limitations.

(10)	Commercial Paper	25%	25%
	<i>Per Issuer</i>	(see below)	\$5 million

Commercial Paper (CP) is a short-term I.O.U. issued by large corporations of high credit standing which is unsecured. Investments are limited to only "prime quality" CP issued with the highest letter and number rating provided by one of the ~~three~~two nationally recognized rating agencies. City limits itself only to CP rated A-1 or better by Standard & Poors and P-1 by Moodys. Issuing corporations must be (1) organized and operating within the United States, (2) have total assets in excess of \$500 million, and (3) have a "A" or higher rating for the issuers other debt obligations. Organized and operating within the United States includes global companies that sponsor United States commercial paper programs. City may not purchase more than 10% of outstanding commercial paper of any single corporate issuer. The maximum allowable maturity is 270 days or less.

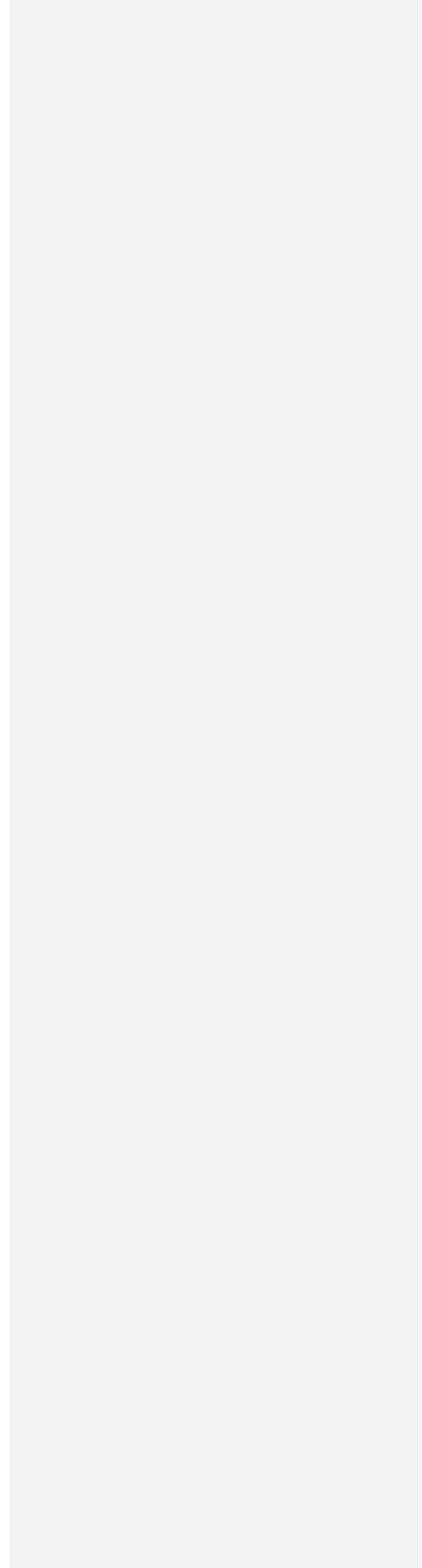
(11)	Commercial Medium-Term Notes	30%	15%
	<i>Per Issuer</i>		\$1 million

Medium-Term Notes are 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 in the United States or by depository institutions licensed by the United States. State Code requires a credit rating of "A"

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*or better by one nationally recognized rating agency. The City is further limiting itself to notes that are rated **Aa3 or better** (Moody's) and **AA- or better** (S & P).*



INVESTMENT ALLOCATIONS (continued)

	MAXIMUM	TARGET
	<u>STATE LAW</u>	<u>INV POLICY</u>
	<u>MAXIMUM</u>	<u>MAXIMUM</u>
(12) Guaranteed Investment Contracts Per Issuer	None	10% \$5 million

Guaranteed Investment Contracts (GIC's) are corporate obligations similar to medium-term notes, but are issued directly to the Agency by the issuer in the form of an investment contract. They are generally longer term in nature. They are generally utilized for the investment of bond proceeds, but may be utilized for the investment of Pooled funds. Uncollateralized GIC's are permitted only with issuers rated **Aaa** (Moody's) and/or **AAA** (Standard & Poors) Collateralized GIC's are permitted with issuers rated **Aa2 or better** (Moody's) and **AA or better** (Standard & Poors). No more than \$5 million per issuer.

(13) Demand Deposits (non-interest bearing) Per Issuer	None	0-2% 0-2%
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Non-interest bearing demand deposits with a financial institution approved to do business with the City shall be an allowable investment for the City Pool. These types of accounts are necessary to carry on the regular day-to-day financial operations of the City, must be collateralized, and are reported as "cash" on the monthly investment reports. When available, the ~~Investment Officer~~City Treasurer shall execute a "sweep arrangement" with the designated financial institution, to provide for excess overnight balances to earn interest.

(14) Demand Deposits (interest bearing) Per Issuer	None	20% \$20 million
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Interest-bearing demand deposits with a financial institution approved to do business with the City shall be an allowable investment for the City Pool. These types of accounts generally serve as an alternative to bank certificates of deposit, and have a stated minimum balance requirement. These types of accounts require a separate agreement with the financial institution, and must be fully collateralized as Public Deposits under California law. In addition, some part of the deposit (currently \$250,000) may be insured by the Federal Deposit Insurance Corporation (FDIC) in lieu of collateralization. ~~Deposits (excluding accrued interest) above \$20 million must be approved in advance by the City Manager, and shall be reported at the next scheduled report date to the City Council.~~

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SUMMARY TABLE of INVESTMENT ALLOCATIONS

	<u>STATE LAW</u>	<u>INV POLICY</u>
(1) REPURCHASE AGREEMENTS	NO LIMIT	20%
(2) CALIFORNIA LAIF	NO LIMIT	30%
(3) OTHER GOV'T POOLS	NO LIMIT	30% 30%
<i>Per Issuer</i>		10%
(4) MUTUAL FUNDS	20%	20%
<i>Per Issuer</i>	10%	10%
(5) CD's	NO LIMIT	10%
<i>Per Issuer</i>		\$1 Million
(6) NEGOTIABLE CD's	30%	10%
<i>Per Issuer</i>		\$1 Million
(7) BANKERS ACCEPTANCES	NO LIMIT	10%
<i>Per Issuer</i>	30%	\$1 Million
(8) U.S. TREASURYS	NO LIMIT	50%
(9) U.S. FEDERAL AGENCIES	NO LIMIT	60%
<i>Per Issuer</i>		15%
(10) COMMERCIAL PAPER	25%	25%
<i>Per Issuer</i>		\$5 Million
(11) COMMERCIAL MTN NOTES	30%	15%
<i>Per Issuer</i>		\$1 Million
(12) GIC's	NO LIMIT	10%
<i>Per Issuer</i>		\$5 Million
(13) Demand Deposits (non-interest bearing)	NO LIMIT	0-2%
<i>Per Issuer</i>		0-2%
(14) Demand Deposits (interest bearing)	NO LIMIT	20%
<i>Per Issuer</i>		\$20 Million

The State of California Government Code restricts local agencies from investing in securities with final maturity dates greater than five (5) years, except as specifically authorized by the City Council. This Policy authorizes two specific exceptions to the above restriction.

- (1) The City may invest in up to \$5 million (par value) of securities (at date of purchase) rated AAA or equivalent by either S&P or Moody's with maturities of greater than five (5) years, but not exceeding seven (7) years.
- (2) The City's General Contingency Reserve is not a part of normal operating reserves, and the related funds are not expected to be utilized in the foreseeable future, thus, the likelihood of liquidation is very small. The objective(s) of investment in this area are to maximize earnings with safety, while recognizing that liquidity is less of an issue than with operating or capital funds. Consistent with these objectives, the ~~Investment Officer~~City Treasurer is authorized to invest contingency funds in securities rated AAA or equivalent with maturities greater than seven (7) years that have a ready market should the need arise to liquidate the investment.

The City Council has directed the ~~Investment Officer~~City Treasurer not to invest in securities of companies involved in the production of tobacco or alcohol related products. The City recognizes that, due to the extreme complexity of today's corporate structures, it is possible that investments may be placed in good faith in corporations that have an interest in tobacco or alcohol related products that is not widely known or properly disclosed by those corporations. The ~~Investment Officer~~City Treasurer shall make his/her best efforts, including notice to broker/dealers, to assure that any corporate investments are placed with companies who are not in the tobacco or alcohol business. This policy applies at the time of purchase only.

Certain investments are specifically prohibited by the State Code. Local Agencies may not invest in the following: Inverse floating-rate notes, range notes, or mortgage-derived interest-only strips. The Code also states that "A local Agency shall not invest in any security that could result in zero interest accrual if held to maturity." The City's interpretation of this Code section is that it does not prohibit investment in U.S. Treasury or Federal Agency securities which carry a variable rate of interest; because the chance that such notes could result in zero interest accrual to maturity is remote.

IX. Due Diligence Requirements for Investment Pools, Mutual Funds, and CD's

Investments of these types are authorized in **Section VIII.** above. Before investing any funds in pools or mutual funds, the ~~Investment Officer~~City Treasurer shall perform a thorough investigation of the fund(s) to determine the suitability of the investment for the City of Encinitas Pooled Investment Fund. This investigation shall include, at a minimum: review of the Funds investment policy and/or prospectus, a review of the performance history of the Fund, review of ratings (where applicable), review of the latest published portfolio composition, review of fees and charges, and references from other agencies who invest in the Fund.

The ~~Investment Officer~~City Treasurer shall monitor placement of Certificates of Deposit with financial institutions on a regular basis. Compliance with collateral requirements shall be monitored (if applicable).

X. Collateralization of Public Deposits

Collateralization will be required on two types of investments: ~~certificates of deposit~~demand and timed deposits (which are not fully insured by FDIC) and repurchase agreements. The Finance Director/City Treasurer has agreed to waive collateral requirements on the first \$250,000 of CD's from each institution, which are insured by FDIC. In order to anticipate market changes and provide a level of security for all invested funds, the required collateralization levels will be:

- | | | |
|----------------|---|---|
| (1) | Overnight repurchases | 102% of market value |
| (2) | Certificates of Deposit | 100% of market value |
| (2) | Timed Deposits in accordance with CA law regarding Public Deposits | |
| (3) | Demand Deposits | in accordance with CA law regarding Public Deposits |

Collateral must be held by an independent third party with whom the entity has a current custodial agreement. Collateral for overnight repurchases (sweep agreements) may be held by the Trust Department of the institution providing such sweep services. Sweep contracts shall provide for a perfected security interest for the City in collateralized securities.

Collateral shall be provided by the issuing institution in accordance and compliance with the California Gov't Code Sections 53630 et al. Issuing institution is responsible for compliance with all collateral requirements, and must provide the City periodic evidence of that compliance, in a form acceptable to the City.

XI. Safekeeping and Custody

All security transactions entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis. Securities shall be held by an independent third-party custodian approved by the City Council. All broker-dealers shall send a transaction confirmation to the ~~Investment Officer~~City Treasurer, and all security transactions confirmations shall be treated as a "Vital Record" by City personnel and kept safe per the requirements of City policy on Vital Records. Broker-dealers shall also send a monthly activity statement to the City showing all transactions entered into in the period. No City securities or cash will be held by any broker-dealer. The custodian sends a monthly statement to the ~~Investment Officer~~City Treasurer covering all investment activity handled by that institution.

XII. Diversification

The City will diversify its investments by security type and institution, to avoid incurring unreasonable risks inherent in over-investing in specific instruments or individual financial institutions. This Policy sets limits on maximum allocations by investment type and by issuer. Refer to Section VIII. above for a listing of authorized investments and the maximum allocation by type of investment. Section VIII. also details specific limitations per issuer. For purposes of this Policy, those limits each apply to the overall portfolio.

XIII. Maximum Maturities

To the extent possible, the City of Encinitas will attempt to match its investments with anticipated cash flow requirements, after taking into consideration interest rate (market) risk and the potential benefits of extending investment maturities. The City conforms to the California Gov't Code requirements limiting investments in notes to five (5) years, subject to the exceptions cited in Section VIII. This relates principally to funds classified as reserves, which may be invested in specified instruments with maturities greater than five (5) years. ~~In addition, the City maintains primary and secondary liquidity pools, as described in Section IV. (2) above. Primary liquidity shall be maintained of \$10 million minimum, with secondary liquidity maintained at an additional \$10 million. Primary liquidity above the \$10 million minimum shall count towards the secondary liquidity requirement.~~

XIV. Internal Control

The ~~Investment Officer~~City Treasurer shall establish a system of internal controls over all cash management and investment transactions, designed to provide reasonable assurance that assets are safeguarded and that all transactions are properly and timely recorded.

The City's independent auditor shall annually review the system of internal controls and report any deficiencies and/or suggestions for improvements to the ~~Investment Officer and~~ Finance Director/City Treasurer. Any confirmed significant deficiencies shall be reported to the City Manager and City Council in writing, along with the City's response to the audit findings.

XV. Performance Standards:

~~The City's investment strategy is active, and as such, the organization~~The City has determined that periodic quantitative measurement of investment portfolio performance is an important component of the overall monitoring of the investment program. As stated in Section IV(C) above, the

performance objective of the Program is attaining a market rate of return over time consistent with the overall risk tolerance of the organization.

The ~~Investment Officer~~City Treasurer is charged with determining an appropriate benchmark by which to measure periodic performance. The chosen benchmark shall be designed to match as closely as practicable the City's tolerance for investment risk. Utilization of the benchmark and analysis of actual performance vs. the benchmark represent an important risk management tool, and analysis of significant variations shall be reported to the City Council in a timely manner. At the same time, it is recognized that the benchmark represents a guideline only, and that performance may vary, especially over relatively short time periods. A timeframe of 2-3 years is considered to be the minimum time period necessary for judging overall performance, due to changing market conditions, cash flow requirements and the fact that no chosen performance benchmark will exactly mirror the City's portfolio.

Attaining a market rate of return over time shall be measured and reported to the City Council, at least quarterly, via the utilization of the following benchmark to measure performance.

The one (1) year constant maturity Treasury index

Any change to the above performance benchmark shall be reported to the City Council during the ~~Investment Officer's~~City Treasurer's quarterly investment report.

The ~~Investment Officer~~City Treasurer shall report performance on a quarterly basis based on the book yield (standard income) approach. Book yield calculates the earnings on an investment based on actual interest earned during any reporting period, including the accretion of purchase discounts and/or the amortization of purchase premiums. The ~~Investment Officer~~City Treasurer shall also report the estimated market value of investments held (as provided by a third-party data provider) with each periodic report. The City no longer reports investment income on a total return basis each fiscal year (the alternative method presented in Gov't Actg. Standards Board (GASB) Statement No. 31) as the results over time are roughly comparable.

XVI. Investment Accounting and Reporting

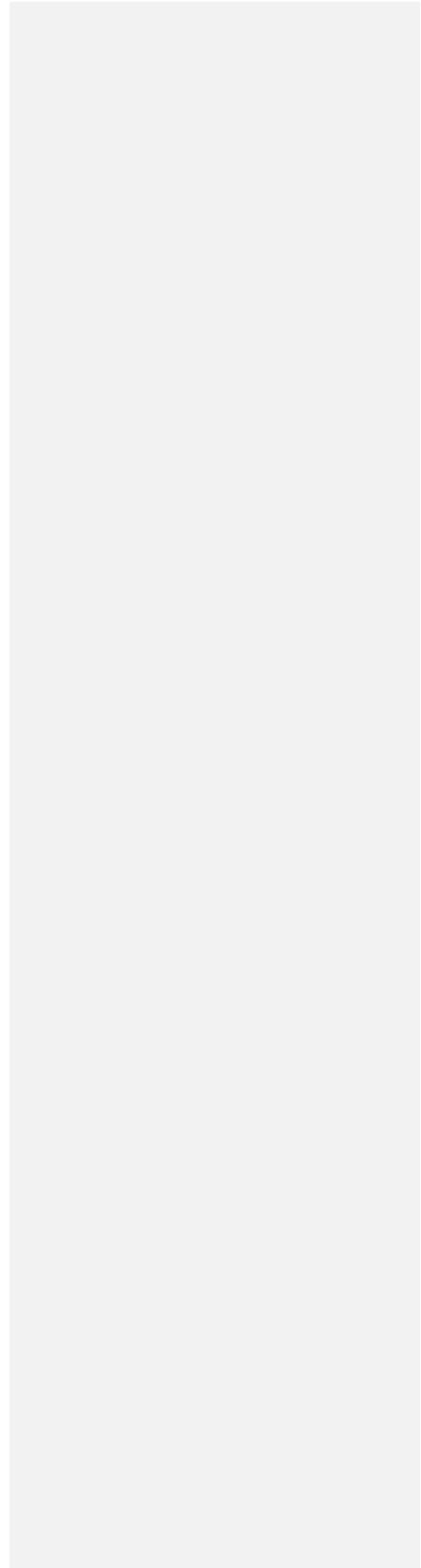
The ~~Investment Officer~~City Treasurer shall prepare (or have prepared) monthly investment reports sufficient to properly track and record all investment transactions and activity. The ~~Investment Officer~~City Treasurer shall report investment positions and results of the Pooled Investment Fund to the City Council at least quarterly, in a form acceptable to the City Council (~~currently in a summary fashion.~~). These reports shall either be presented as an Agenda Report or as a memo report to the City Council members, at the discretion of the City Manager. The ~~Investment Officer~~City Treasurer shall report positions and results of the Pooled Investment Fund and the Investment of Bond Proceeds annually to the City Council at a Public Meeting. Detailed annual reports of the Pooled Investment Fund shall be made available on the City's WebSite for Public Review.

XVII. Investment Policy Adoption:

The Investment Policy shall be reviewed and adopted by the City Council at a Public Meeting at least annually, regardless of whether there are any proposed changes to the Policy. The Policy shall be posted for public review on the City's WebSite (www.encinitasCA.gov) under City Departments/Finance.

Any typographical errors of other minor errors or inconsistencies shall be investigated and interpreted by the ~~Investment Officer~~City Treasurer, who shall then seek the concurrence of the ~~Finance Director~~City Manager

before making any changes to policies or procedures. ~~Any unresolved matters, which are judged to be insignificant in the overall context of the Policy, shall be presented to the City Manager for a final determination.~~



**CITY OF ENCINITAS
ADMINISTRATIVE MANUAL**

Policy Title: Investment Policy **Section:** Finance
Responsible Department: Finance **Number:** Admin Policy F019
Approved By: City Council **Date Approved:** 1994
Last Amended: October 23, 2013
Amendment Date: August 24, 2016

I. Philosophy

The Investment Policy of the Encinitas City Council for the City of Encinitas represents the financial guidelines for the City's Investment Program. It is the policy of the City of Encinitas to invest excess public funds in a prudent manner that safeguards the public trust, minimizes the risk of loss of capital, and provides assurance that all financial obligations will be met in the regular course of business. The City Council shall provide direction to the City Treasurer as to the goals and specific objectives of the Investment Program.

II. Scope

This Investment Policy applies to all financial assets under the oversight of the City of Encinitas, except bond proceeds held by outside trustees and funds held by other governmental agencies. The City of Encinitas includes the City and all component units: the Encinitas Housing Authority (EHA), the Encinitas Public Financing Authority (EPFA), and the San Dieguito Water District (SDWD). These funds are accounted for in the City of Encinitas' Comprehensive Annual Financial Report and include:

**GENERAL FUND
SPECIAL REVENUE FUNDS
CAPITAL PROJECT FUNDS
ENTERPRISE FUNDS
INTERNAL SERVICE FUNDS**

This policy also applies to funds that the City manages for other governmental agencies. Currently, the City manages funds for the Encinitas Ranch Golf Authority (ERGA), a legally separate joint powers authority which is not a component unit of the City.

The investment of Bond Proceeds held with trustees is directed by the City, but is governed by the restrictions on Permitted Investments in the applicable Bond Indenture agreements.

A portion of City funds is held by other governmental agencies. These funds are invested under the guidelines of the investment policies of those agencies.

The City retirement plan is with CALPERS, and the City has no authority or oversight over the investments in any of those plans. Further, the City administers several deferred compensation

plans. Assets held in those plans are held in trust for the participants, and are not assets of the City. The City does not have any authority over the investments held in these trusts.

III. Prudence

Investments shall be made with reasonable financial 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.

The standard of prudence to be used by investment officials shall be the “**prudent investor**” standard. California Gov’t Code 53600.3 states that, “When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the Agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the Agency. The standard shall be applied in the context of managing an overall portfolio. Investment officials acting in accordance with established procedures and exercising due prudence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes.

IV. Investment Objectives

A. **Safety of Principal** - the first objective of this policy is to ensure the safety of principal. The portfolio shall be planned and managed to minimize the risk of actual loss of principal. Principal is defined as the original purchase price of the security, excluding any purchase of accrued interest, up to the par (face) value of the security. Any purchase amount above par value (premium) is considered to be a purchase of accrued interest, and is excluded from the calculation of principal amount. The City Treasurer shall consider both credit risk and concentration risk (the concept of diversification) when assessing safety, and shall follow the guidelines outlined later in this policy to achieve that objective.

B. **Liquidity** - The second objective is the maintenance of sufficient liquidity to meet all operating and capital spending requirements that can be reasonably anticipated.

C. **Return on investments** - The third objective is yield, specifically, attaining a market rate of return over time, consistent with Council direction as to acceptable levels of risk. Refer to Section XV below for further discussion of performance measurement.

V. Delegation of Authority

In accordance with the California Government Code, Section 53607, the City Council hereby delegates the authority to invest or reinvest the City’s funds, to sell or exchange securities purchased, and to deposit securities for safekeeping to the City Treasurer. Encinitas Municipal Code Chapter 2.28 designates that the Finance Director shall serve as City Treasurer. The Finance Director/City Treasurer has the option to delegate some, or all, of the duties described in this Policy to other qualified individuals within the organization.

Investment Procedures

The City Treasurer is responsible for establishing written investment procedures for the management and operation of the Investment Program, consistent with this Policy. Those procedures shall include reference to such items as: custody/safekeeping, repurchase agreements (if applicable), wire transfer agreements, banking service agreements, and explicit delegation of authority to personnel involved in the processing of banking or investment transactions. No person

may engage in any investment transaction except as provided under the terms of this Policy and the established procedures.

VI. **Ethics, & Conflict of Interest**

The investment responsibility carries with it the responsibility of ensuring that investments placed are done so without improper influence or the appearance of improper influence. All officers and employees (officials) involved in the investment function shall adhere to the State's Code of Economic Interest and to the following:

Officials shall refrain from personal business activity that could conflict with proper and impartial execution of the Investment Program, or that could impair their ability to make impartial investment decisions. Further, officials shall not personally or through a close relative maintain any accounts, interest, or private dealings with any firm with which the City places investments, with the exception of regular savings, checking and money market accounts, or other similar transactions that are offered on a non-negotiable basis to the general public. Any such relationships shall be disclosed annually to the City Clerk in conjunction with annual disclosure statements of economic interest.

VII. **Authorized Financial Dealers and Institutions**

The City Treasurer shall maintain a list of **qualified financial institutions** authorized to provide financial or investment services to the City.

The City shall contract with one institution to provide **general banking services**, which shall be reviewed at least every five years. City Council shall approve the selected institution and the contract for banking services.

The City shall contract with one institution to provide **investment custody services**, which shall be reviewed at least every five (5) years. City Council shall approve the selected institution and the contract for custody services.

The City Treasurer shall maintain a list of **qualified security broker-dealers** authorized to provide financial or investment services to the City. To be eligible for consideration to become an authorized provider, each Broker/Firm shall meet the following MINIMUM requirements:

- (1) have a net capital position in excess of \$10 million,
- (2) have been in business for at least five years,
- (3) are currently licensed as a broker-dealer or investment adviser in California, and
- (4) Must carry adequate insurance coverage including liability, errors and omissions, and workers compensation (if applicable.)

Firms providing only representation of money market funds are exempt for requirement #1, but must still comply with all other requirements, including those listed below.

The City Council shall approve the initial authorization of any broker-dealer. Authorized firms shall be notified by the City Treasurer via an engagement letter, which outlines each parties' responsibilities (primarily the continuing compliance requirements discussed directly below). There is no contract for professional services or term to the engagement. The City Treasurer shall periodically evaluate the performance of all qualified broker-dealers, and determine if any changes need to be made.

All broker-dealers authorized to do business with the City of Encinitas must also comply with the following requirements:

- (1) Firms must submit audited financial statements annually, within six months of their fiscal year-end,
- (2) Firms must provide proof of their Financial Industry Regulatory Authority (FINRA) certification, and must disclose to the City immediately any regulatory actions or complaints against the broker assigned to the City account,
- (3) Firms must provide proof of their registration/license to do business in the State of California, and shall immediately disclose to the City any change in that status.
- (4) Firms must certify in writing that they have received, read, and agree to comply with the City of Encinitas' most recently adopted Investment Policy.

VIII. Authorized & Suitable Investment Instruments

As a unit of local government in the State of California, the City of Encinitas is restricting itself to the investments authorized by Government Code, Sections 53600 through 53635 (the Gov't "Code") except as otherwise provided herein by specific additional Council actions.

SPECIFIC INVESTMENT TYPES AND AMOUNTS - The City Treasurer is authorized to invest in only the following types of investments listed below in **Section VIII**.

INVESTMENT ALLOCATIONS - The **State Law Maximum** allocations listed below refer to the percentage of the total portfolio or dollar amount that may be invested in each instrument under the provisions of the Gov't Code. The **Investment Policy Maximum** allocations refer to maximum allocations the City Treasurer follows, in order to effect proper diversification of the portfolio and limit concentration risk. The City Treasurer is permitted to exceed these maximum allocations for temporary periods. Any asset allocation that exceeds the **Investment Policy Maximum** allocation for a period of more than three months shall be reported to the City Manager.

For purposes of calculating the percentage allocations, the assumption will be applied that the size of the portfolio for any fiscal year shall be determined by the total par value of the portfolio at the beginning of the first day of the fiscal year. Any investment types that exceed the maximum allowable under the Gov't Code shall be reported to the City Council in the quarterly investment report.

INVESTMENT ALLOCATIONS

	STATE LAW MAXIMUM	INV POLICY MAXIMUM
(1) Repurchase agreements	NO LIMIT	20%
<i>This type of investment is only authorized in relation to the City's general banking arrangements, in which excess cash balances are "swept" into an interest earning account overnight. Maximum maturity is one day. All balances are required to be properly collateralized at 102% of par value in accordance with State requirements.</i>		
(2) CA Local Agency Inv Fund (LAIF)	\$65 million	30%

The \$65 million listed under "MAXIMUM STATE LAW" refers to the LAIF limit on maximum deposits per local agency, not to the CA gov't code restrictions. The City of Encinitas maintains two accounts with the LAIF, one in the name of the City and the other in the name of the San Dieguito Water District. Each account has a deposit limit of \$65million. Since San Dieguito Water District is a component unit of

INVESTMENT ALLOCATIONS

	STATE LAW MAXIMUM	INV POLICY MAXIMUM
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the City, the City may legally utilize the SDWD account in the operation of the City Pool. Thus, SDWD owns its ratable share of all City Pooled investments, but does not have a direct ownership interest in the LAIF account in its name.

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|--------------------------------------|-----------------|---------------------|
| (3) Other Gov't Managed Pools | NO LIMIT | 30% |
| Per Issuer | | 10% per Pool |

Investments in individual pools shall be limited to 10% of the total portfolio. Currently approved pools are the San Diego County Investment Pool and the California Asset Management Program (CAMP). The City Council must approve the addition of any other governmental pools.

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|---|------------|------------|
| (4) Mutual Funds and Money Market Mutual Funds (Total) | 20% | 20% |
| Per Issuer | 10% | 10% |
| (A) Money Market Mutual Funds | N/A | 20% |
| Per Issuer | N/A | 10% |

Qualifying funds must meet one of the following criteria: (1) Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations, OR (2) Retained an Investment Advisor registered or exempt from registration with the SEC with not less than five years' experience managing money market mutual funds with assets under management in excess of \$500 million.

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|-------------------------|------------|--------------------|
| (B) Mutual Funds | N/A | 10% |
| Per Issuer | N/A | \$5 million |

A mutual fund must receive the highest ranking by not less than two nationally recognized rating agencies or the fund must retain an investment advisor who is registered with the SEC (or exempt from registration), has assets under management in excess of \$500 million, and has at least five years experience investing in instruments authorized by California Government Code sections 53601 and 53635.

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|---|-----------------|--------------------|
| (5) Certificates of Deposit (CD's) | NO LIMIT | 10% |
| Per Issuer | NO LIMIT | \$1 million |

All CD's must be either insured by the FDIC or properly collateralized, pursuant to Section X below. Maturity shall not exceed one year. No more than \$1 million per issuer. To be eligible to receive deposits from the City of Encinitas, each qualified financial institution must have received an overall rating of not less than "satisfactory" in its most recent evaluation by regulators of its record of meeting the credit needs of its community.

INVESTMENT ALLOCATIONS

	STATE LAW MAXIMUM	INV POLICY MAXIMUM
(6) Negotiable Certificates of Deposit Per Issuer	30%	10% \$1 million

All Negotiable CD's must be issued by a provider rated either: (1) **Aaa** by Moody's, (2) **AAA** by Standard & Poors, or (3) **Aa1** by Moody's and **AA+** by Standard & Poor's. Investments of \$250,000 or less that are fully insured by the FDIC are exempt from the above credit rating requirements. Maturity shall not exceed five years. No more than \$1 million per issuer.

(7) Bankers Acceptances Per Issuer	40% 30%	10% \$1 million
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Bankers Acceptances (BA's) represent a time draft drawn on and accepted by a Bank for payment of the shipment or storage of merchandise. They are generally considered a very safe investment since both the credit of the issuer and the Bank is pledged for repayment. They must not exceed 180 days maturity. BA's must have an underlying credit rating of **A1/P1**, and are limited to \$1 million per issuer.

(8) U.S. Treasury Bills, Notes and Bonds	NO LIMIT	50%
(9) U.S. Government-Sponsored Agencies Per Issuer	NO LIMIT	60% 15%

City shall invest primarily in securities issued by Federal Home Loan Bank (FHLB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), and Federal Farm Credit Bureau (FFCB). City may invest in Private Equity Funding Corporation (PEFCO) and Tennessee Valley Authority (TVA); however, the overall limit of 60% still applies. City may also invest in the Government National Mortgage Association, but only via authorized Mutual Funds cited in Category 5 above, and subject to those limitations.

(10) Commercial Paper Per Issuer	25% (see below)	25% \$5 million
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Commercial Paper (CP) is a short-term I.O.U. issued by large corporations of high credit standing which is unsecured. Investments are limited to only "prime quality" CP issued with the highest letter and number rating provided by one of the two nationally recognized rating agencies. City limits itself only to CP rated A-1 or better by Standard & Poors and P-1 by Moodys. Issuing corporations must be (1) organized and operating within the United States, (2) have total assets in excess of \$500 million, and (3) have a "A" or higher rating for the issuers other debt obligations. Organized and operating within the United States includes global companies that sponsor United States commercial paper programs. City may not purchase more than 10% of outstanding commercial paper of any single corporate issuer. The maximum allowable maturity is 270 days or less.

INVESTMENT ALLOCATIONS

	STATE LAW MAXIMUM	INV POLICY MAXIMUM
(11) Commercial Medium-Term Notes <i>Per Issuer</i>	30%	15% \$1 million

*Medium-Term Notes are 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 in the United States or by depository institutions licensed by the United States. State Code requires a credit rating of "A" or better by one nationally recognized rating agency. The City is further limiting itself to notes that are rated **Aa3 or better** (Moody's) and **AA- or better** (S & P).*

(12) Guaranteed Investment Contracts <i>Per Issuer</i>	None	10% \$5 million
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*Guaranteed Investment Contracts (GIC's) are corporate obligations similar to medium-term notes, but are issued directly to the Agency by the issuer in the form of an investment contract. They are generally longer term in nature. They are generally utilized for the investment of bond proceeds, but may be utilized for the investment of Pooled funds. Uncollateralized GIC's are permitted only with issuers rated **Aaa** (Moody's) and/or **AAA** (Standard & Poors) Collateralized GIC's are permitted with issuers rated **Aa2 or better** (Moody's) and **AA or better** (Standard & Poors). No more than \$5 million per issuer.*

(13) Demand Deposits (non-interest bearing) <i>Per Issuer</i>	None	0-2% 0-2%
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Non-interest bearing demand deposits with a financial institution approved to do business with the City shall be an allowable investment for the City Pool. These types of accounts are necessary to carry on the regular day-to-day financial operations of the City, must be collateralized, and are reported as "cash" on the monthly investment reports. When available, the City Treasurer shall execute a "sweep arrangement" with the designated financial institution, to provide for excess overnight balances to earn interest.

(14) Demand Deposits (interest bearing) <i>Per Issuer</i>	None	20% \$20 million
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Interest-bearing demand deposits with a financial institution approved to do business with the City shall be an allowable investment for the City Pool. These types of accounts generally serve as an alternative to bank certificates of deposit, and have a stated minimum balance requirement. These types of accounts require a separate agreement with the financial institution, and must be fully collateralized as Public Deposits under California law. In addition, some part of the deposit (currently \$250,000) may be insured by the Federal Deposit Insurance Corporation (FDIC) in lieu of collateralization.

SUMMARY TABLE of INVESTMENT ALLOCATIONS

	<u>STATE LAW</u>	<u>INV POLICY</u>
(1) REPURCHASE AGREEMENTS	NO LIMIT	20%
(2) CALIFORNIA LAIF	NO LIMIT	30%
(3) OTHER GOV'T POOLS	NO LIMIT	30%
<i>Per Issuer</i>		10%
(4) MUTUAL FUNDS	20%	20%
<i>Per Issuer</i>	10%	10%
(5) CD's	NO LIMIT	10%
<i>Per Issuer</i>		\$1 Million
(6) NEGOTIABLE CD's	30%	10%
<i>Per Issuer</i>		\$1 Million
(7) BANKERS ACCEPTANCES	NO LIMIT	10%
<i>Per Issuer</i>	30%	\$1 Million
(8) U.S. TREASURYS	NO LIMIT	50%
(9) U.S. FEDERAL AGENCIES	NO LIMIT	60%
<i>Per Issuer</i>		15%
(10) COMMERCIAL PAPER	25%	25%
<i>Per Issuer</i>		\$5 Million
(11) COMMERCIAL MTN NOTES	30%	15%
<i>Per Issuer</i>		\$1 Million
(12) GIC's	NO LIMIT	10%
<i>Per Issuer</i>		\$5 Million
(13) Demand Deposits (non-interest bearing)	NO LIMIT	0-2%
<i>Per Issuer</i>		0-2%
(14) Demand Deposits (interest bearing)	NO LIMIT	20%
<i>Per Issuer</i>		\$20 Million

The State of California Government Code restricts local agencies from investing in securities with final maturity dates greater than five (5) years, except as specifically authorized by the City Council. This Policy authorizes two specific exceptions to the above restriction.

- (1) The City may invest in up to \$5 million (par value) of securities (at date of purchase) rated AAA or equivalent by either S&P or Moody's with maturities of greater than five (5) years, but not exceeding seven (7) years.
- (2) The City's General Contingency Reserve is not a part of normal operating reserves, and the related funds are not expected to be utilized in the foreseeable future, thus, the likelihood of liquidation is very small. The objective(s) of investment in this area are to maximize earnings with safety, while recognizing that liquidity is less of an issue than with operating or capital funds. Consistent with these objectives, the City Treasurer is authorized to invest contingency funds in securities rated AAA or equivalent with maturities greater than seven (7) years that have a ready market should the need arise to liquidate the investment.

The City Council has directed the City Treasurer not to invest in securities of companies involved in the production of tobacco or alcohol related products. The City recognizes that, due to the extreme complexity of today's corporate structures, it is possible that investments may be placed in good faith in corporations that have an interest in tobacco or alcohol related products that is not widely known or properly disclosed by those corporations. The City Treasurer shall make his/her best efforts, including notice to broker/dealers, to assure that any corporate investments are placed with companies who are not in the tobacco or alcohol business. This policy applies at the time of purchase only.

Certain investments are specifically prohibited by the State Code. Local Agencies may not invest in the following: Inverse floating-rate notes, range notes, or mortgage-derived interest-only strips. The Code also states that "A local Agency shall not invest in any security that could result in zero interest accrual if held to maturity." The City's interpretation of this Code section is that it does not prohibit investment in U.S. Treasury or Federal Agency securities which carry a variable rate of interest; because the chance that such notes could result in zero interest accrual to maturity is remote.

IX. Due Diligence Requirements for Investment Pools, Mutual Funds, and CD's

Investments of these types are authorized in **Section VIII.** above. Before investing any funds in pools or mutual funds, the City Treasurer shall perform a thorough investigation of the fund(s) to determine the suitability of the investment for the City of Encinitas Pooled Investment Fund. This investigation shall include, at a minimum: review of the Funds investment policy and/or prospectus, a review of the performance history of the Fund, review of ratings (where applicable), review of the latest published portfolio composition, review of fees and charges, and references from other agencies who invest in the Fund.

The City Treasurer shall monitor placement of Certificates of Deposit with financial institutions on a regular basis. Compliance with collateral requirements shall be monitored (if applicable).

X. Collateralization of Public Deposits

Collateralization will be required on two types of investments: demand and timed deposits (which are not fully insured by FDIC) and repurchase agreements. The Finance Director/City Treasurer has agreed to waive collateral requirements on the first \$250,000 of CD's from each institution, which are insured by FDIC. In order to anticipate market changes and provide a level of security for all invested funds, the required collateralization levels will be:

- | | | |
|-----|--|---|
| (1) | Overnight repurchases | 102% of market value |
| (2) | Timed Deposits in accordance with CA law regarding Public Deposits | |
| (3) | Demand Deposits | in accordance with CA law regarding Public Deposits |

Collateral must be held by an independent third party with whom the entity has a current custodial agreement. Collateral for overnight repurchases (sweep agreements) may be held by the Trust Department of the institution providing such sweep services. Sweep contracts shall provide for a perfected security interest for the City in collateralized securities.

Collateral shall be provided by the issuing institution in accordance and compliance with the California Gov't Code Sections 53630 et al. Issuing institution is responsible for compliance with all collateral requirements, and must provide the City periodic evidence of that compliance, in a form acceptable to the City.

XI. Safekeeping and Custody

All security transactions entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis. Securities shall be held by an independent third-party custodian approved by the City Council. All broker-dealers shall send a transaction confirmation to the City Treasurer, and all security transactions confirmations shall be treated as a "Vital Record" by City personnel and kept safe per the requirements of City policy on Vital Records. Broker-dealers shall also send a monthly activity statement to the City showing all transactions entered into in the period. No City securities or cash will be held by any broker-dealer. The custodian sends a monthly statement to the City Treasurer covering all investment activity handled by that institution.

XII. Diversification

The City will diversify its investments by security type and institution, to avoid incurring unreasonable risks inherent in over-investing in specific instruments or individual financial institutions. This Policy sets limits on maximum allocations by investment type and by issuer. Refer to Section VIII. above for a listing of authorized investments and the maximum allocation by type of investment. Section VIII. also details specific limitations per issuer. For purposes of this Policy, those limits each apply to the overall portfolio.

XIII. Maximum Maturities

To the extent possible, the City of Encinitas will attempt to match its investments with anticipated cash flow requirements, after taking into consideration interest rate (market) risk and the potential benefits of extending investment maturities. The City conforms to the California Gov't Code requirements limiting investments in notes to five (5) years, subject to the exceptions cited in Section VIII. This relates principally to funds classified as reserves, which may be invested in specified instruments with maturities greater than five (5) years.

XIV. Internal Control

The City Treasurer shall establish a system of internal controls over all cash management and investment transactions, designed to provide reasonable assurance that assets are safeguarded and that all transactions are properly and timely recorded.

The City's independent auditor shall annually review the system of internal controls and report any deficiencies and/or suggestions for improvements to the Finance Director/City Treasurer. Any confirmed significant deficiencies shall be reported to the City Manager and City Council in writing, along with the City's response to the audit findings.

XV. Performance Standards:

The City has determined that periodic quantitative measurement of investment portfolio performance is an important component of the overall monitoring of the investment program. As stated in Section IV(C) above, the performance objective of the Program is attaining a market rate of return over time consistent with the overall risk tolerance of the organization.

The City Treasurer is charged with determining an appropriate **benchmark** by which to measure periodic performance. The chosen **benchmark** shall be designed to match as closely as practicable the City's tolerance for investment risk. Utilization of the benchmark and analysis of actual performance vs. the benchmark represent an important risk management tool, and analysis of

significant variations shall be reported to the City Council in a timely manner. At the same time, it is recognized that the benchmark represents a guideline only, and that performance may vary, especially over relatively short time periods. A timeframe of 2-3 years is considered to be the minimum time period necessary for judging overall performance, due to changing market conditions, cash flow requirements and the fact that no chosen performance benchmark will exactly mirror the City's portfolio.

Attaining a market rate of return over time shall be measured and reported to the City Council, at least quarterly, via the utilization of the following benchmark to measure performance.

The one (1) year constant maturity Treasury index

Any change to the above performance benchmark shall be reported to the City Council during the City Treasurer's quarterly investment report.

The City Treasurer shall report performance on a quarterly basis based on the book yield (standard income) approach. Book yield calculates the earnings on an investment based on actual interest earned during any reporting period, including the accretion of purchase discounts and/or the amortization of purchase premiums. The City Treasurer shall also report the estimated market value of investments held (as provided by a third-party data provider) with each periodic report. The City no longer reports investment income on a total return basis each fiscal year (the alternative method presented in Gov't Actg. Standards Board (GASB) Statement No. 31) as the results over time are roughly comparable.

XVI. Investment Accounting and Reporting

The City Treasurer shall prepare (or have prepared) monthly investment reports sufficient to properly track and record all investment transactions and activity. The City Treasurer shall report investment positions and results of the Pooled Investment Fund to the City Council at least quarterly, in a form acceptable to the City Council. These reports shall either be presented as an Agenda Report or as a memo report to the City Council members, at the discretion of the City Manager. The City Treasurer shall report positions and results of the Pooled Investment Fund and the Investment of Bond Proceeds annually to the City Council at a Public Meeting. Detailed annual reports of the Pooled Investment Fund shall be made available on the City's WebSite for Public Review.

XVII. Investment Policy Adoption:

The Investment Policy shall be reviewed and adopted by the City Council at a Public Meeting at least annually, regardless of whether there are any proposed changes to the Policy. The Policy shall be posted for public review on the City's WebSite (www.encinitasCA.gov) under City Departments/Finance.

Any typographical errors of other minor errors or inconsistencies shall be investigated and interpreted by the City Treasurer, who shall then seek the concurrence of the City Manager before making any changes to policies or procedures.

BROKER/DEALERS

Current Authorized Broker/Dealers

Wedbush Securities
Don W. Collins

Additional Broker/Dealers Recommended for Authorization

Raymond James & Associates
Rosa Schulte

Stifel, Nicolaus and Company
Bill Blackwill

Wells Fargo Securities, LLC
John Williams

Vining Sparks IBG, L.P.
Josh Gorham

Union Bank Investment Services
Mark Kreymer



**CITY OF ENCINITAS, CALIFORNIA
FINANCE DEPARTMENT
BROKER/DEALER QUESTIONNAIRE AND CERTIFICATION**

- 1. Name of Firm:** *Wedbush Securities*
- 2. Address:** *860 Newport Center Drive
Suite 100
Newport Beach, Ca 92660*
- National Headquarters:** *1000 Wilshire Blvd
Los Angeles, CA 90017-2457*
- 3. Telephone:** *Newport Beach 866-579-2871
National Headquarters 213-688-8000*
- 4. Primary Representative:** *Don Collins
Vice President - Capital Markets IC
866-579-2871
28 years institutional sales
Joined Wedbush Securities 6/2007
Series 4,7,63
Don Collins CRD # 1728413*

Manager: *Gary Wedbush
Head of Fixed Income
213-866-8061
27+ years institutional trading*

- 5. Are you a Primary Dealer in U.S. Government Securities? No**
6. Are you a Regional Dealer in U.S. Government Securities? Yes

*Wedbush Securities is a **Regional Dealer**. Founded in 1955, Wedbush Securities is one of the largest private, independent brokerage firms in United States. The firm specializes in providing transaction and trading services to both institutional and private retail clients. Wedbush Securities has over 1000 employees, \$13 billion in assets under custody, \$100+ million in excess net capital, and over \$3 billion in balance sheet*

assets. The Private Brokerage division has 100+ regional offices and 125+ nationwide correspondent offices servicing over 60,000+ brokerage clients. Wedbush Securities has been focusing on middle-market companies and their entrepreneurial leaders for the last 50 years, and has met the financing needs of numerous successful growth companies across a variety of industries through public offerings, private placements and financial advisory services. Wedbush's research and investment banking groups focus on sectors within technology, consumer goods and services, life sciences, industrial and business services.

B. If your firm IS NOT a Primary Dealer, has it consistently complied with the Federal Reserve Bank's capital adequacy guidelines over the last 12 months?

Yes, please refer to section 5 – Focus Report

7. Are you a Broker instead of a Dealer i.e. You DO NOT own positions of Securities?

Wedbush Securities is a Broker and Dealer. Wedbush Securities underwrites and inventories Bonds.

8. Are you are Registered Municipal Advisor? Yes

9. What is the Net Capitalization of your firm?

Wedbush Securities \$149,058,186

Attached

10. What is the date of your fiscal year end?

June 30th

11. If you are a depository institution, please provide the following and most current certified audited information: N/A

- a. Tangible, Core, and Risk-Based Capital Ratios
- b. CRA Rating

12. Is your Firm owned by a holding company?

No.

13. Please Provide your Wiring and Delivery Instructions. Attached

14. Our trading desk offers the following instruments regularly.

- **Treasuries:**
 - T-Bills*
 - T-Notes*
 - T-Bonds*
 - T-Strips*
- **Agencies:**

*FNMA, FHLB, FHLMC, FFCEB, FARMERMAC, SLMA, GNMA, TVA, FICO
Bankers Acceptances (domestic and foreign)*

Medium Term Notes

Certificates of Deposit (bank and S&L)

▪ **MBS:**

GNMA, FNMA, FHLMC, Balloons, CMO's, Whole Loans

15. Which of the above does your Firm Specialize in Marketing?

- Don Collins specializes in following the investment guidelines of The California Government Code §53601,53635,53635.2 et. seq. and offering allowable investments within the guidelines of local policy.

▪ **Treasuries:**

T-Bills

T-Notes

T-Bonds

T-Strips

▪ **Agencies:**

*FNMA, FHLB, FHLMC, FFCEB, FARMERMAC, SLMA, GNMA, TVA, FICO
Bankers Acceptances (domestic and foreign)*

Medium Term Notes

Certificates of Deposit (bank and S&L)

▪ **MBS:**

GNMA, FNMA, FHLMC, Balloons, CMO's, Whole Loans

16. Please identify your public sector clients in our geographical area who are most comparable to our agency.

<u>Entity Name</u>	<u>Contact</u>	<u>Phone Number</u>	<u>Since</u>
<i>City of Arcadia</i>	<i>Shannan Huang</i>	<i>626-574-5465</i>	<i>2007</i>
<i>City of Burbank</i>	<i>Debbie Kutka</i>	<i>818-238-5880</i>	<i>2006</i>
<i>City of Carson</i>	<i>Monica Cooper</i>	<i>310-830-7600</i>	<i>2008</i>
<i>City of Chico</i>	<i>Jennifer Hennesey</i>	<i>530-895-4844</i>	<i>2000</i>
<i>City of Del Mar</i>	<i>Teresa McBroome</i>	<i>858-755-9354</i>	<i>2011</i>
<i>City of Oceanside</i>	<i>Renee Bojorquez</i>	<i>760-435-3551</i>	<i>2016</i>
<i>City of Encintas</i>	<i>Tim Nash</i>	<i>760-633-2641</i>	<i>1997</i>
<i>City of Escondido</i>	<i>Becky Le</i>	<i>760-839-4301</i>	<i>2000</i>
<i>City of Gardena</i>	<i>Erica Reyes</i>	<i>310-217-9664</i>	<i>1992</i>
<i>City of Hermosa Beach</i>	<i>Karen Nowicki</i>	<i>310-318-0221</i>	<i>1998</i>
<i>City of Inglewood</i>	<i>Wanda Brown</i>	<i>310-412-5642</i>	<i>2000</i>
<i>City of Lake Forest</i>	<i>Keith Neves</i>	<i>949-461-3431</i>	<i>2008</i>
<i>City of Long Beach</i>	<i>Gary Nguyen</i>	<i>562-570-6169</i>	<i>2012</i>
<i>City of Monrovia</i>	<i>Mark Alvarado</i>	<i>626-932-5510</i>	<i>1990</i>
<i>City of Moorpark</i>	<i>Ron Ahlers</i>	<i>805-517-6249</i>	<i>2010</i>

City of Pomona	Paula Chamberland	909-620-2454	1998
City of Richmond	Tracey Lovely	510-620-6750	2004
City of San Jose	Qianyu Sun	408-535-7015	2014
City of Santa Cruz	Jack Diles	831-420-5055	2010
City of Torrance	Dana Cortez	310-618-5801	2004
City of Turlock	Diana Lewis	209-668-5570	1998
City of Vacaville	Geoff Bunton	707-449-5119	1991
City of Visalia	Jason Montgomery	559-738-3423	1994
City of Vista	Lauren Warren	760-726-1340	2006
City of Manhattan Beach	Bruce Moe	310-802-5552	2013
City of Whittier	Kelley Williams	562-567-9866	2013

County of Colusa	Dan Charter	530-458-0440	2000
County of Del Norte	Barbara Lopez	707-464-7283	2004
County of Fresno	Mark Bray	559-488-3564	2006
County of Humboldt	John Bartholemew	877-897-5692	2005
County of Imperial	Suzanne Bermudez	760-482-4479	2003
County of Lassen	Nancy Cardenas	530-251-8218	2002
County of Mariposa	Keith Williams	209-966-2621	2012
County of Merced	Karen Adams	209-385-7307	2010
County of Nevada	Tina Vernon	530-265-1704	2011
County of Shasta	Lori Scott	530-245-6892	2004
County of Siskiyou	Wayne Hammar	530-842-8342	2005
County of Solano	Michael Cooper	707-784-6312	2000
County of Tehama	Dana Hollmer	530-527-4535	1998
County of Trinity	Terri McBrayer	530-623-1254	2011
County of Yuba	Dan Mierzwa	530-749-5624	2009

Chino Basis Desaulter Authority	Michael Chung	909-993-1665	2010
Foothill Eastern Tollroads	Diane Farson	949-754-3468	2012
Inland Empire Utilities District	Jessica Sarmiento	909-993-1665	2010
Marin County Water District	Oreen Delgado	415-945-1420	2001
Monte Vista Water District	Ray Harton	909-624-0035	2005
Otey Water District	Kevin Koeppen	619-670-2250	1998
San Diego County Water Authority	Eric Adachi	858-522-6678	2002
Santa Clara Valley Water District	Charlene Sun	408-265-3175 x2528	2000
SAWPA	Karen Williams	951-354-4236	2002
New York State Insurance Fund	Lisa Devlin	212-312-9710	2000

17. What reports, transactions, confirmations, and other paper trail would we receive? Would they be in electronic form?

- *Bloomberg trade tickets, Security display, Call page Credit pages as well as Rating Agency outlooks.*
- *First phone call confirms transaction by Broker*
- *Second phone call confirms trade by Clearing Department*
- *Email, fax copy of transaction*
- *Statement of transaction from Wedbush Securities Monthly and Quarterly statement of Account activity*

Would they be in electronic form? *Yes*

18. Please include samples of research reports or market information that your firm regularly provides to local agency clients. Please include sample Daily Offering sheets with your proposal.

Attached

19. What precautions are taken by your firm to protect the interests of the public when dealing with governmental agencies as investors?

Don Collins is available for contact 24 hours per day 7 days a week (714-585-5092 cell) to answer questions regarding the institutional bond markets. This number is available to the investment officer, coworkers and the agencies constituents.

My philosophy regarding the investment of Municipal reserve funds: any and all ideas must pass the flow chart of:

A: California state code of investing (53601),

B: The City of Encinitas investment policy (Safety, Liquidity, Return), and

C: Does it withstand the “Fiduciary responsibility” and “prudent-man” concept and adhere to the client’s investment policy.

Our client relationships are one of our most valuable assets. We recognize that our client base is comprised of those entities requiring various levels of involvement in the constantly developing market of fixed income investments available today.

There are those individuals whose sole function is portfolio management and yield enhancement who are intimately aware of both market movement and product development.

Accordingly, we are prepared to accommodate each client in direct proportion to their level of need and experience and to participate, as necessary, in the broadening of their level of knowledge in a sometimes seemingly complex marketplace.

When dealing with a client, Wedbush Securities requires the following information:

- *Most recent audited financial statements*
- *Trading authorization or authorizing Resolution from local governing body for customer’s investment personnel*
- *Customer’s investment policy*
- *DVP Agreement*
- *All trades done on a competitive basis*
- *All trades reviewed by principal for appropriateness*
- *No discretionary accounts for “public funds” clients*

- All monthly statement reviewed by a **principal** for excessive activity
- All trades telephonically confirmed same day with customer by a third party in our operations department.
- No reverse Repo's
- All settlements are DVP
- Experienced Account Executives and Traders

20. Have you or your firm been censored or punished by a regulatory State or Federal agency for improper or fraudulent, activities related to the sale of government securities or money market instruments? Have any of the Firm's employees ever been so investigated?

Institutional Fixed Income Securities - No.

Sales to any Public Entity – No

Wedbush Securities has not and is not involved in any pending action regarding public sector accounts and institutional fixed income trading. Wedbush Securities has been in business since 1955 and has had a number of claims from retail equity sales. Please refer to the FINRA website for a complete list of complaints.

Wedbush Morgan CRD# 877

Wedbush Morgan SEC # 8-12987

Don Collins CRD # 1728413

21. If yes, explain. Has a public-sector client ever claimed in writing that your firm was responsible for investment losses? No

22. Please indicate and provide evidence of the current licensing status of the City's Representatives: Finra Broker Check report attached

Passed 3 Exam(s)

Principal/ Supervisory Exam

Registered Options Principal Examination Series 4 03/09/1994

General Industry/ Product Exam

General Securities Representative Examination Series 7 01/16/1988

State Securities Law Exam

Uniform Securities Agent State Law Examination Series 63 09/15/1987

Passing a qualifying exam, together with a current FINRA registration, enables a broker to engage in specific activities. Learn more about FINRA exams and registration requirements.

Registered with 18 Self-Regulatory Organization(s)

FINRA and 17 additional self-regulatory organizations

23. Is your Firm a member of the NASD/FINRA? Does it subscribe to the 'Rules of Fair Practice?' *Yes, Yes. Please see Broker Check Attachment.*

I have completed and am returning the Broker/Dealer Questionnaire and Certification, and have read, signed and retained for our files, a copy of the City of Encinitas Statement of Investment Policy.

BROKER/DEALER

Don Collins

By: Don Collins

Title: SVP Capital Markets

Date: 7-19-2016

CITY OF ENCINITAS

CERTIFICATION OF UNDERSTANDING

By responding to this questionnaire you acknowledge that:

1. You have read and are familiar with the City's Investment Policy as well as applicable Federal and State laws.
2. You meet the requirements as outlined in the City's Investment Policy.
3. You agree to make every reasonable effort to protect the assets of the City from loss.
4. You agree to notify the City, in writing, of any potential conflicts of interest.
5. You agree to notify the City, in writing, of any changes in personnel with decision-making authority over the City's funds within 24 hours of such event.

Failure to submit a Certification of Understanding shall result in the withdrawal by the City of all funds held by the financial institution or investment manager and the immediate revocation of any rights to act as an agent of the City for the purchase of securities of investment of funds on behalf of the City.

The City Council is committed to the goals of a Community Reinvestment Act (CRA). As part of the certification process for depository institutions, it is requested that you remit evidence of your most recent CRA rating.

Signed: _____ Date: _____

Print Name and Title: _____

After reading and signing this Certification of Understanding, please return with any supporting documentation to:

Tim Nash, Director of Finance/Treasurer
City of Encinitas
505 S. Vulcan Ave.
Encinitas, CA 92024
tnash@encinitasca.gov

City of Encinitas use only:

Approved:

Disapproved:

Date:

Signature:

Date Notification sent:

Sent by:

Statement of Investment Policy for the City of ENCINITAS

Effective: October 23, 2013

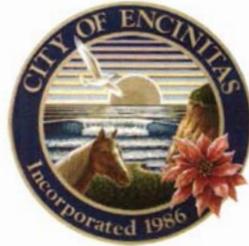
I have received and read the City of Encinitas investment policy dated October 23, 2013.

Signed: _____ Date: _____

Print Name and Title: _____

After reading and signing this receipt of Investment Policy, please return to:

Tim Nash, Director of Finance/Treasurer
City of Encinitas
505 S. Vulcan Ave.
Encinitas, CA 92024
tnash@encinitasca.gov



CITY OF ENCINITAS, CALIFORNIA
FINANCE DEPARTMENT
BROKER/DEALER QUESTIONNAIRE AND CERTIFICATION

1. Name of Firm

Raymond James & Associates, Inc.

2. Address	Local	National Headquarters
	<u>28202 Cabot Rd., Suite 300</u>	<u>880 Carillon Parkway</u>
	<u>Laguna Niguel, CA 92677</u>	<u>St. Petersburg, FL 33716</u>

3. Telephone No. (949) 365-5850

4.	Primary Representative	Manager/Partner-in-Charge
Name	<u>Rosa Schulte</u>	<u>Don Hughes</u>
Title	<u>Sr. Vice President, Fixed Income Sales</u>	<u>Managing Director/Branch Manager, Fixed Income Sales</u>
Telephone	<u>(949) 365-5850</u>	<u>(415) 616-8015</u>
No. of Years in Institutional Sales	<u>15 years</u>	<u>23 years</u>
No. of Years with Firm	<u>15 years</u>	<u>15 years</u>

5. Are you a Primary Dealer in U.S Government Securities? No.

6. Are you a Regional Dealer in U.S. Government Securities? Yes.

7. Are you a Broker instead of a Dealer, i.e. You DO NOT own positions of Securities?

Raymond James & Associates, Inc. is a Broker/Dealer.

8. Are you a Registered Municipal Advisor? Yes
9. What is the net capitalization of your Firm? \$422,926,996
10. What is the date of your Firm's fiscal year-end? September 30
11. If you are a depository institution, please provide the following and most current certified and audited information: N/A

A. Tangible, Core, and Risk-Based Capital Ratios

B. CRA Rating

12. Is your Firm owned by a Holding Company? If so, what is its name and net capitalization?

Yes. Raymond James and Associates, Inc. is a wholly-owned subsidiary of Raymond James Financial, Inc. Raymond James Financial ("RJF") is not a broker-dealer and therefore there is no net capital calculation or requirement for RJF. As a Financial Holding Company we do, however, calculate Tier 1 capital ratios which are disclosed in Note 20 of our 10Q. As of March 31, 2016, the Tier 1 capital ratio of RJF was 20.9% as compared to a minimum requirement of 6% to be considered well-capitalized. For additional information, please see www.raymondjames.com.

13. Please provide your Wiring and Delivery Instructions.

Please see attached.

14. Which of the following instruments are offered regularly by your local desk?

T-Bills Treasury Notes/Bonds Discount Notes NCD'S
 Agencies (specify) FHLB, FNMA, FHLMC, FFCB, GNMA, TVA, SLMA, PEFCO
 BAs (Domestic) BAs (Foreign) Commercial Paper Mid-Term
 Notes Repurchase Agreements Reverse Repurchase Agreements
 CMO's Asset Backed Investments Mutual Funds Other
 Investments as Authorized by Section 53600 of the Government Code

15. Which of the above does your Firm specialize in Marketing?

Raymond James & Associates, Inc. specializes in all of the instruments listed above, with special emphasis on Agencies, Commercial Paper, Corporate Bonds, Taxable Municipals, Supranationals, and CDs.

16. Please identify your most directly comparable City Local Agency clients in our geographical area.

Entity	Contact Person	Telephone No.	Client Since
City of Carlsbad	Craig Lindholm	760-602-2474	10/04
City of San Clemente	Mark Taylor	949-369-2525	1/01
City of Irvine (through United American Capital)	Kevin Klingel	614-885-7596	8/08

17. What reports, transactions, confirmations and documents would we receive? Will they be in electronic form?

Raymond James & Associates, Inc. provides standard confirmations, comparisons, customer statements and letters (when applicable). In addition to hard copy confirmations, we also send a trade ticket at the time of the trade via Bloomberg's BXT/SXT function.

18. Please include sample of research reports or market information that your firm regularly provides to local agency clients. Please include sample Daily Offering sheets with your proposal. See enclosed.
19. What precautions are taken by your Firm to protect the interest of the public when dealing with government agencies as investors?

In order to protect the interest of the public when dealing with government agencies as investors, Raymond James & Associates, Inc. has comprehensive policies and procedures for risk management covering credit, trading, sales practices, legal, compliance, and operations. Investment Policies are reviewed and kept on file by the sales representative and branch manager. Trading is reviewed by sales and trading management on an on-going basis to ensure that Investment Policy parameters are met. Raymond James & Associates also requires evidence of trading authority from our public accounts. Lastly, Raymond James & Associates clears securities on a delivery versus payment (DVP) basis.

20. Have you or your Firm been censured, sanctioned or disciplined by a Regulatory, State or Federal Agency for improper or fraudulent activities, related to the sale of securities within the last five years? (CIRCLE ONE) Yes No

Please note that Ms. Schulte has neither been censured nor punished by any Regulatory, State or Federal agency for improper or fraudulent activities related to the sale of securities.

21. If yes, please explain:

Please see attached disclosures.

22. Please indicate and provide evidence of the current licensing status of the City's representatives:

Agent:

Rosa Schulte

Licenses or Registration:

7,63,65

23. Is your Firm a member of the NASD? Yes. Does it subscribe to the "Rules of Fair Practice?" Yes.

I have completed and am returning the Broker/Dealer Questionnaire and Certification, and have read, signed and retained for our files, a copy of the City of Encinitas Statement of Investment Policy.

BROKER/DEALER

Raymond James & Associates, Inc.

By: *Rosa Schulte*
Rosa Schulte

Title: Senior Vice President, Fixed Income Sales

Date: July 18, 2016

CITY OF ENCINITAS

CERTIFICATION OF UNDERSTANDING

By responding to this questionnaire you acknowledge that:

1. You have read and are familiar with the City's Investment Policy as well as applicable Federal and State laws.
2. You meet the requirements as outlined in the City's Investment Policy.
3. You agree to make every reasonable effort to protect the assets of the City from loss.
4. You agree to notify the City, in writing, of any potential conflicts of interest.
5. You agree to notify the City, in writing, of any changes in personnel with decision-making authority over the City's funds within 24 hours of such event.

Failure to submit a Certification of Understanding shall result in the withdrawal by the City of all funds held by the financial institution or investment manager and the immediate revocation of any rights to act as an agent of the City for the purchase of securities of investment of funds on behalf of the City.

The City Council is committed to the goals of a Community Reinvestment Act (CRA). As part of the certification process for depository institutions, it is requested that you remit evidence of your most recent CRA rating.

Signed:



Date: July 18, 2016

Print Name and Title: Rosa Schulte - Senior Vice President, Fixed Income Sales

After reading and signing this Certification of Understanding, please return with any supporting documentation to:

Tim Nash, Director of Finance/Treasurer
 City of Encinitas
 505 S. Vulcan Ave.
 Encinitas, CA 92024
tnash@encinitasca.gov

City of Encinitas use only:

Approved:

Disapproved:

Date:

Signature:

Date Notification sent:

Sent by:

Statement of Investment Policy for the City of ENCINITAS

Effective: October 23, 2013

I have received and read the City of Encinitas investment policy dated October 23, 2013.

Signed:  Date: July 18, 2016

Print Name and Title: Rosa Schulte – Senior Vice President, Fixed Income Sales

After reading and signing this receipt of Investment Policy, please return to:

Tim Nash, Director of Finance/Treasurer
City of Encinitas
505 S. Vulcan Ave.
Encinitas, CA 92024
tnash@encinitasca.gov

8. Are you a Registered Municipal Advisor?

9. What is the net capitalization of your Firm? \$ 399,761,984

10. What is the date of your Firm's fiscal year-end? 12/31

11. If you are a depository institution, please provide the following and most current certified and audited information:

A. Tangible, Core, and Risk-Based Capital Ratios

B. CRA Rating

12. Is your Firm owned by a Holding Company? If so, what is its name and net capitalization?

Yes, Stifel Financial, N/A

13. Please provide your Wiring and Delivery Instructions.

Please see attached

14. Which of the following instruments are offered regularly by your local desk?

T-Bills Treasury Notes/Bonds Discount Notes NCD'S
 Agencies (specify) FHLB, FNMA, FHLMC, FFCB, GNMA, TVA, SLMA
 BAs (Domestic) BAs (Foreign) Commercial Paper Mid-Term
 Notes Repurchase Agreements Reverse Repurchase Agreements
 CMO's Asset Backed Investments Mutual Funds Other Investments
 as Authorized by Section 53600 of the Government Code

15. Which of the above does your Firm specialize in Marketing?

FNMA, FHLMC, FHLB, FFCB & FAMCA

16. Please identify your most directly comparable City Local Agency clients in our geographical area.

Entity	Contact Person	Telephone No.	Client Since
City of Carlsbad	Craig Lindholm	760-602-2473	10+ years
City of Oceanside	Renee Bojorquez	760-435-3551	10+ years
City of Huntington Beach	Alisa Cutcheon	714-536-5299	10+ years

17. What reports, transactions, confirmations and documents would we receive? Will they be in electronic form?

Stifel will send out a confirmation on the day a trade is executed. You will also receive a monthly statement if there is activity in the account. If there is no activity in the account, Statements are sent out quarterly unless you opt out of these requirements.

18. Please include sample of research reports or market information that your firm regularly provides to local agency clients. Please include sample Daily Offering sheets with your proposal.

19. What precautions are taken by your Firm to protect the interest of the public when dealing with government agencies as investors? As a major regional firm and active participant in the fixed income capital markets, Stifel strives to provide the best possible execution for its

clients. Our traders monitor market conditions constantly, via direct contact with other broker/dealer firms and intermediaries. In addition, our traders have access to a wide variety of electronic market news and price information related to specific securities throughout the day. Prior to executing client transactions, Stifel traders evaluate info available at the time and seek to provide clients with the best possible execution.

20. Have you or your Firm been censured, sanctioned or disciplined by a Regulatory, State or Federal Agency for improper or fraudulent activities, related to the sale of securities within the last five years? (CIRCLE ONE) Yes No X

21. If yes, please explain:

22. Please indicate and provide evidence of the current licensing status of the City's representatives:

Agent:	Licenses or Registration:
Bill Blackwill	6, 7, 63, 65
Hilary Neiman	6, 7, 63

23. Is your Firm a member of the NASD? Does it subscribe to the "Rules of Fair Practice?"

Yes

I have completed and am returning the Broker/Dealer Questionnaire and Certification, and have read, signed and retained for our files, a copy of the City of Encinitas Statement of Investment Policy.

BROKER/DEALER

By: David B. Veyh 
Title: Vice President, Regulatory Controls
Date: 7/15/16

CITY OF ENCINITAS

CERTIFICATION OF UNDERSTANDING

By responding to this questionnaire you acknowledge that:

1. You have read and are familiar with the City's Investment Policy as well as applicable Federal and State laws.
2. You meet the requirements as outlined in the City's Investment Policy.
3. You agree to make every reasonable effort to protect the assets of the City from loss.
4. You agree to notify the City, in writing, of any potential conflicts of interest.
5. You agree to notify the City, in writing, of any changes in personnel with decision-making authority over the City's funds within 24 hours of such event.

Failure to submit a Certification of Understanding shall result in the withdrawal by the City of all funds held by the financial institution or investment manager and the immediate revocation of any rights to act as an agent of the City for the purchase of securities of investment of funds on behalf of the City.

The City Council is committed to the goals of a Community Reinvestment Act (CRA). As part of the certification process for depository institutions, it is requested that you remit evidence of your most recent CRA rating.

Signed:  Date: 7/15/16

Print Name and Title: David B. Veigh Vice President Regulatory Controls

After reading and signing this Certification of Understanding, please return with any supporting documentation to:

Tim Nash, Director of Finance/Treasurer
City of Encinitas
505 S. Vulcan Ave.
Encinitas, CA 92024
tnash@encinitasca.gov

City of Encinitas use only:

Approved:

Disapproved:

Date:

Signature:

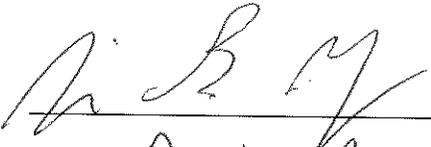
Date Notification sent:

Sent by:

Statement of Investment Policy for the City of ENCINITAS

Effective: October 23, 2013

I have received and read the City of Encinitas investment policy dated October 23, 2013.

Signed:  Date: 7/15/16

Print Name and Title: David B. Vegh Vice President, Regulatory Controls

After reading and signing this receipt of Investment Policy, please return to:

Tim Nash, Director of Finance/Treasurer
City of Encinitas
505 S. Vulcan Ave.
Encinitas, CA 92024
tnash@encinitasca.gov



CITY OF ENCINITAS, CALIFORNIA
FINANCE DEPARTMENT
BROKER/DEALER QUESTIONNAIRE AND CERTIFICATION

1. Name of Firm: ***Vining Sparks IBG, L.P.***
2. Local Address: ***2107 Elliot Avenue, Suite 205
Seattle, WA 98121*** National Headquarters: ***775 Ridge Lake Blvd., Suite 200
Memphis, TN 38120***
3. Telephone No. ***(206) 443-7260*** ***(901) 766-3000***
(800) 357-0260 ***(800) 829-0321***
4. Primary Representative Manager/Partner-in-Charge
- | | | |
|--------------------------------------|------------------------------|--|
| Name: | <i>Josh Gorham</i> | <i>Mark Stahl</i> |
| Title: | <i>Vice President</i> | <i>SVP & Branch Manager</i> |
| Telephone: | <i>(206) 443-7260</i> | <i>(206) 443-7258</i> |
| No. of Years in Institutional Sales: | <i>4+ years</i> | <i>24 years</i> |
| No. of Years with Firm: | <i>3 years</i> | <i>24 years</i> |
5. Are you a Primary Dealer in U.S Government Securities? ***No***
6. Are you a Regional Dealer in U.S. Government Securities? ***Yes***
7. Are you a Broker instead of a Dealer, i.e. You DO NOT own positions of Securities?
We are a broker/dealer.
8. Are you a Registered Municipal Advisor? ***No.***

Vining Sparks is a FINRA registered broker-dealer and currently does not intend to register as a municipal advisor, although the firm would like to continue to conduct arms-length commercial transactions with governmental clients or through the client's Independent Registered Municipal Advisors (IRMA). Vining Sparks obtains a Bond Proceeds Certification in order to comply with the SEC Municipal Advisor and MSRB Rules when conducting securities transactions directly with governmental clients, primarily affirming that none of the funds invested through the clients' account(s) with Vining Sparks constitute "proceeds of municipal securities" and "municipal escrow investments" as defined within the Municipal

Advisor Rule. If the governmental client posts publically on their website notice of the retention of an IRMA for purposes of the Municipal Advisor Rule, Vining Sparks relies on the notice for purposes of compliance with the rule.

9. What is the net capitalization of your Firm? **\$ 62,993,906 as of 12/31/2015**
10. What is the date of your Firm's fiscal year-end? **12/31**
11. If you are a depository institution, please provide the following and most current certified and audited information: **N/A**

A. Tangible, Core, and Risk-Based Capital Ratios

B. CRA Rating

12. Is your Firm owned by a Holding Company? If so, what is its name and net capitalization?

Vining Sparks is not owned by a holding company. Vining Sparks is independently owned.

13. Please provide your Wiring and Delivery Instructions.

Please see attached wiring and delivery instructions.

14. Which of the following instruments are offered regularly by your local desk?

T-Bills Treasury Notes/Bonds Discount Notes NCD'S
 Agencies (specify) FHLB, FNMA, FHLMC, FFCB, GNMA, TVA,
SLMA, BAs (Domestic), []BAs (Foreign) Commercial Paper Mid-Term
Notes [*] Repurchase Agreements [] Reverse Repurchase Agreements CMO's Asset
Backed Investments Mutual Funds [] Other Investments as Authorized by Section
53600 of the Government Code

****While Vining Sparks does not directly offer the service of repurchase agreement transactions with our customers, we have made arrangements with a third party to handle repos for our customers who need them. This arrangement requires each referred customer to enter into a formal agreement between itself and the repo counterparty.***

15. Which of the above does your Firm specialize in Marketing?

Government and Agency securities are the areas we are best known for from a total-market volume standpoint, resulting in rankings as a major market participant by Bloomberg and other information services. The next largest areas of specialty are mortgage-backed securities and municipals. We have leading secondary and underwriting trading desks in CDs, corporate bonds, taxable municipal bonds, treasuries, and agency securities. Moreover, we actively hold inventory in all securities that we actively trade."

16. Please identify your most directly comparable City Local Agency clients in our geographical area.

Entity	Contact Person	Telephone No.	Client Since
City of South Gate, CA	Nellie Ruiz	323-563-9523	3 years
City of Folsom, CA	John Donoghue	916-355-7334	1 year
Costa Mesa Water Dist., CA	Andrew Hamilton	949-574-1022	1 year
City of Rancho Palos Verdes, CA	Deborah Cullen	310-377-0360	4 months
City of Elk Grove, CA	Brad Koehn	916-627-3221	2 months

17. What reports, transactions, confirmations and documents would we receive? Will they be in electronic form?

A confirmation of every transaction is provided to the customer's designated contact person. Duplicate confirmations may be sent to any other persons as requested by the customer. On a monthly basis, a statement summarizing the prior month's activity is provided to each customer whose account was active. In addition, we provide various customized reports on an as-requested basis.

Trade confirmations are transmitted via U.S. mail. Customers whose account information includes a DTC ID, receive (or their correspondent receives) electronic DTC ID confirmation. Customers can also access their trade confirmations via our website, www.ViningSparks.com.

18. Please include sample of research reports or market information that your firm regularly provides to local agency clients. Please include sample Daily Offering sheets with your proposal.

Vining Sparks offers a range of investment tools and information to assist with portfolio management. Please see the attached research samples entitled "The Market Today," "Weekly Recap," "Strategic Insight," and "Bond Marketplace Matrix." Additional reports are available online or for receipt at the City's request. See attached Daily Offering Sheet.

19. What precautions are taken by your Firm to protect the interest of the public when dealing with government agencies as investors?

Vining Sparks typically requires that a copy of the public entity's investment policy be on file prior to the execution of the first trade. A FINRA-licensed principal in our Compliance department monitors this requirement via a daily review of all activity by public sector clients. The Compliance principal also reviews general activity in the accounts for overall adherence to the stated investment policy parameters; however, each individual account representative is ultimately responsible for conducting business in accordance with the public entity's prescribed policy objectives.

20. Have you or your Firm been censured, sanctioned or disciplined by a Regulatory, State or Federal Agency for improper or fraudulent activities, related to the sale of securities within the last five years? (CIRCLE ONE) Yes No

"Vining Sparks Regulatory History," which provides a summary of our regulatory history, is attached.

21. If yes, please explain:

22. Please indicate and provide evidence of the current licensing status of the City's representatives:

Agent:

Licenses or Registration:

Josh Gorham, Vice President

Series 7 and Series 63

Mark Stahl, SVP and Branch Manager

Series 7, 24, 79 and 63

See attached Broker Check Reports.

23. Is your Firm a member of the NASD? Does it subscribe to the "Rules of Fair Practice?"

As a FINRA (which was formerly the NASD) member, we do subscribe to the "Rules of Fair Practice."

I have completed and am returning the Broker/Dealer Questionnaire and Certification, and have read, signed and retained for our files, a copy of the City of Encinitas Statement of Investment Policy.

BROKER/DEALER: *VINING SPARKS IBG, L.P.*


By: *Josh Gorham*

Title: *Vice President*

Date: *July 19, 2016*

CITY OF ENCINITAS

CERTIFICATION OF UNDERSTANDING

By responding to this questionnaire you acknowledge that:

1. You have read and are familiar with the City's Investment Policy as well as applicable Federal and State laws.
2. You meet the requirements as outlined in the City's Investment Policy.
3. You agree to make every reasonable effort to protect the assets of the City from loss.
4. You agree to notify the City, in writing, of any potential conflicts of interest.
5. You agree to notify the City, in writing, of any changes in personnel with decision-making authority over the City's funds within 24 hours of such event.

Failure to submit a Certification of Understanding shall result in the withdrawal by the City of all funds held by the financial institution or investment manager and the immediate revocation of any rights to act as an agent of the City for the purchase of securities of investment of funds on behalf of the City.

The City Council is committed to the goals of a Community Reinvestment Act (CRA). As part of the certification process for depository institutions, it is requested that you remit evidence of your most recent CRA rating.

Signed:



Date:

7/19/16

Print Name and Title: Josh Gorham, Vice President

After reading and signing this Certification of Understanding, please return with any supporting documentation to:

Tim Nash, Director of Finance/Treasurer
 City of Encinitas
 505 S. Vulcan Ave.
 Encinitas, CA 92024
tnash@encinitasca.gov

City of Encinitas use only:

Approved:

Disapproved:

Date:

Signature:

Date Notification sent:

Sent by:

Statement of Investment Policy for the City of ENCINITAS

Effective: October 23, 2013

I have received and read the City of Encinitas investment policy dated October 23, 2013.

Signed:  Date: 7/19/16

Print Name and Title: **Josh Gorham, Vice President**

After reading and signing this receipt of Investment Policy, please return to:

Tim Nash, Director of Finance/Treasurer
City of Encinitas
505 S. Vulcan Ave.
Encinitas, CA 92024
tnash@encinitasca.gov



CITY OF ENCINITAS, CALIFORNIA
FINANCE DEPARTMENT
BROKER/DEALER QUESTIONNAIRE AND CERTIFICATION

1. Name of Firm

Wells Fargo Securities, LLC

2. Address

Local

400 Capitol Mall, Suite 703
Sacramento, CA 95814-5208

National Headquarters

550 South Tryon Street, 6th Floor
Charlotte, NC 28202

3. Telephone No. 916-440-4903

4.

Primary Representative

Back-up Representative

Name John Williams
Title Institutional Brokerage
Sales Representative
Telephone 916-440-4903

Tony Garcia
Institutional Brokerage
Sales Representative
916-440-4997

Manager/Partner-in-Charge

Name Joseph Celentano
Title Institutional Regional
Sales Manager
Telephone 415-644-9430

John Williams

No. of Years in Institutional Sales 15 years

No. of Years with Firm 15 years

Tony Garcia

No. of Years in Institutional Sales 30+ years

No. of Years with Firm 21 years

5. Are you a Primary Dealer in U.S Government Securities? YES

6. Are you a Regional Dealer in U.S. Government Securities? NO

7. Are you a Broker instead of a Dealer, i.e. You DO NOT own positions of Securities?

NO

8. Are you a Registered Municipal Advisor? NO

9. What is the net capitalization of your Firm? \$ _____

WFS is subject to the Uniform Net Capital Rule 15c3-1 (the Rule) under the Securities Exchange Act of 1934. WFS has elected to compute net capital under the alternative provisions of the Rule, which require WFS to maintain net capital equal to the greater of \$1,000,000 or 2% of aggregate debit items arising from customer transactions. At May 31, 2016, WFS had net capital of \$3,597,427,479 which was 56% of aggregate debit items and which exceeded the minimum net capital requirement of \$831,849,148 by \$2,765,578,331.

10. What is the date of your Firm's fiscal year-end? 12/31

11. If you are a depository institution, please provide the following and most current certified and audited information:

Not Applicable

A. Tangible, Core, and Risk-Based Capital Ratios

B. CRA Rating

12. Is your Firm owned by a Holding Company? If so, what is its name and net capitalization?

Wells Fargo Securities, LLC is a wholly owned indirect subsidiary of Wells Fargo & Company (WFC). The 12/31/2015 Annual Report for WFC is available at this link:

<https://www08.wellsfargomedia.com/assets/pdf/about/investor-relations/annual-reports/2015-annual-report.pdf>

13. Please provide your Wiring and Delivery Instructions.

Please see attached Wiring and Delivery Instructions

14. Which of the following instruments are offered regularly by your local desk?

- | | | |
|--|---|---|
| <input checked="" type="checkbox"/> T-Bills | <input checked="" type="checkbox"/> Treasury Notes/Bonds | <input checked="" type="checkbox"/> Discount Notes |
| <input checked="" type="checkbox"/> NCD'S | <input checked="" type="checkbox"/> Agencies (specify)
*FHLB, *FNMA, *FHLMC,
*FFCB, *TVA, | <input type="checkbox"/> BAs (Domestic) |
| <input type="checkbox"/> BAs (Foreign) | <input checked="" type="checkbox"/> Commercial Paper | <input checked="" type="checkbox"/> Reverse Repurchase Agreements |
| <input checked="" type="checkbox"/> Mid-Term Notes | <input checked="" type="checkbox"/> Repurchase Agreements | |
| <input checked="" type="checkbox"/> CMO's | <input checked="" type="checkbox"/> Asset Backed Investments | <input checked="" type="checkbox"/> Mutual Funds |
| <input type="checkbox"/> Other Investments as
Authorized by Section 53600 of
the Government Code | | |

15. Which of the above does your Firm specialize in Marketing?

Wells Fargo Securities specializes in marketing the instruments above marked with X.

16. Please identify your most directly comparable City Local Agency clients in our geographical area.

The following public entities are clients of Wells Fargo Securities. Per firm policy, WFS does not disclose customer identities or other information.

City of San Diego

City of Oceanside

City of Manhattan Beach

San Diego County

Ventura County

17. What reports, transactions, confirmations and documents would we receive? Will they be in electronic form?

WFS provides a written confirmation of each trade. However, in conjunction with Rule 10b-10(b) from the Securities and Exchange Commission which allows for alternative periodic reporting, WFS does not send written confirmations for money market mutual fund transactions, including purchases, redemptions, dividends and dividend reinvestments. Customers also receive a monthly statement for months in which there is trade activity. Customers may elect to receive their statements through the Commercial Electronic Office® (CEO®) online business portal, or through U.S. mail. Customers may receive additional documentation without request, depending on the type of transaction.

18. Please include sample of research reports or market information that your firm regularly provides to local agency clients. Please include sample Daily Offering sheets with your proposal.

WFS customers may request access to a variety of proprietary Wells Fargo research and economics information through www.wellsfargoresearch.com.

19. What precautions are taken by your Firm to protect the interest of the public when dealing with government agencies as investors?

WFS is familiar with the investment requirements and constraints of governmental agencies. Our mutual understanding is that your representatives who are authorized to act on your behalf with respect to your account have primary responsibility for complying with the Investment Policy's investment guidelines and state and local laws governing the investment of public funds. We will assist you in complying with those investment guidelines by recommending investments which we reasonably believe to comply with those guidelines in compliance with applicable rules and regulations.

20. Have you or your Firm been censured, sanctioned or disciplined by a Regulatory, State or Federal Agency for improper or fraudulent activities, related to the sale of securities within the last five years? (CIRCLE ONE) Yes No

Wells Fargo Securities, LLC (WFS) is a wholly owned indirect subsidiary of Wells Fargo & Company that is registered with the U.S. Securities and Exchange Commission (SEC) as a broker-dealer and is the subject of civil litigation and regulatory investigations from time to time in conjunction with its securities business. WFS is required to report certain litigation, arbitration and regulatory matters and provide information concerning its executive officers to the SEC on Form BD. A copy of Form BD for WFS can be obtained from the SEC by submitting a written request to the U.S. Securities and Exchange Commission, Office of Investor Education and Advocacy, 100 F Street N.E., Washington, D.C. 20549-0213 or requested by e-mail at PublicInfo@sec.gov. WFS is a Financial Industry Regulatory Authority ("FINRA") member and information regarding its executive officers and certain litigation, arbitration and regulatory matters involving WFS is also available through FINRA BrokerCheck at <http://www.finra.org/>.

21. If yes, please explain:

22. Please indicate and provide evidence of the current licensing status of the City's representatives:

Please see attached BrokerCheck report for John Williams and Tony Garcia.

Agent:

Licenses or Registration:

23. Is your Firm a member of the NASD? Does it subscribe to the “Rules of Fair Practice?”

Yes. Registration can be viewed online at: <http://brokercheck.finra.org/>

I have completed and am returning the Broker/Dealer Questionnaire and Certification, and have read, signed and retained for our files, a copy of the City of Encinitas Statement of Investment Policy.

BROKER/DEALER

Joseph P. Celentano

By: Joseph P. Celentano

Title: Manager & Director – US Western Region

Date: 7/22/16

CITY OF ENCINITAS

CERTIFICATION OF UNDERSTANDING

By responding to this questionnaire you acknowledge that:

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2. You meet the requirements as outlined in the City's Investment Policy.
3. You agree to make every reasonable effort to protect the assets of the City from loss.
4. You agree to notify the City, in writing, of any potential conflicts of interest.
5. You agree to notify the City, in writing, of any changes in personnel with decision-making authority over the City's funds within 24 hours of such event.

Failure to submit a Certification of Understanding shall result in the withdrawal by the City of all funds held by the financial institution or investment manager and the immediate revocation of any rights to act as an agent of the City for the purchase of securities of investment of funds on behalf of the City.

The City Council is committed to the goals of a Community Reinvestment Act (CRA). As part of the certification process for depository institutions, it is requested that you remit evidence of your most recent CRA rating.

Signed: _____ Date: _____

Print Name and Title: _____

After reading and signing this Certification of Understanding, please return with any supporting documentation to:

Tim Nash, Director of Finance/Treasurer
City of Encinitas
505 S. Vulcan Ave.
Encinitas, CA 92024
tnash@encinitasca.gov

City of Encinitas use only:

Approved:

Disapproved:

Date:

Signature:

Date Notification sent:

Sent by:

Statement of Investment Policy for the City of ENCINITAS

Effective: October 23, 2013

I have received and read the City of Encinitas investment policy dated October 23, 2013.

Signed: Joseph P. Celentano Date: 7/22/16

Print Name and Title: Joseph P. Celentano, Manager & Director –US Western Region

After reading and signing this receipt of Investment Policy, please return to:

Tim Nash, Director of Finance/Treasurer
City of Encinitas
505 S. Vulcan Ave.
Encinitas, CA 92024
tnash@encinitasca.gov



CITY OF ENCINITAS, CALIFORNIA
FINANCE DEPARTMENT
BROKER/DEALER QUESTIONNAIRE AND CERTIFICATION

1. Name of Firm

Union Bank Investment Services ("UBIS")

2. Address Local National Headquarters

445 S. Figueroa Street 11th Floor 800 North Brand Blvd
Los Angeles, CA 90071 Glendale, CA 91203

3. Telephone No. 213-236-7070

4. Primary Representative Manager/Partner-in-Charge

Name Mark Kreymer Shane Triplett

Title Vice President Managing Director

Telephone 213-236-7070 213-236-6120

No. of Years in Institutional Sales 15 28

No. of Years with Firm 15 12

5. Are you a Primary Dealer in U.S. Government Securities? No

6. Are you a Regional Dealer in U.S. Government Securities? Yes

7. Are you a Broker instead of a Dealer, i.e. You DO NOT own positions of Securities? No,
UBIS acts as both Broker and Dealer

- 8. Are you a Registered Municipal Advisor? No
- 9. What is the net capitalization of your Firm? \$133,161,092
- 10. What is the date of your Firm's fiscal year-end? 3/31
- 11. If you are a depository institution, please provide the following and most current certified and audited information: **See Attached**
 - A. Tangible, Core, and Risk-Based Capital Ratios
 - B. CRA Rating

12. Is your Firm owned by a Holding Company? If so, what is its name and net capitalization?

UnionBanc Investment Services, LLC is a wholly owned subsidiary of MUFG Union Bank a \$115B domestic bank, itself owned by Mitsubishi UFJ Financial Group.

13. Please provide your Wiring and Delivery Instructions.
See Attached

14. Which of the following instruments are offered regularly by your local desk?

- T-Bills Treasury Notes/Bonds Discount Notes NCD'S
- Agencies (specify) FHLB, FNMA, FHLMC, FFCB, GNMA, TVA, SLMA
- BAs (Domestic) BAs (Foreign) Commercial Paper Mid-Term Notes Repurchase Agreements Reverse Repurchase Agreements CMO's Asset Backed Investments Mutual Funds
- Other Investments as Authorized by Section 53600 of the Government Code

15. Which of the above does your Firm specialize in Marketing?

T-bills, Treasury Notes, Bonds, Discount Notes, NCD's, Agencies

16. Please identify your most directly comparable City Local Agency clients in our geographical area.

Entity	Contact Person	Telephone No.	Client Since
City of Carlsbad	Craig Lindholm	760-608-2473	2013
County of Riverside	Giovanne Pizano	951-955-3944	2015
Imperial County	Suzanne Bermudez	442-265-1253	2015

17. What reports, transactions, confirmations and documents would we receive? Will they be in electronic form?

At the inception of a trade the customer receives a trade ticket immediately via either email or facsimile as well as supporting documents from Bloomberg (cash flow statements, call schedules, yield analysis).

18. Please include sample of research reports or market information that your firm regularly provides to local agency clients. Please include sample Daily Offering sheets with your proposal.

See Attached

19. What precautions are taken by your Firm to protect the interest of the public when dealing with government agencies as investors?

UBIS and Mark Kreymer have a long history of serving public funds. The salesperson is well-versed in the details of the CA Gov't Investment code 53601 and the County's Investment Policy so as to offer securities within the purview of each document.

20. Have you or your Firm been censured, sanctioned or disciplined by a Regulatory, State or Federal Agency for improper or fraudulent activities, related to the sale of securities within the last five years? (CIRCLE ONE) Yes **No**

21. If yes, please explain:

N/A

22. Please indicate and provide evidence of the current licensing status of the City's

representatives:

Agent:

Mark Kreymer, CRD # 4377658

Licenses or Registration:

Series 7, 63

23. Is your Firm a member of the NASD? Does it subscribe to the "Rules of Fair Practice?"

Yes

I have completed and am returning the Broker/Dealer Questionnaire and Certification, and have read, signed and retained for our files, a copy of the City of Encinitas Statement of Investment Policy.

BROKER/DEALER

Union Bank Investment Services ("UBIS")

By: Mark Kreymer

Title: Vice President

Date: 7-20-2016

CITY OF ENCINITAS

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The City Council is committed to the goals of a Community Reinvestment Act (CRA). As part of the certification process for depository institutions, it is requested that you remit evidence of your most recent CRA rating.

Signed: _____



Date: 7-20-2016

Print Name and Title: Mark Kreymer – Vice President

After reading and signing this Certification of Understanding, please return with any supporting documentation to:

Tim Nash, Director of Finance/Treasurer
 City of Encinitas
 505 S. Vulcan Ave.
 Encinitas, CA 92024
tnash@encinitasca.gov

City of Encinitas use only:

Approved:

Disapproved:

Date:

Signature:

Date Notification sent:

Sent by:

Statement of Investment Policy for the City of ENCINITAS

Effective: October 23, 2013

I have received and read the City of Encinitas investment policy dated October 23, 2013.

Signed:  Date: 7-20-2016

Print Name and Title: Mark Kreymer – Vice President

After reading and signing this receipt of Investment Policy, please return to:

Tim Nash, Director of Finance/Treasurer
City of Encinitas
505 S. Vulcan Ave.
Encinitas, CA 92024
tnash@encinitasca.gov
