City of Santa Fe, New Mexico

memo

TO: FINANCE COMMITTEE

FROM: Helene R. Hausman, Cash Management & Investment Officer

DATE: September 15, 2014

RE: Fiscal Year End Cash & Investment Report

ITEM AND ISSUE:
Status of the City's cash and investment portfolio as of June 30, 2014.

BACKGROUND AND SUMMARY:
Since there are several changes in Councilors and members of the Finance Committee, Scott McIntyre, Senior Vice President of First Southwest Asset Management (FSAM) is attending this meeting to be introduced and to discuss our investment portfolio. FSAM has been the City's investment advisor for several years, through two rounds of purchasing RFP's. We have a well-established and productive working relationship that has provided guidance and assistance through a number of difficult changes in the financial markets. Attached is information on the firm as well brief bios of the staff.

A. Purpose of Report
This report is a summary of all City bank accounts containing all of the cash the City has in the various departments and their associated funds. Every dollar in this cash and investment report reflects a department's budget and the funds that support that department. This report cannot be used to determine if the City has any extra cash available for purposes not previously budgeted or accounted for in multi-year plans. Any determination of cash availability has to come from the Finance Director, the Budget Officer and the relevant Department Director based on a departmental budget and cash flow analysis.

The accounts the City holds in its portfolio include operating accounts, trust accounts, and restricted or special purpose accounts used to meet the City's needs, including regulatory and reporting requirements. The City's portfolio consists of cash accounts and certificates of deposit at various local banks, and securities held in two trust accounts at Wells Fargo. There are investment standards set by State Statute Chapter 6 and reiterated in our Council Approved Investment Policy that determine what we can and cannot do with our public funds.

B. Portfolio Accounts and Activity

In June the cash and investment portfolio consisted of:

CDs	7.18%
Cash Accounts	36.90%
Securities	48.65%
Restricted Accounts	7.27%
	100.00%

June's average interest yield of 0.54% was the highest average yield since the prior June's 0.56%. Changes in yields are detailed in the attached table. The account summary follows with total comparisons to prior years.

TYPE	FUND		AMOUNT OF INVESTMENT	% OF TOTAL	INT RATE/ WAY
Certificates of Deposit	7000	$	15,250,000.00	7.1812%	0.518%
WFB Adv Govt MnMkt-Custodial	7000		46,340.57	0.0218%	0.010%
WFB Business Savings	7000		67,844,728.29	31.9479%	0.220%
FNB Savings	7000		9,770,986.04	4.6011%	0.250%
NM LGIP	7000		682,557.29	0.3214%	0.112%
U.S. Agency Securities	7000		93,700,000.00	44.1231%	0.850%
U.S. Treasuries	7000		5,000,000.00	2.3545%	0.569%
GNMA Pass-Through Securities	7000		70,773.59	0.0333%	5.044%
New Mexico Municipal Bonds	7000		4,550,000.00	2.1426%	0.349%
Subtotal 7000 Fund		$	**196,915,385.78**	**92.73%**	**0.50%**

TYPE	FUND		AMOUNT OF INVESTMENT	AS % OF TOTAL	INT RATE/ WAY
Restricted Investment Accounts					
Library Endowment Fund - CD	2716	$	267,755.34	0.13%	0.40%
NM LGIP - Reserve Cont. Fund	7000		20,301.10	0.01%	0.00%
2009AB Reserve - Securities	5391		5,275,000.00	2.48%	1.00%
2009AB Reserve - Cash	5391		43,137.65	0.02%	0.01%
NMFA Loan #20 Reserve	5912		1,108,155.83	0.52%	0.22%
Restricted Cash			8,730,840.40	4.11%	0.22%
Subtotal Other Funds		$	**15,445,190.32**	**7.27%**	**0.04%**
GRAND TOTAL		$	**212,360,576.10**	**100.00%**	**0.54%**
June 2013 Comparison		$	**219,135,091.45**		**0.81%**
June 2012 Comparison		$	**214,922,102.89**		**0.88%**
June 2011 Comparison		$	**199,096,247.24**		**1.20%**
June 2010 Comparison		$	**206,874,046.57**		**1.92%**

Dedicated accounts (non-investment accounts) held $8,872,635.64, of which 93% was in the Common account and 3.8% was in the Payroll account.

DEDICATED ACCOUNT SUMMARY

Dedicated Operating Accounts		AMOUNT OF INVESTMENT	INT RATE
Common Account - WFB	$	8,278,889.12	*
Workers Compensation - WFB		55,325.16	*
General Liability - WFB		44,231.26	*
Payroll Account - WFB		336,357.12	*
Public Safety - WFB		58,973.65	
Redflex Systems Inc. - Huntington		3,926.00	0.00%
**** WFB Interest is netted against bank fees.***	$	**8,777,702.31**	
Cash in Trust - NMFA Loan Accounts			
NMFA #8 Railyard Cash in Trust	$	0.01	0.01%
NMFA #8 Railyard Cash in Trust Reserve		52,954.61	0.57%
NMFA #15B Railyard Cash in Trust		0.05	0.01%
NMFA #18 Land Acquisition Cash in Trust		0.16	0.01%
NMFA #DW2 Water Cash in Trust		5.66	0.01%
NMFA #22 Water Cash in Trust		0.00	0.01%
NMFA #DW3 Water Cash in Trust		0.00	0.01%
NMFA #20 College of Santa Fe - Cash in Trust		1.09	0.01%
	$	**$52,961.58**	
Cash in Trust - Other Loans			
HUD Section 108	$	41,971.75	0.01%
	$	**41,971.75**	
TOTAL DEDICATED ACCOUNTS	$	**8,872,635.64**	

The following is June's investment activity.

INVESTMENT ACTIVITY

		ACTIVITY
Agency Purchases:		
US Treasury 06/15/16	$	2,500,000.00
US Treasury 12/31/16		2,500,000.00
FHLB 05/26/17		3,200,000.00
	$	**8,200,000.00**
Agency Maturities, Calls, Sales		
FHLB 06/13/14		(3,000,000.00)
GNMAs		(3,277.14)
	$	**(3,003,277.14)**
Certificate of Deposit Renewals		
Library Endowment CD 4/3/15		267,843.37
Interest Earned		
Net Interest posted to GL - June	$	70,607.06
Amort. of premium/discount		(16,987.07)
Net Interest Earned = Actual Yield	$	**53,619.99**

C. Examination of Portfolio by Maturity and by Call

The Portfolio by Maturity table below shows the weighted average maturity (WAM) at 471 days, slightly over 1.25 years. Now that the large cash debt service payment has been made, securities constituted the larger percentage of the portfolio at the end of June – 51% - with cash and short term securities constituting 49%, insuring continuing and sufficient liquidity.

The WAM looks at securities by stated maturity and provides the most conservative view of the portfolio. However, it considerably overstates the actual average maturity since 51% of the securities we held at June 30th were callable.

PORTFOLIO BY MATURITY

Short-Term	Apr	%/Total	May	%/Total	June	%/Total
Immediately - 24 Hrs. Notice	$ 111,240,836	47.57%	$ 91,763,806	43.36%	$ 87,544,189	41.22%
NM Local Gov't Invest. Pool	682,557	0.29%	682,557	0.32%	682,557	0.32%
Less than Six Months	26,050,000	11.14%	18,550,000	8.77%	16,050,000	7.56%
Subtotal Short Term	$ 137,973,393	59.00%	$ 110,996,363	52.45%	$ 104,276,746	49.10%
Long Term	**Apr**	**%/Total**	**May**	**%/Total**	**June**	**%/Total**
One Year	$ 3,788,954	1.62%	$ 1,288,825	0.61%	$ 2,538,691	1.20%
Two Years	31,150,000	13.32%	35,150,000	16.61%	35,650,000	16.79%
Three Years	29,088,075	12.44%	35,336,509	16.70%	43,034,522	20.26%
Three to Five Years	31,862,748	13.62%	28,861,685	13.64%	26,860,617	12.65%
Subtotal Long Term	$ 95,889,777	41.00%	$ 100,637,019	47.55%	$ 108,083,830	50.90%
TOTAL	**$ 233,863,170**	**100.00%**	**$ 211,633,382**	**100.00%**	**$ 212,360,576**	**100.00%**
Weighted Average Maturity - Days		**386**		**445**		**471**

The Portfolio by Maturity and Average Yield table below shows the changes in the weighted average yield within each maturity term compared to the prior two months. Our own yield curve for the portfolio can be seen in the attached chart Yield Curve – 3 Months. The two-year term has become a pivot point in determining securities to purchase for the portfolio. For quite some time securities of less than two years have offered a yield less than we can earn in the WFB savings account. As securities of six months or less have been called or matured we have replaced them with longer term securities. In addition, the $27 million debt service payment was made at the very end of May. These structural changes within the portfolio can be seen below.

PORTFOLIO BY MATURITY AND AVERAGE YIELD

Short-Term	April	Ave. Yield	May	Ave. Yield	June	Ave. Yield
Immediately - 24 Hrs. Notice	$ 111,240,836	0.21%	$ 91,763,806	0.21%	$ 87,544,189	0.22%
NM LGIP	682,557	0.10%	682,557	0.11%	682,557	0.11%
Less than Six Months	26,050,000	0.86%	18,550,000	0.46%	16,050,000	0.46%
Subtotal Short Term	$ 137,973,393	0.33%	$ 110,996,363	0.25%	$ 104,276,746	0.26%

Long Term		April	Ave. Yield		May	Ave. Yield		June	Ave. Yield
One Year	$	3,788,954	0.49%	$	1,288,825	0.56%	$	2,538,691	0.45%
Two Years		31,150,000	0.43%		35,150,000	0.44%		35,650,000	0.44%
Three Years		29,088,075	0.75%		35,336,509	0.80%		43,034,522	0.83%
Five Years		31,862,748	1.16%		28,861,685	1.20%		26,860,617	1.31%
Subtotal Long Term	$	95,889,777	0.77%	$	100,637,019	0.79%	$	108,083,830	0.81%
TOTAL	**$**	**233,863,170**	**0.51%**	**$**	**211,633,382**	**0.51%**	**$**	**212,360,576**	**0.54%**
Weighted Average Maturity - Days			**386**			**445**			**471**

The Portfolio by First Call and Average Yield table below looks at the portfolio as if all callable bonds were liquidated on the first call date after 6/30/14. This shifts the term structure significantly from $104 million (49% of the portfolio) liquidating in 6 months or less based on maturity date, to $176 million (83% of the portfolio) based on call date. The average yield based on call dates is still 0.54%. This table shows the average portfolio term as 226 days – 60% of a year. The difference is readily visible when the table below is compared with the table above.

Not all callable bonds are redeemed on their first call date – it depends on the financial markets. At June 30th we held sixteen callable bonds, some with first call dates back to September 2013. Generally this means market yields were higher than the yields of these bonds. Since we cannot know in advance which bonds will be called at what time, it is important to look at the portfolio from both perspectives and plan cash flow from the most conservative, i.e. the maturity date perspective. Cash from calls is then simply an earlier opportunity to reposition investments.

PORTFOLIO BY FIRST CALL AND AVERAGE YIELD

Short-Term		April	WAY		May	WAY		June	WAY
Immediately - 24 Hrs. Notice	$	111,240,836	0.21%	$	91,763,506	0.21%	$	87,544,189	0.22%
NM LGIP		682,557	0.10%		682,557	0.11%		682,557	0.11%
Less than Six Months		91,595,301	0.86%		87,345,301	0.78%		88,545,301	0.77%
Subtotal Short Term	$	203,518,694	0.50%	$	179,791,364	0.49%	$	176,772,047	0.50%
Long Term		April	WAY		May	WAY		June	WAY
One Year	$	10,268,653	0.70%	$	7,768,524	0.57%	$	6,518,390	0.96%
Two Years		11,750,000	0.44%		15,750,000	0.45%		18,250,000	0.46%
Three Years		5,038,076	0.76%		8,036,509	1.06%		10,534,522	1.02%
Five Years		3,287,748	1.31.%		286,685	2.04.%		285,617	2.03.%
Subtotal Long Term	$	30,344,477	0.67%	$	31,841,718	0.65%	$	35,588,529	0.73%
TOTAL	**$**	**233,863,171**	**0.52%**	**$**	**211,633,082**	**0.51%**	**$**	**212,360,576**	**0.54%**
WAC - Days			**157**			**186**			**226**

Ave. Portfolio Yield by Fiscal Year chart (attached) shows the drop in portfolio yield over time and the leveling out that occurred this past fiscal year. Given the sporadic increases in yields in the market that have started occurring over the past year, even though they have not held, it is hoped that we have finally bottomed out. This next fiscal year will be very interesting to watch.

Ave. Portfolio Yield by Term chart (attached) compares this month over three years grouped by maturity and shows the related yield curve.

D. Securities by Type

The distribution among the Federal agencies has shifted due to calls and reinvestments. Two U.S. Treasuries were added in June for the first time since June 2010 as two-year yields finally reached 0.50%.

SECURITIES BY TYPE

	Apr	%	May	%	June	%
FFCB	$ 21,700,000	22.57%	$ 15,700,000	15.64%	$ 18,700,000	17.22%
FHLB	22,050,000	22.93%	25,300,000	25.20%	28,000,000	25.78%
FHLMC	20,600,000	21.42%	27,600,000	27.49%	25,100,000	23.11%
FNMA	27,175,000	28.26%	27,175,000	27.07%	27,175,000	25.02%
US Treas.	0	0.00%	0	0.00%	5,000,000	4.60%
GNMA	76,903	0.08%	74,051	0.07%	70,774	0.07%
MUNI'S	4,550,000	4.73%	4,550,000	4.53%	4,550,000	4.19%
	$ **96,151,903**	100.00%	$ **100,399,051**	100.00%	$ **108,595,774**	100.00%

No municipal securities have been purchased since May 2013 due in part to a lack of supply and in part due to lower yields. Holders of Muni's have generally not been trading them so there has not been a very active secondary market.

E. Interest Activity

As can be seen by the Changes in Interest Rates table attached, several items of note occurred during the past year and the first two months of the new fiscal year.

1. Certificates of deposit declined both in volume from $25.5 million to $15.25 million, and in yield from 0.92% to 0.52%. Two three-year CDs at Los Alamos National Bank matured that had been paying 1.50% and the funds were repositioned to agencies.
2. Municipals declined in yield as bonds matured – from 0.90% to 0.55%.
3. The December portfolio yield of 0.49% reflected the run up in cash being accumulated to pay the June 1st debt service of $27 million.
4. The June portfolio yield of 0.54% reflected the payout of cash and the purchase of certain securities with a higher yield.
5. July 2014's 0.49% yield was primarily due to $7 million in securities that did not settle until August, so they were held as cash in the Trust account which pays 0.01% - an incentive to turn over calls and maturities quickly!
6. August 2014's average yield of 0.52% reflected the settling of the securities and other calls and reinvestments.

Much of the structural fluctuation is normal to the management of our portfolio and it is predictable from year to year, so it is not primarily driven by financial market changes. On the other side, as securities are called and reinvested, market changes affect the security structures offered and the yields available across the term structure.

The attached FY 13-14 Interest Earnings vs. Budget chart compares monthly interest collected to an average monthly budget. The FY 13-14 budget assumed a 0.36% yield on a projected average portfolio balance of $191,744,953, for an interest budget of $734,288 (of which $34,288 was for the two securities held in the 2009 A&B Water Bond Reserve Account). The

table below shows cash vs. budget on an adjusted cash basis (adjusted for premium/discount, not including accrued interest).

The annual interest budget was met in February. Total interest earned was higher than budget because the total portfolio balance and yields were higher than projected.

MONTHLY INTEREST EARNINGS - Cash Basis

	Ave. Budget	Collected	Over(Under)	% Budget
July	61,191	**50,394**	(10,796)	82.36%
Aug	61,191	**135,239**	74,049	221.01%
Sep	61,191	**134,431**	73,240	219.69%
Oct	61,191	**55,800**	(5,391)	91.19%
Nov	61,191	**88,600**	27,409	144.79%
Dec	61,191	**123,616**	62,425	202.02%
Jan	61,191	**56,478**	(4,713)	92.30%
Feb	61,191	**148,669**	87,478	242.96%
Mar	61,191	**120,280**	59,090	196.57%
Apr	61,191	**69,875**	8,684	114.19%
May	61,191	**98,579**	37,389	161.10%
Jun	61,191	**53,620**	(7,571)	87.63%
Cumulative	**734,288**	**1,135,581**	**401,293**	**154.65%**

The attached chart Major Cash Accounts - Yields compares interest rates on the cash accounts. The WFB Savings account holds the majority of cash.

The attached Benchmark Comparison chart shows average interest yield for the portfolio relative to one and two-year Treasuries. The two-year Treasury yield has been increasing. The portfolio yield for all twelve months on this Benchmark Comparison chart combined with the longer term yield Average Portfolio Yield by Fiscal Year chart lead to the possibility that we have bottomed out and may see the beginnings of improvement during FY 14-15.

OBSERVATIONS AND CURRENT COMMENTS:

A. NM Local Government Investment Pool

A conversation with the LGIP on 6/16/14 indicated there may be a distribution from the remaining Reserve Fund assets the second or third quarter of the calendar year. The City's NMLGIP Reserve Contingency account has held $20,301.10 since 6/28/12. If there is a distribution, it will go from this Contingency account into our regular NMLGIP account ; if not, the Contingency account may be liquidated and declared a loss by the State during FY 14-15, and would be reflected in our GL accordingly.

B. Treasury and Agency Yields

The Federal Reserve continues to reduce its bond purchases under its quantitative easing program and anticipates terminating it in October. Market reaction continues to be minimal as investor focus has moved on to other concerns. The Fed still has not made any declarative statement regarding when they might raise interest rates since signals regarding the health of the economy are still highly mixed.

Of more direct importance to us is the fact that the US Treasury yields reached their highest level in June since May 2011 (three years). As it continues to slide backward and

forward it has been creeping slowly upwards and dragging agency yields along. Purchases in the last three months have been at yields higher than a year ago. For example, we purchased a 2.5-year $2 million FHLMC on 3/05/13 at a 0.42% coupon, and a 2.5 year $2 million FHLMC on 7/02/14 at a 0.88% coupon. So, financial market signs for bonds, as they have been for stocks, have been improving overall.

C. Investment Activities

1. The sudden shifts in the financial markets that resulted from Chairman Bernanke's May 22, 2013 speech are slowly working their way out (see attached Portfolio History).

   a. Our reported unrealized gain for June 2013 of $786,359.81 has slowly dropped to $100,193.08 for June 2014. June 2013 was our first unrealized loss since August 2007, and because the reason for it was based purely on one individual's speculation rather than on anything tangible that actually happened to upset the markets, it is not clear how to identify what exactly the financial markets have done to reverse the effects. All we can say is that they have and that hopefully during FY 14-15 we will return to showing unrealized gains. There has been no clear action we could have taken to address this so we have held the course in how we manage the portfolio in the best interest of the City and let this other issue resolve itself.

   b. The trend towards market value loss on longer term securities is changing as shown in the report Sort by Market Value Gain/(Loss) attached. A year ago and for most of the past year, the farther out the maturity date, the greater the potential market value loss. Column K of this report shows that as of this June, potential gains and losses are smaller and less dependent on how far out the maturity date is. This report shows we have a very healthy distribution in the portfolio and are not at risk for actual losses.

2. We have increasingly moved into purchasing non-callable (bullet) securities and as of 6/30/14 these made up 48% of the securities holdings. We expect this shift in our purchases to continue as more bullet issues are being offered and the yield spread between callables and bullets has decreased.

D. Other Federal, State and Local Issues

1. The Senate Banking Committee continues to discuss and not decide about unwinding Fannie Mae (FNMA) and Freddie Mac (FHLMC) from the Federal government umbrella. The final structure will affect our ability to continue to invest in these securities.

E. Bank Information

1. LANB is continuing their efforts to address their bank rating problems. Both CDs matured in May and June and the funds have been reinvested in securities until such time as the bank rating improves to at least satisfactory: *** on bankrate.com and a ***+ on Bauer Financial.

2. The $250,000 CD at Century Bank has be reduced to $200,000 in July due to the existence of the Employee Benefits account at Century. When combined with the City's CD, the accounts tied to the City's tax ID were over the $250,000 FDIC limit. Since it is not Century's policy to provide collateral for public funds over the FDIC limit, we reduced the CD. While the Employee Benefits account does not constitute public funds, they have historically been afforded the privilege of using the City's tax identification number so none of the members have to claim it on their individual tax returns.

F. Overall Status

1. The attached updated Investment Strategy will provide guidance in the coming months or until the financial markets significantly change. Updating is done on an as-needed basis to stay current with actions being taken to appropriately balance our portfolio. It is reviewed carefully with our investment advisors during each update and is used in conjunction with the investment policy to provide continuity to the investment function.

2. Our portfolio continues to be well-balanced between investment types, well-laddered for regular cash availability, and with sufficient liquidity to serve the City's needs.

Attachments:
First Southwest Asset Management Information and Bios
Bank vs. GL Reconciliation
SYMPRO Portfolio Management Report
Changes in Interest Rates
Chart: Yield Curve – 3 Month
Chart: Ave. Portfolio Yield by Term
Chart: Ave. Portfolio Yield by Fiscal Year
Chart: Distribution by Investment Type
Chart: Investments Within the Aging Period
Chart: Major Cash Accounts
Chart: Benchmark Comparison
Chart: FY 13-14 Interest Earnings vs. Budget
Table: Bank Ratings
Portfolio History
Portfolio Sort By Market Value Gain/(Loss)
Investment Strategy

Investment Management

For over 20 years, FirstSouthwest Asset Management has specialized in providing focused and appropriate investment advice to local government clients. Our professionals offer personalized expertise, insight and experience to supplement clients' investment staff. FirstSouthwest Asset Management is a SEC-registered investment advisor and currently provides investment advice on more than $10 billion in public sector client assets.

Focused Approach

Our customized focused approach to the management of public funds offers our municipal clients a number of tangible benefits, including:

- Safety of principal while providing adequate liquidity
- Proactive advice from our SEC-registered investment advisors
- Cost-effective and competitive access to the capital markets through dozens of independent brokers
- Investment opportunities that help protect earnings
- Customized investment strategies to help clients realize their goals
- Regular updates on changing market conditions and their potential effect on client portfolios

Comprehensive Services

We provide a full range of personalized investment management and advisory services.

- **Portfolio Management.** We assist with investment management by reviewing estimated cash flow needs, developing investment policies, formulating strategies, analyzing investment alternatives, selecting securities, overseeing security settlement and preparing reports.
- **Investment Policy and Portfolio Compliance Review.** We perform in-depth checks of the entire investment process, assess risks, and review transactions, strategies and procedures. We then offer useful suggestions on how to improve earnings and reduce exposures.
- **Advisor Services.** Our professionals perform regular oversight of client portfolios. We understand the unique objectives and constraints of the public sector and offer investment support for existing staff at larger local governments.

Scott McIntyre, CFA
Senior Vice President and
Sr. Portfolio Manager

300 West Sixth Street, Suite 1940
Austin, Texas 78701

Telephone: 512.481.2009
scott.mcintyre@firstsw.com

Areas of Focus

Specializes in investment consulting and portfolio management for local governments

Profile

- Joined FirstSouthwest in **1998** as Senior Portfolio Manager
- Is the primary manager of FirstSouthwest Asset Management's Investment Management Division and oversees the daily operations of the group
- Develops economic and interest rate outlook
- Determines appropriate investment policies and strategies for fixed income clients.
- Reviews client revenue and expense cash flows
- Analyzes investment alternatives and calculates relative value of individual securities
- Presents various investment options to clients
- Purchases investment securities on a competitive basis
- Reviews monthly and quarterly reports
- Evaluates policy compliance and account performance

  Past experience includes market and securities analysis, management of the mortgage-backed securities portfolio and active trading of short Treasury positions

Education

- Bachelor of Science in Management, Texas State University

Current Affiliations

- CFA Institute
- Government Finance Officers Association (GFOA)
- Government Treasurers Organization of Texas

Licenses and Designations

- Chartered Financial Analyst (CFA) designation from the CFA Institute
- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
  - General Securities Principal, Series 24
  - General Securities Representative, Series 7
  - Uniform Securities Agent, Series 63
  - Uniform Investment Adviser, Series 65

Greg Warner, CTP
Senior Vice President and
Sr. Portfolio Manager

300 West Sixth Street, Suite 1940
Austin, Texas 78701

Telephone: 512.481.2012
greg.warner@firstsw.com

Areas of Focus

Specializes in investment management services

Profile

- Joined FirstSouthwest in **1998**
- Responsibilities include client communications, analyzing portfolios, evaluating securities, coordinating the reinvestment of upcoming security maturities, executing trades, reviewing investment policies and investment strategies, monitoring broker-dealer relationships and valuing investment portfolios
- Works closely with clients to create and implement appropriate investment strategies
- Oversees client account documentation and supervises the investment reporting function
- Frequent presenter on investment topics at industry conferences
- Began his career in the banking industry, working in the accounting and investment management divisions of banks in Chicago, Illinois and Austin, Texas
- Work experience includes portfolio management, asset/liability management, investment accounting, mortgage banking, and extensive analysis and reporting on fixed income investment portfolios

Education

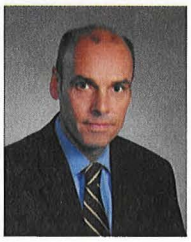
- Bachelor of Business Administration, The University of Texas at Austin

Current Affiliations

- Certified Treasury Professional (CTP) designation from the Associated for Financial Professionals
- Government Finance Officers Association (GFOA)
- Government Treasurer's Organization of Texas

Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
    - General Securities Representative, Series 7
    - Uniform Securities Agent, Series 63
    - Uniform Investment Adviser, Series 65



Dan Grant
Portfolio Manager

300 West Sixth Street, Suite 1940
Austin, Texas 78701

Telephone: 512.481.2016
dan.grant@firstsw.com

Area of Focus

Specializes in investment management services

Profile

- Joined FirstSouthwest in May 2011
- Responsibilities include trade execution, trade documentation, coordinating the reinvestment of upcoming security maturities, analysis of investment securities and fund data, monitoring call status, collateral review, economic research, and other special projects.
- Prior experience includes 18 years at Fidelity Investments with the most recent role being Corporate Bond Trader for both institutional and retail customers. Other securities traded include equity and index options, equities and mutual funds.

Education

- Bachelors of Science – Finance, Bently University 1989

Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
  - General Securities Representative, Series 7
  - Uniform Securities Agent, Series 63
  - Uniform Combined Securities Agent and Investment Advisor Representative, Series 66
  - Registered Options Principal, Series 4
  - Equity Trader Limited Representative, Series 55

Jodi K. Jones
Reporting Coordinator

300 West Sixth Street, Suite 1940
Austin, Texas, 78701

Telephone: 512.481.2076
jodi.jones@firstsw.com

Area of Focus

Specializes in reporting for investment management

Profile

- Joined FirstSouthwest in February 2007

- Manages and maintains client accounts through SS&C Technologies' CAMRA investment accounting and portfolio system
- Responsibilities include generating monthly and quarterly reports for all investment management clients and assisting in trade operations and security documentation
- Participates in the creation of custom client reports, investment-related consulting projects and other special assignments
- Two years of experience as a Post Foreclosure Sales Specialist at Baxter & Schwartz, a real estate law firm in Houston
- Past employment includes practical experience in bookkeeping, accounting, reporting, and project research

Education

- Bachelor of Business Administration in Accounting and Finance, The University of Houston

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Andrea L. Cash
Trading Assistant

300 West Sixth Street, Suite 1940
Austin, Texas, 78701

Telephone: 512.481.2019
andrea.cash@firstsw.com

Area of Focus

Specializes in investment management services

Profile

- Joined FirstSouthwest in May 2013
- Responsibilities include trade execution, trade documentation, coordinating the reinvestment of upcoming security maturities, monitoring call status, generating monthly and quarterly reports for investment management clients, and other special projects.
- Prior experience includes over 20 years in administrative, development and marketing management positions.

Education

- Bachelor of Arts, University of Washington

Licenses Held

- Registered Representative of the Financial Industry Regulatory Authority (FINRA)
  - General Securities Representative, Series 7

City of Santa Fe
Investment Portfolio Summary
June 30, 2014

			Balance per Bank	Balance per GL	Difference
MARKETABLE SECURITIES (Face Value)	**Line #**				
#7000 Securities - WFB Custodial Account	101725		$ 103,320,773.59	$ 103,320,773.59	$ 0.00
#5391 Securities - 2009AB Reserve	101725		5,275,000.00	5,275,000.00	0.00
Subtotal Securities			$ 108,595,773.59	$ 108,595,773.59	$ 0.00
CASH, EQUIVALENTS & MONEY MARKETS					
#7000 Pooled - FNB Savings	101127		9,770,986.04	9,770,986.04	0.00
#7000 Pooled - WFB Adv Govt Mny Mkt	101730		46,340.57	46,340.57	0.00
#7000 Pooled - WFB Business Svgs	101740		67,844,728.29	67,844,728.29	0.00
#7000 Pooled - NM State LGIP	101750		682,557.29	682,557.29	0.00
#7000 Pooled - NM State LGIP Reserve	101751		20,301.10	20,301.10	0.00
#7000 Pooled - Certificates of Deposit	101650		15,250,000.00	15,250,000.00	0.00
#5391 2009AB Reserve Cash (Water)	101500		43,137.65	43,137.65	0.00
#2716 Library Endowment Cert. of Deposit	101500		267,755.34	267,755.34	0.00
#5912 College of Santa Fe DS Reserve - WFB	101500		1,108,155.83	1,108,155.83	0.00
#Various - Restricted Cash - WFB	100750		8,730,840.40	8,730,840.40	0.00
Subtotal Cash, Equivalents & Mny Mkt			$ 103,764,802.51	$ 103,764,802.51	$ 0.00
SUBTOTAL SECURITIES & CASH			**$ 212,360,576.10**	**$ 212,360,576.10**	**$ 0.00**
DEDICATED OPERATING ACCOUNTS					
#7000 Pooled - Common Account	100900		$ 8,278,889.12	8,278,889.12	$ 0.00
#6109 Worker's Compensation - WFB	101125		55,325.16	55,325.16	0.00
#6104 General Liability - WFB	101200		44,231.26	44,231.26	0.00
#4203 HUD Section 108 - WFB	100961/962		41,971.75	41,971.75	0.00
#7104 Payroll Account - WFB	101050		336,357.12	336,357.12	0.00
#2224 Public Safety Account - WFB	101501		58,973.65	58,973.65	0.00
#2724 Redflex Traffic - Huntington Nat'l Bank	101501		3,926.00	3,926.00	0.00
Subtotal Dedicated Op. Accounts			$ 8,819,674.06	$ 8,819,674.06	$ 0.00
CASH IN TRUST - NMFA LOAN ACCOUNTS		**Loan #**			
#5850 Railyard #8-capitalized int taxble	101500	8	$ 0.01	$ 0.01	$ 0.00
#5850 Railyard NMFA #8 -reserve tax'bl	101501	8	52,954.61	52,954.61	0.00
#5850 Railyard NMFA #15b -tax'bl	101503	15B	0.05	0.05	0.00
#4209 #18 Land Acquisition Loan	101500	18	0.16	0.16	0.00
#5300 #DW-2 Drinking Water Loan	101500	DW-2	5.66	5.66	0.00
#5912 #20 College of Santa Fe	101503	20	1.09	1.09	0.00
Subtotal - Trust Cash - Loan Accounts			$ 52,961.58	$ 52,961.58	$ 0.00
SUBTOTAL DEDICATED/CASH IN TRUST ACCOUNTS			**$ 8,872,635.64**	**$ 8,872,635.64**	**$ 0.00**
TOTAL INVESTMENT PORTFOLIO			**$ 221,233,211.74**	**$ 221,233,211.74**	**$ 0.00**

Prepared: 9/3/14

City of Santa Fe
Portfolio Management
Portfolio Summary
June 30, 2014

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM/C
Certificates of Deposit - Bank	15,250,000.00	15,250,000.00	15,250,000.00	7.18	591	149	0.518
Money Market Accounts	89,478.22	89,478.22	89,478.22	0.04	1	1	0.010
Local Government Investment Pool	702,858.39	702,858.39	702,858.39	0.33	1	1	0.108
Federal Agency Coupon Securities	95,975,000.00	95,910,192.25	96,018,337.82	45.19	1,241	407	0.841
Treasury Coupon Securities	5,000,000.00	5,016,200.00	5,013,951.29	2.36	834	815	0.569
Pass Through Securities	70,773.59	73,496.75	74,179.78	0.03	5,192	1,083	5.045
Municipal Bonds	4,550,000.00	4,598,292.50	4,593,098.30	2.16	610	133	0.349
Savings Account	87,454,710.56	87,454,710.56	87,454,710.56	41.16	1	1	0.223
Compounding CDs	267,755.34	267,755.34	267,755.34	0.13	365	276	0.400
Federal Agency Continuous Calls	3,000,000.00	2,998,140.00	2,996,947.39	1.41	1,088	615	0.511
Investments	**212,360,576.10**	**212,361,124.01**	**212,461,317.09**	**100.00%**	**654**	**226**	**0.540**

Total Earnings	June 30 Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	75,162.10	1,139,349.74	1,139,349.74
Average Daily Balance 213,106,283.87		**228,136,240.68**	
Effective Rate of Return	**0.43%**	**0.50%**	

Helene Hausman 9/5/14
Helene Hausman, Cash & Investment Officer

Reporting period 06/01/2014-06/30/2014

Run Date: 09/03/2014 - 15:56

Portfolio CITY
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PM (PRF_PM1) 7.3.0
Report Ver. 7.3.5

City of Santa Fe
Portfolio Management
Portfolio Summary
June 30, 2014

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM
Certificates of Deposit - Bank	15,250,000.00	15,250,000.00	15,250,000.00	7.18	591	149	0.518
Money Market Accounts	89,478.22	89,478.22	89,478.22	0.04	1	1	0.010
Local Government Investment Pool	702,858.39	702,858.39	702,858.39	0.33	1	1	0.108
Federal Agency Coupon Securities	95,975,000.00	95,910,192.25	96,018,337.82	45.19	1,241	948	0.850
Treasury Coupon Securities	5,000,000.00	5,016,200.00	5,013,951.29	2.36	834	815	0.569
Pass Through Securities	70,773.59	73,496.75	74,179.78	0.03	5,192	1,083	5.045
Municipal Bonds	4,550,000.00	4,598,292.50	4,593,098.30	2.16	610	133	0.349
Savings Account	87,454,710.56	87,454,710.56	87,454,710.56	41.16	1	1	0.223
Compounding CDs	267,755.34	267,755.34	267,755.34	0.13	365	276	0.400
Federal Agency Continuous Calls	3,000,000.00	2,998,140.00	2,996,947.39	1.41	1,088	615	0.511
Investments	**212,360,576.10**	**212,361,124.01**	**212,461,317.09**	**100.00%**	**654**	**471**	**0.544**

Total Earnings	June 30 Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	75,162.10	1,139,349.74	1,139,349.74
Average Daily Balance 213,106,283.87		**228,136,240.68**	
Effective Rate of Return	**0.43%**	**0.50%**	

Helene Hausman 9/5/14

Helene Hausman, Cash & Investment Officer

Reporting period 06/01/2014-06/30/2014

Run Date: 09/03/2014 - 15:55

Portfolio CITY
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PM (PRF_PM1) 7.3.0
Report Ver. 7.3.5

City of Santa Fe
Portfolio Management
Portfolio Details - Investments
June 30, 2014

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	Days to Maturity	YTM	Maturity Date
Certificates of Deposit - Bank												
SYS10721	10721	Century Bank		07/28/2013	250,000.00	250,000.00	250,000.00	0.400	365	27	0.400	07/28/2014
SYS10703	10703	Community Bank		03/26/2013	500,000.00	500,000.00	500,000.00	0.500	548	86	0.500	09/25/2014
SYS10749	10749	Community Bank		04/15/2014	2,500,000.00	2,500,000.00	2,500,000.00	0.450	213	136	0.450	11/14/2014
SYS10679	10679	First National Bank of Santa F		10/09/2012	3,000,000.00	3,000,000.00	3,000,000.00	0.500	729	99	0.500	10/08/2014
SYS10680	10680	First National Bank of Santa F		10/12/2012	3,500,000.00	3,500,000.00	3,500,000.00	0.550	729	102	0.550	10/11/2014
SYS10697	10697	First National Bank of Santa F		12/04/2012	1,000,000.00	1,000,000.00	1,000,000.00	0.600	729	155	0.600	12/03/2014
SYS10712	10712	First National Bank of Santa F		06/04/2013	2,000,000.00	2,000,000.00	2,000,000.00	0.450	729	337	0.450	06/03/2015
SYS10720	10720	First National Bank of Santa F		07/17/2013	2,000,000.00	2,000,000.00	2,000,000.00	0.500	364	15	0.500	07/16/2014
SYS10758	10758	Guadalupe CU		06/19/2014	250,000.00	250,000.00	250,000.00	0.550	365	353	0.550	06/19/2015
SYS10760	10760	State Employee CU		07/08/2013	250,000.00	250,000.00	250,000.00	1.460	1,461	1,103	1.460	07/08/2017
		Subtotal and Average	**15,300,000.00**		**15,250,000.00**	**15,250,000.00**	**15,250,000.00**		**591**	**149**	**0.518**	
Money Market Accounts												
SYS10210	10210	Wells Fargo Bank MM		07/01/2007	46,340.57	46,340.57	46,340.57	0.010	1	1	0.010	
SYS10237	10237	Wells Fargo Bank MM		06/01/2007	0.00	0.00	0.00	0.030	1	1	0.030	
SYS10416	10416	Wells Fargo Bank MM		12/15/2009	43,137.65	43,137.65	43,137.65	0.010	1	1	0.010	
SYS10461	10461	Wells Fargo Bank MM		03/31/2010	0.00	0.00	0.00	0.010	1	1	0.010	
		Subtotal and Average	**4,836,630.50**		**89,478.22**	**89,478.22**	**89,478.22**		**1**	**1**	**0.010**	
Local Government Investment Pool												
SYS10213	10213	NM Local Gvt Inv. Pool		07/01/2007	682,557.29	682,557.29	682,557.29	0.112	1	1	0.112	
SYS10381	10381	NM Local Gvt Inv. Pool		03/06/2009	20,301.10	20,301.10	20,301.10		1	1	0.000	
		Subtotal and Average	**702,858.39**		**702,858.39**	**702,858.39**	**702,858.39**		**1**	**1**	**0.108**	
Federal Agency Coupon Securities												
3133EAX29	10672	Federal Farm Credit Bank		09/21/2012	2,500,000.00	2,494,450.00	2,498,390.37	0.980	1,823	1,175	1.001	09/18/2017
3133ECJX3	10705	Federal Farm Credit Bank		03/28/2013	3,000,000.00	2,984,250.00	2,996,633.76	1.040	1,824	1,364	1.071	03/26/2018
3133EDEN8	10731	Federal Farm Credit Bank		02/05/2014	2,500,000.00	2,501,575.00	2,499,716.25	0.300	607	461	0.309	10/05/2015
3133EDEC2	10733	Federal Farm Credit Bank		02/11/2014	2,000,000.00	2,004,380.00	2,004,665.77	0.550	807	667	0.421	04/28/2016
3133EDFZ0	10740	Federal Farm Credit Bank		03/04/2014	3,000,000.00	2,994,270.00	2,998,475.42	0.770	1,095	976	0.789	03/03/2017
3133EDHJ4	10743	Federal Farm Credit Bank		03/20/2014	2,700,000.00	2,700,243.00	2,698,776.25	0.930	1,096	993	0.947	03/20/2017
3133813R4	10695	Federal Home Loan Bank		01/17/2013	2,800,000.00	2,777,600.00	2,800,000.00	1.000	1,757	1,227	1.000	11/09/2017
3130A0KX7	10730	Federal Home Loan Bank		01/22/2014	3,000,000.00	3,000,960.00	2,999,753.00	0.690	912	752	0.694	07/22/2016
3133782N0	10735	Federal Home Loan Bank		02/21/2014	3,000,000.00	3,005,520.00	3,006,559.93	0.875	1,113	983	0.793	03/10/2017
3130A0SD3	10738	Federal Home Loan Bank		02/21/2014	3,000,000.00	3,000,210.00	3,000,000.00	0.375	728	598	0.375	02/19/2016
3130A0Y53	10742	Federal Home Loan Bank		03/10/2014	3,000,000.00	2,999,370.00	2,999,730.83	0.900	1,096	983	0.903	03/10/2017

City of Santa Fe
Portfolio Management
Portfolio Details - Investments
June 30, 2014

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	Days to Maturity	YTM	Maturity Date
Federal Agency Coupon Securities												
3130A1LK2	10748	Federal Home Loan Bank		04/30/2014	2,500,000.00	2,499,975.00	2,499,396.18	0.625	1,826	1,764	2.869	04/30/2019
3130A1NN4	10750	Federal Home Loan Bank		05/01/2014	2,000,000.00	2,000,080.00	1,994,799.18	0.875	1,119	1,058	0.966	05/24/2017
3130A1VQ8	10754	Federal Home Loan Bank		05/22/2014	3,000,000.00	3,004,170.00	3,000,000.00	1.125	1,096	1,056	1.125	05/22/2017
3130A1XK9	10757	Federal Home Loan Bank		06/13/2014	3,200,000.00	3,204,672.00	3,200,000.00	1.100	1,078	1,060	1.100	05/26/2017
3130A2B21	10759	Federal Home Loan Bank		06/26/2014	2,500,000.00	2,489,225.00	2,500,000.00	1.000	1,826	1,821	2.025	06/26/2019
3134G3K33	10675	Federal Home Loan Mtg Corp		09/27/2012	3,500,000.00	3,500,945.00	3,499,020.49	0.700	1,461	819	0.713	09/27/2016
3134G3L40	10677	Federal Home Loan Mtg Corp		10/04/2012	2,500,000.00	2,500,075.00	2,500,000.00	0.600	1,278	643	0.600	04/04/2016
3134G36F2	10701	Federal Home Loan Mtg Corp		03/18/2013	2,500,000.00	2,506,125.00	2,500,000.00	0.420	914	444	0.420	09/18/2015
3134G4EJ3	10722	Federal Home Loan Mtg Corp		08/01/2013	1,600,000.00	1,600,624.00	1,600,000.00	0.850	1,093	759	0.850	07/29/2016
3137EADQ9	10732	Federal Home Loan Mtg Corp		02/11/2014	2,000,000.00	2,000,860.00	2,002,184.83	0.500	822	682	0.441	05/13/2016
3137EADF3	10739	Federal Home Loan Mtg Corp		03/04/2014	3,000,000.00	3,030,420.00	3,037,746.45	1.250	1,165	1,046	0.804	05/12/2017
3134G3L24	10744	Federal Home Loan Mtg Corp		04/01/2014	3,000,000.00	3,010,050.00	3,007,607.87	0.500	542	451	0.294	09/25/2015
3137EADQ9	10751	Federal Home Loan Mtg Corp		05/01/2014	2,000,000.00	2,000,860.00	2,001,285.25	0.500	743	682	0.465	05/13/2016
3134G53R4	10752	Federal Home Loan Mtg Corp		05/20/2014	3,000,000.00	3,000,630.00	2,999,434.17	0.500	731	689	0.510	05/20/2016
3134G53Q6	10753	Federal Home Loan Mtg Corp		05/21/2014	2,000,000.00	1,999,880.00	2,000,000.00	0.800	915	874	0.800	11/21/2016
3136G0RP8	10658	Federal National Mtg Assn		07/27/2012	2,775,000.00	2,775,971.25	2,776,065.31	0.875	1,825	1,121	1.230	07/26/2017
3135G0PH0	10676	Federal National Mtg Assn		09/27/2012	2,500,000.00	2,496,675.00	2,498,623.47	1.000	1,826	1,184	1.017	09/27/2017
3135G0QW6	10683	Federal National Mtg Assn		11/08/2012	2,000,000.00	1,984,460.00	1,999,664.72	1.000	1,826	1,226	1.005	11/08/2017
3135G0LN1	10688	Federal National Mtg Assn		12/19/2012	3,000,000.00	3,009,720.00	3,003,285.77	0.500	925	366	0.390	07/02/2015
3135G0VQ3	10704	Federal National Mtg Assn		03/26/2013	2,000,000.00	1,997,000.00	1,999,744.44	0.650	1,280	818	0.656	09/26/2016
3135G0WA7	10706	Federal National Mtg Assn		03/28/2013	2,500,000.00	2,505,100.00	2,500,000.00	1.125	1,826	1,366	1.125	03/28/2018
3135G0WM1	10707	Federal National Mtg Assn		05/14/2013	3,500,000.00	3,449,950.00	3,500,000.00	1.000	1,812	1,399	1.000	04/30/2018
3135G0WY5	10710	Federal National Mtg Assn		05/24/2013	3,500,000.00	3,483,725.00	3,498,208.70	0.550	1,270	867	0.572	11/14/2016
3135G0XB4	10711	Federal National Mtg Assn		05/24/2013	3,400,000.00	3,395,172.00	3,399,681.91	0.500	1,071	668	0.505	04/29/2016
3136G1NU9	10713	Federal National Mtg Assn		06/19/2013	2,000,000.00	2,001,000.00	1,998,887.50	1.000	1,461	1,084	1.019	06/19/2017
		Subtotal and Average	**94,275,245.60**		**95,975,000.00**	**95,910,192.25**	**96,018,337.82**		**1,241**	**948**	**0.850**	
Treasury Coupon Securities												
912828RX0	10755	U.S. Treasury		06/12/2014	2,500,000.00	2,513,075.00	2,511,097.44	0.875	933	914	0.695	12/31/2016
912828VG2	10756	U.S. Treasury		06/12/2014	2,500,000.00	2,503,125.00	2,502,853.85	0.500	734	715	0.441	06/15/2016
		Subtotal and Average	**3,175,594.44**		**5,000,000.00**	**5,016,200.00**	**5,013,951.29**		**834**	**815**	**0.569**	
Pass Through Securities												
36225BTS7	10006	GNMA		04/30/2003	634.78	636.10	678.02	6.500	4,309	229	4.982	02/15/2015
36225BN61	10007	GNMA		04/30/2003	6,116.33	6,314.68	6,471.84	6.000	4,825	745	4.773	07/15/2016
36213ULS7	10008	GNMA		04/30/2002	10,043.71	10,354.56	10,184.96	6.000	5,221	776	5.717	08/15/2016

City of Santa Fe
Portfolio Management
Portfolio Details - Investments
June 30, 2014

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	Days to Maturity	YTM	Maturity Date
Pass Through Securities												
36202DPY1	10009	GNMA		06/30/2003	12,467.55	12,865.26	13,083.15	6.000	4,831	812	4.951	09/20/2016
36225BRY6	10010	GNMA		08/31/2003	5,894.42	6,151.12	6,097.04	6.000	4,917	960	5.113	02/15/2017
36202SGG7	10011	GNMA		04/30/2003	35,616.80	37,175.03	37,664.77	6.000	5,433	1,353	4.932	03/15/2018
		Subtotal and Average	**75,892.33**		**70,773.59**	**73,496.75**	**74,179.78**		**5,192**	**1,083**	**5.045**	
Municipal Bonds												
801901JJ9	10708	Santa Fe Community College		05/16/2013	3,300,000.00	3,311,055.00	3,310,232.28	4.000	442	31	0.271	08/01/2014
798359JR7	10671	San Juan Cnty NM School Dist		09/21/2012	1,250,000.00	1,287,237.50	1,282,866.02	3.000	1,044	396	0.550	08/01/2015
		Subtotal and Average	**4,599,265.84**		**4,550,000.00**	**4,598,292.50**	**4,593,098.30**		**610**	**133**	**0.349**	
Savings Account												
SYS10403	10403	First National Bank of Santa F		10/09/2009	0.00	0.00	0.00	0.210	1	1	0.210	
SYS10474	10474	First National Bank of Santa F		07/23/2010	0.00	0.00	0.00	0.250	1	1	0.250	
SYS10729	10729	First National Bank of Santa F		12/23/2013	9,770,986.04	9,770,986.04	9,770,986.04	0.250	1	1	0.250	
SYS10408	10408	Los Alamos Nat.		10/19/2009	0.00	0.00	0.00	0.300	1	1	0.300	
SYS10235	10235	Wells Fargo Bank Savings		07/01/2007	67,844,728.29	67,844,728.29	67,844,728.29	0.220	1	1	0.220	
SYS10724	10724	Wells Fargo Bank Savings		07/01/2013	1,108,155.83	1,108,155.83	1,108,155.83	0.220	1	1	0.220	
SYS10727	10727	Wells Fargo Bank Savings		07/01/2013	8,730,840.40	8,730,840.40	8,730,840.40	0.220	1	1	0.220	
		Subtotal and Average	**86,876,172.95**		**87,454,710.56**	**87,454,710.56**	**87,454,710.56**		**1**	**1**	**0.223**	
Forward Purchase Agreement												
SYS10218	10218	JPMorgan Chase		07/01/2007	0.00	0.00	0.00	0.470	1	1	0.470	
		Subtotal and Average	**0.00**		**0.00**	**0.00**	**0.00**		**0**	**0**	**0.000**	
Compounding CDs												
SYS10745	10745	First National Bank of Santa F		04/03/2014	267,755.34	267,755.34	267,755.34	0.400	365	276	0.400	04/03/2015
		Subtotal and Average	**267,749.47**		**267,755.34**	**267,755.34**	**267,755.34**		**365**	**276**	**0.400**	
Federal Agency Continuous Calls												
3133ECHB3	10700	Federal Farm Credit Bank		03/15/2013	3,000,000.00	2,998,140.00	2,996,947.39	0.450	1,088	615	0.511	03/07/2016
		Subtotal and Average	**2,996,874.35**		**3,000,000.00**	**2,998,140.00**	**2,996,947.39**		**1,088**	**615**	**0.511**	

City of Santa Fe
Portfolio Management
Portfolio Details - Investments
June 30, 2014

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	Days to Maturity	YTM
		Total and Average	213,106,283.87		212,360,576.10	212,361,124.01	212,461,317.09		654	471	0.544

CHANGES IN INTEREST RATES

Cash Accounts	FY 12-13 June	FY 13-14 Sept.	FY 13-14 Dec. [1]	FY 13-14 Mar	FY 13-14 April	FY 13-14 May	FY 13-14 June [2]	FY 14-15 July [3]	FY 14-15 Aug [4]
Certificates of Deposit	0.92%	0.92%	0.92%	0.92%	0.92%	0.54%	0.52%	0.52%	0.52%
Library Endowment Fund - CD	0.65%	0.65%	0.65%	0.65%	0.45%	0.45%	0.40%	0.40%	0.40%
WFB Adv Govt MnMkt	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%
WFB Business Svgs	0.23%	0.23%	0.23%	0.23%	0.22%	0.22%	0.22%	0.22%	0.22%
FNB Savings	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
NM State LGIP	0.11%	0.10%	0.10%	0.10%	0.10%	0.11%	0.11%	0.11%	0.11%
Securities									
U.S. Agency Securities	0.66%	0.68%	0.72%	0.73%	0.78%	0.80%	0.85%	0.79%	0.79%
GNMA Pass-Through Securities	4.98%	5.05%	5.05%	5.04%	5.04%	5.04%	5.04%	0.51%	0.51%
U.S. Treasuries	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.57%	0.57%	0.57%
NM Bonds	0.90%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.35%	0.55%
2009A&B Reserve - Securities	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
TOTAL	**0.56%**	**0.52%**	**0.49%**	**0.51%**	**0.51%**	**0.51%**	**0.54%**	**0.49%**	**0.52%**

FY 13-14

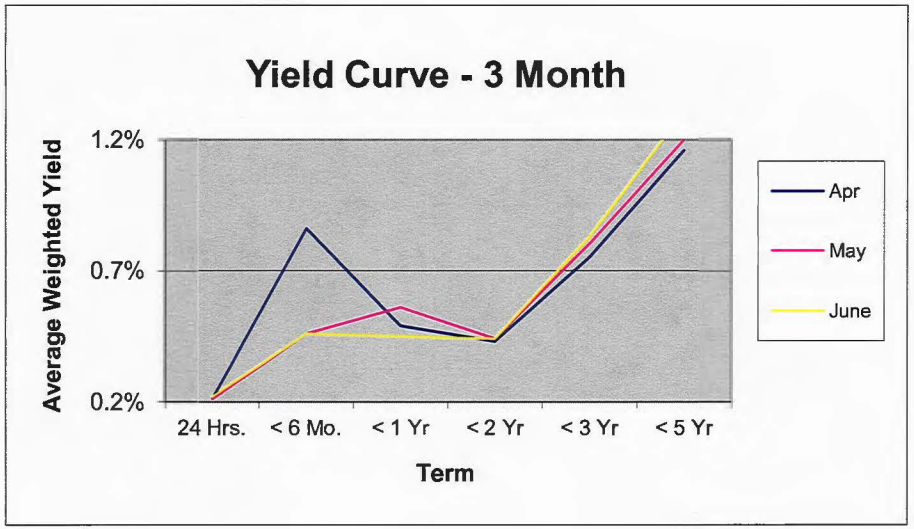
[1] Dec.: Total Yield lower because cash volume was increased in WFB Savings account to prepare for debt service payment for June 1st.

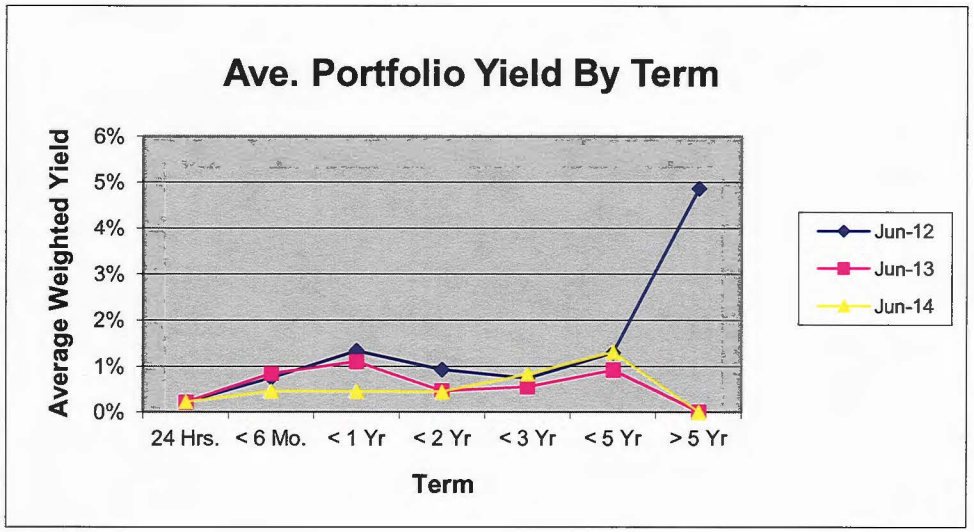
[2] June: Total Yield higher because $27 million in cash was paid out for debt service lowering cash in WFB Savings account.

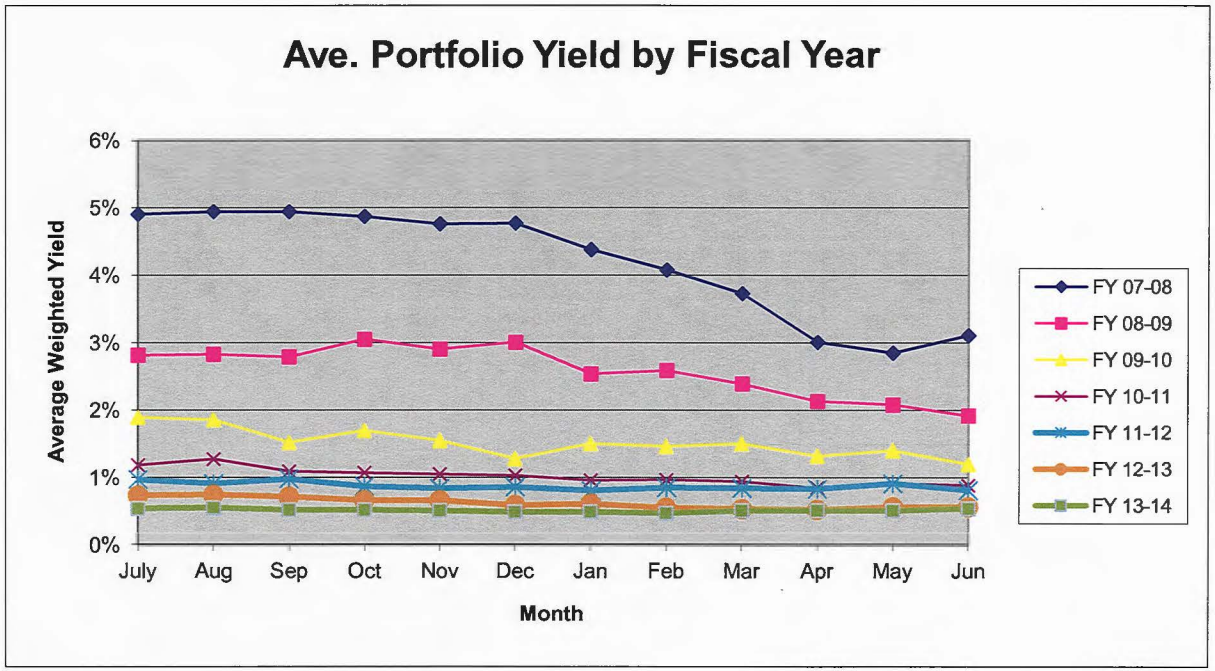
FY 14-15

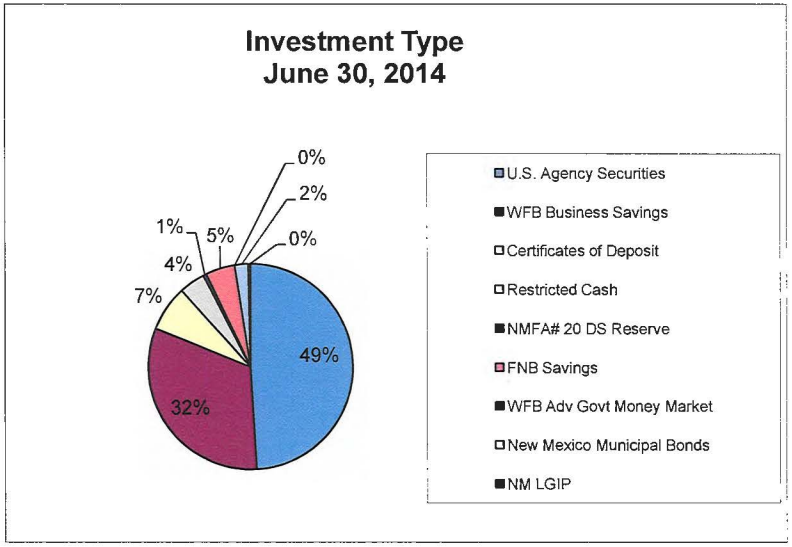
[3] July: $7 million in securities purchases had not settled before month end so cash was in the Trust account at .01% until settled.

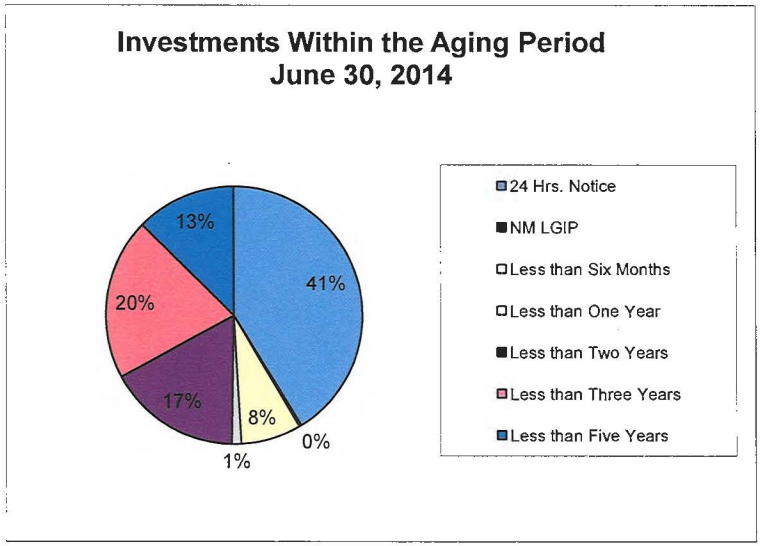
[4] Aug.: Muni matured and remaining Muni carries a higher yield; Securities were settled out of Trust cash account.

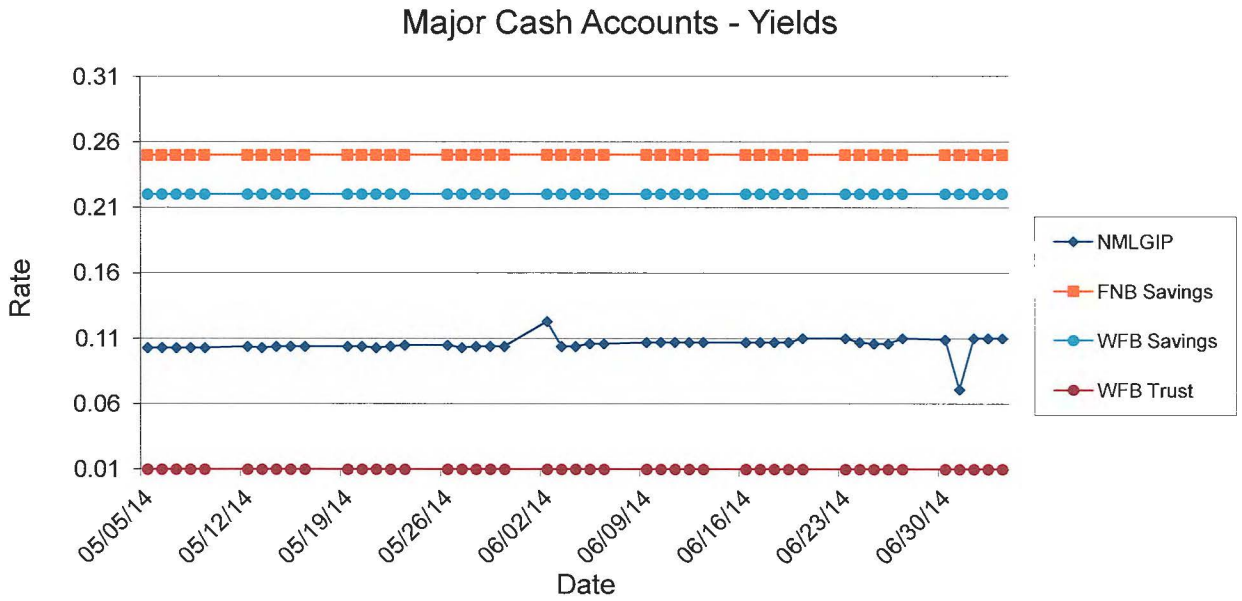

Yield Curve - 3 Month
Average Weighted Yield
1.2%
0.7%
0.2%
24 Hrs.
< 6 Mo.
< 1 Yr
< 2 Yr
< 3 Yr
< 5 Yr
Term
Apr
May
June


Ave. Portfolio Yield By Term
Average Weighted Yield
6%
5%
4%
3%
2%
1%
0%
24 Hrs.
< 6 Mo.
< 1 Yr
< 2 Yr
< 3 Yr
< 5 Yr
> 5 Yr
Term
Jun-12
Jun-13
Jun-14


Ave. Portfolio Yield by Fiscal Year
Average Weighted Yield
6%
5%
4%
3%
2%
1%
0%
July
Aug
Sep
Oct
Nov
Dec
Jan
Feb
Mar
Apr
May
Jun
Month
FY 07-08
FY 08-09
FY 09-10
FY 10-11
FY 11-12
FY 12-13
FY 13-14







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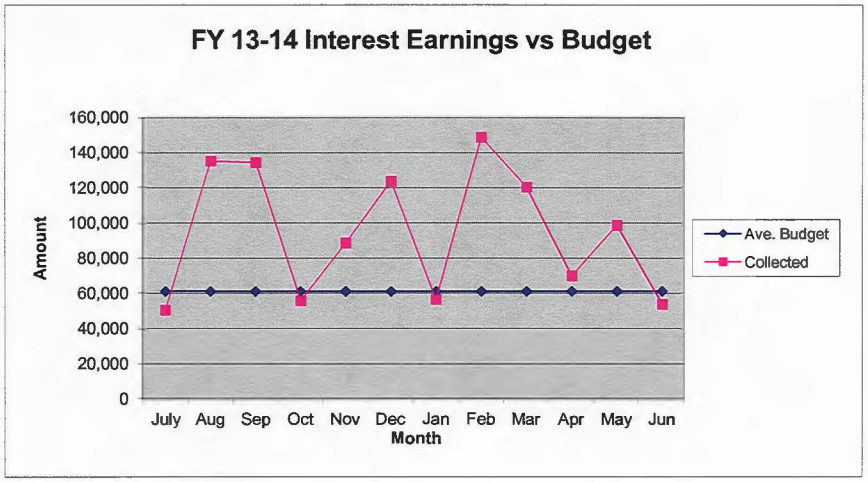
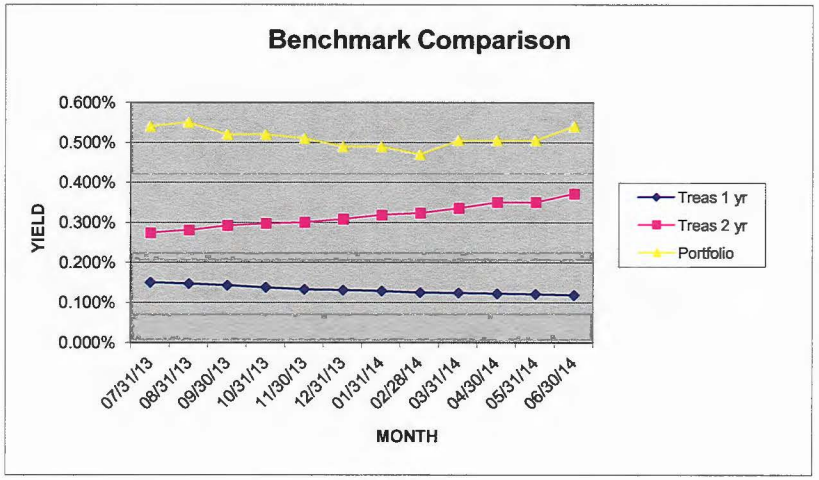
09/04/2014





BANK RATINGS AS OF DECEMBER 31, 2013
bankrate.com - Updated 9/04/14

	Rating	Rating	Rating	Rating	Rating	Balances	Collateral Type		
BANKS WITH CD's	06/30/12	06/30/13	09/30/13	12/31/13	03/31/2014	06/30/14	FDIC/NCUA	Agencies	LOC
First National Bank of Santa Fe	****	****	****	**	***	11,500,000	X	X	
Los Alamos National Bank *	**	***	**	**	*	0			
Community Bank	***	***	***	***	***	3,000,000	X	X	
Century Bank	***	***	***	***	***	250,000	X		
State Employees Credit Union	****	****	****	****	****	250,000	X		
Guadalupe Credit Union	***	**	***	***	***	250,000	X		
TOTAL CD'S						**15,250,000**			
OTHER MAJOR BANK ACCOUNTS									
FNB Money Market - Savings	****	****	****	**	***	9,770,986.04	X	X	
FNB Library Endowment CD	****	****	****	**	***	267,755.34	X	X	
Wells Fargo Bank Savings	***	****	****	****	****	67,844,728.29	X	X	
TOTAL OTHER						**77,883,469.67**			

* LANB had a ** rating since March 31, 2012 with one exception. The new rating for 3/31/14 dropped to *, the lowest rating on bankrate.com. Bauer Financial still has the bank rated as **, defined as problematic. At last check, the bank was working on restating its financials in response to new legislative requirements and expected to have the financials refiled in the coming months.

SYMPRO PORTFOLIO HISTORY *

Month/FY	PAR (1)	Market Value (2)	Book Value (3)	Unrealized Gain (Loss) (4)	SYMPRO Yield	Notes City Activity (5)	Notes External Impacts (6)
31-Jul-07	250,334,088.53	249,500,427.75	249,869,193.97	(368,766.22)	4.985%		Housing prices increased from July 1995 to May 2006, masking foreclosures. Owners pulled extra cash out of their houses and spent it - eliminating any cushion. Housing market turned 2007 - beginning mortgage crisis. June 2007 - collapse of 2 Bear Sterns hedge funds.
31-Aug-07	246,087,500.91	245,571,130.95	245,633,778.85	(62,647.90)	4.917%		
30-Sep-07	250,858,920.97	250,731,360.21	250,446,249.45	285,110.76	4.913%		
31-Oct-07	233,053,946.83	233,054,185.45	232,700,447.87	353,737.58	4.839%		
30-Nov-07	231,105,094.72	232,232,173.31	231,317,382.92	914,790.39	4.562%	Paid DS	
31-Dec-07	229,121,678.68	230,405,169.83	229,485,267.67	919,902.16	4.448%		
31-Jan-08	223,197,140.52	224,790,057.39	223,556,112.70	1,233,944.69	4.191%		
29-Feb-08	220,758,250.52	223,390,265.62	221,175,285.47	2,214,980.15	3.889%		
31-Mar-08	221,265,484.71	223,869,188.78	221,718,418.84	2,150,769.94	3.568%		
30-Apr-08	255,360,328.64	257,565,202.08	256,071,725.56	1,493,476.52	3.140%	2008 CIP/CCtr - $28.7 mill	
31-May-08	232,403,220.66	234,194,821.36	233,101,631.19	1,093,190.17	3.068%	Paid DS	
30-Jun-08	236,653,564.47	238,534,347.89	237,601,047.90	933,299.99	3.029%	2008GO $20 mill	
31-Jul-08	236,401,084.27	238,180,729.39	237,285,870.15	894,859.24	3.013%		
31-Aug-08	236,748,262.40	238,665,280.88	237,655,861.38	1,009,419.50	3.019%		
30-Sep-08	248,243,974.69	249,541,042.38	248,999,976.97	541,065.41	2.935%		FNMA & FHLMC went into Federal conservatorship. Lehman Bros. filed for bankruptcy. The Reserve Fund failed due to Lehman Bros. Feds seized control of AIG. Major mortgage lenders were out of business (Countrywide, WAMU).
31-Oct-08	241,795,771.52	243,268,491.63	242,546,946.70	721,544.93	3.094%		
30-Nov-08	238,920,089.05	241,634,146.04	239,774,296.30	1,859,849.74	2.927%	Paid DS	
31-Dec-08	233,039,874.66	236,519,977.19	233,800,523.67	2,719,453.52	3.050%		
31-Jan-09	220,812,527.03	224,616,909.57	222,424,858.89	2,192,050.68	2.616%		Began slide in unrealized gain and yield.
28-Feb-09	222,832,060.41	226,425,566.43	224,486,306.68	1,939,259.75	2.632%		
31-Mar-09	237,465,143.41	240,892,675.41	238,961,299.55	1,931,375.86	2.299%		
30-Apr-09	233,131,759.62	236,367,637.91	234,460,328.09	1,907,309.82	2.176%		
31-May-09	212,213,539.83	215,272,769.14	213,407,708.48	1,865,060.66	2.132%	Paid DS	
30-Jun-09	202,156,324.45	204,978,766.65	203,242,507.10	1,736,259.55	1.974%		
31-Jul-09	187,414,508.19	189,975,819.96	188,403,310.72	1,572,509.24	1.944%		
31-Aug-09	166,799,596.52	169,282,166.91	167,700,116.54	1,582,050.37	1.956%		
30-Sep-09	181,992,783.64	184,433,574.15	182,938,901.58	1,494,672.57	1.581%		
31-Oct-09	170,012,153.00	172,267,343.75	170,847,364.21	1,419,979.54	1.799%		
30-Nov-09	174,704,212.20	176,833,639.44	175,443,535.12	1,390,104.32	1.647%	Paid DS	
31-Dec-09	231,380,249.78	233,155,522.46	232,081,161.30	1,074,361.16	1.335%	2009AB Bonds - $59.9 mill	

Month/FY	PAR (1)	Market Value (2)	Book Value (3)	Unrealized Gain (Loss) (4)	SYMPRO Yield	Notes City Activity (5)	Notes External Impacts (6)
31-Jan-10	226,530,383.23	228,353,625.58	227,243,161.90	1,110,463.68	1.508%		
28-Feb-10	227,109,436.97	228,941,610.61	227,888,692.47	1,052,918.14	1.462%		
31-Mar-10	224,538,153.21	226,099,323.46	225,299,637.54	799,685.92	1.512%		Major concerns over Greece, European debt crisis
30-Apr-10	217,674,242.48	219,743,494.14	218,997,336.79	746,157.35	1.377%		
31-May-10	201,085,784.16	203,020,170.84	202,290,847.90	729,322.94	1.393%	Paid DS	Flash crash 05/06/10 - 600 pt swing in DJI
30-Jun-10	194,414,812.06	196,216,122.13	195,474,482.29	741,639.84	1.313%		
31-Jul-10	193,241,973.82	194,839,515.65	194,162,819.74	676,695.91	1.250%		
31-Aug-10	189,375,871.93	190,896,898.28	190,289,559.37	607,338.91	1.368%		
30-Sep-10	191,018,683.33	192,358,597.52	191,820,219.62	538,377.90	1.183%		
31-Oct-10	199,150,871.23	200,393,125.49	199,873,713.31	519,412.18	1.111%		
30-Nov-10	202,533,549.46	203,629,447.00	203,229,580.67	399,866.33	1.099%	Paid DS; 2010 GO $10.3 mill	
31-Dec-10	198,364,378.70	199,283,262.58	198,999,039.49	284,223.09	1.084%		
31-Jan-11	208,686,750.28	209,534,036.07	209,244,752.98	289,283.09	1.014%		
28-Feb-11	212,294,788.15	212,931,862.60	212,753,715.35	178,147.25	1.029%		
31-Mar-11	208,914,668.79	209,463,165.64	209,293,492.69	169,672.95	1.013%		
30-Apr-11	204,104,410.44	204,622,996.39	204,308,702.78	314,293.61	0.936%		
31-May-11	195,543,866.80	196,069,414.72	195,737,057.31	332,357.41	0.950%	Paid DS	
30-Jun-11	189,296,668.52	189,747,220.06	189,462,594.94	284,625.12	0.945%		
31-Jul-11	194,520,182.43	194,945,154.74	194,661,835.84	283,318.90	1.017%		
31-Aug-11	197,207,397.42	197,638,513.84	197,333,253.26	305,260.58	0.958%		
30-Sep-11	196,981,993.35	197,301,459.38	197,093,245.54	208,213.84	1.037%		
31-Oct-11	205,157,573.14	205,455,114.58	205,244,181.80	210,932.78	0.914%		
30-Nov-11	199,857,819.05	200,126,387.96	199,934,654.43	191,733.53	0.888%	Paid DS	
31-Dec-11	196,576,108.56	196,807,397.14	196,619,923.80	187,473.34	0.935%		
31-Jan-12	201,235,543.72	201,485,361.68	201,273,593.52	211,768.16	0.869%		
29-Feb-12	203,389,058.95	203,593,753.53	203,427,145.77	166,607.76	0.903%		
31-Mar-12	230,554,121.35	230,732,854.70	230,576,412.17	156,442.53	0.875%	2012A Ref/CIP $32.7 mill	
30-Apr-12	229,644,285.21	229,973,726.60	229,665,970.87	307,755.73	0.896%		
31-May-12	203,564,258.38	203,845,234.65	203,577,751.34	267,483.31	0.972%	Paid DS	
30-Jun-12	200,962,979.53	201,218,061.31	200,980,027.36	238,033.95	0.863%		
31-Jul-12	207,503,049.81	207,977,843.16	207,667,788.14	310,055.02	0.758%		
31-Aug-12	215,788,823.19	216,298,956.44	215,972,851.16	326,105.28	0.774%		
30-Sep-12	216,820,201.63	217,354,396.71	217,071,989.63	282,407.08	0.738%		
31-Oct-12	225,085,033.83	225,542,486.30	225,325,059.58	217,426.72	0.683%		
30-Nov-12	214,882,969.58	215,387,108.19	215,110,290.39	276,817.80	0.687%	Paid DS	
31-Dec-12	227,322,505.14	227,765,689.98	227,543,639.86	222,050.12	0.603%	2012C $4.7 mill	
31-Jan-13	228,481,542.26	228,799,777.80	228,692,315.29	107,462.51	6.230%		
28-Feb-13	233,336,062.17	233,663,246.88	233,536,079.44	127,167.44	0.590%		
31-Mar-13	233,566,942.45	233,889,981.84	233,746,960.53	143,021.31	0.541%		
30-Apr-13	230,670,190.64	231,047,824.14	230,840,491.07	207,333.07	0.546%		
31-May-13	210,158,959.72	210,311,215.72	210,471,326.96	(160,111.24)	0.572%	Paid DS	5/22/13 Fed "may" start QE rollback "sometime"

Month/FY	PAR (1)	Market Value (2)	Book Value (3)	Unrealized Gain (Loss) (4)	SYMPRO Yield	Notes City Activity (5)	Notes External Impacts (6)
30-Jun-13	197,905,607.57	197,405,221.58	198,191,581.39	(786,359.81)	0.602%		(Bernanke opened his mouth - nothing changed)
31-Jul-13	210,411,079.12	210,046,825.81	210,667,813.77	(620,987.96)	0.540%	2013GO $12 mill	
31-Aug-13	227,026,301.65	226,417,751.99	227,264,405.54	(846,653.55)	0.550%		NASDAQ glitch 8/22/13; Goldman glitch 8/21/13
30-Sep-13	232,185,034.92	231,892,394.66	232,409,121.86	(516,727.20)	0.520%		
31-Oct-13	234,162,853.62	234,123,936.31	234,367,755.76	(243,819.45)	0.520%		Federal Gov't shutdown 16 days: 10/1 - 10/16
30-Nov-13	223,175,206.67	223,168,934.48	223,360,534.39	(191,599.91)	0.510%	Paid DS	
31-Dec-13	227,111,498.44	226,804,326.34	227,283,265.54	(478,939.20)	0.490%		
31-Jan-14	233,574,510.78	233,506,702.95	233,727,128.94	(220,425.99)	0.491%		
28-Feb-14	239,706,418.09	239,668,861.29	239,838,295.60	(169,434.31)	0.467%		
31-Mar-14	236,817,245.98	236,660,203.53	236,968,178.11	(307,974.58)	0.510%		
30-Apr-14	233,863,170.61	233,761,912.83	234,004,171.29	(242,258.46)	0.510%		
31-May-14	211,633,382.08	211,658,466.68	211,750,675.64	(92,208.96)	0.510%	Paid DS	
30-Jun-14	212,360,576.10	212,361,124.01	212,461,317.09	(100,193.08)	0.540%		

*** BASED ON SYMPRO - DOES NOT INCLUDE COMMON, GENERAL LIABILITY, WORKER'S COMPENSATION, PAYROLL, HUD, REDFLEX, PUBLIC SAFETY, RESTRICTED CASH, OR NMFA#20 DEBT SERVICE ACCOUNTS**

FOOTNOTES:

(1)	PAR	Face value of securities and cash value of bank accounts and CDs. We record this in the GL and use it to plan.
(2)	Market Value	Value of securities if sold at the price available on the last day of the month. This is an accounting requiment, not a criteria we use.
(3)	Book Value	Cost of securities at purchase - may be bought at a discount, a premium, or at PAR.
(4)	Unrealized Gain (Loss)	Difference between market value and book value. Accounted for at end of each fiscal year. Not a cash item to the City.
(5)	City Activity	Debt service payments and bonds issued - affect cash available but do not affect market value.
(6)	External Impacts	Activities that have affected market value and so our potential unrealized gain or loss.

PORTFOLIO SORT BY MARKET VALUE GAIN/(LOSS)

06/30/14

number	fund	cusip	type	issuer	days	maturity	rem. face	book value	mkt. value	gain/(loss) [Mkt-Book]
CASH										
10210	7000	SYS10210	LA1	WFBMM	365	- -	46,340.57	46,340.57	46,340.57	
10213	7000	SYS10213	LA5	NMLA	365	- -	682,557.29	682,557.29	682,557.29	
10729	7000	SYS10729	RRP	FNBSF	365	- -	9,770,986.04	9,770,986.04	9,770,986.04	
10235	7000	SYS10235	RRP	WELLS	365	- -	67,844,728.29	67,844,728.29	67,844,728.29	
							78,344,612.19			0.00
RESTRICTED CASH										
10381	7000	SYS10381	LA5	NMLA	365	- -	20,301.10	20,301.10	20,301.10	
10416	5391	SYS10416	LA1	WFBMM	365	- -	43,137.65	43,137.65	43,137.65	
10724	5912	SYS10724	RRP	WELLS	365	- -	1,108,155.83	1,108,155.83	1,108,155.83	
10727	POOLED	SYS10727	RRP	WELLS	365	- -	8,730,840.40	8,730,840.40	8,730,840.40	
10745	2716	SYS10745	RR4	FNBSF	365	04/03/2015	267,755.34	267,755.34	267,755.34	
							10,170,190.32			0.00
CERTIFICATES OF DEPOSIT										
10721	7000	SYS10721	BCD	CENT	365	07/28/2014	250,000.00	250,000.00	250,000.00	
10703	7000	SYS10703	BCD	CMBK	365	09/25/2014	500,000.00	500,000.00	500,000.00	
10749	7000	SYS10749	BCD	CMBK	365	11/14/2014	2,500,000.00	2,500,000.00	2,500,000.00	
10679	7000	SYS10679	BCD	FNBSF	365	10/08/2014	3,000,000.00	3,000,000.00	3,000,000.00	
10680	7000	SYS10680	BCD	FNBSF	365	10/11/2014	3,500,000.00	3,500,000.00	3,500,000.00	
10697	7000	SYS10697	BCD	FNBSF	365	12/03/2014	1,000,000.00	1,000,000.00	1,000,000.00	
10712	7000	SYS10712	BCD	FNBSF	365	06/03/2015	2,000,000.00	2,000,000.00	2,000,000.00	
10720	7000	SYS10720	BCD	FNBSF	365	07/16/2014	2,000,000.00	2,000,000.00	2,000,000.00	
10758	7000	SYS10758	BCD	GUAD	365	06/19/2015	250,000.00	250,000.00	250,000.00	
10760	7000	SYS10760	BCD	STEC	365	07/08/2017	250,000.00	250,000.00	250,000.00	
							15,250,000.00			0.00
AGENCIES WITH MARKET VALUE GAIN										
10708	7000	801901JJ9	MUN	SFCC	360	08/01/2014	3,300,000.00	3,310,232.28	3,311,055.00	822.72
10688	7000	3135G0LN1	FAC	FNMA	360	07/02/2015	3,000,000.00	3,003,285.77	3,009,720.00	6,434.23
10671	7000	798359JR7	MUN	SNJSCD	360	08/01/2015	1,250,000.00	1,282,866.02	1,287,237.50	4,371.48
10701	7000	3134G36F2	FAC	FHLMC	360	09/18/2015	2,500,000.00	2,500,000.00	2,506,125.00	6,125.00
10744	7000	3134G3L24	FAC	FHLMC	360	09/25/2015	3,000,000.00	3,007,607.87	3,010,050.00	2,442.13
10731	7000	3133EDEN8	FAC	FFCB	360	10/05/2015	2,500,000.00	2,499,716.25	2,501,575.00	1,858.75
10738	7000	3130A0SD3	FAC	FHLB	360	02/19/2016	3,000,000.00	3,000,000.00	3,000,210.00	210.00
10700	7000	3133ECHB3	MC5	FFCB	360	03/07/2016	3,000,000.00	2,996,947.39	2,998,140.00	1,192.61
10677	7000	3134G3L40	FAC	FHLMC	360	04/04/2016	2,500,000.00	2,500,000.00	2,500,075.00	75.00
10752	7000	3134G53R4	FAC	FHLMC	360	05/20/2016	3,000,000.00	2,999,434.17	3,000,630.00	1,195.83
10756	7000	912828VG2	TRC	USTR	365	06/15/2016	2,500,000.00	2,502,853.85	2,503,125.00	271.15
10730	7000	3130A0KX7	FAC	FHLB	360	07/22/2016	3,000,000.00	2,999,753.00	3,000,960.00	1,207.00
10722	7000	3134G4EJ3	FAC	FHLMC	360	07/29/2016	1,600,000.00	1,600,000.00	1,600,624.00	624.00

PORTFOLIO SORT BY MARKET VALUE GAIN/(LOSS)

06/30/14

number	fund	cusip	type	issuer	days	maturity	rem. face	book value	mkt. value	gain/(loss) [Mkt-Book]
10008	7000	36213ULS7	GN1	GNMA	360	08/15/2016	10,043.71	10,184.96	10,354.56	169.60
10675	7000	3134G3K33	FAC	FHLMC	360	09/27/2016	3,500,000.00	3,499,020.49	3,500,945.00	1,924.51
10755	7000	912828RX0	TRC	USTR	365	12/31/2016	2,500,000.00	2,511,097.44	2,513,075.00	1,977.56
10010	7000	36225BRY6	GN1	GNMA	360	02/15/2017	5,894.42	6,097.04	6,151.12	54.08
10743	7000	3133EDHJ4	FAC	FFCB	360	03/20/2017	2,700,000.00	2,698,776.25	2,700,243.00	1,466.75
10754	7000	3130A1VQ8	FAC	FHLB	360	05/22/2017	3,000,000.00	3,000,000.00	3,004,170.00	4,170.00
10750	7000	3130A1NN4	FAC	FHLB	360	05/24/2017	2,000,000.00	1,994,799.18	2,000,080.00	5,280.82
10757	7000	3130A1XK9	FAC	FHLB	360	05/26/2017	3,200,000.00	3,200,000.00	3,204,672.00	4,672.00
10713	7000	3136G1NU9	FAC	FNMA	360	06/19/2017	2,000,000.00	1,998,887.50	2,001,000.00	2,112.50
10706	7000	3135G0WA7	FAC	FNMA	360	03/28/2018	2,500,000.00	2,500,000.00	2,505,100.00	5,100.00
10748	7000	3130A1LK2	FAC	FHLB	360	04/30/2019	2,500,000.00	2,499,396.18	2,499,975.00	578.82
							58,065,938.13			**54,336.54**
AGENCIES WITH MARKET VALUE LOSS										
10006	7000	36225BTS7	GN1	GNMA	360	02/15/2015	634.78	678.02	636.10	(41.92)
10733	7000	3133EDEC2	FAC	FFCB	360	04/28/2016	2,000,000.00	2,004,665.77	2,004,380.00	(285.77)
10711	7000	3135G0XB4	FAC	FNMA	360	04/29/2016	3,400,000.00	3,399,681.91	3,395,172.00	(4,509.91)
10751	7000	3137EADQ9	FAC	FHLMC	360	05/13/2016	2,000,000.00	2,001,285.25	2,000,860.00	(425.25)
10732	7000	3137EADQ9	FAC	FHLMC	360	05/13/2016	2,000,000.00	2,002,184.83	2,000,860.00	(1,324.83)
10007	7000	36225BN61	GN1	GNMA	360	07/15/2016	6,116.33	6,471.84	6,314.68	(157.16)
10009	7000	36202DPY1	GN1	GNMA	360	09/20/2016	12,467.55	13,083.15	12,865.26	(217.89)
10704	7000	3135G0VQ3	FAC	FNMA	360	09/26/2016	2,000,000.00	1,999,744.44	1,997,000.00	(2,744.44)
10710	7000	3135G0WY5	FAC	FNMA	360	11/14/2016	3,500,000.00	3,498,208.70	3,483,725.00	(14,483.70)
10753	7000	3134G53Q6	FAC	FHLMC	360	11/21/2016	2,000,000.00	2,000,000.00	1,999,880.00	(120.00)
10740	7000	3133EDFZ0	FAC	FFCB	360	03/03/2017	3,000,000.00	2,998,475.42	2,994,270.00	(4,205.42)
10742	7000	3130A0Y53	FAC	FHLB	360	03/10/2017	3,000,000.00	2,999,730.83	2,999,370.00	(360.83)
10735	7000	3133782N0	FAC	FHLB	360	03/10/2017	3,000,000.00	3,006,559.93	3,005,520.00	(1,039.93)
10739	7000	3137EADF3	FAC	FHLMC	360	05/12/2017	3,000,000.00	3,037,746.45	3,030,420.00	(7,326.45)
10658	5391	3136G0RP8	FAC	FNMA	360	07/26/2017	2,775,000.00	2,776,065.31	2,775,971.25	(94.06)
10672	7000	3133EAX29	FAC	FFCB	360	09/18/2017	2,500,000.00	2,498,390.37	2,494,450.00	(3,940.37)
10676	7000	3135G0PH0	FAC	FNMA	360	09/27/2017	2,500,000.00	2,498,623.47	2,496,675.00	(1,948.47)
10683	7000	3135G0QW0	FAC	FNMA	360	11/08/2017	2,000,000.00	1,999,664.72	1,984,460.00	(15,204.72)
10695	7000	3133813R4	FAC	FHLB	360	11/09/2017	2,800,000.00	2,800,000.00	2,777,600.00	(22,400.00)
10011	7000	36202SGG7	GN1	GNMA	360	03/15/2018	35,616.80	37,664.77	37,175.03	(489.74)
10705	7000	3133ECJX3	FAC	FFCB	360	03/26/2018	3,000,000.00	2,996,633.76	2,984,250.00	(12,383.76)
10707	7000	3135G0WM	FAC	FNMA	360	04/30/2018	3,500,000.00	3,500,000.00	3,449,950.00	(50,050.00)
10759	5391	3130A2B21	FAC	FHLB	360	06/26/2019	2,500,000.00	2,500,000.00	2,489,225.00	(10,775.00)
							50,529,835.46			**(154,529.62)**
							108,595,773.59			**(100,193.08)**
							212,360,576.10			

CITY OF SANTA FE

INVESTMENT STRATEGY

Helene Hausman
Cash Management & Investment Officer
Revised 6/18/14

Successful management of the City's investment portfolio requires flexibility to accommodate changes in the financial markets in ways that benefit the City and meet the City's cash requirements within the confines of State Statute and the City's Investment Policy. While State Statute and the Investment Policy state what we can and cannot invest in, what the longest term can be, diversity and other related concerns, there are still a myriad nuances that need attention in order to successfully meet the priorities of safety, liquidity and yield. Toward that end, this Investment Strategy is reviewed regularly and periodically updated to recognize and address the most important of these nuances.

OBJECTIVE:

To manage the City's investment portfolio in such a way that:

1. Cash is available as needed for ongoing expenses.
2. Cash not needed for near-term expenses is rolled into investments in as timely a manner as possible.
3. All terms and conditions of the Council Approved Investment Policy are met.

CONCERNS:

1. Revised Federal banking regulations continue to constrain local banks. As a result:
    a. Bank ratings have been problematic for most local banks and credit unions. Most have managed to adapt and restore their favorable ratings. LANB is still working on it.
        i. Consequence: We recently reallocated funds from matured CDs at LANB to securities until such time as the bank can obtain at least a *** on bankrate.com and improve its ranking on bauerfinancial.com.
    b. Local banks continue to be unable to handle any increased public funds in the face of the new regulations and the decline in interest rates.
        i. Consequence: We were unsuccessful with recent efforts to place more funds locally.

2. The Federal Reserve does not foresee increasing interest rates until sometime in 2015. On The other hand, the financial markets are pushing up investment yields on Treasuries from record lows (i.e. 0.0%) but bank rates are still dropping. There is a growing divergence between financial sectors.

a. Consequence: Our CD rates are dropping as they rollover, but our securities purchases are having brief periods of yield improvement. The overall portfolio yield still continues to drop but it has held up better than projected this past fiscal year.

3. Federal agencies continue to change characteristics of bond offerings, including: call structures, interest rate coupon steps, and security issue amounts.
   a. Consequences:
      i. The constant turnover from calls generated increased yield and the opportunity to be more flexible with maturity dates but recent changes in the financial market have made it advisable to move back into bullets.
      ii. We have moved into more bullets to put some rigidity back into our ladder of investments. This gives up some yield but increases portfolio stability and predictability.
      iii. We are still continuing to hold more cash than in the past because the cash accounts earn more interest than securities maturing inside of one-year. Short term investment options continue to be scarce.

SUMMARY OF CHANGES TO THE PORTFOLIO IN THE LAST YEAR:

Financial market changes in the last year and a half have resulted in several changes to the balance within our portfolio. The following shifts have occurred:

1. Between agencies and cash,
2. Between agencies,
3. Towards more bullets,
4. Towards shorter terms, and
5. The purchase of US Treasuries for the first time since March 2010.

STRATEGY:

In order to best address the above ongoing changes, we will continue to:

1. Focus on security, liquidity and interest earnings in that order.
   a. Security will include:
      i. Regular monitoring of bank and agency ratings and making appropriate decisions accordingly.
      ii. Regular review of municipal bond ratings.
      iii. Staying informed regarding US credit ratings and possible privatization of FNMA and FHLMC.
   b. Liquidity will involve regular cash flow analysis to:
      i. Maintain appropriate daily to six-month bank balances.
      ii. Roll over certificates of deposit and securities to maintain cash inflow to match required cash outflow, recognizing variations during the fiscal year.

c. Interest earnings will involve:
    i. Investment decisions that generate reasonable yields within the laddering needs of the portfolio and the associated diversity requirements.

2. Hold 4-6 months of cash for short-term liquidity:
    a. As long as bank account rates out-perform other short term investment options, recognizing variations during the fiscal year.
    b. Accumulate more cash prior to December 1st and June 1st each year for debt service payments.

3. Regularly evaluate the portfolio structure on the basis of maturity date to predict cash flow as the most conservative approach to liquidity.
    a. Consider calls as an unpredictable benefit increasing the opportunity to reposition investments, but not as the sole determinate of projecting cash flow or making purchase decisions.
    b. Purchase securities with staggered maturity dates first and call dates second to fill in the ladder.
    c. Use the changes in spread between bullets and callables, and between agencies and Treasuries, to help determine the appropriate security selection for diversity.
    d. If purchasing callables, purchase securities with staggered lockout terms, i.e. any time, monthly, quarterly, annually, or 1 time calls, to add stability to the portfolio while benefitting from the generally higher callable yield.

4. Be aware of international financial concerns that are rolling over on the U.S. as they affect the availability of issues. There continue to be significant shifts between purchases of European and US securities by Asian countries that affect both availability and price/yield to us. This is reflected in periods of time where little is available to fit our portfolio criteria and where cash may be held for 1-3 weeks before settling back out into securities.

5. Use 0.30% as the revised target portfolio minimum yield for FY 14-15, allowing for lesser yields on shorter terms that might prove advantageous. Use the WFB Savings account rate of .22% as the individual yield floor, below which it is better to just leave the cash in Savings.