

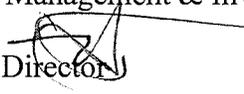


# City of Santa Fe, New Mexico

# memo

TO: FINANCE COMMITTEE

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

VIA: Marcos A. Tapia, Finance Director 

DATE: May 19, 2014

RE: Quarterly Cash & Investment Report

**ITEM AND ISSUE:**

Status of the City's cash and investment portfolio as of March 31, 2014.

**BACKGROUND AND SUMMARY:**

A. Context for Report

All of the cash the City has in the various departments and their associated funds is held in local banks in a series of accounts. Annual departmental budgets and associated budget adjustments during the year address what each department can do with the cash recorded in the accounting system as available to meet their approved budget needs. Cash availability reports can be run on the accounting system for individual departments or funds (or collectively) showing the status at a given point in time. The total collective balance from the accounting system ties to the bank statements used to generate this cash and investment report and all bank accounts are reconciled to the accounting system monthly.

*Every dollar in this cash and investment report reflects a department's budget and the funds that support that department.* This cash and investment report presents summary bank information and so 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 – that has to come from the Finance Director, the Budget Officer and the relevant Department Director based on a departmental budget analysis.

As revenues are received and expenses get paid they are recorded in each department and the cash transaction adds to or reduces the cash available to the department as well as in the relevant bank account. Since cash constantly turns over during the year and not all cash is spent all at once, cash deemed to be available is invested in several ways to generate additional interest. This interest is then distributed back to the departments quarterly based on what percentage their cash share is of the entire amount of cash the City holds.

The summary of accounts the City holds is referred to as its portfolio. There are a number of operating accounts as well as restricted or special purpose accounts to meet the City's needs,

including regulatory and reporting requirements. The City's portfolio consists of actual cash and certificates of deposit at various local banks, as well as securities held in a trust bank account 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. The Investment Policy is brought to Council annually or more often if changes are recommended in conjunction with our investment advisor.

**B. Portfolio Comments**

In March the cash and investment portfolio consisted of:

CDs	10.77%
Cash Accounts	43.83%
Securities	39.22%
Restricted Accounts	<u>6.18%</u>
	100.00%

March's average interest yield of 0.505% was up from February's 0.467% due to the rollover of several called securities in February for which replacements settled in March. The account summary follows.

<u>TYPE</u>	<u>FUND</u>		<u>AMOUNT OF INVESTMENT</u>	<u>AS % OF TOTAL</u>	<u>INT RATE/WAY</u>
Certificates of Deposit	7000	\$	25,500,000.00	10.77%	0.92%
WFB Adv Govt MnMkt-Custodial	7000		89,857.91	0.04%	0.01%
WFB Business Savings	7000		93,271,883.58	39.39%	0.23%
FNB Savings	7000		9,764,898.44	4.12%	0.25%
NM LGIP	7000		682,557.29	0.29%	0.10%
U.S. Agency Securities	7000		88,250,000.00	37.27%	0.73%
GNMA Pass-Through Securities	7000		79,887.00	0.03%	5.04%
New Mexico Municipal Bonds	7000		4,550,000.00	1.92%	0.35%
<b>Subtotal 7000 Fund</b>		\$	<u>222,189,084.22</u>	<u>93.82%</u>	<u>0.48%</u>

<u>TYPE</u>	<u>FUND</u>		<u>AMOUNT OF INVESTMENT</u>	<u>AS % OF TOTAL</u>	<u>INT RATE/WAY</u>
<u>Restricted Investment Accounts</u>					
Library Endowment Fund - CD	2716	\$	282,317.66	0.12%	0.65%
NM LGIP - Reserve Cont. Fund	7000		20,301.10	0.01%	0.00%
2009AB Reserve - Securities	5391		5,275,000.00	2.23%	1.00%
2009AB Reserve - Cash	5391		28,324.44	0.01%	0.01%
NMFA Loan #20 Reserve	5912		1,072,319.30	0.45%	0.23%
Restricted Cash			7,949,899.23	3.36%	0.23%
<b>Subtotal Other Funds</b>		\$	<u>14,628,161.73</u>	<u>6.18%</u>	<u>0.03%</u>

<b>GRAND TOTAL</b>		\$	<u>236,817,245.95</u>	<u>100.00%</u>	<u>0.505%</u>
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<b>March 2013 Comparison</b>	\$	239,971,824.19			<b>0.53%</b>
<b>March 2012 Comparison</b>	\$	235,652,206.06			<b>0.84%</b>
<b>March 2011 Comparison</b>	\$	216,755,078.76			<b>0.94%</b>
<b>March 2010 Comparison</b>	\$	228,024,804.41			<b>1.50%</b>

Dedicated accounts (non-investment accounts) held \$10,746,451.71 of which 88.2% was in the Common account and 10.2% was in the Payroll account.

**DEDICATED ACCOUNT SUMMARY**

	<b>AMOUNT OF</b>	<b>INT</b>
<b>Dedicated Operating Accounts</b>	<b>INVESTMENT</b>	<b>RATE</b>
Common Account - WFB	\$ 9,481,271.25	*
Workers Compensation – WFB	29,590.87	*
General Liability – WFB	41,088.74	*
Payroll Account – WFB	1,091,908.86	*
Redflex Systems Inc. - Huntington	7,729.82	0.00%
* <i>WFB Interest is netted against bank fees.</i>	<u>\$ 10,651,589.54</u>	
<b>Cash in Trust - NMFA Loan Accounts</b>		
NMFA #8 Railyard Cash in Trust	\$ 0.01	0.01%
NMFA #8 Railyard Cash in Trust Reserve	52,880.78	0.56%
NMFA #15B Railyard Cash in Trust	0.08	0.01%
NMFA #18 Land Acquisition Cash in Trust	0.25	0.01%
NMFA #DW2 Water Cash in Trust	7.02	0.01%
NMFA #22 Water Cash in Trust	0.06	0.01%
NMFA #DW3 Water Cash in Trust	0.17	0.01%
NMFA #20 College of Santa Fe - Cash in Trust	2.95	0.01%
	<u>\$ 52,891.32</u>	
<b>Cash in Trust - Other Loans</b>		
HUD Section 108	\$ 41,970.85	0.01%
	<u>\$ 41,970.85</u>	
<b>TOTAL DEDICATED ACCOUNTS</b>	<u><u>\$10,746,451.71</u></u>	

The Portfolio by Maturity table below shows the weighted average maturity (WAM) at 389 days, up from 350 the prior month due to shifts in the term structure between called securities and replacement purchases. This WAM is slightly over a year which is short for a portfolio of this size and term structure. Once the annual debt service payments scheduled between May 27<sup>th</sup> and June 11<sup>th</sup> are paid using \$27.6 million in cash, securities will then constitute a larger percentage of the portfolio and the WAM will increase to reflect this percentage share increase.

The WAM looks at securities by their stated maturity. As such, it is a maximum and provides the most conservative view of the portfolio. However, it considerably overstates the actual average maturity since most of the bonds we hold at this time are callable, and they are frequently called – i.e. they are redeemed by the respective federal agency on dates prior to the stated maturity. On the basis of maturity dates, the portfolio is 57% cash or maturities of less than six months, insuring sufficient liquidity for the City’s needs.

**PORTFOLIO BY MATURITY**

<u>Short-Term</u>	<u>Jan</u>	<u>%/Total</u>	<u>Feb</u>	<u>%/Total</u>	<u>Mar</u>	<u>%/Total</u>
Immediately - 24 Hrs. Notice	\$ 115,152,975	49.30%	\$ 124,263,176	51.84%	\$ 112,177,183	47.37%
NM Local Gov't Invest. Pool	682,557	0.29%	682,557	0.28%	682,557	0.29%
Less than Six Months	18,532,021	7.93%	21,832,177	9.11%	22,332,318	9.43%
Subtotal Short Term	\$ 134,367,553	57.53%	\$ 146,777,910	61.23%	\$ 135,192,058	57.09%
<u>Long Term</u>						
One Year	\$ 11,320,301	4.85%	\$ 8,022,092	3.35%	\$ 7,521,681	3.18%
Two Years	30,477,134	13.05%	25,250,000	10.53%	25,750,000	10.87%
Three Years	31,036,198	13.29%	30,291,569	12.64%	38,989,692	16.46%
Three to Five Years	26,373,325	11.29%	29,364,847	12.25%	29,363,815	12.40%
Subtotal Long Term	\$ 99,206,958	42.47%	\$ 92,928,508	38.77%	\$ 101,625,188	42.91%
<b>TOTAL</b>	\$ <b>233,574,511</b>	<b>100.00%</b>	\$ <b>239,706,418</b>	<b>100.00%</b>	\$ <b>236,817,246</b>	<b>100.00%</b>
Weighted Average Maturity - Days		<b>366</b>		<b>350</b>		<b>389</b>

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.

**PORTFOLIO BY MATURITY AND AVERAGE YIELD**

<u>Short-Term</u>	<u>Jan</u>	<u>Ave. Yield</u>	<u>Feb</u>	<u>Ave. Yield</u>	<u>March</u>	<u>Ave. Yield</u>
Immediately - 24 Hrs. Notice	\$ 115,152,975	0.23%	\$ 124,263,176	0.22%	\$ 112,177,183	0.23%
NM LGIP	682,557	0.10%	682,557	0.10%	682,557	0.10%
Less than Six Months	18,532,021	1.04%	21,832,177	0.92%	22,332,318	0.91%
Subtotal Short Term	\$ 134,367,553	0.34%	\$ 146,777,910	0.32%	\$ 135,192,058	0.34%
<u>Long Term</u>						
One Year	\$ 11,320,301	0.46%	\$ 8,022,092	0.53%	\$ 7,521,681	0.55%
Two Years	30,477,134	0.49%	25,250,000	0.45%	25,750,000	0.44%
Three Years	31,036,198	0.66%	30,291,569	0.61%	38,989,692	0.69%
Five Years	26,373,325	1.05%	29,364,847	1.02%	29,363,815	1.02%
Subtotal Long Term	\$ 99,206,958	0.69%	\$ 92,928,508	0.69%	\$ 101,625,188	0.71%
<b>TOTAL</b>	\$ <b>233,574,511</b>	<b>0.49%</b>	\$ <b>239,706,418</b>	<b>0.47%</b>	\$ <b>236,817,246</b>	<b>0.51%</b>
Weighted Average Maturity - Days		<b>366</b>		<b>350</b>		<b>389</b>

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 3/31/14. This shifts the term structure significantly from \$135 million (57%) liquidating in 6 months or less, to \$203 million (86%). The average yield based on call dates increases to 0.55%. This table shows the average portfolio term at 165 days – less than a half year. The difference is readily visible when the table below is compared with the table above.



The following investment activity occurred for the month.

<b>INVESTMENT ACTIVITY</b>		<u><b>ACTIVITY</b></u>
<b>Agency Purchases:</b>		
FFCB 3/03/17	Purchase	\$ 3,000,000.00
FFCB 3/20/17	Purchase	2,700,000.00
FHLB 3/10/17	Purchase	3,000,000.00
FHLMC 5/12/17	Purchase	3,000,000.00
		<u>\$ 11,700,000.00</u>
<b>Agency Maturities, Calls, Sales</b>		
FHLMC 3/12/14	Call	(2,500,000.00)
GNMAs	Partial Call	(3,319.99)
		<u>\$ (2,503,319.99)</u>
<b>Interest Earned</b>		
Net Interest posted to GL - March		\$ 139,485.48
Amort. of premium/discount		(19,205.02)
Net Interest Earned = Actual Yield		<u>\$ 120,280.46</u>

C. Interest Activity

The Changes in Interest Rates table below compares interest rates by investment type.

<b>CHANGES IN INTEREST RATES</b>				
<b>Weighted Average Yield at End of Quarter</b>				
	<b>FY 12- 13</b>	<b>FY 13- 14</b>	<b>FY 13- 14</b>	<b>FY 13- 14</b>
<u>Cash Accounts</u>	<u>June</u>	<u>Sept.</u>	<u>Dec.</u>	<u>Mar</u>
Certificates of Deposit	0.92%	0.92%	0.92%	0.92%
Library Endowment Fund - CD	0.65%	0.65%	0.65%	0.65%
WFB Adv Govt MnMkt	0.01%	0.01%	0.01%	0.01%
WFB Business Svgs	0.23%	0.23%	0.23%	0.23%
FNB Savings	0.25%	0.25%	0.25%	0.25%
NM State LGIP	0.11%	0.10%	0.10%	0.10%
<u>Securities</u>				
U.S. Agency Securities	0.66%	0.68%	0.72%	0.73%
GNMA Pass-Through Securities	4.98%	5.05%	5.05%	5.04%
NM Bonds	0.90%	0.35%	0.35%	0.35%
2009A&B Reserve - Securities	1.00%	1.00%	1.00%	1.00%
 <b>TOTAL</b>	 <u><b>0.56%</b></u>	 <u><b>0.52%</b></u>	 <u><b>0.49%</b></u>	 <u><b>0.51%</b></u>

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 portfolio balance of \$191,744,953, for an interest budget of \$734,288 (of which \$34,288 is 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 is running higher than budget because the total portfolio balance and yields are higher than projected.

FY 13-14

**MONTHLY INTEREST EARNINGS/PROJECTIONS - Cash Basis**

	<u>Ave. Budget</u>	<u>Net Revenue</u>	<u>Over(Under)</u>	<u>% Budget</u>
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	46,482	(14,709)	75.96%
Jun *	61,191	72,890	11,700	119.12%
	<b>734,288</b>	<b>1,102,754</b>	<b>368,466.49</b>	<b>150.18%</b>

\* Projections based on SYMPRO Investment Software Report

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.

**OBSERVATIONS AND COMMENTS:**

A. NM Local Government Investment Pool

Recent conversations with the LGIP have indicated that the State is considering liquidating the remaining reserve contingency accounts in the next few months, of which the City's account holds \$20,301.10. If so, this balance will officially be declared a loss and recorded in our general ledger as such. This is our share of the remaining LGIP loss from the collapse of The Reserve Fund on September 16, 2008, on the heels of Lehman Brothers filing for bankruptcy on September 15, 2008.

B. Treasury and Agency Yields

1. The Federal Reserve is continuing to reduce its bond purchases under its quantitative easing program and market reaction continues to be minimal. It is now down to \$45 billion per month from \$85 billion. It is anticipated that this will terminate by calendar year-end.
2. Yields on Treasuries continue minor fluctuations which drive the yields on agencies. We do not currently hold any Treasuries but with the reduction in spread to agencies, we are keeping an eye out to judge when they become reasonable to purchase.

C. Investment Activities

1. Shifts in the financial markets since the May 22, 2013 upheaval continue to affect the manner in which we invest in agency securities. We have moved into purchasing more non-callable (bullet) securities, and have started to purchase a few shorter term securities (eighteen months to two years). The most recent 18

month purchase will yield 0.29%, which is higher than the 0.22% on the WFB Savings account. It helps fill in the shorter end of the curve where there has been little of interest for quite some time.

2. Wells Fargo Bank cut the interest rate on savings accounts on 4/22/14 from .23% to .22%. This affects earnings on our regular savings account, our restricted cash account, and our debt service reserve account for the College of Santa Fe loan. It is likely that this move was in response to the increased cost of collateral the bank is required to hold on our behalf.

#### D. Other Federal, State and Local Issues

1. The Senate Banking Committee continues to discuss unwinding Fannie Mae (FNMA) and Freddie Mac (FHLMC) from the Federal government umbrella, which would ultimately eliminate these agencies as investment opportunities for us. This was discussed with the Finance Director in terms of investment diversity ramifications and the need for consideration at the legislative level as pertains to State Statute Chapter 6 governing municipal investments. Our investment advisors do not expect this to be resolved for quite some time and until such time as a decision is reached bonds being issued by these two agencies would still be acceptable investments for us.
2. The Securities and Exchange Commission (SEC) is working on reform of money market mutual funds. I asked our advisors how this might affect the NMLGIP or the WFB Advantage Government Money Market fund we use as our custodial account for our trust activity. The response I received from Greg Warner at FSAM is as follows:

“Helene, the current proposals for MMF reform specifically exempt funds that invest only in government and agency securities. So while it does appear likely that the impending reform will mandate a floating NAV (Net Asset Value), it will only apply to so-called prime funds, i.e. those that invest in commercial paper, CDs and other non-governmental securities. As of now, the proposed reforms will not apply to LGIPs, so there will not be any direct effect on them, regardless of what they invest in. There have been some who wonder/worry/suspect that at some point in the future the SEC may seek to apply the same reforms to LGIPs, but it...isn't clear that they have the regulatory authority to do so. The main impact for state and local governments will be loss of the stable \$1 NAV on prime money market funds. The obvious solution, and the one most people expect, will be a transition away from prime funds and into government/agency MMFs. So your investments in the WFB Advantage Government money market should not be an issue. The one concern that does come up is that there is already a very short supply of government/agency paper for these funds to invest in. So if there is an influx of new money as investors abandon prime funds, then prices for short government securities will rise and yields will fall further. That's almost hard to imagine since most government MMFs only pay 1 or 2 bps in yield today.

The summary is that you don't need to worry just yet. The reforms are not a done deal just yet, they will take a long time to implement, and your government MMFs will be exempted anyway."

As of 5/6/14 our custodial account is paying 0.01% on cash balances and the NMLGIP is paying 0.103%, so as noted above, these rates are already low. This reassurance from FSAM is helpful when viewed in conjunction with the Fed trying to disengage itself from FNMA and FHLMC. While actual implementation on any of these changes appears to be some ways off, it is important to be aware of the impact on the diversity within our portfolio such changes could potentially have.

3. A Wall Street Journal investigation of brokers and information listed on FINRA (Financial Industry Regulatory Authority) which licenses brokers, brought to light certain irregularities. FINRA's response in a WSJ article on 4/16/15 indicated their willingness to pursue corrections to their licensing and reporting system. Both articles were forwarded to our investment advisors with a request for comment, and the following response was received from Scott McIntyre:

"It doesn't really surprise me that one out of every 400 broker/dealers has negative background information they should have disclosed and didn't. My guess is that this percentage mirrors most professional occupations, and in fact broker/dealers may be at a lower percentage than most as the financial industry has incentive to regulate its members as perceived integrity is critical. From the standpoint of FSAM, all new employees are vetted through an employment agency before meeting with our HR department. New hires are fingerprinted along with background checks. We also have an ongoing surveillance system that borders on being intrusive. All of our emails are captured and subject to review. Our phone contacts, Bloomberg messages and all outgoing and incoming correspondence is reviewed. We don't have private offices, so our actions and conversations are transparent. Of course, we never take control of client funds or securities, and all transactions are conducted on a delivery-vs-payment basis."

As such, I am comfortable that the City's interests are sufficiently protected when we undertake securities purchases through FSMA and the brokers it uses on our behalf. FSAM has better access to information on the brokers it selects to use than we do. This sense of comfort was not possible when we used to deal with brokers directly.

#### E. Bank Information

Efforts were made in January and February to expand activity with local banks but no additional public funds were placed.

On 3/26/14 US Bank met to discuss investment options. Information was shared regarding our current certificates of deposit and savings accounts since it is all public information. However, the rates US Bank offered were far from competitive with those offered in our "local sandbox" – only 0.1% on a 12-month CD and only 0.2% on a 24-

month CD. (We just renewed a \$2.5 million CD for 7 months at 0.45% at Community Bank.) Since then they have indicated that our discussion triggered a larger review within the bank regarding government banking activity in New Mexico. It may be some time before this internal review is completed and we know if there are any investment options with them.

F. Overall Status

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:

Bank vs. GL Reconciliation

SYMPRO Portfolio Management Report

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

**City of Santa Fe**  
**Investment Portfolio Summary**  
**March 31, 2014**

		<u>Balance per Bank</u>	<u>Balance per GL</u>	<u>Difference</u>
<b>MARKETABLE SECURITIES (Face Value)</b>				
	<b>Line #</b>			
#7000 Securities - WFB Custodial Account	101725	\$ 92,879,887.00	\$ 92,879,887.00	\$ 0.00
#5391 Securities - 2009AB Reserve	101725	5,275,000.00	5,275,000.00	0.00
<b>Subtotal Securities</b>		<u>\$ 98,154,887.00</u>	<u>\$ 98,154,887.00</u>	<u>\$ 0.00</u>
<b>CASH, EQUIVALENTS &amp; MONEY MARKETS</b>				
#7000 Pooled - FNB Savings	101127	9,764,898.44	9,764,898.44	0.00
#7000 Pooled - WFB Adv Govt Mny Mkt	101730	89,857.91	89,857.91	0.00
#7000 Pooled - WFB Business Svgs	101740	93,271,883.58	93,271,883.58	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	25,500,000.00	25,500,000.00	0.00
#5391 2009AB Reserve Cash (Water)	101500	28,324.44	28,324.44	0.00
#2716 Library Endowment Cert. of Deposit	101500	282,317.66	282,317.66	0.00
#5912 College of Santa Fe DS Reserve - WFB	101500	1,072,319.30	1,072,319.30	0.00
#Various - Restricted Cash - WFB	100750	7,949,899.23	7,949,899.23	0.00
<b>Subtotal Cash, Equivalents &amp; Mny Mkt</b>		<u>\$ 138,662,358.95</u>	<u>\$ 138,662,358.95</u>	<u>\$ 0.00</u>
<b>SUBTOTAL SECURITIES &amp; CASH</b>		<u><u>\$ 236,817,245.95</u></u>	<u><u>\$ 236,817,245.95</u></u>	<u><u>\$ 0.00</u></u>
<b>DEDICATED OPERATING ACCOUNTS</b>				
#7000 Pooled - Common Account	100900	\$ 9,481,271.25	9,481,271.25	\$ 0.00
#6109 Worker's Compensation - WFB	101125	29,590.87	29,590.87	0.00
#6104 General Liability - WFB	101200	41,088.74	41,088.74	0.00
#4203 HUD Section 108 - WFB	100961/962	41,970.85	41,970.85	0.00
#7104 Payroll Account - WFB	101050	1,091,908.86	1,091,908.86	0.00
#2724 Redflex Traffic - Huntington Nat'l Bank	101501	7,729.82	7,729.82	0.00
<b>Subtotal Dedicated Op. Accounts</b>		<u>\$ 10,693,560.39</u>	<u>\$ 10,693,560.39</u>	<u>\$ 0.00</u>
<b>CASH IN TRUST - NMFA LOAN ACCOUNTS</b>				
		<b>Loan #</b>		
#5850 Railyard #8-capitalized int taxble	101500	8	\$ 0.01	\$ 0.01
#5850 Railyard NMFA #8 -reserve tax'bl	101501	8	52,880.78	52,880.78
#5850 Railyard #15B-capitalized int tax ex.	101503	15-B	0.08	0.08
#4209 #18 Land Acquisition Loan	101500	18	0.25	0.25
#5300 #DW-2 Drinking Water Loan	101500	DW-2	7.02	7.02
#5300 #DW-3 Drinking Water Loan	101500	DW-3	0.17	0.17
#5300 #22 Upgrade Water Utility System	101500	22	0.06	0.06
#5912 #20 College of Santa Fe	101503	20	2.95	2.95
<b>Subtotal - Trust Cash - Loan Accounts</b>			<u>\$ 52,891.32</u>	<u>\$ 52,891.32</u>
<b>SUBTOTAL DEDICATED ACCOUNTS/CASH IN TRUST</b>			<u><u>\$ 10,746,451.71</u></u>	<u><u>\$ 10,746,451.71</u></u>
<b>TOTAL INVESTMENT PORTFOLIO</b>			<u><u><u>\$ 247,563,697.66</u></u></u>	<u><u><u>\$ 247,563,697.66</u></u></u>

Prepared: 5/7/14



**City of Santa Fe  
Portfolio Management  
Portfolio Summary  
March 31, 2014**

<b>Investments</b>	<b>Par Value</b>	<b>Market Value</b>	<b>Book Value</b>	<b>% of Portfolio</b>	<b>Term</b>	<b>Days to Maturity</b>	<b>YTM/C</b>
Certificates of Deposit - Bank	25,500,000.00	25,500,000.00	25,500,000.00	10.76	794	134	0.917
Money Market Accounts	118,182.35	118,182.35	118,182.35	0.05	1	1	0.010
Local Government Investment Pool	702,858.39	702,858.39	702,858.39	0.30	1	1	0.100
Federal Agency Coupon Securities	93,525,000.00	93,262,518.75	93,590,704.48	39.50	1,256	369	0.721
Pass Through Securities	79,887.00	83,241.33	83,735.09	0.04	5,177	1,159	5.044
Municipal Bonds	4,550,000.00	4,652,084.50	4,631,379.59	1.95	610	224	0.349
Savings Account	112,059,000.55	112,059,000.55	112,059,000.55	47.29	1	1	0.232
Compounding CDs	282,317.66	282,317.66	282,317.66	0.12	730	2	0.650
<b>Investments</b>	<b>236,817,245.95</b>	<b>236,660,203.53</b>	<b>236,968,178.11</b>	<b>100.00%</b>	<b>597</b>	<b>165</b>	<b>0.503</b>

<b>Total Earnings</b>	<b>March 31 Month Ending</b>	<b>Fiscal Year To Date</b>
Current Year	96,518.79	873,724.77
<b>Average Daily Balance</b> 246,452,755.21		<b>228,748,230.55</b>
<b>Effective Rate of Return</b>	<b>0.46%</b>	<b>0.51%</b>

*Helene Hausman* \_\_\_\_\_ 5/6/14  
 Helene Hausman, Cash & Investment Officer

**City of Santa Fe  
Portfolio Management  
Portfolio Details - Investments  
March 31, 2014**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	Days to Maturity	YTM/C	Maturity Date
<b>Certificates of Deposit - Bank</b>												
SYS10721	10721	Century Bank		07/28/2013	250,000.00	250,000.00	250,000.00	0.400	365	118	0.400	07/28/2014
SYS10703	10703	Community Bank		03/26/2013	500,000.00	500,000.00	500,000.00	0.500	548	177	0.500	09/25/2014
SYS10728	10728	Community Bank		09/15/2013	2,500,000.00	2,500,000.00	2,500,000.00	0.450	211	13	0.450	04/14/2014
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	190	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	193	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	246	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	428	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	106	0.500	07/16/2014
SYS10715	10715	Guadalupe CU		06/19/2013	250,000.00	250,000.00	250,000.00	1.000	365	79	1.000	06/19/2014
SYS10525	10525	Los Alamos Nat.		05/07/2011	10,000,000.00	10,000,000.00	10,000,000.00	1.500	1,096	36	1.500	05/07/2014
SYS10545	10545	Los Alamos Nat.		06/07/2011	250,000.00	250,000.00	250,000.00	1.500	1,096	67	1.500	06/07/2014
SYS10718	10718	State Employee CU		07/08/2013	250,000.00	250,000.00	250,000.00	1.460	1,461	1,194	1.460	07/08/2017
<b>Subtotal and Average</b>			<b>25,500,000.00</b>		<b>25,500,000.00</b>	<b>25,500,000.00</b>	<b>25,500,000.00</b>		<b>794</b>	<b>134</b>	<b>0.917</b>	
<b>Money Market Accounts</b>												
SYS10210	10210	Wells Fargo Bank MM		07/01/2007	89,857.91	89,857.91	89,857.91	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	28,324.44	28,324.44	28,324.44	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	
<b>Subtotal and Average</b>			<b>8,963,575.87</b>		<b>118,182.35</b>	<b>118,182.35</b>	<b>118,182.35</b>		<b>1</b>	<b>1</b>	<b>0.010</b>	
<b>Local Government Investment Pool</b>												
SYS10213	10213	NM Local Gvt Inv. Pool		07/01/2007	682,557.29	682,557.29	682,557.29	0.103	1	1	0.103	
SYS10381	10381	NM Local Gvt Inv. Pool		03/06/2009	20,301.10	20,301.10	20,301.10		1	1	0.000	
<b>Subtotal and Average</b>			<b>702,858.39</b>		<b>702,858.39</b>	<b>702,858.39</b>	<b>702,858.39</b>		<b>1</b>	<b>1</b>	<b>0.100</b>	
<b>Federal Agency Coupon Securities</b>												
3133EAX29	10672	Federal Farm Credit Bank		09/21/2012	2,500,000.00	2,473,375.00	2,498,265.16	0.980	1,823	1,266	1.001	09/18/2017
3133EA3E6	10684	Federal Farm Credit Bank		11/14/2012	3,000,000.00	3,000,150.00	2,998,739.60	0.480	1,146	643	0.504	01/04/2016
3133ECHB3	10700	Federal Farm Credit Bank		03/15/2013	3,000,000.00	2,999,160.00	2,996,494.03	0.450	1,088	706	0.511	03/07/2016
3133ECJX3	10705	Federal Farm Credit Bank		03/28/2013	3,000,000.00	2,942,970.00	2,996,408.51	1.040	1,824	1,455	1.071	03/26/2018
3133EDEN8	10731	Federal Farm Credit Bank		02/05/2014	2,500,000.00	2,498,900.00	2,499,660.00	0.300	607	552	0.309	10/05/2015
3133EDEC2	10733	Federal Farm Credit Bank		02/11/2014	2,000,000.00	2,002,300.00	2,005,304.92	0.550	807	758	0.421	04/28/2016
3133EDFZ0	10740	Federal Farm Credit Bank		03/04/2014	3,000,000.00	2,991,090.00	2,998,332.79	0.770	1,095	63	0.789	03/03/2017
3133EDHJ4	10743	Federal Farm Credit Bank		03/20/2014	2,700,000.00	2,696,139.00	2,698,663.75	0.930	1,096	80	0.947	03/20/2017
3133XWE70	10645	Federal Home Loan Bank		07/02/2012	3,000,000.00	3,014,490.00	3,012,479.32	2.500	711	73	0.410	06/13/2014

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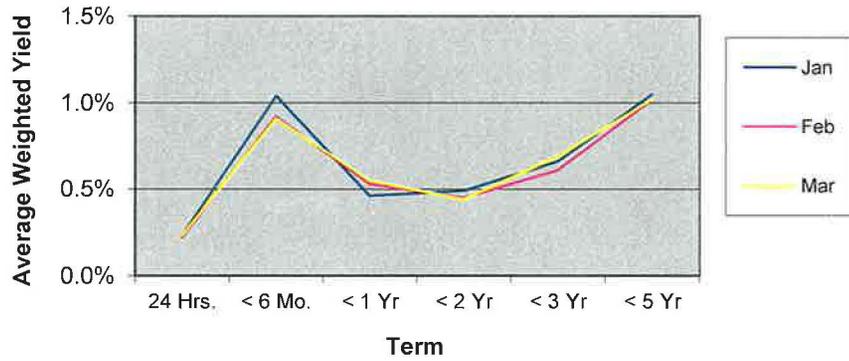
**City of Santa Fe  
Portfolio Management  
Portfolio Details - Investments  
March 31, 2014**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	Days to Maturity	YTM/C	Maturity Date
<b>Federal Agency Coupon Securities</b>												
313381MH5	10693	Federal Home Loan Bank		01/07/2013	3,000,000.00	3,000,000.00	2,999,911.67	0.500	1,095	646	0.502	01/07/2016
3133813R4	10695	Federal Home Loan Bank		01/17/2013	2,800,000.00	2,752,792.00	2,800,000.00	1.000	1,757	8	1.000	11/09/2017
3130A0KX7	10730	Federal Home Loan Bank		01/22/2014	3,000,000.00	2,998,620.00	2,999,723.00	0.690	912	112	0.694	07/22/2016
3130A0PA2	10734	Federal Home Loan Bank		02/13/2014	1,750,000.00	1,748,197.50	1,750,000.00	1.000	1,096	42	1.000	02/13/2017
3133782N0	10735	Federal Home Loan Bank		02/21/2014	3,000,000.00	2,996,610.00	3,007,169.21	0.875	1,113	1,074	0.793	03/10/2017
3130A0SD3	10738	Federal Home Loan Bank		02/21/2014	3,000,000.00	2,998,440.00	3,000,000.00	0.375	728	689	0.375	02/19/2016
3130A0Y53	10742	Federal Home Loan Bank		03/10/2014	3,000,000.00	2,983,380.00	2,999,705.83	0.900	1,096	162	0.903	03/10/2017
3134G3WV8	10655	Federal Home Loan Mtg Corp		07/20/2012	2,500,000.00	2,503,225.00	2,514,557.02	1.200	1,782	66	1.012	06/06/2017
3134G3K33	10675	Federal Home Loan Mtg Corp		09/27/2012	3,500,000.00	3,495,870.00	3,498,911.11	0.700	1,461	87	0.725	09/27/2016
3134G3L40	10677	Federal Home Loan Mtg Corp		10/04/2012	2,500,000.00	2,495,575.00	2,500,000.00	0.600	1,278	3	0.600	04/04/2016
3134G36F2	10701	Federal Home Loan Mtg Corp		03/18/2013	2,500,000.00	2,503,125.00	2,500,000.00	0.420	914	535	0.420	09/18/2015
3134G4EJ3	10722	Federal Home Loan Mtg Corp		08/01/2013	1,600,000.00	1,602,992.00	1,600,000.00	0.850	1,093	119	0.850	07/29/2016
3137EADQ9	10732	Federal Home Loan Mtg Corp		02/11/2014	2,000,000.00	1,999,720.00	2,002,477.44	0.500	822	773	0.441	05/13/2016
3137EADF3	10739	Federal Home Loan Mtg Corp		03/04/2014	3,000,000.00	3,023,220.00	3,041,041.49	1.250	1,165	1,137	0.804	05/12/2017
3136G0RP8	10658	Federal National Mtg Assn		07/27/2012	2,775,000.00	2,768,645.25	2,776,152.08	0.875	1,825	116	0.843	07/26/2017
3135G0PH0	10676	Federal National Mtg Assn		09/27/2012	2,500,000.00	2,488,600.00	2,498,517.22	1.000	1,826	87	1.043	09/27/2017
3135G0QN6	10681	Federal National Mtg Assn		10/29/2012	2,000,000.00	2,000,940.00	1,998,515.87	0.550	1,278	28	0.634	04/29/2016
3135G0QW6	10683	Federal National Mtg Assn		11/08/2012	2,000,000.00	1,982,660.00	1,999,639.72	1.000	1,826	37	1.017	11/08/2017
3135G0LN1	10688	Federal National Mtg Assn		12/19/2012	3,000,000.00	3,009,780.00	3,004,104.94	0.500	925	457	0.390	07/02/2015
3135G0TS2	10702	Federal National Mtg Assn		03/20/2013	2,500,000.00	2,500,950.00	2,499,762.07	0.500	1,031	14	0.511	01/15/2016
3135G0VQ3	10704	Federal National Mtg Assn		03/26/2013	2,000,000.00	1,999,540.00	1,999,715.87	0.650	1,280	86	0.663	09/26/2016
3135G0WA7	10706	Federal National Mtg Assn		03/28/2013	2,500,000.00	2,463,875.00	2,500,000.00	1.125	1,826	88	1.125	03/28/2018
3135G0WM1	10707	Federal National Mtg Assn		05/14/2013	3,500,000.00	3,445,435.00	3,500,000.00	1.000	1,812	394	1.000	04/30/2018
3135G0WY5	10710	Federal National Mtg Assn		05/24/2013	3,500,000.00	3,486,665.00	3,498,019.70	0.550	1,270	43	0.572	11/14/2016
3135G0XB4	10711	Federal National Mtg Assn		05/24/2013	3,400,000.00	3,397,348.00	3,399,638.41	0.500	1,071	28	0.516	04/29/2016
3136G1NU9	10713	Federal National Mtg Assn		06/19/2013	2,000,000.00	1,997,740.00	1,998,793.75	1.000	1,461	79	1.076	06/19/2017
<b>Subtotal and Average</b>			<b>91,371,533.63</b>		<b>93,525,000.00</b>	<b>93,262,518.75</b>	<b>93,590,704.48</b>		<b>1,256</b>	<b>369</b>	<b>0.721</b>	
<b>Pass Through Securities</b>												
36225BTS7	10006	GNMA		04/30/2003	1,379.42	1,389.19	1,473.39	6.500	4,309	320	4.982	02/15/2015
36225BN61	10007	GNMA		04/30/2003	7,330.82	7,605.51	7,756.92	6.000	4,825	836	4.773	07/15/2016
36213ULS7	10008	GNMA		04/30/2002	11,300.26	11,690.91	11,459.18	6.000	5,221	867	5.717	08/15/2016
36202DPY1	10009	GNMA		06/30/2003	14,215.32	14,720.82	14,917.22	6.000	4,831	903	4.951	09/20/2016
36225BRY6	10010	GNMA		08/31/2003	6,846.00	7,188.03	7,081.33	6.000	4,917	1,051	5.113	02/15/2017
36202SGG7	10011	GNMA		04/30/2003	38,815.18	40,646.87	41,047.05	6.000	5,433	1,444	4.932	03/15/2018

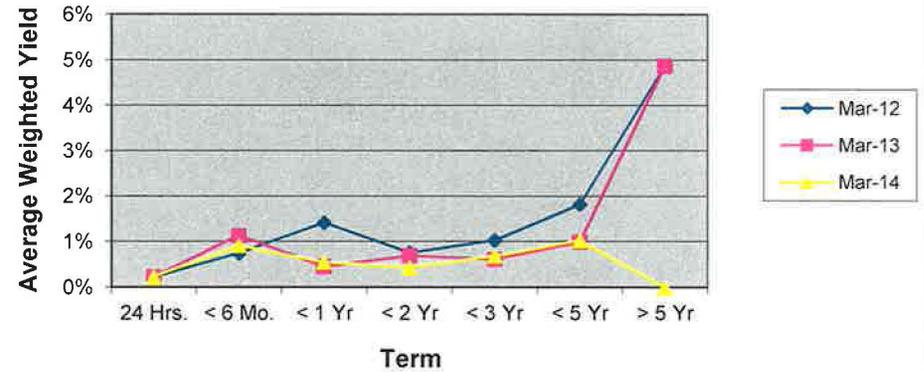
**City of Santa Fe  
Portfolio Management  
Portfolio Details - Investments  
March 31, 2014**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	Term	Days to Maturity	YTM/C	Maturity Date
<b>Subtotal and Average</b>			<b>85,401.41</b>		<b>79,887.00</b>	<b>83,241.33</b>	<b>83,735.09</b>		<b>5,177</b>	<b>1,159</b>	<b>5.044</b>	
<b>Municipal Bonds</b>												
801901JJ9	10708	Santa Fe Community College		05/16/2013	3,300,000.00	3,353,922.00	3,340,929.10	4.000	442	122	0.271	08/01/2014
798359JR7	10671	San Juan Cnty NM School Dist		09/21/2012	1,250,000.00	1,298,162.50	1,290,450.49	3.000	1,044	487	0.550	08/01/2015
<b>Subtotal and Average</b>			<b>4,637,348.18</b>		<b>4,550,000.00</b>	<b>4,652,084.50</b>	<b>4,631,379.59</b>		<b>610</b>	<b>224</b>	<b>0.349</b>	
<b>Savings Account</b>												
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	9,764,898.44	9,764,898.44	9,764,898.44	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	93,271,883.58	93,271,883.58	93,271,883.58	0.230	1	1	0.230	
SYS10724	10724	Wells Fargo Bank Savings		07/01/2013	1,072,319.30	1,072,319.30	1,072,319.30	0.230	1	1	0.230	
SYS10727	10727	Wells Fargo Bank Savings		07/01/2013	7,949,899.23	7,949,899.23	7,949,899.23	0.230	1	1	0.230	
<b>Subtotal and Average</b>			<b>114,909,729.14</b>		<b>112,059,000.55</b>	<b>112,059,000.55</b>	<b>112,059,000.55</b>		<b>1</b>	<b>1</b>	<b>0.232</b>	
<b>Forward Purchase Agreement</b>												
SYS10218	10218	JPMorgan Chase		07/01/2007	0.00	0.00	0.00	0.470	1	1	0.470	
<b>Subtotal and Average</b>			<b>0.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0</b>	<b>0</b>	<b>0.000</b>	
<b>Compounding CDs</b>												
SYS10678	10678	First National Bank of Santa F		04/03/2012	282,317.66	282,317.66	282,317.66	0.650	730	2	0.650	04/03/2014
<b>Subtotal and Average</b>			<b>282,308.58</b>		<b>282,317.66</b>	<b>282,317.66</b>	<b>282,317.66</b>		<b>730</b>	<b>2</b>	<b>0.650</b>	
<b>Total and Average</b>			<b>246,452,755.21</b>		<b>236,817,245.95</b>	<b>236,660,203.53</b>	<b>236,968,178.11</b>		<b>597</b>	<b>165</b>	<b>0.503</b>	

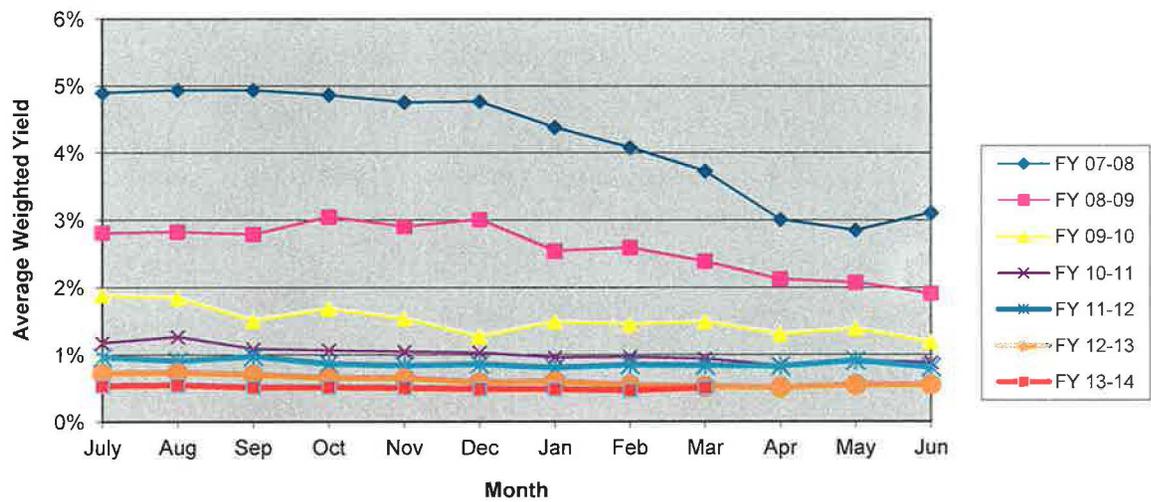
### Yield Curve - 3 Month



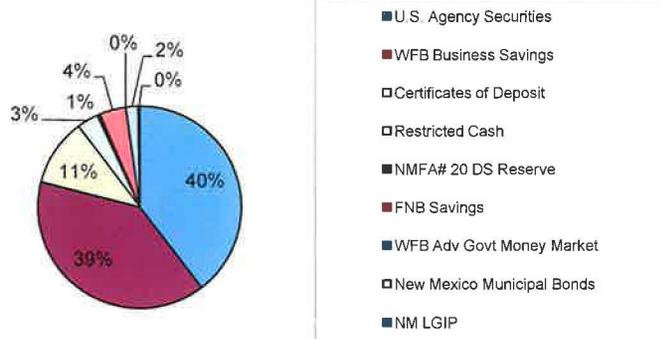
### Ave. Portfolio Yield By Term



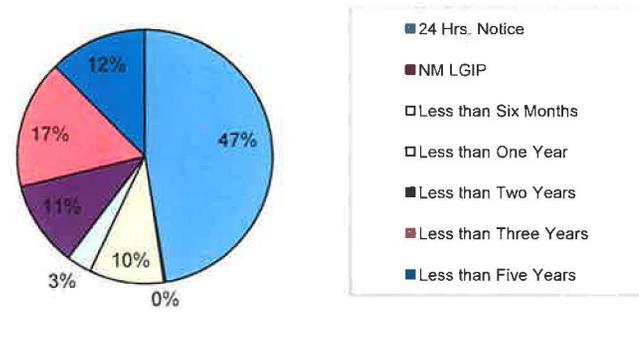
### Ave. Portfolio Yield by Fiscal Year



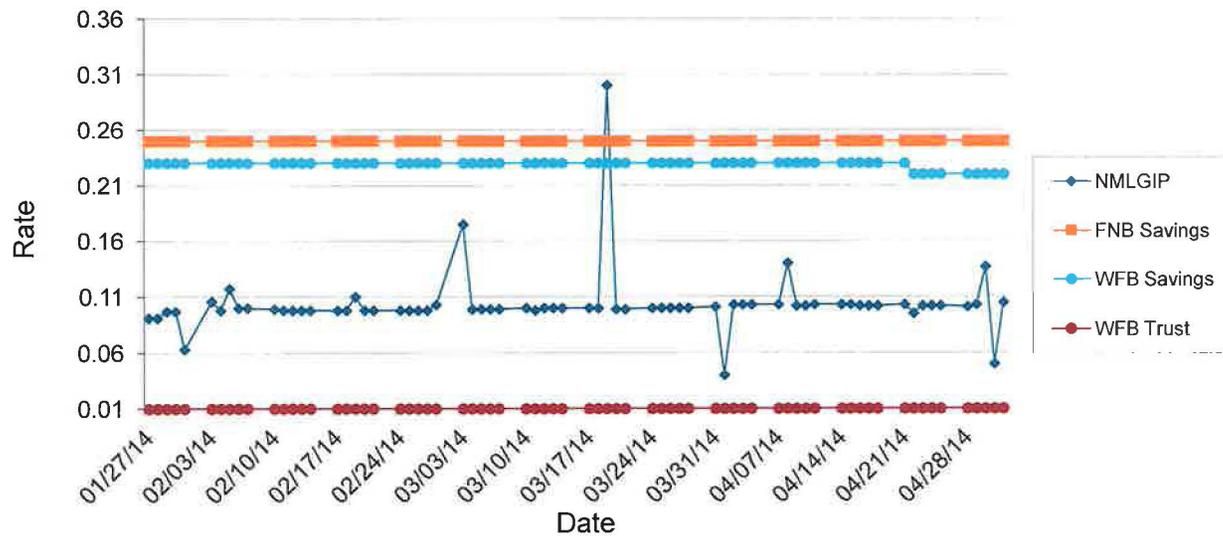
**Investment Type  
March 31, 2013**



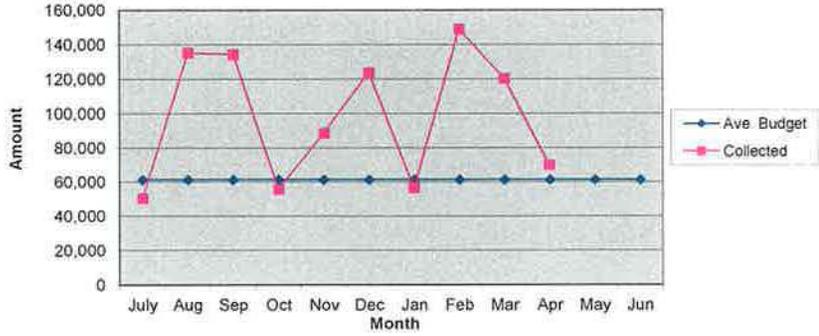
**Investments Within the Aging Period  
March 31, 2013**



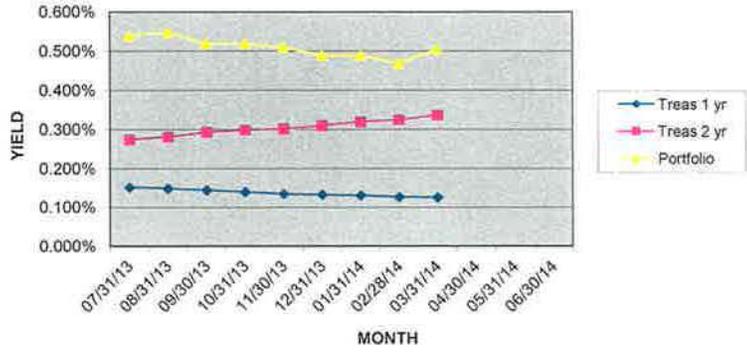
**Major Cash Accounts - Yields**



**FY 13-14 Interest Earnings vs Budget**



**Benchmark Comparison**



**BANK RATINGS AS OF DECEMBER 31, 2013**  
bankrate.com - Updated 4/16/14

	Rating 06/30/12	Rating 06/30/13	Rating 09/30/13	Rating 12/31/13
<b>BANKS WITH CD'S</b>				
First National Bank of Santa Fe*	****	****	****	**
Los Alamos National Bank **	**	***	**	**
Community Bank	***	***	***	***
Century Bank	***	***	***	***
State Employees Credit Union	****	****	****	****
Guadalupe Credit Union	***	**	***	***
<b>TOTAL CD'S</b>				
<b>OTHER MAJOR BANK ACCOUNTS</b>				
FNB Money Market - Savings	****	****	****	**
FNB Library Endowment CD	****	****	****	**
Wells Fargo Bank Savings	***	****	****	****
<b>TOTAL OTHER</b>				

Balances 01/31/14	Collateral Type		
	FDIC/NCUA	Agencies	LOC
11,500,000	X	X	
10,250,000	X		X
3,000,000	X	X	
250,000	X		
250,000	X		
250,000	X		
<b>25,500,000</b>			
9,762,825.51	X	X	
282,176.96	X	X	
96,221,471.63	X	X	
<b>106,266,474.10</b>			

\* FNB has carried a \*\*\*\* rating for quite some time and this is the first review since their merger. The activities at another bank that was part of the merger impacted FNB in this first merged review.

\*\* LANB has had a \*\* rating since March 31, 2012 with one exception. The bank is working on restating its financials in response to new legislative requirements and expects to have the financials refiled in the coming months.