

MONTHLY INVESTMENT REPORT

City of Carson, Carson Housing Authority,

Carson Successor Agency

As of May 31, 2016

This report is a summary for the City of Carson's Treasury Department Investment reporting of reserve revenues for the City of Carson, Carson Successor Agency and Carson Housing Authority.

Portfolio Overview:

The portfolio is invested in only those investments allowable by Government Code, the City's Investment Policy and Bond Indenture; as such investments are purchased to meet the portfolio objectives of preservation of principal, operating liquidity and attain a market rate of return throughout budgetary and economic cycles, in that order of priority.

Compliance:

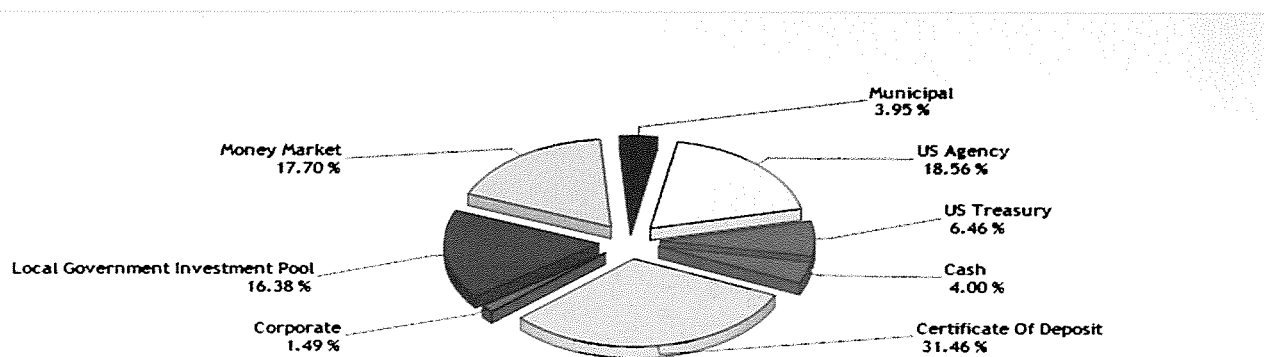
The investment portfolio is in conformity with all State regulations and the City's Investment policy as approved by the City Council on June 8, 2016. It is also the intent of the City Treasurer's office to ensure all investments are in compliance with the maturity time limits and percentage allocation limits. The City is currently in compliance as demonstrated in the chart below:

Investment Type	Maximum Investment Percentage Per Investment Policy	City of Carson Investment percentages	Maximum Maturity	In Compliance Y/N
Collateralized Certificates of deposit	100%	28.49%	5 years	Y
U. S Treasury Obligations	100%	6.46%	5 years	Y
US Agency Obligations	100%	18.56%	5 years	Y
Negotiable Certificates of Deposit	10%	2.97%	5 years	Y
Money Market	20%	17.70%	N/A	Y
Medium Corporate Notes	20%	1.49%	5 years	Y
Local Agency Investment Funds	65 Million	16.38% (\$16,483,000.14)	N/A	Y
State/Municipal Bonds	20%	3.95%	5 years	Y

Portfolio Composition:

Currently, The City of Carson, Successor Agency and Housing Authority reserve funds are invested in the following investment securities: Certificates of Deposit, Local Government Investment Pool, which is managed by the State of California Treasurer's Office with available liquidity at any time. Additional securities include; Municipal and State Bonds, Money Market accounts and Government Sponsored Enterprises (GSE) which include- Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC/Freddie Mac), Federal National Mortgage Association (FNMA/Fannie/Fannie Mae) and FFCB (Federal Farm Credit Bank).

Portfolio Holdings Distribution by Security Sector



Portfolio Earning and Performance:

Investment earnings for the month of May are \$113,242.66. Also during the month of May, a total of \$7.8 million in securities matured of which, \$3.5 million of these funds were re-invested and \$4.3 million was allocated to liquidity accounts.

Revenue from the county of Los Angeles for the Carson Successor Agency were received in the amount of \$10 million; additionally the City of Carson also received \$7 million from the County of Los Angeles for the City's share of the Real Estate tax and \$5million for the City's share of vehicle fees.

The current combined rate of return on all entities within the Carson investment portfolio is .954%. The City of Carson and the Housing Authority Bond A 2010 reserves have the greatest rate of return at 1.051 and 1.562% respectively. The current percentage of combined revenue in liquid accounts is 37.71%. The goal is to maintain sufficient liquid funds to cover (6) months of expenditures.

Investment strategy:

The overall investment strategy continues to be short-term investing (12 – 36 months) factors influencing this investment approach includes: operational needs, unexpected expenditures and a budget deficit. Additionally, low interest rates and the economic conditions impacting interest rates are also factors. This strategy ensures sufficient liquid reserve funds are available at all times and reduce the need to cash-out existing investment prematurely.

****Note:** Restricted bond reserves were not included in the Investment Portfolio Reports. According to the bond issuance covenants, these funds cannot be freely invested and the city does not determine where and how those funds are invested.

**Prepared by: Monica Cooper
City of Carson Treasurer**