City of Huntington Beach
City Treasurer’s Report

Period Ending: March 31, 2014
Alisa Cutchen, CPFIM
City Treasurer
Current Economic Factors:

- Unemployment: 6.7% for March, 2014, down from a high of 10% in October, 2009
- Inflation rate (CPI) remained under 2%
- Conference Board Consumer Confidence Index: 82.3, its highest level since 2008
- Personal Income: up 3% in February, 2014
Current Economic Factors:

- Retail sales rose 1.1% month over month in March.
- Housing market index slowed in winter (poor weather), but rise in current mortgage applications.
- These factors suggest a slight pickup in economic activity at the end of Q1 and beginning of Q2 2014.
Interest Rates:

Source: US Board of Governors of the Federal Reserve System

U.S. Treasury Constant Maturity – 2 year
June, 1976 to March, 2014

16.3%
High 8/1981

0.4% as of 3/2014

Source: US Board of Governors of the Federal Reserve System
Sample Investment Rates at 3/31/14:

- LAIF Rate: 0.24%
  (overnight availability)
- 2-Year Agency Bullet: 0.49%
- 2-Year Fed. Agency (callable): 0.51%
- 3-Year Treasury Security: 0.87%

Source: Market Update 3/31/14 @ Market Close, Cantor Fitzgerald
**Investment Portfolio:**

- **As of March 31, 2014:**

<table>
<thead>
<tr>
<th>Investment Type</th>
<th>Market Value</th>
<th>Book Value</th>
<th>% of Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Agency Issues</td>
<td>136,000,419</td>
<td>136,849,308</td>
<td>70%</td>
</tr>
<tr>
<td>Local Agency Investment Fund (LAIF)</td>
<td>25,240,619</td>
<td>25,240,619</td>
<td>13%</td>
</tr>
<tr>
<td>Corporate Bonds</td>
<td>34,301,936</td>
<td>34,350,135</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Total Portfolio</strong></td>
<td><strong>195,542,974</strong></td>
<td><strong>196,440,062</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

Source: Market Values provided by Union Bank custody
Investment Portfolio:

Book Value by Investment Type
March 31, 2014

- Federal Agency Issues: 70%
- Local Agency Investment Funds: 13%
- Corporate Bonds: 17%
Investment Portfolio – Book Value

Book Value History
$ in millions

2013 February 194.7
2013 March 186.7
2013 April 186.0
2013 May 191.0
2013 June 195.7
2013 July 203.7
2013 August 185.7
2013 September 170.7
2013 October 174.5
2013 November 187.0
2013 December 204.5
2014 January 196.4
2014 February
2014 March
Portfolio Performance at 3/31/14:

- Monthly Earnings: $126,208
- Fiscal YTD Earnings: $678,054
- FYTD Effective Rate of Return: 0.76% versus benchmark: 0.29%
- In Compliance / NO LOSSES
Commonly Utilized Allowable Investments

- Certificates of Deposit (CDs)
- Money Market Accounts
- Commercial Paper
- U.S. Treasury Bills, Bonds and Notes
- U.S. Federal Agency Issues
- Corporate Notes
- LAIF (CA State Pool)
QUESTIONS?

Thank you.