

Exhibit 7 shows the investments out of compliance with the current policy. Six municipal bond investments are outside the Investment Policy's requirement that issuing local agencies be within California. The Investment Policy allows for the purchase of municipal bonds issued by any state authority outside California but limits the purchase of municipal bonds issued by local agencies to those within California.

The city's Investment Policy allows the City Treasurer to determine the course of action that would correct exceptions to the policy. All investments are paying interest at the required times and their principal is considered secure. It is the intent of the City Treasurer to hold the noncompliant municipal bonds in the portfolio until maturity unless events indicate they should be sold.

Not less than two-thirds (66.67%) of the current fiscal year operating budget shall mature within one year. The maturity value within one year is \$331,155,808, which is 72.1% of the current year operating budget. The investment portfolio has the ability to meet the city's anticipated cash flow demands for the next six months.

Next Steps

The report on city investments will continue to be produced monthly by the City Treasurer.

Environmental Evaluation

The proposed action is not a "project" as defined by California Environmental Quality Act Section 21065 and CEQA Guidelines Section 15378(b)(5) and does not require environmental review under CEQA Guidelines Section 15060(c)(3) and 15061(b)(3) because the proposed action to report on the monthly update of city investments is an organizational or administrative government activity that does not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment. Any subsequent action or direction stemming from the proposed action may require preparation of an environmental document in accordance with CEQA or the CEQA Guidelines.

Exhibits

1. Investments by cost, market value, cash income and average yield by class
2. Maturities by classification and length of time at par value
3. Yield comparison & market yield curve
4. Cash income by month & cumulative cash income
5. Maturities, calls and purchases this quarter
6. Fund equity in pooled investments
7. Security ratings
8. Portfolio allocation at amortized cost by issuer
9. Investment detail
10. Section 115 Trust activity
11. Investment of bond accounts

