

The balance of the City's portfolio is with Chandler Asset Management. These investments range from one to four years in maturity. The attached report notes that the City is in compliance with all provisions of the City's Investment Policy. The basic strategy recommended by Chandler is to gradually lengthen the average maturity of the portfolio in order to gain higher interest rates. Staff is in agreement with this approach, and carefully monitors maturity dates to ensure that both short and long-term liquidity needs are met.

ATTACHMENTS

- Investment Report for Quarter Ended September 30, 2013 as submitted by Chandler Asset Management.

PREPARED BY: David Baum, Finance Director, Finance Department



City of San Leandro

City Council Investment Report

Quarter Ending
September 30, 2013



City of San Leandro

September 30, 2013

COMPLIANCE WITH INVESTMENT POLICY

Assets managed by Chandler Asset Management are in full compliance with State law and with the City's investment policy.

Category	Standard	Comment
Treasury Issues	No limitations	Complies
Agency Issues	No limitations	Complies
Banker's Acceptances	40% maximum; 30% per issuer; A-rated; 180-day max. maturity	Complies
Commercial Paper	25% maximum; 10% per issuer; 270-day max. maturity; A1/P1-rated	Complies
Negotiable Certificates of Deposit	30% maximum; FDIC Insured or Collateralized 110%	Complies
Medium Terms Notes	30% maximum; A-rated	Complies
Money Market Funds	AAA/Aaa rated or SEC registered adviser, assets greater than \$500MM; 20% maximum	Complies
Repurchase Agreements	20% maximum; 360-day max. maturity	Complies
Reverse Repurchase Agreements	20% maximum; 92-day max. maturity	Complies
LAIF	Currently not used by adviser	Complies
Maximum Maturity	5 years	Complies

City of San Leandro

The investment goals of the City of San Leandro are to preserve principal, to provide liquidity, and to attain a rate of return commensurate with the City's investment risk constraints and cash flow needs.

Investment Report Performance Objectives

The performance objective for the City of San Leandro's portfolio managed by Chandler is to attain a rate of return greater than the benchmark 1-3 Year Treasury/Agency securities over a market cycle.

Strategy

In order to achieve these objectives, the City of San Leandro invests in US Treasury securities, federal agency securities, high quality money market instruments and high quality corporate medium term notes in accordance with the City's investment policy and California Government Code Section 53600 et seq.



Portfolio Characteristics

	9/30/2013	6/30/2013
LAIF - City Pool #98-01-809	\$32,800,012	\$42,774,699
LAIF - Successor Agency	2,848,726	3,534,396
LAIF - RDA 1999 Bond Proceeds #11-01-001	0	0
LAIF - RDA 2008 Bond Proceeds #11-01-038	0	0
LAIF - Economic Development Agency	2	0
Passbook/Checking Accounts	11,297,120	10,533,658
Total LAIF and Bank Accounts	\$46,945,861	\$56,842,753
Investment Portfolio Market Value	\$33,608,825	\$33,485,479
Total Market Value	\$80,554,686	\$90,328,232

LAIF Quarterly Apportionment Rate	0.26%	0.24%
2 year US Treasury Yield to Maturity	0.32%	0.36%
5 year US Treasury Yield to Maturity	1.38%	1.40%

Investment Portfolio:

Average Maturity (yrs)	1.80	1.79
Modified Duration	1.76	1.75
Average Book Yield	0.82%	0.76%
Average Yield to Maturity at Market	0.49%	0.52%
Average Quality S&P/Moody	AA+/Aa1	AA+/Aa1

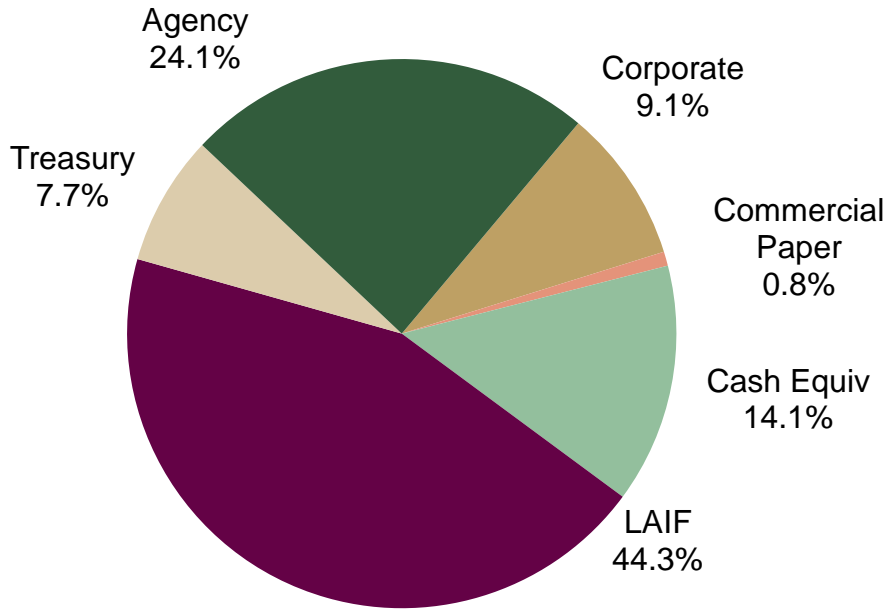
Portfolio Activity

During the third quarter of 2013, activity in the portfolio managed by Chandler Asset Management consisted of the reinvestment of \$2.77 million in a Treasury and several high quality Corporate securities with maturities ranging from November 2015 to November 2017. Currently, the portfolio's average maturity is 1.76 years and is about equal to that of the 1-3 Year Government benchmark.

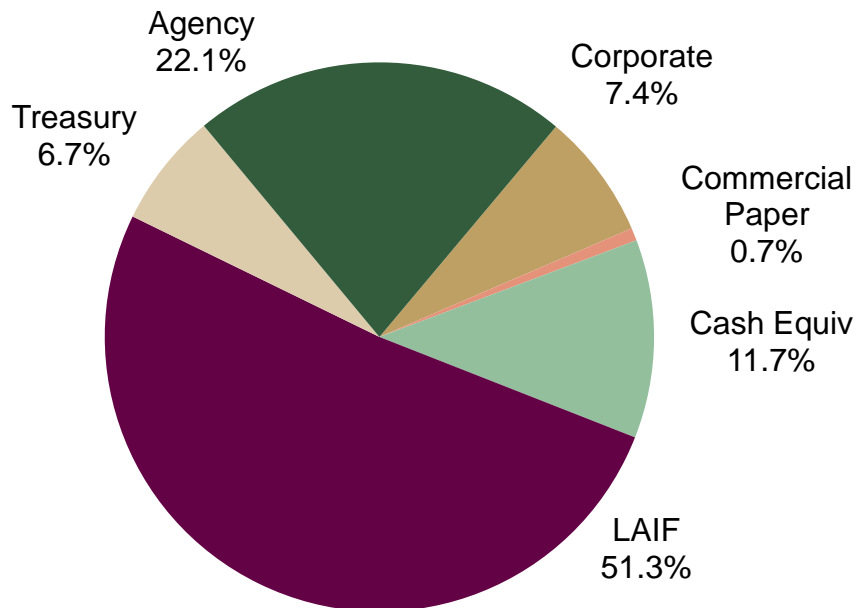


Sector Distribution

September 30, 2013

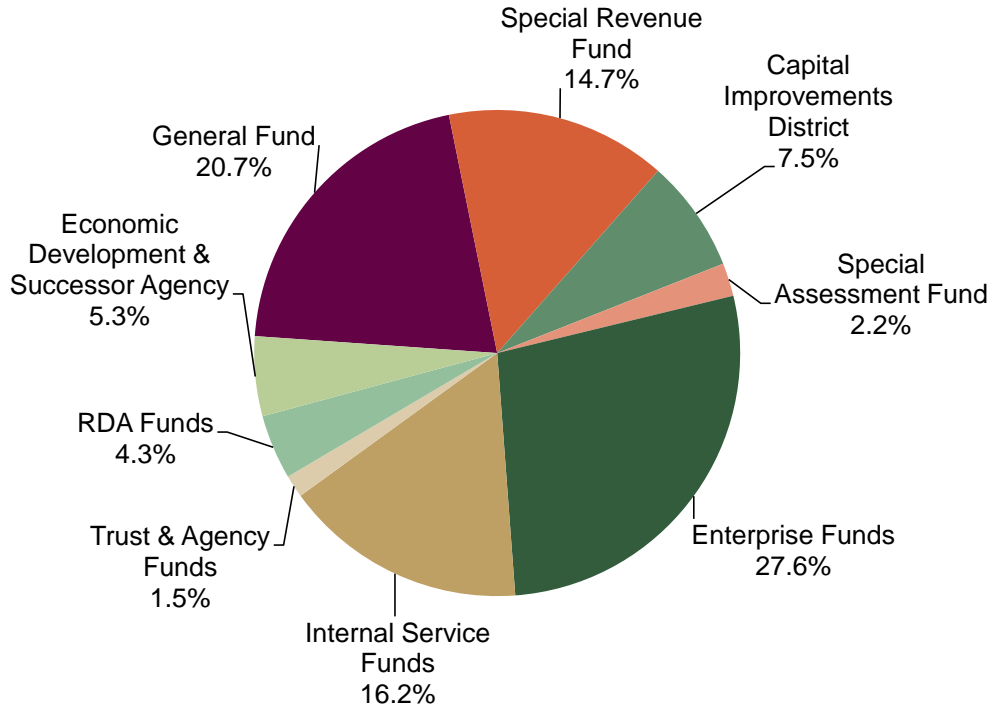


June 30, 2013

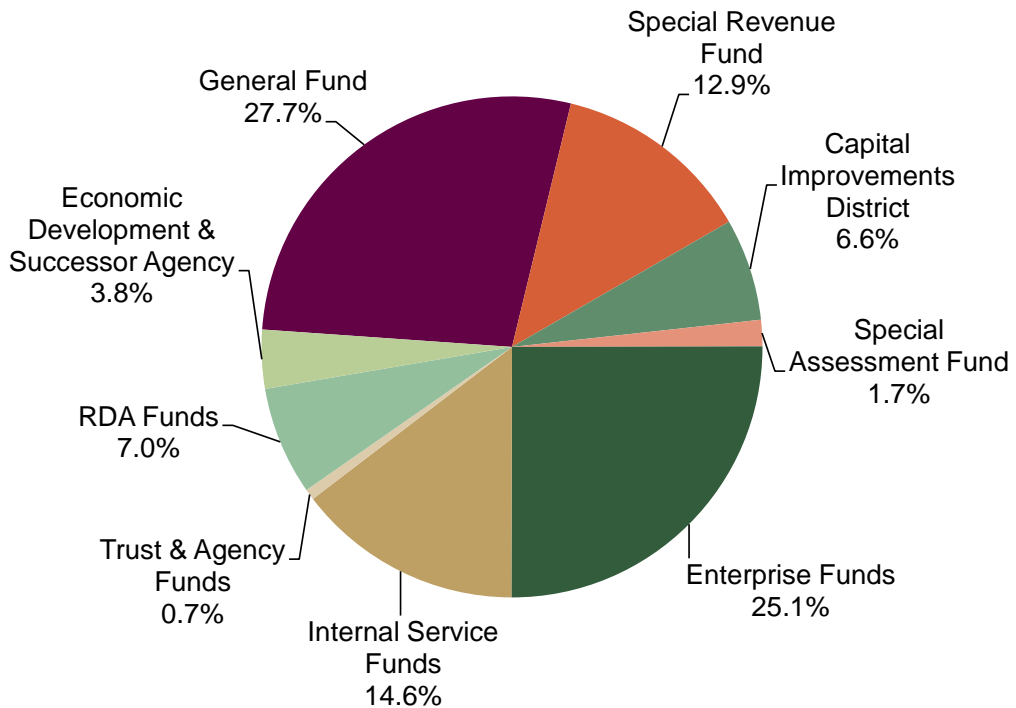




City Fund Allocation September 30, 2013



June 30, 2013





**City of San Leandro
Investments by All Types
Active Investments
September 30, 2013**

CUSIP	Issuer	Coupon	Maturity Date	Par	Purchase Price	Book Value	Purchase Yield	MVACC
LAIF								
SYS113	LAIF - City Pool			\$32,800,012.31	100.00000	\$32,800,012.31		\$32,800,012.31
SYS114	LAIF - Successor Agency			2,848,725.90	100.00000	\$2,848,725.90		\$2,848,725.90
	LAIF - Economic Development Agency			2.34		\$2.34		\$2.34
	subtotal			\$35,648,740.55		\$35,648,740.55		\$35,648,740.55
Passbook/Checking Accounts								
	Public Funds Checking			11,297,120.11	100.00000	11,297,120.11		11,297,120.11
	subtotal			\$ 11,297,120.11		\$ 11,297,120.11		\$ 11,297,120.11
Government Issues								
60934N104	GOVT OBLIG MMF Federated	0.010	30-Sep-13	65,560.95	100.00000	65,560.95	0.01	65,560.95
31331GCS6	Note FFCB	3.875	07-Oct-13	575,000.00	100.04856	575,279.22	0.88	586,132.67
89233GZJ8	Discount CP Toyota Motor Credit	0.240	18-Dec-13	675,000.00	99.94796	674,648.72	0.24	674,648.72
46623EJE0	Note JP Morgan Chase	2.050	24-Jan-14	450,000.00	100.42959	451,933.14	0.68	454,106.83
912828KF6	Note US Treasury	1.875	28-Feb-14	750,000.00	100.38246	752,868.42	0.93	756,858.50
24422ERA9	Note John Deere Capital Corp	1.600	03-Mar-14	445,000.00	100.49153	447,187.33	0.43	448,013.30
3133XWKV0	Note FHLB	2.375	14-Mar-14	1,250,000.00	100.53536	1,256,692.04	1.16	1,264,361.91
31398AXJ6	Note FNMA	2.500	15-May-14	750,000.00	100.76661	755,749.56	1.23	768,207.33
912828QM5	Note US Treasury	1.000	15-May-14	975,000.00	100.15309	976,492.66	0.75	984,205.14
912828LK4	Note US Treasury	2.375	31-Aug-14	670,000.00	101.05489	677,067.78	1.19	685,155.29
31331GL80	Note FFCB	3.000	22-Sep-14	975,000.00	101.95432	994,054.65	0.96	1,002,749.48
94974BET3	Note Wells Fargo Corp	3.750	01-Oct-14	425,000.00	103.02153	437,841.49	0.70	446,762.55
912828RL6	Note US Treasury	0.500	15-Oct-14	710,000.00	100.21114	711,499.06	0.30	714,357.09
31331KHW3	Note FFCB	1.625	19-Nov-14	725,000.00	101.39938	735,145.49	0.38	741,174.99
3137EACY3	Note FHLMC	0.750	25-Nov-14	950,000.00	100.34661	953,292.76	0.45	958,672.55
3133XVNU1	Note FHLB	2.750	12-Dec-14	1,000,000.00	101.54135	1,015,413.48	1.42	1,038,902.39
3134A4UX0	Note FHLMC	4.500	15-Jan-15	620,000.00	105.45399	653,814.72	0.26	659,904.44
912828RZ5	Note US Treasury	0.250	15-Jan-15	650,000.00	99.95257	649,691.68	0.29	650,954.13
3137EACH0	Note FHLMC	2.875	09-Feb-15	925,000.00	101.56489	939,475.22	1.68	961,686.22
40428HPG1	Note HSBC USA Inc	2.375	13-Feb-15	440,000.00	101.76636	447,771.99	1.06	451,269.57
713448BX5	Note Pepsico Inc.	0.750	05-Mar-15	445,000.00	100.29148	446,297.09	0.54	446,660.15
191216AX8	Note Coca Cola Company	0.750	13-Mar-15	445,000.00	100.42757	446,902.68	0.45	446,928.64
3137EADD8	Note FHLMC	0.500	17-Apr-15	800,000.00	99.71252	797,700.15	0.69	804,637.42
3135G0KM4	Note FNMA	0.500	27-May-15	1,000,000.00	100.08486	1,000,848.62	0.45	1,004,692.22
31398AU34	Note FNMA	2.375	28-Jul-15	600,000.00	103.24305	619,458.30	0.58	624,418.95
3133EADW5	Note FFCB	0.550	17-Aug-15	650,000.00	99.94234	649,625.21	0.58	651,185.09
313370JB5	Note FHLB	1.750	11-Sep-15	1,225,000.00	101.53888	1,243,851.24	0.94	1,257,370.90
278642AB9	Note Ebay Inc	1.625	15-Oct-15	440,000.00	102.13325	449,386.28	0.57	451,727.34
31398A4M1	Note FNMA	1.625	26-Oct-15	950,000.00	101.79277	967,031.35	0.74	979,879.90
912828PE4	Note US Treasury	1.250	31-Oct-15	800,000.00	101.73267	813,861.37	0.41	818,997.58
36962G4T8	Note General Electric Capital Corp	2.250	09-Nov-15	500,000.00	102.41602	512,080.08	1.09	517,764.00
459200GU9	Note IBM Corp	2.000	05-Jan-16	440,000.00	103.01580	453,269.50	0.65	454,140.18
3134A4ZT4	Note FHLMC	4.750	19-Jan-16	550,000.00	109.28232	601,052.75	0.65	608,676.20
3133EAJU3	Note FFCB	1.050	28-Mar-16	835,000.00	101.47856	847,346.00	0.45	845,659.19
3135G0BA0	Note FNMA	2.375	11-Apr-16	865,000.00	103.18494	892,549.71	1.08	912,491.34
037833AH3	Note Apple Inc	0.450	03-May-16	500,000.00	99.52661	497,633.06	0.63	497,427.00
3137EACT4	Note FHLMC	2.500	27-May-16	250,000.00	105.46024	263,650.60	0.43	264,153.53
912828QP8	Note US Treasury	1.750	31-May-16	760,000.00	103.52766	786,810.21	0.41	788,872.51
313373SZ6	Note FHLB	2.125	10-Jun-16	850,000.00	102.58393	871,963.44	1.14	888,311.27
742718DV8	Note Procter & Gamble Co	1.450	15-Aug-16	400,000.00	102.10877	408,435.09	0.71	407,250.31
3137EACW7	Note FHLMC	2.000	25-Aug-16	740,000.00	104.10165	770,352.20	0.57	768,251.72
3135G0ES8	Note FNMA	1.375	15-Nov-16	650,000.00	101.22315	657,950.49	0.97	664,204.09
912828RU6	Note US Treasury	0.875	30-Nov-16	775,000.00	99.92023	774,381.82	0.90	780,730.02
084670BD9	Note Berkshire Hathaway	1.900	31-Jan-17	525,000.00	100.94208	529,945.91	1.61	536,911.44
674599CB9	Note Occidental Petroleum	1.750	15-Feb-17	400,000.00	102.88437	411,537.48	0.88	404,562.84
3133782N0	Note FHLB	0.875	10-Mar-17	325,000.00	100.31514	326,024.20	0.78	323,895.79
91159HHD5	Callable Note Cont 4/15/2017 US Bancorp	1.650	15-May-17	500,000.00	100.57721	502,886.06	1.48	506,038.17
313379DD8	Note FHLB	1.000	21-Jun-17	800,000.00	99.30231	794,418.49	1.19	802,460.62
68389XAN5	Note Oracle Corp	1.200	15-Oct-17	400,000.00	99.86662	399,466.49	1.23	395,068.93
74005PBC7	Note Praxair	1.050	07-Nov-17	450,000.00	97.39984	438,299.30	1.71	441,773.55
	subtotal			\$ 31,580,000.00		\$ 33,346,495.53		\$ 33,608,824.94
	Total			\$ 78,525,860.66		\$ 80,292,356.19		\$ 80,554,685.60



City of San Leandro

Meeting Date: November 4, 2013

Resolution - Council

File Number: 13-530

Agenda Section: CONSENT CALENDAR

Agenda Number:

TO: City Council

FROM: Chris Zapata
City Manager

BY: David Baum
Finance Director

FINANCE REVIEW: David Baum
Finance Director

TITLE: RESOLUTION Accepting Investment Report for the Quarter Ended
September 30, 2013 (reviews the activities of the City's investment portfolio)

WHEREAS, the City of San Leandro Quarterly Investment Report for the quarter ended September 30, 2013, is presented to this Council; and

WHEREAS, the City Council is familiar with the contents thereof.

NOW, THEREFORE, the City Council of the City of San Leandro does RESOLVE as follows:

That said document is hereby accepted.