

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.

ATTACHMENT TO LEGISLATIVE FILE

Investment Report for the Quarter Ended September 30, 2017

PREPARED BY: David Baum, Finance Director, Finance



City of San Leandro

Meeting Date: November 6, 2017

Resolution - Council

File Number: 17-634 **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, 2017 (reviews the activities of the City's investment portfolio)

WHEREAS, the City of San Leandro Quarterly Investment Report for the quarter ended September 30, 2017, a copy of which is attached, 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.



City of San Leandro

City Council Investment Report

Quarter Ending
September 30, 2017



COMPLIANCE WITH INVESTMENT POLICY

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

Category	Standard	Comment
Treasury Issues	No limitations	Complies
Agency Issues	No limitations	Complies
Supranationals	Issued by IBRD, IFC or IADB only; "AA" rated or higher by a NRSRO; 30% maximum; 10% max per issuer	Complies
Municipal Securities	Issued by City of San Leandro and its Agencies	Complies
Banker's Acceptances	"A" or higher by a NRSRO; 40% maximum; 30% per issuer; 180 days max maturity	Complies
Commercial Paper	A-1/P-1 or highest rating by a NRSRO; Issuer rating by S&P and Moody's; Issuer must be a domestic corporation having assets in excess of \$500 million; 25% maximum; 10% per issuer; 270 days max maturity	Complies
Negotiable Certificates of Deposit (including CDARS)	30% maximum (including CDARS); FDIC Insured or Collateralized 110%	Complies
Time Deposits (TD)/ Certificates of Deposit (CD)	Collateralized 110%	Complies
Medium Term Notes	"A" or better by a NRSRO; 30% maximum; Issuers must be corporations organized and operating within the U.S.	Complies
Money Market Funds	Highest rating by two NRSROs or SEC registered adviser with assets greater than \$500 million; 20% maximum	Complies
Asset Backed Securities, Mortgage Backed/ Pass-Through Securities, CMOs	"AA" or higher by a NRSRO; "A" or higher for the issuer's long term debt by at least one NRSRO; 20% maximum; 5% per single Asset-Backed or Commercial Mortgage issuer; There is no issuer limitation on any Mortgage security where the issuer is US Treasury or a Federal Agency/Government-sponsored Enterprise (GSE).	Complies
Repurchase Agreements	20% maximum; 360 days max maturity; 102% collateralized; Not used by IA	Complies
Reverse Repurchase Agreements	20% maximum; 92 days max maturity; Not used by IA	Complies
LAIF	Maximum program limit; Not used by IA	Complies
Maximum Maturity	5 years	Complies

The City of San Leandro is able to meet its pool's expenditure requirement for the next six months.

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. Furthermore, the City is able to meet its cash obligations during the next six-month period.

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

	9/30/2017	6/30/2017
LAIF - City Pool #98-01-809	\$54,317,588	\$63,479,625
LAIF - Successor Agency	2,378,550	2,373,085
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	2
Passbook/Checking Accounts	4,637,055	10,809,693
Total LAIF and Bank Accounts	\$61,333,196	\$76,662,406
Investment Portfolio Market Value	\$45,119,493	\$44,969,189
Total Market Value	\$106,452,689	\$121,631,595
LAIF Quarterly Apportionment Rate	1.07%	0.92%
2 year US Treasury Yield to Maturity	1.47%	1.38%
5 year US Treasury Yield to Maturity	1.92%	1.89%
Investment Portfolio:		
Average Maturity (yrs)	1.59	1.61
Modified Duration	1.54	1.56
Average Book Yield	1.37%	1.33%
Average Yield to Maturity at Market	1.50%	1.45%
Average Quality S&P/Moody	AA+/Aa1	AA+/Aa1

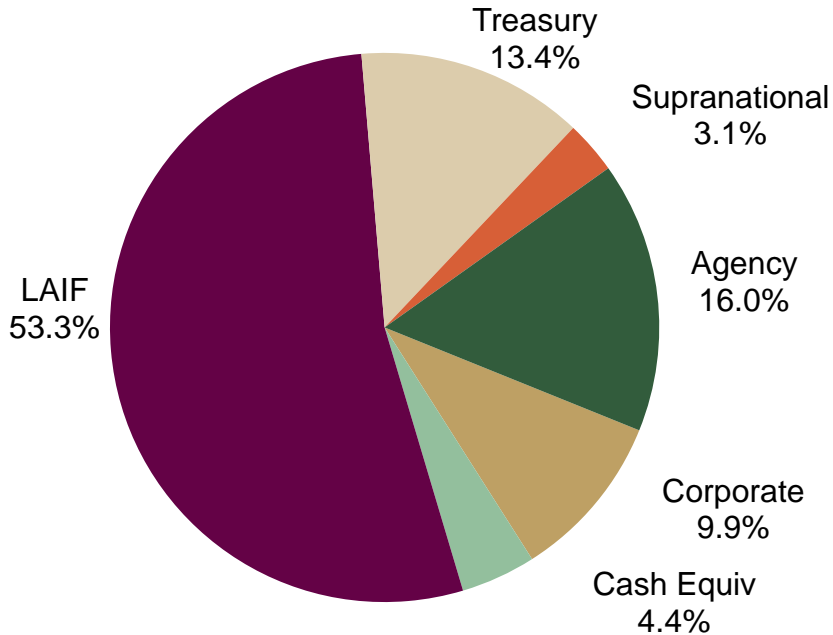
Portfolio Activity

There were several securities purchased in the Treasury, Agency, and Corporate sectors, with the goal of extending the maturity and duration profile of the City's investment portfolio to be closer to internal targets. The maturities of the purchases over the quarter ranged from September 2020 to July 2021. These were purchased with the proceeds of four maturities in the portfolio.

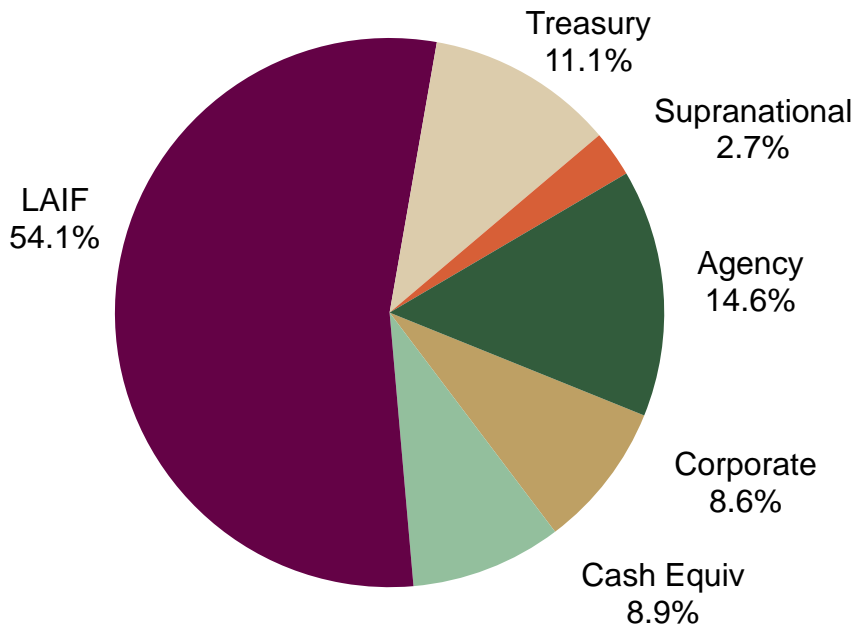


Sector Distribution

September 30, 2017



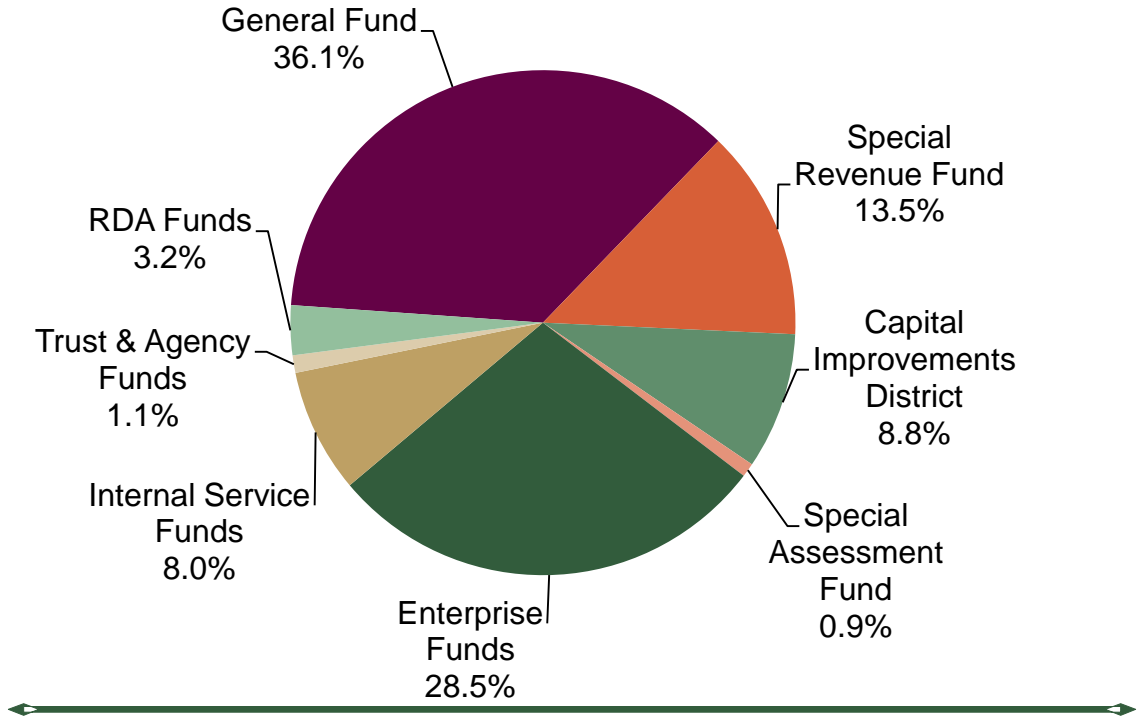
June 30, 2017



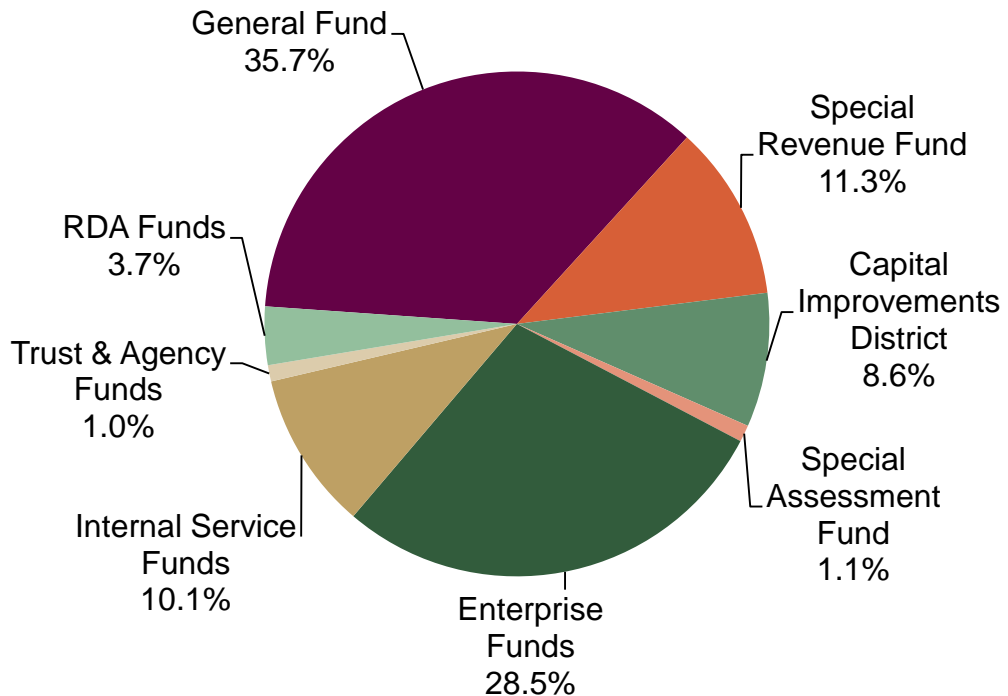


City Fund Allocation

September 30, 2017



June 30, 2017





City of San Leandro
Investments by All Types
Active Investments
September 30, 2017

CUSIP	Issuer	Coupon	Maturity Date	Par	Purchase Price	Book Value	Purchase Yield	MVACC
LAIF								
SYS113	LAIF - City Pool			\$54,317,588.49	100.00000	\$54,317,588.49		\$54,317,588.49
SYS114	LAIF - Successor Agency			2,378,550.17	100.00000	\$2,378,550.17		\$2,378,550.17
	LAIF - Economic Development Agency			2.35		\$2.35		\$2.35
	subtotal			\$56,696,141.01		\$56,696,141.01		\$56,696,141.01
Passbook/Checking Accounts								
	Public Funds Checking			4,637,055.20	100.00000	4,637,055.20		4,637,055.20
	subtotal			\$ 4,637,055.20		\$ 4,637,055.20		\$ 4,637,055.20
Government Issues								
60934N104	Government Obligations Fund Federated Investors	0.890	30-Sep-17	61,717.26	100.00000	61,717.26	0.89	61,717.26
3133EDXA5	Note FFCB	1.150	10-Oct-17	775,000.00	100.00307	775,023.78	1.02	779,252.82
68389XAN5	Note Oracle Corp	1.200	15-Oct-17	400,000.00	99.99874	399,994.94	1.23	402,165.33
74005PBC7	Note Praxair	1.050	07-Nov-17	450,000.00	99.93578	449,711.00	1.71	451,719.00
912828UA6	Note US Treasury	0.625	30-Nov-17	1,020,000.00	99.95740	1,019,565.43	0.89	1,021,359.06
166764AA8	Callable Note Cont 11/5/17 Chevron Corp	1.104	05-Dec-17	650,000.00	99.92459	649,509.83	1.54	652,000.27
40428HPH9	Note HSBC USA Inc	1.625	16-Jan-18	500,000.00	100.00618	500,030.90	1.60	501,879.21
24422EST7	Note John Deere Capital Corp	1.350	16-Jan-18	500,000.00	100.01460	500,072.98	1.30	501,336.25
94974BFG0	Note Wells Fargo Corp	1.500	16-Jan-18	700,000.00	100.03449	700,241.43	1.38	702,226.00
912828UJ7	Note US Treasury	0.875	31-Jan-18	1,175,000.00	99.91682	1,174,022.66	1.13	1,175,590.07
3135GOTG8	Note FNMA	0.875	08-Feb-18	800,000.00	99.82876	798,630.06	1.37	799,969.76
912828H94	Note US Treasury	1.000	15-Feb-18	1,000,000.00	99.99368	999,936.83	1.02	1,000,609.17
3137EADP1	Note FHLMC	0.875	07-Mar-18	965,000.00	99.88038	963,845.68	1.16	964,190.69
313378A43	Note FHLB	1.375	09-Mar-18	800,000.00	100.04455	800,356.37	1.27	801,370.62
808513AK1	Callable Note Cont 2/10/2018 Charles Schwab Corp	1.500	10-Mar-18	500,000.00	100.01663	500,083.16	1.46	500,603.00
912828J68	Note US Treasury	1.000	15-Mar-18	500,000.00	99.98179	499,908.93	1.04	499,750.99
36962G6W9	Note General Electric Capital Corp	1.625	02-Apr-18	128,000.00	100.00723	128,009.25	1.61	129,128.68
912828K25	Note US Treasury	0.750	15-Apr-18	800,000.00	99.95792	799,663.33	0.83	800,645.69
747525AG8	Note Quailcomm Inc	1.400	18-May-18	550,000.00	99.83736	549,105.49	1.66	552,746.39
3135GOWJ8	Note FNMA	0.875	21-May-18	1,050,000.00	99.78654	1,047,758.72	1.22	1,050,633.91
313379DT3	Note FHLB	1.250	08-Jun-18	650,000.00	100.08984	650,583.98	1.12	652,384.60
912828XK1	Note US Treasury	0.875	15-Jul-18	725,000.00	99.90402	724,304.17	1.00	723,881.05
3135G0E33	Note FNMA	1.125	20-Jul-18	400,000.00	100.03068	400,122.71	1.09	400,115.10
06406HCL1	Callable Note Cont 7/2/2018 Bank of New York	2.100	01-Aug-18	500,000.00	100.19388	500,969.41	1.83	504,035.00
3130A6AE7	Note FHLB	1.125	14-Sep-18	975,000.00	100.14244	976,388.78	0.97	972,941.05
912828L40	Note US Treasury	1.000	15-Sep-18	1,300,000.00	100.02647	1,300,344.10	0.97	1,296,003.79
912828L81	Note US Treasury	0.875	15-Oct-18	1,000,000.00	99.71213	997,121.31	1.16	998,806.30
89236TAY1	Note Toyota Motor Credit Corp	2.000	24-Oct-18	450,000.00	100.51099	452,299.46	1.51	456,080.95
313376BR5	Note FHLB	1.750	14-Dec-18	1,000,000.00	100.47299	1,004,729.90	1.35	1,008,802.39
912828N22	Note US Treasury	1.250	15-Dec-18	1,000,000.00	99.97931	999,793.14	1.27	1,001,930.52
3135G0H63	Note FNMA	1.375	28-Jan-19	1,000,000.00	99.99558	999,955.76	1.38	1,001,404.25
3133782M2	Note FHLB	1.500	08-Mar-19	775,000.00	100.60321	779,674.87	1.07	776,072.09
532457BF4	Note Eli Lilly & Co	1.950	15-Mar-19	400,000.00	101.20137	402,805.48	1.11	402,300.27
30231GAD4	Callable Note Cont 2/15/2019 Exxon Mobil Corp	1.819	15-Mar-19	450,000.00	100.73974	453,328.82	1.30	452,884.70
459058DL4	Note Intl. Bank Recon & Development	1.875	15-Mar-19	900,000.00	101.22059	910,985.32	1.02	905,160.90
912828C65	Note US Treasury	1.625	31-Mar-19	1,000,000.00	100.38728	1,003,872.82	1.36	1,002,974.64
3137EADZ9	Note FHLMC	1.125	15-Apr-19	385,000.00	100.21236	385,817.58	0.98	385,041.78
037833AQ3	Note Apple Inc	2.100	06-May-19	500,000.00	101.31340	506,566.98	1.26	508,187.17
3135G0ZE6	Note FNMA	1.750	20-Jun-19	1,000,000.00	100.63242	1,006,324.23	1.37	1,009,349.72
3130A8DB6	Note FHLB	1.125	21-Jun-19	550,000.00	100.14044	550,772.40	1.04	548,321.95
3137EADK2	Note FHLMC	1.250	01-Aug-19	450,000.00	99.47804	447,651.17	1.54	448,800.00
4581X0BY3	Note Inter-American Dev Bank	1.125	12-Sep-19	500,000.00	100.00954	500,047.72	1.12	495,040.38
45950KCD0	Note International Finance Corp	1.750	16-Sep-19	500,000.00	101.20561	506,028.07	1.12	501,541.58
3137EADM8	Note FHLMC	1.250	02-Oct-19	850,000.00	100.09294	850,790.02	1.20	850,414.19
3130AA3R7	Note FHLB	1.375	15-Nov-19	875,000.00	99.88662	874,007.93	1.43	876,511.52
912828UB4	Note US Treasury	1.000	30-Nov-19	775,000.00	100.04185	775,324.37	0.98	769,430.59
3135G0T29	Note FNMA	1.500	28-Feb-20	675,000.00	99.55879	672,021.80	1.69	674,322.98
912828UV0	Note US Treasury	1.125	31-Mar-20	1,000,000.00	98.93891	989,389.13	1.57	989,444.91
3137EAEF2	Note FHLMC	1.375	20-Apr-20	550,000.00	99.72873	548,508.03	1.48	549,878.07
3137EADR7	Note FHLMC	1.375	01-May-20	790,000.00	100.76128	796,014.08	1.07	790,212.64
313383HU8	Note FHLB	1.750	12-Jun-20	825,000.00	100.55507	829,579.31	1.54	830,739.20
912828XM7	Note US Treasury	1.625	31-Jul-20	500,000.00	100.43184	502,159.21	1.47	501,642.39
02665WAZ4	Note American Honda Finance	2.450	24-Sep-20	500,000.00	102.09493	510,474.64	1.72	506,673.19
3130ACE26	Note FHLB	1.375	28-Sep-20	825,000.00	99.18967	818,314.80	1.65	817,202.58
912828L65	Note US Treasury	1.375	30-Sep-20	425,000.00	99.40355	422,465.09	1.58	421,828.55
00440EAT4	Callable Note Cont 10/3/2020 ACE INA Holdings	2.300	03-Nov-20	500,000.00	100.70785	503,539.26	2.05	508,391.28
594918BG8	Callable Note Cont. 10/03/20 Microsoft	2.000	03-Nov-20	650,000.00	100.13880	650,902.21	1.95	659,057.24
91159HHL7	Callable Note 1X 12/29/2020 US Bancorp	2.350	29-Jan-21	500,000.00	101.01194	505,059.70	2.02	506,064.11
912828N89	Note US Treasury	1.375	31-Jan-21	425,000.00	99.16409	421,447.37	1.63	421,485.49
46625HQJ2	Callable Note Cont 2/1/2021 JP Morgan Chase	2.550	01-Mar-21	525,000.00	101.04087	530,464.56	2.22	531,364.58
084670BQ0	Callable Note Cont 2/15/2021 Berkshire Hathaway	2.200	15-Mar-21	525,000.00	99.79878	523,943.58	2.26	529,115.88
912828Q78	Note US Treasury	1.375	30-Apr-21	840,000.00	99.34402	834,489.75	1.56	834,228.80
459058FH1	Note Intl. Bank Recon & Development	1.375	24-May-21	600,000.00	97.78050	586,683.00	2.01	592,141.02
912828S76	Note US Treasury	1.125	31-Jul-21	825,000.00	97.86076	807,351.31	1.71	806,486.49
17275RBJ0	Callable Note Cont 8/20/2021 Cisco Systems	1.850	20-Sep-21	550,000.00	98.08065	539,443.58	2.36	544,537.55
4581X0CW6	Note Inter-American Dev Bank	2.125	18-Jan-22	800,000.00	99.70384	797,630.71	2.20	807,365.62
	subtotal			\$ 43,828,000.00		\$ 45,069,679.65		\$ 45,119,493.22
	Total			\$ 105,161,196.21		\$ 106,402,875.86		\$ 106,452,689.43