



Agenda Item #: _____

Staff Report

City of Manhattan Beach

TO: Members of the Finance Subcommittee

THROUGH: Bruce Moe, Finance Director

FROM: Henry Mitzner, Controller
Eden Serina, Financial Analyst

DATE: March 11, 2014

SUBJECT: Investment Portfolio for January 2014

RECOMMENDATION:

Staff recommends that the Finance Subcommittee accepts a status report on the City's investment portfolio as of January 31, 2014.

FISCAL IMPLICATION:

There are no fiscal implications associated with the recommended action. As of January 31, 2014, the City's investment portfolio totaled \$74.7 million in book value (\$74.3 million par value).

DISCUSSION:

Since the last update of the September 2013 portfolio, the City's investment portfolio has increased approximately \$6.9 million in par value due to a \$10.0 million increase in investment in the Local Agency Investment Fund (LAIF) primarily from property tax receipts received. This was offset by a \$3.0 million net decrease in investments (purchases less redemptions).

Activity

The following purchase and redemption activity took place during the October 1, 2013 through January 31, 2014 timeframe:

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Security	Date of Activity	Maturity Date	Purchase (Par)	Maturing/Call	YTM
Medium Term Note - 1.375% Coupon	11/21/2013	9/29/2016	\$1,000,000		0.550%
FHLB - 1.55% Coupon	11/21/2013	11/21/2018	1,000,000		1.550%
Certificate of Deposit - 0.75% Coupon	11/22/2013	11/22/2016	245,000		0.750%
Certificate of Deposit - 0.85% Coupon	11/27/2013	11/28/2026	245,000		0.850%
Certificate of Deposit - 0.80% Coupon	11/27/2013	11/28/2016	245,000		0.080%
Certificate of Deposit - 0.75% Coupon	12/2/2013	6/2/2016	245,000		0.750%
FHLB - 1.75% Coupon	12/27/2013	12/14/2018	1,000,000		1.780%
Medium Term Note - 1.50% Coupon (Callable)	12/23/2013	6/15/2018	1,000,000		1.730%
Total Purchases			\$4,980,000		1.246%
Called: FNMA - 1.25% Coupon	10/17/2013	10/17/2016		\$2,000,000	1.250%
Matured: FHLB - 3.625% Coupon	10/18/2013	10/18/2013		2,000,000	2.030%
Called: FFCB - 0.875% Coupon	11/12/2013	6/14/2016		2,000,000	0.875%
Called: FHLMC - 0.75% Coupon	12/27/2013	6/27/2016		2,000,000	0.750%
Total Maturing/Calls				\$8,000,000	1.226%

FHLB = Federal Home Loan Bank; FNMA = Federal National Mortgage Association (Fannie Mae); FFCB = Federal Farm Credit Bank; FHLMC = Federal Home Loan Mortgage Corporation (Freddie Mac)

During the October through January timeframe, yields on securities have not shown dramatic improvement from the prior months. Several purchases were made to maintain diversity in the portfolio, and included two corporate (medium-term) notes, two government securities, and four certificates of deposit which are insured by the Federal Deposit Insurance Corporation. During the timeframe, \$8.0 million of government securities were redeemed.

Since yields are not expected to increase significantly in the near-future, efforts are made to ensure the portfolio is well-balanced for the safety of principal by investing in high-grade securities that are diversified in origin and maturity date.

Attachment: Investment Portfolio as of January 31, 2014

**City of Manhattan Beach
Investment Portfolio Summary
As of January 31, 2014**

PORTFOLIO PROFILE	Jan 31, 2014	Dec 31, 2013	Nov 30, 2013	Oct 31, 2013	Sep 30, 2013
Total Book Value (Excluding Trust Funds)	\$74,666,498	\$67,666,498	\$65,349,578	\$66,841,238	\$67,866,485
Increase/(Decrease) from Prior Period	7,000,000	2,316,920	(1,491,660)	(1,025,247)	(1,775,000)
Percentage Change	10.3%	3.5%	(2.2%)	(1.5%)	(2.55%)
Average Yield to Maturity (365 Days)	0.800%	0.867%	0.858%	0.831%	0.901%
Increase/(Decrease) from Prior Period	(0.066%)	0.009%	0.027%	(0.070%)	0.017%

PORTFOLIO ALLOCATIONS

By Security	Value (Par)	Percent	Par YTM	Time Horizon	Percent
LAIF*	\$36,450,000	49.1%	0.244%	Next 12 months	58%
Certificates of Deposit	7,840,000	10.6%	0.993%	Months 13-24	10%
Medium Term Notes	11,000,000	14.8%	1.199%	Months 25-36	17%
Federal Agencies	19,000,000	25.6%	1.546%	Months 37-48	4%
Total	\$74,290,000	100.0%	0.798%	Months 49-60	10%
				Total	100.0%

*LAIF YTM as of January 31, 2014

RECENT ACTIVITY

Security	Date of Activity	Maturity Date	Purchase (Par)	Maturing/Call	YTM
Medium Term Note - 1.375% Coupon	11/21/2013	9/29/2016	\$1,000,000		0.550%
FHLB - 1.55% Coupon	11/21/2013	11/21/2018	1,000,000		1.550%
Certificate of Deposit - 0.75% Coupon	11/22/2013	11/22/2016	245,000		0.750%
Certificate of Deposit - 0.85% Coupon	11/27/2013	11/28/2016	245,000		0.850%
Certificate of Deposit - 0.80% Coupon	11/27/2013	11/28/2016	245,000		0.080%
Certificate of Deposit - 0.75% Coupon	12/2/2013	6/2/2016	245,000		0.750%
FHLB - 1.75% Coupon	12/27/2013	12/14/2018	1,000,000		1.780%
Medium Term Note - 1.50% Coupon (Callable)	12/23/2013	6/15/2018	1,000,000		1.730%
Total Purchases			\$4,980,000		1.246%
Called: FNMA - 1.25% Coupon	10/17/2013	10/17/2016		\$2,000,000	1.250%
Matured: FHLB - 3.625% Coupon	10/18/2013	10/18/2013		2,000,000	2.030%
Called: FCCB - 0.875% Coupon	11/12/2013	6/14/2016		2,000,000	0.875%
Called: FHLMC - 0.75% Coupon	12/27/2013	6/27/2016		2,000,000	0.750%
Total Maturing/Calls				\$8,000,000	1.226%

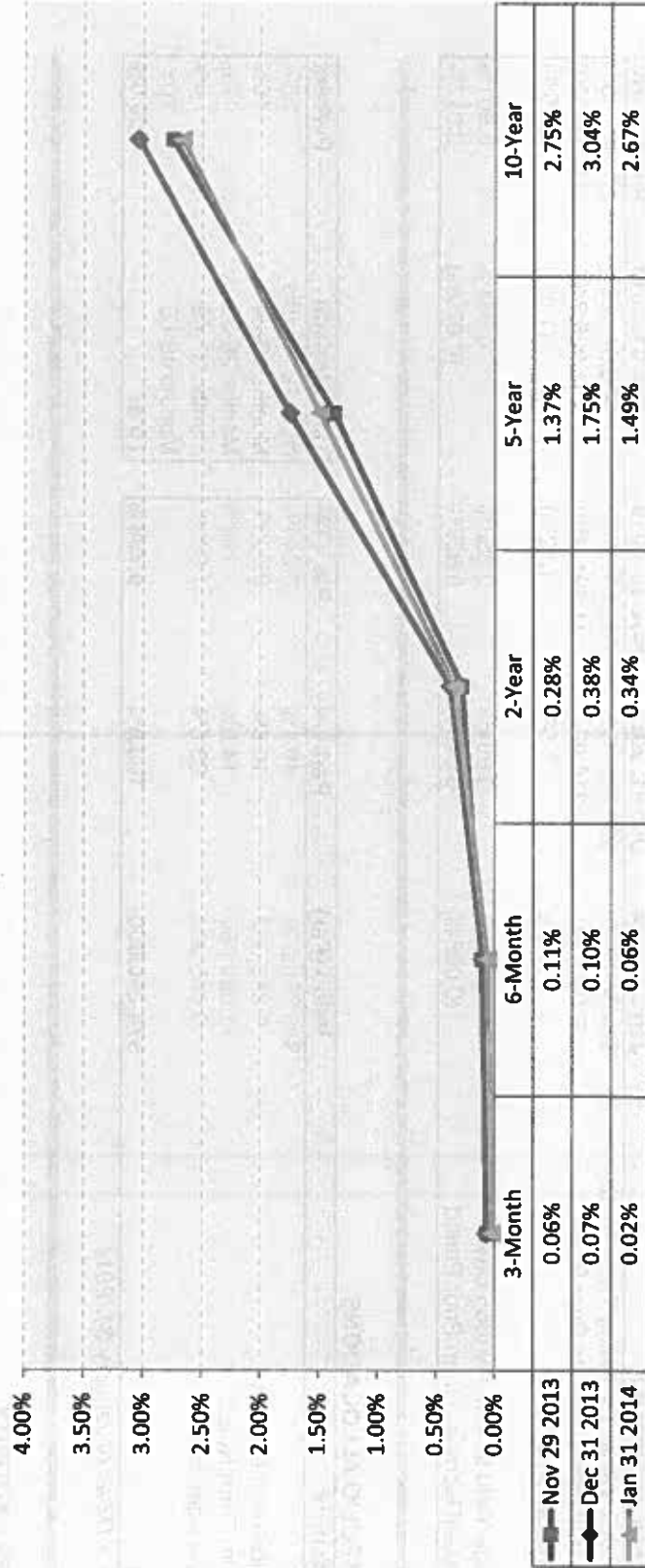
**City of Manhattan Beach
Investment Portfolio Summary
As of January 31, 2014**

PORTFOLIO FUNDS HELD IN TRUST	Value
Police/Fire Refund Delivery Cost	\$2
Marine Avenue	32,182
Pension Bond	11
Mettox & Water/Wastewater Refunding	14
UUAD Assessment Funds	1,359,648
Total Funds Held in Trust	\$1,391,857

As of January 31, 2014

US Treasuries Yield Curve

www.treas.gov



CITY OF MANHATTAN BEACH
Portfolio Maturity Structure
 February 2014 through January 2019

HELD TO MATURITY
Rolling 60 Months

Mth	MtL	YTM	Inv	Call	Amnt	Mth	MtL	YTM	Inv	Call	Amnt	Mth	MtL	YTM	Inv	Call	Amnt
Feb 14						Feb 16	2/13/15	1.12%	MTN	nc	\$1.0M	Feb 17	2/15/17	1.60%	CD	nc	\$0.2M
Mar 14	3/28/14	1.2%	CD	nc	\$0.2M	Mar 16	3/4/15	2.18%	FFCB	nc	\$2.0M	Mar 17	3/28/17	0.75%	CD	nc	\$0.2M
Apr 14	3/31/14	1.2%	CD	nc	\$0.2M	Apr 16	3/18/15	1.75%	MTN	nc	\$1.0M	Apr 17	3/28/17	0.75%	CD	nc	\$0.2M
May 14						May 16						Apr 18	4/2/18	1.13%	FHLMC	4/2/14	\$2.0M
Jun 14						Jun 16	6/1/15	0.90%	CD	nc	\$0.2M	May 17	4/4/18	0.95%	CD	nc	\$0.2M
Jul 14	7/28/14	1.6%	FHLMC	nc	\$2.0M	Jul 16	7/24/15	1.00%	CD	nc	\$0.2M	Jun 18	6/27/18	1.45%	FHLB	9/27/13	\$2.0M
Aug 14						Aug 16	8/7/15	0.88%	MTN	nc	\$0.5M	Aug 17	8/28/17	1.05%	CD	2/28/13	\$0.2M
Sep 14						Sep 16	8/10/15	1.10%	CD	nc	\$0.2M	Sep 17					
Oct 14	10/24/14	0.9%	CD	nc	\$0.2M	Oct 16	9/25/15	0.75%	CD	nc	\$0.2M	Oct 17	7/27/17	1.10%	CD	nc	\$0.2M
Nov 14	11/13/14	2.3%	FHLMC	nc	\$2.0M	Nov 16	9/25/15	0.55%	CD	nc	\$0.2M	Nov 17	8/28/17	1.05%	CD	2/28/13	\$0.2M
Dec 14	11/20/14	1.5%	FNMA	nc	\$2.0M	Dec 16	9/28/15	0.85%	CD	nc	\$0.2M	Dec 17	10/5/17	1.14%	MTN	12/21/12	\$1.0M
Jan 15						Jan 17	9/28/15	0.85%	CD	nc	\$0.2M	Jan 18					
Feb 15						Feb 17	9/28/15	0.85%	CD	nc	\$0.2M	Feb 19					
Mar 15						Mar 17	9/28/15	0.85%	CD	nc	\$0.2M	Mar 19					
Apr 15						Apr 17	9/28/15	0.85%	CD	nc	\$0.2M	Apr 19					
May 15						May 17	9/28/15	0.85%	CD	nc	\$0.2M	May 19					
Jun 15						Jun 17	9/28/15	0.85%	CD	nc	\$0.2M	Jun 19					
Jul 15						Jul 17	9/28/15	0.85%	CD	nc	\$0.2M	Jul 19					
Aug 15						Aug 17	9/28/15	0.85%	CD	nc	\$0.2M	Aug 19					
Sep 15						Sep 17	9/28/15	0.85%	CD	nc	\$0.2M	Sep 19					
Oct 15						Oct 17	9/28/15	0.85%	CD	nc	\$0.2M	Oct 19					
Nov 15						Nov 17	9/28/15	0.85%	CD	nc	\$0.2M	Nov 19					
Dec 15						Dec 17	9/28/15	0.85%	CD	nc	\$0.2M	Dec 19					
Jan 16						Jan 18	9/28/15	0.85%	CD	nc	\$0.2M	Jan 20					
Feb 16						Feb 18	9/28/15	0.85%	CD	nc	\$0.2M	Feb 20					
Mar 16						Mar 18	9/28/15	0.85%	CD	nc	\$0.2M	Mar 20					
Apr 16						Apr 18	9/28/15	0.85%	CD	nc	\$0.2M	Apr 20					
May 16						May 18	9/28/15	0.85%	CD	nc	\$0.2M	May 20					
Jun 16						Jun 18	9/28/15	0.85%	CD	nc	\$0.2M	Jun 20					
Jul 16						Jul 18	9/28/15	0.85%	CD	nc	\$0.2M	Jul 20					
Aug 16						Aug 18	9/28/15	0.85%	CD	nc	\$0.2M	Aug 20					
Sep 16						Sep 18	9/28/15	0.85%	CD	nc	\$0.2M	Sep 20					
Oct 16						Oct 18	9/28/15	0.85%	CD	nc	\$0.2M	Oct 20					
Nov 16						Nov 18	9/28/15	0.85%	CD	nc	\$0.2M	Nov 20					
Dec 16						Dec 18	9/28/15	0.85%	CD	nc	\$0.2M	Dec 20					
Jan 17						Jan 19	9/28/15	0.85%	CD	nc	\$0.2M	Jan 21					
Feb 17						Feb 19	9/28/15	0.85%	CD	nc	\$0.2M	Feb 21					
Mar 17						Mar 19	9/28/15	0.85%	CD	nc	\$0.2M	Mar 21					
Apr 17						Apr 19	9/28/15	0.85%	CD	nc	\$0.2M	Apr 21					
May 17						May 19	9/28/15	0.85%	CD	nc	\$0.2M	May 21					
Jun 17						Jun 19	9/28/15	0.85%	CD	nc	\$0.2M	Jun 21					
Jul 17						Jul 19	9/28/15	0.85%	CD	nc	\$0.2M	Jul 21					
Aug 17						Aug 19	9/28/15	0.85%	CD	nc	\$0.2M	Aug 21					
Sep 17						Sep 19	9/28/15	0.85%	CD	nc	\$0.2M	Sep 21					
Oct 17						Oct 19	9/28/15	0.85%	CD	nc	\$0.2M	Oct 21					
Nov 17						Nov 19	9/28/15	0.85%	CD	nc	\$0.2M	Nov 21					
Dec 17						Dec 19	9/28/15	0.85%	CD	nc	\$0.2M	Dec 21					
Jan 18						Jan 20	9/28/15	0.85%	CD	nc	\$0.2M	Jan 22					
Feb 18						Feb 20	9/28/15	0.85%	CD	nc	\$0.2M	Feb 22					
Mar 18						Mar 20	9/28/15	0.85%	CD	nc	\$0.2M	Mar 22					
Apr 18						Apr 20	9/28/15	0.85%	CD	nc	\$0.2M	Apr 22					
May 18						May 20	9/28/15	0.85%	CD	nc	\$0.2M	May 22					
Jun 18						Jun 20	9/28/15	0.85%	CD	nc	\$0.2M	Jun 22					
Jul 18						Jul 20	9/28/15	0.85%	CD	nc	\$0.2M	Jul 22					
Aug 18						Aug 20	9/28/15	0.85%	CD	nc	\$0.2M	Aug 22					
Sep 18						Sep 20	9/28/15	0.85%	CD	nc	\$0.2M	Sep 22					
Oct 18						Oct 20	9/28/15	0.85%	CD	nc	\$0.2M	Oct 22					
Nov 18						Nov 20	9/28/15	0.85%	CD	nc	\$0.2M	Nov 22					
Dec 18						Dec 20	9/28/15	0.85%	CD	nc	\$0.2M	Dec 22					
Jan 19						Jan 21	9/28/15	0.85%	CD	nc	\$0.2M	Jan 23					
Feb 19						Feb 21	9/28/15	0.85%	CD	nc	\$0.2M	Feb 23					
Mar 19						Mar 21	9/28/15	0.85%	CD	nc	\$0.2M	Mar 23					
Apr 19						Apr 21	9/28/15	0.85%	CD	nc	\$0.2M	Apr 23					
May 19						May 21	9/28/15	0.85%	CD	nc	\$0.2M	May 23					
Jun 19						Jun 21	9/28/15	0.85%	CD	nc	\$0.2M	Jun 23					
Jul 19						Jul 21	9/28/15	0.85%	CD	nc	\$0.2M	Jul 23					
Aug 19						Aug 21	9/28/15	0.85%	CD	nc	\$0.2M	Aug 23					
Sep 19						Sep 21	9/28/15	0.85%	CD	nc	\$0.2M	Sep 23					
Oct 19						Oct 21	9/28/15	0.85%	CD	nc	\$0.2M	Oct 23					
Nov 19						Nov 21	9/28/15	0.85%	CD	nc	\$0.2M	Nov 23					
Dec 19						Dec 21	9/28/15	0.85%	CD	nc	\$0.2M	Dec 23					
Jan 20						Jan 22	9/28/15	0.85%	CD	nc	\$0.2M	Jan 24					
Feb 20						Feb 22	9/28/15	0.85%	CD	nc	\$0.2M	Feb 24					
Mar 20						Mar 22	9/28/15	0.85%	CD	nc	\$0.2M	Mar 24					
Apr 20						Apr 22	9/28/15	0.85%	CD	nc	\$0.2M	Apr 24					
May 20						May 22	9/28/15	0.85%	CD	nc	\$0.2M	May 24					
Jun 20						Jun 22	9/28/15	0.85%	CD	nc	\$0.2M	Jun 24					
Jul 20						Jul 22	9/28/15	0.85%	CD	nc	\$0.2M	Jul 24					
Aug 20						Aug 22	9/28/15	0.85%	CD	nc	\$0.2M	Aug 24					
Sep 20						Sep 22	9/28/15	0.85%	CD	nc	\$0.2M	Sep 24					
Oct 20						Oct 22	9/28/15	0.85%	CD	nc	\$0.2M	Oct 24					
Nov 20						Nov 22	9/28/15	0.85%	CD	nc	\$0.2M	Nov 24					
Dec 20						Dec 22	9/28/15	0.85%	CD	nc	\$0.2M	Dec 24					
Jan 21						Jan 23	9/28/15	0.85%	CD	nc	\$0.2M	Jan 25					
Feb 21						Feb 23	9/28/15	0.85%	CD	nc	\$0.2M	Feb 25					
Mar 21						Mar 23	9/28/15	0.85%	CD	nc	\$0.2M	Mar 25					
Apr 21						Apr 23	9/28/15	0.85%	CD	nc	\$0.2M	Apr 25					
May 21																	

**City of Manhattan Beach
Investment Policy Compliance Chart**
As of January 31, 2014

Instrument	Per Value \$38,450,000	% of Total 48.1%	Dollar Compliance		Percentage Compliance		Term Compliance	
			Limit \$50,000,000	Compliant? Yes	Limit Temporary Suspension	Compliant? Temporary Suspension	Limit	Compliant?
Certificates of Deposit								
First Bank NC (15019)	\$245,000	0.3%	\$1,000,000	Yes	5.0%	Yes	5 Years	Yes
Fushing SB NY (16049)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
Key Bank NA (17534)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
Webster Bank (18221)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
Compass Bank (19048)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
Bank of Manhattan (20181)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
Boston Private Bank & Trust (24811)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
Safra National Bank (26876)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
American Express Centurion Bank (27471)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
Georgia Bank & Trust (27574)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
Fox Chase Bank (28888)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
Pyramax Bank (29120)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
Sovereign Bank Natl Assn (29950)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
Washington Federal (30570)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
Goldman Sachs Bk (33124)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
State Bank of India NY (33682)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
Bank Hapoalim NY (33686)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
GE Cap Financial Inc (GE Capital Bank - 33778)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
Wheaton Bk & Trust (33803)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
First Sentry Bank (34241)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
Barrington Bank & Trust (34395)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
Merrick Bank (34519)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
EverBank (34775)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
Bank of Holland (34862)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
BMW Bank North America (35141)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
Cit Bank (35575)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
Comerity Capital (57570)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
Ally Bank (57803)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
Sallie Mae Bank (58177)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
Marlin Business Bank (58267)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
USNY Bank (58541)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
Discover Bank (5848)	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years	Yes
Total Certificates of Deposit (32)	\$7,840,000	10.6%			20.0%	Yes		
Medium Term (Corporate) Notes								
Bankshire Hathaway	\$1,000,000	1.3%			5.0%	Yes	5 Years	Yes
Commonwealth Bank Australia	1,000,000	1.3%			5.0%	Yes	5 Years	Yes
Costco Companies	2,000,000	2.7%			5.0%	Yes	5 Years	Yes
GE Cap Corp	500,000	0.7%			5.0%	Yes	5 Years	Yes
National Australia Bank	1,000,000	1.3%			5.0%	Yes	5 Years	Yes
Pfizer Inc	1,000,000	1.3%			5.0%	Yes	5 Years	Yes
Toyota Motor Credit	1,000,000	1.3%			5.0%	Yes	5 Years	Yes
Union Bank	1,000,000	1.3%			5.0%	Yes	5 Years	Yes
Wells Fargo & Co	1,500,000	2.0%			5.0%	Yes	5 Years	Yes
3M	1,000,000	1.3%			5.0%	Yes	5 Years	Yes
Total Medium Term Notes (10)	\$11,000,000	14.6%			20.0%	Yes		
Federal Agencies								
Federal Home Loan Bank (FHLE)	\$5,000,000	6.7%			33.3%	Yes	5 Years	Yes
Federal Farm Credit (FFCB)	2,000,000	2.7%			33.3%	Yes	5 Years	Yes
Fannie Mae (FNMA)	6,000,000	8.1%			33.3%	Yes	5 Years	Yes
Freddie Mac (FHLMC)	6,000,000	8.1%			33.3%	Yes	5 Years	Yes
Total Federal Agencies (4)	\$19,000,000	25.6%			60.0%	Yes		
Total Portfolio	\$74,290,000	100.0%						

*Approved by the Finance Subcommittee for the temporary policy suspension until December 2014 to allow over 50% of the portfolio to be invested in LAIF.