



Staff Report

City of Manhattan Beach

TO: Members of the Finance Subcommittee

THROUGH: Bruce Moe, Finance Director

FROM: Henry Mitzner, Controller *HK*
 Libby Bretthauer, Financial Analyst *K*

DATE: March 19, 2015

SUBJECT: Investment Portfolio for February 2015

RECOMMENDATION:

Staff recommends that the Finance Subcommittee accepts the status report on the City’s investment portfolio as of February 28, 2015.

FISCAL IMPLICATION:

There are no fiscal implications associated with the recommended action. As of February 28, 2015, the City’s investment portfolio totaled \$82.5 million in book value (\$82.2 million par value).

DISCUSSION:

Since the last update of the October 2014 portfolio, the City’s investment portfolio has increased approximately \$7.2 million in par value. Property tax receipts received in December and January primarily contributed to the \$7.0 million net increase in investments (purchases less redemptions).

Activity

The following purchase and redemption activity took place during the November 1, 2014 through February 28, 2015 timeframe:

Security	Date of Activity	Maturity Date	Purchase (Par)	Maturing/Call	YTM
FHLB - 0.625% Coupon	11/4/2014	10/14/2016	2,000,000		0.580%
FFCB - 1.55% Coupon	11/4/2014	9/18/2017	2,000,000		1.050%
FFCB - 0.72% Coupon	12/26/2014	12/15/2016	2,000,000		0.750%
FHLMC - 1.25% Coupon	12/30/2014	12/26/2017	2,000,000		1.250%
FNMA - 1.75% Coupon	2/20/2015	11/26/2019	2,000,000		1.630%
FNMA - 1.875% Coupon	2/20/2015	9/18/2018	2,000,000		1.250%
Total Purchases			\$12,000,000		1.085%
Matured: FHLMC - 5% Coupon	11/13/2014	11/13/2014		2,000,000	2.325%
Matured: FNMA - 2.625% Coupon	11/20/2014	11/20/2014		2,000,000	1.482%
Matured: MTN - 1.25% Coupon	2/13/2015	2/13/2015		1,000,000	1.120%
Total Maturing/Calls				\$5,000,000	1.747%

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)

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During the November through February timeframe, yields on securities have not shown dramatic improvement from the prior months. Six government securities totaling \$12.0 million were purchased to maintain diversity in the portfolio and offset the \$5.0 million in redeemed securities during that timeframe.

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 February 28, 2015

City of Manhattan Beach
Investment Portfolio Summary
As of February 28, 2015

PORTFOLIO PROFILE	Feb 28, 2015	Jan 31, 2015	Dec 31, 2014	Nov 30, 2014	Oct 31, 2014
Total Book Value (Excluding Trust Funds)	\$82,454,235	\$83,902,985	\$81,102,985	\$74,776,577	\$75,274,962
Increase/(Decrease) from Prior Period	(1,448,750)	2,800,000	6,326,408	(498,385)	(1,290,000)
Percentage Change	(1.7%)	3.5%	8.5%	(0.7%)	(1.7%)
Average Yield to Maturity (365 Days)	0.940%	0.881%	0.904%	0.918%	0.972%
Increase/(Decrease) from Prior Period	0.060%	(0.023%)	(0.014%)	(0.054%)	(0.002%)

PORTFOLIO ALLOCATIONS

By Security	Value (Par)	Percent	Par YTM	Time Horizon	Percent
LAIF*	\$26,150,000	31.81%	0.266%	Next 12 months	40%
Certificates of Deposit	8,051,000	9.8%	1.009%	Months 13-24	18%
Medium Term Notes	11,000,000	13.4%	1.220%	Months 25-36	19%
Federal Agencies	37,000,000	45.0%	1.316%	Months 37-48	15%
				Months 49-60	7%
Total	\$82,201,000	100.0%	0.939%	Total	100.0%

*LAIF YTM as of February 28, 2015

RECENT ACTIVITY

Security	Date of Activity	Maturity Date	Purchase (Par)	Maturing/Call	YTM
FHLB - 0.625% Coupon	11/4/2014	10/14/2016	2,000,000		0.580%
FFCB - 1.55% Coupon	11/4/2014	9/18/2017	2,000,000		1.050%
FFCB - 0.72% Coupon	12/26/2014	12/15/2016	2,000,000		0.750%
FHLMC - 1.25% Coupon	12/30/2014	12/26/2017	2,000,000		1.250%
FNMA - 1.75% Coupon	2/20/2015	11/26/2019	2,000,000		1.630%
FNMA - 1.875% Coupon	2/20/2015	9/18/2018	2,000,000		1.250%
Total Purchases			\$12,000,000		1.085%
Matured: FHLMC - 5% Coupon	11/13/2014	11/13/2014		2,000,000	2.325%
Matured: FNMA - 2.625% Coupon	11/20/2014	11/20/2014		2,000,000	1.482%
Matured: MTN - 1.25% Coupon	2/13/2015	2/13/2015		1,000,000	1.120%
Total Maturing/Calls				\$5,000,000	1.747%

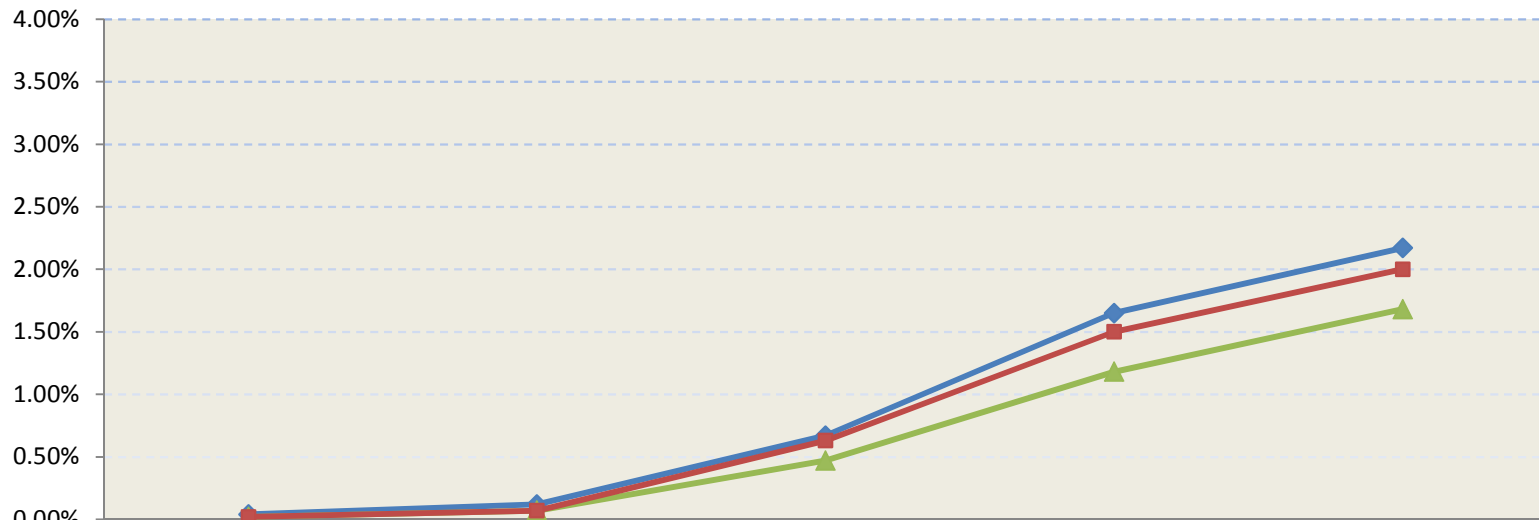
City of Manhattan Beach
Investment Portfolio Summary
As of February 28, 2015

PORTFOLIO FUNDS HELD IN TRUST	Value
Police/Fire Refund Delivery Cost	\$2
Marine Avenue	34,938
Metlox & Water/Wastewater Refunding	9
UUAD Assessment Funds	1,554,040
Total Funds Held in Trust	\$1,588,989

As of February 28, 2015

US Treasuries Yield Curve

www.treas.gov



	3-Month	6-Month	2-Year	5-Year	10-Year
◆ Dec 31 2014	0.04%	0.12%	0.67%	1.65%	2.17%
▲ Jan 31 2015	0.02%	0.07%	0.47%	1.18%	1.68%
■ Feb 28 2015	0.02%	0.07%	0.63%	1.50%	2.00%

CITY OF MANHATTAN BEACH
Portfolio Maturity Structure
 March 2015 through February 2020

HELD TO MATURITY
Rolling 60 Months

Mth	Mat.	YTM	Inv	Call	Amt	Mth	Mat.	YTM	Inv	Call	Amt	Mth	Mat.	YTM	Inv	Call	Amt	Mth	Mat.	YTM	Inv	Call	Amt						
Mar 15	3/4/15	2.2%	FFCB	nc	\$2.0M	Mar 16	3/21/16	1.15%	CD	nc	\$0.2M	Mar 17	3/28/17	0.75%	CD	nc	\$0.2M	Mar 18	3/28/18	1.00%	CD	nc	\$0.2M	Mar 19					
	3/16/15	1.8%	MTN	nc	\$1.0M								3/28/17	0.75%	CD	nc	\$0.2M												
Apr 15						Apr 16						Apr 17	4/28/17	0.75%	CD	nc	\$0.2M	Apr 18	4/2/18	1.13%	FHLMC	4/2/14	\$2.0M	Apr 19					
																			4/4/18	0.95%	CD	nc	\$0.2M						
May 15						May 16	5/9/16	1.35%	MTN	nc	\$2.0M	May 17						May 18						May 19	5/15/19	1.54%	FFCB	nc	\$2.0M
Jun 15	6/1/15	0.8%	CD	nc	\$0.2M	Jun 16	6/6/16	1.24%	MTN	nc	\$1.0M	Jun 17						Jun 18	6/27/18	1.45%	FHLB	9/27/13	\$2.0M	Jun 19					
							6/2/16	0.75%	CD	nc	\$0.2M								6/15/18	1.73%	MTN	MW: 10	\$1.0M						
							6/10/16	1.23%	FHLB	nc	\$1.0M																		
Jul 15	7/24/15	1.0%	CD	nc	\$0.2M	Jul 16						Jul 17	7/27/17	1.10%	CD	nc	\$0.2M	Jul 18						Jul 19					
Aug 15	8/7/15	0.9%	MTN	nc	\$0.5M	Aug 16	8/29/16	0.90%	CD	nc	\$0.2M	Aug 17	8/29/17	1.05%	CD	2/28/13	\$0.2M	Aug 18						Aug 19	8/1/19	1.78%	FHLMC	nc	\$2.0M
	8/10/15	1.1%	CD	nc	\$0.2M								8/21/17	1.20%	FHLMC	11/21/14	\$2.0M												
Sep 15	9/25/15	0.8%	CD	nc	\$0.2M	Sep 16	9/28/16	1.18%	FNMA	nc	\$2.0M	Sep 17	9/19/17	1.18%	FHLB	nc	\$3.0M	Sep 18	9/18/18	1.25%	FNMA	nc	\$2.0M	Sep 19					
	9/25/15	0.6%	CD	nc	\$0.2M		9/29/16	0.78%	MTN	nc	\$1.0M		9/18/17	1.05%	FFCB	nc	\$2.0M												
	9/28/15	0.7%	CD	nc	\$0.2M																								
	9/28/15	0.7%	CD	nc	\$0.2M																								
	9/30/15	0.6%	CD	nc	\$0.2M																								
Oct 15	10/28/15	1.7%	CD	nc	\$0.2M	Oct 16	10/14/16	0.58%	FHLB	nc	\$2.0M	Oct 17	10/5/17	1.14%	MTN	12/21/12	\$1.0M	Oct 18	10/15/18	1.39%	TVA	nc	\$2.0M	Oct 19					
													10/15/17	1.35%	MTN	MW: 10	\$1.0M												
Nov 15						Nov 16	11/22/16	0.75%	CD	nc	\$0.2M	Nov 17	11/21/17	1.15%	CD	nc	\$0.2M	Nov 18	11/21/18	1.55%	FHLB	nc	\$1.0M	Nov 19	11/26/19	1.63%	FNMA	nc	\$2.0M
							11/28/16	0.80%	CD	nc	\$0.2M																		
							11/28/16	0.85%	CD	nc	\$0.2M																		
Dec 15	12/7/15	0.6%	MTN	MW: 5	\$1.0M	Dec 16	12/15/16	1.26%	MTN	nc	\$0.5M	Dec 17	12/21/17	1.20%	CD	nc	\$0.2M	Dec 18	12/14/18	1.78%	FHLB	nc	\$1.0M	Dec 19					
							12/29/16	2.10%	CD	nc	\$0.2M		12/26/17	1.00%	CD	nc	\$0.2M												
							12/15/16	0.75%	FFCB	nc	\$2.0M		12/29/17	1.21%	FFCB	nc	\$2.0M												
													12/26/17	1.25%	FHLMC	3/26/15	\$2.0M												
Jan 16						Jan 17	1/5/17	2.05%	CD	nc	\$0.2M	Jan 18						Jan 19						Jan 20					
							1/31/17	1.11%	MTN	nc	\$1.0M																		
Feb 16	2/29/16	0.7%	CD	nc	\$0.2M	Feb 17	2/14/17	0.80%	CD	nc	\$0.2M	Feb 18	2/20/18	1.30%	CD	nc	\$0.2M	Feb 19	2/19/19	1.48%	FNMA	nc	\$1.0M	Feb 20					
							2/15/17	1.60%	CD	nc	\$0.2M		2/26/18	1.30%	CD	nc	\$0.2M												
							2/21/17	0.75%	CD	nc	\$0.2M																		
Total By Year (excl LAIF)					\$6.95m						\$15.20m						\$15.42m						\$12.49m						\$6.00m
% of Total Securities (excl LAIF)					12%						27%						28%						22%						11%
% of Total Investments (incl LAIF)					40%						18%						19%						15%						7%

Total Securities	68%	\$56.1M
LAIF	32%	\$26.2M
Total Investments	100%	\$82.2M

Shaded rows indicate months with significant cash inflows.

City of Manhattan Beach
Investment Policy Compliance Chart

As of February 28, 2015

Instrument		% of Total	Dollar Compliance		Percentage Compliance		Term Compliance	
			Limit	Compliant?	Limit	Compliant?	Limit	Compliant?
Local Agency Investment Fund (LAIF)	\$26,150,000	31.8%	\$50,000,000	Yes				
					Temporary Suspension			
Certificates of Deposit								
Discover Bank (5649)	5649	\$245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
First Merit Bank (13675)	13675	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
First Bank NC (15019)	15019	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Flushing SB NY (16049)	16049	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Citizens Deposit Bk (16852)	16852	211,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Key Bank NA (17534)	17534	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Webster Bank (18221)	18221	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Compass Bank (19048)	19048	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Bank of Manhattan (23191)	23191	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Boston Private Bank & Trust (24811)	24811	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Safra National Bank (26876)	26876	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Georgia Bank & Trust (27574)	27574	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Fox Chase Bank (28888)	28888	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Pyramax Bank (29120)	29120	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Third Fed Svgs Bk (30012)	30012	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Washington Federal (30570)	30570	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Goldman Sachs Bk (33124)	33124	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Bank of NC (33527)	33527	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
State Bank of India NY (33682)	33682	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Bank Hapoalim NY (33686)	33686	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
GE Cap Financial Inc (GE Capital Bank - 33778)	33778	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Wheaton Bk & Trust (33803)	33803	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
First Sentry Bank (34241)	34241	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Barrington Bank & Trust (34395)	34395	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Merrick Bank (34519)	34519	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
EverBank (34775)	34775	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Bank of Holland (34862)	34862	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Comenity Capital (57570)	57570	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Ally Bank (57803)	57803	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Sallie Mae Bank (58177)	58177	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Marlin Business Bank (58267)	58267	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
USNY Bank (58541)	58541	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Crossfirst Bank (58648)	58648	245,000	0.3%	1,000,000	Yes	5.0%	Yes	5 Years Yes
Total Certificates of Deposit (33)	\$8,051,000	9.8%				20.0%	Yes	
Medium Term (Corporate) Notes								
Berkshire Hathaway		\$1,000,000	1.2%			5.0%	Yes	5 Years Yes
Commwealth Bank Australia		1,000,000	1.2%			5.0%	Yes	5 Years Yes
Costco Companies		1,000,000	1.2%			5.0%	Yes	5 Years Yes
GE Cap Corp		2,000,000	2.4%			5.0%	Yes	5 Years Yes
National Australia Bank		500,000	0.6%			5.0%	Yes	5 Years Yes
Oracle		1,000,000	1.2%			5.0%	Yes	5 Years Yes
Pfizer Inc		1,000,000	1.2%			5.0%	Yes	5 Years Yes
Toyota Motor Credit		1,000,000	1.2%			5.0%	Yes	5 Years Yes
Union Bank		1,000,000	1.2%			5.0%	Yes	5 Years Yes
Wells Fargo & Co		500,000	0.6%			5.0%	Yes	5 Years Yes
3M		1,000,000	1.2%			5.0%	Yes	5 Years Yes
Total Medium Term Notes (11)	\$11,000,000	13.4%				20.0%	Yes	
Federal Agencies								
Federal Home Loan Bank (FHLB)		\$10,000,000	12.2%			33.3%	Yes	5 Years Yes
Federal Farm Credit (FFCB)		10,000,000	12.2%			33.3%	Yes	5 Years Yes
Fannie Mae (FNMA)		7,000,000	8.5%			33.3%	Yes	5 Years Yes
Freddie Mac (FHLMC)		8,000,000	9.7%			33.3%	Yes	5 Years Yes
Tenn Valley Authority (TVA)		2,000,000	2.4%			33.3%	Yes	5 Years Yes
Total Federal Agencies (5)	\$37,000,000	45.0%				60.0%	Yes	5 Years Yes
Total Portfolio	\$82,201,000	100.0%						