



City of San Leandro

City Council Investment Report

Quarter Ending
December 31, 2015


City of San Leandro
 December 31, 2015

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 | "A" or higher by one NRSRO; 40% maximum; 30% per issuer; 180-day max maturity | Complies |
| Commercial Paper | A-1/P-1-rated; 25% maximum; 10% per issuer; 270-day max maturity | Complies |
| Negotiable Certificates of Deposit (including CDARS) | 30% maximum; FDIC Insured or Collateralized 110% | Complies |
| Medium Term Notes | "A" or higher by one NRSRO; 30% maximum | Complies |
| Money Market Funds | AAA/Aaa rated or SEC registered adviser, assets greater than \$500MM; 20% maximum | Complies |
| Repurchase Agreements (excluded- not used by IA) | 20% maximum; 360-day max. maturity | Complies |
| Reverse Repurchase Agreements (excluded- not used by IA) | 20% maximum; 92-day max. maturity | Complies |
| LAIF | Currently not used by adviser | 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

| | 12/31/2015 | 9/30/2015 |
|--|---------------------|---------------------|
| LAIF - City Pool #98-01-809 | \$29,216,419 | \$37,581,096 |
| LAIF - Successor Agency | 2,621,611 | 2,619,502 |
| 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 | 14,700,568 | 5,121,766 |
| Total LAIF and Bank Accounts | \$46,538,601 | \$45,322,367 |
| Investment Portfolio Market Value | \$39,192,913 | \$39,314,136 |
| Total Market Value | \$85,731,514 | \$84,636,503 |
| LAIF Quarterly Apportionment Rate | 0.37% | 0.32% |
| 2 year US Treasury Yield to Maturity | 1.06% | 0.64% |
| 5 year US Treasury Yield to Maturity | 1.76% | 1.37% |
| Investment Portfolio: | | |
| Average Maturity (yrs) | 1.65 | 1.72 |
| Modified Duration | 1.62 | 1.69 |
| Average Book Yield | 1.04% | 0.97% |
| Average Yield to Maturity at Market | 1.13% | 0.75% |
| Average Quality S&P/Moody | AA/Aa1 | AA/Aa1 |

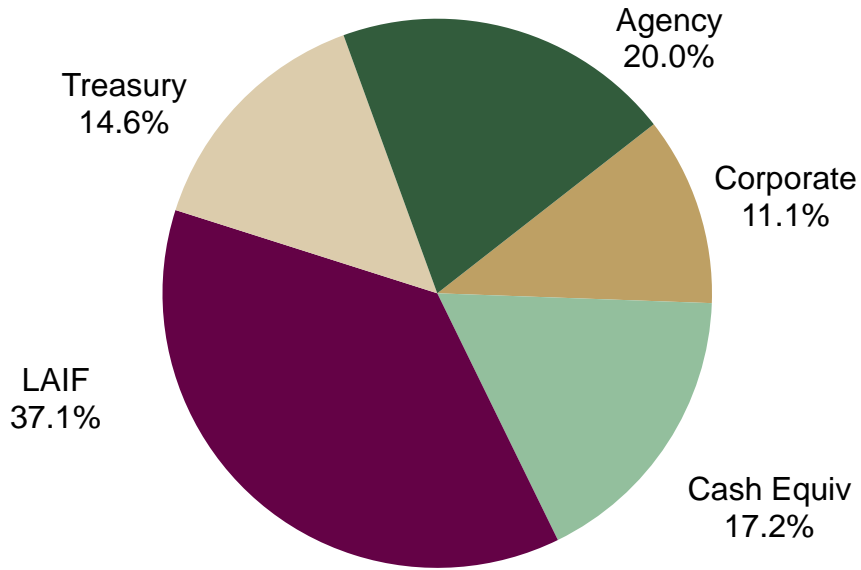
Portfolio Activity

During the fourth quarter of 2015 four securities matured with a cumulative par value of 2.690 million. The Chandler team reinvested the proceeds into six new holdings, two Treasury notes, two Agency notes, and two Corporate notes. The maturity range for the purchased securities was April 2018 to August 2019. The current duration of the portfolio is 1.62, modestly below the City's 1-3 year Treasury and Agency benchmark.

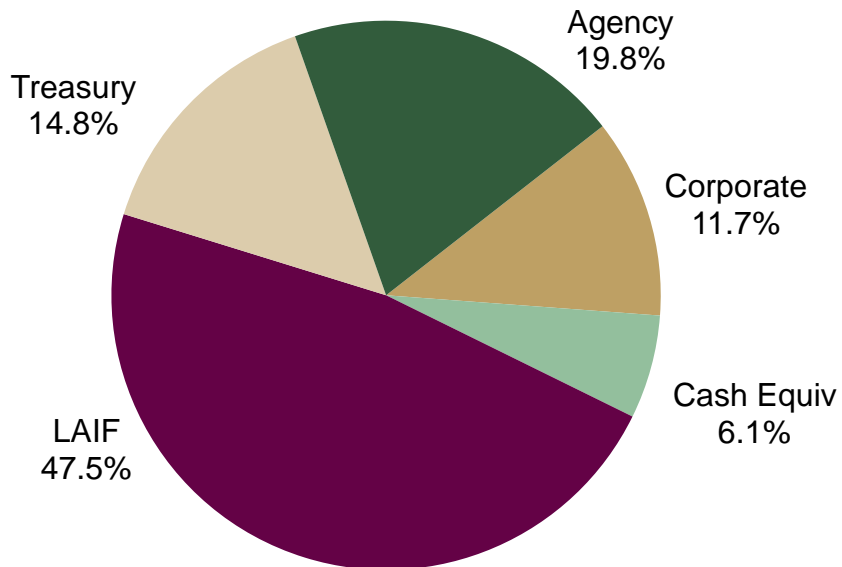


Sector Distribution

December 31, 2015



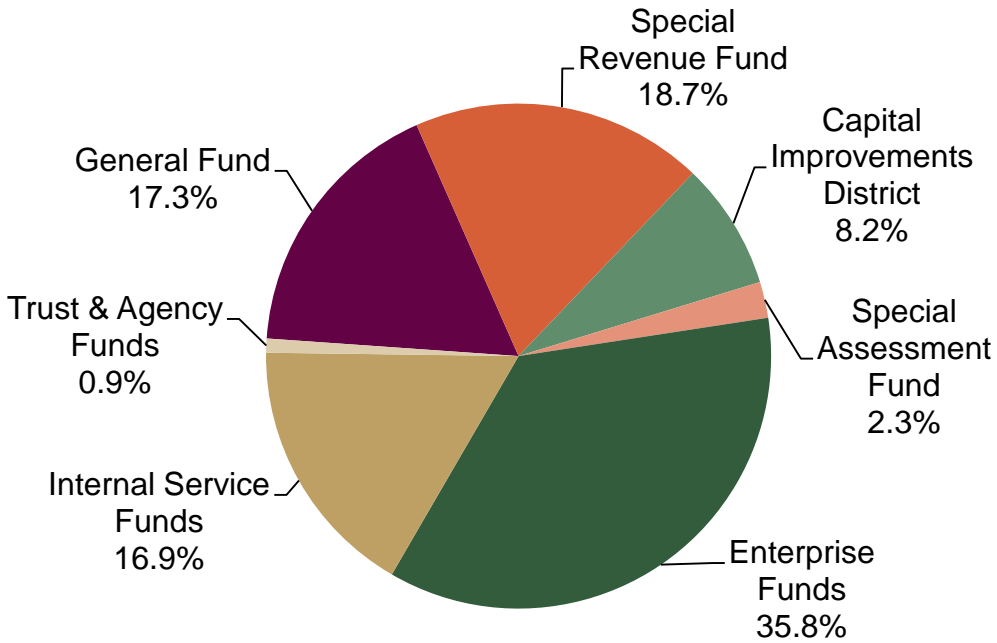
September 30, 2015



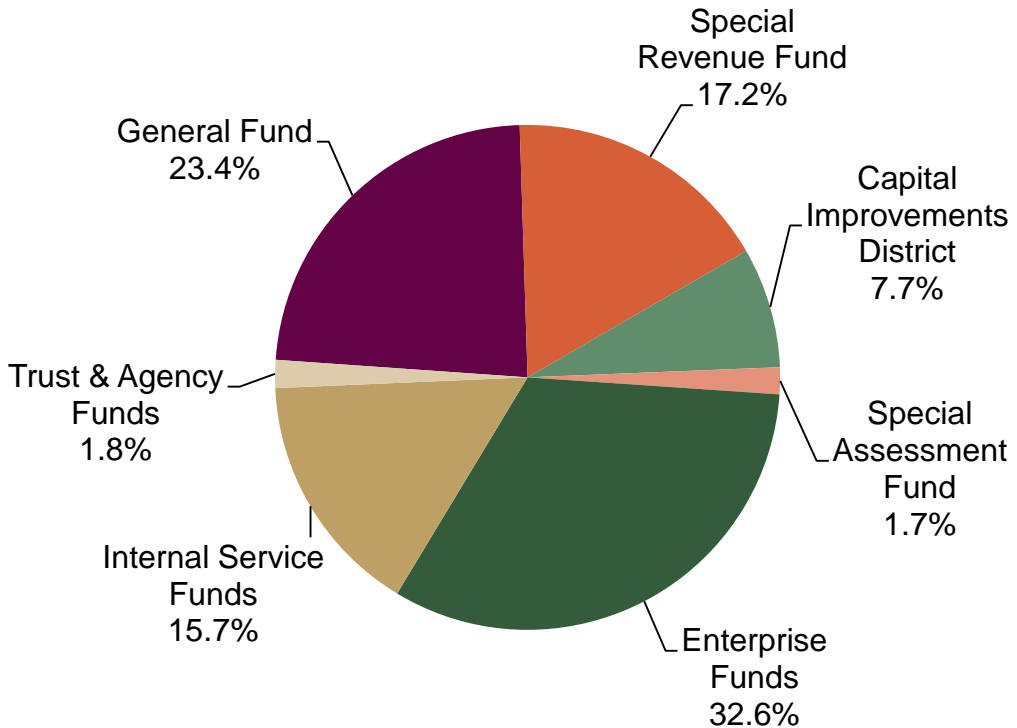


City Fund Allocation

December 31, 2015



September 30, 2015





**City of San Leandro
Investments by All Types
Active Investments
December 31, 2015**

| CUSIP | Issuer | Coupon | Maturity Date | Par | Purchase Price | Book Value | Purchase Yield | MVACC |
|-----------------------------------|--|--------|-----------------|-------------------------|----------------|-------------------------|----------------|-------------------------|
| LAIF | | | | | | | | |
| SYS113 | LAIF - City Pool | | | \$29,216,418.67 | 100.00000 | \$29,216,418.67 | | \$29,216,418.67 |
| SYS114 | LAIF - Successor Agency | | | 2,621,611.35 | 100.00000 | \$2,621,611.35 | | \$2,621,611.35 |
| | LAIF - Economic Development Agency | | | 2.34 | | \$2.34 | | \$2.34 |
| | | | subtotal | \$31,838,032.36 | | \$31,838,032.36 | | \$31,838,032.36 |
| Passbook/Checking Accounts | | | | | | | | |
| | Public Funds Checking | | | 14,700,568.42 | 100.00000 | 14,700,568.42 | | 14,700,568.42 |
| | | | subtotal | \$ 14,700,568.42 | | \$ 14,700,568.42 | | \$ 14,700,568.42 |
| Government Issues | | | | | | | | |
| 60934N104 | GOVT OBLIG MMF Federated | 0.110 | 31-Dec-15 | 40,941.89 | 100.00000 | 40,941.89 | 0.11 | 40,941.89 |
| 459200GU9 | Note IBM Corp | 2.000 | 05-Jan-16 | 440,000.00 | 100.01460 | 440,064.26 | 0.65 | 444,302.22 |
| 3134A4ZT4 | Note FHLMC | 4.750 | 19-Jan-16 | 550,000.00 | 100.19891 | 551,093.99 | 0.65 | 562,786.40 |
| 912828UM0 | Note US Treasury | 0.375 | 15-Feb-16 | 775,000.00 | 100.00405 | 775,031.35 | 0.34 | 776,097.74 |
| 3133EAJU3 | Note FFCB | 1.050 | 28-Mar-16 | 835,000.00 | 100.14151 | 836,181.63 | 0.45 | 838,539.15 |
| 3135G0BA0 | Note FNMA | 2.375 | 11-Apr-16 | 865,000.00 | 100.34851 | 868,014.65 | 1.08 | 874,044.25 |
| 037833AH3 | Note Apple Inc | 0.450 | 03-May-16 | 500,000.00 | 99.93838 | 499,691.92 | 0.63 | 500,187.50 |
| 3137EACT4 | Note FHLMC | 2.500 | 27-May-16 | 250,000.00 | 100.82833 | 252,070.83 | 0.43 | 252,513.28 |
| 912828QP8 | Note US Treasury | 1.750 | 31-May-16 | 760,000.00 | 100.54746 | 764,160.68 | 0.41 | 765,111.04 |
| 313373SZ6 | Note FHLB | 2.125 | 10-Jun-16 | 850,000.00 | 100.42321 | 853,597.27 | 1.14 | 856,537.85 |
| 742718DV8 | Note Procter & Gamble Co | 1.450 | 15-Aug-16 | 400,000.00 | 100.45633 | 401,825.32 | 0.71 | 403,227.91 |
| 3137EACW7 | Note FHLMC | 2.000 | 25-Aug-16 | 740,000.00 | 100.91793 | 746,792.70 | 0.57 | 751,135.52 |
| 912828RF9 | Note US Treasury | 1.000 | 31-Aug-16 | 775,000.00 | 100.32276 | 777,501.40 | 0.51 | 779,192.85 |
| 02665WAB7 | Note American Honda Finance | 1.125 | 07-Oct-16 | 475,000.00 | 100.26157 | 476,242.46 | 0.78 | 476,627.36 |
| 3135G0ES8 | Note FNMA | 1.375 | 15-Nov-16 | 650,000.00 | 100.34197 | 652,222.79 | 0.97 | 654,159.96 |
| 912828RU6 | Note US Treasury | 0.875 | 30-Nov-16 | 775,000.00 | 99.97695 | 774,821.39 | 0.90 | 776,047.05 |
| 084670BD9 | Note Berkshire Hathaway | 1.900 | 31-Jan-17 | 525,000.00 | 100.30629 | 526,608.03 | 1.61 | 533,739.39 |
| 912828SC5 | Note US Treasury | 0.875 | 31-Jan-17 | 800,000.00 | 100.21718 | 801,737.43 | 0.67 | 802,991.75 |
| 674599CB9 | Note Occidental Petroleum | 1.750 | 15-Feb-17 | 400,000.00 | 100.96146 | 403,845.83 | 0.88 | 403,444.84 |
| 17275RAT9 | Note Cisco Systems | 1.100 | 03-Mar-17 | 500,000.00 | 100.14141 | 500,707.03 | 0.98 | 502,223.78 |
| 3137EADC0 | Note FHLMC | 1.000 | 08-Mar-17 | 800,000.00 | 100.30365 | 802,429.22 | 0.74 | 803,174.31 |
| 3133782N0 | Note FHLB | 0.875 | 10-Mar-17 | 325,000.00 | 100.10889 | 325,353.90 | 0.78 | 325,647.05 |
| 3135G0ZB2 | Note FNMA | 0.750 | 20-Apr-17 | 1,000,000.00 | 99.92603 | 999,260.32 | 0.81 | 998,644.17 |
| 91159HHD5 | Callable Note Cont 4/15/2017 US Bancorp | 1.650 | 15-May-17 | 500,000.00 | 100.20998 | 501,049.88 | 1.48 | 502,565.17 |
| 912828SY7 | Note US Treasury | 0.625 | 31-May-17 | 775,000.00 | 99.69568 | 772,641.49 | 0.84 | 772,002.65 |
| 913017BU2 | Note United Tech Corp | 1.800 | 01-Jun-17 | 500,000.00 | 100.99645 | 504,982.24 | 1.08 | 503,572.50 |
| 313379DD8 | Note FHLB | 1.000 | 21-Jun-17 | 800,000.00 | 99.72431 | 797,794.50 | 1.19 | 799,779.82 |
| 3137EADJ5 | Note FHLMC | 1.000 | 28-Jul-17 | 800,000.00 | 100.09999 | 800,799.90 | 0.94 | 802,069.60 |
| 48126AA5 | Note JP Morgan | 2.000 | 15-Aug-17 | 475,000.00 | 100.61858 | 477,938.24 | 1.61 | 480,199.14 |
| 912828TM2 | Note US Treasury | 0.625 | 31-Aug-17 | 825,000.00 | 99.49110 | 820,801.57 | 0.94 | 821,457.41 |
| 3133EDVU3 | Note FFCB | 1.125 | 22-Sep-17 | 750,000.00 | 99.85572 | 748,917.91 | 1.21 | 752,389.31 |
| 3133EDXA5 | Note FFCB | 1.150 | 10-Oct-17 | 775,000.00 | 100.22091 | 776,712.05 | 1.02 | 777,478.84 |
| 68389XAN5 | Note Oracle Corp | 1.200 | 15-Oct-17 | 400,000.00 | 99.94095 | 399,763.81 | 1.23 | 401,225.33 |
| 74005PBC7 | Note Praxair | 1.050 | 07-Nov-17 | 450,000.00 | 98.82663 | 444,719.84 | 1.71 | 446,710.05 |
| 912828UA6 | Note US Treasury | 0.625 | 30-Nov-17 | 1,020,000.00 | 99.50365 | 1,014,937.26 | 0.89 | 1,012,110.75 |
| 166764AA8 | Callable Note Cont 11/5/17 Chevron Corp | 1.104 | 05-Dec-17 | 650,000.00 | 99.18325 | 644,691.11 | 1.54 | 646,048.87 |
| 40428HPH9 | Note HSBC USA Inc | 1.625 | 16-Jan-18 | 500,000.00 | 100.04309 | 500,215.46 | 1.60 | 501,247.46 |
| 24422EST7 | Note John Deere Capital Corp | 1.350 | 16-Jan-18 | 500,000.00 | 100.10176 | 500,508.79 | 1.30 | 501,083.75 |
| 94974BFG0 | Note Wells Fargo Corp | 1.500 | 16-Jan-18 | 700,000.00 | 100.24046 | 701,683.23 | 1.38 | 701,830.50 |
| 912828UJ7 | Note US Treasury | 0.875 | 31-Jan-18 | 1,175,000.00 | 99.48116 | 1,168,903.66 | 1.13 | 1,173,427.48 |
| 3135G0TG8 | Note FNMA | 0.875 | 08-Feb-18 | 800,000.00 | 98.98703 | 791,896.27 | 1.37 | 797,532.56 |
| 912828H94 | Note US Treasury | 1.000 | 15-Feb-18 | 1,000,000.00 | 99.96422 | 999,642.17 | 1.02 | 1,000,652.17 |
| 3137EADP1 | Note FHLMC | 0.875 | 07-Mar-18 | 965,000.00 | 99.39352 | 959,147.50 | 1.16 | 960,902.45 |
| 313378A43 | Note FHLB | 1.375 | 09-Mar-18 | 800,000.00 | 100.22357 | 801,788.56 | 1.27 | 805,935.02 |
| 808513AK1 | Callable Note Cont 2/10/2018 Charles Schwab Corp | 1.500 | 10-Mar-18 | 500,000.00 | 100.08306 | 500,415.30 | 1.46 | 499,869.00 |
| 912828J68 | Note US Treasury | 1.000 | 15-Mar-18 | 500,000.00 | 99.91125 | 499,556.26 | 1.04 | 499,745.02 |
| 36962G6W9 | Note General Electric Capital Corp | 1.625 | 02-Apr-18 | 128,000.00 | 100.03246 | 128,041.55 | 1.61 | 128,932.19 |
| 912828K25 | Note US Treasury | 0.750 | 15-Apr-18 | 800,000.00 | 99.82071 | 798,565.70 | 0.83 | 793,528.29 |
| 3135G0WJ8 | Note FNMA | 0.875 | 21-May-18 | 1,050,000.00 | 99.19862 | 1,041,585.56 | 1.22 | 1,041,178.13 |
| 313379DT3 | Note FHLB | 1.250 | 08-Jun-18 | 650,000.00 | 100.31948 | 652,076.65 | 1.12 | 650,008.20 |
| 912828XK1 | Note US Treasury | 0.875 | 15-Jul-18 | 400,000.00 | 99.72517 | 398,900.69 | 0.98 | 398,007.65 |
| 3135G0E33 | Note FNMA | 1.125 | 20-Jul-18 | 400,000.00 | 100.09781 | 400,391.24 | 1.09 | 400,380.90 |
| 06406HCL1 | Callable Note Cont 7/2/2018 Bank of New York | 2.100 | 01-Aug-18 | 500,000.00 | 100.64603 | 503,230.17 | 1.83 | 507,798.50 |
| 3130A6AE7 | Note FHLB | 1.125 | 14-Sep-18 | 975,000.00 | 100.40399 | 978,938.86 | 0.97 | 974,565.15 |
| 912828L40 | Note US Treasury | 1.000 | 15-Sep-18 | 1,300,000.00 | 100.07493 | 1,300,974.14 | 0.97 | 1,294,615.44 |
| 912828L81 | Note US Treasury | 0.875 | 15-Oct-18 | 400,000.00 | 99.55766 | 398,230.63 | 1.04 | 396,339.50 |
| 89236TAY1 | Note Toyota Motor Credit Corp | 2.000 | 24-Oct-18 | 450,000.00 | 101.35254 | 456,086.44 | 1.51 | 454,220.20 |
| 3135G0ZE6 | Note FNMA | 1.750 | 20-Jun-19 | 1,000,000.00 | 101.27695 | 1,012,769.49 | 1.37 | 1,008,195.72 |
| 3137EADK2 | Note FHLMC | 1.250 | 01-Aug-19 | 450,000.00 | 98.97948 | 445,407.68 | 1.54 | 447,338.85 |
| 912828UV0 | Note US Treasury | 1.125 | 31-Mar-20 | 425,000.00 | 98.28956 | 417,730.63 | 1.54 | 416,652.41 |
| | | | subtotal | \$ 38,088,000.00 | | \$ 39,132,632.72 | | \$ 39,192,913.19 |
| | | | Total | \$ 84,626,600.78 | | \$ 85,671,233.50 | | \$ 85,731,513.97 |