

September 12, 2023

**C-9**

HONORABLE MAYOR AND CITY COUNCIL  
City of Long Beach  
California

**RECOMMENDATION:**

Receive and file the Investment Report for Quarter Ending June 30, 2023. (Citywide)

**DISCUSSION**

The City of Long Beach (City) Treasurer's Office in the Financial Management Department invests the funds in compliance with the California Government Code, Section 53600 et. seq., and the City's Investment Policy. As of June 30, 2023, these funds had a book value of approximately \$2.264 billion.

**Statutory Compliance**

All investment transactions have been executed in conformance with the City's Investment Policy and the California Government Code. The Investment Advisory Committee, composed of the Assistant City Auditor, Deputy City Attorney, City Treasurer, City Controller, and designated representatives from the Harbor and Water Departments, meets quarterly, or as needed, to review investment policies, strategies, and performance. All portfolio transactions as of June 30, 2023, can be found in the Investment Trading Activity (Attachment A).

**Investment Strategies**

The Investment Policy divides the City's investment portfolio into short-maturity, intermediate-maturity, and long-maturity portfolios. Their respective benchmarks are the Three-Month Treasury Bill Index, the ICE Bank of America Merrill Lynch (BAML) One-to-Three Year US Treasury/Agency, and the ICE Bank of America Merrill Lynch (BAML) One-to-Five Year US Treasury/Agency.

The short-maturity portfolio maintains a weighted average maturity of three to six months and provides sufficient liquidity to satisfy the City's short-term cash needs. The intermediate-maturity portfolio maintains a weighted average maturity of approximately one to three years and provides for the cash needs with maturities greater than six months. The long-maturity portfolio maintains a weighted average maturity of one to five years to satisfy the City's longer-term cash needs.

The City's cash management goals are to maintain and preserve the safety of funds in custody and provide adequate liquidity for anticipated expenditure needs. Approximately \$534.8 million of the total investment pool, or approximately 24.32 percent of the funds, will mature in the next six months, ensuring that sufficient funds are available to meet the City's liquidity needs.

## Investment Position and Performance

The following table summarizes the City's investment pool position and performance for the quarter ending June 30, 2023:

Portfolio	As of June 30, 2023			As of June 30, 2023			
	Book Value <sup>1</sup>	Market Value <sup>1</sup>	Unrealized Gain/(Loss) <sup>2</sup>	Quarterly Portfolio Total Return <sup>3</sup>	Quarterly Benchmark Total Return	Last 12 Months Portfolio Total Return <sup>5</sup>	Last 12 Months Benchmark Total Return
Short-Maturity	\$257,055,539	\$256,998,173	(\$57,366)	1.27%	1.17%	3.30%	3.59%
Intermediate-Maturity	\$1,490,120,683	\$1,450,840,560	(\$39,280,123)	0.08%	-0.56%	0.85%	0.14%
Long-Maturity	\$510,951,010	\$484,223,410	(\$26,727,600)	-0.38%	-0.86%	0.36%	-0.43%
<b>Total Investments</b>	<b>\$2,258,127,232</b>	<b>\$2,192,062,143</b>	<b>(\$66,065,089)</b>	<b>0.13%</b>	<b>-0.42%</b>	<b>1.03%</b>	<b>0.42%</b>

  

<b>Total Cash</b>	\$6,689,724	\$6,689,724	<b>QUARTERLY INTEREST EARNINGS<sup>6</sup></b> <b>As of June 30, 2023</b>
<b>Total Cash and Investments</b>	<b>\$2,264,816,956</b>	<b>\$2,198,751,867</b>	
			<b>\$10,918,242</b>

- 1) Book value is the initial value/outlay for an investment at the time of purchase (as much as five years ago) and still held in the portfolios, while market value represents the value at a point in time based on current market conditions.
- 2) Unrealized Gain/(Loss) is the difference between book and market value. It is inversely related to the change in interest rates. As interest rates rise or fall, the value of fixed-income assets moves in the opposite direction. Typically, investments are held to maturity, and therefore, gains/losses are rarely realized.
- 3) Total return is a performance measurement metric that reflects the portfolio's overall value for this three-month period, if liquidated, including income and realized and unrealized gains and losses.
- 4) Investment Performance – Portfolio Total Return numbers are calculated as a weighted average.
- 5) Last 12 months Portfolio Total Return is a performance measurement metric that reflects a rolling 12-month return, which includes income and both realized and unrealized gains/(losses)
- 6) Interest Earnings is the amount of interest earned from investments over a 3-month period, net of investment-related expenses.

The quarter ending June 30, 2023, continued to experience rising market interest rates after a prolonged period of stable and historically low levels, which caused the investment value to remain negative on a mark-to-market basis. This resulted in an unrealized loss of approximately \$66.1 million, up from the prior quarter's unrealized loss of approximately \$53.5 million. Generally, there will be minimal actual realized loss since most securities are held to maturity. For the three months ended June 30, 2023, the quarterly total return was 0.13 percent, which was 55 basis points (0.55 percent) above the benchmark. Over the preceding 12 months, the investment portfolio generated an annualized total return of 1.03 percent, which was 61 basis points (0.61 percent) above the benchmark.

Another view of investment performance considers actual interest earnings, irrespective of changes in market value of the portfolio that are unlikely to be realized. As shown in the bottom-right portion of the table above, interest earnings totaled \$10.92 million for the quarter ending June 30, 2023. Using average cash balances for each of the three months of the quarter, the actual interest earned yielded an annualized interest earnings rate of 1.97 percent over the full quarter.

Investment portfolio holdings as of June 30, 2023, are included in Attachment B.

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This matter was reviewed by Principal Deputy City Attorney Richard F. Anthony on August 7, 2023 and by Revenue Management Officer Geraldine Alejo on August 14, 2023.

TIMING CONSIDERATIONS

City Council action on this item is not time critical.

FISCAL IMPACT

This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing City Council priorities. There is no fiscal or local job impact associated with this recommendation.

SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



KEVIN RIPER  
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:



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THOMAS B. MODICA  
CITY MANAGER

ATTACHMENTS: A - CITY OF LONG BEACH INVESTMENT TRADING ACTIVITY  
B - CITY OF LONG BEACH INVESTMENT PORTFOLIO HOLDINGS

CITY OF LONG BEACH INVESTMENT TRADING ACTIVITY  
APRIL 1, 2023 - JUNE 30, 2023

ATTACHMENT A

Fund	Inv #	Cusip Number	Issuer	Coupon (%)	Par Value (\$)	Purchase Date	Maturity Date	Redemption Date
<b>SECURITY PURCHASES</b>								
99	16024	91282CFB2	USTR	2.750	15,000,000.00	4/28/2023	7/31/2027	- -
99	16025	3134GYQP0	FHLMC	5.375	15,000,000.00	5/1/2023	5/1/2025	- -
98	16037	438516CJ3	HONEYW	4.950	1,750,000.00	5/17/2023	2/15/2028	- -
98	16038	91282CGT2	USTR	3.625	5,000,000.00	5/16/2023	3/31/2028	- -
99	16041	891941AD8	TAOT	4.710	7,500,000.00	5/23/2023	2/15/2028	- -
99	16042	891941AB2	TAOT	5.280	4,000,000.00	5/23/2023	5/15/2026	- -
99	16044	3130AW6F2	FHLMC	5.000	15,000,000.00	5/22/2023	11/22/2027	- -
99	16047	3133EPLD5	FFCB	3.875	15,000,000.00	5/30/2023	5/30/2028	- -
99	16049	437927AB2	HAROT	5.410	8,000,000.00	5/30/2023	4/15/2026	- -
99	16050	437927AC0	HAROT	4.930	5,500,000.00	5/30/2023	11/15/2027	- -
98	16053	91282CGT2	USTR	3.625	2,750,000.00	5/26/2023	3/31/2028	- -
99	16057	3133EPME2	FFCB	3.875	10,000,000.00	6/8/2023	6/8/2028	- -
99	16058	31338PME2	FFCB	3.891	10,000,000.00	6/8/2023	6/8/2028	- -
99	16060	02582JJZ4	AMXCA	4.870	7,500,000.00	6/14/2023	5/15/2028	- -
99	16061	3130AWF39	FHLMC	5.375	10,000,000.00	6/26/2023	6/26/2028	- -
99	16063	9128284N7	USTR	2.875	25,000,000.00	6/16/2023	5/15/2028	- -
98	16066	91282CHE4	USTR	3.625	9,000,000.00	6/20/2023	5/31/2028	- -
98	16067	91324PEP3	JPM	5.250	2,000,000.00	6/21/2023	2/15/2028	- -
98	16068	89236TKQ7	TOYOTA	4.625	1,500,000.00	6/21/2023	1/12/2028	- -
99	16071	477920AC6	JDOT	5.180	6,250,000.00	6/28/2023	3/15/2028	- -
99	16072	477920AB8	JDOT	5.590	9,750,000.00	6/28/2023	6/15/2026	- -
99	16075	3130AWGR5	FHLMC	4.375	20,000,000.00	6/28/2023	6/12/2026	- -
<b>TOTAL SECURITY PURCHASES</b>					<b>205,500,000</b>			
<b>SECURITY MATURITIES</b>								
99	15795	91282CBX8	USTR	0.125	30,000,000.00	5/6/2021	4/30/2023	- -
99	15713	3137EAER6	FHLMC	0.375	10,000,000.00	5/11/2020	5/5/2023	- -
98	15714	3137EAER6	FHLMC	0.375	7,470,000.00	5/7/2020	5/5/2023	- -
99	15796	912828ZP8	USTR	0.125	30,000,000.00	5/6/2021	5/15/2023	- -
99	15893	912828ZP8	USTR	0.125	17,600,000.00	5/26/2022	5/15/2023	- -
99	15946	313384GF0	FHLB	4.570	20,000,000.00	12/1/2022	5/30/2023	- -
99	15947	313384GF0	FHLB	4.570	20,000,000.00	12/1/2022	5/30/2023	- -
97	15921	912828R69	USTR	1.625	15,000,000.00	8/4/2022	5/31/2023	- -
98	15530	313383QR5	FHLB	3.250	4,000,000.00	6/11/2018	6/9/2023	- -
98	15534	3137EAEN5	FHLMC	2.750	8,000,000.00	7/18/2018	6/19/2023	- -
99	15770	912828S35	USTR	1.375	10,000,000.00	3/5/2021	6/30/2023	- -
99	15894	91282CCK5	USTR	0.125	17,600,000.00	5/26/2022	6/30/2023	- -
<b>TOTAL SECURITY MATURITIES</b>					<b>189,670,000</b>			
<b>SECURITY SALES AND CALLS</b>								
- -	- -	- -	- -	- -	- -	- -	- -	- -
<b>TOTAL SECURITY SALES AND CALLS</b>					-			





**CITY OF LONG BEACH INVESTMENT PORTFOLIO HOLDINGS**

ATTACHMENT B

AS OF JUNE 30, 2023

Inv #	Security Description	CUSIP Number	S&P Rating *	Coupon Rate (%)	Par Value (\$)	Book Value (\$)	Market Value (\$)	Trade Date	Settlement Date	Maturity Date
15756	USTR	91282CBC4	AA+	0.375	6,000,000	5,999,648	5,408,220	12/30/2020	12/31/2020	12/31/2025
15763	USTR	91282CBC4	AA+	0.375	8,000,000	7,992,530	7,210,960	1/28/2021	1/29/2021	12/31/2025
15769	USTR	91282CBH3	AA+	0.375	10,000,000	9,954,062	8,978,100	2/16/2021	2/18/2021	1/31/2026
15776	USTR	91282CBQ3	AA+	0.500	11,700,000	11,601,975	10,509,876	3/24/2021	3/25/2021	2/28/2026
15787	USTR	91282CBT7	AA+	0.750	10,000,000	9,970,973	9,038,300	4/28/2021	4/29/2021	3/31/2026
15811	USTR	91282CCF6	AA+	0.750	5,000,000	4,979,982	4,491,200	6/17/2021	6/18/2021	5/31/2026
15819	USTR	91282CCP4	AA+	0.625	10,000,000	9,941,047	8,909,000	8/12/2021	8/13/2021	7/31/2026
15824	USTR	91282CCW9	AA+	0.750	5,000,000	4,981,857	4,459,400	9/17/2021	9/20/2021	8/31/2026
15826	USTR	91282CCX7	AA+	0.375	5,000,000	4,990,097	4,712,700	9/29/2021	9/30/2021	9/15/2024
15840	USTR	91282CDQ1	AA+	1.250	10,000,000	9,990,971	9,000,000	12/30/2021	12/31/2021	12/31/2026
15870	USTR	91282Z78	AA+	1.500	5,000,000	4,797,669	4,529,100	4/7/2022	4/8/2022	1/31/2027
15871	USTR	91282ZC7	AA+	1.125	5,000,000	4,877,655	4,686,550	4/7/2022	4/8/2022	2/28/2025
15902	USTR	91282CEN7	AA+	2.750	7,500,000	7,437,684	7,084,875	6/3/2022	6/6/2022	4/30/2027
15903	USTR	91282CEQ0	AA+	2.750	7,500,000	7,482,461	7,203,825	6/3/2022	6/6/2022	5/15/2025
15914	USTR	91282CEN7	AA+	2.750	2,500,000	2,470,354	2,361,625	6/30/2022	6/30/2022	4/30/2027
15915	USTR	91282CEQ0	AA+	2.750	2,500,000	2,486,831	2,401,275	6/30/2022	6/30/2022	5/15/2025
15922	USTR	91282CEW7	AA+	3.250	7,000,000	7,067,767	6,732,040	8/9/2022	8/10/2022	6/30/2027
15932	USTR	91282CEY3	AA+	3.000	3,000,000	2,965,398	2,891,370	9/9/2022	9/12/2022	7/15/2025
15933	USTR	91282CEW7	AA+	3.250	3,000,000	2,977,344	2,885,160	9/9/2022	9/12/2022	6/30/2027
15937	USTR	91282CEN7	AA+	2.750	5,000,000	4,736,872	4,723,250	9/27/2022	9/28/2022	4/30/2027
15938	USTR	91282CEW7	AA+	3.250	5,000,000	4,818,328	4,808,600	9/27/2022	9/28/2022	6/30/2027
15941	USTR	91282CFP1	AA+	4.250	7,500,000	7,453,699	7,416,225	10/19/2022	10/20/2022	10/15/2025
15952	USTR	91282CFM8	AA+	4.125	7,000,000	7,076,407	6,960,870	12/20/2022	12/21/2022	9/30/2027
15974	USTR	91282CGC9	AA+	3.875	4,750,000	4,799,851	4,683,405	1/26/2023	1/27/2023	12/31/2027
15984	USTR	91282CGC9	AA+	3.875	5,250,000	5,256,230	5,176,395	2/8/2023	2/9/2023	12/31/2027
16038	USTR	91282CGT2	AA+	3.625	5,000,000	5,053,033	4,906,380	5/15/2023	5/16/2023	3/31/2028
16053	USTR	91282CGT2	AA+	3.625	2,750,000	2,730,945	2,701,233	5/25/2023	5/26/2023	3/31/2028
16066	USTR	91282CHE4	AA+	3.625	9,000,000	8,871,769	8,820,998	6/16/2023	6/20/2023	5/31/2028
15875	AMAZON	023135CF1	AA	3.300	3,235,000	3,229,958	3,080,788	4/11/2022	4/13/2022	4/13/2027
15886	AMAZON	023135CF1	AA	3.300	1,765,000	1,753,286	1,680,862	5/10/2022	5/12/2022	4/13/2027
15904	AMAZON	023135CF1	AA	3.300	2,000,000	1,989,301	1,904,660	6/7/2022	6/9/2022	4/13/2027
15823	APPLE	037833DT4	AA+	1.125	3,120,000	3,136,902	2,906,873	9/16/2021	9/20/2021	5/11/2025
15803	BOA	06051GJG5	A-	0.981	3,500,000	3,504,912	3,288,320	5/19/2021	5/21/2021	9/25/2025
15872	BOA	06051GJQ3	A-	1.658	2,000,000	1,888,115	1,799,760	4/7/2022	4/11/2022	3/11/2027
15856	BRKHAT	084664CZ2	AA	2.300	5,500,000	5,499,226	5,143,050	3/7/2022	3/15/2022	3/15/2027
15887	CATPLR	14913R2V8	A	3.400	2,225,000	2,223,242	2,154,156	5/10/2022	5/13/2022	5/13/2025
15855	CSCHWB	808513BY0	A-	2.450	1,860,000	1,858,525	1,666,132	3/1/2022	3/3/2022	3/3/2027
15862	GUARD	40139LBF9	AA+	3.246	1,465,000	1,465,000	1,364,691	3/24/2022	3/29/2022	3/29/2027
15842	HONDA	02665WEA5	A-	1.500	3,640,000	3,638,530	3,430,154	1/11/2022	1/13/2022	1/13/2025
15846	HONDA	02665WEA5	A-	1.500	1,360,000	1,351,681	1,281,596	2/7/2022	2/9/2022	1/13/2025
16037	HONEYW	438516CJ3	A	4.950	1,750,000	1,831,179	1,795,605	5/15/2023	5/17/2023	2/15/2028
15829	JDEERE	24422EWW6	A	1.300	3,500,000	3,460,187	3,106,705	11/24/2021	11/29/2021	10/13/2026
15982	JDEERE	24422EWR6	A	4.750	3,000,000	3,045,391	3,009,385	2/7/2023	2/9/2023	1/20/2028
15802	JPM	46647PBK1	A-	2.083	3,500,000	3,572,628	3,277,750	5/19/2021	5/21/2021	4/22/2026
15905	JPM	46647PCB0	A-	1.578	3,000,000	2,788,649	2,694,630	6/7/2022	6/9/2022	4/22/2027
16001	JPM	57636QAW4	A+	4.875	3,080,000	3,077,198	3,114,835	3/6/2023	3/9/2023	3/9/2028
15910	MERCK&	58933YBC8	A+	1.700	5,000,000	4,564,334	4,479,150	6/14/2022	6/16/2022	6/10/2027
15841	METLFE	59217GER6	AA-	1.875	3,780,000	3,776,960	3,367,489	1/3/2022	1/11/2022	1/11/2027
15853	METLFE	59217GER6	AA-	1.875	1,220,000	1,193,115	1,086,861	2/23/2022	2/25/2022	1/11/2027
15818	MICRSF	594918BJ2	AAA	3.125	3,500,000	3,679,471	3,369,065	7/27/2021	7/29/2021	11/3/2025
15884	NORTH	665859AW4	A+	4.000	2,050,000	2,047,437	1,974,909	5/5/2022	5/10/2022	5/10/2027
15911	NORTH	665859AW4	A+	4.000	2,950,000	2,923,667	2,841,942	6/15/2022	6/17/2022	5/10/2027
15830	PRICOA	74153WCQ0	AA-	1.150	3,000,000	2,998,524	2,807,190	12/1/2021	12/8/2021	12/6/2024
15873	RBC	78016EZ59	A	3.375	2,420,000	2,419,467	2,329,686	4/7/2022	4/14/2022	4/14/2025
15874	RBC	78016EZ59	A	3.375	1,080,000	1,078,020	1,039,694	4/8/2022	4/14/2022	4/14/2025
15813	SFORCE	79466LAG9	A+	0.625	945,000	944,834	899,546	6/29/2021	7/12/2021	7/15/2024
15845	STSTR	857477BR3	A	1.746	1,570,000	1,570,000	1,470,980	2/2/2022	2/7/2022	2/6/2026
15854	STSTR	857477BM4	A	2.901	3,250,000	3,285,237	3,099,330	2/23/2022	2/25/2022	3/30/2026
15827	TORBK	89114TZG0	A	1.250	5,000,000	4,937,815	4,419,900	11/1/2021	11/3/2021	9/10/2026
15931	TORBK	89115A2H4	A	4.693	1,830,000	1,830,000	1,791,039	9/8/2022	9/15/2022	9/15/2027
15812	TOYOTA	89236TJK2	A+	1.125	5,060,000	5,058,680	4,524,247	6/15/2021	6/18/2021	6/18/2026
16068	TOYOTA	89236TKQ7	A+	4.625	1,500,000	1,522,381	1,517,471	6/16/2023	6/21/2023	1/12/2028
15822	WMART	931142ER0	AA	1.050	1,190,000	1,188,556	1,062,468	9/8/2021	9/17/2021	9/17/2026
<b>TOTAL LONG MATURITY *</b>					<b>512,120,630</b>	<b>510,951,010</b>	<b>484,223,410</b>			
<b>TOTAL INVESTMENTS</b>					<b>2,276,186,504</b>	<b>2,258,127,232</b>	<b>2,192,062,143</b>			

**CITY OF LONG BEACH INVESTMENT PORTFOLIO HOLDINGS**

ATTACHMENT B

AS OF JUNE 30, 2023

Inv #	Security Description	CUSIP Number	S&P Rating *	Coupon Rate (%)	Par Value (\$)	Book Value (\$)	Market Value (\$)	Trade Date	Settlement Date	Maturity Date
<b>CASH</b>										
CASHBO	CASHBA	CASHBOA			295,349	295,349	295,349	- -	- -	- -
CASHUS	CASHUS	CASHUS			6,394,374	6,394,374	6,394,374	- -	- -	- -
<b>TOTAL CASH</b>					<b>6,689,724</b>	<b>6,689,724</b>	<b>6,689,724</b>			
<b>TOTAL CASH AND INVESTMENTS</b>					<b>2,282,876,227</b>	<b>2,264,816,956</b>	<b>2,198,751,867</b>			

*Note \*: Per California Government Code and industry practice, ratings modifiers (+/-) are not utilized to determine investment eligibility, only the rating category (i.e. AAA / AA / A / BBB ) are used. The 2021 California Debt and Investment Advisory Commission (CDIAC) clarified the interpretation issue based on SB 974 that passed in 2016 which amended California Government Code that modifiers (+/-) were not to be considered when determining investment eligibility in Code Sections 53601(h)(1)(C) Commercial Paper , 53601(k) Medium Term Notes, 53601(o) Mortgage Passthrough Securities, and 53601(q) Supranationals.*