

March 2, 2021

C-9

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive and file the Investment Report for Quarter Ending December 31, 2020.
(Citywide)

DISCUSSION

The City Treasurer's Office in the Financial Management Department invests the City of Long Beach's (City) funds in compliance with the California Government Code, Section 53600 et. seq., and the City's Investment Policy. As of December 31, 2020, these funds had a book value of approximately \$1.499 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 December 31, 2020 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 One-Year Constant Maturity Treasury (CMT), and the Intercontinental Exchange (ICE) Bank of America Merrill Lynch (BoAML) One-to-Five Year U.S. Treasury and Agency Index.

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 year 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 \$691.62 million of the total investment pool, or approximately 45.49 percent of 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 December 31, 2020:

INVESTMENT PORTFOLIO POSITION AND PERFORMANCE SUMMARY							
Portfolio	INVESTMENT POSITION As of December 31, 2020			INVESTMENT PERFORMANCE ⁴ As of December 31, 2020			
	Book Value ¹	Market Value ¹	Unrealized Gain/(Loss) ²	Quarterly Portfolio Total Return ³	Quarterly Benchmark Total Return	Quarterly Variance from Benchmark	Annualized Portfolio Total Return ⁵
Short-Maturity	\$274,787,931	\$274,835,431	\$47,500	0.09%	0.03%	0.06%	1.16%
Intermediate-Maturity	\$509,458,798	\$515,469,875	\$6,011,077	0.04%	0.04%	0.00%	2.04%
Long-Maturity	\$461,843,848	\$477,341,048	\$15,497,200	0.11%	0.02%	0.09%	4.28%
Total Investments	\$1,246,090,576	\$1,267,646,354	\$21,555,778	0.08%	0.03%	0.05%	2.44%

Total Cash	\$252,699,778	\$252,699,778
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Total Cash and Investments	\$1,498,790,354	\$1,520,346,132
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- 1) *Book value is the initial value/outlay for an investment, while market value represents the value based on current market conditions.*
- 2) *Unrealized Gain/(Loss) is the difference between book and market value. It is directly related to the change in interest rates. As interest rates rise, the principal value of fixed income assets falls, causing the unrealized loss to increase, or vice versa. Typically, investments are held to maturity and therefore, gains/losses are rarely realized.*
- 3) *Total Return is a performance measurement metric that reflects the actual quarterly return of the portfolios, which includes income and both realized and unrealized gains and losses.*
- 4) *Investment Performance – Portfolio Total Return numbers are calculated as a weighted average.*
- 5) *Annualized Total Return is a performance measurement metric that reflects the annualized return of the portfolios, which includes income and both realized and unrealized gains/(losses).*

Investment portfolio holdings as of December 31, 2020, are included in Attachment B.

This matter was reviewed by Deputy City Attorney Taylor M. Anderson and by Budget Manager Grace H. Yoon on February 3, 2021.

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.

HONORABLE MAYOR AND CITY COUNCIL

March 2, 2021

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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
INTERIM DIRECTOR OF FINANCIAL MANAGEMENT

ATTACHMENT A: CITY OF LONG BEACH INVESTMENT TRADING ACTIVITY

ATTACHMENT B: CITY OF LONG BEACH INVESTMENT PORTFOLIO HOLDINGS

APPROVED:



THOMAS B. MODICA
CITY MANAGER

CITY OF LONG BEACH INVESTMENT TRADING ACTIVITY
OCTOBER 1, 2020 - DECEMBER 31, 2020

ATTACHMENT A

Fund	Inv #	Cusip Number	Issuer	Coupon (%)	Par Value (\$)	Purchase Date	Maturity Date	Redemption Date
SECURITY PURCHASES								
97	15748	9127963B3	USTR	0.087	30,000,000	10/23/2020	11/27/2020	- -
97	15749	912796TU3	USTR	0.085	30,000,000	10/23/2020	12/03/2020	- -
98	15750	3137EAEX3	FHLMC	0.375	6,000,000	10/28/2020	09/23/2025	- -
97	15751	912796TU3	USTR	0.080	40,000,000	11/10/2020	12/03/2020	- -
98	15754	3135G06G3	FNMA	0.500	10,530,000	11/12/2020	11/07/2025	- -
98	15756	91282CBC4	USTR	0.375	6,000,000	12/31/2020	12/31/2025	- -
TOTAL SECURITY PURCHASES					122,530,000			

SECURITY MATURITIES								
97	15729	9127962J7	USTR	0.175	22,500,000	06/09/2020	10/01/2020	- -
97	15703	912796TN9	USTR	0.146	10,000,000	04/20/2020	10/08/2020	- -
98	15477	3133EHF57	FFCB	1.680	5,000,000	10/19/2017	10/13/2020	- -
99	15586	9128282Z2	USTR	1.625	25,000,000	02/28/2019	10/15/2020	- -
97	15717	9127964K2	USTR	0.155	15,000,000	05/29/2020	10/27/2020	- -
99	15564	912828L99	USTR	1.375	10,000,000	12/13/2018	10/31/2020	- -
99	15653	912828L99	USTR	1.375	15,000,000	09/30/2019	10/31/2020	- -
97	15665	912828L99	USTR	1.375	15,000,000	11/25/2019	10/31/2020	- -
97	15709	912796TP4	USTR	0.130	10,000,000	05/11/2020	11/05/2020	- -
99	15658	9128283G3	USTR	1.750	10,000,000	09/30/2019	11/15/2020	- -
97	15666	912828PC8	USTR	2.625	15,000,000	11/25/2019	11/15/2020	- -
99	15555	3137EAEK1	FHLMC	1.875	10,000,000	11/28/2018	11/17/2020	- -
99	15722	9127963B3	USTR	0.160	10,000,000	05/29/2020	11/27/2020	- -
97	15747	9127963B3	USTR	0.080	40,000,000	09/29/2020	11/27/2020	- -
97	15748	9127963B3	USTR	0.087	30,000,000	10/23/2020	11/27/2020	- -
97	15674	912828M98	USTR	1.625	15,000,000	12/24/2019	11/30/2020	- -
97	15728	912796TU3	USTR	0.180	12,500,000	06/09/2020	12/03/2020	- -
97	15745	912796TU3	USTR	0.085	20,000,000	09/29/2020	12/03/2020	- -
97	15746	912796TU3	USTR	0.085	20,000,000	09/29/2020	12/03/2020	- -
97	15749	912796TU3	USTR	0.085	30,000,000	10/23/2020	12/03/2020	- -
97	15751	912796TU3	USTR	0.080	40,000,000	11/10/2020	12/03/2020	- -
99	15556	9128283L2	USTR	1.875	10,000,000	11/28/2018	12/15/2020	- -
97	15679	9128283L2	USTR	1.875	15,000,000	12/31/2019	12/15/2020	- -
TOTAL SECURITY MATURITIES					405,000,000			

SECURITY SALES AND CALLS								
98	15298	3135G0J20	FNMA	1.375	5,400,000	03/04/2016	02/26/2021	11/10/2020
98	15307	3130A7CV5	FHLB	1.375	5,000,000	03/17/2016	02/18/2021	11/10/2020
98	15332	912828Q37	USTR	1.250	4,750,000	04/25/2016	03/31/2021	12/31/2020
TOTAL SECURITY SALES AND CALLS					15,150,000			

CITY OF LONG BEACH INVESTMENT PORTFOLIO HOLDINGS

AS OF DECEMBER 31, 2020

ATTACHMENT B

Inv #	Security Description	CUSIP Number	S&P Rating	Coupon Rate (%)	Par Value (\$)	Book Value (\$)	Market Value (\$)	Trade Date	Settlement Date	Maturity Date
15651	FHLB	3130A2UW4	AA+	2.875	6,600,000	6,876,773	7,238,088	9/25/2019	9/26/2019	9/13/2024
15659	FHLB	3130A2UW4	AA+	2.875	3,400,000	3,542,190	3,728,712	10/21/2019	10/22/2019	9/13/2024
15396	FHLMC	3137EAEC9	AA+	1.125	10,500,000	10,489,171	10,564,470	8/11/2016	8/12/2016	8/12/2021
15513	FHLMC	3137EAEI9	AA+	2.375	2,600,000	2,599,509	2,606,968	3/19/2018	3/20/2018	2/16/2021
15693	FHLMC	3137EAEP0	AA+	1.500	10,220,000	10,213,518	10,721,087	2/13/2020	2/14/2020	2/12/2025
15714	FHLMC	3137EAER6	AA+	0.375	7,470,000	7,467,544	7,508,321	5/5/2020	5/7/2020	5/5/2023
15739	FHLMC	3137EAEU9	AA+	0.375	6,170,000	6,141,974	6,173,270	7/21/2020	7/23/2020	7/21/2025
15744	FHLMC	3137EAEX3	AA+	0.375	9,780,000	9,752,134	9,763,765	9/23/2020	9/25/2020	9/23/2025
15750	FHLMC	3137EAEX3	AA+	0.375	6,000,000	5,974,464	5,990,040	10/27/2020	10/28/2020	9/23/2025
15408	FNMA	3135G0N84	AA+	1.250	11,500,000	11,491,577	11,582,340	9/16/2016	9/19/2016	8/17/2021
15433	FNMA	3135G0S38	AA+	2.000	11,500,000	11,497,268	11,718,845	1/11/2017	1/12/2017	1/5/2022
15442	FNMA	3135G0T45	AA+	1.875	10,000,000	9,986,331	10,221,000	5/5/2017	5/8/2017	4/5/2022
15496	FNMA	3135G0T78	AA+	2.000	12,000,000	11,936,321	12,391,560	12/20/2017	12/21/2017	10/5/2022
15501	FNMA	3135G0T94	AA+	2.375	6,000,000	5,960,553	6,274,800	3/8/2018	3/9/2018	1/19/2023
15512	FNMA	3135G0T94	AA+	2.375	5,000,000	4,963,376	5,229,000	3/19/2018	3/20/2018	1/19/2023
15532	FNMA	3135G0U35	AA+	2.750	10,500,000	10,501,602	10,630,200	6/25/2018	6/26/2018	6/22/2021
15539	FNMA	3135G0U43	AA+	2.875	7,200,000	7,185,380	7,714,800	9/13/2018	9/14/2018	9/12/2023
15682	FNMA	3135G0X24	AA+	1.625	11,300,000	11,274,779	11,907,601	1/17/2020	1/21/2020	1/7/2025
15708	FNMA	3135G0U35	AA+	0.625	5,570,000	5,560,102	5,635,503	4/22/2020	4/24/2020	4/22/2025
15724	FNMA	3135G03U5	AA+	0.625	5,000,000	5,016,861	5,058,800	6/4/2020	6/5/2020	4/22/2025
15734	FNMA	3135G04Z3	AA+	0.500	10,120,000	10,101,289	10,173,737	6/17/2020	6/19/2020	6/17/2025
15740	FNMA	3135G05X7	AA+	0.375	9,745,000	9,702,539	9,742,856	8/25/2020	8/27/2020	8/25/2025
15754	FNMA	3135G06G3	AA+	0.500	10,530,000	10,493,332	10,574,015	11/9/2020	11/12/2020	11/7/2025
15332	USTR	912828Q37	AA+	1.250	800,000	799,804	802,112	4/22/2016	4/25/2016	3/31/2021
15415	USTR	912828T34	AA+	1.125	12,000,000	11,988,587	12,090,480	10/5/2016	10/6/2016	9/30/2021
15426	USTR	912828D72	AA+	2.000	10,500,000	10,521,615	10,631,250	11/14/2016	11/15/2016	8/31/2021
15428	USTR	912828T67	AA+	1.250	8,400,000	8,355,340	8,478,120	12/12/2016	12/13/2016	10/31/2021
15434	USTR	912828U81	AA+	2.000	9,000,000	9,000,788	9,168,030	1/25/2017	1/26/2017	12/31/2021
15438	USTR	912828J43	AA+	1.750	6,000,000	5,974,042	6,113,460	3/15/2017	3/16/2017	2/28/2022
15469	USTR	912828P4	AA+	1.875	9,700,000	9,725,716	9,967,914	9/11/2017	9/12/2017	7/31/2022
15478	USTR	912828L57	AA+	1.750	6,200,000	6,173,960	6,375,088	10/18/2017	10/19/2017	9/30/2022
15497	USTR	912828M80	AA+	2.000	9,000,000	8,946,312	9,322,380	1/16/2018	1/17/2018	11/30/2022
15498	USTR	912828L57	AA+	1.750	2,800,000	2,773,625	2,879,072	1/16/2018	1/17/2018	9/30/2022
15519	USTR	9128284D9	AA+	2.500	5,000,000	4,963,982	5,264,850	5/23/2018	5/24/2018	3/31/2023
15560	USTR	9128285K2	AA+	2.875	8,800,000	8,803,559	9,473,376	11/29/2018	11/30/2018	10/31/2023
15591	USTR	912828W48	AA+	2.125	11,300,000	11,231,495	11,993,029	4/3/2019	4/4/2019	2/29/2024
15593	USTR	912828W71	AA+	2.125	11,000,000	10,907,959	11,687,060	4/17/2019	4/18/2019	3/31/2024
15610	USTR	912828WJ5	AA+	2.500	10,000,000	10,190,586	10,775,800	6/10/2019	6/11/2019	5/15/2024
15615	USTR	912828X70	AA+	2.000	5,750,000	5,777,850	6,094,540	7/11/2019	7/12/2019	4/30/2024
15660	USTR	912828YH7	AA+	1.500	7,250,000	7,229,180	7,591,838	10/21/2019	10/22/2019	9/30/2024
15663	USTR	9128282N9	AA+	2.125	10,500,000	10,632,618	11,217,360	11/12/2019	11/13/2019	7/31/2024
15677	USTR	912828YV6	AA+	1.500	10,000,000	9,915,993	10,486,300	12/12/2019	12/13/2019	11/30/2024
15702	USTR	912828ZC7	AA+	1.125	6,000,000	6,150,432	6,211,620	3/24/2020	3/25/2020	2/28/2025
15725	USTR	912828ZT0	AA+	0.250	5,000,000	4,968,725	4,990,450	6/4/2020	6/5/2020	5/31/2025
15756	USTR	912828CBC4	AA+	0.375	6,000,000	5,999,297	6,004,680	12/30/2020	12/31/2020	12/31/2025
15534	FHLMC	3137EAEN5	AA+	2.750	8,000,000	7,980,906	8,505,360	7/17/2018	7/18/2018	6/19/2023
15585	FNMA	3135G0V34	AA+	2.500	11,200,000	11,162,493	11,995,872	2/21/2019	2/22/2019	2/5/2024
TOTAL LONG MATURITY					461,159,068	461,843,848	477,341,048			

TOTAL INVESTMENTS	1,243,462,625	1,246,090,576	1,267,646,354
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CASH

CASHBO	CASHBA	CASHBOA	AA+	0.203	281,387	281,387	281,387	- -	- -	- -
CASHUB	CASHUB	CASHUBOC	AA+	0.356	252,418,390	252,418,390	252,418,390	- -	- -	- -
TOTAL CASH					252,699,778	252,699,778	252,699,778			

TOTAL CASH AND INVESTMENTS	1,496,162,402	1,498,790,354	1,520,346,132
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