



CITY OF LONG BEACH

DEPARTMENT OF FINANCIAL MANAGEMENT

333 West Ocean Boulevard 6th Floor • Long Beach, CA 90802 • (562) 570-6465 • Fax (562) 570-5836

May 15, 2018

HONORABLE MAYOR AND CITY COUNCIL
City of Long Beach
California

RECOMMENDATION:

Receive and file the Investment Report for Quarter Ending March 31, 2018.
(Citywide)

DISCUSSION

The Financial Management Department, City Treasurer's Office, invests the City's funds in compliance with the California Government Code, Section 53600 et. seq., and the City's Investment Policy. As of March 31, 2018, these funds had a book value of approximately \$1.51 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, Budget Management Bureau staff, 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 March 31, 2018 can be found in Attachment A.

Investment Strategies

The City's Investment Policy divides the investment portfolio into short-term, intermediate-term, and long-term portfolios. Their respective benchmarks are the Three-Month Treasury Bill, the One-Year Constant Maturity Treasury (CMT), and the BOA Merrill Lynch One-to-Five Year Treasury/Agency.

The short-term 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-term portfolio maintains a weighted average maturity of approximately one year and provides for the cash needs with maturities greater than six months. The long-term 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 \$632.1 million of the total investment pool, or approximately 38.43 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 March 31, 2018:

INVESTMENT PORTFOLIO POSITION AND PERFORMANCE SUMMARY						
Portfolio	INVESTMENT POSITION As of March 31, 2018			INVESTMENT PERFORMANCE ⁴ January 1, 2018 Through March 31, 2018		
	Book Value ¹	Market Value ¹	Unrealized Gain/(Loss) ²	Portfolio Total Return ³	Benchmark Total Return ³	Variance from Benchmark ³
Short-Term	\$353,299,673	\$352,295,748	(\$1,003,925)	0.29 percent	0.35 percent	(0.06) percent
Intermediate-Term	\$725,496,897	\$719,988,797	(\$5,508,100)	0.16 percent	0.15 percent	0.01 percent
Long-Term	\$439,706,221	\$431,624,739	(\$8,081,483)	(0.33) percent	(0.37) percent	0.04 percent
Total Investments	\$1,518,502,791	\$1,503,909,283	(\$14,593,508)	0.05 percent	0.048 percent	0.002 percent
Cash	\$140,816,811	\$140,816,811				
Total Cash and Investments	\$1,659,319,602	\$1,644,726,094				

- 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 an annualized performance measurement metric that includes income and both realized and unrealized gains/losses).
- 4) Investment Performance – Portfolio Total Return numbers are calculated as a weighted average.

Investment portfolio holdings as of March 31, 2018, are included in Attachment B.

This matter was reviewed by Deputy City Attorney Amy R. Webber and by Budget Manger Officer Rhutu Amin Gharib on April 26, 2018.

TIMING CONSIDERATIONS

City Council action on this item is not time critical.

FISCAL IMPACT

There is no fiscal or local job impact associated with this recommendation.

HONORABLE MAYOR AND CITY COUNCIL
May 15, 2018
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SUGGESTED ACTION:

Approve recommendation.

Respectfully submitted,



JOHN GROSS
DIRECTOR OF FINANCIAL MANAGEMENT

JG:DN
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ATTACHMENTS

APPROVED:



PATRICK H. WEST
CITY MANAGER

**CITY OF LONG BEACH INVESTMENT TRADING ACTIVITY
JANUARY 1, 2018 - MARCH 31, 2018**

ATTACHMENT A

Fund	Inv #	Cusip Number	Issuer	Coupon	Par Value	Trade Date	Maturity Date
SECURITY PURCHASES							
97	15502	912828R51	USTR	0.875	15,000,000	03/15/2018	05/31/2018
97	15503	912828R93	USTR	0.625	15,000,000	03/15/2018	06/30/2018
98	15497	912828M80	USTR	2.000	9,000,000	01/17/2018	11/30/2022
98	15498	912828L57	USTR	1.750	2,800,000	01/17/2018	09/30/2022
98	15500	3137EAE9	FHLMC	2.375	5,000,000	03/09/2018	02/16/2021
98	15501	3135G0T94	FNMA	2.375	6,000,000	03/09/2018	01/19/2023
98	15513	3137EAE9	FHLMC	2.375	6,600,000	03/20/2018	02/16/2021
98	15512	3135G0T94	FNMA	2.375	5,000,000	03/20/2018	01/19/2023
99	15504	912828T42	USTR	0.750	15,000,000	03/15/2018	09/30/2018
99	15505	912828SN1	USTR	1.500	10,000,000	03/15/2018	03/31/2019
99	15506	912828SX9	USTR	1.125	10,000,000	03/15/2018	05/31/2019
99	15507	912828XV7	USTR	1.250	5,000,000	03/15/2018	06/30/2019
99	15508	912828T6	USTR	1.250	5,000,000	03/15/2018	08/31/2019
99	15509	912828X7	USTR	1.375	5,000,000	03/15/2018	09/30/2019
99	15510	9128283H1	USTR	1.750	10,000,000	03/15/2018	11/30/2019
99	15511	912828G95	USTR	1.625	10,000,000	03/15/2018	12/31/2019
TOTAL SECURITY PURCHASES					134,400,000		

SECURITY MATURITIES							
97	15282	3134G8M48	FHLMC	1.050	10,000,000	02/26/2016	02/26/2018
97	15471	912828UR9	USTR	0.750	10,000,000	09/28/2017	02/28/2018
97	15451	912828Q45	USTR	0.875	10,000,000	07/24/2017	03/31/2018
98	14909	3137EADN6	FHLMC	0.750	11,000,000	07/29/2014	01/12/2018
98	15009	3137EADP1	FHLMC	0.875	11,400,000	02/02/2015	03/07/2018
98	14721	313378A43	FHLB	1.375	4,345,000	08/15/2013	03/09/2018
98	14722	313378A43	FHLB	1.375	5,505,000	08/15/2013	03/09/2018
99	15261	3137EADN6	FHLMC	0.750	3,800,000	01/13/2016	01/12/2018
99	15142	3130A5VT3	FHLB	0.900	6,435,000	07/30/2015	01/30/2018
99	15479	912828P20	USTR	0.750	10,000,000	11/14/2017	01/31/2018
99	15480	912828PY0	USTR	2.750	10,000,000	11/14/2017	02/28/2018
99	15285	3130A7CX1	FHLB	0.875	10,000,000	02/18/2016	03/19/2018
99	15296	3135G0J61	FNMA	0.875	10,000,000	03/04/2016	03/28/2018
99	15196	912828UU2	USTR	0.750	7,500,000	10/06/2015	03/31/2018
TOTAL SECURITY MATURITIES					119,985,000		

SECURITY SALES AND CALLS							
- -	- -	- -	- -	- -	- -	- -	- -
- -	- -	- -	- -	- -	- -	- -	- -
TOTAL SECURITY SALES AND CALLS					0		

**CITY OF LONG BEACH INVESTMENT PORTFOLIO HOLDINGS
AS OF MARCH 31, 2018**

ATTACHMENT B

Inv #	Security Description	CUSIP Number	S&P Rating	Coupon Rate	Par Value	Book Value	Market Value	Trade Date	Settlement Date	Maturity Date
SHORT TERM (97)										
8083	CALIF	LAIFGF	A	1.524	49,830,643	49,830,643	49,830,643	- -	- -	- -
8084	CALIF	LAIFHD	A	1.524	49,834,175	49,834,175	49,834,175	- -	- -	- -
8086	CALIF	LAIFWD	A	1.524	49,831,560	49,831,560	49,831,560	- -	- -	- -
15452	USTR	912828WD8	AA+	1.250	10,000,000	9,998,028	9,957,000	7/21/2017	7/24/2017	10/31/2018
15453	USTR	912828XS4	AA+	1.250	10,000,000	9,990,668	9,894,000	7/21/2017	7/24/2017	5/31/2019
15454	USTR	912828J8	AA+	1.500	10,000,000	10,001,202	9,814,000	7/21/2017	7/24/2017	7/15/2020
15456	USTR	912828T83	AA+	0.750	20,000,000	19,935,748	19,860,000	7/26/2017	7/27/2017	10/31/2018
15458	USTR	912828QG8	AA+	2.625	20,000,000	20,022,329	20,016,000	7/26/2017	7/27/2017	4/30/2018
15459	USTR	912828C3	AA+	0.750	10,000,000	9,978,180	9,953,000	7/26/2017	7/27/2017	8/31/2018
15470	USTR	912828Q94	AA+	0.750	40,000,000	39,985,178	39,976,000	9/27/2017	9/28/2017	4/30/2018
15502	USTR	912828R51	AA+	0.875	15,000,000	15,016,858	14,979,000	3/14/2018	3/15/2018	5/31/2018
15503	USTR	912828R93	AA+	0.625	15,000,000	14,975,301	14,956,500	3/14/2018	3/15/2018	6/30/2018
15192	FFCB	3133EFEY9	AA+	1.090	6,500,000	6,499,857	6,488,950	9/24/2015	9/28/2015	6/28/2018
15193	FFCB	3133EFEY9	AA+	1.090	2,400,000	2,399,947	2,395,920	9/24/2015	9/28/2015	6/28/2018
15366	FHLMC	3134G9UY1	AA+	1.000	7,500,000	7,500,000	7,484,250	6/9/2016	6/29/2016	6/29/2018
15197	FNMA	3136G2PF8	AA+	1.125	15,000,000	15,000,000	14,920,500	10/5/2015	10/29/2015	10/29/2018
15358	FNMA	3136G3SQ9	AA+	1.150	5,000,000	5,000,000	4,936,500	6/6/2016	6/28/2016	6/28/2019
15368	FNMA	3136G3TF2	AA+	1.200	5,000,000	5,000,000	4,908,500	6/13/2016	6/30/2016	12/30/2019
15374	FNMA	3136G3UG8	AA+	1.250	7,500,000	7,500,000	7,338,750	6/22/2016	7/13/2016	4/13/2020
15380	FNMA	3135G0M26	AA+	1.000	5,000,000	5,000,000	4,920,500	7/7/2016	7/26/2016	7/26/2019
TOTAL SHORT TERM					1.193	353,396,378	353,299,673	352,295,748		

INTERMEDIATE-TERM (99)

15236	FFCB	3133EFRQ2	AA+	1.300	5,000,000	4,999,574	4,981,000	11/24/2015	12/3/2015	12/3/2018
15237	FFCB	3133EFRQ2	AA+	1.300	5,000,000	4,999,645	4,981,000	11/24/2015	12/3/2015	12/3/2018
15243	FFCB	3133EFSJ7	AA+	1.300	5,000,000	4,998,782	4,972,500	12/7/2015	12/14/2015	12/14/2018
15318	FFCB	3133EF3B1	AA+	0.750	5,000,000	4,999,841	4,997,500	4/7/2016	4/12/2016	4/18/2018
15335	FFCB	3133EF3T2	AA+	0.850	6,675,000	6,672,405	6,632,948	5/3/2016	5/4/2016	11/19/2018
15146	FHLB	3130A66L6	AA+	1.050	5,000,000	4,999,517	4,986,500	8/4/2015	8/5/2015	7/25/2018
15204	FHLB	313379EE5	AA+	1.625	10,000,000	10,046,283	9,934,000	10/9/2015	10/13/2015	6/14/2019
15242	FHLB	3130A6UJ4	AA+	1.250	10,000,000	9,997,441	9,947,000	12/2/2015	12/3/2015	11/30/2018
15353	FHLB	3130A8BD4	AA+	0.875	5,000,000	4,998,590	4,988,500	5/26/2016	5/27/2016	6/29/2018
15354	FHLB	3130A8BD4	AA+	0.875	5,000,000	4,998,590	4,988,500	5/26/2016	5/27/2016	6/29/2018
15357	FHLB	3130A8DB6	AA+	1.125	10,000,000	10,013,220	9,872,000	6/3/2016	6/6/2016	6/21/2019
15360	FHLB	313379DT3	AA+	1.250	7,400,000	7,404,896	7,392,600	6/6/2016	6/7/2016	6/8/2018
15393	FHLB	3130A7SZ9	AA+	0.875	7,500,000	7,502,098	7,470,000	8/1/2016	8/2/2016	8/15/2018
15394	FHLB	3130A8Y72	AA+	0.875	15,000,000	14,987,105	14,730,000	8/3/2016	8/4/2016	8/5/2019
15398	FHLB	3130A9AE1	AA+	0.875	7,500,000	7,498,784	7,458,000	8/25/2016	8/26/2016	10/1/2018
15416	FHLB	3130A6AE7	AA+	1.125	7,225,000	7,230,259	7,196,823	10/11/2016	10/12/2016	9/14/2018
15491	FHLB	3130AAE46	AA+	1.250	5,000,000	4,978,132	4,966,500	12/21/2017	12/22/2017	1/16/2019
15492	FHLB	3133782M2	AA+	1.500	5,000,000	4,984,850	4,970,000	12/21/2017	12/22/2017	3/8/2019

**CITY OF LONG BEACH INVESTMENT PORTFOLIO HOLDINGS
AS OF MARCH 31, 2018**

ATTACHMENT B

Inv #	Security Description	CUSIP Number	S&P Rating	Coupon Rate	Par Value	Book Value	Market Value	Trade Date	Settlement Date	Maturity Date
15211	FNMA	3135G0G23	AA+	1.300	10,000,000	10,000,000	9,907,000	10/21/2015	10/29/2015	4/29/2019
15295	FNMA	3136G0P54	AA+	1.200	4,430,000	4,434,315	4,385,257	2/29/2016	3/1/2016	4/17/2019
15349	FNMA	3136G3QD0	AA+	1.300	10,000,000	10,000,000	9,842,000	5/18/2016	5/26/2016	11/26/2019
15383	FNMA	3135G0M67	AA+	1.000	5,000,000	5,000,000	4,952,000	7/13/2016	7/25/2016	1/25/2019
15387	FNMA	3136G3U37	AA+	1.300	5,700,000	5,700,000	5,575,170	7/27/2016	8/22/2016	5/22/2020
15410	FNMA	3136G4DR1	AA+	1.100	20,000,000	19,986,615	19,636,000	10/4/2016	10/17/2016	10/17/2019
TOTAL INTERMEDIATE-TERM				1.20	726,455,000	725,496,897	719,988,797			

**CITY OF LONG BEACH INVESTMENT PORTFOLIO HOLDINGS
AS OF MARCH 31, 2018**

ATTACHMENT B

Inv #	Security Description	CUSIP Number	S&P Rating	Coupon Rate	Par Value	Book Value	Market Value	Trade Date	Settlement Date	Maturity Date
15279	USTR	912828XH8	AA+	1.625	2,750,000	2,766,999	2,707,375	1/28/2016	1/29/2016	6/30/2020
15280	USTR	912828J50	AA+	1.375	5,100,000	5,108,501	5,013,300	1/28/2016	1/29/2016	2/29/2020
15299	USTR	912828N89	AA+	1.375	10,200,000	10,201,400	9,916,440	3/3/2016	3/4/2016	1/31/2021
15306	USTR	912828N89	AA+	1.375	4,300,000	4,280,858	4,180,460	3/16/2016	3/17/2016	1/31/2021
15332	USTR	912828Q37	AA+	1.250	11,750,000	11,714,583	11,361,075	4/22/2016	4/25/2016	3/31/2021
15355	USTR	912828M98	AA+	1.625	5,050,000	5,090,349	4,952,535	5/26/2016	5/27/2016	11/30/2020
15415	USTR	912828T34	AA+	1.125	12,000,000	11,946,376	11,463,600	10/5/2016	10/6/2016	9/30/2021
15426	USTR	912828D72	AA+	2.000	10,500,000	10,611,468	10,342,500	11/14/2016	11/15/2016	8/31/2021
15428	USTR	912828T67	AA+	1.250	8,400,000	8,207,064	8,050,560	12/12/2016	12/13/2016	10/31/2021
15434	USTR	912828U81	AA+	2.000	9,000,000	9,002,966	8,840,700	1/25/2017	1/26/2017	12/31/2021
15438	USTR	912828J43	AA+	1.750	6,000,000	5,912,307	5,834,400	3/15/2017	3/16/2017	2/28/2022
15444	USTR	912828W97	AA+	1.250	3,600,000	3,598,463	3,568,680	6/5/2017	6/6/2017	3/31/2019
15460	USTR	912828M98	AA+	1.625	2,500,000	2,501,409	2,451,750	7/27/2017	7/28/2017	11/30/2020
15469	USTR	912828P4	AA+	1.875	9,700,000	9,770,629	9,440,040	9/11/2017	9/12/2017	7/31/2022
15478	USTR	912828L57	AA+	1.750	6,200,000	6,138,500	5,992,920	10/18/2017	10/19/2017	9/30/2022
15497	USTR	912828M80	AA+	2.000	9,000,000	8,892,670	8,784,900	1/16/2018	1/17/2018	11/30/2022
15498	USTR	912828L57	AA+	1.750	2,800,000	2,746,643	2,706,480	1/16/2018	1/17/2018	9/30/2022
TOTAL LONG TERM:				1.59	440,446,236	439,706,221	431,624,739			

TOTAL INVESTMENTS	1.33	1,520,297,614	1,518,502,791	1,503,909,283
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CASH

CASHBO	CASHBA	CASHBOA	AA+	0.203	1,132,623	1,132,623	1,132,623	- -	- -	- -
CASHUB	CASHUB	CASHUBOC	AA+	0.356	139,684,188	139,684,188	139,684,188	- -	- -	- -
TOTAL CASH:				0.28	140,816,811	140,816,811	140,816,811			

TOTAL CASH AND INVESTMENTS	1.06	1,661,114,424	1,659,319,602	1,644,726,094
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