



## Legislation Details (With Text)

<b>File #:</b>	20-1161	<b>Version:</b>	1	<b>Name:</b>	FM - Investment Report for Qtr-Ending Sept. 30, 2020
<b>Type:</b>	Agenda Item	<b>Status:</b>			Approved
<b>File created:</b>	11/12/2020	<b>In control:</b>			City Council
<b>On agenda:</b>	12/8/2020	<b>Final action:</b>			12/8/2020
<b>Title:</b>	Recommendation to receive and file the Investment Report for Quarter Ending September 30, 2020. (Citywide)				
<b>Sponsors:</b>	Financial Management				
<b>Indexes:</b>					
<b>Code sections:</b>					
<b>Attachments:</b>	1. 120820-C-13sr&att.pdf				

Date	Ver.	Action By	Action	Result
12/8/2020	1	City Council	approve recommendation	Pass

Recommendation to receive and file the Investment Report for Quarter Ending September 30, 2020. (Citywide)

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 September 30, 2020, these funds had a book value of approximately \$1.836 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 September 30, 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 ICE BOA Merrill Lynch One-to-Five Year 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 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 \$896.95 million of the total investment pool, or approximately 48.18 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 September 30, 2020:

INVESTMENT PORTFOLIO POSITION AND PERFORMANCE SUMMARY							
	INVESTMENT POSITION As Of September 30, 2020			INVESTMENT PERFORMANCE <sup>4</sup> As Of September 30, 2020			
Portfolio	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	Quarterly Variance from Benchmark	Annualized Portfolio Total Return <sup>5</sup>
Short Maturity	\$484,379,401	\$484,668,288	\$288,888	0.13%	0.04%	0.09%	1.60%
Intermediate Maturity	\$599,757,702	\$607,590,050	\$7,832,348	0.10%	0.07%	0.03%	2.54%
Long Maturity	\$460,118,294	\$477,187,720	\$17,069,426	0.22%	0.14%	0.08%	4.60%
<b>Total Investments</b>	<b>\$1,544,255,397</b>	<b>\$1,569,446,058</b>	<b>\$25,190,662</b>	<b>0.14%</b>	<b>0.08%</b>	<b>0.06%</b>	<b>2.87%</b>

<b>Total Cash</b>	<b>\$291,927,417</b>	<b>\$291,927,417</b>
-------------------	----------------------	----------------------

<b>Total Cash and Investments</b>	<b>\$1,836,182,813</b>	<b>\$1,861,373,475</b>
-----------------------------------	------------------------	------------------------

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 September 30, 2020, are included in Attachment B.

This matter was reviewed by Deputy City Attorney Taylor M. Anderson and Budget Management Officer Rhutu Amin Gharib on October 28, 2020.

City Council action on this item is not time critical.

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.

Approve recommendation.

JOHN GROSS  
DIRECTOR OF FINANCIAL MANAGEMENT

APPROVED:

THOMAS B. MODICA  
CITY MANAGER