



AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Adam Benson
Director of Finance

SUBJECT: Cash Management Report

DATE: January 20, 2020

City Administrator Approval

Date:

1/30/20

RECOMMENDATION

Staff Recommends That The City Council Receive The Informational Cash Management Report For The Quarter Ended December 31, 2019.

EXECUTIVE SUMMARY

As a continued best practice and in accordance with the City's Investment Policy, the Finance Department submits a quarterly informational cash management report to the City Council. For the quarter ended December 31, 2019, the City's Investment Portfolio had a balance of \$1.25 billion and yielded 1.86 percent, while the Successor Agency's Investment Portfolio had a balance of \$22.45 million and yielded 1.58 percent.

BACKGROUND / LEGISLATIVE HISTORY

The Cash Management Report summarizes the characteristics of the investment portfolios for the quarter. The City and Successor Agency's Portfolio composition includes safety, creditworthiness, liquidity, and diversity. As of December 31, 2019, the portfolios are in compliance with the Investment Policy of the City for Fiscal Year (FY) 2019-20. The portfolios' credit quality remains high and well within Investment Policy parameters. Liquidity remains sufficient to meet projected cash flow needs for the next six months.

Provided in **Attachment A** are each portfolio's current market value and yield as of December 31, 2019, as well as comparisons to other market benchmarks. This report confirms that no leverage (use of debt to supplement investments) was utilized nor were derivatives (such as interest rate swaps, futures, or options) held during the reporting period. Also included are reviews of key economic factors that may affect the portfolio's potential investment results.

ANALYSIS AND POLICY ALTERNATIVES

Cash Position

The City's Portfolio balances increased from \$1.12 billion as of September 30, 2019 to \$1.25 billion as of December 31, 2019. This net balance increase was mainly due to the following: receipt of \$189.07 million in property taxes, offset by debt service payments of approximately \$101.1 million, and other vendor payments. The remaining balance increase of approximately \$41.24 million, is due to receipt of other revenues, such as Sales Tax offset by operational expenses.

The Successor Agency's portfolio decreased from a balance of \$24.46 million as of September 30, 2019 to a balance of \$22.45 million as of December 31, 2019. The portfolio decreased due to vendor payments of approximately \$2.01 million.

Yield Comparison

The effective rate of return on total assets in the Operating Fund Portfolio for the month ending December 31, 2019 was 1.86 percent. The effective rate of return on total assets in the Successor Agency's Fund Portfolio for the month ending December 31, 2019 was 1.58 percent. The yields are different between the City and Successor Portfolios because the Successor Portfolio has a lower fund balance and a shorter investment horizon due to cash flow needs. The City Portfolio has a more stable long-term investment horizon, allowing for longer-term securities that typically have higher yields. Note that the current yield curve is relatively flat, and short term securities are yielding similar returns than long term securities.

The City Portfolio outperformed the one-year government agencies benchmark, which had a yield of 1.54 percent, and City Portfolio slightly underperformed the Local Agency Investment Fund (LAIF), which had yield of 2.04 percent.

The performance comparison to LAIF, should be considered in context of LAIF's historical tendency to lag market changes in both rising and falling interest rate environments. Moreover, the City does not actively sell securities in the portfolio to take advantage of cyclical swings in the market, which could result in the loss of principal. Rather, the primary investment objective of the City for the portfolio is to maximize safety, liquidity, and return in that respective order.

FISCAL IMPACT

There are no budget implications associated with this informational report.

PUBLIC OUTREACH / INTEREST

This item did not require any additional public outreach other than posting on the City's website.

COORDINATION

This report was prepared by the Finance Department, Treasury Bureau.

SUSTAINABLE OPPORTUNITIES

Economic: The Cash Management Report summarizes the characteristics of the investment portfolios for the quarter. The portfolios' credit quality remains high and well within the parameters of the City's Investment Policy. Liquidity for both portfolios remains sufficient to meet the City's projected needs.

Environmental: To the extent that new investment opportunities are found in companies if or when financially prudent that are involved in environmentally positive activities, the City will consider investing in these companies (i.e. Commercial Paper, Medium Term Notes, etc.) if permitted by the City Investment Policy.

Race & Equity: The City's policy is to invest, if or when financially prudent in companies that promote the use and production of renewable energy resources and any other types of socially responsible investments. Optimization of the portfolios, while observing those key areas, will not only produce interest earnings to the General Fund, but these monies may be available for services to disadvantaged areas, or enhanced recreational or social venues. Furthermore, the Treasury Bureau makes every effort to identify and purchase additional qualifying investments from renewable energy and other socially responsible companies.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That The City Council Receive The Cash Management Report For The Quarter Ended December 31, 2019.

For questions regarding this report, please contact David Jones, Treasury Administrator, at (510) 238-6508.

Respectfully submitted,



Adam Benson
Director of Finance, Finance Department

Reviewed by:
David Jones, Treasury Administrator
Treasury Bureau

Prepared by:
Max Kumar, Investment Officer
Treasury Bureau

Attachments (1):

A: ***Cash Management Report for the Quarter Ended December 31, 2019***

**City of Oakland and Oakland
Redevelopment Successor Agency**

City of Oakland, California

**Cash Management Report For
The Quarter Ended
December 31, 2019
Finance Department
Bureau of Treasury**

DAVID JONES
Treasury Administrator

Investment Staff
Max Kumar, Investment Officer

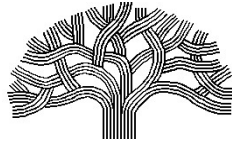


**CITY OF OAKLAND
CASH MANAGEMENT REPORT FOR
THE QUARTER ENDED DECEMBER 31, 2019**

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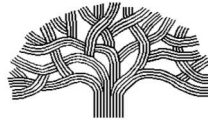
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**CITY OF OAKLAND AND CITY OF OAKLAND SUCCESSOR
CASH MANAGEMENT REPORT
FOR THE QUARTER ENDED DECEMBER 31, 2019**

**PREPARED BY THE
FINANCE DEPARTMENT
BUREAU OF TREASURY**

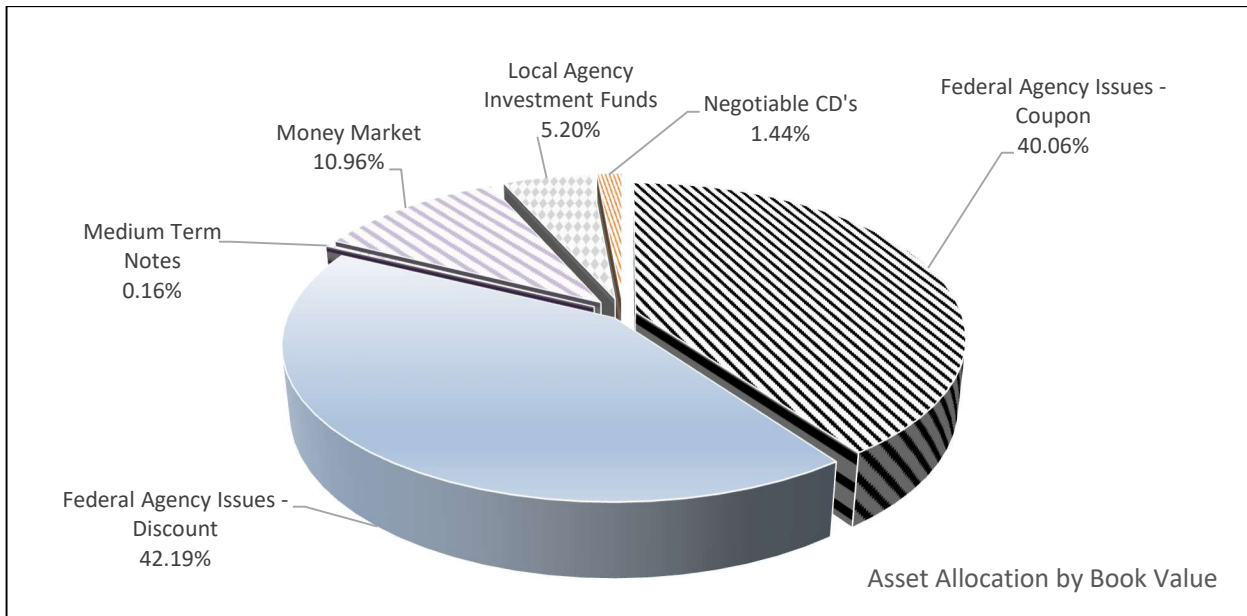
JANUARY 20, 2020



Pooled Fund Portfolio Statistics
For the month ended December 31, 2019

Average Daily Balance	\$1,178,333,035
Net Earning Quarter	\$5,600,106
Month End Yield	1.86%
Average Maturity	276 days
Daily Liquidly	16.10%
180 Day Liquidity	51.96%

Investments	Par Value	Market Value	Book Value
Federal Agency Issues - Coupon	501,040,000.00	501,976,784.73	500,783,811.00
Federal Agency Issues - Discount	532,000,000.00	529,036,216.96	527,443,417.69
Medium Term Notes	2,000,000.00	2,013,082.92	1,999,335.37
Money Market	137,000,000.00	137,000,000.00	137,000,000.00
Local Agency Investment Funds	65,000,000.00	65,115,069.37	65,000,000.00
Negotiable CD's	18,000,000.00	18,000,365.00	18,000,000.00
Total	\$1,255,040,000.00	\$1,253,141,518.98	\$1,250,226,564.06



**CITY OF OAKLAND AND OAKLAND SUCCESSOR
CASH MANAGEMENT REPORT
FOR THE QUARTER ENDED DECEMBER 31, 2019**

I. ECONOMIC REVIEW

MARKET OVERVIEW

According to the U.S. Department of Commerce, Real Gross Domestic Product – the output of goods and services produced by labor – is expected to increase at an annual rate of 2.3 percent in the third quarter of 2019. The Real GDP had increased 2.1 percent in the third quarter of 2019. The Real GDP is expected to moderate grow in the fourth quarter, as global economic concerns, trade war with China, and soft economic data continues to drag the U.S. economy.

The U.S. unemployment rate moderately increased in December 2019, as the unemployment rate held steady at 3.5%. According to the Bureau of Labor Statistics, Nonfarm payroll added 145,000 jobs in December 2019, after adding 256,000 jobs in October and adding 152,000 jobs in November 2019. Economists had expected a gain of 160,000 in jobs. The strongest job gains occurred in retail, leisure and hospitality, health care, construction, and professional and business sectors, while jobs declined in manufacturing, transportation, warehousing, and mining sectors. The jobs market is holding steady despite concerns of global economic slowdown.

U.S. consumer spending increased slightly in November 2019, as consumers spent more on auto purchases and healthcare. The Bureau of Economic Analysis reported that consumer spending, which accounts for almost 70 percent of the economy, increased 0.4 percent in November 2019 after increasing 0.3 percent in October 2019. The personal consumption expenditure (PCE) price index excluding food and energy increased 0.2% in November 2019. The PCE price index rose 0.2% in October. The PCE index has increased 1.5% since November 2018. The core PCE is the Federal Reserve's preferred inflation measure and has a 2 percent target.

U.S. consumer prices rose more than expected in December 2019, as the underlying inflation pressures retreated. The Labor Department reported that its Consumer Price Index increased 0.2% in December 2019, as energy prices increased. The CPI had increased 0.3 percent in November 2019. Core inflation, which excludes volatile food and energy costs increased 0.1% in December 2019. The Consumer Price Index has increased 2.3 percent over the past year, which is now close to the FOMC's inflation threshold of 2 percent.

U.S. consumer confidence weakened in December 2019, as consumers were less optimistic about the future expectations amid global economic slowdowns and continued volatility in financial markets amid US trade war with China. The Conference Board reported that its index of consumer confidence decreased to 126.5 in December 2019 after 126.8 reading in November 2019. The economists had expected an increase to 128.2.

U.S. retail sales increased less than expected in November 2019, as consumers slashed spending on discretionary spending such as entertainment, clothing, restaurant and bars. The Commerce Department reported that retail sales increased 0.2 percent in November 2019. Economists were expecting an increase of 0.5 percent. In October 2019, retail sales had increased 0.4 percent. Retail sales has increased 3.3 percent since November 2018.

U.S. manufacturing activity showed the lowest reading in more than 10 years in December 2019 amid U.S. China trade war, the Institute for Supply Management (ISM) said its manufacturing index decreased to a reading of 47.2 in December 2019 from 48.1 in November 2019. This was the second straight month that the index fell below 50%, as any number below 50% signals contraction in the economy.

U.S. producer prices were unexpectedly unchanged in November 2019 as increases in food and gasoline prices were offset by declining costs of services. The Labor Department reported that its producer price index for final demand was unchanged in November 2019 after increasing 0.4 percent in October 2019. In the 12 months through November 2019, the PPI rose 1.10 percent.

However, Prices for U.S. import prices increased in November 2019, as cost of petroleum and other goods increased. According to U.S. Bureau of Labor Statistics, import prices increased 0.2 percent in November 2019. Economists had forecasted import prices to increase 0.2 percent. The US imports prices had decreased by 0.5% in October 2019. In the 12 months through November 2019, import prices fell 1.3%, suggested imported inflation to remain moderate.

U.S. homebuilding increased more than expected in November 2019, as permits for future homes surged to a 12 ½ year high, amid lower mortgage rates. The Commerce Department reported that Housing Starts increased 3.2 percent to a seasonally adjusted annual rate of 1.365 million units. Economists had forecasted housing starts to increase to a pace of 1.345 million units. The Commerce Department also reported that single family homebuilding, which accounts for the largest share of the housing market, increased 2.4 percent to a rate of 918,000 units in November 2019.

Sales of new U.S. single family homes increased in November 2019. The Commerce Department reported that new home sales increased 1.3 percent to a seasonally adjusted annual rate of 719,000 units in November 2019. October 2019 had a rate of 710,000 units. The housing market continues to be volatile despite lower mortgage rates and the lowest unemployment rate in nearly 50 years.

The U.S. existing home sales dropped more than expected in November 2019 due to shortage of homes for sale, as inventories remain low. The National Association of Realtors reported that its index of existing home sales increased 1.7 percent to a seasonally adjusted annual rate of 5.35 million homes. October's sales pace was 5.45 million units. Existing home sales makes up about 90 percent of U.S. home sales, decreased 2.7% from last year.

INTEREST RATES

Inflation and unemployment continue to be the primary concern of the Federal Open Market Committee ("FOMC"). The FOMC held meetings on October 30th and December 11th 2019. On October 30th meeting, the FOMC decided to reduce the target federal funds rate by 25 basis points ("bps"), thus reducing the target rate by 25 bps to 1.50-1.75 percent. The FOMC stated that concerns of global economic outlook and muted inflation pressures warranted federal rate cuts. However, on December 11 2019 meeting, the FOMC decided not to cut rates further, indicating that the current monetary policy is sufficient to support the economy.

The FOMC kept the target range indicating that even though the labor market remained strong, growth of economic activity has slowed. FOMC expects inflation on a 12-month basis is expected to remain somewhat near 2 percent in the near term but to stabilize around the 2 percent objective over the medium term. The FOMC changed its 2020 outlook indicating they will act as appropriate to sustain the expansion. The FOMC will continue to monitor global economic and financial developments and assess their implications for the economic outlook.

Consistent with its statutory mandate, the FOMC seeks to foster maximum employment and price stability. Inflation had picked up in recent months, however it continues to run below the committee's two percent longer run objective. The FOMC anticipates inflation to rise gradually toward two percent over the medium term as the labor market improves further.

The FOMC currently expects that, with gradual adjustments in the stance of monetary policy, economic activity will continue to expand at a moderate pace and labor market indicators will continue to strengthen. However, FOMC indicated that the actual path of federal funds rate will depend of future incoming economic data.

II. CITY OF OAKLAND

PORTFOLIO REVIEW

The City's Portfolio balances increased from \$1.12 billion as of September 30, 2019 to \$1.25 billion as of December 31, 2019. This net balance increase was mainly due to the following: receipt of \$189.07 million in property taxes, offset by debt service payments of approximately \$101.1 million, and other vendor payments. The remaining balance increase of approximately \$41.24 million, is due to receipt of other revenues, such as Sales Tax offset by operational expenses.

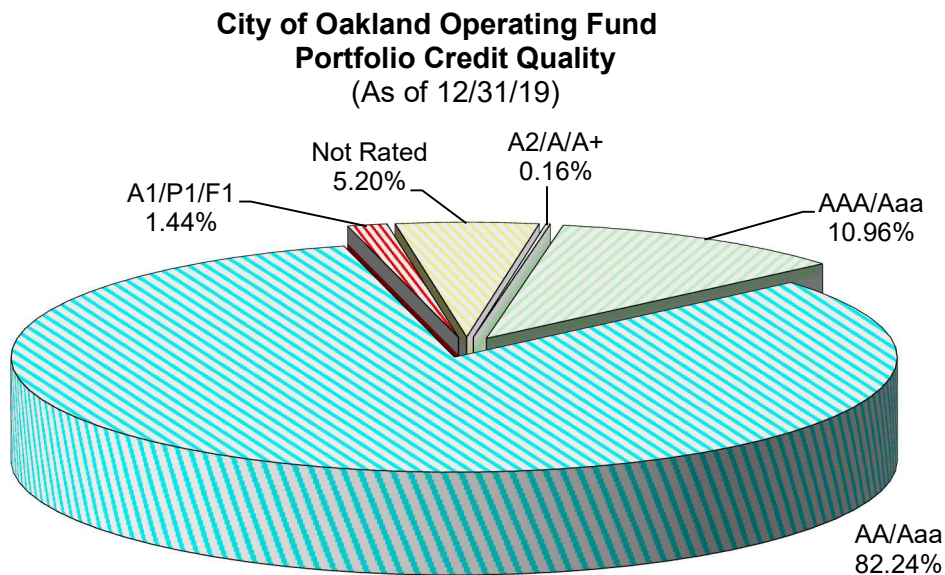
PORTFOLIO COMPOSITION

The Portfolio continues to comply with all provisions of the City's adopted Investment Policy for Fiscal Year 2019-20, including compliance with applicable local ordinances and resolutions such as Nuclear Free Zone, Linked Banking, Tobacco Divestiture, Fossil Fuels, and Guns/Ammunition.

The following discussion addresses the City's investment portfolio characteristics in terms of the Investment Policy's four objectives: safety, liquidity, diversity and return. Portfolio detail for each month of the current quarter is attached to this report.

Preservation of Capital/Safety. In the chart below, the City's holdings are depicted by credit rating category as of December 31, 2019. Approximately 82.24% of Operating Fund investments were rated in the AA/Aaa category while 10.96% in AAA/Aaa, 5.20% primary unrated holdings represent the Fund's investments in the Local Agency Investment Fund ("LAIF"), 1.44% in the A1/P1 category, and the remaining 0.16% in A2/A/A+. On August 6, 2011, the government agencies were downgraded by Standard and Poor's Rating Agency to AA+ from AAA. Moody's Investors' Service and Fitch Ratings continue to maintain AAA rating for government agencies.

The City's Investment Policy for FY 2019-2020 does not have a rating criteria level for government agencies.



Liquidity. Liquidity continues to be a primary objective when making investment decisions for the Operating Pool portfolio. With ongoing capital projects at the Port and within the City, and to ensure that sufficient liquidity is available to meet day-to-day expenditures, the City maintains a sufficient “cushion” in money market funds to meet unanticipated project expenditures.

Debt service payable from the City’s Operating Pool for the Port and the City for the six months following December 31, 2019 is approximately \$130.07 million. Consequently, staff will continue to invest in short-term instruments and money markets as investment tools to maintain adequate short-term liquidity.

Investments maturing over the next six months are as follows:

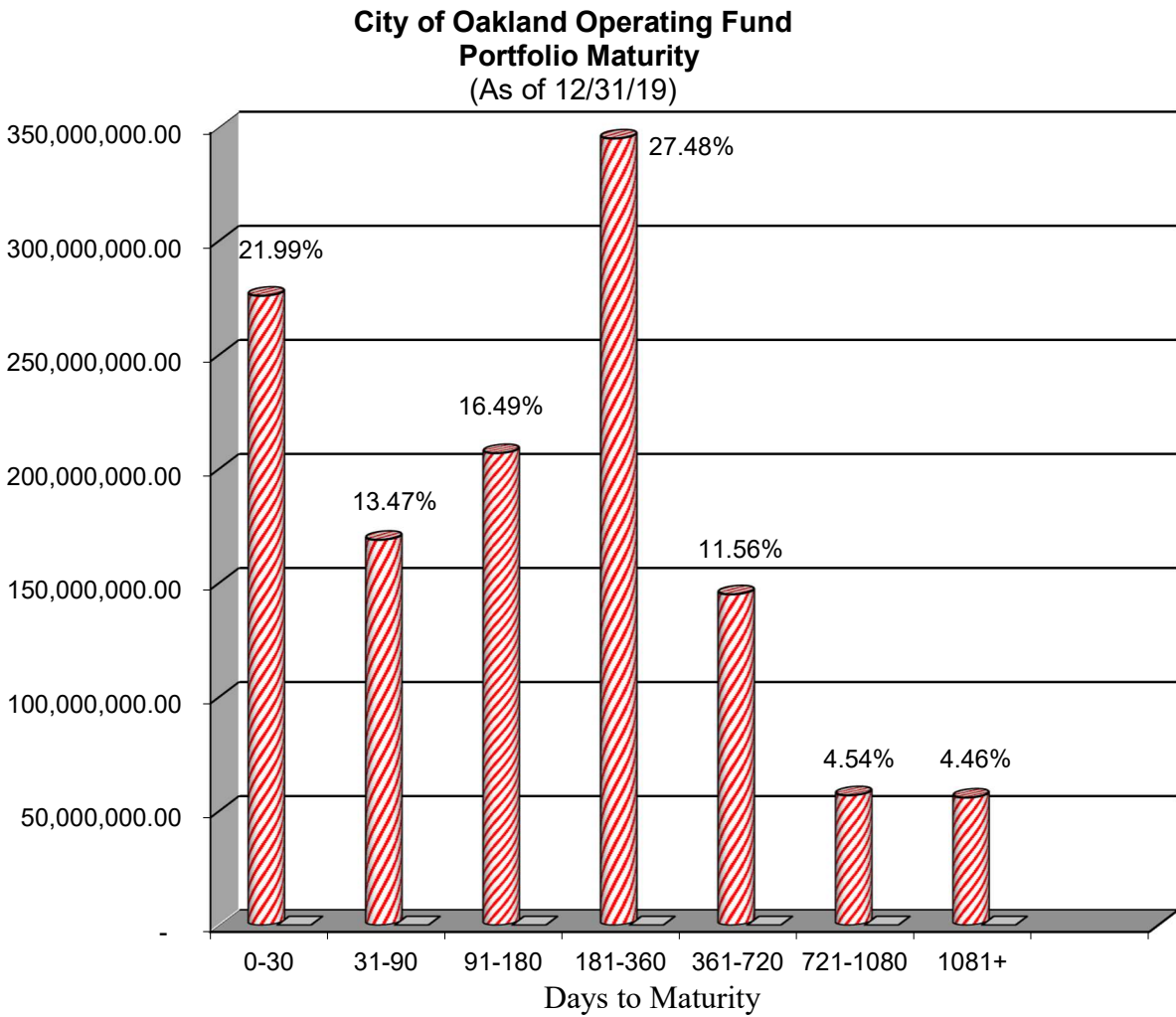
Days	Amount(s)	Percent
0-30	\$ 276,000,000	22.00%
31-180	\$ 376,000,000	29.96%
Total	\$ 652,000,000	51.96%

Investments maturing within 180 days include \$65.00 million in LAIF and \$137.00 million in money market funds, both of which are considered to have a one-day maturity due to the ability to withdraw funds daily.

Five Year Historical Portfolio Balance: Listed below is the balance for the operating fund portfolio for each of the last 5 years.

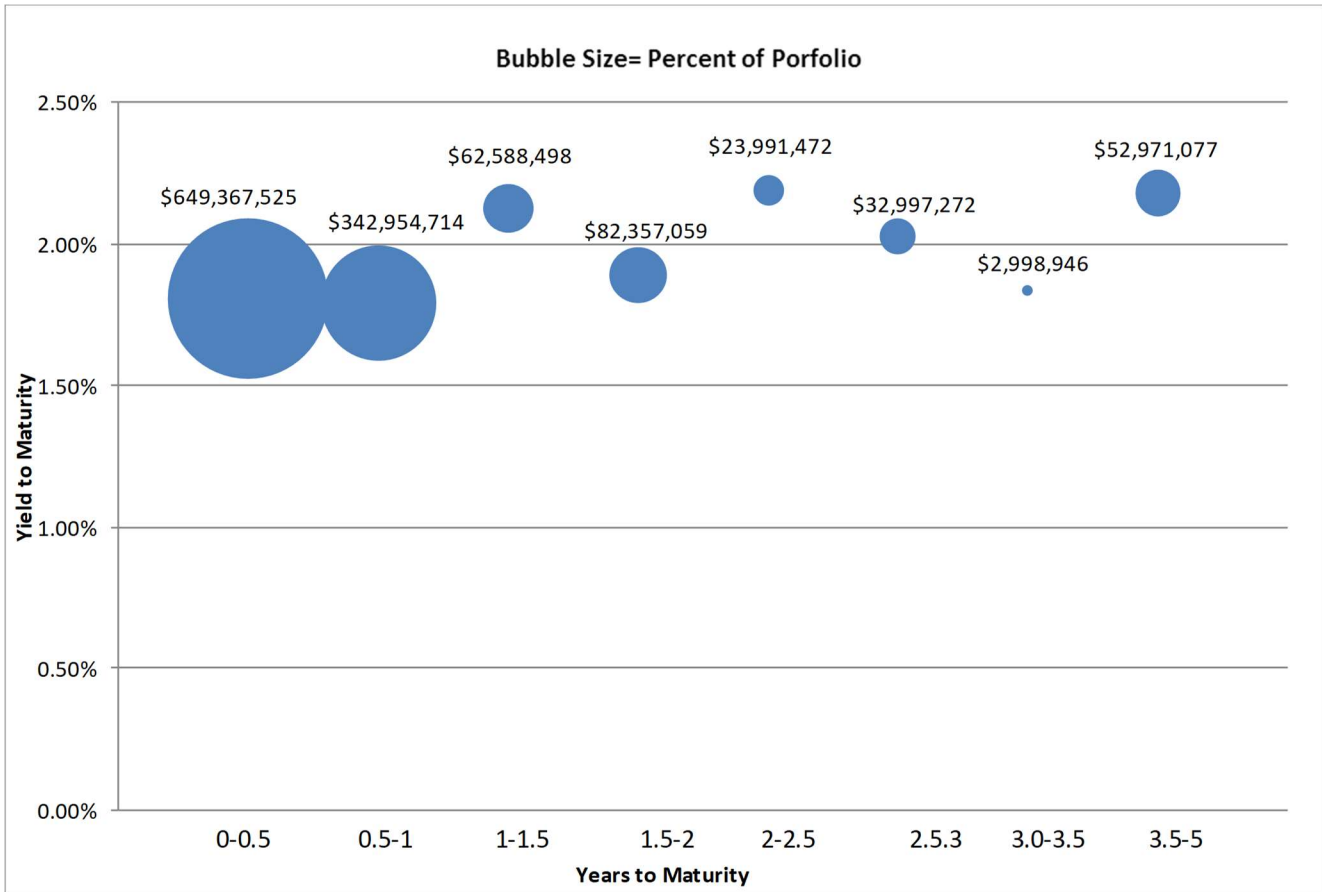
Year	Amount	Percent Increase/Decrease From Prior Year
December 2019	\$1,250,226,564	21.88%
December 2018	\$1,025,760,860	12.62%
December 2017	\$ 910,839,095	18.73%
December 2016	\$767,146,614	29.15%
December 2015	\$ 593,978,186	-

The following graph depicts the Operating Fund Portfolio by dollars invested and the percentage in each maturity range as of December 31, 2019.

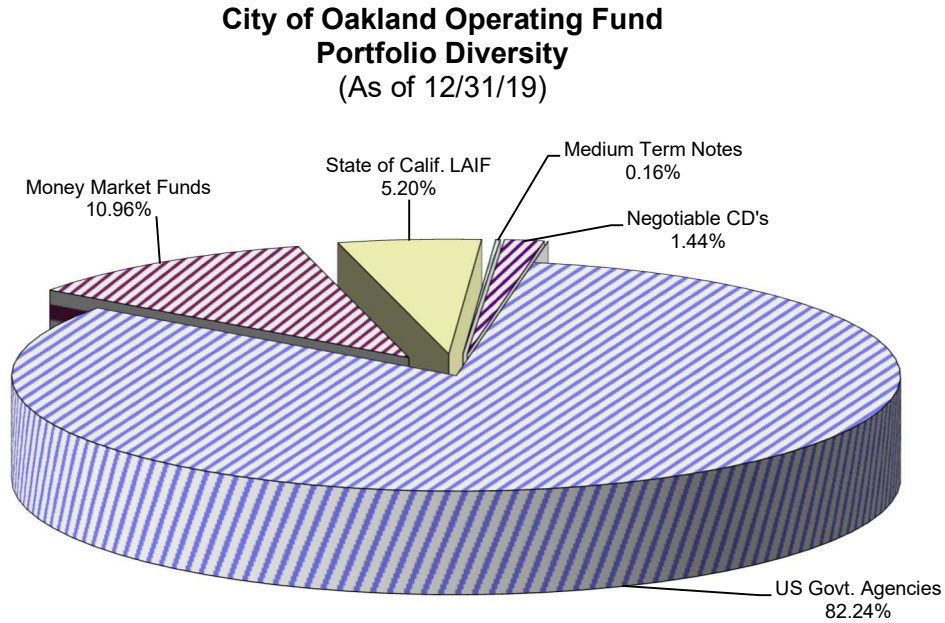


The following graph depicts the Operating Fund Portfolio by yield to maturity vs time to maturity, this indicates that higher percentage of portfolio is invested in front end of the yield curve to meet daily liquidity needs.

**City of Oakland Operating Fund
Yield to Maturity
(As of 12/31/19)**



Diversity. To reduce the risks of investing, the portfolio is diversified among a variety of financial instruments, as depicted by the following chart. In addition to limiting the types of investments permissible in any one category as outlined in the Investment Policy, no more than 5% of the total cash portfolio may be invested in any one issue. This single-issue provision does not apply to money market funds or to LAIF, as they each are backed by a large portfolio of highly diversified assets.



Derivatives. The Operating Fund Portfolio contained no derivative instruments (interest rate swaps, futures, or options) during this reporting period.

Yield. Total interest earned for the quarter ended December 31, 2019 was approximately \$5,600,106. The effective rate of return on total assets in the Operating Fund Portfolio for month-end December 31, 2019 was 1.86% as compared to 2.25% for September 30, 2019. It continues to be the City's practice to hold investments to maturity rather than to sell at a loss and adjust to the market's yield curve. The primary investment objective of the City for the portfolio is to maximize safety, liquidity, and return in that respective order.

Comparative yields for the quarter are shown below.

**City of Oakland Operating Fund
Comparative Annualized Yields
(As of 12/31/19)**

As of Month-end	1-year Govt. Agency	LAIF¹	Operating Fund	Alameda County Pool²
October 2019	1.83%	2.19%	2.10%	2.10%
November 2019	1.53%	2.10%	2.01%	2.05%
December 2019	1.54%	2.04%	1.86%	2.02%

¹Effective monthly average return.

²Annualized cash based return.

Benchmark Comparison:

The effective rate of return on total assets in the Operating Fund Portfolio for the month ending December 31, 2019 was 1.86 percent. The City's Operating Fund Portfolio had out-performed the 1 year government agency which yielded a rate of 1.54 percent. The City's Operating Fund Portfolio slightly underperformed the Local Agency Investment Fund ("LAIF"), which ended the month at 2.04 percent.

The Alameda County Pool had a preliminary accrual basis rate of return for December 2019 of 2.02 percent. The Alameda County Pool had a Portfolio of \$6.64 billion with 667 days to maturity, meanwhile the City's Operating Fund had an accrual rate of return of 1.85 percent for December 2019. The City had a portfolio of \$1.25 billion with 276 days to maturity.

As of December 31, 2019, the City's Portfolio Fund's average days-to-maturity (ADM) was 276 days versus LAIF's average days-to-maturity (ADM) was 185 days.

The performance comparison to LAIF must be considered in light of LAIF's historical tendency to lag market changes in both rising and falling interest rate environments. The City does not actively sell securities in the portfolio to take advantage of cyclical swings in the market, which could result in the loss of principal. The primary investment objective of the City for the portfolio is to maximize safety, liquidity, and yield in that respective order.

The summary below provides total portfolio income recognized for the last quarter as compared to the prior quarter and the same quarter one year ago.

TOTAL PORTFOLIO INCOME RECOGNIZED			
Accrual Basis			
Total Portfolio	December 30, 2019	September 30, 2019	December 30, 2018
<i>Quarter-End</i>			
Total Interest Earnings	\$ 5,600,106	\$ 6,661,277	\$ 4,944,245
Realized gains (losses) from sales	-	-	-
Total income recognized	\$ 5,600,106	\$ 6,661,277	\$ 4,944,245
<i>Fiscal Year-to-Date</i>			
Total Interest Earnings	\$ 12,272,598	\$ 6,666,142	\$ 9,662,760
Realized gains (losses) from sales	-	-	-
Total income recognized	\$ 12,272,598	\$ 6,666,142	\$ 9,662,760

Valuation and Leverage. Based on information received from Interactive Data Corporation, the market value of the Operating Fund was \$1.25 billion, which was above book value by \$2,914,955. There was no leverage in the portfolio during the reported period, and liquidity was maintained at sufficient levels.

The following table illustrates the net unrealized gains or losses on the portfolio when comparing the portfolio's market value to both its original cost and amortized cost.

UNREALIZED GAINS & LOSSES			
	Cash Basis		Accrual Basis
Market Value	\$ 1,253,141,519	Market Value	\$ 1,253,141,519
Original Cost	(1,250,005,532)	Original Cost	(1,250,226,564)
Net Unrealized Gain (Loss)	\$ 3,135,987	Net Unrealized Gain (Loss)	\$ 2,914,955

The City's investment strategy, per the Investment Policy, is generally to hold securities to maturity. The net unrealized gains noted above are "paper gains" where there is an inverse relationship between the changes in market interest rates to the value of fixed income investment securities.

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III. CITY OF OAKLAND SUCCESSOR PORTFOLIO

PORTFOLIO REVIEW

The Successor Agency's portfolio decreased from a balance of \$24.46 million as of September 30, 2019 to a balance of \$22.45 million as of December 31, 2019. The portfolio decreased due to vendor payments of approximately \$2.01 million.

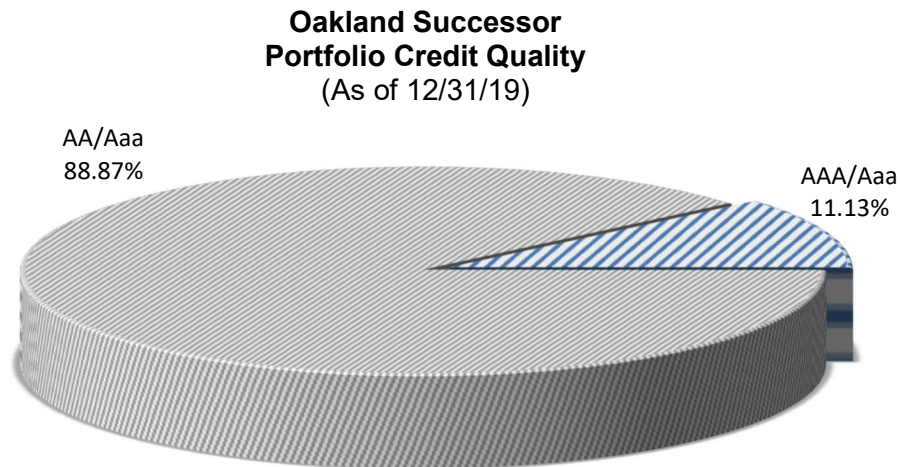
PORTFOLIO COMPOSITION

The Portfolio continues to comply with all provisions of the City's Investment Policy for Fiscal Year 2019-2020, including compliance with applicable local ordinances and resolutions such as Nuclear Free Zone, Linked Banking, and Tobacco Divestiture. In addition, the City will consider investing, when possible, in companies that promote the use and production of renewable energy resources and any other type of socially responsible investments.

The following discussion addresses the Successor investment portfolio characteristics in terms of the Investment Policy's four objectives of safety, liquidity, diversity and return. Portfolio detail for each of the months in the current quarter is attached to this report.

Preservation of Capital/Safety. The Successor's holdings by credit rating category are depicted in the chart below. Approximately 11.13% of Operating Fund investments were rated in the AAA/Aaa, while 88.87% were rated AA/Aaa . On August 6, 2011, the government agencies were downgraded by Standard and Poor's Rating Agency to AA+ from AAA. Moody's Investors' Service and Fitch Ratings continue to maintain AAA for government agencies.

The City's Investment Policy for FY 2019-2020 does not have a rating criteria level for government agencies.



Liquidity. Liquidity within the Successor’s Portfolio remains sufficient to meet only debt service needs of the Successor for the next six months and beyond. The debt service payment for the next six months for the Successor is approximately \$7.24 million. The estimated six-month cash flow for Successor Portfolio is summarized below:

Successor Portfolio Estimated Cash Flow	
January-June 2020*	
Beg: Available Balance	\$ 22,452,323
ROPS Receipt	20,232,473
Debt Service	(7,240,481)
Other expenses	(5,000,000)
Bal: June 2020	\$ 30,444,315
*Successor Pool Only	

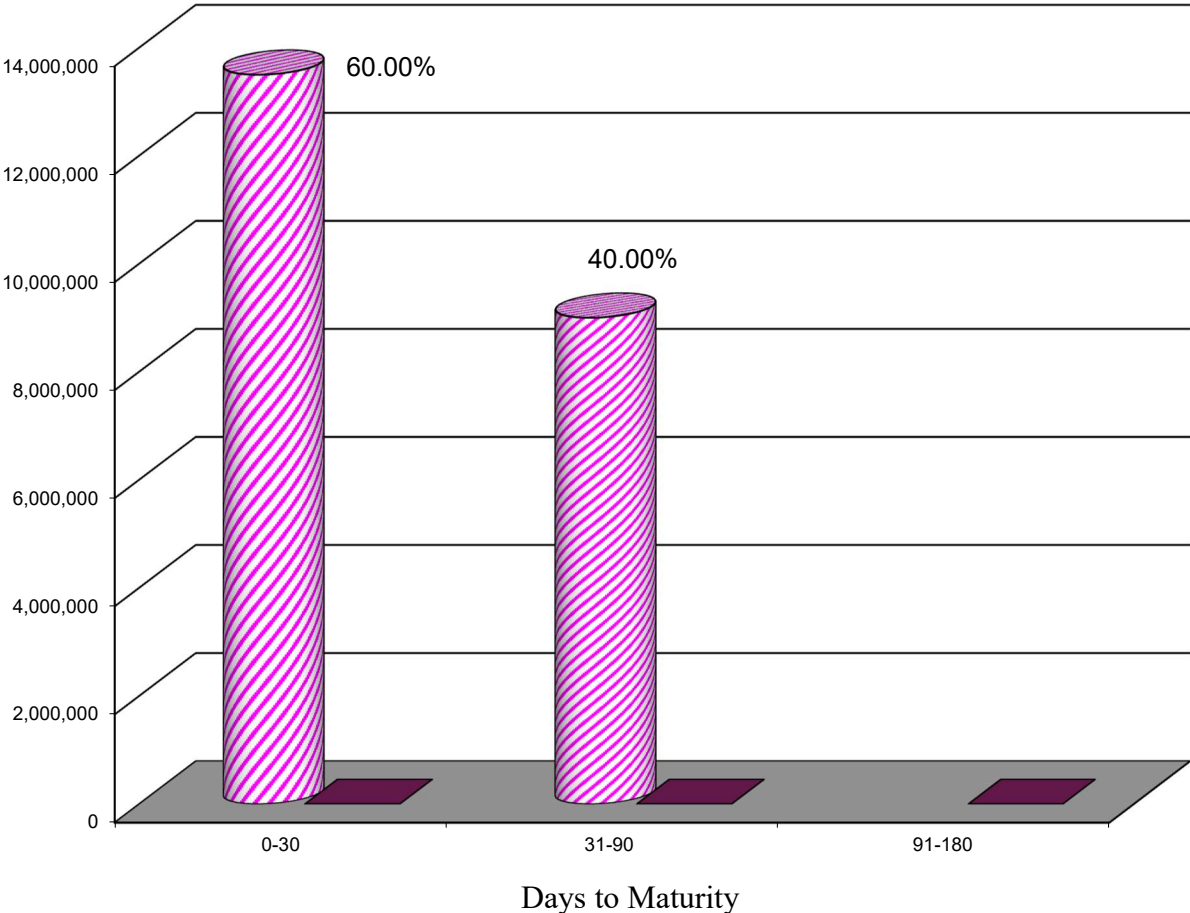
Five Year Historical Portfolio Balance: Listed below is the balance for the operating fund portfolio for each of the last 5 years.

Year	Amount	Percent Increase/Decrease From Prior Year
December 2019	\$ 22,452,323	165.04%
December 2018	\$ 8,471,390	(10.77%)
December 2017	\$ 9,494,357	58.28%
December 2016	\$ 5,998,465	62.12%
December 2015	\$ 3,699,920	-

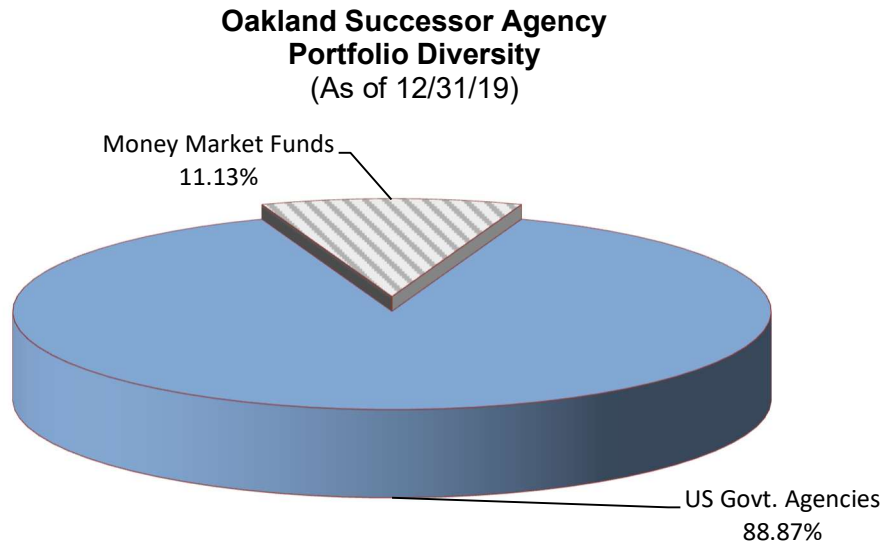
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The following chart depicts the Successor's Portfolio by percentage and dollars invested in each maturity range.

**Oakland Successor Agency
Portfolio Maturity
(As of 12/31/19)**



Diversity. To reduce the risks of investing, the portfolio is diversified among a variety of instruments, as depicted by the following chart. In addition to limiting the types of investment in any one category, as outlined in the Investment Policy, no more than 5 percent of the total cash portfolio may be invested in any one issue.



Derivatives. The Successor Portfolio contained no derivative instruments during this reporting period.

Yield. Total interest earned for the quarter ended December 31, 2019, was approximately \$102,187. The effective rate of return on total assets in the Successor's Portfolio was 1.58 percent for month ending December 31, 2019. The Successor's Portfolio outperformed the 1-year government agency which yielded a rate of 1.54 percent as of December 31, 2019. The Successor's Portfolio underperformed the Local Agency Investment Fund ("LAIF"), which ended the month at 2.04 percent. The performance comparison to LAIF must be considered in light of LAIF's historical tendency to lag market changes in both rising and falling interest rate environments. The Successor Portfolio has extremely shorter duration due to liquidity concerns, thus was able to generate higher short term returns in comparison to LAIF and 1-year government agency.

As of December 31, 2019, Successor's Portfolio Fund's average days-to-maturity (ADM) was 23 days versus LAIF's average days-to-maturity (ADM) was 185 days.

Comparative yields for the quarter are shown below.

**Oakland Successor Agency
Comparative Annualized Yields
(As of 12/31/19)**

As of Month-end	1-Year Govt. Agency	LAIF¹	Successor
October 2019	1.83%	2.19%	1.83%
November 2019	1.53%	2.10%	1.65%
December 2019	1.54%	2.04%	1.58%

¹Effective monthly average return

The summary below provides total portfolio income recognized for the last quarter as compared to the prior quarter and the same quarter one year ago.

TOTAL PORTFOLIO INCOME RECOGNIZED				
Accrual Basis				
Total Portfolio		December 30, 2019	September 30, 2019	December 30, 2018
<i>Quarter-End</i>				
Total Interest Earnings	\$	102,187	\$ 269,348	\$ 47,977
Realized gains (losses) from sales		-	-	-
Total income recognized	\$	102,187	\$ 269,348	\$ 47,977
<i>Fiscal Year-to-Date</i>				
Total Interest Earnings	\$	371,478	\$ 269,348	\$ 220,290
Realized gains (losses) from sales		-	-	-
Total income recognized	\$	371,478	\$ 269,348	\$ 220,290

Valuation and Leverage. Based on information received from Interactive Data Corporation, the market value of the Successor portfolio for the quarter ended December 31, 2019 was \$22.48 million, which was above book value by \$26,820. There was no leverage in the portfolio during the reporting period and liquidity was maintained at sufficient levels.

The following table illustrates the net unrealized gains or losses on the portfolio when comparing the portfolio's market value to both its original cost and amortized cost.

UNREALIZED GAINS & LOSSES				
	Cash Basis		Accrual Basis	
Market Value	\$	22,479,143	Market Value	\$ 22,479,143
Original Cost		(22,452,323)	Original Cost	(22,452,323)
Net Unrealized Gain (Loss)	\$	26,820	Net Unrealized Gain (Loss)	\$ 26,820

Portfolio Earnings Comparison

