



# MEMORANDUM

Agenda Item #: 7  
Meeting Date: July 27, 2021

**TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS**

**FROM: KATE GREENBERG, CITY TREASURER**

**SUBJECT: RECEIPT AND FILING OF THE QUARTERLY TREASURER'S REPORT FOR THE QUARTER ENDING JUNE 30, 2021**

**DATE: JULY 27, 2021**

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**ACTION REQUIRED**  **CONSENT**  **RECEIVE & FILE**

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## RECOMMENDATION

The City Treasurer recommends the City Council receive and file the Quarterly Treasurer's Report for the quarter ending June 30, 2021.

## SUMMARY

Section 53646 of the California Government Code provides voluntary guidance on the content of a quarterly report related to a City's investment portfolio. Additionally, Section 17 of the City Council Adopted Investment Policy for Fiscal Year 2020/2021 requires the City Treasurer prepare a quarterly investment report and present such report to the City Council, the Investment Policy Advisory Committee, and the City Manager.

## BACKGROUND AND ANALYSIS

In accordance with the City Council Adopted Investment Policy for Fiscal Year 2020/2021, attached are the Fourth Quarter Cash and Investment Reports for the Quarter Ending June 30, 2021.

The attached Quarterly Report has been presented to the Investment Policy Advisory Committee at their Regular Meeting held on June 20, 2021 and the City Manager.

## FISCAL IMPACT

There is no fiscal impact associated with this report.

**NOTIFICATION**

This matter has been agendized and posted in the routine manner.

**RECOMMENDED MOTION(S)**

That the City Council:

Receive and file the City Treasurer's Quarterly Report for the quarter ending June 30, 2021.

**ATTACHMENT(S)**

Attachment A: Fourth Quarter Cash and Investment Reports for the Quarter Ending June 30, 2021.



# City of Palos Verdes Estates

ATTACHMENT A

Fourth Quarter Cash and Investment Reports  
Quarter Ending June 30, 2021

PORTFOLIO AT A GLANCE	QE 03/31/21	QE 06/30/21
Total Portfolio Assets	\$29,394,272	\$33,687,117
Total Liquid Balances	\$17,781,035	\$20,973,355
Weighted Average Yield	0.8936%	0.8332%
Weighted Average Maturity*	378 days	398 days
Interest Income Collected (Fiscal Year to QE)	\$193,003	\$239,434
*Invested Assets (does not include Liquid Balances)		

## Legal Requirements

This report is submitted in accordance with the voluntary provisions contained in California Government Code Section 53646 and the mandatory provisions of the City's Fiscal Year 2020-2021 Investment Policy as adopted by the City Council on November 10, 2020.

## Certifications

In accordance with California Government Code Section 53646(b)(2) and 53646(b)(3), I certify that: (1) the portfolio complies with the Fiscal Year 2020-2021 Investment Policy; and (2) the portfolio as invested allows the City to meet its expenditure requirements for the period ending December 31, 2021.

Katherine G. Greenberg, CPA  
City Treasurer

## CHALLENGES:

- Interest rate market remains at near historic lows.
- Worldwide and USA economies still affected by COVID-19, although the outlook is positive.

## OUTLOOK:

- Vaccinations continued at a significant pace in the USA during the second calendar quarter, but vaccinations have slowed. The USA unemployment rate stands at 5.80% (May 31, 2021)
- Funds from the Federal Government's American Rescue Plan Act have been disbursed to States and millions of individuals. The City is expected to receive \$3.175 million from ARPA over two fiscal years with the first half expected in July 2021.
- At its June 2021 meeting, the USA Federal Reserve increased its expectations for economic growth in 2021 but signaled no interest rates hikes likely through 2023. Core inflation is now expected to rise 3.0% in 2021.

## STRATEGIES:

- In response to a rising interest rate market, the portfolio will likely remain at a shorter weighted average maturity.
- The Investment Policy Advisory Committee (IPAC) has begun to develop liquidity and investment term targets to best position the City's portfolio in a slowly rising interest rate market.
- IPAC reviewed the Fiscal Year 2021/2022 Investment Policy and recommended the City Council approve said policy (which action the City Council took on 06/08/2021).

# City of Palos Verdes Estates

Fourth Quarter Cash and Investment Reports  
Quarter Ending June 30, 2021

## Portfolio Details

Exhibit "A" of this Report contains the detailed investments held by the Portfolio as of the quarter ending June 30, 2021.

The portfolio continues to reflect the investment objectives required by the California Government Code and the City's Fiscal Year 2020-2021 Investment Policy (in order of priority): (1) Safety, (2) Liquidity, and (3) Yield.

## Transactions

As a marked change from the last two calendar quarters of 2020, the City's portfolio did not experience any investment calls during the quarter ended June 30, 2021. We estimate that the flurry of calls has come to an end which will bring additional stability to the Portfolio's yield and average maturity.

## Other News

As reported to the City Council in the prior Quarterly Report, MUFG (Union Bank), through which the City receives trust and custody services, has sold their Trust and Custody division to US Bank. The IPAC has also been informed of this pending change. The City will begin its relationship with US Bank on August 2, 2021.

## Working with IPAC and Staff

**IPAC:** The IPAC held a Special Meeting on May 18, 2021 during which the Members discussed: the potential value of the City establishing a Section 115 Trust (the minutes of that meeting are presented to the City Council this evening as a Consent Calendar item); the required annual review of the City's Investment Policy (which the City Council approved in June 2021); and a proposal to target investment terms to best take advantage of the current and forecast interest rate markets over the next several quarters (the IPAC is scheduled to continue their discussion on this matter at their Regular Meeting of July 20, 2021).

IPAC Member Bob Murdock's term expired on June 30, 2021. Thank you, Bob, for your valued service to the City! I am looking forward to welcoming new IPAC Member Brian O'Sullivan at his first meeting!

**Staff:** I will continue my work with staff to further improve the cash flow tools used by the City to better target investment transactions and maturities to match forecast cash needs.

## Work in Progress

The format and content of this Report is always a work in progress. As I receive input from the Community, the City Council, the IPAC, and staff, I expect the Report to constantly improve always with the goals of transparency, full disclosure, and appropriate brevity in mind!

## Acknowledgements

Again, thank you to departed IPAC Member Bob Murdock for his service to our City and welcome to new IPAC Member Brian O'Sullivan.

## Exhibit(s)

The following Exhibit is incorporated into this Report:

- Exhibit "A" Investment Portfolio as of June 30, 2020

City of Palos Verdes Estates, California  
City Treasurer's Quarterly Report  
Listing of Investments  
For the Quarter Ended:

6/30/2021

Issuer	Par Value	Book Value	Market Value	Source of Market Value	Maturity Date	Days Until Maturity	Interest Rate (Coupon)	% of Total Portfolio (Market Value)
<b>Government Obligations</b>								
Federal Natl Mtg Assn Call	\$ 500,000	\$ 495,750	\$ 494,925	MUFG	8/14/2025	1,506	0.50000%	1.46918%
Federal Home Ln Mtg Corp Call	\$ 1,000,000	\$ 1,000,000	\$ 995,720	MUFG	11/10/2025	1,594	0.61000%	2.95579%
Fannie Mae	\$ 1,000,000	\$ 1,000,000	\$ 989,890	MUFG	11/25/2025	1,609	0.60000%	2.93848%
<b>Subtotal - Government Obligations</b>	<b>\$ 2,500,000</b>	<b>\$ 2,495,750</b>	<b>\$ 2,480,535</b>					<b>7.36345%</b>
<b>Municipal Obligations</b>								
California St Federally Taxable Var	\$ 375,000	\$ 393,041	\$ 390,413	MUFG	10/1/2023	823	2.25000%	1.15894%
Menlo Pk Calif City Sch Dist Taxable	\$ 60,000	\$ 63,041	\$ 62,241	MUFG	7/1/2024	1,097	1.92800%	0.18476%
Burlingame Calif Elem Sch Dist	\$ 100,000	\$ 100,000	\$ 99,748	MUFG	8/1/2024	1,128	0.76300%	0.29610%
San Diego Calif Cmnty College Dist	\$ 60,000	\$ 63,541	\$ 62,708	MUFG	8/1/2024	1,128	2.04600%	0.18615%
Orcutt Calif Un Sch Dist Taxable GO	\$ 105,000	\$ 105,709	\$ 104,760	MUFG	2/1/2025	1,312	1.00000%	0.31098%
Cupertino Calif Un Sch Dist Taxable	\$ 200,000	\$ 214,438	\$ 209,432	MUFG	8/1/2025	1,493	2.10000%	0.62170%
Ohlone Calif Cmnty College Dist	\$ 125,000	\$ 131,983	\$ 130,680	MUFG	8/1/2025	1,493	1.97500%	0.38792%
San Mateo Foster City Calif Sch Dist	\$ 200,000	\$ 200,000	\$ 198,396	MUFG	8/1/2025	1,493	0.76900%	0.58894%
Los Angeles Calif Tax Social Bds	\$ 120,000	\$ 135,541	\$ 131,974	MUFG	9/1/2025	1,524	3.45000%	0.39176%
<b>Subtotal - Municipal Obligations</b>	<b>\$ 1,345,000</b>	<b>\$ 1,407,294</b>	<b>\$ 1,390,350</b>					<b>4.12725%</b>
<b>Corporate Obligations</b>								
Local Initiative Support Co (Corporate Bond)	\$ 250,000	\$ 250,000	\$ 248,578	MUFG	3/15/2026	1,719	1.25000%	0.73790%
Citigroup (Corporate Bond)	\$ 250,000	\$ 250,000	\$ 248,983	MUFG	3/31/2026	1,735	1.35000%	0.73910%
Goldman Sachs Group Inc Nt	\$ 500,000	\$ 500,000	\$ 497,735	MUFG	4/30/2026	1,765	1.45000%	1.47752%
JPMorgan Chase & Co (Corporate Bond)	\$ 500,000	\$ 500,000	\$ 492,385	MUFG	4/30/2026	1,765	1.20000%	1.46164%
Local Initiative Support Co (Corporate Bond)	\$ 500,000	\$ 500,000	\$ 498,370	MUFG	5/15/2026	1,780	1.30000%	1.47941%
Apex Bk Camden Tenn	\$ 247,000	\$ 247,000	\$ 247,897	MUFG	9/30/2021	92	1.50000%	0.73588%
Discover Bk	\$ 245,000	\$ 245,000	\$ 246,254	MUFG	11/9/2021	132	1.75000%	0.73100%
Vision Bk Iowa West Des Moin	\$ 245,000	\$ 245,000	\$ 246,769	MUFG	11/30/2021	153	1.75000%	0.73253%
Third Fed Svgs & Ln Assn of	\$ 250,000	\$ 250,000	\$ 253,585	MUFG	1/31/2022	215	2.50000%	0.75277%
Peoples United Bank	\$ 245,000	\$ 245,000	\$ 247,977	MUFG	2/8/2022	223	2.05000%	0.73612%
First Natl Bk Damariscotta M	\$ 250,000	\$ 250,000	\$ 254,455	MUFG	2/28/2022	243	2.75000%	0.75535%
Kern Schs Fed Cr Un	\$ 250,000	\$ 250,000	\$ 254,843	MUFG	3/14/2022	257	2.80000%	0.75650%
Texas Exchange Bk Crowley	\$ 249,000	\$ 249,000	\$ 250,718	MUFG	3/25/2022	268	1.00000%	0.74426%
Sallie Mae Bk Slr Lake City	\$ 250,000	\$ 250,000	\$ 254,965	MUFG	4/4/2022	278	2.65000%	0.75686%
Pinnacle Bk Nashville Tenn	\$ 248,000	\$ 248,000	\$ 249,778	MUFG	5/9/2022	313	0.90000%	0.74146%
First Technology Federal Cre	\$ 250,000	\$ 250,000	\$ 257,358	MUFG	7/5/2022	370	3.00000%	0.76396%
UBS Bk USA Salt Lake City UT	\$ 250,000	\$ 250,000	\$ 260,843	MUFG	11/7/2022	495	3.35000%	0.77431%
Medallion Bk Utah	\$ 250,000	\$ 250,000	\$ 261,650	MUFG	12/7/2022	525	3.40000%	0.77671%
BMW Bk North Amer Salt Lake	\$ 245,000	\$ 245,000	\$ 250,929	MUFG	1/10/2023	559	1.75000%	0.74488%
Ally Bk Midvale Utah	\$ 245,000	\$ 245,000	\$ 251,372	MUFG	1/17/2023	566	1.85000%	0.74620%
Wells Fargo Natl Bk West Las	\$ 245,000	\$ 245,000	\$ 251,564	MUFG	1/17/2023	566	1.90000%	0.74676%
Axos Bk San Diego Calif	\$ 249,000	\$ 249,000	\$ 255,101	MUFG	3/27/2023	635	1.60000%	0.75726%
Lakeland Bk Nfld N J	\$ 248,000	\$ 248,000	\$ 252,161	MUFG	3/30/2023	638	1.15000%	0.74854%

Bank Leumi New York NY	\$ 245,000	\$ 245,000	\$ 250,397	MUFG	3/31/2023	639	1.45000%	0.74330%
American Express Natl Bk	\$ 248,000	\$ 248,000	\$ 251,618	MUFG	4/28/2023	667	1.00000%	0.74693%
TIAA FSB Jacksonville FLA	\$ 250,000	\$ 250,000	\$ 267,915	MUFG	2/22/2024	967	3.00000%	0.79530%
Centerstate Bk FLA NA Winter	\$ 247,000	\$ 247,000	\$ 252,256	MUFG	4/30/2024	1,035	1.05000%	0.74882%
Morgan Stanley Bk N A	\$ 245,000	\$ 245,000	\$ 257,882	MUFG	12/26/2024	1,275	1.90000%	0.76552%
Enerbank USA UT	\$ 249,000	\$ 249,000	\$ 260,658	MUFG	2/28/2025	1,339	1.70000%	0.77376%
Capital One Bank (USA) Nat	\$ 248,000	\$ 251,943	\$ 257,533	MUFG	4/22/2025	1,392	1.45000%	0.76449%
State Bk India New York NY	\$ 248,000	\$ 248,000	\$ 258,967	MUFG	4/29/2025	1,399	1.60000%	0.76874%
Flagstar Bk FSB Troy MICH	\$ 248,000	\$ 248,000	\$ 251,383	MUFG	5/29/2025	1,429	0.80000%	0.74623%
<b>Subtotal - Corporate Obligations</b>	<b>\$ 8,689,000</b>	<b>\$ 8,692,943</b>	<b>\$ 8,842,877</b>					<b>26.25003%</b>
<b>Liquid Balances</b>								
Local Agency Investment Fund (LAIF)	\$ 17,878,695	\$ 17,878,695	\$ 17,878,695	CA St Treasurer			0.41000%	53.07280%
LA County Investment Pool	\$ 1,654,452	\$ 1,654,452	\$ 1,654,452	LA County Treas.	*As of May 31, 2021		0.54000%	4.91123%
Union Bank - Acct #3931 (General Checking)	\$ 1,075,481	\$ 1,075,481	\$ 1,075,481	Union Bank				3.19256%
Union Bank - Acct #3966 (Money Market)	\$ 279,402	\$ 279,402	\$ 279,402	Union Bank			0.05000%	0.82940%
Union Bank - Acct #3562 (Aflac FSA)	\$ 1,265	\$ 1,265	\$ 1,265	Union Bank				0.00376%
Union Bank - Acct #1433 (Parking Citations)	\$ 84,060	\$ 84,060	\$ 84,060	Union Bank				0.24953%
<b>Subtotal - Liquid Balances</b>	<b>\$ 20,973,355</b>	<b>\$ 20,973,355</b>	<b>\$ 20,973,355</b>					<b>62.25927%</b>
<b>Total Portfolio</b>	<b>\$ 33,507,355</b>	<b>\$ 33,569,342</b>	<b>\$ 33,687,117</b>					<b>100.00000%</b>
<b>Weighted Average Maturity of the Portfolio (Days):</b>								<b>398</b>