



City of Palos Verdes Estates

Fourth Quarter Cash and Investment Report
Quarter Ending September 30, 2021

PORTFOLIO AT A GLANCE	QE 06/30/21	QE 09/30/21
Total Portfolio Assets	\$33,686,271	\$30,257,149
Total Liquid Balances	\$20,973,355	\$17,851,622
Weighted Average Yield*	0.8833%	0.7788%
Weighted Average Maturity**	398 days	402 days
FYTD Interest Income Collected	\$239,434	\$44,777
*Assumes All/Identical Positions Held \geq 1 Year		
** Invested Assets (excludes Liquid Balances)		

CHALLENGES:

- Heightened uncertainty has characterized markets this quarter and looks to continue through the end of next quarter.
- While near-term calamity has been averted by last minute agreements in Congress to lift the Federal debt ceiling and to continue government spending in the absence of a final budget, the reprieve will be very short-lived. Both issues will have to be resolved – or kicked down the road once more - by early December.
- Inflation indicators continue as spiking energy prices and kinks in the global supply-chain increase price and availability worries.
- The technology sector accounts for much of the market volatility. Microchip shortages and recent whistleblower revelations regarding Facebook's use of data, and its effect on children and teens, have impacted these corporate issuers.
- The DOW continues to hover around the 35,000-mark, notwithstanding these pressures. Bond yields have crept up slightly, with 10 and 30-year Treasuries exceeding 150 bps and 200 bps, respectively.

OUTLOOK:

- The Fed has not veered from its commitment to low interest rates nor from its characterization of inflation as “transitory,” driven principally by COVID-19 related economic disruption.
- GDP, partly fueled by Federal COVID relief spending, rose from 6.6% in QE June 30, 2021 to 6.7% for QE September 30, 2021.
- While COVID-19 caseloads and deaths are declining, and vaccination rates are increasing in states with stricter controls, the Delta variant has significantly prolonged the pandemic and will continue to have economic repercussions.
- Unemployment fell to 4.8% at the end of September, dipping below 5% for the first time since March, 2020.

STRATEGIES:

The Investment Policy Advisory Committee (IPAC) is continuing to develop liquidity, diversification and investment term targets to optimize yield in an uncertain environment.



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Portfolio Details

Exhibit "A" of this Report contains the detailed investments held by the Portfolio as of the quarter ending September 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, approved by City Council on June 8, 2021. These are, in order of priority:

1. Safety,
2. Liquidity, and
3. Yield.

Transactions

The City's portfolio did not experience any investment calls during the quarter ended September 30, 2021. One CD for \$247,000 from Apex BK Camden matured on September 30, 2021.

Other News

As previously reported, US Bank acquired the trust and custody services operations of MUFG (Union Bank), which previously provided T&C Services as well as banking to the City of Palos Verdes Estates. Operationally, T&C Services were fully transitioned to US Bank in early August.

On September 21, 2021, US Bank announced it had entered into a definitive agreement to acquire MUFG's regional banking services as well. The transaction is expected to close in early 2022.

This is positive news as having two different institutions service its needs has proved to be somewhat cumbersome and inefficient for staff.

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!

City of Palos Verdes Estates
City Treasurer's Monthly Report
Listing of Investments
For the Quarter Ended

9/30/2021

Issuer	Par Value	Market Value	Book Value	Source of Market Value	Maturity Date	Days Until Maturity	Interest Rate (Coupon)	Percentage of Total Portfolio (Market Value)	Weighted Average Maturity
Corporate Obligations									
Ally Bank CD	\$ 245,000	\$ 250,309	\$ 245,000	US Bank	1/17/2023	474	1.850%	0.82727%	3.92
American Express CD	\$ 248,000	\$ 250,909	\$ 248,000	US Bank	4/28/2023	575	1.000%	0.82926%	4.77
Axos Bank CD	\$ 249,000	\$ 254,070	\$ 249,000	US Bank	3/27/2023	543	1.600%	0.83970%	4.56
B Bay LLC	\$ 245,000	\$ 249,932	\$ 245,000	US Bank	1/10/2023	467	1.750%	0.82603%	3.86
Bank Leumi USA CD	\$ 245,000	\$ 249,471	\$ 245,000	US Bank	3/31/2023	547	1.450%	0.82450%	4.51
Capital One BK CD	\$ 248,000	\$ 254,478	\$ 251,943	US Bank	4/22/2025	1,300	1.450%	0.84105%	10.93
Centerstate BK CD	\$ 247,000	\$ 250,288	\$ 247,000	US Bank	4/30/2024	943	1.050%	0.82720%	7.80
Citigroup Inc Mtn	\$ 250,000	\$ 243,680	\$ 250,000	US Bank	3/31/2026	1,643	1.350%	0.80536%	13.23
Discover BK C/D	\$ 245,000	\$ 245,368	\$ 245,000	US Bank	11/9/2021	40	1.750%	0.81094%	0.32
EnerBank USA CD	\$ 249,000	\$ 257,466	\$ 249,000	US Bank	2/28/2025	1,247	1.700%	0.85093%	10.61
First CD	\$ 250,000	\$ 255,588	\$ 250,000	US Bank	7/5/2022	278	3.000%	0.84472%	2.35
First National CD	\$ 250,000	\$ 252,723	\$ 250,000	US Bank	2/28/2022	151	2.750%	0.83525%	1.26
Flagstar Bank CD	\$ 248,000	\$ 248,751	\$ 248,000	US Bank	5/29/2025	1,337	0.800%	0.82212%	10.99
Goldman Sachs Mtn	\$ 500,000	\$ 495,905	\$ 500,000	US Bank	4/30/2026	1,673	1.450%	1.63897%	27.42
JPMorgan Chase Mtn	\$ 500,000	\$ 491,215	\$ 500,000	US Bank	4/30/2026	1,673	1.200%	1.62347%	27.16
Kern Schools CD	\$ 250,000	\$ 253,695	\$ 250,000	US Bank	3/14/2022	165	2.800%	0.83846%	1.38
Lakeland BK NFLD CD	\$ 248,000	\$ 251,417	\$ 248,000	US Bank	3/30/2023	546	1.150%	0.83094%	4.54
Local Mtn	\$ 250,000	\$ 240,740	\$ 250,000	US Bank	3/15/2026	1,627	1.250%	0.79565%	12.95
Local Mtn	\$ 500,000	\$ 496,475	\$ 500,000	US Bank	5/15/2026	1,688	1.300%	1.64085%	27.70
Medallion BK CD	\$ 250,000	\$ 259,613	\$ 250,000	US Bank	12/7/2022	433	3.400%	0.85802%	3.72
Morgan Stanley CD	\$ 245,000	\$ 254,616	\$ 245,000	US Bank	12/26/2024	1,183	1.900%	0.84151%	9.96
Peoples UTD CD	\$ 245,000	\$ 246,737	\$ 245,000	US Bank	2/8/2022	131	2.050%	0.81547%	1.07
Pinnacle BK CD	\$ 248,000	\$ 249,233	\$ 248,000	US Bank	5/9/2022	221	0.900%	0.82371%	1.82
Sallie Mae CD	\$ 250,000	\$ 253,260	\$ 250,000	US Bank	4/4/2022	186	2.650%	0.83703%	1.56
State BK India CD	\$ 248,000	\$ 255,810	\$ 248,000	US Bank	4/29/2025	1,307	1.600%	0.84545%	11.05
Texas Exchange CD	\$ 249,000	\$ 250,076	\$ 249,000	US Bank	3/25/2022	176	1.000%	0.82650%	1.45
Third Fed Sav LN CD	\$ 250,000	\$ 252,050	\$ 250,000	US Bank	1/31/2022	123	2.500%	0.83303%	1.02
TIAA FSB CD	\$ 250,000	\$ 265,048	\$ 250,000	US Bank	2/22/2024	875	3.000%	0.87598%	7.66
UBS Bank USA Salt LA	\$ 250,000	\$ 258,860	\$ 250,000	US Bank	11/7/2022	403	3.350%	0.85553%	3.45
Vision Bank CD	\$ 245,000	\$ 245,684	\$ 245,000	US Bank	11/30/2021	61	1.750%	0.81199%	0.50
Wells Fargo CD	\$ 245,000	\$ 250,449	\$ 245,000	US Bank	1/17/2023	474	1.900%	0.82773%	3.92
Subtotal - Corporate Obligations	\$ 8,442,000	\$ 8,533,912	\$ 8,445,943					28.20461%	
Municipal Obligations									
Burlingame Calif Ele	\$ 100,000	\$ 100,033	\$ 100,000	US Bank	8/1/2024	1,036	0.763%	0.33061%	3.43
San Mateo Foster Cit	\$ 200,000	\$ 198,464	\$ 200,000	US Bank	8/1/2025	1,401	0.769%	0.65592%	9.19
California ST	\$ 375,000	\$ 388,864	\$ 393,041	US Bank	10/1/2023	731	2.250%	1.28520%	9.39
Cupertino CA Union	\$ 200,000	\$ 208,974	\$ 214,438	US Bank	8/1/2025	1,401	2.100%	0.69066%	9.68
Los Angeles CA	\$ 120,000	\$ 131,658	\$ 135,541	US Bank	9/1/2025	1,432	3.450%	0.43513%	6.23
Menlo Pk CA	\$ 60,000	\$ 62,047	\$ 63,041	US Bank	7/1/2024	1,005	1.928%	0.20506%	2.06
Ohlone CA Cmnty	\$ 125,000	\$ 129,974	\$ 131,983	US Bank	8/1/2025	1,401	1.975%	0.42956%	6.02
Orcutt Calif Un CA	\$ 105,000	\$ 104,708	\$ 105,709	US Bank	2/1/2025	1,220	1.000%	0.34606%	4.22
San Diego CA Cmnty	\$ 60,000	\$ 62,459	\$ 63,541	US Bank	8/1/2024	1,036	2.046%	0.20643%	2.14

