



City of Palos Verdes Estates

Second Quarter Cash and Investment Report
 Quarter Ending December 31, 2021

PORTFOLIO AT A GLANCE	QE 09/30/2021	QE 12/31/2021		Change
Total Market Value of Portfolio Assets	\$ 30,257,149	\$ 33,021,686	↑	\$ 2,764,537
Total Liquid Balances	\$ 17,851,622	\$ 21,230,487	↑	\$ 3,378,865
Weighted Average Maturity (days)*	398	330	↓	(68)

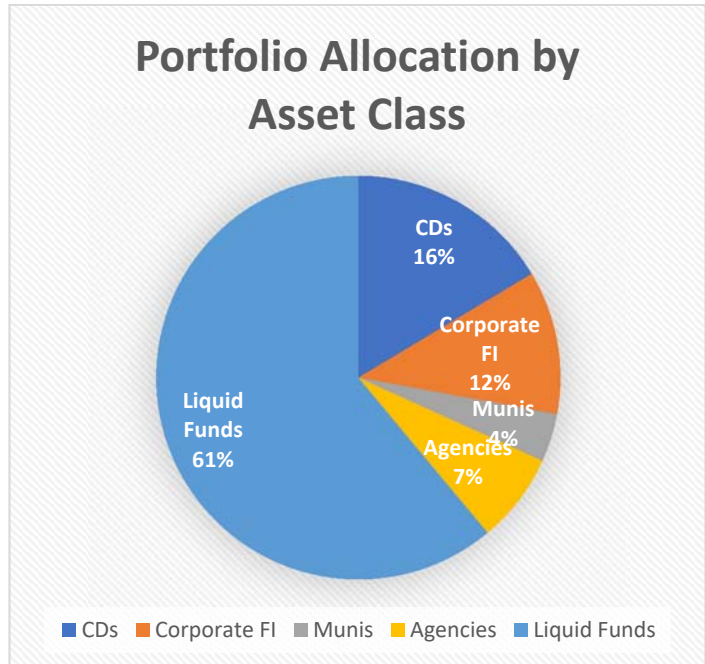
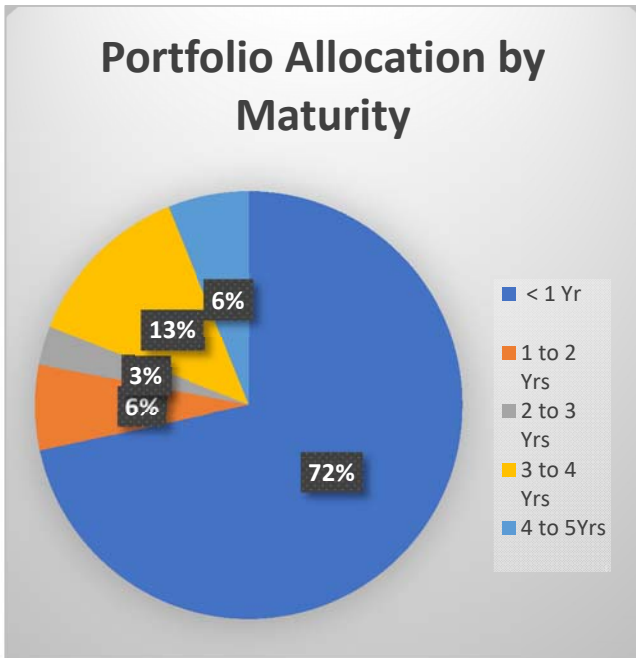
* Includes liquid balances

Portfolio

Exhibit “A” of this Report contains the detailed investments held by the Portfolio as of the quarter ending December 31, 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.

Summary Portfolio Attributes: (See underlying data below and on Exhibit A)



Treasurer's Comments

Recent meetings of the Investment Policy Advisory Committee (IPAC) have been dominated by discussions of inflation and the Federal Reserve announcements regarding: a) tapering its purchases of Treasuries ("Quantitative Easing") and b) planned incremental increases in the Fed Funds Rate beginning in March. While considerations of economic fundamentals and market movements inform our investment decisions to some extent, we are always mindful of the priorities dictated by the California Municipal Investment Code (CMIC) and the Investment Policy enacted by the Palos Verdes Estates City Council, which are, in order of priority: 1) Safety 2) Liquidity and 3) Return on Investment.

We are required by law to maintain 6 months' of liquidity at all times. As a proxy, we are using \$10M, or approximately half our budgeted expenditures for the current fiscal year, as a liquidity target. Currently, we have almost twice this amount in liquid assets. As the past two years have been dominated by low interest rates and uncertainty related to the pandemic, the amount of liquidity has not been at the expense of significant returns on investment.

Given the increasing spreads among various classes and maturities of allowable investments, we expect to start moving portions of the portfolio into more diversified segments. In December, we moved \$8M into the LA County Pooled Investment Fund (LAPIF), which has been yielding approximately 30 basis points (BPS) more than our "go to" investment in the California Local Agency Investment Fund (LAIF). We will be moving to further diversify the portfolio going forward, although it may take some time to determine specifics. Timing of major capital investments (e.g., Via Corta project), investments in deferred infrastructure maintenance and additional contributions to our pension UAL will be critical in terms of making decisions on future investments.

In addition, there are significant restrictions on the securities in which we can invest. The CMIC and our Investment Policy enumerate the characteristics of permitted investments. Salient among the requirements are: 1) must be fixed income, CDs, commercial paper, pooled government investment funds and money market mutual funds (no equities, ETFs, or mutual funds that do not comport with policy) 2) must have maturities of 5 years or less, 3) must meet credit rating criteria, 4) must meet concentration restrictions regarding institutions or type of investments.

The IPAC has advised that, absent other compelling indicators of market performance, we should invest the non-liquid balance of our portfolio in permitted securities with staggered, or "laddered," maturities. Specifically, we should aim to have an approximately equivalent investment in securities which mature within 2, 3, 4 and 5 years. By law, we are limited to investments within this maturity range. In addition, we have been looking at investment portfolios of cities with roughly comparable financial and demographic attributes in order to evaluate best practices. In comparison with

certain similar cities, PVE's portfolio is not only weighted toward liquid investments, but it is also less diversified in other respects. Stay tuned for further news.

Legal Requirements

This report is submitted in accordance with the voluntary provisions contained in California Government Code Section 53646 and the provisions of the Palos Verdes Estates Fiscal Year 2021-2022 Investment Policy, as adopted by the City Council.

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 2021-2022 Investment Policy, and (2) the portfolio, as invested, allows the City to meet its expenditure requirements for the six months remaining in the current Fiscal Year ending on June 30, 2022.

Katherine G. Greenberg, CPA, MBA
City Treasurer

City of Palos Verdes Estates
City Treasurer's Quarterly Report
Portfolio of Cash and Investments
For the Quarter Ended December 31, 2021

Issuer	Par or Face Value (FV)	Market Value (MV)	Book Value (BV)	Source of MV	Maturity Date	% of Portfolio @ MV	Interest Rate (Coupon)	Days Until Maturity	Wtd Ave DTM
Certificates of Deposit									
Third Fed Sav LN CD	\$ 250,000	\$ 250,485	\$ 250,000	US Bank	1/31/2022	0.76%	2.500%	31	0.24
Peoples UTD CD	\$ 245,000	\$ 245,478	\$ 245,000	US Bank	2/8/2022	0.74%	2.050%	39	0.29
First National Bank Dama CD	\$ 250,000	\$ 251,008	\$ 250,000	US Bank	2/28/2022	0.76%	2.750%	59	0.45
Kern Schools CD	\$ 250,000	\$ 251,310	\$ 250,000	US Bank	3/14/2022	0.76%	2.800%	73	0.56
Texas Exchange CD	\$ 249,000	\$ 249,431	\$ 249,000	US Bank	3/25/2022	0.76%	1.000%	84	0.63
Sallie Mae CD	\$ 250,000	\$ 251,565	\$ 250,000	US Bank	4/4/2022	0.76%	2.650%	94	0.72
Pinnacle BK CD	\$ 248,000	\$ 248,578	\$ 248,000	US Bank	5/9/2022	0.75%	0.900%	129	0.97
First Technology Fed Cr Un Medium Term Notes CD	\$ 250,000	\$ 253,525	\$ 250,000	US Bank	7/5/2022	0.77%	3.000%	186	1.43
UBS Bank USA Salt LA	\$ 250,000	\$ 256,440	\$ 250,000	US Bank	11/7/2022	0.78%	3.350%	311	2.42
Medallion BK CD	\$ 250,000	\$ 257,145	\$ 250,000	US Bank	12/7/2022	0.78%	3.400%	341	2.66
B Bay LLC	\$ 245,000	\$ 248,479	\$ 245,000	US Bank	1/10/2023	0.75%	1.750%	375	2.82
Ally Bank CD	\$ 245,000	\$ 248,788	\$ 245,000	US Bank	1/17/2023	0.75%	1.850%	382	2.88
Wells Fargo CD	\$ 245,000	\$ 248,918	\$ 245,000	US Bank	1/17/2023	0.75%	1.900%	382	2.88
Axos Bank CD	\$ 249,000	\$ 252,623	\$ 249,000	US Bank	3/27/2023	0.77%	1.600%	451	3.45
Lakeland BK NFLD CD	\$ 248,000	\$ 250,234	\$ 248,000	US Bank	3/30/2023	0.76%	1.150%	454	3.44
Bank Leumi USA CD	\$ 245,000	\$ 248,116	\$ 245,000	US Bank	3/31/2023	0.75%	1.450%	455	3.42
American Express CD	\$ 248,000	\$ 249,800	\$ 248,000	US Bank	4/28/2023	0.76%	1.000%	483	3.65
TIAA FSB CD	\$ 250,000	\$ 262,308	\$ 250,000	US Bank	2/22/2024	0.79%	3.000%	783	6.22
Centerstate BK CD	\$ 247,000	\$ 248,811	\$ 247,000	US Bank	4/30/2024	0.75%	1.050%	851	6.41
Morgan Stanley CD	\$ 245,000	\$ 252,240	\$ 245,000	US Bank	12/26/2024	0.76%	1.900%	1,091	8.33
EnerBank USA CD	\$ 249,000	\$ 254,909	\$ 249,000	US Bank	2/28/2025	0.77%	1.700%	1,155	8.92
Capital One BK CD	\$ 248,000	\$ 251,851	\$ 251,943	US Bank	4/22/2025	0.76%	1.450%	1,208	9.21
State BK India CD	\$ 248,000	\$ 253,054	\$ 248,000	US Bank	4/29/2025	0.77%	1.600%	1,215	9.31
Flagstar Bank CD	\$ 248,000	\$ 246,373	\$ 248,000	US Bank	5/29/2025	0.75%	0.800%	1,245	9.29
Subtotal - Certificates of Deposit	\$ 5,952,000	\$ 6,031,468	\$ 5,955,943			18.27%		11,877	90.59
Goldman Sachs Medium Term Notes	\$ 500,000	\$ 490,170	\$ 500,000	US Bank	4/30/2026	1.48%	1.450%	1,581	23.47
JPMorgan Chase Medium Term Notes	\$ 500,000	\$ 481,250	\$ 500,000	US Bank	4/30/2026	1.46%	1.200%	1,581	23.04
Local Initiatives Support Corp Medium Term Notes	\$ 250,000	\$ 236,470	\$ 250,000	US Bank	3/15/2026	0.72%	1.250%	1,535	10.99
Local Initiatives Support Corp Medium Term Notes	\$ 500,000	\$ 490,615	\$ 500,000	US Bank	5/15/2026	1.49%	1.300%	1,596	23.71
Citigroup Inc Medium Term Notes	\$ 250,000	\$ 241,140	\$ 250,000	US Bank	3/31/2026	0.73%	1.350%	1,551	11.33
Subtotal - Corporate Fixed Income	\$ 2,000,000	\$ 1,939,645	\$ 2,000,000			5.87%		7,844	92.54
Municipal Obligations									
California ST	\$ 375,000	\$ 384,371	\$ 393,041	US Bank	10/1/2023	1.16%	2.250%	639	7.44
Menlo Pk CA	\$ 60,000	\$ 61,288	\$ 63,041	US Bank	7/1/2024	0.19%	1.928%	913	1.69
Burlingame Calif Ele	\$ 100,000	\$ 99,064	\$ 100,000	US Bank	8/1/2024	0.30%	0.763%	944	2.83
San Diego CA Cmnty	\$ 60,000	\$ 61,726	\$ 63,541	US Bank	8/1/2024	0.19%	2.046%	944	1.76

Orcutt Calif Un CA	\$ 105,000	\$ 103,746	\$ 105,709	US Bank	2/1/2025	0.31%	1.000%	1,128	3.54
San Mateo Foster Cit	\$ 200,000	\$ 196,194	\$ 200,000	US Bank	8/1/2025	0.59%	0.769%	1,309	7.78
Cupertino CA Union	\$ 200,000	\$ 206,026	\$ 214,438	US Bank	8/1/2025	0.62%	2.100%	1,309	8.17
Ohlone CA Cmnty	\$ 125,000	\$ 128,134	\$ 131,983	US Bank	8/1/2025	0.39%	1.975%	1,309	5.08
Los Angeles CA	\$ 120,000	\$ 128,922	\$ 135,541	US Bank	9/1/2025	0.39%	3.450%	1,340	5.23
Subtotal - Municipal Obligations	\$ 1,345,000	\$ 1,369,471	\$ 1,407,294			4.15%		9,835	43.53
Government Obligations									
FNMA	\$ 500,000	\$ 488,465	\$ 495,750	US Bank	8/14/2025	1.48%	0.500%	1,322	19.56
FHLMC Medium Term Notes	\$ 1,000,000	\$ 983,130	\$ 1,000,000	US Bank	11/10/2025	2.98%	0.610%	1,410	41.98
FNMA	\$ 1,000,000	\$ 979,020	\$ 1,000,000	US Bank	11/25/2025	2.96%	0.600%	1,425	42.25
Subtotal - US Government Obligations	\$ 2,500,000	\$ 2,450,615	\$ 2,495,750			7.42%		4,157	103.78
Subtotal Fixed Income Investments	\$ 11,797,000	\$ 11,791,199	\$ 11,858,987			35.71%		33,713	330.44
Liquid Balances									
Local Agency Investment Fund (LAIF)		\$ 9,917,603	\$ 9,917,603	LAIF		30.03%	0.230%		
LA County Investment Pool		\$ 9,658,944	\$ 9,658,944	LACPIF		29.25%	0.520%		
US Bank		\$ 820,909	\$ 820,909			2.49%	0.000%		
Union Bank - Acct #3931 (General Checking)		\$ 833,024	\$ 833,024	Union Bank		2.52%	0.000%		
Union Bank - Acct #3966 (Money Market)		\$ 7	\$ 7	Union Bank		0.00%	0.050%		
Union Bank - Acct #3562 (Aflac FSA)		\$ -	\$ -	Union Bank					
Union Bank - Acct #1433 (Parking Citations)		\$ -	\$ -	Union Bank					
Subtotal - Liquid Balances	\$ -	\$ 21,230,487	\$ 21,230,487			64.29%		0	0
Total Portfolio	\$ 11,797,000	\$ 33,021,686	\$ 33,089,474			100.00%		330.44	