

Quarterly Investment Report

June 2021

This report presents a detailed discussion of the City's investment portfolio as of June 30, 2021. It includes all investments managed by the City on its own behalf as well as the City's Trustees. The report provides information on cash flows, broken down by both investment manager (City or Trustee) and by percentage allocation within the portfolio.

As of June 30, 2021, the investment portfolio was in compliance with all state laws and the City's Investment Policy.

Current Portfolio Summary

As directed by the Investment Policy adopted by City Council, City staff strives to attain three primary goals with the City's investments as follows (in order of priority):

1. Safety – Preservation of the principal of invested funds
2. Liquidity – Ability to liquidate one or more of the City's investments if unexpected expenditures arise
3. Return – Attainment of a market rate of return

The majority of the portfolio is invested in the Local Agency Investment Fund (LAIF), which is administered by the California State Treasurer's office. LAIF provides the City with an investment vehicle with yields that are slightly greater than U.S. Treasuries (T-bills) with a 2-year maturity or less. LAIF is a high quality investment in terms of safety, liquidity, and yield. Additionally, LAIF is an "On Demand" account; meaning funds may be withdrawn upon with 1 day notice, representing maximum liquidity.

In addition to LAIF, the City holds investments in Money Market Mutual Funds, Nonnegotiable Certificates of Deposit, and State and Local Government Securities (SLGS). These investments are prudent investment choices and are included in the City's Investment Policy as allowable investments.

Each investment mentioned above has a specific maturity date. However, much of the portfolio is On Demand. The short weighted average maturity provides the City with a great deal of liquidity during this period of heightened economic uncertainty and period of low investment yields. This liquidity places the City to invest in longer term maturity investments once interest rates begin to move up toward their historical norms; overall macroeconomic indicators signal solid and consistent growth in future years.

The following table (Table: 1) provides a summary of the City's cash and investments, by holding party, based on recorded value as of June 30, 2021 compared with the prior quarter:

Table: 1				
Holding Party	March 31, 2021		June 30, 2021	
	Fund Amounts (1)	% of Portfolio	Fund Amounts (1)	% of Portfolio
Investments/Cash held by the City	\$161,563,692	81%	\$179,865,784	82%
Investments held by Trustees	38,106,873	19%	38,455,581	18%
TOTAL	\$199,670,565	100%	\$218,321,365	100%

(1) Small variances are due to the summation and rounding of multiple figures to the nearest whole dollar

Please see the following pages (Tables: 2 through 5) for a more detailed analysis of transactional additions and reductions due to cash flow needs, debt service payments, and maturities/rollovers of certain investments.

Revenues arrived during the quarter, per City staff expectations, are as follows: utility payments, property tax, franchise fees, sales tax (including Measure C), developer billing fees, grant reimbursements, building permit fees, plan check fees, and Transient Occupancy Tax (TOT).

Significant payables paid out during the quarter include:

- I. Nonrecurring Expenditure Capital Improvement Projects – General Government, Parks, Streets, Water, and Wastewater
- II. Recurring Expenditures
 - a. Contractual – Park & Street Landscaping, and Water Treatment Services
 - b. Intergovernmental payments – San Joaquin County (Police Services), Lathrop Manteca Fire District, City of Manteca (Wastewater Contract)

Quarterly Economic Update

According to the latest projections from PFM Asset Management; In Q2, U.S. economic conditions were impacted by: (1) dramatically lower COVID-19 caseloads as vaccine inoculations accelerated, balanced with waning vaccine demand and the emergence of more infectious variants; (2) strong consumer data supported by ongoing fiscal stimulus measures; (3) elevated inflation fueled by surging economic activity amid labor and supply chain shortages; (4) a late-quarter hawkish signal from the Federal Reserve (Fed), as anticipation of bond purchase tapering gained traction and the timeline for expected rate hikes was pulled forward; and (5) the largest increase in corporate earnings estimates in nearly 20 years, which propelled major U.S. stock indices to all-time highs. The U.S. labor market recovery is accelerating after a spring lull. Following a disappointing April jobs report, employers added over 580,000 and 850,000 jobs in May and June, respectively. The service sector led the job recovery in the first half of 2021 as leisure and hospitality accounted for 1.6 million jobs created, or almost half of the year's payroll gains. The robust demand for workers pushed wages up by a brisk pace of 3.6% year-over-year (YoY). Locally, the San Joaquin Valley area experienced a decrease in unemployment rates (San Joaquin County: 8.5%; City of Lathrop: 7.2%).

I certify that all of the investments reported herein are in accordance with the "City of Lathrop Investment Policy" adopted on November 9, 2020, with the Government Code, and other contractual agreements. I further certify the investments reported herein provide for the ability of the City to meet cash flow needs for the next six months.



 Stephen J. Salvatore
 City Manager



 Cari James
 Director of Finance and Administrative Services

TABLE: 2
CITY OF LATHROP
Summary of All Investments
As of June 30, 2021

City Held Investments	Recorded Value	Current Yield	Percent of Portfolio	Market Value
Local Agency Investment Fund	\$ 73,884,336	0.357%	58.88%	\$ 73,884,336
Wells Fargo Money Market Mutual Funds	\$ 2,886,304	0.010%	2.30%	\$ 2,886,304
California Asset Management Program	\$ 10,255,647	0.080%	8.17%	\$ 10,255,647
Total Investments Held by the City (1)	\$ 87,026,286	0.313%	69.35%	\$ 87,026,286
Trustee Held Investments	Recorded Value	Current Yield	Percent of Portfolio	Market Value
Union Bank	\$ 3,790,148	0.027%	3.02%	\$ 3,790,148
UMB Bank	\$ 940,922	0.000%	0.75%	\$ 940,922
US Bank	\$ -	0.000%	0.00%	\$ -
SJ County Pooled Funds	\$ 382,806	0.260%	0.31%	\$ 382,806
PFM Asset Management	\$ 32,852,584	0.880%	26.18%	\$ 32,852,584
BBVA Compass Bank	\$ 489,121	0.230%	0.39%	\$ 489,121
Total Investments Held by Trustees (2)	\$ 38,455,581	0.760%	30.65%	\$ 38,455,581
Total City & Trustee Held Investments & Cash	Recorded Value	Current Yield	Percent of Portfolio	Market Value
Investments Held by the City and Trustees	\$ 125,481,868	0.450%	100.00%	\$ 125,481,868
Cash in Checking Accounts - Recorded Value	\$ 92,839,498			
Total Cash and Investments	\$ 218,321,365			

One month benchmark for U.S. Treasuries: 0.05%
 Three month benchmark for U.S. Treasuries: 0.05%

Notes:

(1) See Table: 4 for detailed investments held by the City.

(2) See Table: 5 for detailed investments held by Trustees.

TABLE: 3
CITY OF LATHROP
Investments Cash Flow Analysis
As of June 30, 2021

Investments Held by the City	Prior Month Recorded Value	Purchased (Buy)	Redeemed (Sell)	Current Month Recorded Value
Local Agency Investment Fund (1)	\$ 73,884,336	-	-	\$ 73,884,336
Wells Fargo Money Market Mutual Funds (2)	\$ 2,886,279	25	-	\$ 2,886,304
California Asset Management Program	\$ 10,255,223	423	-	\$ 10,255,647
Total Investments Held by the City	\$ 87,025,838	448	-	\$ 87,026,286
Investments Held by Trustees	Prior Month Recorded Value	Purchased (Buy)	Redeemed (Sell)	Current Month Recorded Value
BBVA Compass Bank	\$ 488,782	339	-	\$ 489,121
SJ County Pooled Funds	\$ 383,569	-	(763)	\$ 382,806
UIMB Bank	\$ 940,915	7	-	\$ 940,922
Union Bank (3)	\$ 3,489,637	300,546	(35)	\$ 3,790,148
PFM Asset Management	\$ 32,835,515	3,655,621	(3,638,552)	\$ 32,852,584
Total Investments Held by Trustees	\$ 38,138,419	\$ 3,956,513	\$ (3,639,350)	\$ 38,455,581
Total Cash in Checking Accounts Held by the City (2)	\$ 90,338,467	8,856,274	(6,355,244)	\$ 92,839,498
Total Cash and Investments Held by the City and Trustees	\$ 215,502,724	\$ 12,813,235	\$ (9,994,593)	\$ 218,321,365

Notes:

- (1) LAIF interest income is paid quarterly (Mar/Jun/Sept/Dec) and received in the following month (Apr/Jul/Oct/Jan).
- (2) Property Tax, Building permit revenue, TOT, Developer payments, and Utility payments: nonrecurring expenses paid during the month: General government, Parks, Streets, Wastewater, and Water CIPs; also, recurring expenses: Park & street landscape maintenance, and water treatment services; lastly, intergovernmental payments and transfers: Police Services expenses, and SSJID SCSWSP O & M expenses.
- (3) Interest earnings, debt service payments.

TABLE: 4
CITY OF LATHROP
Investments Held by City - Detail
As of June 30, 2021

Agency (Broker)	Investment Description	Coupon Rate	Yield to Maturity	Purchase Date	Maturity Date	Market Value (No Accruals)	Recorded Value
Local Agency Investment Fund							
	Money Market Fund City Acct No. 98-39-437	N/A	0.357%	Varies	On Demand	73,884,336	73,884,336
						\$ 73,884,336	\$ 73,884,336
Wells Fargo Mutual Funds							
	Money Market Mutual Fund City Acct No. 12641627	N/A	0.010%	Varies	On Demand	2,886,304	2,886,304
						\$ 2,886,304	\$ 2,886,304
Califorina Asset Management Program							
	Liquidity Account No. 6084-001	N/A	0.080%	Varies	On Demand	10,255,647	10,255,647
						\$ 10,255,647	\$ 10,255,647
TOTAL INVESTMENTS HELD BY CITY						\$ 87,026,286	\$ 87,026,286

TABLE: 5
CITY OF LATHROP
Investments Held by Trustee - Detail
As of June 30, 2021

Investment Description	Acct Number	CUSIP	Current Yield	Purchase	Maturity Date	Value	Recorded Value
Investments Held by Union Bank by Account							
03-1 Series 2015 - Mossdale Village Assessment District							
Mossdale Village Assessment Dist. No. 03-1 Series 2015 - Redemption Fund	6712138601 ####		0.010%	10/18/05	On Demand	\$ 51	\$ 51
Mossdale Village Assessment Dist. No. 03-1 Series 2005/2015 - Reserve Fund	6712138602 ####		0.010%	10/18/05	On Demand	\$ 240,199	\$ 240,199
2000 North Harlan Improvement District 99-01							
Money Market - Reserve Account	6711651103		0.010%	7/12/00	On Demand	\$ -	\$ -
Money Market - Redemption Account	6711651101		0.010%	7/12/00	On Demand	\$ -	\$ -
2003-24 Lathrop CFD							
Money Market- Interest Account	6711720001		0.010%	12/12/03	On Demand	\$ 1	\$ 1
Money Market-Reserve Account	6711722200		0.010%	12/12/03	On Demand	\$ -	\$ -
LAF - Interest Account	6711720002		0.357%	03/19/03	On Demand	\$ 698,814	\$ 698,814
CDPH/CDWR - SRF Loan							
Agreement Account	6711908800		0.000%	12/22/10	On Demand	\$ 300,967	\$ 300,967
Agreement Account - Reserve Fund	6711908801		0.000%	12/22/10	On Demand	\$ 597,638	\$ 597,638
2013-1 Mossdale Village							
2013-1 Refunding Improvement Bonds	6712076900		0.000%	10/01/13	On Demand	\$ -	\$ -
2013-1 Refunding Improvement Bonds	6712076901		0.000%	10/01/13	On Demand	\$ 178	\$ 178
2013-1 Refunding Improvement Bonds	6712076903		0.000%	10/01/13	On Demand	\$ 946,116	\$ 946,116
2013-1 Special Tax Bonds							
2013-1 Mossdale Special Tax	6712076801		0.000%	10/01/13	On Demand	\$ 51	\$ 51
2013-1 Mossdale Special Tax	6712076803		0.000%	10/01/13	On Demand	\$ -	\$ -
2013-1 Mossdale Special Tax	6712076804		0.000%	10/01/13	On Demand	\$ 262,606	\$ 262,606
2013-1 Mossdale Special Tax	6712076806		0.000%	10/01/13	On Demand	\$ 75	\$ 75
2015 Crossroads Series B							
2015 Crossroads Series B - LOIB RDP	67122138800		0.000%	09/01/15	On Demand	\$ 1,695	\$ 1,695
2015 Crossroads Series B - LOIB RDP	6712138801		0.000%	09/01/15	On Demand	\$ 56	\$ 56
2015 Crossroads Series B - LOIB Reserve	6712138803		0.000%	09/01/15	On Demand	\$ 741,304	\$ 741,304
2015 Crossroads Series B - COB of Issuance	6712138804		0.000%	09/01/15	On Demand	\$ -	\$ -
2015 Crossroads Series B - Improvements	6712138805		0.000%	09/01/15	On Demand	\$ 396	\$ 396
2015 Crossroads Series B - COI Custodian Agreement	6712198801		0.000%	09/01/15	On Demand	\$ -	\$ -
Total Investments Held by Trustee - Union Bank						\$ 3,790,148	\$ 3,790,148
Investments Held by BBVA Compass Bank by Account							
2012 Water Loan (Refunding of 2000 Water COPs)							
Certificate of Deposit - Reserve Fund			0.090%	5/22/19	5/21/21	\$ 489,121	\$ 489,121
Total Investments Held by Trustee - BBVA Compass Bank						\$ 489,121	\$ 489,121

TABLE: 5
CITY OF LATHROP
Investments Held by Trustee - Detail
As of June 30, 2021

Investment Description	Acct Number	CUSIP	Current Yield	Purchase Date	Maturity Date	Value	Recorded Value
Investments Held by UMB Bank by Account							
2006-1 Central Lathrop Phase I Infrastructure CFD							
Special Tax Fund	141226.1		09/12/06	On Demand	\$ -	\$ -	-
Interest Fund	141226.2		09/12/06	On Demand	\$ -	\$ -	-
Principal	141226.3		08/26/10	On Demand	\$ -	\$ -	-
Redemption	141226.4		08/26/10	On Demand	\$ -	\$ -	-
TTEE Fee & Comp Exp	141226.5		09/12/06	On Demand	\$ -	\$ -	-
Reserve Fund	141226.6		09/12/06	On Demand	\$ -	\$ -	-
Improvement Fund	141226.7		09/12/06	On Demand	\$ -	\$ -	-
2018-1 Central Lathrop CFD							
Improvement Area 1 - Admin Expense Reserve Fund	149232.1		02/01/19	On Demand	\$ 40,183	\$ 40,183	-
Other Improvement Areas - Admin Expense Reserve Fund	149232.2		02/01/19	On Demand	\$ 160,735	\$ 160,735	-
Improvement Area 1 - Principal Account	149232.3		02/01/19	On Demand	\$ 10,001	\$ 10,001	-
Improvement Area 1 - Redemption Account	149232.4		02/01/19	On Demand	\$ -	\$ -	-
Improvement Area 1 - Interest Account	149232.5		02/01/19	On Demand	\$ 36	\$ 36	-
Improvement Area 1 - Admin Expense Account	149232.6		02/01/19	On Demand	\$ 29,057	\$ 29,057	-
Improvement Area 1 - Reserve Fund	149232.7		02/01/19	On Demand	\$ 175,247	\$ 175,247	-
Improvement Area 1 - Surplus Fund	149232.8		02/01/19	On Demand	\$ -	\$ -	-
Improvement Area 2 - Principal Account	149265.1		02/01/19	On Demand	\$ 7,501	\$ 7,501	-
Improvement Area 2 - Redemption Account	149265.2		02/01/19	On Demand	\$ -	\$ -	-
Improvement Area 2 - Interest Account	149265.3		02/01/19	On Demand	\$ 22	\$ 22	-
Improvement Area 2 - Admin Expense Account	149265.4		02/01/19	On Demand	\$ 29,234	\$ 29,234	-
Improvement Area 2 - Reserve Fund	149265.5		02/01/19	On Demand	\$ 91,306	\$ 91,306	-
Improvement Area 2 - Surplus Fund	149265.6		02/01/19	On Demand	\$ -	\$ -	-
Improvement Area 3 - Principal Account	149267.1		02/01/19	On Demand	\$ 12,501	\$ 12,501	-
Improvement Area 3 - Redemption Account	149267.2		02/01/19	On Demand	\$ -	\$ -	-
Improvement Area 3 - Interest Account	149267.3		02/01/19	On Demand	\$ 44	\$ 44	-
Improvement Area 3 - Admin Expense Account	149267.5		02/01/19	On Demand	\$ 28,300	\$ 28,300	-
Improvement Area 3 - Reserve Fund	149267.6		02/01/19	On Demand	\$ 222,683	\$ 222,683	-
Improvement Area 3 - Surplus Fund	149267.7		02/01/19	On Demand	\$ -	\$ -	-
Improvement Area 4 - Principal Account	149268.1		02/01/19	On Demand	\$ 5,000	\$ 5,000	-
Improvement Area 4 - Redemption Account	149268.2		02/01/19	On Demand	\$ -	\$ -	-
Improvement Area 4 - Interest Account	149268.3		02/01/19	On Demand	\$ -	\$ -	-
Improvement Area 4 - Admin Expense Account	149268.4		02/01/19	On Demand	\$ 29,779	\$ 29,779	-
Improvement Area 4 - Reserve Fund	149268.5		02/01/19	On Demand	\$ 46,095	\$ 46,095	-
Improvement Area 4 - Surplus Fund	149268.6		02/01/19	On Demand	\$ -	\$ -	-
Improvement Area 5 - Principal Account	149269.1		02/01/19	On Demand	\$ 2,500	\$ 2,500	-
Improvement Area 5 - Redemption Account	149269.2		02/01/19	On Demand	\$ -	\$ -	-
Improvement Area 5 - Interest Account	149269.3		02/01/19	On Demand	\$ 12	\$ 12	-
Improvement Area 5 - Admin Expense Account	149269.4		02/01/19	On Demand	\$ 30,217	\$ 30,217	-

TABLE: 5
CITY OF LATHROP
Investments Held by Trustee - Detail
As of June 30, 2021

Investment Description	Acct Number	CUSIP	Current Yield	Purchase	Maturity Date	Value	Recorded Value
Supra-national Agency Bond / Note							
Int'l BK Recon & Develop SN Note		459058GU1	2.125%	05/29/19	07/01/22	\$ 305,808	\$ 305,808
Int'l BK Recon And Dev Note		459058IV6	0.125%	04/20/21	04/20/23	\$ 453,893	\$ 453,893
Inter-American Devel BK Corporate Notes		4581XODM7	0.500%	04/24/20	05/24/23	\$ 326,408	\$ 326,408
Int'l BK Recon & Develop Corporate		459058IM6	0.250%	11/17/20	11/24/23	\$ 314,095	\$ 314,095
Supra-National Agency Subtotal						\$ 1,400,204	\$ 1,400,204
Federal Agency Bond/Note							
Federal Farm Credit Banks Notes		3133ELTN4	0.530%	03/18/20	01/18/22	\$ 651,637	\$ 651,637
Federal Farm Credit Banks Notes		3133ELWD2	0.375%	04/08/20	04/08/22	\$ 501,072	\$ 501,072
Federal Farm Credit Banks Notes		3133ELYN9	0.250%	05/06/20	05/06/22	\$ 650,791	\$ 650,791
Federal Home Loan Banks Notes		3130AIPU7	0.250%	06/12/20	06/03/22	\$ 625,770	\$ 625,770
Fannie Mae Notes		3134GVI66	0.250%	06/12/20	06/03/22	\$ 801,001	\$ 801,001
Federal Home Loan Banks Agcy		313379069	2.125%	06/01/12	06/10/22	\$ 636,813	\$ 636,813
Fannie Mae Notes		3137EAF2	0.125%	07/23/20	07/25/22	\$ 399,995	\$ 399,995
Fannie Mae Notes		3135GOW33	1.375%	09/06/19	09/06/22	\$ 623,951	\$ 623,951
FFCB Notes		3133EMGX4	0.125%	11/23/20	11/23/22	\$ 634,597	\$ 634,597
Federal Farm Credit Banks Notes		3133EMPH9	0.125%	02/03/21	02/03/23	\$ 269,677	\$ 269,677
Federal Home Loan Banks Notes		3130AL7E3	1.375%	02/21/20	02/17/23	\$ 555,396	\$ 555,396
Fannie Mae Notes		3137EAEQ8	0.375%	04/20/20	04/20/23	\$ 601,666	\$ 601,666
Fannie Mae Notes		3137EAEF6	0.375%	05/07/20	05/05/23	\$ 571,514	\$ 571,514
Fannie Mae Notes		3135G04Q3	0.250%	05/22/20	05/22/23	\$ 650,239	\$ 650,239
Fannie Mae Notes		3137EAEF4	0.250%	06/26/20	06/26/23	\$ 880,165	\$ 880,165
Fannie Mae Notes		3135G05G4	0.250%	07/10/20	07/10/23	\$ 399,937	\$ 399,937
Fannie Mae Notes		3135G05G4	0.250%	07/10/20	07/10/23	\$ 924,855	\$ 924,855
Fannie Mae Notes (Callable)		3135G05R0	0.300%	08/10/20	08/10/23	\$ 399,924	\$ 399,924
Fannie Mae Notes		3137EAEV7	0.250%	08/21/20	08/24/23	\$ 649,753	\$ 649,753
Fannie Mae Notes		3137EAEW5	0.250%	09/04/20	09/08/23	\$ 399,758	\$ 399,758
Fannie Mae Notes		3137EAEW5	0.250%	09/04/20	09/08/23	\$ 414,749	\$ 414,749
Fannie Mae Notes		3137EAEW5	0.250%	09/04/20	09/08/23	\$ 499,698	\$ 499,698
Fannie Mae Notes		3137EAEW5	0.250%	09/04/20	09/08/23	\$ 559,661	\$ 559,661
Fannie Mae Notes		3137EAEW5	0.250%	09/04/20	09/08/23	\$ 473,235	\$ 473,235
Fannie Mae Notes		3137EAEV1	0.125%	10/16/20	10/16/23	\$ 748,988	\$ 748,988
Fannie Mae Notes		3137EAEZ8	0.250%	11/05/20	11/06/23	\$ 434,398	\$ 434,398
Fannie Mae Notes		3135G06H1	0.250%	11/25/20	11/27/23	\$ 533,996	\$ 533,996
Fannie Mae Notes		3137EAF2	0.250%	12/04/20	12/04/23	\$ 15,493,235	\$ 15,493,235
Federal Agency Subtotal:						\$ 67,731	\$ 67,731
Interest							
Accrued Interest							
Total Investments Held by Trustee -PFM Asset Management						\$ 32,852,584	\$ 32,852,584
Total Investments Held by Trustees						\$ 38,455,581	\$ 38,455,581

* Investments made per CLSP Bond Indenture

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