

## Agenda Report

**DATE:** September 06, 2022  
**TO:** CITY COUNCIL  
**FROM:** ADMINISTRATIVE SERVICES DEPARTMENT - FINANCE  
**SUBJECT:** JUNE 2022 INVESTMENT AND SECTION 115 PENSION TRUST REPORT

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### **STATEMENT OF ISSUE:**

In compliance with the City's general Investment Policy and Investment Policy for Section 115 Pension Trust, the City Council is provided quarterly reports on the status of the City's investments. This report provides information for the quarter ending June 30, 2022.

### **RECOMMENDED ACTION:**

Accept the June 2022 Investment and IRS Section 115 Pension Trust Report.

### **DISCUSSION:**

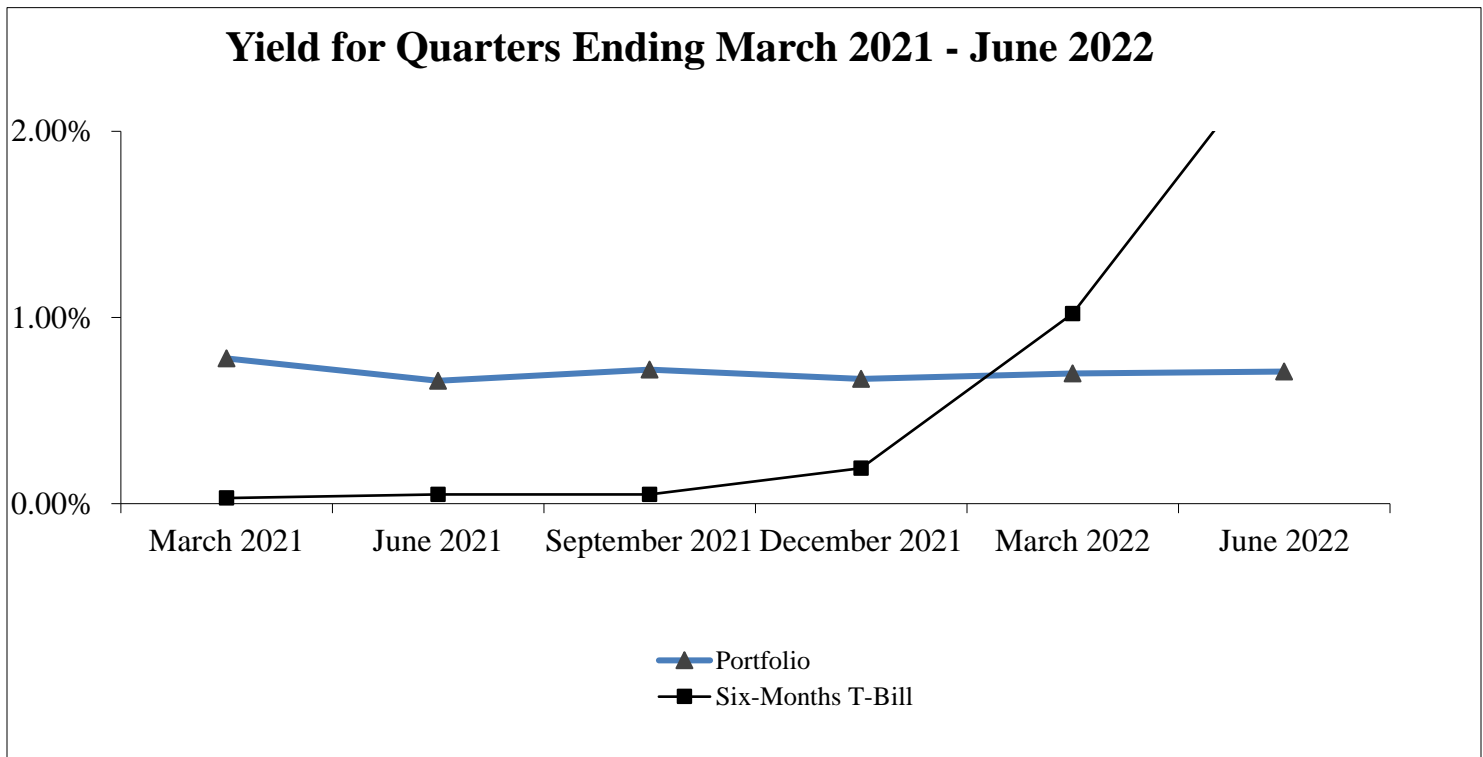
#### **Investment Portfolio**

In January 2022, the City Council adopted the City's current Investment Policy. A section of that policy requires the quarterly submission of the City's investment portfolio to the City Council and City Manager. State legislation requires submission of an investment report noting compliance with the City's investment policy, market versus book value of investments and a statement regarding the City's ability to meet expenditure requirements for the next six months. The City Treasurer has the responsibility for the investment of funds in accordance with the City of Walnut Creek's Investment Policy and approves the quarterly investment report prepared by the Finance Division of the Administrative Services Department.

#### **Current Status**

The effective interest rate of the portfolio as of June 30, 2022 was 0.71%. The current Investment Policy is designed with the objective of exceeding the six-month U.S. Treasury Bill rate while meeting other objectives of safety, liquidity and diversification of the portfolio. The City's portfolio structure remains conservative, with investments held to maturity. With the Federal Reserve interest rates continue to increase during current quarter, this strategy resulted in the City's portfolio effective rate falling behind rising US Treasury bill rates. The Treasury bill rate, as compared to the City's portfolio yield, is detailed for the past six quarters in the table below:

Quarter Ending	Portfolio	Six-Month Treasury Bill
June 2022	.71%	2.486%
March 2022	.70%	1.019%
December 2021	.67%	0.19%
September 2021	.72%	0.05%
June 2021	.66%	0.05%
March 2021	.78%	0.03%

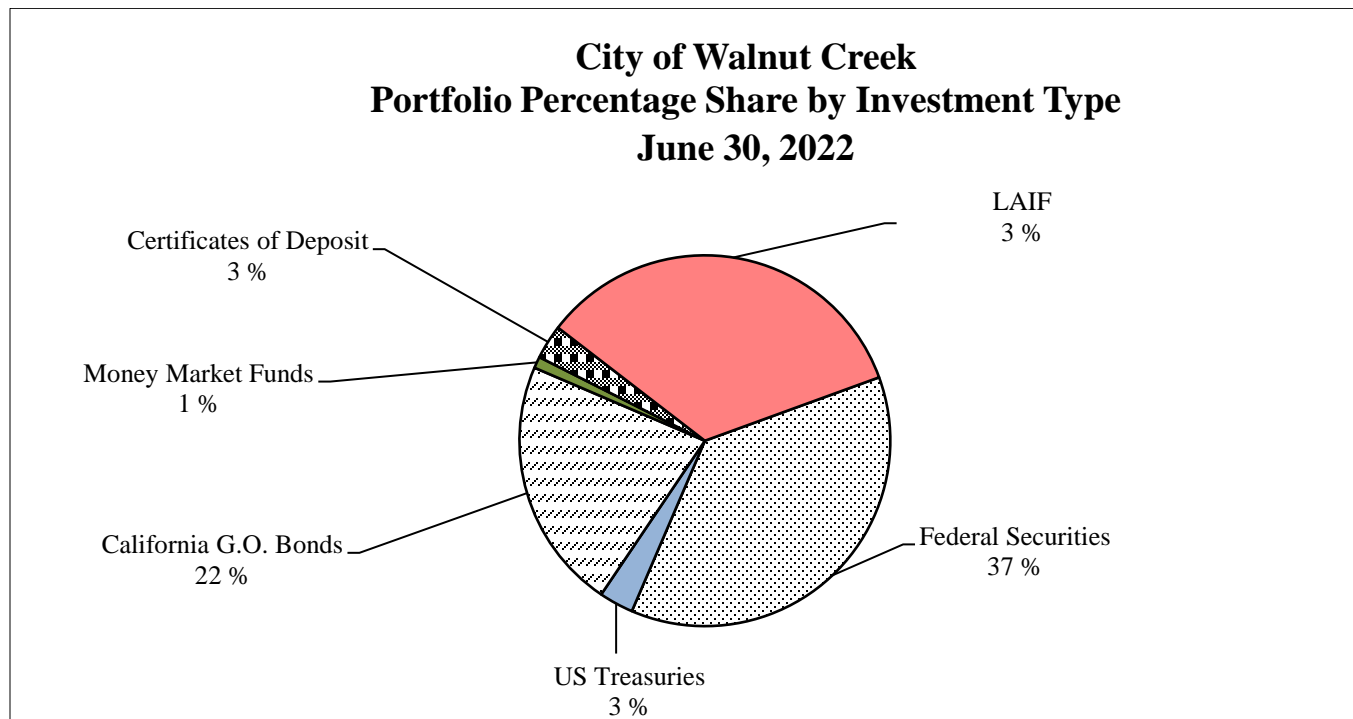


This graph illustrates the trend of the City’s portfolio yields against the six-month Treasury bill for the last six quarters. The yield is below the six-month Treasury rate as of June 30, 2022, because of the combination of factors noted earlier, including Federal Interest rate increases. To fight the inflation, The Federal Reserve raised interest rates in May and June by total of 125 basis points. When the Federal Open Market Committee (FOMC) reviews interest rates, they take into account a wide range of information, including readings on public health, labor market conditions, supply chain tensions, inflation pressures and expectations as well as financial and international developments.

As indicated on the pie chart on next page, the City’s portfolio is invested in Local Agency Investment Fund (LAIF), Federal Securities, Money Market (MM) Funds, Certificates of Deposit, California General Obligation bonds and Corporate bonds in order to take advantage of yields, while not compromising the City’s liquidity needs.

Since the City of Walnut Creek is a very conservative investor and holds securities to maturity, the necessary liquidity for daily cash needs is provided through investment in the State Pool (Local Agency

Investment Fund), money market funds and short-term securities. Staff does not anticipate any problem in the City’s ability to meet its expenditures and cash flow requirements for the next six months.



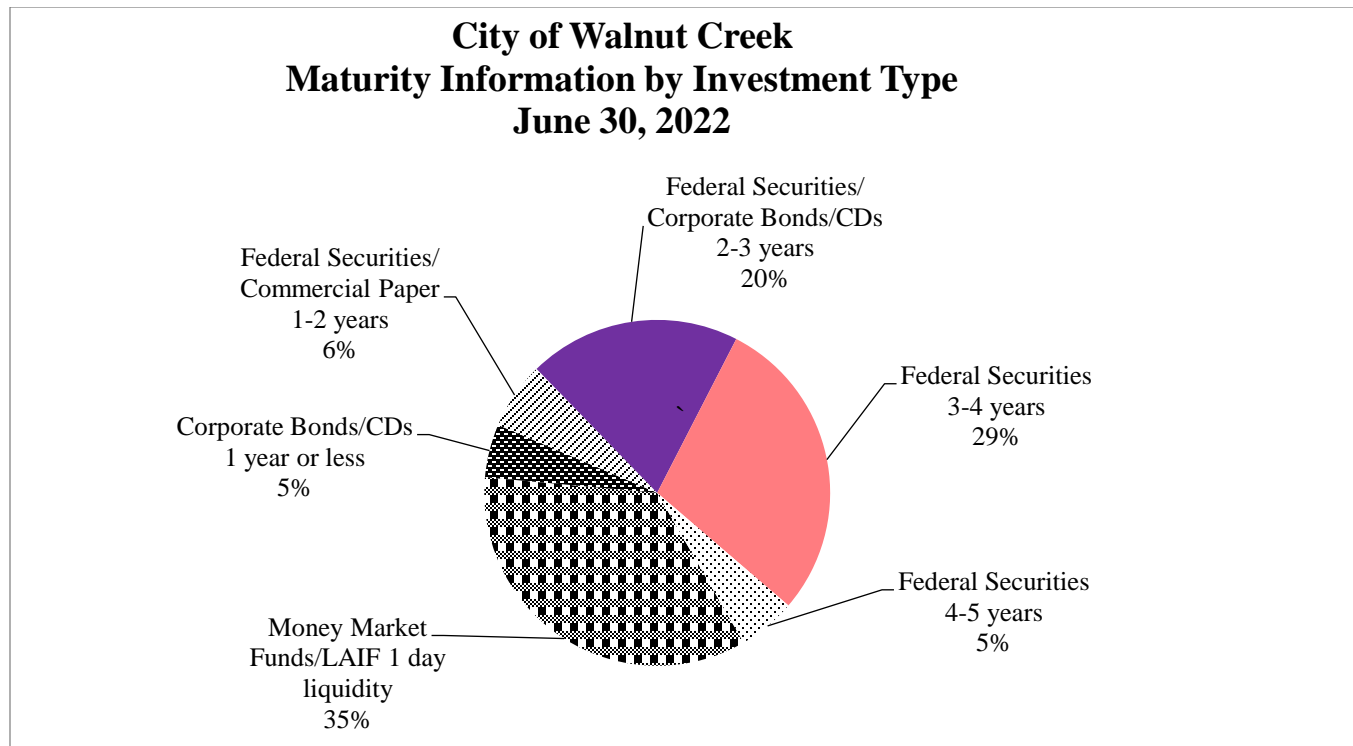
**Portfolio Liquidity**

The average length to maturity for the June 30, 2022 portfolio (excluding LAIF and Money Market Funds, which are immediately available) is **2.9 years**, as detailed below. Note that 93% of the Federal Securities have callable features and thus could be redeemed by the issuers prior to their maturity dates.

**Maturity Schedule of Portfolio – Summary**

**(Assuming none of the securities are called prior to maturity)**

	<u>Amount</u>	<u>Percent</u>
Money Market Funds/Public Interest		
Checking/LAIF (1 day liquidity)	\$52,862,958	35%
Maturing in 1 year or less	\$7,573,934	5%
Maturing in 1-2 years	\$9,575,536	6%
Maturing in 2-3 years	\$30,169,593	20%
Maturing in 3-4 years	\$43,683,886	29%
Maturing in 4-5 years	\$8,175,421	5%
<b>Total Portfolio</b>	<b>\$152,041,328</b>	<b>100%</b>



**Market Value of Investments**

The market value and original cost value of investments in short-term instruments of less than one year, such as Certificates of Deposit and Money Market Funds, are reported as the same number. State Pool (Local Agency Investment Fund) market valuations are provided by the State Treasurer’s Office. Other investment instruments, such as Government Securities and Corporate Bonds, are subject to daily changes in market value in the secondary market.

Per adopted policy, the City’s intent is to hold all investments to maturity in order to maximize its return on investments and minimize exposure to potential losses resulting from temporary declines in market value. However, if a decline in the market value of a security is deemed by Staff to be permanent, the security may be sold early to minimize the loss of principal. As such, any reported gain or loss as shown in this quarterly report is temporary in nature and does not indicate a change in the ultimate value of the investment portfolio upon redemption. The market values as of June 30, 2022 were obtained from the City’s safekeeping institution, Union Bank of California. The table below gives a snapshot of the City’s Investment Portfolio as of June 30, 2022.

Type	Market Value	Amount Over/(Under) Cost	Average Length of Maturity	Effective Rate of Return
<b>Investments</b>				
Federal Securities	\$56,746,020	(\$3,710,376)	2.8	0.69%
U.S. Treasuries	3,945,570	(45,501)	0.7	0.76%
California General Obligation Bonds	-	-	-	0.00%
Corporate Bonds	33,953,415	(2,880,941)	3.1	1.22%
Certificates of Deposit	4,533,364	(134,636)	3.3	1.43%
Money Market Funds	415,897	-	1 Day	1.26%
LAIF	52,447,062	(134,655)	1 Day	0.37%
<b>Total (Portfolio) Investments</b>	<b>\$152,041,328</b>	<b>(\$6,906,109)</b>	<b>2.9</b>	<b>0.71%</b>
U.S. Treasury Money Market (Actor's Equity Account)	26,500	-	1 day	N/A
Cash (Net of outstanding checks)	10,673,279	-	N/A	N/A
<b>Total Cash and Investments</b>	<b>\$162,741,107</b>	<b>(\$6,906,109)</b>		

**Current Cash Balances by Fund Category**

The reported totals for cash and investments are accounted for according to the following fund types, most of which are restricted for specific purposes, resulting from state or local policies. Funds are invested until needed to pay bills and demands, meaning that the composition and amount of the investment portfolio is variable. Total investments portfolio increased by approximately \$19 million (14.27%) compared to the Quarter ending March 31, 2022. This change is primarily attributed to the receipt of the Property Tax payments in Quarter 2 of the calendar year 2022, with an additional \$17.7 million invested in LAIF, and the re-investment of some matured corporate bonds and Certificates of Deposit into Federal securities and US Treasuries.

	<u>Amount</u>	<u>Percent</u>
General Fund Contingencies / Future Projects (Assigned)	\$72,005,428	44%
Special Revenue Funds (Restricted)	20,689,570	13%
Impact / In Lieu Fee Funds (Restricted)	38,828,992	24%
Capital Project / Assessment District Funds (Restricted)	3,252,603	2%
Enterprise Funds (Restricted)	2,851,614	2%
Internal Service / Replacement Funds (Assigned)	16,152,913	10%
Permanent Fund (Restricted)	1,753,958	1%
Agency Funds (Restricted)	7,206,029	4%
<b>Totals</b>	<b>\$162,741,107</b>	<b>100.00%</b>

**Portfolio Analysis**

Included in this agenda item is a detailed report on the City's investment portfolio, including maturity dates, call dates (if applicable), investment types, market values and effective yields of each of the City's individual investments.

### **IRS Section 115 Pension Trust**

In February 2018, the City Council adopted a resolution authorizing the City Manager to establish an IRS Section 115 irrevocable pension trust fund (the Trust) with PFM Asset Management LLC (PMF). In accordance with the adopted Section 115 Trust Investment Policy Statement, PFM acting as investment advisor has the responsibility for investment of funds in compliance with the Policy Statement. Consistent with the City's Investment Policy Statement for the Section 115 Pension Trust, the Committee herewith includes a quarterly report on performance of the Trust as provided by PFM.

The City Council authorized contributions to the pension trust of \$19.9 million since the trust was established:

- \$16.9 million from the General Fund unassigned fund balance:
  - \$12.8 million (FY16)
  - \$1.1 million (FY17)
  - \$3.0 million (FY18)
- \$3.0 million from the PERS Safety Side Fund Reserve in the General Fund (FY19)

The attached reports (3 and 4) represent Pension Trust activity for the quarter ended June 30, 2022. The closing market value of the trust is \$23,160,942. The weighted portfolio performance over the quarter is -10.62% vs. the blended benchmark of -10.28%. See Attachments 3 and 4, June 30, 2022 Walnut Creek Section 115 Pension Trust Statement and Economic Overview for more details.

### **FINANCIAL IMPACTS:**

Acceptance of the June 30, 2022 Investment and Section 115 Pension Trust Report will have no financial impact.

### **DOCUMENTS:**

Attachment 1: June 30, 2022 Investment Detail Report  
Attachment 2: June 30, 2022 Supplementary Information by Investment Type  
Attachment 3: June 30, 2022 Walnut Creek Section 115 Pension Trust Statement  
Attachment 4: June 30, 2022 Walnut Creek Section 115 Pension Trust Economic Overview

### **COUNCIL ACTION RECOMMENDED:**

Accept the June 30, 2022 Investment and Section 115 Pension Trust Statement Report as submitted.

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CITY OF WALNUT CREEK INVESTMENT DETAIL REPORT

June 30, 2022

Type	1st Call Date	S&P Ratings	Purchase Date	Maturity Date	Days to Maturity	Original Cost	Par Value of Investment	Market Value As of 6/30/2022	US Bank Effective Yield	
<b>FEDERAL SECURITIES (Maximum maturity of 5 years - see additional restrictions below)</b>										
FFCB	9/15/2021	AA+	7/13/2021	9/15/2023	2	442	998,916.00	1,000,000	964,460.00	0.17%
FFCB	9/1/2021	AA+	3/19/2021	3/1/2024	2	610	997,058.00	1,000,000	954,240.00	0.26%
FHLB	6/15/2021	AA+	3/15/2021	3/15/2024	2	624	999,388.00	1,000,000	955,030.00	0.39%
FHLB	7/8/2021	AA+	4/8/2021	4/8/2024	2	648	1,000,000.00	1,000,000	958,410.00	0.39%
FFCB	2/16/2021	AA+	11/16/2020	5/16/2024	2	686	999,250.00	1,000,000	952,230.00	0.37%
FHLB	9/28/2021	AA+	7/8/2021	6/28/2024	2	729	999,250.00	1,000,000	953,600.00	0.42%
FHLB	7/22/2021	AA+	4/22/2021	7/22/2024	3	753	1,000,000.00	1,000,000	953,970.00	0.52%
FHLB	7/26/2021	NA	4/26/2021	7/26/2024	3	757	1,000,000.00	1,000,000	952,720.00	0.47%
FHLB	8/26/2021	AA+	2/26/2021	8/26/2024	3	788	1,000,000.00	1,000,000	942,540.00	0.35%
FHLB	9/24/2021	NA	3/24/2021	9/24/2024	3	817	1,000,000.00	1,000,000	946,970.00	0.53%
FHLB	10/15/2021	AA+	4/15/2021	10/15/2024	3	838	999,850.00	1,000,000	947,060.00	0.60%
FFCB	11/4/2021	AA+	9/9/2021	11/4/2024	3	858	999,060.00	1,000,000	941,460.00	0.47%
FFCB	5/12/2021	AA+	2/25/2021	11/12/2024	3	866	998,000.00	1,000,000	938,140.00	0.32%
FHLB	8/18/2021	AA+	4/1/2021	11/18/2024	3	872	996,000.00	1,000,000	936,590.00	0.32%
FHLB	8/18/2021	AA+	5/3/2021	11/18/2024	3	872	995,000.00	1,000,000	936,590.00	0.32%
FHLB	8/18/2021	AA+	5/6/2021	11/18/2024	3	872	498,000.00	500,000	468,295.00	0.32%
FHLB	12/10/2021	AA+	6/10/2021	12/10/2024	3	894	1,000,000.00	1,000,000	944,890.00	0.53%
FFCB	11/10/2021	AA+	8/11/2021	2/10/2025	3	956	999,000.00	1,000,000	935,050.00	0.51%
FFCB		NA	9/23/2021	3/21/2025	3	995	1,299,675.00	1,300,000	1,212,588.00	0.60%
FHLB	6/24/2021	AA+	3/24/2021	3/24/2025	3	998	1,323,012.50	1,325,000	1,239,988.00	0.64%
FHLB	9/28/2021	AA+	7/2/2021	3/28/2025	3	1002	999,000.00	1,000,000	934,370.00	0.59%
FHLB	9/28/2022	AA+	9/29/2021	3/28/2025	3	1002	1,000,000.00	1,000,000	940,820.00	0.68%
FHLB	12/30/2021	AA+	10/12/2021	4/30/2025	3	1035	999,250.00	1,000,000	930,720.00	0.67%
FHLB	11/22/2022	NA	11/22/2021	5/22/2025	3	1057	1,000,000.00	1,000,000	945,870.00	1.06%
FHLB	12/30/2021	NA	9/30/2021	6/30/2025	3	1096	1,000,000.00	1,000,000	932,890.00	0.80%
FFCB	4/14/2021	AA+	1/14/2021	7/14/2025	4	1110	1,497,000.00	1,500,000	1,376,520.00	0.42%
FNMA	7/29/2021	NA	7/29/2020	7/29/2025	4	1125	999,000.00	1,000,000	927,980.00	0.65%
FNMA	7/29/2021	NA	7/29/2020	7/29/2025	4	1125	2,000,000.00	2,000,000	1,861,820.00	0.75%
FFCB	2/4/2021	AA+	8/4/2020	8/4/2025	4	1131	2,000,000.00	2,000,000	1,854,680.00	0.72%
FFCB	8/12/2021	AA+	8/12/2020	8/12/2025	4	1139	999,403.00	1,000,000	922,530.00	0.62%
FFCB	8/12/2021	AA+	8/17/2020	8/12/2025	4	1139	999,000.00	1,000,000	922,530.00	0.62%
FHLMC	8/12/2021	NA	8/12/2020	8/12/2025	4	1139	1,000,000.00	1,000,000	927,990.00	0.65%
FNMA	8/14/2023	AA+	5/3/2021	8/14/2025	4	1141	991,579.00	1,000,000	924,180.00	0.54%
FHLMC	8/20/2021	NA	8/20/2020	8/20/2025	4	1147	2,000,000.00	2,000,000	1,856,440.00	0.67%
FNMA		NA	8/27/2020	8/25/2025	4	1152	995,320.00	1,000,000	918,420.00	0.41%
FNMA	8/25/2021	NA	8/25/2020	8/25/2025	4	1152	1,000,000.00	1,000,000	927,880.00	0.71%
FHLB	11/27/2020	AA+	8/27/2020	8/27/2025	4	1154	999,500.00	1,000,000	921,210.00	0.65%
FHLB	11/27/2020	AA+	8/27/2020	8/27/2025	4	1154	1,399,650.00	1,400,000	1,289,694.00	0.65%
FNMA	8/27/2021	AA+	8/27/2020	8/27/2025	4	1154	998,500.00	1,000,000	923,180.00	0.54%
FNMA	8/27/2021	AA+	8/27/2020	8/27/2025	4	1154	1,000,000.00	1,000,000	926,170.00	0.65%
FNMA	2/28/2022	NA	8/28/2020	8/28/2025	4	1155	1,000,000.00	1,000,000	926,100.00	0.65%
FNMA	2/28/2022	AA+	8/28/2020	8/28/2025	4	1155	2,000,000.00	2,000,000	1,853,700.00	0.67%
FHLB	12/11/2020	AA+	9/11/2020	9/11/2025	4	1169	999,000.00	1,000,000	925,570.00	0.63%
FHLMC		AA+	1/7/2021	9/23/2025	4	1181	998,833.97	1,000,000	917,290.00	0.41%
FHLMC	10/29/2021	NA	6/15/2021	10/29/2025	4	1217	1,490,298.00	1,500,000	1,370,790.00	0.49%
FHLB	9/28/2021	AA+	6/28/2021	11/28/2025	4	1247	999,000.00	1,000,000	922,410.00	0.81%
FFCB	8/17/2021	AA+	2/26/2021	2/17/2026	4	1328	996,031.00	1,000,000	906,330.00	0.65%
FHLB	8/27/2021	AA+	5/27/2021	5/27/2026	4	1427	1,000,000.00	1,000,000	937,260.00	0.64%
FHLB	5/24/2022	AA+	11/24/2021	11/24/2026	5	1608	1,000,000.00	1,000,000	930,200.00	1.34%
FHLB	3/14/2022	AA+	12/14/2021	12/14/2026	5	1628	500,000.00	500,000	470,220.00	1.06%
FHLB	5/24/2022	AA+	2/24/2022	11/24/2025	4	1243	998,000.00	1,000,000	970,000.00	1.03%
FHLB	4/28/2022	AA+	1/31/2022	4/28/2026	4	1398	499,500.00	500,000	476,415.00	1.68%
FHLB	6/17/2022	AA+	3/17/2022	3/17/2025	3	991	999,701.62	1,000,000	973,850.00	2.11%
FHLMC	7/8/2022	AA+	4/8/2022	10/8/2024	3	831	998,000.00	1,000,000	986,310.00	2.53%
FHLB	7/14/2022	NA	4/14/2022	4/14/2027	5	1749	1,000,000.00	1,000,000	985,190.00	3.05%
FHLB	11/5/2022	NA	5/4/2022	5/5/2023	1	309	999,370.00	1,000,000	993,670.00	2.14%
<b>TOTAL FEDERAL SECURITIES</b>					2.8		\$60,456,396.09	\$60,525,000	\$56,746,020.00	0.69%
					years					
<b>U.S TREASURIES</b>										
US TREASURY NOTE			1/10/2022	12/15/2024	3	899	999,726.56	1,000,000	952,310.00	1.05%
US TREASURY BILL			2/23/2022	7/21/2022	1	21	997,862.22	1,000,000	999,440.00	0.83%
US TREASURY BILL			6/1/2022	8/30/2022	1	84	997,400.00	1,000,000	997,570.00	1.07%
US TREASURY BILL			6/23/2022	9/23/2022	1	85	996,081.94	1,000,000	996,250.00	1.14%
<b>TOTAL U.S. TREASURIES</b>					0.7		\$3,991,070.72	\$4,000,000.00	\$3,945,570	0.76%
					years					

CITY OF WALNUT CREEK INVESTMENT DETAIL REPORT

ATTACHMENT 1

June 30, 2022

Type	1st Call Date	S&P Ratings	Purchase Date	Maturity Date	Days to Maturity	Original Cost	Par Value of Investment	Market Value As of 6/30/2022	US Bank Effective Yield
<b>CORPORATE BONDS</b>						=Amortized monthly			
<b>(For Medium Term Notes (i.e. more than 270 days)- maximum 30% of portfolio, no more than \$5 million in one institution, maturity not to exceed 5 yrs)</b>									
WELLS FARGO CORP BDS		A-	5/22/2019	7/22/22	1 22	996,210.00	1,000,000	1,000,100.00	2.62%
BNY MELLON CORP		A	4/30/2018	4/28/23	1 302	374,591.25	375,000	376,582.50	3.49%
CATERPILLAR FINL SRV		A	2/12/2021	9/14/23	2 441	1,001,867.70	1,000,000	969,710.00	0.46%
ROYAL BANK OF CANADA		A	3/12/2021	1/19/24	2 568	995,620.23	1,000,000	957,890.00	0.44%
TORONTO DOMINION		A	4/19/2021	3/4/24	2 613	1,001,995.68	1,000,000	951,680.00	0.58%
APPLE INC CORP		AA+	1/7/2020	9/11/24	3 804	1,000,000.00	1,000,000	968,770.00	1.86%
BNY MELLON CORP		A	3/19/2020	10/24/24	3 847	1,000,000.00	1,000,000	967,650.00	2.17%
BBT CORP		A	12/10/2019	12/6/24	3 890	998,970.00	1,000,000	961,890.00	2.24%
JOHN DEERE		A	3/23/2020	1/9/25	3 924	979,770.00	1,000,000	968,120.00	2.12%
TRUIST BK TFC		A	3/30/2020	3/10/25	3 984	1,985,182.10	2,000,000	1,887,780.00	1.59%
BARCLAYS BK		A	10/29/2021	4/29/25	3 1034	2,000,000.00	2,000,000	1,887,180.00	1.06%
APPLE INC CORP		AA+	5/11/2020	5/11/25	3 1046	1,002,760.29	1,000,000	938,650.00	1.20%
TORONTO DOMINION		A	10/13/2020	9/11/25	4 1169	1,000,000.00	1,000,000	902,800.00	0.83%
TOYOTA MTR CORP		A+	9/15/2021	10/16/25	4 1204	995,995.66	1,000,000	909,540.00	0.88%
CATERPILLAR FINL SRV		A	11/20/2020	11/13/25	4 1232	1,354,501.80	1,350,000	1,228,162.50	0.88%
CATERPILLAR FINL SRV		A	1/21/2021	11/13/25	4 1232	2,006,674.85	2,000,000	1,819,500.00	0.88%
JOHN DEERE CAPITAL		A	1/27/2021	1/15/26	4 1295	1,400,000.00	1,400,000	1,264,116.00	0.78%
JOHN DEERE CAPITAL		A	7/21/2021	1/15/26	4 1295	999,500.00	1,000,000	902,940.00	0.78%
JPMORGAN CHASE		A+	1/22/2021	1/22/26	4 1302	1,000,000.00	1,000,000	886,920.00	0.79%
BANK OF AMERICA CORP		A-	1/26/2021	1/26/26	4 1306	1,000,000.00	1,000,000	868,110.00	0.69%
BANK OF AMERICA CORP		A-	1/26/2021	1/26/26	4 1306	1,000,000.00	1,000,000	868,110.00	0.69%
BNY MELLON CORP		A	7/21/2021	1/28/26	4 1308	999,500.00	1,000,000	900,290.00	0.83%
BANK OF AMERICA CORP		A-	1/29/2021	1/29/26	4 1309	1,000,000.00	1,000,000	887,440.00	0.85%
APPLE INC CORP		AA+	2/8/2021	2/8/26	4 1319	1,000,000.00	1,000,000	910,440.00	0.77%
CATERPILLAR FINL SRV		A	3/8/2021	3/2/26	4 1341	793,416.00	800,000	725,304.00	0.99%
AMAZON.COM		AA	5/13/2021	5/12/26	4 1412	999,750.00	1,000,000	909,410.00	1.10%
BANK OF AMERICA CORP		A-	5/28/2021	5/28/26	4 1428	1,000,000.00	1,000,000	868,990.00	1.44%
BANK OF AMERICA CORP		A-	7/30/2021	7/30/26	5 1491	1,000,000.00	1,000,000	863,910.00	1.39%
BANK OF AMERICA CORP		A-	8/26/2021	8/26/26	5 1518	1,000,000.00	1,000,000	887,660.00	1.41%
JPMORGAN CHASE		A-	8/30/2021	8/28/26	5 1520	1,000,000.00	1,000,000	888,280.00	1.35%
JPMORGAN CHASE		A+	9/14/2021	9/14/26	5 1537	1,000,000.00	1,000,000	885,920.00	1.13%
JPMORGAN CHASE		NA	10/29/2021	10/29/26	5 1582	1,000,000.00	1,000,000	891,950.00	1.57%
BANK OF MONTREAL		NA	12/22/2021	12/22/26	5 1636	1,000,000.00	1,000,000	924,780.00	2.16%
AMERICAN HONDA FINANCE		A-	4/18/2022	7/8/25	4 1104	948,050.00	1,000,000	922,840.00	1.30%
<b>TOTAL CORPORATE BONDS</b>					3.1	\$36,834,355.56	\$36,925,000	\$33,953,415.00	1.22%
					years				
<b>CERTIFICATES OF DEPOSIT</b>									
<b>(Maximum 20% of portfolio - no more than \$2 million in one institution , weighted average maturity not to exceed 3 years)</b>									
TVI-CAPITAL ONE CD			5/25/222	5/28/2024	2 698	246,000.00	246,000	244,130.40	2.87%
MBS-GOLDMAN SACHS			8/21/2019	8/22/2022	1 53	245,000.00	245,000	245,061.25	1.95%
TVI-FIRSTBANK CD			8/25/2017	8/25/2022	1 56	248,000.00	248,000	248,156.24	2.20%
MBS-TIAA FSB CD			8/28/2019	8/26/2022	1 57	245,000.00	245,000	245,056.35	1.95%
TVI-GOLDMAN SACHS CD			9/4/2019	9/6/2022	1 68	247,000.00	247,000	246,997.53	1.80%
TVI-BMW BK CD			10/15/2019	10/11/2022	1 103	247,000.00	247,000	247,000.00	1.85%
TVI-ALLY BANK CD			10/17/2019	10/17/2022	1 109	245,000.00	245,000	244,987.75	1.85%
TVI-SALLIE MAE BK CD			11/27/2019	11/28/2022	1 151	247,000.00	247,000	246,849.33	1.85%
MBS-ENERBANK USA CD			3/13/2020	3/13/2023	1 256	245,000.00	245,000	242,674.95	1.01%
VS-AXOS BK BOFI CD			3/27/2020	3/27/2023	1 270	245,000.00	245,000	243,537.35	1.61%
MBS-GREENSTATE CU CD			8/18/2020	8/18/2023	2 414	245,000.00	245,000	238,115.50	0.41%
VS-SYNCHRONY BK CD			9/10/2021	9/10/2024	3 803	245,000.00	245,000	230,973.75	0.64%
VS-MEDALLION BK CD			9/16/2021	9/16/2024	3 809	245,000.00	245,000	230,863.50	0.64%
VS-SYNCHRONY BK CD			10/22/2021	10/22/2024	3 845	248,000.00	248,000	233,725.12	0.74%
VS-STATE BANK INDIA CD			2/25/2021	2/25/2026	4 1336	245,000.00	245,000	221,884.25	0.66%
VS-SALLIE MAE BK CD			7/14/2021	7/14/2026	5 1475	245,000.00	245,000	223,417.95	1.10%
MBS-SALLIE MAE BK CD			8/11/2021	8/11/2026	5 1503	245,000.00	245,000	223,893.25	1.20%
BEAL BANK USA CD			2/24/2022	2/21/2024	2 601	245,000.00	245,000	237,363.35	1.24%
AmericanExpress CD			3/11/2022	3/11/2024	2 620	245,000.00	245,000	238,676.55	1.64%
<b>TOTAL CERTIFICATES OF DEPOSIT</b>					3.3	\$4,668,000.00	\$4,668,000	\$4,533,364.37	1.43%
					years				
<b>MONEY MARKET FUNDS</b>									
US Bank Government Money Market Fund				N/A		415,896.52	415,897	415,896.52	1.26%
<b>TOTAL MUTUAL FUNDS</b>						415,896.52	\$415,897	415,896.52	1.26%



**CITY OF WALNUT CREEK INVESTMENT DETAIL REPORT**

ATTACHMENT 1

June 30 2022

Type	1st Call Date	S&P Ratings	Purchase Date	Maturity Date	Days to Maturity	Original Cost	Par Value of Investment	Market Value As of 6/30/2022	US Bank Effective Yield
<b>POOLED PUBLIC AGENCY INVESTMENTS (\$75 million limit per account)</b>									
Local Agency Investment Fund (LAIF) - City				N/A		47,950,470.76	47,950,471	47,827,675.36	0.365%
Local Agency Investment Fund (LAIF) - Successor Agency				N/A		4,630,997.63	4,630,998	4,619,138.20	0.365%
Local Agency Investment Fund (LAIF) - WCPFFA				N/A		248.79	249	248.15	0.365%
<b>TOTAL POOLED PUBLIC AGENCY INVESTMENTS</b>						<b>52,581,717.18</b>	<b>\$52,581,718</b>	<b>52,447,061.71</b>	<b>0.365%</b>
<b>TOTAL INVESTED PORTFOLIO <sup>(1)</sup></b>						<b>158,947,436.07</b>	<b>159,115,615.00</b>	<b>152,041,327.60</b>	<b>0.71%</b>

**MATURITY SCHEDULE SUMMARY OF PORTFOLIO**

								\$99,594,265.89	
Money Market Funds/Public Interest Checking/LAIF (1 day liquidity)								\$52,862,958	34.77%
Maturing in 1 year or less								\$7,573,933	4.98%
Maturing in 1-2 years								\$9,575,536	6.30%
Maturing in 2-3 years								\$30,169,593	19.84%
Maturing in 3-4 years								\$43,683,886	28.73%
Maturing in 4-5 years								\$8,175,421	5.38%
Total Portfolio								\$152,041,327	100.00%

**SUMMARY BY INVESTMENT TYPE**

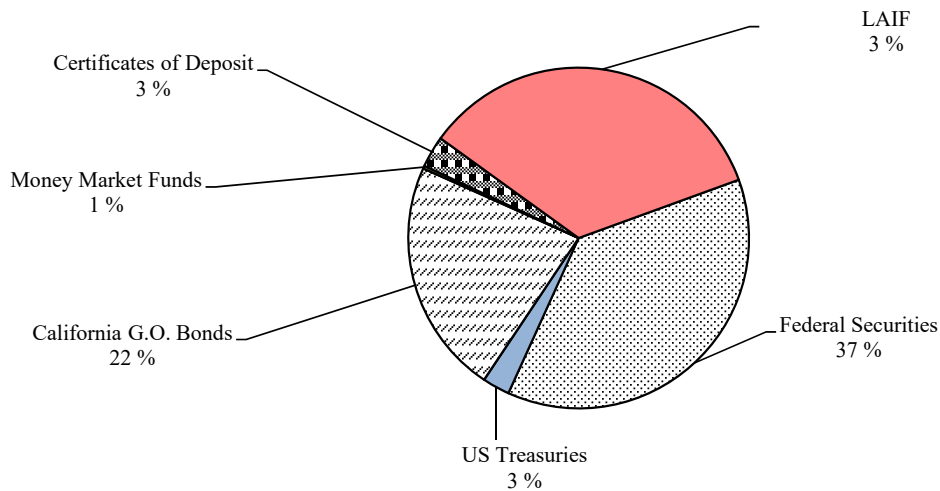
Federal Securities								\$56,746,020	37.32%
U.S. Treasuries								\$3,945,570	2.60%
California General Obligation Bonds								\$0	0.00%
Commercial Paper								\$0	0.00%
Corporate Bonds								\$33,953,415	22.33%
Certificates of Deposit								\$4,533,364	2.98%
Money Market Funds								\$415,897	0.27%
Public Interest Checking Account								-	0.00%
LAIF								\$52,447,062	34.50%
GRAND TOTAL								\$152,041,328	100.00%

**% OF FEDERAL SECURITIES CALLABLE**

**93%**

<sup>(1)</sup> See page 5 of Agenda Report for additional details regarding the restricted use of these funds

**City of Walnut Creek  
Portfolio Percentage Share by Investment Type  
June 30, 2022**



TYPE OF INSTRUMENT	Market Value	Amount Over/(Under) Cost	Effective Rate of Return	% of Portfolio	Average Maturity in Years *
Federal Home Loan Bank (FHLB)	\$28,603,322	(\$1,597,150)	0.86%	18.81%	2.9
Federal Farm Credit Bureau (FFCB)	12,880,758	(901,635)	0.53%	8.47%	2.8
Federal National Mortgage Assn (FNMA)	10,189,430	(794,969)	0.69%	6.70%	3.4
Government National Mortgage Association (GNMA)	0	0	0.00%	0.00%	0.0
Federal Home Loan Mortgage Corporation (FHLMC)	5,072,510	(416,622)	0.62%	3.34%	3.5
<b>SUB -TOTAL FEDERAL SECURITIES</b>	<b>56,746,020</b>	<b>(3,710,376)</b>	<b>0.69%</b>	<b>37.32%</b>	<b>2.8</b>
U.S. Treasuries	3,945,570	(45,501)	0.76%	2.60%	0.7
California General Obligation Bonds	0	0	0.00%	0.00%	0.0
Commercial Paper	0	0	0.00%	0.00%	0.0
Corporate Bonds	33,953,415	(2,880,941)	1.22%	22.33%	3.1
Certificates of Deposit	4,533,364	(134,636)	1.43%	2.98%	3.3
Money Market Funds	415,897	0	1.26%	0.27%	N/A
Public Interest Checking Account	0	0	-	0.00%	N/A
LAIF	52,447,062	(134,655)	0.37%	34.50%	N/A
<b>GRAND TOTAL **</b>	<b>\$152,041,328</b>	<b>(\$6,906,109)</b>	<b>0.71%</b>	<b>100.00%</b>	<b>2.9</b>

\* Grand Total for Average Maturity Years reflects average for Federal Securities, Commercial Paper, Corporate Bonds and Certificate of Deposit only. LAIF and Money Market funds have same day availability.

\*\* See page 5 of Agenda Report for additional details regarding the restricted use of these funds

**Managed Account Summary Statement**

For the Month Ending **June 30, 2022**

WALNUT CREEK SECTION 115 PENSION TRUST - [REDACTED]

**Transaction Summary - Managed Account**

<b>Opening Market Value</b>	<b>\$24,388,093.79</b>
Maturities/Calls	0.00
Principal Dispositions	(500,705.75)
Principal Acquisitions	568,265.26
Unsettled Trades	0.00
Change in Current Value	(1,294,711.71)
<b>Closing Market Value</b>	<b>\$23,160,941.59</b>

**Cash Transactions Summary - Managed Account**

Maturities/Calls	0.00
Sale Proceeds	500,705.75
Coupon/Interest/Dividend Income	81,759.30
Principal Payments	0.00
Security Purchases	(568,265.26)
Net Cash Contribution	(14,199.79)
Reconciling Transactions	0.00

**Earnings Reconciliation (Cash Basis) - Managed Account**

Interest/Dividends/Coupons Received	81,759.30
Less Purchased Interest Related to Interest/Coupons	0.00
Plus Net Realized Gains/Losses	0.00
<b>Total Cash Basis Earnings</b>	<b>\$81,759.30</b>

**Cash Balance**

**Closing Cash Balance** **\$0.00**

**Earnings Reconciliation (Accrual Basis)**

	<b>Total</b>
Ending Amortized Value of Securities	25,272,761.27
Ending Accrued Interest	0.00
Plus Proceeds from Sales	500,705.75
Plus Proceeds of Maturities/Calls/Principal Payments	0.00
Plus Coupons/Dividends Received	81,759.30
Less Cost of New Purchases	(568,265.26)
Less Beginning Amortized Value of Securities	(25,205,201.76)
Less Beginning Accrued Interest	0.00
<b>Total Accrual Basis Earnings</b>	<b>\$81,759.30</b>



**Detail of Securities Held & Market Analytics**

For the Month Ending **June 30, 2022**

WALNUT CREEK SECTION 115 PENSION TRUST - [REDACTED]

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Ticker	Shares	Average Cost/Share	Original Cost	Market Price	Market Value	Unreal G/L on Cost	Percentage
<b>Exchange-Traded Fund - Bond</b>									
ISHARES PREFERRED&INCOME SECURITIES ETF	464288687	PFF	5,145.00	39.43	202,863.23	32.88	169,167.60	(33,695.63)	0.72
ISHARES PREFERRED&INCOME SECURITIES ETF	464288687	PFF	6,933.00	39.10	271,079.61	32.88	227,957.04	(43,122.57)	0.98
ISHARES PREFERRED&INCOME SECURITIES ETF	464288687	PFF	6,039.00	39.28	237,209.51	32.88	198,562.32	(38,647.19)	0.86
<b>Security Type Sub-Total</b>			<b>18,117.00</b>		<b>711,152.35</b>	<b>98.64</b>	<b>595,686.96</b>	<b>(115,465.39)</b>	<b>2.56</b>
<b>Exchange-Traded Fund - Equity</b>									
INVESCO OPT YIELD DIVERSIFIED COMMODITY	46090F100	PDBC	12,394.00	18.80	233,005.96	18.04	223,587.76	(9,418.20)	0.97
INVESCO OPT YIELD DIVERSIFIED COMMODITY	46090F100	PDBC	27,745.00	17.47	484,696.83	18.04	500,519.80	15,822.97	2.16
<b>Security Type Sub-Total</b>			<b>40,139.00</b>		<b>717,702.79</b>	<b>36.08</b>	<b>724,107.56</b>	<b>6,404.77</b>	<b>3.13</b>
<b>Money Market Mutual Fund</b>									
ALLSPRING GOVERNMENT MONEY MARKET FUND I	VP4560000	WAGMM	1,514,171.84	1.00	1,514,171.84	1.00	1,514,171.84	0.00	6.54
<b>Security Type Sub-Total</b>			<b>1,514,171.84</b>		<b>1,514,171.84</b>	<b>1.00</b>	<b>1,514,171.84</b>	<b>0.00</b>	<b>6.54</b>
<b>Mutual Fund - Bond</b>									
PFM MULTI-MGR FIXED-INCOME FUND-INST CL	71719T802	PFMMFII	1,027,856.95	10.33	10,618,644.91	9.02	9,271,269.69	(1,347,375.22)	40.03
<b>Security Type Sub-Total</b>			<b>1,027,856.95</b>		<b>10,618,644.91</b>	<b>9.02</b>	<b>9,271,269.69</b>	<b>(1,347,375.22)</b>	<b>40.03</b>
<b>Mutual Fund - Equity</b>									
PFM MULTI-MGR DOMESTIC EQ FUND-INST CL	71719T208	PFMMDEI	639,711.68	11.18	7,152,520.03	10.40	6,653,001.42	(499,518.61)	28.73
PFM MULTI-MGR INTNATL EQ FUND-INST CL	71719T505	PFMMIEI	306,416.29	9.47	2,901,309.17	9.09	2,785,324.07	(115,985.10)	12.03
<b>Security Type Sub-Total</b>			<b>946,127.96</b>		<b>10,053,829.20</b>	<b>19.49</b>	<b>9,438,325.49</b>	<b>(615,503.71)</b>	<b>40.76</b>

**Detail of Securities Held & Market Analytics**

For the Month Ending **June 30, 2022**

WALNUT CREEK SECTION 115 PENSION TRUST - [REDACTED]

<b>Security Type/Description Dated Date/Coupon/Maturity</b>	<b>CUSIP</b>	<b>Ticker</b>	<b>Shares</b>	<b>Average Cost/Share</b>	<b>Original Cost</b>	<b>Market Price</b>	<b>Market Value</b>	<b>Unreal G/L on Cost</b>	<b>Percentage</b>
<b>Mutual Fund - Other</b>									
COHEN & STEERS INST REALTY SHARES	19247U106	CSRIX	9,613.49	46.96	451,445.35	47.42	455,871.53	4,426.18	1.97
PIMCO COMMODITY REAL RETURN STRATEGY	722005667	PCRIX	114,773.91	6.62	759,605.50	6.27	719,632.40	(39,973.10)	3.11
PRINCIPAL RE SECURITIES INST FUND	74253Q580	PIREX	15,952.21	27.97	446,209.33	27.70	441,876.12	(4,333.21)	1.91
<b>Security Type Sub-Total</b>			<b>140,339.60</b>		<b>1,657,260.18</b>	<b>81.39</b>	<b>1,617,380.05</b>	<b>(39,880.13)</b>	<b>6.99</b>
<b>Managed Account Sub-Total</b>			<b>3,686,752.36</b>		<b>25,272,761.27</b>	<b>245.62</b>	<b>23,160,941.59</b>	<b>(2,111,819.68)</b>	<b>100.01</b>
<b>Securities Sub-Total</b>			<b>\$3,686,752.36</b>		<b>\$25,272,761.27</b>	<b>\$245.62</b>	<b>\$23,160,941.59</b>	<b>(\$2,111,819.68)</b>	<b>100.01%</b>
<b>Accrued Interest</b>							<b>\$0.00</b>		
<b>Total Investments</b>							<b>\$23,160,941.59</b>		

**Security Transactions & Dividends**

For the Month Ending **June 30, 2022**

WALNUT CREEK SECTION 115 PENSION TRUST - [REDACTED]

<b>Transaction Type</b>										
Trade	Settle	Security Description	CUSIP	Ticker	Shares	Price	Transaction Amount	Interest/ Dividend	Realized G/L Cost	Sale Method
<b>BUY</b>										
06/07/22	06/07/22	ALLSPRING GOVERNMENT MONEY MARKET FUND I	VP4560000	WAGMM	2,645.61	1.00	(2,645.61)	0.00		
06/10/22	06/10/22	PIMCO COMMODITY REAL RETURN STRATEGY	722005667	PCRIX	6,540.11	7.48	(48,920.04)	0.00		
06/21/22	06/21/22	PRINCIPAL RE SECURITIES INST FUND	74253Q580	PIREX	56.94	26.63	(1,516.41)	0.00		
06/27/22	06/28/22	PIMCO COMMODITY REAL RETURN STRATEGY	722005667	PCRIX	38,643.29	6.56	(253,500.00)	0.00		
06/27/22	06/29/22	INVESCO OPT YIELD DIVERSIFIED COMMODITY	46090F100	PDBC	12,394.00	18.79	(233,005.96)	0.00		
06/30/22	06/30/22	ALLSPRING GOVERNMENT MONEY MARKET FUND I	VP4560000	WAGMM	1,460.45	1.00	(1,460.45)	0.00		
06/30/22	06/30/22	COHEN & STEERS INST REALTY SHARES	19247U106	CSRIX	109.04	47.42	(5,170.42)	0.00		
06/30/22	06/30/22	PFM MULTI-MGR FIXED-INCOME FUND-INST CL	71719T802	PFMMFII	2,444.17	9.02	(22,046.37)	0.00		

<b>Transaction Type Sub-Total</b>					<b>64,293.61</b>		<b>(568,265.26)</b>	<b>0.00</b>		
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<b>INTEREST, DIVIDENDS &amp; CAPITAL GAINS DISTRIBUTIONS</b>										
06/07/22	06/07/22	ISHARES PREFERRED&INCOME SECURITIES ETF	464288687	PFF	0.00		0.00	2,645.61		
06/10/22	06/10/22	PIMCO COMMODITY REAL RETURN STRATEGY	722005667	PCRIX	0.00		0.00	48,920.04		
06/21/22	06/21/22	PRINCIPAL RE SECURITIES INST FUND	74253Q580	PIREX	0.00		0.00	1,516.41		
06/30/22	06/30/22	ALLSPRING GOVERNMENT MONEY MARKET FUND I	VP4560000	WAGMM	0.00		0.00	1,460.45		
06/30/22	06/30/22	COHEN & STEERS INST REALTY SHARES	19247U106	CSRIX	0.00		0.00	5,170.42		
06/30/22	06/30/22	PFM MULTI-MGR FIXED-INCOME FUND-INST CL	71719T802	PFMMFII	0.00		0.00	22,046.37		

<b>Transaction Type Sub-Total</b>					<b>0.00</b>		<b>0.00</b>	<b>81,759.30</b>		
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<b>SELL</b>										
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**Security Transactions & Dividends**

For the Month Ending **June 30, 2022**

WALNUT CREEK SECTION 115 PENSION TRUST - [REDACTED]

Transaction Type										
Trade	Settle	Security Description	CUSIP	Ticker	Shares	Price	Transaction Amount	Interest/ Dividend	Realized G/L Cost	Sale Method
<b>SELL</b>										
06/13/22	06/13/22	ALLSPRING GOVERNMENT MONEY MARKET FUND I	VP4560000	WAGMM	4.779.24	1.00	4.779.24	0.00	0.00	FIFO
06/14/22	06/14/22	ALLSPRING GOVERNMENT MONEY MARKET FUND I	VP4560000	WAGMM	9.003.88	1.00	9.003.88	0.00	0.00	FIFO
06/21/22	06/21/22	ALLSPRING GOVERNMENT MONEY MARKET FUND I	VP4560000	WAGMM	416.67	1.00	416.67	0.00	0.00	FIFO
06/28/22	06/28/22	ALLSPRING GOVERNMENT MONEY MARKET FUND I	VP4560000	WAGMM	190.119.39	1.00	190.119.39	0.00	0.00	FIFO
06/28/22	06/28/22	ALLSPRING GOVERNMENT MONEY MARKET FUND I	VP4560000	WAGMM	4,320.68	1.00	4,320.68	0.00	0.00	FIFO
06/28/22	06/28/22	ALLSPRING GOVERNMENT MONEY MARKET FUND I	VP4560000	WAGMM	54,355.03	1.00	54,355.03	0.00	0.00	FIFO
06/28/22	06/28/22	ALLSPRING GOVERNMENT MONEY MARKET FUND I	VP4560000	WAGMM	4.11	1.00	4.11	0.00	0.00	FIFO
06/28/22	06/28/22	ALLSPRING GOVERNMENT MONEY MARKET FUND I	VP4560000	WAGMM	2,469.18	1.00	2,469.18	0.00	0.00	FIFO
06/28/22	06/28/22	ALLSPRING GOVERNMENT MONEY MARKET FUND I	VP4560000	WAGMM	2,219.55	1.00	2,219.55	0.00	0.00	FIFO
06/28/22	06/28/22	ALLSPRING GOVERNMENT MONEY MARKET FUND I	VP4560000	WAGMM	12.06	1.00	12.06	0.00	0.00	FIFO
06/29/22	06/29/22	ALLSPRING GOVERNMENT MONEY MARKET FUND I	VP4560000	WAGMM	233,005.96	1.00	233,005.96	0.00	0.00	FIFO
<b>Transaction Type Sub-Total</b>					<b>500,705.75</b>		<b>500,705.75</b>	<b>0.00</b>	<b>0.00</b>	
<b>Managed Account Sub-Total</b>							<b>(67,559.51)</b>	<b>81,759.30</b>	<b>0.00</b>	
<b>Total Security Transactions</b>							<b>(67,559.51)</b>	<b>\$81,759.30</b>	<b>\$0.00</b>	





# City of Walnut Creek Pension Trust

## Economic Overview

The quarter ended with inflation continuing to dominate the conversation, as annual inflation hit new 40-year highs in June. One of the main drivers propelling inflation to these highs is rising rental rates, surging by the most in 36 years at 5.8% YoY, highlighting the home affordability problem from a hot real estate market and the remnants of the rent moratoriums over the past two years.

To fight this outsized inflation the Federal Reserve (Fed) has been maintaining an aggressive monetary policy stance, raising rates twice during the quarter. The Fed raised rates in May and June, with hikes of 50 basis points (bps) and 75 bps, respectively, making June's hike the most aggressive hike since 1994. Combatting inflation remained the Fed's top priority, and with the quarter-end inflation coming in at record-breaking levels, we may see the size of July's hike reach as much as 100 bps.

As monetary policy continues to prioritize inflation, slowing economic growth is a growing secondary risk. Second quarter U.S gross domestic product (GDP) growth was downwardly revised to an annual decrease of 1.6%. The International Monetary Fund once again cut its U.S. growth forecast for 2022 from 2.9% to 2.3% and warned that avoiding a recession in the U.S. will be "increasingly challenging."

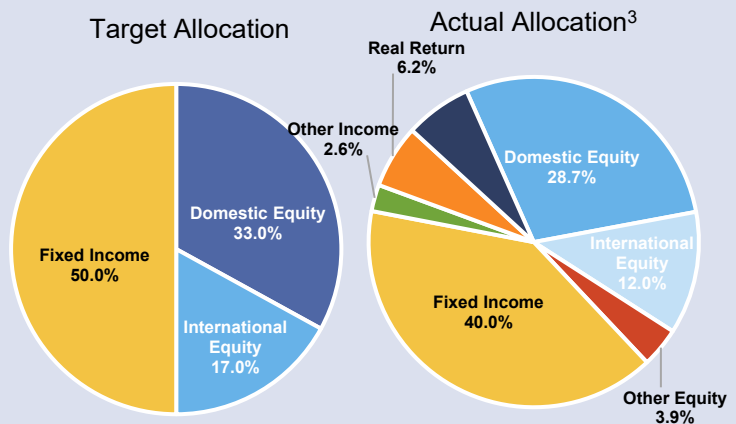
**Domestic Equity:** Domestic equity markets, as represented by the S&P 500 Index, returned -16.10% for the quarter. Within the S&P 500 Index, all eleven sectors produced negative returns. Communication (-20.71%), Consumer Discretionary (-26.15%), and Information Technology (-20.24%) were the worst performing sectors. Value stocks, as represented by the Russell 1000 Value Index, returned -12.21%, outperforming growth stocks, as represented by the Russell 1000 Growth Index, which returned -20.92%. Small-cap, as represented by the Russell 2000 Index, lagged mid- and large-cap stocks.

**International Equity:** Markets outside of the U.S., as measured by the MSCI ACWI ex U.S. Index, outperformed their U.S. counterparts, returning -13.73% for the quarter. Small-cap underperformed within the international equity markets, returning -17.55% for the quarter, as represented by the MSCI ACWI ex-U.S. Small Cap Index. Emerging markets, as represented by the MSCI Emerging Market Index, outperformed Developed ex-U.S. markets (-11.45%).

**Fixed Income:** The Bloomberg U.S. Aggregate Index was negative in the second quarter with a 4.69% loss. Corporate credit also had a negative result. The Bloomberg U.S. Corporate High Yield Index sold off 9.83% and the Bloomberg U.S. Corporate Index loss 7.26% for the quarter.

Portfolio Performance (Period Ending June 30, 2022)					
	2 <sup>nd</sup> Quarter	Year to Date	1 Year	3 Year	Since Inception <sup>1</sup>
<b>Pension Trust</b>	-10.62%	-15.80%	-12.58%	4.23%	4.38%
<b>Benchmark<sup>2</sup></b>	-10.28%	-15.29%	-12.86%	3.30%	3.83%

City of Walnut Creek Portfolio Growth 2022 2Q Account Reconciliation	
<b>Beginning Market Value</b>	<b>\$25,933,388</b>
<b>Net Cash Flows<sup>4</sup></b>	<b>-\$20,070</b>
<b>Earnings</b>	<b>-\$2,752,376</b>
<b>Ending Market Value</b>	<b>\$23,160,942</b>



1. Inception date of September 1, 2018.  
 2. Blended Benchmark – September 2018: 33% Russell 3000 Index + 17% MSCI AC World ex USA (Net) + 50% Bloomberg Aggregate.  
 3. The asset allocation ranges are: Domestic Equity: 13%-53%; International Equity: 0%-37%; Fixed Income 30%-70%.  
 4. Net cash flows equal cash inflows (contributions) less cash outflows (distributions, fees).