



REGULAR MEETING AGENDA

Date: 6/2/2022

Time: 5:30p.m.

Location: [Zoom.us/join](https://zoom.us/join) – ID# 867 5414 8811

NOVEL CORONAVIRUS, COVID-19, EMERGENCY ADVISORY NOTICE

Consistent with Government Code section 54953(e), and in light of the declared state of emergency, and maximize public safety while still maintaining transparency and public access, members of the public can listen to the meeting and participate using the following methods.

- How to participate in the meeting
 - Access the meeting real-time online at:
[Zoom.us/join](https://zoom.us/join) – Meeting ID 867 5414 8811
 - Access the meeting real-time via telephone at:
(669) 900-6833
Meeting ID 867 5414 8811
Press *9 to raise hand to speak

Subject to Change: Given the current public health emergency and the rapidly evolving federal, state, county and local orders, the format of this meeting may be altered or the meeting may be canceled. You may check on the status of the meeting by visiting the City's website menlopark.org. The instructions for logging on to the webinar and/or the access code is subject to change. If you have difficulty accessing the webinar, please check the latest online edition of the posted agenda for updated information (menlopark.org/agenda).

Special Session ([Zoom.us/join](https://zoom.us/join) – ID# 867 5414 8811)

A. Call To Order

B. Roll Call

C. Agenda Review

D. Regular Business

- D1. Select new Finance and Audit Committee Chair and Vice Chair
- D2. Review and receive March 31, 2022 investment reports ([Staff Report #22-001-FAC](#))
- D3. Review proposed investment policy for fiscal year 2022-2023 ([Staff Report #22-002-FAC](#))
- D4. Review audit findings for fiscal year 2020-2021 ([Staff Report #22-003-FAC](#))

E. Consent Calendar

- E1. Approve minutes for the Finance and Audit Committee's December 13, 2021 special meeting ([Attachment](#))

F. Adjournment

At every regular meeting of the Independent Redistricting Commission, in addition to the public comment period where the public shall have the right to address the Independent Redistricting Commission on any matters of public interest not listed on the agenda, members of the public have the right to directly address the Independent Redistricting Commission on any item listed on the agenda at a time designated by the chair, either before or during the Independent Redistricting Commission's consideration of the item.

At every special meeting of the Independent Redistricting Commission, members of the public have the right to directly address the Independent Redistricting Commission on any item listed on the agenda at a time designated by the chair, either before or during consideration of the item.

If you challenge any of the items listed on this agenda in court, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the City of Menlo Park at, or prior to, the public hearing.

Any writing that is distributed to a majority of the Independent Redistricting Commission by any person in connection with an agenda item is a public record (subject to any exemption under the Public Records Act) and is available by request by emailing the city clerk at jaherren@menlopark.org. Persons with disabilities, who require auxiliary aids or services in attending or participating in Independent Redistricting Commission meetings, may call the City Clerk's Office at 650-330-6620.

Agendas are posted in accordance with Government Code Section 54954.2(a) or Section 54956. Members of the public can view electronic agendas and staff reports by accessing the City website at menlopark.org/agenda and can receive email notification of agenda and staff report postings by subscribing to the "Notify Me" service at menlopark.org/notifyme. Agendas and staff reports may also be obtained by contacting City Clerk at 650-330-6620. (Posted: 5/26/2022)



STAFF REPORT

Finance and Audit Committee

Meeting Date: 6/2/2022

Staff Report Number: 22-001-FAC

Consent Calendar: Review the investment portfolio as of March 31, 2022 and recommend receipt by Council

Recommendation

Staff recommends FAC review of the City's investment portfolio as of March 31, 2022 and recommend receipt by Council.

Policy Issues

The City and the Successor Agency funds are invested in full compliance with the City's investment policy and State law, which emphasize safety, liquidity and yield.

Background

The City's investment policy requires a quarterly investment report to the City Council, which includes all financial investments of the City and provides information on the investment type, value and yield for all securities.

Analysis

Investment portfolio as of March 31, 2022

The City's investment portfolio's fair value basis as of March 31, 2022, totaled \$145,433,255. As shown below in Table 1, the City's investments by type are measured by the amortized cost as well as the fair value as of March 31, 2022. The Local Agency Investment Fund (LAIF) is considered a safe investment as it provides the liquidity of a money market fund. The majority of the remaining securities are prudent and secure short- and medium-term investments (1-5 years), bearing a higher interest rate than LAIF, and/or provide investment diversification.

Table 1: Recap of investments held as of March 31, 2022					
Security	Amortized cost basis		Fair value basis		% of portfolio
LAIF	\$	56,217,976	\$	56,217,976	38.7%
Securities portfolio					
Corporate bonds		38,837,598		37,959,691	26.1%
Government agencies		26,567,579		26,189,803	18.0%
Government bonds		25,789,473		25,065,785	17.2%

Total	\$	147,412,626	\$	145,433,255	100.0%
--------------	-----------	--------------------	-----------	--------------------	---------------

As shown in Table 1, the fair value of the City's securities was \$1,979,371 less than the amortized cost as of March 31, 2022. The difference between amortized cost and fair value is referred to as an unrealized loss or gain, and is due to market values fluctuating from one period to another. It is important to note that any unrealized loss or gain does not represent an actual cash transaction to the City, as the City generally holds securities to maturity to avoid market risk.

The consolidated portfolio report for the quarter ending March 31, 2022, is included as Attachment A and each component is described in greater detail below.

LAIF

As previously shown in Table 1, 38.7 percent of the portfolio resides in the City's account at the LAIF, a liquid fund managed by the California State Treasurer, yielding 0.37 percent for the quarter ended March 31, 2022. LAIF yields have fluctuated greatly over recent years, gradually increasing from historic lows following the Great Recession, then falling rapidly during the course of the COVID-19 public health emergency. Due to rising interest rates, staff plans to invest a significant amount of the balance in LAIF (\$56.2 million) as well as the City's current commercial account with Union Bank (\$29.3 million) in longer-term securities. Staff is developing a cash forecasting model with the City's consultant and establishing proper account authorization to accomplish this reserve movement. Once the model is completed, it will forecast the City's annual liquidity considering the adopted budget, investment maturities, encumbrances and other factors influencing balances. Once the model has been developed, staff can review this with the FAC.

Securities portfolio

As of March 31, 2022, the City held a number of securities in corporate bonds, government agency notes and government bonds and reflect a diversified mix in terms of type but all at low risk. Insight Investment serves as the City's financial adviser on security investments and makes recommended trades of securities, purchase and sale that align market conditions to the City Council adopted investment policy to the greatest extent possible. The Insight Investments quarterly statement for the period ended March 31, 2022, is provided in Attachment A. As shown on the quarterly statement, the return for managed assets for the period ended March 31, 2022, on an amortized cost basis, was 1.16 percent. The positions the City held as of March 31, 2022, along with maturities, purchases and transactions are included in Attachment B. The FAC recommended rating of the City's corporate investments according to an Economic, Social, Governance (ESG) scale. Attachment C outlines these investments relative to a scale of 1 – 5, 1 being the best investment. The City's investment advisor can review this rating with the FAC.

Performance comparison

As specified in the City's investment policy, the performance of the portfolio is measured against the benchmark of a treasury bond. In the quarter ending March 31, 2022, the City's portfolio returned a weighted average of 1.16 percent with non-LAIF funds having a weighted average maturity of 1.76 years. The trailing two-year treasury note saw a yield of 0.59 percent, or 0.57 percent lower than the City's portfolio performance. Primary factors influencing the City's portfolio as well as the two-year treasury note are the supply chain problems associated with the pandemic, Russia's military conflict, and Federal Reserve fiscal management policy.

Impact on City Resources

Considering LAIF as well as Union Bank, the City has more than sufficient funds available to meet its expenditure requirements for the next six months.

Environmental Review

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines §§ 15378 and 15061(b)(3) as it will not result in any direct or indirect physical change in the environment.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

- A. Insight Investments consolidated portfolio report for the quarter ended March 31, 2022
- B. Insight Investments quarterly report for the quarter ended March 31, 2022
- C. Insight ESC Rating as of March 31, 2022

Report prepared by:
Marvin Davis, Interim Finance Director

City of Menlo Park

Quarterly Consolidated Portfolio Report

March 31, 2022

City Managed Assets

LAIF	\$	56,217,976	38%	0.37%
Total Internally Managed	\$	56,217,976	38%	

Weighted Average Yield **0.37%**

	Days
Effective Average Duration - Internal	1
Weighted Average Maturity - Internal	1

LAIF, 38%

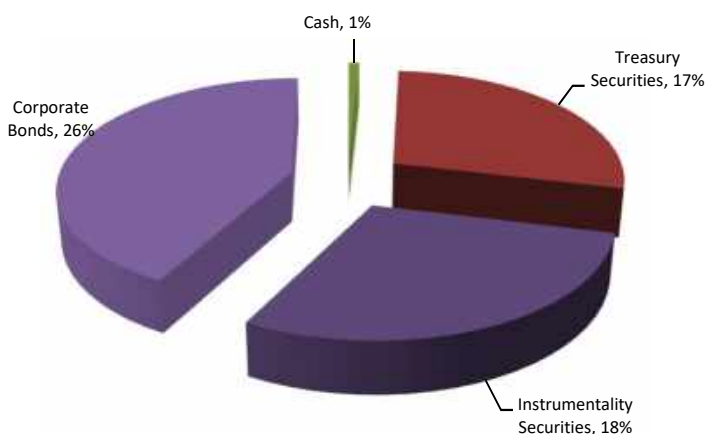


Advisor Managed Assets

Cash	\$	759,084	1%	0.02%
Treasury Securities	\$	25,065,785	17%	0.83%
Instrumentality Securities	\$	26,189,804	18%	1.44%
Corporate Bonds	\$	37,959,691	26%	1.20%
Total Externally Managed	\$	89,974,363	62%	

Weighted Average Yield **1.16%**

	Years
Effective Average Duration - External	1.63
Weighted Average Maturity - External	1.76

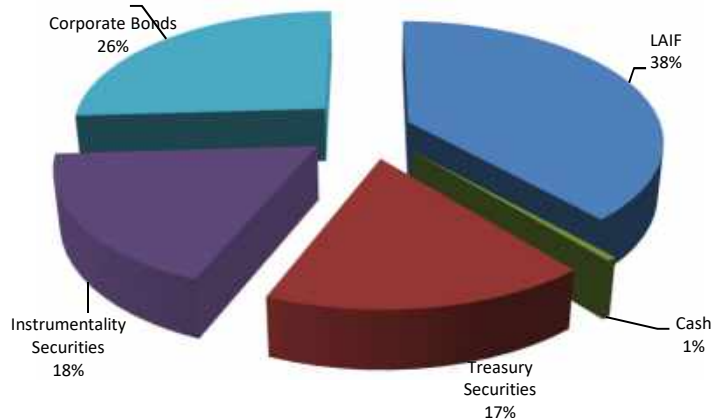


Total Portfolio Assets

LAIF	\$	56,217,976	38%	0.37%
Cash	\$	759,084	1%	0.02%
Treasury Securities	\$	25,065,785	17%	0.83%
Instrumentality Securities	\$	26,189,804	18%	1.44%
Corporate Bonds	\$	37,959,691	26%	1.20%
Total Portfolio Assets	\$	146,192,340		

Weighted Average Yield **0.85%**

	Years
Effective Average Duration - Total	1.00
Weighted Average Maturity - Total	1.08



Portfolio Change

Beginning Balance	\$	156,691,282
Ending Balance	\$	146,192,340

* Note: All data for external assets was provided by the client and is believed to be accurate.

Insight Investment does not manage the external assets and this report is provided for the client's use.

Market values are presented.

FOR PROFESSIONAL CLIENTS ONLY
NOT TO BE REPRODUCED WITHOUT PRIOR WRITTEN APPROVAL
PLEASE REFER TO ALL RISK DISCLOSURES AT THE BACK OF THIS DOCUMENT

CITY OF MENLO PARK

March 2022



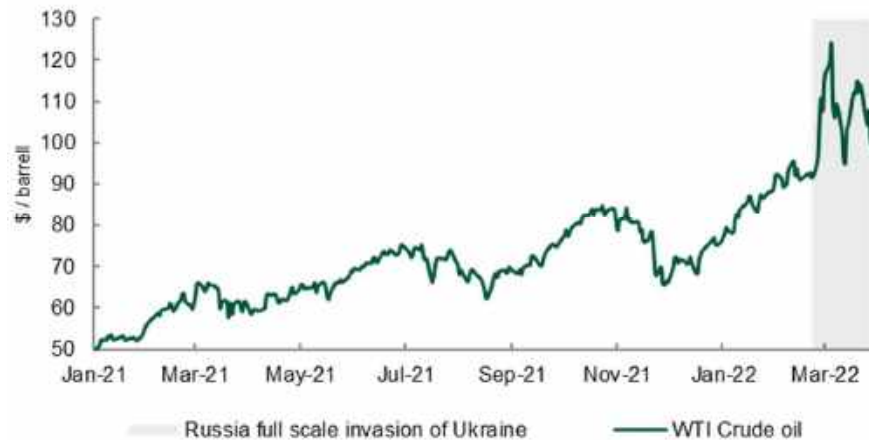
Contents

Fixed income market review	3
Activity and performance summary	4
Recap of securities held	6
Maturity distribution of securities held	7
Securities held	8
GASB 40 - Deposit and investment risk disclosure	14
Securities purchased	19
Securities sold and matured	20
Detail of return and interest received	21
Transaction report	25
Additional information	26

FIXED INCOME MARKET REVIEW

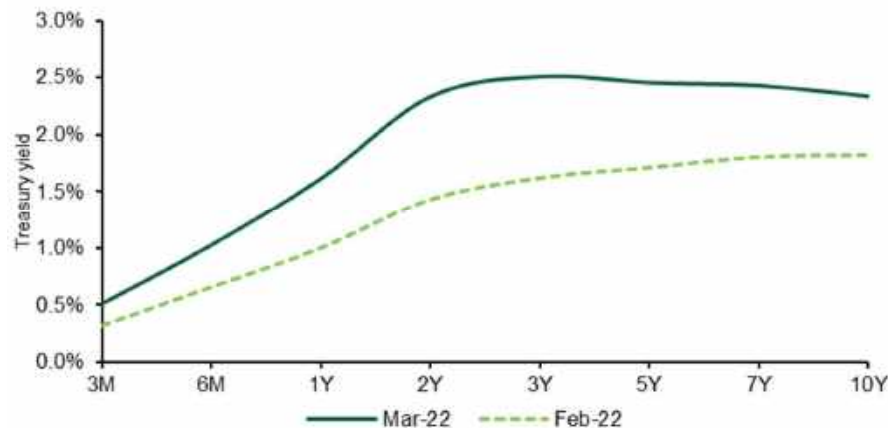
As of March 31, 2022

Chart 1: Commodity prices become increasingly volatile



Source: Bloomberg, March 31, 2022

Chart 2: Short-end Treasury yields rise as the Fed becomes more hawkish



Source: Bloomberg, March 31, 2022

Economic Indicators and Monetary Policy

The Federal Reserve (Fed) kicked-off its rate hiking cycle, with its first rate rise since 2018. The Fed's quarterly "dot plot" was increasingly hawkish for the third straight meeting. The median projection rose to seven rate hikes this year, up from four in December. This implies one 25bp hike at every remaining meeting this year. Seven members were even more hawkish than this, pointing to openness toward 50bp moves.

CPI recorded another multi-decade high, albeit this time in line with expectations at 7.9% year-on-year, while Core CPI was 6.4%. Within the "sticky" categories, Notably, healthcare inflation moderated. In the shelter categories, owners' equivalent rent maintained its recent pace at 0.4%, while rents accelerated to 0.6%.

Employment growth continued its strong run, with nonfarm jobs up 678,000, well above consensus estimates for ~500,000. The unemployment rate fell to 3.8% from 4%, further than expected even as the participation rate ticked up to 62.3%, a new cycle high. Average hourly earnings, the most anticipated element of the employment report, underwhelmed however, by remaining unchanged. However, idiosyncratic issues likely played a part following disruptions relating to the Omicron Covid-19 variant.

The war in Ukraine continued with Russia failing to take control of Kyiv and toward the end of the month, appearing to concentrate on Ukraine's Eastern regions. Tentative peace talks began by the end of the month, albeit terms of an agreement still far off. The US announced a ban of imports on Russian oil and gas and the release of up to 180m barrels of domestic oil reserves over six months. This is the largest release since the reserve was created in 1974. Commodity prices continued to be volatile, particularly oil, gas, wheat and other agricultural commodities (Chart 1).

Interest Rate Summary

Yields rose materially across the curve, particularly the short end (Chart 2). At the end of March, the 3-month US Treasury bill yielded 0.51%, the 6-month US Treasury bill yielded 1.03%, the 2-year US Treasury note yielded 2.34%, the 5-year US Treasury note yielded 2.46% and the 10-year US Treasury note yielded 2.34%.

ACTIVITY AND PERFORMANCE SUMMARY

For the period March 1, 2022 - March 31, 2022

Amortized Cost Basis Activity Summary

Opening balance	91,835,344.76
Income received	176,411.95
Total receipts	176,411.95
Total disbursements	0.00
Interportfolio transfers	0.00
Total Interportfolio transfers	0.00
Realized gain (loss)	0.00
Change in accruals from security movement	0.00
Total amortization expense	(62,990.59)
Total OID/MKT accretion income	4,969.14
Return of capital	0.00
Closing balance	91,953,735.26
Ending fair value	89,974,363.45
Unrealized gain (loss)	(1,979,371.81)

Detail of Amortized Cost Basis Return

	Interest earned	Accretion (amortization)	Realized gain (loss)	Total income
Cash and Cash Equivalents	7.78	0.00	0.00	7.78
Corporate Bonds	88,433.71	(41,948.64)	0.00	46,485.07
Government Agencies	41,017.49	(4,840.79)	0.00	36,176.70
Government Bonds	29,578.00	(11,232.02)	0.00	18,345.98
Total	159,036.98	(58,021.45)	0.00	101,015.53

Comparative Rates of Return (%)

	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	0.09	0.05	0.02
Overnight Repo	0.05	0.03	0.01
Merrill Lynch 3m US Treas Bill	0.09	0.08	0.03
Merrill Lynch 6m US Treas Bill	0.16	0.14	0.06
ML 1 Year US Treasury Note	0.32	0.29	0.11
ML 2 Year US Treasury Note	0.59	0.49	0.16
ML 5 Year US Treasury Note	1.16	0.74	0.18

* rates reflected are cumulative

Summary of Amortized Cost Basis Return for the Period

	Total portfolio
Interest earned	159,036.98
Accretion (amortization)	(58,021.45)
Realized gain (loss) on sales	0.00
Total income on portfolio	101,015.53
Average daily amortized cost	91,916,943.51
Period return (%)	0.11
YTD return (%)	0.29
Weighted average final maturity in days	641

ACTIVITY AND PERFORMANCE SUMMARY

For the period March 1, 2022 - March 31, 2022

Fair Value Basis Activity Summary

Opening balance	90,985,100.45
Income received	176,411.95
Total receipts	176,411.95
Total disbursements	0.00
Interportfolio transfers	0.00
Total Interportfolio transfers	0.00
Unrealized gain (loss) on security movements	0.00
Change in accruals from security movement	0.00
Return of capital	0.00
Change in fair value for the period	(1,187,148.95)
Ending fair value	89,974,363.45

Detail of Fair Value Basis Return

	Interest earned	Change in fair value	Total income
Cash and Cash Equivalents	7.78	0.00	7.78
Corporate Bonds	88,433.71	(487,918.66)	(399,484.95)
Government Agencies	41,017.49	(312,749.81)	(271,732.32)
Government Bonds	29,578.00	(386,480.48)	(356,902.48)
Total	159,036.98	(1,187,148.95)	(1,028,111.97)

Comparative Rates of Return (%)

	* Twelve month trailing	* Six month trailing	* One month
Fed Funds	0.09	0.05	0.02
Overnight Repo	0.05	0.03	0.01
ICE Bofa 3 Months US T-BILL	0.06	0.05	0.03
ICE Bofa 6m US Treas Bill	(0.05)	(0.08)	(0.03)
ICE Bofa 1 Yr US Treasury Note	(0.94)	(0.98)	(0.38)
ICE BofA US Treasury 1-3	(2.84)	(2.86)	(1.33)
ICE BofA US Treasury 1-5	(3.72)	(3.82)	(1.86)

* rates reflected are cumulative

Summary of Fair Value Basis Return for the Period

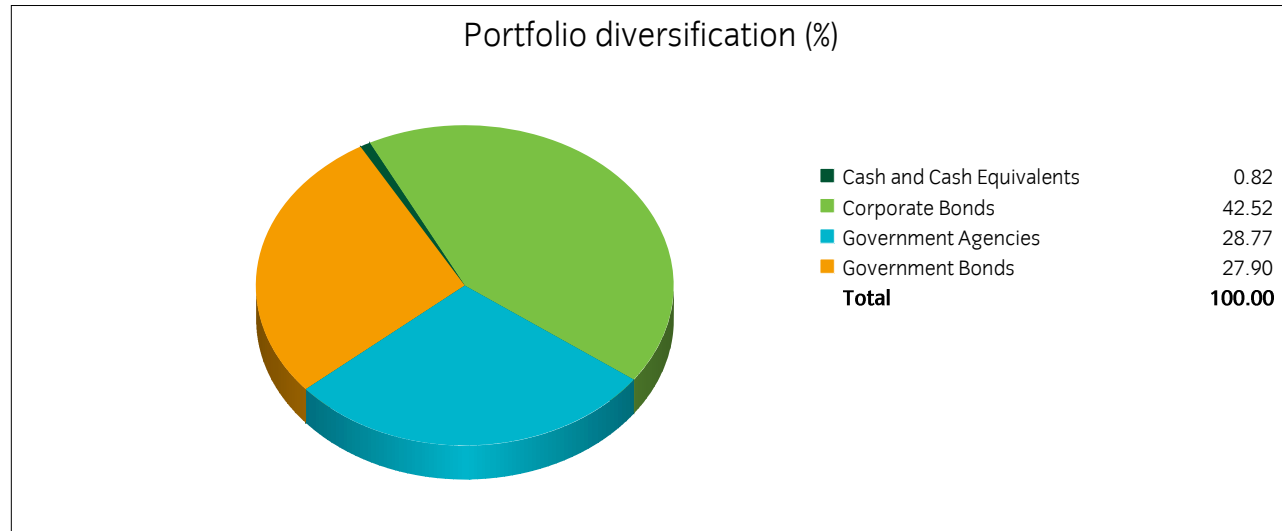
	Total portfolio
Interest earned	159,036.98
Change in fair value	(1,187,148.95)
Total income on portfolio	(1,028,111.97)
Average daily total value *	90,810,539.69
Period return (%)	(1.12)
YTD return (%)	(2.23)
Weighted average final maturity in days	641

* Total value equals market value and accrued interest

RECAP OF SECURITIES HELD

As of March 31, 2022

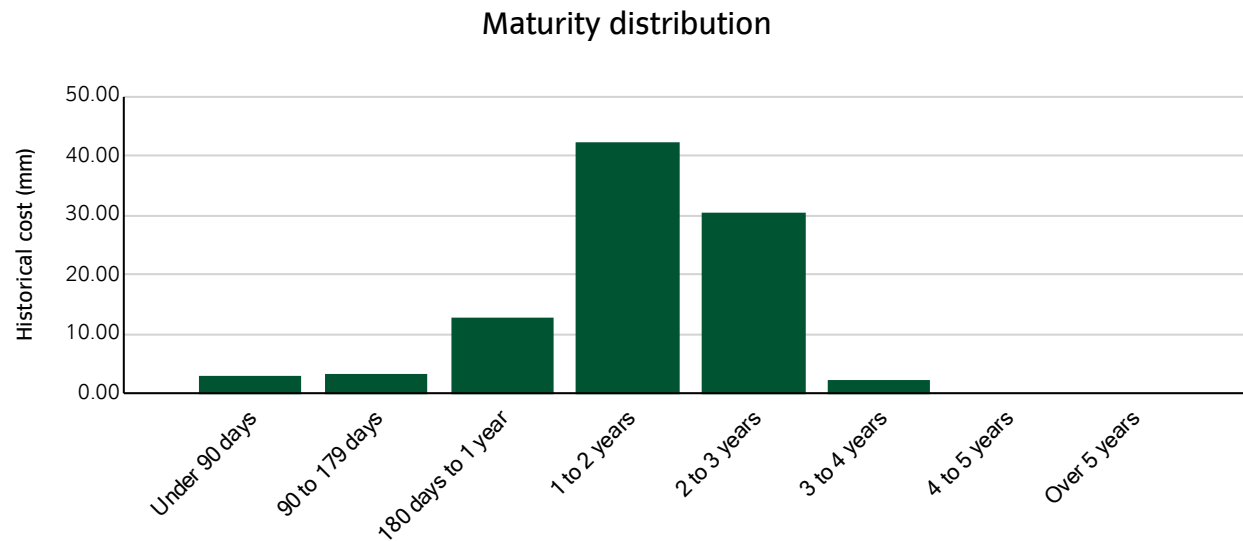
	Historical cost	Amortized cost	Fair value	Unrealized gain (loss)	Weighted average final maturity (days)	Percent of portfolio	Weighted average effective duration (years)
Cash and Cash Equivalents	759,083.81	759,083.81	759,083.81	0.00	1	0.82	0.00
Corporate Bonds	39,483,202.94	38,837,598.69	37,959,690.67	(877,908.02)	664	42.52	1.58
Government Agencies	26,711,516.00	26,567,579.54	26,189,803.83	(377,775.71)	578	28.77	1.53
Government Bonds	25,905,927.51	25,789,473.22	25,065,785.14	(723,688.08)	690	27.90	1.85
Total	92,859,730.26	91,953,735.26	89,974,363.45	(1,979,371.81)	641	100.00	1.63



MATURITY DISTRIBUTION OF SECURITIES HELD

As of March 31, 2022

Maturity	Historic cost	Percent
Under 90 days	2,766,423.81	2.98
90 to 179 days	3,021,700.00	3.25
180 days to 1 year	12,757,229.91	13.74
1 to 2 years	42,133,248.88	45.37
2 to 3 years	30,181,127.66	32.50
3 to 4 years	2,000,000.00	2.15
4 to 5 years	0.00	0.00
Over 5 years	0.00	0.00
	92,859,730.26	100.00



SECURITIES HELD

CITY OF MENLO PARK

As of March 31, 2022

Cusip	Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost	Amortized cost	Fair value	Unrealized gain (loss)	Total accrued interest	% Port cost
Cash and Cash Equivalents										
	Cash and Cash Equivalents	0.000		759,083.81	759,083.81	759,083.81	759,083.81	0.00	0.00	0.82
Total Cash and Cash Equivalents				759,083.81	759,083.81	759,083.81	759,083.81	0.00	0.00	0.82
Corporate Bonds										
90331HPC1	US BANK NA CINCINNATI 2.65% 23MAY2022 (CALLABLE 22APR22)	2.650	05/23/2022 04/23/2022	1,000,000.00	1,012,470.00	1,000,269.75	1,001,014.72	744.97	9,422.22	1.09
037833DC1	APPLE INC 2.1% 12SEP2022 (CALLABLE 12AUG22)	2.100	09/12/2022 08/12/2022	2,000,000.00	2,026,680.00	2,003,887.15	2,005,558.42	1,671.27	2,216.67	2.18
02665WCA7	AMERICAN HONDA FINANCE 2.6% 16NOV2022	2.600	11/16/2022	1,000,000.00	1,011,150.00	1,002,072.29	1,004,866.10	2,793.81	9,750.00	1.09
46625HJH4	JPMORGAN CHASE & CO 3.2% 25JAN2023	3.200	01/25/2023	1,000,000.00	1,031,190.00	1,007,331.51	1,010,500.96	3,169.45	5,866.67	1.11
369550BD9	GENERAL DYNAMICS CORP 3.375% 15MAY2023 (CALLABLE 15APR23)	3.375	05/15/2023 04/15/2023	943,000.00	984,840.91	954,494.76	954,261.64	(233.12)	12,023.25	1.06
459200HP9	IBM CORP 3.375% 01AUG2023	3.375	08/01/2023	1,000,000.00	1,061,840.00	1,039,872.71	1,013,641.80	(26,230.91)	5,625.00	1.14
742718EB1	PROCTER & GAMBLE CO/THE 3.1% 15AUG2023	3.100	08/15/2023	1,000,000.00	1,041,328.13	1,013,776.04	1,010,651.79	(3,124.25)	3,961.11	1.12
89236THA6	TOYOTA MOTOR CREDIT CORP 1.35% 25AUG2023	1.350	08/25/2023	1,000,000.00	1,021,010.00	1,012,351.63	987,672.54	(24,679.09)	1,350.00	1.10
24422EUM9	JOHN DEERE CAPITAL CORP 3.65% 12OCT2023	3.650	10/12/2023	950,000.00	1,005,926.50	971,058.27	969,004.73	(2,053.54)	16,277.99	1.08
06051GHC6	BANK OF AMERICA CORP 3.004% 20DEC2023 (CALLABLE 20DEC22)	3.004	12/20/2023 12/20/2022	1,000,000.00	1,028,310.00	1,017,442.18	1,002,524.87	(14,917.31)	8,427.89	1.11

SECURITIES HELD

CITY OF MENLO PARK

As of March 31, 2022

Cusip	Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost	Amortized cost	Fair value	Unrealized gain (loss)	Total accrued interest	% Port cost
Corporate Bonds										
14913R2S5	CATERPILLAR FINL SERVICE 0.95% 10JAN2024	0.950	01/10/2024	1,000,000.00	993,070.00	993,691.04	974,163.31	(19,527.73)	2,137.50	1.07
89236THU2	TOYOTA MOTOR CREDIT CORP 0.45% 11JAN2024	0.450	01/11/2024	1,800,000.00	1,797,858.00	1,798,343.76	1,738,391.60	(59,952.16)	1,800.00	1.94
02665WCT6	AMERICAN HONDA FINANCE 3.55% 12JAN2024	3.550	01/12/2024	1,000,000.00	1,090,440.00	1,053,513.81	1,015,506.31	(38,007.50)	7,790.28	1.17
24422EVN6	JOHN DEERE CAPITAL CORP 0.45% 17JAN2024	0.450	01/17/2024	800,000.00	787,240.00	788,372.23	772,914.74	(15,457.49)	740.00	0.85
17325FAS7	CITIBANK NA 3.65% 23JAN2024 (CALLABLE 23DEC23)	3.650	01/23/2024 12/23/2023	1,500,000.00	1,618,310.00	1,580,193.19	1,526,396.12	(53,797.07)	10,341.67	1.74
693475AV7	PNC FINANCIAL SERVICES 3.5% 23JAN2024 (CALLABLE 23DEC23)	3.500	01/23/2024 12/24/2023	1,000,000.00	1,047,210.00	1,018,509.65	1,014,099.79	(4,409.86)	6,611.11	1.13
91159HHV5	US BANCORP 3.375% 05FEB2024 (CALLABLE 05JAN24)	3.375	02/05/2024 01/05/2024	1,000,000.00	1,067,060.00	1,050,413.90	1,013,750.09	(36,663.81)	5,250.00	1.15
594918BX1	MICROSOFT CORP 2.875% 06FEB2024 (CALLABLE 06DEC23)	2.875	02/06/2024 12/06/2023	960,000.00	993,734.40	972,946.83	972,260.21	(686.62)	4,216.67	1.07
06051GHF9	BANK OF AMERICA CORP 3.55% 05MAR2024 (CALLABLE 05MAR23)	3.550	03/05/2024 03/05/2023	1,500,000.00	1,606,050.00	1,537,396.58	1,508,563.91	(28,832.67)	3,845.83	1.73
24422EUX5	JOHN DEERE CAPITAL CORP 2.6% 07MAR2024	2.600	03/07/2024	1,450,000.00	1,476,419.00	1,461,166.79	1,453,584.05	(7,582.74)	2,513.33	1.59
459200JY8	IBM CORP 3% 15MAY2024	3.000	05/15/2024	2,000,000.00	2,141,300.00	2,095,069.92	2,013,227.66	(81,842.26)	22,666.67	2.31
14913R2L0	CATERPILLAR FINL SERVICE 0.45% 17MAY2024	0.450	05/17/2024	1,600,000.00	1,597,536.00	1,598,259.77	1,530,450.83	(67,808.94)	2,680.00	1.72

SECURITIES HELD

As of March 31, 2022

Cusip	Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost	Amortized cost	Fair value	Unrealized gain (loss)	Total accrued interest	% Port cost
Corporate Bonds										
46647PBQ8	JPMORGAN CHASE & CO 1.514% 01JUN2024 (CALLABLE 01JUN23)	1.514	06/01/2024 06/01/2023	2,000,000.00	2,042,800.00	2,018,691.70	1,972,942.34	(45,749.36)	10,093.33	2.20
06051GHL6	BANK OF AMERICA CORP 3.864% 23JUL2024 (CALLABLE 23JUL23)	3.864	07/23/2024 07/23/2023	1,500,000.00	1,605,540.00	1,563,030.83	1,516,957.16	(46,073.67)	10,948.00	1.73
693506BQ9	PPG INDUSTRIES INC 2.4% 15AUG2024 (CALLABLE 15JUL24)	2.400	08/15/2024 07/15/2024	2,000,000.00	2,012,600.00	2,006,280.97	1,971,321.74	(34,959.23)	6,133.33	2.17
89236TGL3	TOYOTA MOTOR CREDIT CORP 2% 07OCT2024	2.000	10/07/2024	1,000,000.00	999,410.00	999,686.88	981,283.61	(18,403.27)	9,666.67	1.08
69353REF1	PNC BANK NA 3.3% 30OCT2024 (CALLABLE 30SEP24)	3.300	10/30/2024 09/30/2024	2,500,000.00	2,737,590.00	2,666,475.89	2,523,882.23	(142,593.66)	34,375.00	2.95
14913Q3B3	CATERPILLAR FINL SERVICE 2.15% 08NOV2024	2.150	11/08/2024	1,000,000.00	1,048,770.00	1,034,682.53	991,785.03	(42,897.50)	8,540.28	1.13
931142DV2	WALMART INC 2.65% 15DEC2024 (CALLABLE 15OCT24)	2.650	12/15/2024 10/15/2024	1,500,000.00	1,595,520.00	1,578,316.13	1,508,512.37	(69,803.76)	11,704.17	1.72
Total Corporate Bonds				38,003,000.00	39,483,202.94	38,837,598.69	37,959,690.67	(877,908.02)	236,974.64	42.52
Government Agencies										
313379Q69	FEDERAL HOME LOAN BANK 2.125% 10JUN2022	2.125	06/10/2022	1,000,000.00	994,870.00	999,675.08	1,003,112.56	3,437.48	6,552.08	1.07
313380GJ0	FEDERAL HOME LOAN BANK 2% 09SEP2022 #0000	2.000	09/09/2022	1,000,000.00	995,020.00	999,332.92	1,004,383.60	5,050.68	1,222.22	1.07
3133EA7E2	FEDERAL FARM CREDIT BANK 1.96% 07NOV2022	1.960	11/07/2022	2,000,000.00	2,030,580.00	2,006,716.46	2,009,395.10	2,678.64	15,680.00	2.19
3130A3KM5	FEDERAL HOME LOAN BANK 2.5% 09DEC2022	2.500	12/09/2022	1,500,000.00	1,531,815.00	1,506,342.62	1,511,453.07	5,110.45	11,666.67	1.65

SECURITIES HELD

As of March 31, 2022

Cusip	Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost	Amortized cost	Fair value	Unrealized gain (loss)	Total accrued interest	% Port cost
Government Agencies										
3133EKKT2	FEDERAL FARM CREDIT BANK 2.25% 08FEB2023	2.250	02/08/2023	1,500,000.00	1,520,580.00	1,504,846.06	1,511,147.87	6,301.81	4,968.75	1.64
3130AJ7E3	FEDERAL HOME LOAN BANK 1.375% 17FEB2023	1.375	02/17/2023	2,000,000.00	2,002,200.00	2,002,063.31	1,996,115.32	(5,947.99)	3,361.11	2.16
3135G0U43	FANNIE MAE 2.875% 12SEP2023	2.875	09/12/2023	2,000,000.00	2,081,960.00	2,028,202.45	2,020,287.60	(7,914.85)	3,034.72	2.24
3133EKVB9	FEDERAL FARM CREDIT BANK 1.86% 17OCT2023	1.860	10/17/2023	2,000,000.00	1,993,956.00	1,997,789.55	1,994,244.38	(3,545.17)	16,946.67	2.15
3133EKKU9	FEDERAL FARM CREDIT BANK 2.3% 08NOV2023	2.300	11/08/2023	1,500,000.00	1,524,645.00	1,509,027.13	1,505,427.29	(3,599.84)	13,704.17	1.64
3130AB3H7	FEDERAL HOME LOAN BANK 2.375% 08MAR2024	2.375	03/08/2024	2,000,000.00	2,045,380.00	2,018,709.53	2,001,150.24	(17,559.29)	3,034.72	2.20
3133EMTD4	FEDERAL FARM CREDIT BANK 0.37% 15MAR2024 (CALLABLE 12APR22)	0.370	03/15/2024	2,000,000.00	1,998,000.00	1,998,701.66	1,925,129.74	(73,571.92)	328.89	2.15
3133EMBE1	FEDERAL FARM CREDIT BANK 0.3% 28MAR2024 (CALLABLE 12APR22)	0.300	03/28/2024	2,000,000.00	1,998,500.00	1,999,145.92	1,918,697.84	(80,448.08)	50.00	2.15
3133EKNX0	FEDERAL FARM CREDIT BANK 2.16% 03JUN2024	2.160	06/03/2024	1,000,000.00	1,012,070.00	1,005,315.42	997,940.47	(7,374.95)	7,080.00	1.09
3135G0V75	FANNIE MAE 1.75% 02JUL2024	1.750	07/02/2024	2,000,000.00	1,982,440.00	1,992,052.00	1,972,471.40	(19,580.60)	8,652.78	2.13
3130AKX84	FEDERAL HOME LOAN BANK 0.27% 23AUG2024 (CALLABLE 23MAY22)	0.270	08/23/2024 05/23/2022	1,000,000.00	999,500.00	999,659.43	952,817.01	(46,842.42)	285.00	1.08

SECURITIES HELD

CITY OF MENLO PARK

As of March 31, 2022

Cusip	Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost	Amortized cost	Fair value	Unrealized gain (loss)	Total accrued interest	% Port cost
Government Agencies										
3130AL7C2	FEDERAL HOME LOAN BANK 0.5% 25AUG2025 (CALLABLE 25MAY22)	0.500	08/25/2025 05/25/2022	2,000,000.00	2,000,000.00	2,000,000.00	1,866,030.34	(133,969.66)	1,000.00	2.15
Total Government Agencies				26,500,000.00	26,711,516.00	26,567,579.54	26,189,803.83	(377,775.71)	97,567.78	28.77
Government Bonds										
91282CAR2	USA TREASURY 0.125% 31OCT2022	0.125	10/31/2022	1,000,000.00	995,354.91	996,007.83	993,828.12	(2,179.71)	521.41	1.07
912828S35	USA TREASURY 1.375% 30JUN2023	1.375	06/30/2023	1,000,000.00	984,492.19	995,173.00	992,812.50	(2,360.50)	3,418.51	1.06
912828Y61	USA TREASURY 2.75% 31JUL2023	2.750	07/31/2023	1,000,000.00	1,040,468.75	1,014,544.86	1,009,257.81	(5,287.05)	4,482.04	1.12
9128282D1	USA TREASURY 1.375% 31AUG2023	1.375	08/31/2023	2,000,000.00	1,967,109.38	1,988,842.61	1,980,156.24	(8,686.37)	2,316.58	2.12
9128285D8	USA TREASURY 2.875% 30SEP2023	2.875	09/30/2023	1,000,000.00	1,041,679.69	1,034,243.58	1,011,132.81	(23,110.77)	0.00	1.12
91282CAP6	USA TREASURY 0.125% 15OCT2023	0.125	10/15/2023	1,500,000.00	1,493,203.13	1,495,460.69	1,453,769.54	(41,691.15)	860.23	1.61
91282CDD0	USA TREASURY 0.375% 31OCT2023	0.375	10/31/2023	2,000,000.00	1,981,803.58	1,983,665.54	1,943,906.24	(39,759.30)	3,128.45	2.13
9128285P1	USA TREASURY 2.875% 30NOV2023	2.875	11/30/2023	1,800,000.00	1,881,216.97	1,867,111.44	1,818,843.75	(48,267.69)	17,202.61	2.03
912828V23	USA TREASURY 2.25% 31DEC2023	2.250	12/31/2023	1,000,000.00	1,019,261.16	1,007,498.26	999,843.75	(7,654.51)	5,593.92	1.10
91282CBM2	USA TREASURY 0.125% 15FEB2024	0.125	02/15/2024	1,500,000.00	1,489,746.09	1,492,718.24	1,440,410.16	(52,308.08)	227.90	1.60

SECURITIES HELD

CITY OF MENLO PARK

As of March 31, 2022

Cusip	Description	Coupon	Maturity/ Call date	Par value or shares	Historical cost	Amortized cost	Fair value	Unrealized gain (loss)	Total accrued interest	% Port cost
Government Bonds										
9128286R6	USA TREASURY 2.25% 30APR2024	2.250	04/30/2024	1,000,000.00	1,023,050.23	1,011,081.00	997,343.75	(13,737.25)	9,385.36	1.10
91282CCC3	USA TREASURY 0.25% 15MAY2024	0.250	05/15/2024	2,000,000.00	1,997,116.08	1,997,924.01	1,911,640.62	(86,283.39)	1,878.45	2.15
912828XT2	USA TREASURY 2% 31MAY2024	2.000	05/31/2024	2,000,000.00	2,101,803.58	2,068,972.14	1,983,125.00	(85,847.14)	13,296.70	2.26
912828Y87	USA TREASURY 1.75% 31JUL2024	1.750	07/31/2024	2,000,000.00	2,087,272.33	2,060,523.01	1,968,750.00	(91,773.01)	5,704.42	2.25
9128282U3	USA TREASURY 1.875% 31AUG2024	1.875	08/31/2024	1,000,000.00	1,012,382.81	1,006,291.04	986,054.69	(20,236.35)	1,579.48	1.09
91282CCX7	USA TREASURY 0.375% 15SEP2024	0.375	09/15/2024	1,700,000.00	1,696,685.38	1,697,286.12	1,615,066.40	(82,219.72)	277.17	1.83
912828YY0	USA TREASURY 1.75% 31DEC2024	1.750	12/31/2024	2,000,000.00	2,093,281.25	2,072,129.85	1,959,843.76	(112,286.09)	8,701.66	2.25
Total Government Bonds				25,500,000.00	25,905,927.51	25,789,473.22	25,065,785.14	(723,688.08)	78,574.89	27.90
Grand total				90,762,083.81	92,859,730.26	91,953,735.26	89,974,363.45	(1,979,371.81)	413,117.31	100.00

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

CITY OF MENLO PARK

As of March 31, 2022

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
United States Treasury Note/Bond												
91282CAR2	USA TREASURY 0.125%	0.125	10/31/2022		AA+	Aaa	1,000,000.00	995,354.91	1.07	993,828.12	1.10	0.58
912828S35	USA TREASURY 1.375%	1.375	06/30/2023		AA+	Aaa	1,000,000.00	984,492.19	1.06	992,812.50	1.10	1.23
912828Y61	USA TREASURY 2.75%	2.750	07/31/2023		AA+	Aaa	1,000,000.00	1,040,468.75	1.12	1,009,257.81	1.12	1.30
9128282D1	USA TREASURY 1.375%	1.375	08/31/2023		AA+	Aaa	2,000,000.00	1,967,109.38	2.12	1,980,156.24	2.20	1.40
9128285D8	USA TREASURY 2.875%	2.875	09/30/2023		AA+	Aaa	1,000,000.00	1,041,679.69	1.12	1,011,132.81	1.12	1.47
91282CAP6	USA TREASURY 0.125%	0.125	10/15/2023		AA+	Aaa	1,500,000.00	1,493,203.13	1.61	1,453,769.54	1.62	1.53
91282CDD0	USA TREASURY 0.375%	0.375	10/31/2023		AA+	Aaa	2,000,000.00	1,981,803.58	2.13	1,943,906.24	2.16	1.57
9128285P1	USA TREASURY 2.875%	2.875	11/30/2023		AA+	Aaa	1,800,000.00	1,881,216.97	2.03	1,818,843.75	2.02	1.61
912828V23	USA TREASURY 2.25%	2.250	12/31/2023		AA+	Aaa	1,000,000.00	1,019,261.16	1.10	999,843.75	1.11	1.70
91282CBM2	USA TREASURY 0.125%	0.125	02/15/2024		AA+	Aaa	1,500,000.00	1,489,746.09	1.60	1,440,410.16	1.60	1.86
9128286R6	USA TREASURY 2.25%	2.250	04/30/2024		AA+	Aaa	1,000,000.00	1,023,050.23	1.10	997,343.75	1.11	2.01
91282CCC3	USA TREASURY 0.25%	0.250	05/15/2024		AA+	Aaa	2,000,000.00	1,997,116.08	2.15	1,911,640.62	2.12	2.10
912828XT2	USA TREASURY 2%	2.000	05/31/2024		AA+	Aaa	2,000,000.00	2,101,803.58	2.26	1,983,125.00	2.20	2.10
912828Y87	USA TREASURY 1.75%	1.750	07/31/2024		AA+	Aaa	2,000,000.00	2,087,272.33	2.25	1,968,750.00	2.19	2.27
9128282U3	USA TREASURY 1.875%	1.875	08/31/2024		AA+	Aaa	1,000,000.00	1,012,382.81	1.09	986,054.69	1.10	2.35
91282CCX7	USA TREASURY 0.375%	0.375	09/15/2024		AA+	Aaa	1,700,000.00	1,696,685.38	1.83	1,615,066.40	1.80	2.43
912828YY0	USA TREASURY 1.75%	1.750	12/31/2024		AA+	Aaa	2,000,000.00	2,093,281.25	2.25	1,959,843.76	2.18	2.66
Issuer total							25,500,000.00	25,905,927.51	27.90	25,065,785.14	27.86	1.85
Federal Farm Credit Banks Funding Corp												
3133EA7E2	FEDERAL FARM CREDIT	1.960	11/07/2022		AA+	Aaa	2,000,000.00	2,030,580.00	2.19	2,009,395.10	2.23	0.60
3133EKKT2	FEDERAL FARM CREDIT	2.250	02/08/2023		AA+	Aaa	1,500,000.00	1,520,580.00	1.64	1,511,147.87	1.68	0.85
3133EKBV9	FEDERAL FARM CREDIT	1.860	10/17/2023		AA+	Aaa	2,000,000.00	1,993,956.00	2.15	1,994,244.38	2.22	1.51
3133EKKU9	FEDERAL FARM CREDIT	2.300	11/08/2023		AA+	Aaa	1,500,000.00	1,524,645.00	1.64	1,505,427.29	1.67	1.56
3133EMTD4	FEDERAL FARM CREDIT	0.370	03/15/2024		AA+	Aaa	2,000,000.00	1,998,000.00	2.15	1,925,129.74	2.14	1.88

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

CITY OF MENLO PARK

As of March 31, 2022

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Federal Farm Credit Banks Funding Corp												
3133EMBE1	FEDERAL FARM CREDIT	0.300	03/28/2024		AA+	Aaa	2,000,000.00	1,998,500.00	2.15	1,918,697.84	2.13	1.92
3133EKNX0	FEDERAL FARM CREDIT	2.160	06/03/2024		AA+	Aaa	1,000,000.00	1,012,070.00	1.09	997,940.47	1.11	2.11
Issuer total							12,000,000.00	12,078,331.00	13.01	11,861,982.69	13.18	1.46
Federal Home Loan Banks												
313379Q69	FEDERAL HOME LOAN	2.125	06/10/2022		AA+	Aaa	1,000,000.00	994,870.00	1.07	1,003,112.56	1.11	0.19
313380GJ0	FEDERAL HOME LOAN	2.000	09/09/2022		AA+	Aaa	1,000,000.00	995,020.00	1.07	1,004,383.60	1.12	0.44
3130A3KM5	FEDERAL HOME LOAN	2.500	12/09/2022		AA+	Aaa	1,500,000.00	1,531,815.00	1.65	1,511,453.07	1.68	0.68
3130AJ7E3	FEDERAL HOME LOAN	1.375	02/17/2023		AA+	Aaa	2,000,000.00	2,002,200.00	2.16	1,996,115.32	2.22	0.88
3130AB3H7	FEDERAL HOME LOAN	2.375	03/08/2024		AA+	Aaa	2,000,000.00	2,045,380.00	2.20	2,001,150.24	2.22	1.88
3130AKX84	FEDERAL HOME LOAN	0.270	08/23/2024	05/23/2022	AA+	Aaa	1,000,000.00	999,500.00	1.08	952,817.01	1.06	2.32
3130AL7C2	FEDERAL HOME LOAN	0.500	08/25/2025	05/25/2022	AA+	Aaa	2,000,000.00	2,000,000.00	2.15	1,866,030.34	2.07	3.17
Issuer total							10,500,000.00	10,568,785.00	11.38	10,335,062.14	11.49	1.51
Bank of America Corp												
06051GHC6	BANK OF AMERICA CORP	3.004	12/20/2023	12/20/2022	A-	A2	1,000,000.00	1,028,310.00	1.11	1,002,524.87	1.11	0.71
06051GHF9	BANK OF AMERICA CORP	3.550	03/05/2024	03/05/2023	A-	A2	1,500,000.00	1,606,050.00	1.73	1,508,563.91	1.68	0.91
06051GHL6	BANK OF AMERICA CORP	3.864	07/23/2024	07/23/2023	A-	A2	1,500,000.00	1,605,540.00	1.73	1,516,957.16	1.69	1.27
Issuer total							4,000,000.00	4,239,900.00	4.57	4,028,045.94	4.48	1.00
Federal National Mortgage Association												
3135G0U43	FANNIE MAE 2.875%	2.875	09/12/2023		AA+	Aaa	2,000,000.00	2,081,960.00	2.24	2,020,287.60	2.25	1.42
3135G0V75	FANNIE MAE 1.75%	1.750	07/02/2024		AA+	Aaa	2,000,000.00	1,982,440.00	2.13	1,972,471.40	2.19	2.19
Issuer total							4,000,000.00	4,064,400.00	4.38	3,992,759.00	4.44	1.80
Toyota Motor Credit Corp												
89236THA6	TOYOTA MOTOR CREDIT	1.350	08/25/2023		A+	A1	1,000,000.00	1,021,010.00	1.10	987,672.54	1.10	1.38

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

CITY OF MENLO PARK

As of March 31, 2022

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
Toyota Motor Credit Corp												
89236THU2	TOYOTA MOTOR CREDIT	0.450	01/11/2024		A+	A1	1,800,000.00	1,797,858.00	1.94	1,738,391.60	1.93	1.76
89236TGL3	TOYOTA MOTOR CREDIT	2.000	10/07/2024		A+	A1	1,000,000.00	999,410.00	1.08	981,283.61	1.09	2.42
Issuer total							3,800,000.00	3,818,278.00	4.11	3,707,347.75	4.12	1.83
Caterpillar Financial Services Corp												
14913R2S5	CATERPILLAR FINL	0.950	01/10/2024		A	A2	1,000,000.00	993,070.00	1.07	974,163.31	1.08	1.75
14913R2L0	CATERPILLAR FINL	0.450	05/17/2024		A	A2	1,600,000.00	1,597,536.00	1.72	1,530,450.83	1.70	2.10
14913Q3B3	CATERPILLAR FINL	2.150	11/08/2024		A	A2	1,000,000.00	1,048,770.00	1.13	991,785.03	1.10	2.51
Issuer total							3,600,000.00	3,639,376.00	3.92	3,496,399.17	3.89	2.12
John Deere Capital Corp												
24422EUM9	JOHN DEERE CAPITAL	3.650	10/12/2023		A	A2	950,000.00	1,005,926.50	1.08	969,004.73	1.08	1.47
24422EVN6	JOHN DEERE CAPITAL	0.450	01/17/2024		A	A2	800,000.00	787,240.00	0.85	772,914.74	0.86	1.78
24422EUX5	JOHN DEERE CAPITAL	2.600	03/07/2024		A	A2	1,450,000.00	1,476,419.00	1.59	1,453,584.05	1.62	1.88
Issuer total							3,200,000.00	3,269,585.50	3.52	3,195,503.52	3.55	1.73
International Business Machines Corp												
459200HP9	IBM CORP 3.375%	3.375	08/01/2023		A-	A3	1,000,000.00	1,061,840.00	1.14	1,013,641.80	1.13	1.30
459200JY8	IBM CORP 3%	3.000	05/15/2024		A-	A3	2,000,000.00	2,141,300.00	2.31	2,013,227.66	2.24	2.03
Issuer total							3,000,000.00	3,203,140.00	3.45	3,026,869.46	3.36	1.79
JPMorgan Chase & Co												
46625HJH4	JPMORGAN CHASE & CO	3.200	01/25/2023		A-	A2	1,000,000.00	1,031,190.00	1.11	1,010,500.96	1.12	0.81
46647PBQ8	JPMORGAN CHASE & CO	1.514	06/01/2024	06/01/2023	A-	A2	2,000,000.00	2,042,800.00	2.20	1,972,942.34	2.19	1.14
Issuer total							3,000,000.00	3,073,990.00	3.31	2,983,443.30	3.32	1.03

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

CITY OF MENLO PARK

As of March 31, 2022

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
PNC Bank NA												
69353REF1	PNC BANK NA 3.3%	3.300	10/30/2024	09/30/2024	A	A2	2,500,000.00	2,737,590.00	2.95	2,523,882.23	2.81	2.40
Issuer total							2,500,000.00	2,737,590.00	2.95	2,523,882.23	2.81	2.40
American Honda Finance Corp												
02665WCA7	AMERICAN HONDA	2.600	11/16/2022		A-	A3	1,000,000.00	1,011,150.00	1.09	1,004,866.10	1.12	0.62
02665WCT6	AMERICAN HONDA	3.550	01/12/2024		A-	A3	1,000,000.00	1,090,440.00	1.17	1,015,506.31	1.13	1.72
Issuer total							2,000,000.00	2,101,590.00	2.26	2,020,372.41	2.25	1.19
Apple Inc												
037833DC1	APPLE INC 2.1%	2.100	09/12/2022	08/12/2022	AA+	Aaa	2,000,000.00	2,026,680.00	2.18	2,005,558.42	2.23	0.41
Issuer total							2,000,000.00	2,026,680.00	2.18	2,005,558.42	2.23	0.41
PPG Industries Inc												
693506BQ9	PPG INDUSTRIES INC 2.4%	2.400	08/15/2024	07/15/2024	BBB+	A3	2,000,000.00	2,012,600.00	2.17	1,971,321.74	2.19	2.26
Issuer total							2,000,000.00	2,012,600.00	2.17	1,971,321.74	2.19	2.26
Citibank NA												
17325FAS7	CITIBANK NA 3.65%	3.650	01/23/2024	12/23/2023	A+	Aa3	1,500,000.00	1,618,310.00	1.74	1,526,396.12	1.70	1.70
Issuer total							1,500,000.00	1,618,310.00	1.74	1,526,396.12	1.70	1.70
Walmart Inc												
931142DV2	WALMART INC 2.65%	2.650	12/15/2024	10/15/2024	AA	Aa2	1,500,000.00	1,595,520.00	1.72	1,508,512.37	1.68	2.51
Issuer total							1,500,000.00	1,595,520.00	1.72	1,508,512.37	1.68	2.51
PNC Financial Services Group Inc/The												
693475AV7	PNC FINANCIAL	3.500	01/23/2024	12/24/2023	A-	A3	1,000,000.00	1,047,210.00	1.13	1,014,099.79	1.13	1.70
Issuer total							1,000,000.00	1,047,210.00	1.13	1,014,099.79	1.13	1.70

GASB 40 - DEPOSIT AND INVESTMENT RISK DISCLOSURE

CITY OF MENLO PARK

As of March 31, 2022

Cusip	Description	Coupon	Maturity date	Call date	S&P rating	Moody rating	Par value or shares	Historical cost	% Portfolio hist cost	Market value	% Portfolio mkt value	Effective dur (yrs)
US Bancorp												
91159HHV5	US BANCORP 3.375%	3.375	02/05/2024	01/05/2024	A+	A2	1,000,000.00	1,067,060.00	1.15	1,013,750.09	1.13	1.74
Issuer total							1,000,000.00	1,067,060.00	1.15	1,013,750.09	1.13	1.74
Procter & Gamble Co/The												
742718EB1	PROCTER & GAMBLE	3.100	08/15/2023		AA-	Aa3	1,000,000.00	1,041,328.13	1.12	1,010,651.79	1.12	1.34
Issuer total							1,000,000.00	1,041,328.13	1.12	1,010,651.79	1.12	1.34
US Bank NA/Cincinnati OH												
90331HPC1	US BANK NA CINCINNATI	2.650	05/23/2022	04/23/2022	AA-	A1	1,000,000.00	1,012,470.00	1.09	1,001,014.72	1.11	0.08
Issuer total							1,000,000.00	1,012,470.00	1.09	1,001,014.72	1.11	0.08
Microsoft Corp												
594918BX1	MICROSOFT CORP 2.875%	2.875	02/06/2024	12/06/2023	AAA	Aaa	960,000.00	993,734.40	1.07	972,260.21	1.08	1.72
Issuer total							960,000.00	993,734.40	1.07	972,260.21	1.08	1.72
General Dynamics Corp												
369550BD9	GENERAL DYNAMICS	3.375	05/15/2023	04/15/2023	A-	A3	943,000.00	984,840.91	1.06	954,261.64	1.06	1.04
Issuer total							943,000.00	984,840.91	1.06	954,261.64	1.06	1.04
Cash and Cash Equivalents												
	INVESTED CASH	0.000					759,083.81	759,083.81	0.00	759,083.81	0.84	0.00
Issuer total							759,083.81	759,083.81	0.00	759,083.81	0.84	0.00
Grand total							90,762,083.81	92,859,730.26	100.00	89,974,363.45	100.00	1.63

SECURITIES PURCHASED

For the period March 1, 2022 - March 31, 2022

Cusip	Description / Broker	Trade date Settle date	Coupon	Maturity/ Call date	Par value or shares	Unit cost	Principal cost	Accrued interest
Government Agencies								
3130AJ7E3	FEDERAL HOME LOAN BANK 1.375% WELLS FARGO BANK, N.A.	03/10/2022 03/11/2022	1.375	02/17/2023	2,000,000.00	100.11	(2,002,200.00)	(1,833.33)
Total Government Agencies					2,000,000.00		(2,002,200.00)	(1,833.33)
Grand total					2,000,000.00		(2,002,200.00)	(1,833.33)

SECURITIES SOLD AND MATURED

For the period March 1, 2022 - March 31, 2022

Cusip	Description / Broker	Trade date Settle date	Coupon	Maturity/ Call date	Par value or shares	Historical cost	Amortized cost at sale or maturity	Price	Fair value at sale or maturity	Realized gain (loss)	Accrued interest sold
Government Agencies											
313378WG2	FEDERAL HOME LN BKS CONS BD DTD 2.5 DUE 03-11-2022	03/11/2022 03/11/2022	2.500		(2,000,000.00)	2,019,700.00	2,000,000.00	0.00	2,000,000.00	0.00	0.00
Total (Government Agencies)					(2,000,000.00)	2,019,700.00	2,000,000.00		2,000,000.00	0.00	0.00
Grand total					(2,000,000.00)	2,019,700.00	2,000,000.00		2,000,000.00	0.00	0.00

DETAIL OF RETURN AND INTEREST RECEIVED

For the period March 1, 2022 - March 31, 2022

Cusip	Description	Accretion (amortization)	Realized gain (loss)	Change in fair value	Interest earned	Interest received
Cash						
	Cash and Cash Equivalents	0.00	0.00	0.00	7.78	7.78
Total Cash		0.00	0.00	0.00	7.78	7.78
Corporate Bonds						
02665WCA7	AMERICAN HONDA FINANCE 2.6% 16NOV2022	(275.08)	0.00	(5,128.96)	2,383.33	0.00
02665WCT6	AMERICAN HONDA FINANCE 3.55% 12JAN2024	(2,500.64)	0.00	(15,826.63)	3,254.17	0.00
037833DC1	APPLE INC 2.1% 12SEP2022 (CALLABLE 12AUG22)	(883.45)	0.00	(6,196.18)	3,850.00	21,000.00
06051GHC6	BANK OF AMERICA CORP 3.004% 20DEC2023 (CALLABLE 20DEC22)	(2,012.56)	0.00	(6,362.50)	2,753.67	0.00
06051GHF9	BANK OF AMERICA CORP 3.55% 05MAR2024 (CALLABLE 05MAR23)	(3,348.95)	0.00	(15,196.14)	4,881.25	26,625.00
06051GHL6	BANK OF AMERICA CORP 3.864% 23JUL2024 (CALLABLE 23JUL23)	(3,997.73)	0.00	(16,941.40)	5,313.00	0.00
14913R2L0	CATERPILLAR FINL SERVICE 0.45% 17MAY2024	68.06	0.00	(22,630.13)	660.00	0.00
14913R2S5	CATERPILLAR FINL SERVICE 0.95% 10JAN2024	295.73	0.00	(13,267.76)	870.83	0.00
14913Q3B3	CATERPILLAR FINL SERVICE 2.15% 08NOV2024	(1,109.25)	0.00	(13,324.38)	1,970.84	0.00
17325FAS7	CITIBANK NA 3.65% 23JAN2024 (CALLABLE 23DEC23)	(3,861.63)	0.00	(24,257.76)	5,018.75	0.00
369550BD9	GENERAL DYNAMICS CORP 3.375% 15MAY2023 (CALLABLE 15APR23)	(919.58)	0.00	(8,379.55)	2,917.41	0.00
459200JY8	IBM CORP 3% 15MAY2024	(3,728.23)	0.00	(32,325.34)	5,500.00	0.00
459200HP9	IBM CORP 3.375% 01AUG2023	(2,486.86)	0.00	(11,271.04)	3,093.75	0.00
24422EVN6	JOHN DEERE CAPITAL CORP 0.45% 17JAN2024	539.16	0.00	(9,301.46)	330.00	0.00
24422EUX5	JOHN DEERE CAPITAL CORP 2.6% 07MAR2024	(480.64)	0.00	(21,577.21)	3,455.83	18,850.00
24422EUM9	JOHN DEERE CAPITAL CORP 3.65% 12OCT2023	(1,144.47)	0.00	(9,426.80)	3,178.55	0.00
46647PBQ8	JPMORGAN CHASE & CO 1.514% 01JUN2024 (CALLABLE 01JUN23)	(1,331.95)	0.00	(19,283.74)	2,775.66	0.00

DETAIL OF RETURN AND INTEREST RECEIVED

For the period March 1, 2022 - March 31, 2022

Cusip	Description	Accretion (amortization)	Realized gain (loss)	Change in fair value	Interest earned	Interest received
Corporate Bonds						
46625HJH4	JPMORGAN CHASE & CO 3.2% 25JAN2023	(745.58)	0.00	(6,195.44)	2,933.34	0.00
594918BX1	MICROSOFT CORP 2.875% 06FEB2024 (CALLABLE 06DEC23)	(640.93)	0.00	(10,722.25)	2,530.00	0.00
69353REF1	PNC BANK NA 3.3% 30OCT2024 (CALLABLE 30SEP24)	(5,549.20)	0.00	(58,142.92)	7,333.33	0.00
693475AV7	PNC FINANCIAL SERVICES 3.5% 23JAN2024 (CALLABLE 23DEC23)	(891.31)	0.00	(15,283.89)	3,208.33	0.00
693506BQ9	PPG INDUSTRIES INC 2.4% 15AUG2024 (CALLABLE 15JUL24)	(228.40)	0.00	(44,975.08)	4,400.00	0.00
742718EB1	PROCTER & GAMBLE CO/THE 3.1% 15AUG2023	(834.92)	0.00	(12,346.85)	2,841.67	0.00
89236THU2	TOYOTA MOTOR CREDIT CORP 0.45% 11JAN2024	77.51	0.00	(18,945.74)	742.50	0.00
89236THA6	TOYOTA MOTOR CREDIT CORP 1.35% 25AUG2023	(733.76)	0.00	(8,842.28)	1,237.50	0.00
89236TGL3	TOYOTA MOTOR CREDIT CORP 2% 07OCT2024	10.36	0.00	(19,514.26)	1,833.34	0.00
91159HHV5	US BANCORP 3.375% 05FEB2024 (CALLABLE 05JAN24)	(2,298.75)	0.00	(13,752.28)	3,093.75	0.00
90331HPC1	US BANK NA CINCINNATI 2.65% 23MAY2022 (CALLABLE 22APR22)	(367.85)	0.00	(1,817.81)	2,429.16	0.00
931142DV2	WALMART INC 2.65% 15DEC2024 (CALLABLE 15OCT24)	(2,567.74)	0.00	(26,682.88)	3,643.75	0.00
Total Corporate Bonds		(41,948.64)	0.00	(487,918.66)	88,433.71	66,475.00
Government Agencies						
3135G0V75	FANNIE MAE 1.75% 02JUL2024	293.65	0.00	(33,870.56)	3,208.34	0.00
3135G0U43	FANNIE MAE 2.875% 12SEP2023	(1,620.83)	0.00	(24,711.60)	5,270.83	28,750.00
3133EMBE1	FEDERAL FARM CREDIT BANK 0.3% 28MAR2024 (CALLABLE 12APR22)	35.69	0.00	(35,245.84)	550.00	3,000.00
3133EMTD4	FEDERAL FARM CREDIT BANK 0.37% 15MAR2024 (CALLABLE 12APR22)	55.25	0.00	(27,332.02)	678.33	3,700.00
3133EKVB9	FEDERAL FARM CREDIT BANK 1.86% 17OCT2023	119.05	0.00	(24,002.32)	3,410.00	0.00
3133EA7E2	FEDERAL FARM CREDIT BANK 1.96% 07NOV2022	(928.54)	0.00	(8,804.08)	3,593.33	0.00

DETAIL OF RETURN AND INTEREST RECEIVED

For the period March 1, 2022 - March 31, 2022

Cusip	Description	Accretion (amortization)	Realized gain (loss)	Change in fair value	Interest earned	Interest received
Government Agencies						
3133EKNX0	FEDERAL FARM CREDIT BANK 2.16% 03JUN2024	(203.65)	0.00	(15,777.72)	1,980.00	0.00
3133EKKT2	FEDERAL FARM CREDIT BANK 2.25% 08FEB2023	(472.01)	0.00	(8,870.62)	3,093.75	0.00
3133EKKU9	FEDERAL FARM CREDIT BANK 2.3% 08NOV2023	(468.54)	0.00	(18,751.48)	3,162.50	0.00
313378WG2	FEDERAL HOME LN BKS CONS BD DTD 2.5 DUE 03-11-2022	(216.27)	0.00	(1,391.54)	1,805.56	25,000.00
3130AKX84	FEDERAL HOME LOAN BANK 0.27% 23AUG2024 (CALLABLE 23MAY22)	11.84	0.00	(17,239.29)	247.50	0.00
3130AL7C2	FEDERAL HOME LOAN BANK 0.5% 25AUG2025 (CALLABLE 25MAY22)	0.00	0.00	(46,767.06)	916.67	0.00
3130AJ7E3	FEDERAL HOME LOAN BANK 1.375% 17FEB2023	(136.69)	0.00	(6,084.68)	1,527.78	0.00
313380GJ0	FEDERAL HOME LOAN BANK 2% 09SEP2022 #0000	125.86	0.00	(2,024.05)	1,833.33	10,000.00
313379Q69	FEDERAL HOME LOAN BANK 2.125% 10JUN2022	132.71	0.00	(1,483.03)	1,947.91	0.00
3130AB3H7	FEDERAL HOME LOAN BANK 2.375% 08MAR2024	(804.14)	0.00	(34,750.42)	4,354.16	23,750.00
3130A3KM5	FEDERAL HOME LOAN BANK 2.5% 09DEC2022	(764.17)	0.00	(5,643.50)	3,437.50	0.00
Total Government Agencies		(4,840.79)	0.00	(312,749.81)	41,017.49	94,200.00
Government Bonds						
91282CBM2	USA TREASURY 0.125% 15FEB2024	329.06	0.00	(20,742.18)	160.57	0.00
91282CAP6	USA TREASURY 0.125% 15OCT2023	249.94	0.00	(15,996.09)	159.68	0.00
91282CAR2	USA TREASURY 0.125% 31OCT2022	578.30	0.00	(1,640.63)	107.04	0.00
91282CCC3	USA TREASURY 0.25% 15MAY2024	82.94	0.00	(32,812.50)	428.17	0.00
91282CCX7	USA TREASURY 0.375% 15SEP2024	93.59	0.00	(33,468.75)	541.33	3,187.50
91282CDD0	USA TREASURY 0.375% 31OCT2023	874.56	0.00	(22,031.26)	642.26	0.00
91282S35	USA TREASURY 1.375% 30JUN2023	328.16	0.00	(8,750.00)	1,177.49	0.00

DETAIL OF RETURN AND INTEREST RECEIVED

For the period March 1, 2022 - March 31, 2022

Cusip	Description	Accretion (amortization)	Realized gain (loss)	Change in fair value	Interest earned	Interest received
Government Bonds						
9128282D1	USA TREASURY 1.375% 31AUG2023	667.72	0.00	(20,859.38)	2,316.58	0.00
912828YY0	USA TREASURY 1.75% 31DEC2024	(2,222.69)	0.00	(47,421.86)	2,997.24	0.00
912828Y87	USA TREASURY 1.75% 31JUL2024	(2,199.54)	0.00	(40,468.76)	2,997.24	0.00
9128282U3	USA TREASURY 1.875% 31AUG2024	(220.61)	0.00	(21,328.12)	1,579.48	0.00
912828XT2	USA TREASURY 2% 31MAY2024	(2,699.67)	0.00	(37,578.12)	3,406.59	0.00
9128286R6	USA TREASURY 2.25% 30APR2024	(451.40)	0.00	(18,203.13)	1,926.80	0.00
912828V23	USA TREASURY 2.25% 31DEC2023	(363.20)	0.00	(14,765.63)	1,926.79	0.00
912828Y61	USA TREASURY 2.75% 31JUL2023	(925.85)	0.00	(11,328.13)	2,354.97	0.00
9128285P1	USA TREASURY 2.875% 30NOV2023	(3,416.19)	0.00	(26,507.81)	4,407.28	0.00
9128285D8	USA TREASURY 2.875% 30SEP2023	(1,937.14)	0.00	(12,578.13)	2,448.49	14,375.00
Total Government Bonds		(11,232.02)	0.00	(386,480.48)	29,578.00	17,562.50
Grand total		(58,021.45)	0.00	(1,187,148.95)	159,036.98	178,245.28

TRANSACTION REPORT

For the period March 1, 2022 - March 31, 2022

Trade date Settle date	Cusip	Transaction	Sec type	Description	Maturity	Par value or shares	Realized gain(loss)	Principal	Interest	Transaction total
03/05/2022 03/05/2022	06051GHF9	Income	Corporate Bonds	BANK OF AMERICA CORP 3.55%	03/05/2024	1,500,000.00	0.00	0.00	26,625.00	26,625.00
03/07/2022 03/07/2022	24422EUX5	Income	Corporate Bonds	JOHN DEERE CAPITAL CORP	03/07/2024	1,450,000.00	0.00	0.00	18,850.00	18,850.00
03/08/2022 03/08/2022	3130AB3H7	Income	Government Agencies	FEDERAL HOME LOAN BANK	03/08/2024	2,000,000.00	0.00	0.00	23,750.00	23,750.00
03/09/2022 03/09/2022	313380GJ0	Income	Government Agencies	FEDERAL HOME LOAN BANK 2%	09/09/2022	1,000,000.00	0.00	0.00	10,000.00	10,000.00
03/10/2022 03/11/2022	3130AJ7E3	Bought	Government Agencies	FEDERAL HOME LOAN BANK	02/17/2023	2,000,000.00	0.00	(2,002,200.00)	(1,833.33)	(2,004,033.33)
03/11/2022 03/11/2022	313378WG2	Income	Government Agencies	FEDERAL HOME LN BKS CONS	03/11/2022	2,000,000.00	0.00	0.00	25,000.00	25,000.00
03/11/2022 03/11/2022	313378WG2	Capital Change	Government Agencies	FEDERAL HOME LN BKS CONS	03/11/2022	(2,000,000.00)	0.00	2,000,000.00	0.00	2,000,000.00
03/12/2022 03/12/2022	037833DC1	Income	Corporate Bonds	APPLE INC 2.1% 12SEP2022	09/12/2022	2,000,000.00	0.00	0.00	21,000.00	21,000.00
03/12/2022 03/12/2022	3135G0U43	Income	Government Agencies	FANNIE MAE 2.875%	09/12/2023	2,000,000.00	0.00	0.00	28,750.00	28,750.00
03/15/2022 03/15/2022	3133EMTD4	Income	Government Agencies	FEDERAL FARM CREDIT BANK	03/15/2024	2,000,000.00	0.00	0.00	3,700.00	3,700.00
03/15/2022 03/15/2022	91282CCX7	Income	Government Bonds	USA TREASURY 0.375%	09/15/2024	1,700,000.00	0.00	0.00	3,187.50	3,187.50
03/28/2022 03/28/2022	3133EMBE1	Income	Government Agencies	FEDERAL FARM CREDIT BANK	03/28/2024	2,000,000.00	0.00	0.00	3,000.00	3,000.00
03/31/2022 03/31/2022	9128285D8	Income	Government Bonds	USA TREASURY 2.875%	09/30/2023	1,000,000.00	0.00	0.00	14,375.00	14,375.00
03/31/2022		Income	Cash and Cash Equivalents	Cash		0.00	0.00	0.00	7.78	7.78

ADDITIONAL INFORMATION

As of March 31, 2022

Past performance is not a guide to future performance. The value of investments and any income from them will fluctuate and is not guaranteed (this may partly be due to exchange rate changes) and investors may not get back the amount invested. Transactions in foreign securities may be executed and settled in local markets. Performance comparisons will be affected by changes in interest rates. Investment returns fluctuate due to changes in market conditions. Investment involves risk, including the possible loss of principal. No assurance can be given that the performance objectives of a given strategy will be achieved. The information contained herein is for your reference only and is being provided in response to your specific request and has been obtained from sources believed to be reliable; however, no representation is made regarding its accuracy or completeness. This document must not be used for the purpose of an offer or solicitation in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or otherwise not permitted. This document should not be duplicated, amended, or forwarded to a third party without consent from Insight. This is a marketing document intended for professional clients only and should not be made available to or relied upon by retail clients.

Investment advisory services in North America are provided through two different SEC-registered investment advisers using the brand Insight Investment: Insight North America LLC (INA) and Insight Investment International Limited (IIL). The North American investment advisers are associated with a broader group of global investment managers that also (individually and collectively) use the corporate brand Insight Investment and may be referred to as Insight, Insight Group or Insight Investment.

INA is an investment adviser registered with the Securities and Exchange Commission (SEC), under the Investment Advisers Act of 1940, as amended. Registration with the SEC does not imply a certain level of skill or training. You may request, without charge, additional information about Insight. Moreover, specific information relating to Insights strategies, including investment advisory fees, may be obtained from INA's Form ADV Part 2A, which is available without charge upon request.

Where indicated, performance numbers used in the analysis are gross returns. The performance reflects the reinvestment of all dividends and income. INA charges management fees on all portfolios managed and these fees will reduce the returns on the portfolios. For example, assume that \$30 million is invested in an account with INA, and this account achieves a 5.0% annual return compounded monthly, gross of fees, for a period of five years. At the end of five years that account would have grown to \$38,500,760 before the deduction of management fees. Assuming management fees of 0.25% per year are deducted monthly from the account, the value at the end of the five year period would be \$38,022,447. Actual fees for new accounts are dependent on size and subject to negotiation. INA's investment advisory fees are discussed in Part 2A of its Form ADV.

Unless otherwise stated, the source of information is Insight. Any forecasts or opinions are Insight's own at the date of this document (or as otherwise specified) and may change. Material in this publication is for general information only and is not advice, investment advice, or the recommendation of any purchase or sale of any security. Insight makes no implied or expressed recommendations concerning the manner in which an account should or would be handled, as appropriate investment strategies depend upon specific investment guidelines and objectives and should not be construed to be an assurance that any particular security in a strategy will remain in any fund, account, or strategy, or that a previously held security will not be repurchased. It should not be assumed that any of the security transactions or holdings referenced herein have been or will prove to be profitable or that future investment decisions will be profitable or will equal or exceed the past investment performance of the securities listed.

Please compare the information provided in this statement to the information provided in the statement received from your Custodian.

For trading activity the Clearing broker will be reflected. In certain cases the Clearing broker will differ from the Executing broker.

In calculating ratings distributions and weighted average portfolio quality, Insight assigns U.S. Treasury and U.S. agency securities a quality rating based on the methodology used within the respective benchmark index. When Moody's, S&P and Fitch rate a security, Bank of America and Merrill Lynch indexes assign a simple weighted average statistic while Barclays indexes assign the median statistic. Insight assigns all other securities the lower of Moody's and S&P ratings.

Information about the indices shown here is provided to allow for comparison of the performance of the strategy to that of certain well-known and widely recognized indices. There is no representation that such index is an appropriate benchmark for such comparison. You cannot invest directly in an index and the indices represented do not take into account trading commissions and/or other brokerage or custodial costs. The volatility of the indices may be materially different from that of the strategy. In addition, the strategy's holdings may differ substantially from the securities that comprise the indices shown.

The ICE BofA 3 Month US T-Bill index is an unmanaged market index of U.S. Treasury securities maturing in 90 days that assumes reinvestment of all income.

The ICE BofA 6 Month US T-Bill index measures the performance of Treasury bills with time to maturity of less than 6 months.

The ICE BofA 1-Year US Treasury Index is a one-security index comprised of the most recently issued 1-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 1-year note must be auctioned on or before the third business day before the last business day of the month.

The ICE BofA 3-Year US Treasury Index is a one-security index comprised of the most recently issued 3-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 3-year note must be auctioned on or before the third business day before the last business day of the month.

The ICE BofA 5-Year US Treasury Index is a one-security index comprised of the most recently issued 5-year US Treasury note. The index is rebalanced monthly. In order to qualify for inclusion, a 5-year note must be auctioned on or before the third business day before the last business day of the month.

The ICE BofA 1-3 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than three years.

The ICE BofA 1-5 US Year Treasury Index is an unmanaged index that tracks the performance of the direct sovereign debt of the U.S. Government having a maturity of at least one year and less than five years.

ADDITIONAL INFORMATION

As of March 31, 2022

Insight does not provide tax or legal advice to its clients and all investors are strongly urged to consult their tax and legal advisors regarding any potential strategy or investment.

Insight is a group of wholly owned subsidiaries of The Bank of New York Mellon Corporation. BNY Mellon is the corporate brand of The Bank of New York Mellon Corporation and may also be used as a generic term to reference the Corporation as a whole or its various subsidiaries generally. Products and services may be provided under various brand names and in various countries by subsidiaries, affiliates and joint ventures of The Bank of New York Mellon Corporation where authorized and regulated as required within each jurisdiction. Unless you are notified to the contrary, the products and services mentioned are not insured by the FDIC (or by any governmental entity) and are not guaranteed by or obligations of The Bank of New York Mellon Corporation or any of its affiliates. The Bank of New York Corporation assumes no responsibility for the accuracy or completeness of the above data and disclaims all expressed or implied warranties in connection therewith.

© 2022 Insight Investment. All rights reserved.

City of Menlo Park								
Insight ESG Ratings as of March 31, 2022								
Cusip/Id	Description	Moody Rating	S&P Rating	Par	Insight ESG Score	Environmental	Social	Governance
90331HPC1	US BANK NA CINCINNATI 2.65% 23MAY2022 (CALLABLE 22APR22)	A1	AA-	\$ 1,000,000	4	2	5	4
037833DC1	APPLE INC 2.19% 12SEP2022 (CALLABLE 12AUG2022)	Aaa	AA+	\$ 2,000,000	4	3	3	5
02665WCA7	AMERICAN HONDA FINANCE 2.6% 16NOV2022	A3	A-	\$ 1,000,000	3	1	4	3
46625HJH4	JPMORGAN CHASE & CO 3.2% 25JAN2023	A2	A-	\$ 1,000,000	3	1	3	4
369550BD9	GENERAL DYNAMICS 3.375% 15MAY2023	A3	A-	\$ 943,000	4	3	5	3
459200HP9	IBM CORP 3.2% 01AUG2023	A3	A-	\$ 1,000,000	3	1	3	4
742718EB1	PROCTER & GAMBLE CORP 3.1% 15AUG2023	Aa3	AA-	\$ 1,000,000	4	3	5	3
89236THA6	TOYOTA MOTOR CREDIT 1.35% 25 AUG 2023	A1	A+	\$ 1,000,000	3	3	3	5
24422EUM9	JOHN DEERE CAPITAL CORP 3.65% 12OCT2023	A2	A	\$ 950,000	3	3	3	3
06051GHC6	BANK OF AMERICA NA 3.004% 20DEC2023 (CALLABLE 20DEC2022)	A2	A-	\$ 1,000,000	3	1	4	4
14913R2S5	CATERPILLAR FIN. SER. .95% 10JAN2024	A2	A	\$ 1,000,000	3	3	3	4
89236THU2	TOYOTA MOTOR CREDIT .45% 11JAN2024	A1	A+	\$ 1,800,000	3	3	3	5
02665WCT6	AMERICAN HONDA FINANCE 3.55% 12JAN2024	A3	A-	\$ 1,000,000	3	1	4	3
24422EVN6	JOHN DEERE CAPITAL CORP .45% 17JAN2024	A2	A	\$ 800,000	3	3	3	3
17325FAS7	CITIBANK NA 3.65% 23JAN2024 (CALLABLE 23DEC23)	Aa3	A+	\$ 1,500,000	3	1	3	4
693475AV7	PNC FINSERVGRUP 3.5% 23JAN2024 (CALLABLE 24DEC2023)	A3	A-	\$ 1,000,000	2	2	3	2
91159HHV5	US BANK NA CINCINNATI 3.375% 05FEB2024 (CALLABLE 06JAN2024)	A1	AA-	\$ 1,000,000	4	2	5	4
594918BX1	MICROSOFT CORP 2.875% 06FEB2024 (CALLABLE 06DEC23)	Aaa	AAA	\$ 960,000	2	1	2	4
06051GHF9	BANK OF AMERICA NA 3.55% 5MAR2024 (CALLABLE 5MAR2023)	A2	A-	\$ 1,500,000	3	1	4	4
24422EUX5	JOHN DEERE CAPITAL CORP 2.6% 07MAR2024	A2	A	\$ 1,450,000	3	3	3	3
459200JY8	IBM CORP 3.0% 15MAY2024	A3	A-	\$ 2,000,000	3	1	3	4
14913R2L0	CATERPILLAR .45% 17MAY2024	A2	A	\$ 1,600,000	3	3	3	4
46647PBQ8	JPMORGAN CHASE & CO 1.514% 01JUN2024 (CALLABLE 01JUN23)	A2	A-	\$ 2,000,000	3	1	3	4
06051GHL6	BANK OF AMERICA NA 3.864% 23JUL2024 (CALLABLE 23JUL2023)	A2	A-	\$ 1,500,000	3	1	4	4
693506BQ9	PPG INDUSTRIES INC 2.4% 15AUG2024	A3	BBB+	\$ 2,000,000	2	1	3	4
89236TGL3	TOYOTA MOTOR CREDIT 2.00% 07OCT2024	A1	A+	\$ 1,000,000	3	3	3	5
69353REF1	PNC BANK NA 3.3% 30OCT2024 (CALLABLE 30SEP2024)	A2	A	\$ 2,500,000	2	2	3	2
14913Q3B3	CATERPILLAR 2.15% 8NOV2024	A2	A	\$ 1,000,000	3	3	3	4
931142DV2	WALMART INC. 2.65% 15DEC2024 (CALLABLE 15OCT2024)	Aa2	AA	\$ 1,500,000	4	2	4	5
Corporate				\$ 38,003,000	3.07	2.00	3.45	3.79

ESG ratings are from 1 to 5, with 1 as the highest rating and 5 as the lowest. All ratings are weighted by industry rankings, based on the importance of the category within the individual industry.

Administrative Services



STAFF REPORT

Finance and Audit Committee

Meeting Date: 6/2/2022

Staff Report Number: 22-002-FAC

Regular Business: Review the Annual Comprehensive Financial Report findings on Internal Control for the fiscal year ended June 30, 2021

Recommendation

Staff recommends FAC review the findings and management response on internal controls for the annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2021.

Policy Issues

The City is required to issue audited financial statements by independent auditors on an annual basis. Management is responsible for preparing the annual financial statements which are subsequently audited by an independent auditor which reports to the City Council. Governmental auditing standards issued by the Comptroller General of the United States requires auditors issue a report on internal control.

Background

The City contracted with the firm Lance, Soll & Lungard, LLP (Certified Public Accountants) in 2019 to perform an audit of their financial records and render an opinion in accordance with auditing standards generally accepted in the US. LSL contract covers a three-year engagement with this being their final year. The goal of a financial statement audit is to provide reasonable assurance from an independent source that the information presented in the statements is reliable.

Analysis

Based on their annual independent audit, the Auditor rendered an unmodified “clean” opinion, on the City’s financial statements for the fiscal year ended June 30, 2021. In their opinion, “the financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City. The auditors are also required to issue a report on internal controls for the City.

In their report on internal controls beginning on page one of the Independent auditor’s report (Attachment A,) the Auditor found that the City has three material weaknesses and one significant deficiencies in internal controls that could have a material impact on the accuracy of the financial statements.

- A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected on a timely basis

- A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

These deficiencies were mainly caused by untimely conversion of the City's financial system stretching resources. Management provided a response to the findings in this report.

Impact on City Resources

The independent auditing services is a covered expense within the City's FY 2020-21 approved budget.

Environmental Review

This action is not a project within the meaning of the California Environmental Quality Act (CEQA) Guidelines §§ 15378 and 15061(b)(3) as it will not result in any direct or indirect physical change in the environment.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

A. Independent auditor's report on internal controls for the year ended June 30, 2021

Report prepared by:

Marvin Davis, Interim Finance Director



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Mayor and Members of the City Council
City of Menlo Park, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Menlo Park California, (the City) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 29, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies reported on the schedule of findings and questioned costs to be material weaknesses: 2021-01 through 2021-03.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies, described on the accompanying schedule of findings and questioned costs, to be significant deficiencies: 2021-04.



To the Honorable Mayor and Members of the City Council
City of Menlo Park, California

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies, described on the accompanying schedule of findings and questioned costs, to be significant deficiencies: 2021-04.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed the following instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. These items are described as findings 2021-1 through 2021-04 on the accompanying schedule of findings and questioned costs.

City's Response to Findings

The City's response to the findings identified in our audit was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Lance, Soll & Lughard, LLP". The signature is written in a cursive, flowing style.

Sacramento, California
December 29, 2021



To the Honorable Mayor and Members of the City Council
City of Menlo Park, California

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Accounts Payable Accrual

Reference Number: 2021-001

Evaluation of Finding:
Material Weakness

Condition:
The City did not accrue a check relating to services performed in fiscal year 2020-2021 as of June 30, 2021.

Criteria:
The City should ensure that all payables are accrued in the proper fiscal year.

Cause of Condition:
The cause of this condition resulted from time constraints on the review process of the year end journal entries.

Effect or Potential Effect of Condition:
The misstatement resulted in understated expenditures and accounts payable at year end.

Recommendation:
LSL recommends that the City perform a thorough review over the AP accrual, beyond the City's AP cutoff period to ensure any late invoices are properly accrued, if necessary.

Management's Response and Corrective Action:

The City accepts this finding. In fiscal year 2020-21, the City implemented a new financial software – OpenGov parallel with the old Cayenta financial system. The conversion started in March 2021 which conflicts with the year-end and audit preparation. Two of the Accountants (City only have 3 accountant positions) were assigned on the system conversion and installation, which took away their times to focus on the year-end closing and audit preparation. The system conversion to the new financial software should have been done after the audit preparation is completed. Due to the staffing changes and the vacancy of the Finance and Budget Manager position, staff assigned to the audit were not able to review the entire Accounts Payable schedule prior to the scheduled audit field work.

In the future, City staff will make sure that a thorough review of the Accounts Payable accrual, beyond the City's cutoff period will be properly accrued.

Recognition of Land Held for Resale

Reference Number: 2021-002

Evaluation of Finding:
Material Weakness

Condition:
The City expensed land held for resale in the trial balance provided for the audit. Because of audit inquiries LSL became aware that the city bought land held for resale. This purchase was verified against council minutes.



To the Honorable Mayor and Members of the City Council
City of Menlo Park, California

Criteria:

The City of Menlo Park should not expense purchases of land held for resale.

Cause of Condition:

Improper review of financial transactions for classification and rights to assets.

Effect or Potential Effect of Condition:

The unremedied condition would have overstated expenses and understated assets by \$440,284

Recommendation:

The City should review all real estate transactions for proper classification in the financial records.

Management's Response and Corrective Action:

The City accepts this finding. Error was an oversight on City's part due to short staff. In the future, fixed assets will be reconciled and reviewed for proper classifications in the general ledger and financial records.

Bank Reconciliation Process

Reference Number: 2021-003

Evaluation of Finding:

Material Weakness

Condition:

We received various correcting Bank reconciliations. The City of Menlo Park should be reviewing and completing bank reconciliations before the start of audit fieldwork.

Criteria:

The timeliness of bank reconciliations is important for the financial management of the City of Menlo Park. The reconciliation needs to be performed in an accurate and timely manner

Cause of Condition:

Improper review of the bank reconciliation process and lack of oversight into the review process.

Effect or Potential Effect of Condition:

Without timely and accurate bank reconciliations, the City is hindered in financial management.

Recommendation:

The City of Menlo Park should implement changes to the bank reconciliation process to ensure they are completed accurately and timely.

Management's Response and Corrective Action:

The City accepts this finding. In fiscal year 2020-21, the Accountant II position was assigned to focus on the system conversion of the new accounting system. The bank reconciliation preparation has left behind and also the review process due to staffing changes. Only one staff and a consultant were provided to focus on the year end and audit preparation. In the future the City will ensure they are completed accurately and timely. OpenGov has a bank reconciliation function that will be used to process the bank reconciliation monthly.



To the Honorable Mayor and Members of the City Council
City of Menlo Park, California

Correcting Journal Entries

Reference Number: 2021-004

Evaluation of Finding:
Significant Deficiency

Condition:

During the course of the audit, the City of Menlo Provided over a dozen correcting journal entries. These ranged from closing entries that were improperly not included in the financial records provided for the audit to corrections of material errors.

Criteria:

The City of Menlo Park should ensure that the general ledger and other financial records are complete, accurate and reviewed in a timely manner.

Cause of Condition:

Due to staffing changes at the City of Menlo Park, there are areas which are not being properly reviewed for completeness and accuracy.

Effect or Potential Effect of Condition:

The potential effect of the City of Menlo Park not posting journal entries varies by journal entry, but the management of the City should strive to ensure the accuracy and completeness of the financial information.

Recommendation:

The City of Menlo Park should review the year-end close process and update with improved procedures that will help ensure the accuracy and completeness of the information under audit.

Management's Response and Corrective Action:

The City accepts this finding. As mentioned earlier, the system conversion should have been scheduled after the audit preparation, so staff can focus on the year end closing and audit preparation. Staffing changes during this period affected staff deadlines. Staff focus were diverted to system conversion that several journal entries were not finished or prepared prior to the scheduled audit field work.

City will ensure that the general ledger and other financial records are completed, accurate and reviewed in a timely manner.



STAFF REPORT

Finance and Audit Committee

Meeting Date: 6/2/2022
Staff Report Number: 22-003-FAC

Consent Calendar: Review and recommend adoption of the 2022-23 investment policy for the City and the former Community Development Agency of Menlo Park

Recommendation

Review and recommend adoption of the 2022-23 investment policy (Attachment A) for the City and the former Community Development Agency of Menlo Park

Policy Issues

The investment policy provides guidelines for investing City and former Agency funds in accordance with State of California Government Code Section 53601 et seq.

Background

The investment of funds by a California local agency, including the types of securities in which an agency may invest, is governed by the California Government Code. The law requires that the legislative body of each agency adopt an investment policy, which may add further limitations than those established by the State. In addition, an agency's investment policy must be reviewed annually, and any changes must be adopted at a public meeting. The City of Menlo Park has had such a policy in place since 1990. The investment policy was last reviewed and updated by the City Council August 17, 2021 with resolution 6651.

Annual adoption of the City's investment policy provides an opportunity to regularly review the policy to ensure its consistency with the overall objectives of safety, liquidity and yield, as well as its relevance to current law and economic trends. Early in each fiscal year, the City's investment adviser (Insight Investment) reviews the policy to ensure it is kept up to date and in compliance with applicable State statutes. Insight also makes recommendations for strategic changes to the investment policy to position the City's portfolio to maximize yield while maintaining safety and liquidity.

The annual review of the City's investment policy provides the opportunity to make modifications to reflect changes in the investment environment. The types of modifications will vary but are often focused on providing greater diversification to maintain a safe and liquid investment portfolio. Further, the annual review is also a good time to clarify certain terms, remove ambiguity in the policy language, and better reflect changes in current market trading technologies.

Analysis

This meeting provides an opportunity to the FAC to recommend any changes to the current policy (Attachment A) previously adopted by City Council August 17, 2021.

Public Notice

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

Attachments

- A. Fiscal year 2022-23 investment policy for the City and the former Community Development Agency of Menlo Park

Report prepared by:

Marvin Davis, Interim Finance Director

INVESTMENT POLICY

City Council Policy #CC-21-020

Adopted xx, 2022 Resolution No. xxxx



Purpose

The City of Menlo Park (the “City”), incorporated in 1927, is located between San Francisco and Oakland on the North, and San Jose on the South. The city is governed by five members elected by district to City Council.

The City Council has adopted this Investment Policy (the “Policy”) in order to establish the investment scope, objectives, delegation of authority, standards of prudence, reporting requirements, internal controls, eligible investments and transactions, diversification requirements, risk tolerance, and safekeeping and custodial procedures for the investment of the unexpended funds of the city. All such investments will be made in accordance with the Policy and with applicable sections of the California Government Code.

This Policy was endorsed and adopted by the City Council of the City of Menlo Park on the xx of xx 2022. It replaces any previous investment policy or investment procedures of the city.

Scope

The provisions of this Policy shall apply to all financial assets of the city and the Community Development Agency of Menlo Park as accounted for in the city’s comprehensive annual financial report, with the exception of bond proceeds, which shall be governed by the provisions of the related bond indentures or resolutions.

All cash shall be pooled for investment purposes. The investment income derived from the pooled investment account shall be allocated to the contributing funds based upon the proportion of the respective average balances relative to the total pooled balance in the investment portfolio. Investment income shall be distributed to the individual funds on a quarterly basis.

Objectives

The city’s funds shall be invested in accordance with all applicable municipal codes and resolutions, California statutes, and federal regulations, and in a manner designed to accomplish the following objectives, which are listed in priority order:

1. Preservation of capital and protection of investment principal.
2. Maintenance of sufficient liquidity to meet anticipated cash flows.
3. Attainment of a market value rate of return.

Diversification to avoid incurring unreasonable market risks.

Delegation of authority

The management responsibility for the city’s investment program is delegated annually by the City Council to the chief financial officer (the “CFO”) pursuant to California Government Code Section 53607. The City’s administrative services director or designee serves as the CFO. In the absence of the CFO, the finance and budget manager is authorized to conduct investment transactions. The CFO may delegate the authority to conduct investment transactions and to manage the operation of the investment portfolio to other specifically authorized staff members. The CFO shall maintain a list of persons authorized to transact securities business for the city. No person may engage in an investment transaction except as expressly provided under the terms of this policy.

The CFO shall develop written administrative procedures and internal controls, consistent with this policy, for the operation of the city’s investment program. Such procedures shall be designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of the city.

The city may engage the support services of outside investment advisors in regard to its investment program, so long as it can be clearly demonstrated that these services produce a net financial advantage or necessary financial protection of the city’s financial resources.

Prudence

The standard of prudence to be used for managing the city's investments shall be California Government Code Section 53600.3, the prudent investor standard which states, "When investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency."

The city's overall investment program shall be designed and managed with a degree of professionalism that is worthy of the public trust. The city recognizes that no investment is totally without risk and that the investment activities of the city are a matter of public record. Accordingly, the city recognizes that occasional measured losses may occur in a diversified portfolio and shall be considered within the context of the overall portfolio's return, provided that adequate diversification has been implemented and that the sale of a security is in the best long-term interest of the city.

The CFO and authorized investment personnel acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided that the deviations from expectations are reported in a timely fashion to the City Council and appropriate action is taken to control adverse developments.

Ethic and conflicts of interest

Elected officials and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or could impair or create the appearance of an impairment of their ability to make impartial investment decisions. Employees and investment officials shall disclose to the city manager any business interests they have in financial institutions that conduct business with the city and they shall subordinate their personal investment transactions to those of the city. In addition, the city manager, the assistant city manager and the administrative services director shall file a Statement of Economic Interests each year pursuant to California Government Code Section 87203 and regulations of the Fair Political Practices Commission.

Authorized securities and transactions

All investments and deposits of the city shall be made in accordance with California Government Code Sections 16429.1, 53600-53609 and 53630-53686, except that, pursuant to California Government Code Section 5903(e), proceeds of bonds and any moneys set aside or pledged to secure payment of the bonds may be invested in securities or obligations described in the ordinance, resolution, indenture, agreement, or other instrument providing for the issuance of the bonds.

Any revisions or extensions of these code sections will be assumed to be part of this policy immediately upon being enacted. However, in the event that amendments to these sections conflict with this policy or past city investment practices, the city may delay adherence to the new requirements when it is deemed in the best interest of the city to do so. In such instances, after consultation with the city's attorney, the CFO will present a recommended course of action to the City Council for approval.

The city has further restricted the eligible types of securities and transactions as follows:

1. United States treasury bills, notes, bonds, or strips with a final maturity not exceeding five years from the date of trade settlement.
2. Federal agency debentures, federal agency mortgage-backed securities, and mortgage-backed securities with a final maturity not exceeding five years from the date of trade settlement.
3. Federal instrumentality (government-sponsored enterprise) debentures, discount notes, callable securities, step-up securities, and mortgage-backed securities with a final maturity not exceeding five years from the date of trade settlement. Subordinated debt may not be purchased.
4. Medium-term notes issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state and operating within the United States. Medium-term notes shall have a final maturity not exceeding five years from the date of trade settlement and shall be rated at least "A" or the equivalent by a nationally recognized statistical ratings organization (NRSRO), at the time of purchase.
5. Negotiable certificates of deposit with a maturity not exceeding five years from the date of trade settlement, in state or nationally chartered banks or savings banks that are insured by the FDIC, subject to the limitations of California Government Code Section 53638. Certificates of Deposits may be purchased only from financial

- institutions that meet the credit criteria set forth in the section of this Investment Policy, "Selection of Banks and Savings Banks." Depending on their maturity, Negotiable Certificates of Deposit shall have a short-term rating of at least A-1+ or the equivalent by a NRSRO at the time of purchase.
6. Non-negotiable certificates of deposit and savings deposits with a maturity not exceeding five years from the date of trade settlement, in FDIC insured state or nationally chartered banks or savings banks that qualify as a depository of public funds in the State of California as defined in California Government Code Section 53630.5. Deposits exceeding the FDIC insured amount shall be secured pursuant to California Government Code Section 53652.
 7. Municipal and State obligations:
 - A. Municipal bonds with a final maturity not exceeding five years from the date of trade settlement. Such bonds include registered treasury notes or bonds of any of the 50 United States and bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority of any of the states. Such obligations must be rated at least "A", or the equivalent, by a NRSRO at the time of purchase.
 - B. In addition, bonds, notes, warrants, or other evidences of indebtedness of any local agency in California, include bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by the local agency, or by a department, board, agency, or authority of the local agency. Such obligations must be rated at least "A", or the equivalent, by a NRSRO at the time of purchase.
 8. Prime commercial paper with a maturity not exceeding 270 days from the date of trade settlement with the highest ranking or of the highest letter and number rating as provided for by a NRSRO. The entity that issues the commercial paper shall meet all of the following conditions in either sub-paragraph A. or sub-paragraph B. below:
 - A. The entity shall (1) be organized and operating in the United States as a general corporation, (2) have total assets in excess of \$500 million, and (3)
 - B. The entity shall (1) be organized within the United States as a special purpose corporation, trust, or limited liability company, (2) have program-wide credit enhancements, including, but not limited to, over collateralization, letters of credit or surety bond, and (3) have commercial paper that is rated at least "A-1" or the equivalent or higher by a NRSRO.
 9. Eligible banker's acceptances with a maturity not exceeding 180 days from the date of trade settlement, issued by a national bank with combined capital and surplus of at least \$250 million, whose deposits are insured by the FDIC, and whose senior long-term debt is rated at least "A" or the equivalent by a NRSRO at the time of purchase.
 10. Repurchase agreements with a final termination date not exceeding 30 days collateralized by the U.S. Treasury obligations, federal agency securities, or federal instrumentality securities listed in items #1 through #3 above, with the maturity of the collateral not exceeding five years. For the purpose of this section, the term collateral shall mean purchased securities under the terms of the city's approved Master Repurchase Agreement. The purchased securities shall have a minimum market value including accrued interest of 102% of the dollar value of the funds borrowed. Collateral shall be held in the city's custodian bank, as safekeeping agent, and the market value of the collateral securities shall be marked-to-the-market daily.
Repurchase agreements shall be entered into only with banks and with broker/dealers who are recognized as Primary Dealers with the Federal Reserve Bank of New York, or with firms that have a primary dealer within their holding company structure. Repurchase agreement counterparties shall execute a city approved Master Repurchase Agreement with the city. The CFO shall maintain a copy of the city's approved Master Repurchase Agreement along with a list of the banks and broker/dealers who have executed same.
 11. State of California's Local Agency Investment Fund (LAIF), pursuant to California Government Code Section 16429.1.
 12. Money market funds registered under the Investment Company Act of 1940 which (1) are "no-load" (meaning no commission or fee shall be charged on purchases or sales of shares); (2) have a constant daily net asset value per share of \$1.00; (3) invest only in the securities and obligations authorized in this Policy and (4) have a rating of at least "AAA" or the equivalent by at least two NRSROs.

Securities that have been downgraded to a level that is below the minimum ratings described herein may be sold or held at the city's discretion.

It is the intent of the city that the foregoing list of authorized securities and transactions be strictly interpreted. Any deviation from this list must be preapproved by resolution of the City Council.

Investment diversification

The city shall diversify its investments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. Nevertheless, the asset allocation in the investment

portfolio should be flexible depending upon the outlook for the economy, the securities markets, and the city's anticipated cash flow needs.

Securities shall not exceed the following maximum limits as a percentage of the total portfolio:

Type of security	Maximum percentage of the total portfolio
U.S. Treasury obligations	100%
Federal agency securities	100%†
Federal instrumentality securities†	100% †
Repurchase agreements	100%
Local government investment pools	100%
Aggregate amount of Certificates of deposit, negotiable and non-negotiable	25%
Aggregate amount of prime commercial paper*	25%
Aggregate amount of money market funds *	20%
Aggregate amount of municipal bonds*	30%
Aggregate amount of eligible banker's acceptances*	15%
Aggregate amount of medium-term notes*	30%

† No more than 20% of the city's total portfolio shall be invested in mortgage-backed securities.

*No more than 5% of the city's total portfolio shall be invested in any one issuer/financial institution and/or its affiliates.

Portfolio maturities and liquidity

To the extent possible, investments shall be matched with anticipated cash flow requirements and known future liabilities. The city will not invest in securities maturing more than five years from the date of trade settlement unless the City Council has, by resolution, granted authority to make such an investment at least three months prior to the date of investment. The sole maturity distribution range shall be from zero to five years from the date of trade settlement.

Selection of broker/dealers

The CFO shall maintain a list of broker/dealers approved for investment purposes, and it shall be the policy of the city to purchase securities only from those authorized firms. To be eligible, a firm must be licensed by the State of California as a broker/dealer as defined in Section 25004 of the California Corporations Code.

The city may engage the services of investment advisory firms to assist in the management of the portfolio and investment advisors may utilize their own list of approved Broker/Dealers. The list of approved firms shall be provided to the city on an annual basis or upon request.

In the event that an external investment advisory firm is not used in the process of recommending a particular transaction, each authorized broker/dealer shall be required to submit and annually update a city approved Broker/Dealer Information Request form which includes the firm's most recent financial statements. The CFO shall maintain a list of the broker/dealers that have been approved by the city, along with each firm's most recent broker/dealer information request form. The city may purchase commercial paper from direct issuers even though they are not on the approved broker/dealer list as long as they meet the criteria outlined in Item 8 of the authorized securities and transactions section of this Policy.

Competitive transactions

Each investment transaction shall be competitively transacted with authorized broker/dealers. At least three broker/dealers shall be contacted for each transaction and their bid and offering prices shall be recorded.

If the city is offered a security for which there is no other readily available competitive offering, the CFO will then document quotations for comparable or alternative securities.

Selection of banks and savings banks

The CFO shall maintain a list of authorized banks and savings banks that are approved to provide banking services for the city. To be eligible to provide banking services, a financial institution shall qualify as a depository of public funds in the State of California as defined in California Government Code Section 53630.5 and must be a member of the FDIC. The city shall utilize SNL Financial Bank Insight ratings to perform credit analyses on banks seeking authorization. The analysis shall include a composite rating and individual ratings of liquidity, asset quality, profitability and capital adequacy. Annually, the CFO shall review the most recent credit rating analysis reports performed for each approved bank. Banks that in the judgment of the CFO no longer offer adequate safety to the city shall be removed from the city's list of authorized banks. Banks failing to meet the criteria outlined above, or in the judgment of the CFO no longer offer adequate safety to the city, will be removed from the list. The CFO shall maintain a file of the most recent credit rating analysis reports performed for each approved bank. Credit analysis shall be performed on a semi-annual basis.

Safekeeping and custody

The CFO shall select one or more financial institutions to provide safekeeping and custodial services for the city, in accordance with the provisions of Section 53608 of the California Government Code. Custodian banks will be selected on the basis of their ability to provide services for the city's account and the competitive pricing of their safekeeping related services. The CFO shall maintain a file of the credit rating analysis reports performed semi-annually for each approved financial institution. A Safekeeping Agreement approved by the city shall be executed with each custodian bank prior to utilizing that bank's safekeeping services.

The purchase and sale of securities and repurchase agreement transactions shall be settled on a delivery versus payment basis. All securities shall be perfected in the name of the city. Sufficient evidence to title shall be consistent with modern investment, banking and commercial practices.

All investment securities purchased by the city will be delivered by book entry and will be held in third-party safekeeping by a city approved custodian bank, or its Depository Trust Company (DTC) participant account.

Portfolio performance

The investment portfolio shall be designed to attain a market rate of return throughout budgetary and economic cycles, taking into account prevailing market conditions, risk constraints for eligible securities, and cash flow requirements. The performance of the city's investments shall be compared to the average yield on the U.S. Treasury security that most closely corresponds to the portfolio's actual weighted average effective maturity. When comparing the performance of the city's portfolio, its rate of return will be computed net of all fees and expenses.

Portfolio review and reporting

Credit criteria and maximum percentages listed in this section refer to the credit of the issuing organization and/or maturity at the time the security is purchased. The city may, from time to time, be invested in a security whose rating is downgraded below the minimum ratings set forth in this policy. In the event a rating drops below the minimum allowed rating category for that given investment type, the administrative services director shall notify the city manager and/or designee and recommend a plan of action. Appropriate documentation of such a review, along with the recommended action and final decision shall be retained for audit.

Quarterly, the CFO shall submit to the City Council a report of the investment earnings and performance results of the city's investment portfolio. The report shall include the following information:

1. Investment type, issuer, date of maturity, par value and dollar amount invested in all securities, and investments and monies held by the city;
2. A description of the funds, investments and programs;
3. A market value as of the date of the report (or the most recent valuation as to assets not valued monthly) and the source of the valuation;
4. A statement of compliance with this Investment Policy or an explanation for not-compliance; and
5. A statement of the ability to meet expenditure requirements for six months, as well as an explanation of why money will not be available if that is the case.

Policy review

This investment policy shall be adopted by resolution of the City Council annually. It shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity, yield and diversification and its relevance to current law and economic trends. Any amendments to the Policy shall be reviewed by the City's Finance and Audit Committee prior to being forwarded to the City Council for approval.

Procedure history		
Action	Date	Notes
Procedure adoption	January 14, 1997	Resolution No. 4784
Procedure adoption	February 17, 1998	Resolution No. 4871
Procedure adoption	February 2, 1999	Resolution No. 5064
Procedure adoption	February 13, 2001	Resolution No. 5283
Procedure adoption	May 9, 2000	Adopted by minute order
Procedure adoption	February 5, 2002	Resolution No. 5362
Procedure adoption	June 24, 2003	Resolution No. 5457
Procedure adoption	June 20, 2004	Resolution No. 5545
Procedure adoption	August 15, 2005	Resolution No. 5616
Procedure adoption	July 25, 2006	Resolution No. 5960
Procedure adoption	July 31, 2007	Resolution No. 5759
Procedure adoption	September 23, 2008	Resolution No. 5825
Procedure adoption	September 1, 2009	Resolution No. 5886
Procedure adoption	August 31, 2010	Resolution No. 5957
Procedure adoption	September 27, 2011	Resolution No. 6028
Procedure adoption	September 18, 2012	Resolution No. 6103
Procedure adoption	October 15, 2013	Resolution No. 6171
Procedure adoption	August 19, 2014	Resolution No. 6221
Procedure adoption	August 25, 2015	Resolution No. 6286
Procedure adoption	September 13, 2016	Resolution No. 6343
Procedure adoption	August 20, 2019	Adopted by minute order
Procedure adoption	August 11, 2020	Adopted by minute order
Procedure adoption	August 17, 2021	Resolution No. 6651



SPECIAL MEETING MINUTES – DRAFT

Date: 12/13/2021
Time: 5:30 p.m.
Location: Zoom

A. Call To Order

Chair Royse called the meeting to order at 5:45 p.m.

B. Roll Call

Present: Mueller, Normington, Royse, Wong
Absent: Combs, Soffer, Westcott
Staff: Assistant City Manager Nick Pegueros, Interim Finance and Budget Manager Patricia Barboza, Interim Administrative Services Director Theresa DellaSanta

C. Agenda Review

None.

D. Presentations

D1. Presentation of the basic financial statement draft fiscal year ending June 30, 2021 (Attachment)

Assistant City Manager Nick Pegueros gave the presentation.

D2. Questions for basic financial statement fiscal year June 30, 2021

Jocelyn Potter, Independent Auditor (LSL, CPA) provided clarification on the financial statement.

E. Consent Calendar

E1. Approve action minutes for the Finance and Audit Committee's November 3, 2021 special meeting (Attachment)

ACTION: Motion and second (Normington/ Wong), to approve the consent calendar, passed 4-0 (Combs, Wescott, and Soffer absent)

F. Adjournment

Chair Royse adjourned the meeting at 6:30 p.m.

Patricia Barboza, Interim Finance and Budget Manager