

City of Galveston



**For the Quarter Ended
September 30, 2021**

Report Name

Certification Page
Executive Summary
Benchmark Comparison
Detail of Security Holdings
Change in Value
Earned Income
Investment Transactions
Amortization and Accretion
Projected Fixed Income Cash Flows

MARKET RECAP - SEPTEMBER 2021:

Covid concerns continued to infect Q3 economic growth, although the month of September showed a steady decline in the spread. The 7-day average of new COVID-19 cases actually peaked at 161k on the first day of September before dropping -55% over the course of the month as another 10 million Americans received their first vaccine dose, bringing the total above 210 million, or 65% of the U.S. population. As the virus receded, market focus turned to the mid-month FOMC meeting for indications of when committee members would begin reeling-in some of the Fed's accommodative monetary policy. Chairman Powell told reporters in the post-meeting press conference that QE asset purchases were expected to wind down by mid-2022, and although an official start date has not been set, tapering will almost certainly begin later this year. The FOMC meeting also brought a fresh "dot plot" that was a bit more aggressive in terms of future interest rate increases. Of course, all of this is subject to change depending on labor market and inflation trends.

Non-farm payrolls, tainted by the latest virus wave, rose by just +235k in August, a sharp drop from the million plus pace of the previous two months, leaving payrolls 5.3 million below the pre-pandemic total. At first glance, it might appear those jobs are missing, but in reality, it's the workers that are absent. The July JOLTS survey showed a record 10.9 million available positions, an increase of 4.2 million since the year began. With federal unemployment benefits ending on September 6th for an estimated 11 million Americans, many experts expect open positions will be filled in the upcoming months. These jobseekers will be paying higher prices for food, clothing and transportation as inflationary pressures remained extremely elevated well beyond the "transitory period" Fed officials have widely telegraphed. On a year-over year-basis, headline CPI was up +5.3% in August, down from +5.4% the previous month, while core CPI climbed +4.0% on a year-over-year basis following a +4.3% annual increase in July. The simple fact that the indexes are moving lower may have given investors some comfort, but inflation remains stubbornly near thirty-year highs. Strong consumer demand paired with severely challenged global supply chains indicate higher prices could last well into next year.

The Fed typically cools inflation by ratcheting interest rates higher to slow economic growth, but as monetary stimulus is set to fade, fiscal policy could be on the verge of expanding at an unprecedented pace. A \$1 trillion infrastructure bill that passed the Senate in August did not get a vote in the House as expected on the last day of September, while opposition to a proposed \$3.5 trillion budget reconciliation bill is garnering hostility on both sides of the aisle and an impasse on the debt ceiling adds to the turmoil. At this point, the Democrats will either raise the debt ceiling themselves and face the political consequences in the 2022 midterms or put the U.S. Treasury in the unthinkable position of defaulting on its debt obligations. Either way, politics are likely to drive the markets in October, adding a big dose of volatility and likely nudging a market yields higher.

For the Quarter Ended
September 30, 2021

This report is prepared for the **City of Galveston** (the "Entity") in accordance with Chapter 2256 of the Texas Public Funds Investment Act ("PFIA"). Section 2256.023(a) of the PFIA states that: "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period." This report is signed by the Entity's investment officers and includes the disclosures required in the PFIA. To the extent possible, market prices have been obtained from independent pricing sources.

The investment portfolio complied with the PFIA and the Entity's approved Investment Policy and Strategy throughout the period. All investment transactions made in the portfolio during this period were made on behalf of the Entity and were made in full compliance with the PFIA and the approved Investment Policy.

Officer Names and Titles:

Name: Michael W. Loftin

Title: Asst. City Manager-Finance

Name: Tammy Y. Jacobs

Title: Executive Director & City Controller

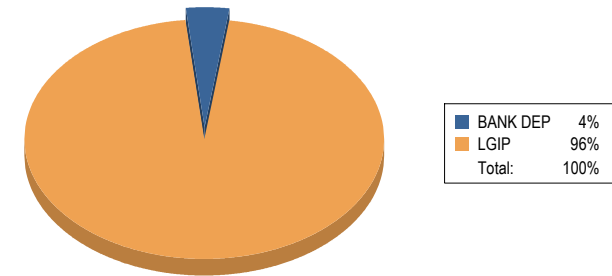
Account Summary

Allocation by Security Type

Beginning Values as of 06/30/21

Ending Values as of 09/30/21

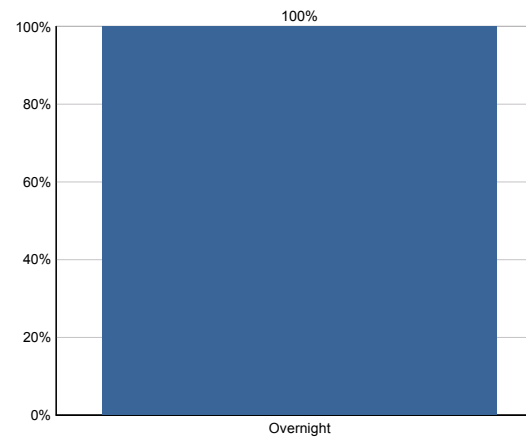
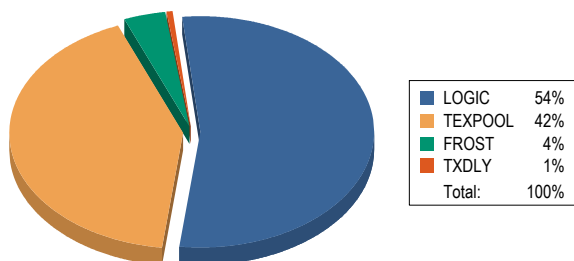
Par Value	139,246,532.50	132,119,943.59
Market Value	139,246,532.50	132,119,943.59
Book Value	139,246,532.50	132,119,943.59
Unrealized Gain/(Loss)	0.00	0.00
Market Value %	100.00%	100.00%
Weighted Avg. YTW	0.037%	0.033%
Weighted Avg. YTM	0.037%	0.033%



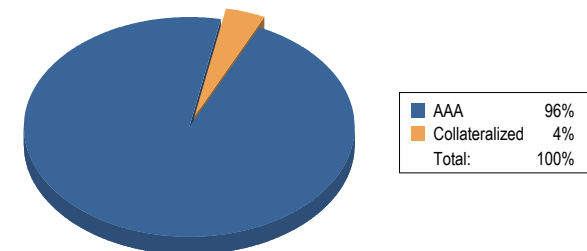
Allocation by Issuer

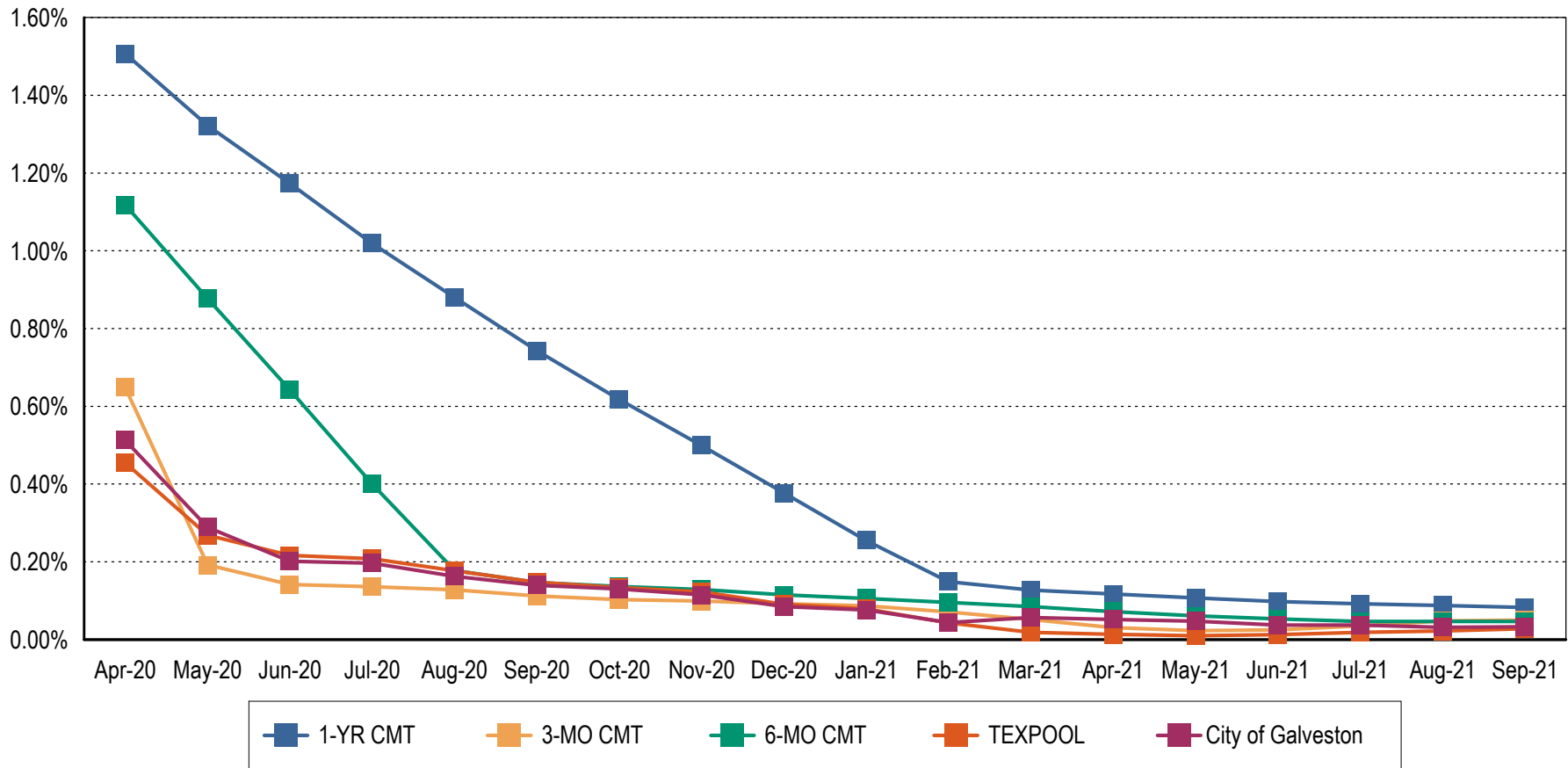
Maturity Distribution %

Credit Quality



Weighted Average Days to Maturity: 1





Note 1: CMT stands for Constant Maturity Treasury. This data is published in Federal Reserve Statistical Release H.15 and represents an average of all actively traded Treasury securities having that time remaining until maturity. This is a standard industry benchmark for Treasury securities. The CMT benchmarks are moving averages. The 3-month CMT is the daily average for the previous 3 months, the 6-month CMT is the daily average for the previous 6 months, and the 1-year and 2-year CMT's are the daily averages for the previous 12-months.

Note 2: Benchmark data for TexPool is the monthly average yield.



City of Galveston
Detail of Security Holdings
As of 09/30/2021

CUSIP	Settle Date	Sec. Type	Sec. Description	CPN	Mty Date	Next Call	Call Type	Par Value	Purch Price	Orig Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW
Operating Fund																	
FROSTGLVS		BANK DEP	Frost Bk Sweep - Repo					5,238,000.00	100.000	5,238,000.00	5,238,000.00	100.000	5,238,000.00	1		0.050	0.050
LOGIC		LGIP	LOGIC					70,894,744.36	100.000	70,894,744.36	70,894,744.36	100.000	70,894,744.36	1		0.036	0.036
TEXPOOL		LGIP	TexPool					55,234,649.66	100.000	55,234,649.66	55,234,649.66	100.000	55,234,649.66	1		0.028	0.028
TXDAILY		LGIP	TexasDAILY					752,549.57	100.000	752,549.57	752,549.57	100.000	752,549.57	1		0.020	0.020
Total for Operating Fund								132,119,943.59	100.000	132,119,943.59	132,119,943.59	100.000	132,119,943.59	1		0.033	0.033
Total for City of Galveston								132,119,943.59	100.000	132,119,943.59	132,119,943.59	100.000	132,119,943.59	1		0.033	0.033

CUSIP	Security Type	Security Description	06/30/21 Book Value	Cost of Purchases	Maturities / Calls / Sales	Amortization / Accretion	Realized Gain/(Loss)	09/30/21 Book Value	06/30/21 Market Value	09/30/21 Market Value	Change in Mkt Value
Operating Fund											
FROSTGLVS	BANK DEP	Frost Bk Sweep - Repo	3,473,000.00	3,612,000.00	(1,847,000.00)	0.00	0.00	5,238,000.00	3,473,000.00	5,238,000.00	1,765,000.00
LOGIC	LGIP	LOGIC	70,887,159.82	7,584.54	0.00	0.00	0.00	70,894,744.36	70,887,159.82	70,894,744.36	7,584.54
TEXPOOL	LGIP	TexPool	63,731,257.88	0.00	(8,496,608.22)	0.00	0.00	55,234,649.66	63,731,257.88	55,234,649.66	(8,496,608.22)
TXDAILY	LGIP	TexasDAILY	1,155,114.80	40.70	(402,605.93)	0.00	0.00	752,549.57	1,155,114.80	752,549.57	(402,565.23)
Total for Operating Fund			139,246,532.50	3,619,625.24	(10,746,214.15)	0.00	0.00	132,119,943.59	139,246,532.50	132,119,943.59	(7,126,588.91)
Total for City of Galveston			139,246,532.50	3,619,625.24	(10,746,214.15)	0.00	0.00	132,119,943.59	139,246,532.50	132,119,943.59	(7,126,588.91)

CUSIP	Security Type	Security Description	Beg. Accrued	Interest Earned	Interest Rec'd / Sold / Matured	Interest Purchased	Ending Accrued	Disc Accr / Prem Amort	Net Income
Operating Fund									
FROSTGLVS	BANK DEP	Frost Bk Sweep - Repo	0.00	606.36	606.36	0.00	0.00	0.00	606.36
LOGIC	LGIP	LOGIC	0.00	7,584.54	7,584.54	0.00	0.00	0.00	7,584.54
TEXPOOL	LGIP	TexPool	0.00	3,391.78	3,391.78	0.00	0.00	0.00	3,391.78
TXDAILY	LGIP	TexasDAILY	0.00	52.37	52.37	0.00	0.00	0.00	52.37
Total for Operating Fund			0.00	11,635.05	11,635.05	0.00	0.00	0.00	11,635.05
Total for City of Galveston			0.00	11,635.05	11,635.05	0.00	0.00	0.00	11,635.05