



RICHARDSON, TX

FINANCE

3rd Quarter Investment Report
(For the Quarter Ended June 30, 2022)

Fiscal Year 2021-22

City of Richardson, Texas

Investment Report Overview Quarter Ending June 30, 2022

Portfolio Balance

The Market Value of the City's Investment Portfolio as of June 30, 2022 was \$321,536,448.

The City of Richardson maintains portfolios which utilize four specific investment strategy considerations designed to address the unique characteristics of the fund groups represented in the portfolios (Article XIII of the City's Investment Policy). The four portfolios are Operating, Bond Proceeds and Capital Projects, Deposit and Debt Service. More information on the funds and fund groups in each portfolio can be found on page 8 of this report.

Investment and Interest Rate Information

The Federal Open Market Committee (FOMC), a committee of the Federal Reserve Board, raised the target range for the federal funds rate at its June 15 and July 27 meetings from the prior quarter's level of between 0.75% to 1.00% to the current target range of 2.25% to 2.50%. This current range was last seen in December 2018, and the pace of rate changes has not been seen since 1994. Rapid increases in the federal funds rate result in securities previously purchased having a discounted market value to compensate for the higher interest rates. Although the City's market value of securities is lower than the book value as reported on page 7, the City will receive full value for securities held to their maturity. The investment portfolio is structured so that all securities are held to maturity through staggering the maturities of the securities purchased and keeping adequate liquidity in pooled investments.

The FOMC is strongly committed to returning inflation to its 2 percent objective and continues to anticipate that ongoing rate increases will be required. The City will continue to monitor this situation closely for potential impacts.

The portfolio yield was 0.89%, which is below the 1.09% 91-day Treasury Bill benchmark. The City should outpace the benchmark once rapid federal fund rate increases begin to slow or taper off.

Investment Type	Yield
Total Portfolio	0.89%
Securities	0.83%
Money Market Mutual Funds and Local Investment Pools	0.98%
<i>Reference: Benchmark 91-day Treasury Bill</i>	1.09%

The City has focused on preserving the safety of the investment portfolio while trying to keep a balance between maintaining adequate liquidity for ongoing operations and the ability to earn

interest. The City continues to invest in U.S. Agency Securities, U.S. Treasury Notes, money market funds and local government investment pools which invest only in U.S. Treasuries and Agencies. The City requires that bank deposits are fully collateralized with Obligations, including letters of credit, of the United States or its agencies and instrumentalities. The portfolio contains a mix of investments in money market funds and local government investment pools for funds that will be used in the short term, and direct investments in Treasury and Agency Securities for funds that will be used in the future.

Earnings

Total interest earned on the City’s investments for the quarter was \$487,213. As interest rates have risen sharply, yields for investment pools and money market funds have adjusted, resulting in greater earnings during the quarter for the City’s liquid investments. Also, securities purchased during the quarter have had higher yields. Combined, these factors resulted in interest earnings significantly higher than the first two quarters of the year. The interest by Portfolio is listed in the chart below.

Portfolio	Interest 1st Quarter	Interest 2nd Quarter	Interest 3rd Quarter	Interest 4th Quarter	Interest YTD
Operating	\$23,069	\$99,284	\$253,950		\$376,303
Bond Proceeds & Capital Projects	16,316	67,281	208,668		292,265
Debt Service	454	287	19,134		19,875
Deposit	199	326	5,461		5,986
Total	\$40,038	\$167,178	\$487,213		\$694,429

Additional information on interest earned can be found on page 8 of this report.

Abbreviations

Throughout this report, the following common abbreviations are used for securities which are held in the City’s Portfolio.

Abbreviation	Official Name
FFCB	Federal Farm Credit Bank
FHLB	Federal Home Loan Bank
T-Note	U.S. Treasury Note

City of Richardson, Texas
Investment Report
Investment Officers Signature Page
Quarter Ending June 30, 2022

This report is in compliance with the investment strategy as established in the City's Investment Policy and the Public Funds Investment Act, Chapter 2256, Texas Government Code.

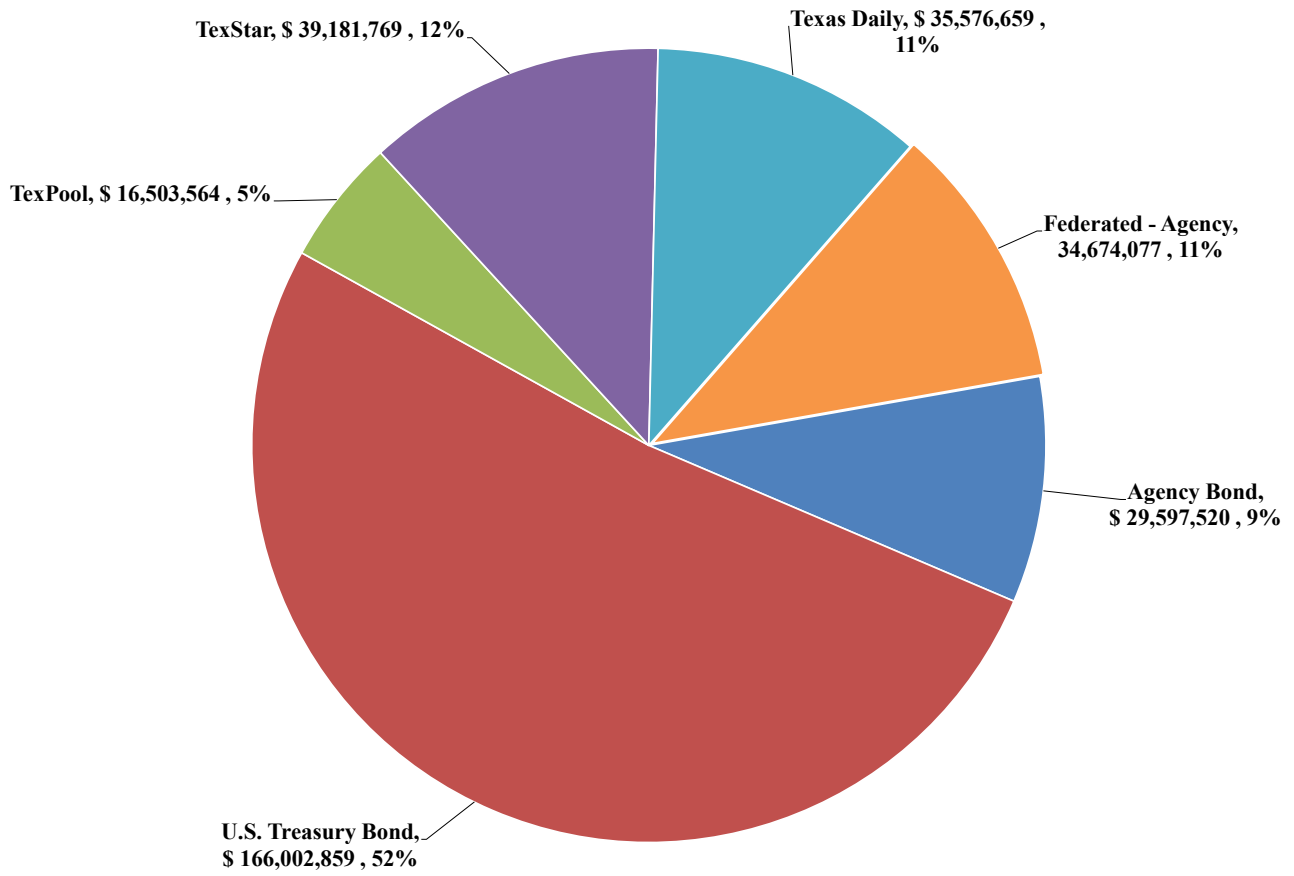
Prepared on: August 7, 2022

Kent Pfeil
Chief Financial Officer

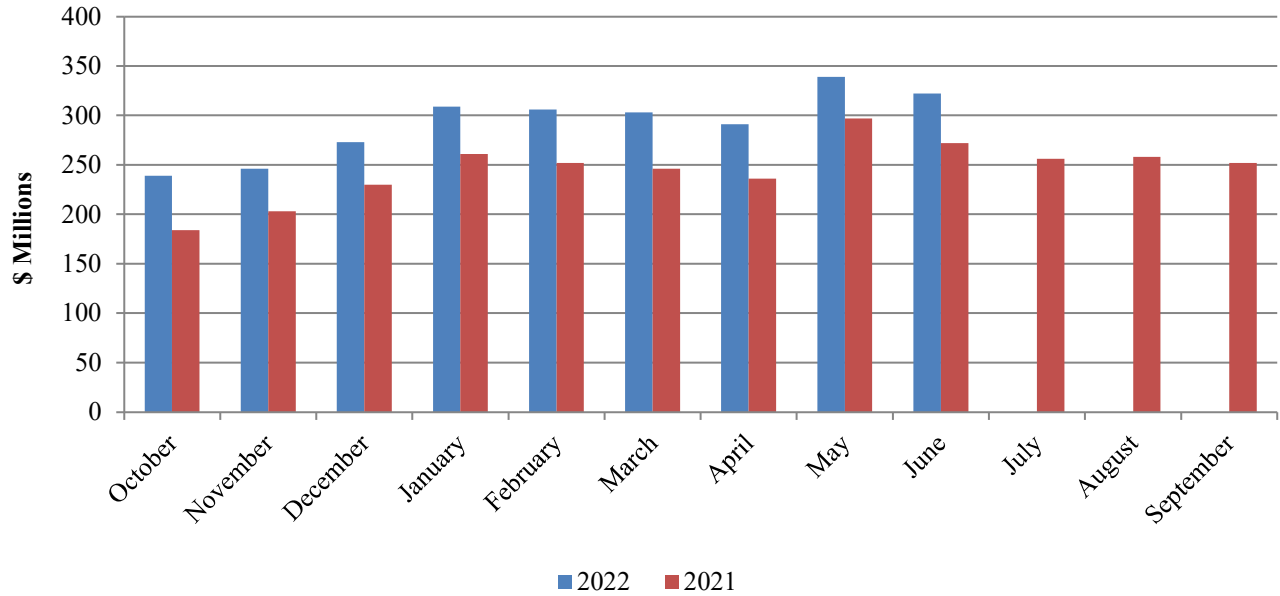
Keith Dagen
Director of Finance

Todd Gastorf
Assistant Director of Finance

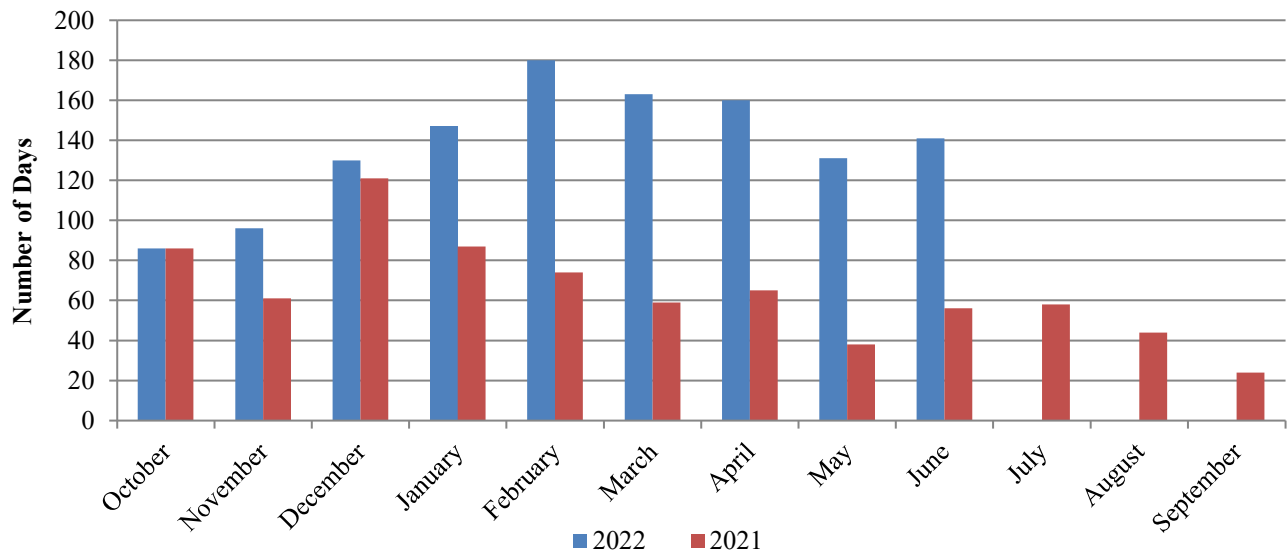
**Securities by Type
As of June 30, 2022
\$321,536,448**



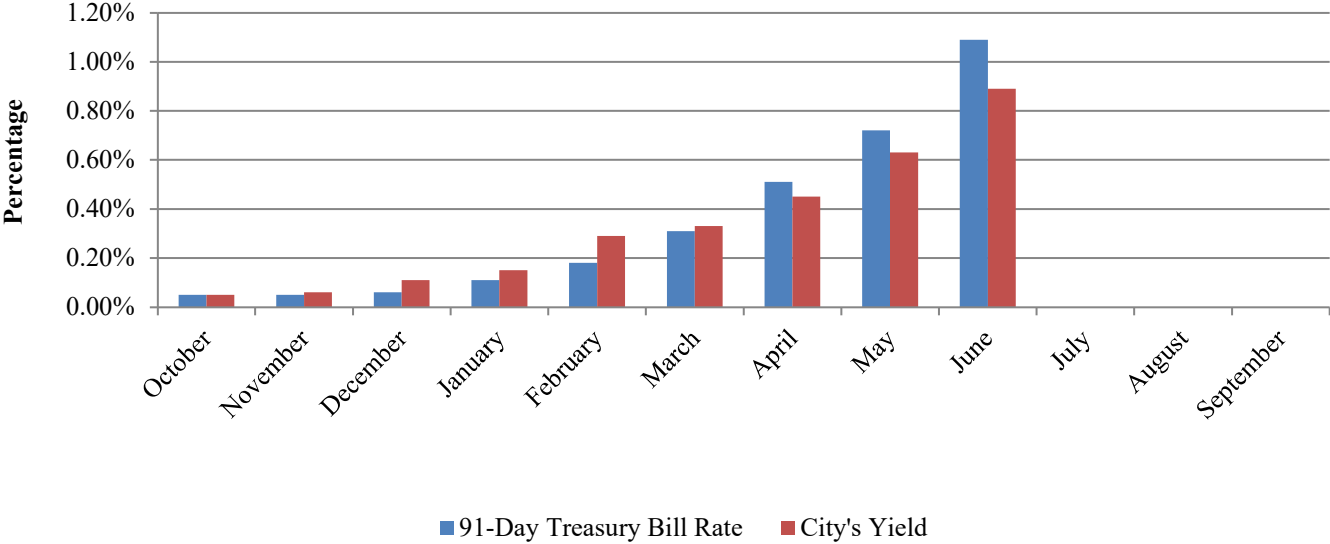
Investment Portfolio Balance Fiscal Year 2022



Weighted Average Maturity Total Portfolio Fiscal Year 2022



Comparison of the City's Yield to the 91-day Treasury Bill Rate Fiscal Year 2022



U.S. Treasury and Agency Securities										
Source of Funds	Type	Issue	Purchase Date	Maturity Date	# of Days	Market Value	Book Value	Yield	Callable	Purchased From
Operating	Agency Bond	FFCB	07/15/21	07/13/22	363 days	9,994,940	10,000,415	0.07%	N/A	Samco
Bond Proceeds	U.S. Treasury Bond	T-Note	10/12/21	07/15/22	276 days	4,999,219	5,003,238	0.08%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	09/22/21	08/15/22	327 days	4,998,438	5,008,882	0.07%	N/A	JP Morgan
Bond Proceeds	U.S. Treasury Bond	T-Note	02/22/22	08/31/22	190 days	9,973,437	9,990,975	0.67%	N/A	Morgan Stanley
Operating	U.S. Treasury Bond	T-Note	10/01/21	09/15/22	349 days	4,997,656	5,014,521	0.09%	N/A	Goldman Sachs
Bond Proceeds	U.S. Treasury Bond	T-Note	10/08/21	09/30/22	357 days	4,978,125	5,000,397	0.09%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	01/18/22	10/15/22	270 days	4,989,844	5,014,171	0.39%	N/A	Wells Fargo
Bond Proceeds	U.S. Treasury Bond	T-Note	02/22/22	10/31/22	251 days	9,932,813	9,975,788	0.86%	N/A	Daiwa
Bond Proceeds	U.S. Treasury Bond	T-Note	10/12/21	11/30/22	414 days	14,861,719	14,967,980	0.13%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	10/29/21	11/30/22	397 days	4,953,906	4,999,478	0.15%	N/A	Wells Fargo
Bond Proceeds	U.S. Treasury Bond	T-Note	02/22/22	12/15/22	296 days	9,962,500	10,031,745	0.93%	N/A	Daiwa
Operating	U.S. Treasury Bond	T-Note	04/07/22	12/15/22	252 days	4,981,250	5,004,293	1.44%	N/A	Daiwa
Bond Proceeds	U.S. Treasury Bond	T-Note	11/04/21	01/31/23	453 days	4,928,125	4,996,691	0.24%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	02/09/22	01/31/23	356 days	9,856,250	9,953,941	0.92%	N/A	Daiwa
Bond Proceeds	U.S. Treasury Bond	T-Note	12/16/21	02/15/23	426 days	4,960,156	5,031,097	0.38%	N/A	Bank of America
Operating	U.S. Treasury Bond	T-Note	04/07/22	02/28/23	327 days	4,915,625	4,947,140	1.73%	N/A	Goldman Sachs
Operating	U.S. Treasury Bond	T-Note	11/15/21	03/31/23	501 days	7,842,500	7,988,921	0.31%	N/A	Wells Fargo
Bond Proceeds	U.S. Treasury Bond	T-Note	12/03/21	03/31/23	483 days	4,901,562	4,989,279	0.41%	N/A	Royal Bank of Canada
Operating	U.S. Treasury Bond	T-Note	05/18/22	03/31/23	317 days	4,951,562	4,979,964	2.04%	N/A	Goldman Sachs
Operating	U.S. Treasury Bond	T-Note	10/15/21	04/15/23	547 days	5,193,172	5,300,109	0.25%	N/A	Goldman Sachs
Bond Proceeds	U.S. Treasury Bond	T-Note	12/16/21	04/15/23	485 days	4,899,219	4,991,409	0.47%	N/A	Wells Fargo
Bond Proceeds	Agency Bond	FHLB	05/31/22	05/12/23	346 days	4,971,780	5,002,719	2.06%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	12/03/21	05/31/23	544 days	4,875,000	4,984,404	0.47%	N/A	Royal Bank of Canada
Operating	U.S. Treasury Bond	T-Note	12/17/21	06/15/23	545 days	4,875,000	4,987,114	0.52%	N/A	Wells Fargo
Operating	Agency Bond	FHLB	06/23/22	06/23/23	365 days	4,971,950	5,000,000	2.50%	12/23/2022	Piper Sandler
Operating	U.S. Treasury Bond	T-Note	12/10/21	07/15/23	582 days	4,857,031	4,977,752	0.56%	N/A	Goldman Sachs
Operating	U.S. Treasury Bond	T-Note	01/10/22	08/15/23	582 days	4,844,531	4,965,178	0.75%	N/A	Goldman Sachs
Operating	U.S. Treasury Bond	T-Note	01/10/22	09/15/23	613 days	4,832,813	4,960,588	0.78%	N/A	Goldman Sachs
Operating	U.S. Treasury Bond	T-Note	01/18/22	10/15/23	635 days	4,822,656	4,954,010	0.84%	N/A	Goldman Sachs
Operating	U.S. Treasury Bond	T-Note	01/18/22	11/15/23	666 days	4,818,750	4,958,771	0.86%	N/A	Wells Fargo
Operating	Agency Bond	FFCB	06/15/22	12/01/23	534 days	9,658,850	9,607,871	3.36%	N/A	Wells Fargo
Total						\$ 195,600,379	\$ 197,588,841			

Money Market Funds and State Pools			
Source of Funds	Type	Market Value	Purchased From
Bond Proceeds & Capital Projects	State Pool	\$ 7,659,499	TexPool
Debt Service	State Pool	1,028,245	TexPool
Deposit	State Pool	248,396	TexPool
Operating	State Pool	7,567,424	TexPool
Bond Proceeds & Capital Projects	State Pool	18,184,723	TexStar
Debt Service	State Pool	2,441,197	TexStar
Deposit	State Pool	589,726	TexStar
Operating	State Pool	17,966,123	TexStar
Bond Proceeds & Capital Projects	State Pool	16,511,548	Texas Daily
Debt Service	State Pool	2,216,583	Texas Daily
Deposit	State Pool	535,465	Texas Daily
Operating	State Pool	16,313,063	Texas Daily
Bond Proceeds & Capital Projects	Money Market	16,092,649	Federated - Agency
Debt Service	Money Market	2,160,348	Federated - Agency
Deposit	Money Market	521,881	Federated - Agency
Operating	Money Market	15,899,199	Federated - Agency
Total		\$ 125,936,069	

Type	Market Value	Percentage
Securities		
Agency Bond	29,597,520	9.2%
U.S. Treasury Bond	166,002,859	51.6%
TexPool	16,503,564	5.1%
TexStar	39,181,769	12.2%
Texas Daily	35,576,659	11.1%
Federated - Agency	34,674,077	10.8%
Total Investments	\$ 321,536,448	100.0%

City of Richardson Investment Report

Schedule of Beginning and Ending Market Value and Interest Earned

June 30, 2022

Portfolio	Quarter Beginning Market Value	Quarter Ending Market Value	Interest Income Quarter	Interest Income YTD
Operating Portfolio				
General Fund	\$ 69,767,611	\$ 47,363,202	\$ 110,455	\$ 161,621
Special Police Funds	665,487	562,959	805	1,185
Municipal Court Building Security Fund	101,366	91,193	153	241
Technology Fund	234,996	245,425	385	586
Wireless 911 Fund	527,890	582,377	841	1,280
Municipal Jury Fund	1,773	1,738	3	4
Juvenile Case Manager Fund	123,069	121,190	196	302
Judicial Efficiency Fund	80,484	86,255	134	200
Federal Grants - American Recovery Plan Act	8,188,417	16,319,653	13,060	20,985
Hotel/ Motel Tax Fund	4,815,211	6,262,050	9,412	13,334
Tax Increment Financing Fund #1	13,842,768	13,264,708	22,556	33,098
Tax Increment Financing Fund #2	7,233,842	2,833,843	13,013	17,283
Tax Increment Financing Fund #3	1,193,709	535,497	2,160	2,927
Franchise PEG Fund	777,994	783,489	1,263	1,932
Drainage Fee Fund	4,486,279	4,578,417	7,245	10,972
Economic Development	4,970,356	4,978,320	7,965	11,949
Eisemann Endowment Fund	248,478	248,927	399	608
Water and Sewer Operating Fund	14,481,645	15,724,643	23,319	36,652
Water and Sewer Rate Stabilization Fund	3,018,440	3,023,285	4,845	7,422
Golf Fund	581,050	898,938	1,082	1,557
Solid Waste Services Fund	2,600,159	2,991,018	4,312	5,976
Central Services Fund	594,607	468,162	856	1,419
Insurance and Flexible Spending Fund	14,677,102	14,879,711	23,662	35,719
Tech Replacement Fund	3,715,590	3,478,187	5,829	9,047
Total Operating Portfolio	\$ 156,928,323	\$ 140,323,185	\$ 253,950	\$ 376,303

Bond Proceeds and Capital Projects Portfolio				
Capital Projects - Equipment Funds	\$ 1,730,577	\$ 3,087,432	\$ 4,039	\$ 5,501
Capital Projects - Major Projects Funds	45,971,846	71,236,704	88,466	123,581
Water and Sewer - Capital Project Funds	13,741,471	23,161,441	30,315	42,118
Solid Waste - Capital Projects Funds	370,932	1,094,225	1,578	1,984
Non-Bond Capital Projects:				
Special Projects Fund	24,693,876	23,888,998	34,804	48,195
Eisemann Center Capital Fund	494,129	546,615	809	1,154
Capital Equipment Replacement Fund	10,854,363	10,651,944	17,459	24,832
Golf Special Projects Fund	882,633	883,051	1,436	2,077
Street Rehabilitation Fund	8,060,346	6,256,479	11,927	18,030
Water Sewer Special Projects Fund	7,912,709	7,925,562	12,853	17,532
Solid Waste Special Projects Fund	3,067,435	2,986,416	4,981	7,261
Total Bond Proceeds & Capital Projects Portfolio	\$ 117,780,317	\$ 151,718,868	\$ 208,668	\$ 292,265

Debt Service Portfolio				
General Debt Service Fund	\$ 18,529,832	\$ 21,202,563	\$ 19,134	\$ 19,727
Water and Sewer Debt Service Fund	-	(176,337)	-	121
Solid Waste Debt Service Fund	-	(128,277)	-	27
Total Debt Service Portfolio	\$ 18,529,832	\$ 20,897,949	\$ 19,134	\$ 19,875

Deposit Portfolio				
Water and Sewer Deposit Fund	\$ 5,082,806	\$ 5,127,792	\$ 5,461	\$ 5,986
Total Deposit Portfolio	\$ 5,082,806	\$ 5,127,792	\$ 5,461	\$ 5,986

Total All Portfolios	\$ 298,321,278	\$ 318,067,793	\$ 487,213	\$ 694,429
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Note: Portfolio balances include (\$3,468,655) of cash in the bank on June 30, 2022. Negative cash is caused by the City writing checks that have not yet been presented for payment. The City accounts for these checks in its records but doesn't have to fund them until they are presented for payment.