

RICHARDSON, TX

FINANCE

1st Quarter Investment Report
(For the Quarter Ended December 31, 2021)
Fiscal Year 2021-22
City of Richardson, Texas

Investment Report Overview Quarter Ending December 31, 2021

Portfolio Balance

The Market Value of the City’s Investment Portfolio as of December 31, 2021 was \$273,058,506

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

At their January 26, 2022 meeting, the Federal Open Market Committee (FOMC), a committee of the Federal Reserve Board, decided to maintain the target range for the federal fund rate of between 0.00% to 0.25%. With inflation well above 2 percent and a strong labor market, the Committee expects it will soon be appropriate to raise the target range for the federal funds rate. The Federal Reserve’s ongoing purchases and holdings of securities will continue to foster smooth market functioning and accommodative financial conditions, thereby supporting the flow of credit to households and businesses. In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee’s goals. The Committee’s assessments will take into account a wide range of information, including readings on public health, labor market conditions, inflation pressures and inflation expectations, and financial and international developments.

The portfolio yield was 0.11%, which is above the 0.05% 91-day Treasury Bill benchmark. This reflects the City’s opportunity to begin purchasing longer term securities and taking advantage of the yield curve on securities dated between one and two years as recently approved by the City Council.

Investment Type	Yield
Total Portfolio	0.11%
Securities	0.21%
Money Market Mutual Funds and Local Investment Pools	0.03%
<i>Reference: Benchmark 91-day Treasury Bill</i>	0.05%

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 on the City’s investments for the quarter was \$40,038. 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				\$23,069
Bond Proceeds & Capital Projects	16,316				16,316
Debt Service	454				454
Deposit	199				199
Total	\$40,038				\$40,038

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
T-Note	U.S. Treasury Note

City of Richardson, Texas
Investment Report
Investment Officers Signature Page
Quarter Ending December 31, 2021

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: February 1, 2022



Kent Pfeil
Chief Financial Officer

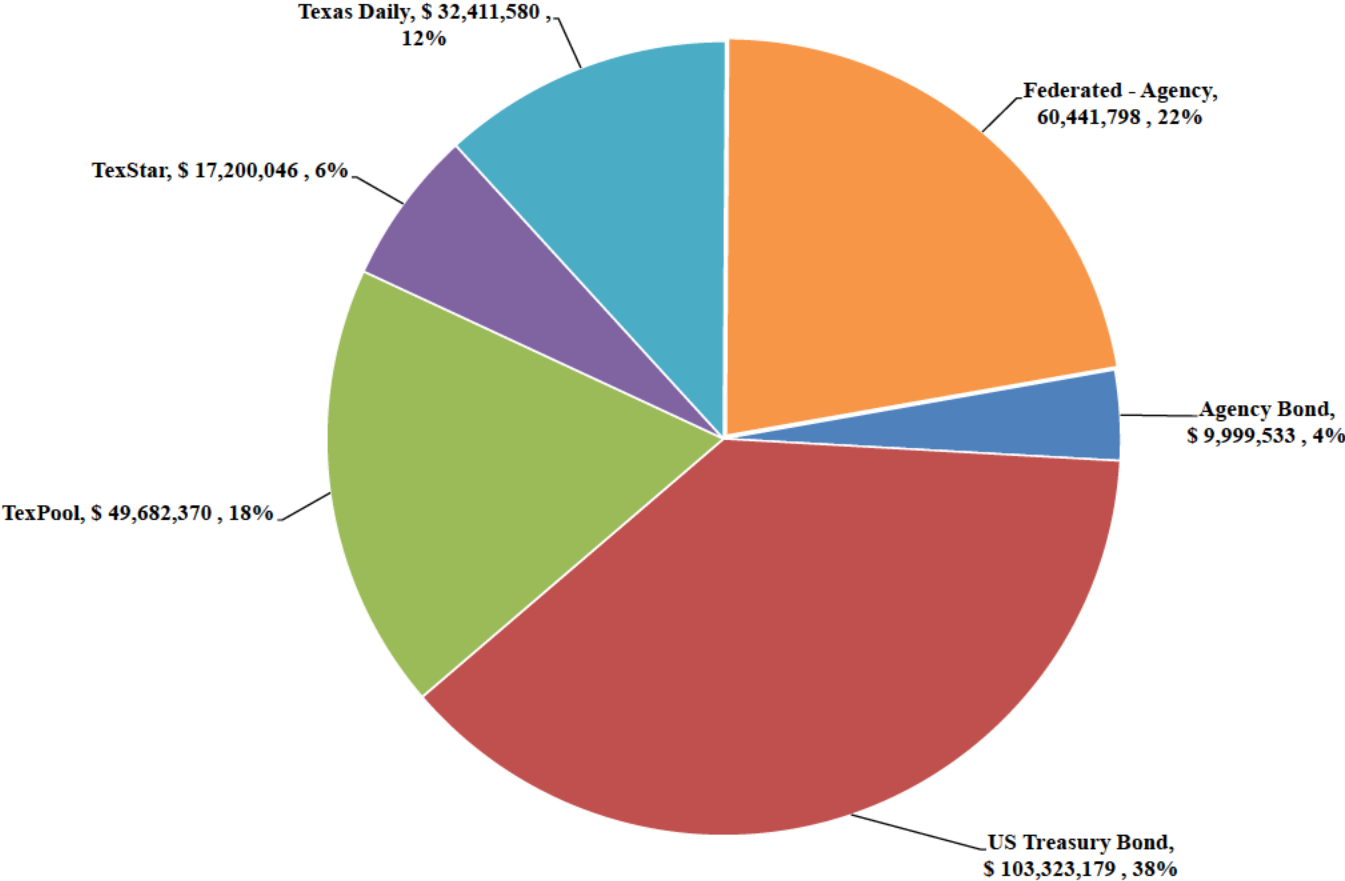


Keith Dagen
Director of Finance

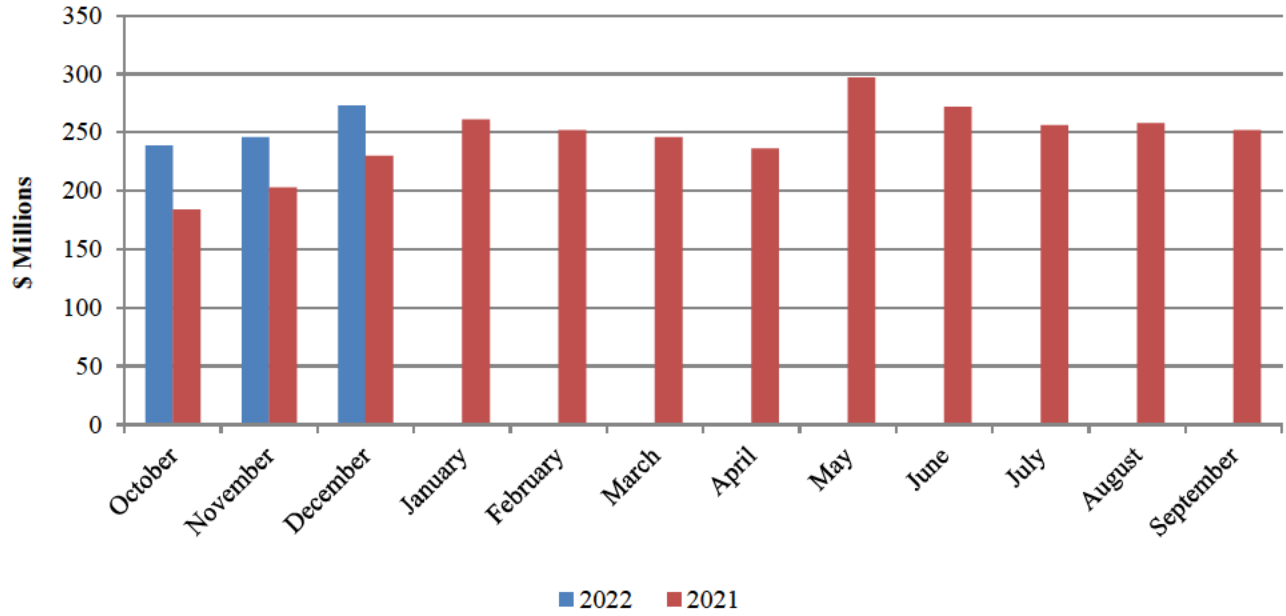


Yesenia Lopez
Controller

Securities by Type
As of December 31, 2021
\$273,058,506



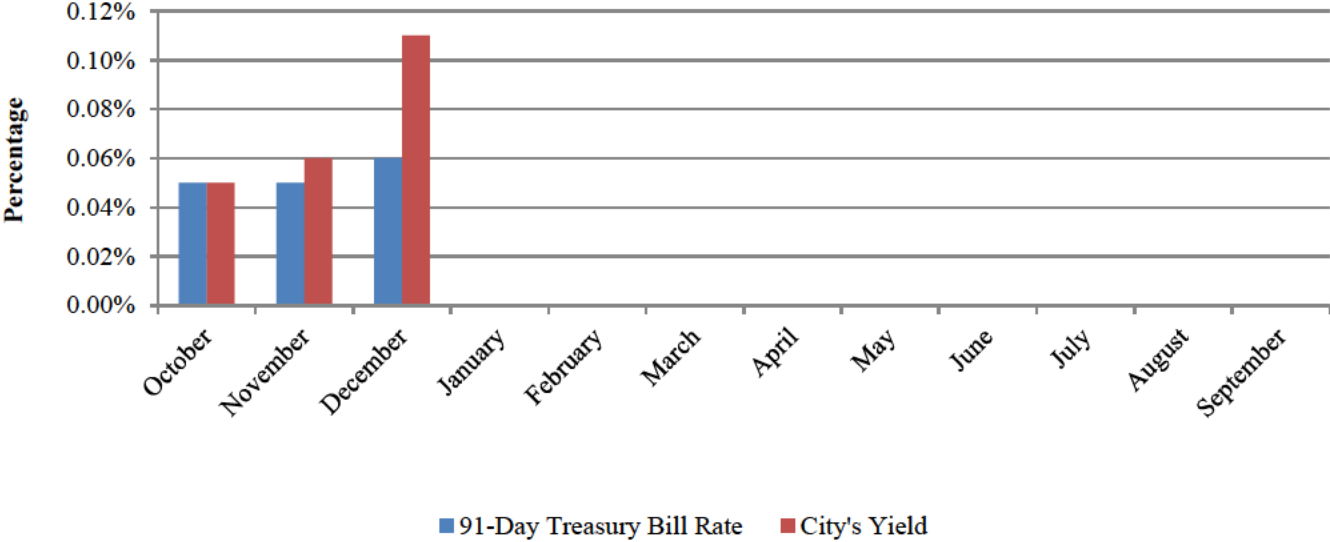
Investment Portfolio Balance Fiscal Year 2022



Weighted Average Maturity Total Portfolio Fiscal Year 2022



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



Securities & CD's										
Source of Funds	Type	Issue	Purchase Date	Maturity Date	# of Days	Market Value	Book Value	Yield	Callable	Purchased From
Operating	US Treasury Bond	T-Note	06/11/21	01/15/22	218 days	10,007,990	10,009,383	0.03%	N/A	V Sparks
Bond Proceeds	US Treasury Bond	T-Note	10/08/21	05/31/22	235 days	4,999,220	5,001,248	0.06%	N/A	Wells Fargo
Operating	US Treasury Bond	T-Note	06/02/21	06/15/22	378 days	10,072,270	10,076,534	0.06%	N/A	V Sparks
Operating	Agency Bond	FFCB	07/15/21	07/13/22	363 days	9,999,533	10,006,705	0.07%	N/A	Samco
Bond Proceeds	US Treasury Bond	T-Note	10/12/21	07/15/22	276 days	5,040,040	5,045,052	0.08%	N/A	Wells Fargo
Operating	US Treasury Bond	T-Note	09/22/21	08/15/22	327 days	5,038,475	5,044,459	0.07%	N/A	JP Morgan
Operating	US Treasury Bond	T-Note	10/01/21	09/15/22	349 days	5,042,775	5,049,327	0.09%	N/A	Goldman Sachs
Bond Proceeds	US Treasury Bond	T-Note	10/08/21	09/30/22	357 days	4,993,360	5,001,190	0.09%	N/A	Wells Fargo
Bond Proceeds	US Treasury Bond	T-Note	10/12/21	11/30/22	414 days	4,988,670	4,999,686	0.13%	N/A	Wells Fargo
Operating	US Treasury Bond	T-Note	10/29/21	11/30/22	397 days	4,988,670	4,998,853	0.15%	N/A	Wells Fargo
Bond Proceeds	US Treasury Bond	T-Note	11/04/21	01/31/23	453 days	4,982,810	4,993,862	0.24%	N/A	Wells Fargo
Bond Proceeds	US Treasury Bond	T-Note	12/16/21	02/15/23	426 days	5,052,150	5,055,850	0.38%	N/A	Bank of America
Operating	US Treasury Bond	T-Note	11/15/21	03/31/23	501 days	7,963,440	7,981,594	0.31%	N/A	Wells Fargo
Bond Proceeds	US Treasury Bond	T-Note	12/03/21	03/31/23	483 days	4,977,150	4,982,192	0.41%	N/A	Royal Bank of Canada
Operating	US Treasury Bond	T-Note	10/15/21	04/15/23	547 days	5,282,404	5,300,178	0.25%	N/A	Goldman Sachs
Bond Proceeds	US Treasury Bond	T-Note	12/16/21	04/15/23	485 days	4,983,400	4,986,024	0.47%	N/A	Wells Fargo
Operating	US Treasury Bond	T-Note	12/03/21	05/31/23	544 days	4,969,140	4,975,962	0.47%	N/A	Royal Bank of Canada
Operating	US Treasury Bond	T-Note	12/17/21	06/15/23	545 days	4,976,955	4,980,436	0.52%	N/A	Wells Fargo
Operating	US Treasury Bond	T-Note	12/10/21	07/15/23	582 days	4,964,260	4,967,094	0.56%	N/A	Goldman Sachs
Total						\$ 113,322,712	\$ 113,455,631			

Money Market Funds and State Pools			
Source of Funds	Type	Market Value	Purchased From
Bond Proceeds & Capital Projects	State Pool	\$ 49,682,370	TexPool
Bond Proceeds & Capital Projects	State Pool	12,094,933	TexStar
Debt Service	State Pool	1,376,277	TexStar
Deposit	State Pool	3,728,836	TexStar
Bond Proceeds & Capital Projects	State Pool	25,409,336	Texas Daily
Debt Service	State Pool	6,114,833	Texas Daily
Deposit	State Pool	887,411	Texas Daily
Operating	Money Market	43,441,550	Federated - Agency
Bond Proceeds & Capital Projects	Money Market	17,000,248	Federated - Agency
Total		\$ 159,735,794	

Type	Market Value	Percentage
Securities		
Agency Bond	9,999,533	3.7%
US Treasury Bond	103,323,179	37.8%
TexPool	49,682,370	18.2%
TexStar	17,200,046	6.3%
Texas Daily	32,411,580	11.9%
Federated - Agency	60,441,798	22.1%
Total Investments	\$ 273,058,506	100.0%

City of Richardson Investment Report

Schedule of Beginning and Ending Market Value and Interest Earned December 31, 2021

Portfolio	Quarter Beginning Market Value	Quarter Ending Market Value	Interest Income Quarter	Interest Income YTD
Operating Portfolio				
General Fund	\$ 55,500,496	\$ 39,616,207	\$ 7,128	\$ 7,128
Special Police Funds	597,317	655,657	120	120
Municipal Court Building Security Fund	110,919	102,880	22	22
Technology Fund	262,846	231,068	51	51
Wireless 911 Fund	539,689	533,633	113	113
Municipal Jury Fund	2,505	2,132	-	-
Juvenile Case Manager Fund	125,206	125,073	26	26
Judicial Efficiency Fund	72,372	77,422	16	16
Federal Grants - American Recovery Plan Act	8,439,621	8,414,486	1,929	1,929
Hotel/ Motel Tax Fund	3,074,060	4,481,193	912	912
Tax Increment Financing Fund #1	10,123,934	8,671,540	2,001	2,001
Tax Increment Financing Fund #2	1,881,244	1,880,512	397	397
Tax Increment Financing Fund #3	339,502	340,886	72	72
Franchise PEG Fund	638,161	752,052	171	171
Drainage Fee Fund	4,169,554	4,353,072	889	889
Economic Development	4,198,327	4,905,030	826	826
Eisemann Endowment Fund	236,318	247,069	50	50
Water and Sewer Operating Fund	15,269,882	16,405,282	3,360	3,360
Water and Sewer Rate Stabilization Fund	3,011,552	3,016,288	636	636
Golf Fund	1,039,719	526,617	137	137
Solid Waste Services Fund	2,024,058	1,593,203	330	330
Central Services Fund	325,842	705,941	140	140
Insurance and Flexible Spending Fund	13,956,185	13,438,710	2,973	2,973
Tech Replacement Fund	2,256,807	3,953,513	770	770
Total Operating Portfolio	\$ 128,196,114	\$ 115,029,465	\$ 23,069	\$ 23,069

Bond Proceeds and Capital Projects Portfolio				
Capital Projects - Equipment Funds	\$ 3,314,822	\$ 2,084,191	\$ 376	\$ 376
Capital Projects - Major Projects Funds	57,004,355	53,453,019	7,253	7,253
Water and Sewer - Capital Project Funds	19,952,651	16,922,834	2,429	2,429
Solid Waste - Capital Projects Funds	815,806	622,172	87	87
Non-Bond Capital Projects:				
Special Projects Fund	9,040,277	25,626,826	2,930	2,930
Eisemann Center Capital Fund	296,548	485,328	58	58
Capital Equipment Replacement Fund	7,225,730	11,133,290	846	846
Golf Special Projects Fund	425,191	922,332	108	108
Street Rehabilitation Fund	3,511,549	9,208,529	1,168	1,168
Water Sewer Special Projects Fund	4,844,499	4,809,279	645	645
Solid Waste Special Projects Fund	2,709,337	3,240,966	416	416
Total Bond Proceeds & Capital Projects Portfolio	\$ 109,140,765	\$ 128,508,767	\$ 16,316	\$ 16,316

Debt Service Portfolio				
General Debt Service Fund	\$ 6,274,291	\$ 23,184,855	\$ 331	\$ 331
Water and Sewer Debt Service Fund	2,431,853	4,209,232	100	100
Solid Waste Debt Service Fund	572,185	914,255	23	23
Total Debt Service Portfolio	\$ 9,278,329	\$ 28,308,342	\$ 454	\$ 453

Deposit Portfolio				
Water and Sewer Deposit Fund	\$ 5,012,235	\$ 5,053,260	\$ 199	\$ 199
Total Deposit Portfolio	\$ 5,012,235	\$ 5,053,260	\$ 199	\$ 199

Total All Portfolios	\$ 251,627,443	\$ 276,899,834	\$ 40,038	\$ 40,037
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Note: Portfolio balances include \$3,841,328 of cash in the bank on December 31, 2021