

CITY OF MESQUITE

Quarterly Investment Report Overview

Quarter Ending December 31, 2020



Investment objectives are safety, liquidity, yield and public trust.

Portfolio objective is to meet or exceed the average rate of return on US Treasury securities at the maturity date of the City's portfolio.

AVERAGE YIELD HISTORY

<i>Quarter</i>	March 2020	June 2020	September 2020	December 2020
<i>City Average Yield</i>	1.70%	0.88%	0.45%	0.32%
<i>Treasury Average Yield – 90 days</i>	1.17%	0.14%	0.12%	0.09%
<i>Treasury Average Yield – 180 days</i>	1.16%	0.17%	0.13%	0.10%
<i>Weighted Average Maturity</i>	98 days	110 days	98 days	115 days

The City's Investment Policy allows various types of investments with varying maturity dates in order to diversify the funds invested.

INVESTMENT TYPES AND PARAMETERS

Investment Types	Portfolio % Parameters	Portfolio % as of December 31, 2020
Certificates of Deposit	20%	3.28%
Federal Agency Coupons	100%	17.50%
State & Local Agency Coupons	20%	0.00%
Managed Pools	80%	73.45%
Money Market Funds	50%	5.77%
Repurchase Agreements	20%	0.00%
	<i>Days Parameter</i>	<i>Days as of 12/31/2020</i>
Weighted Average Maturity	365 days	115 days

INVESTMENT PORTFOLIO BALANCES

Investment Quarter Ended	Book Value	Market Value	Unrealized Gain/(Loss)
March 2020	\$161,318,686	\$161,625,914	\$307,228
June 2020	\$199,906,998	\$200,128,043	\$221,045
September 2020	\$190,916,235	\$191,087,349	\$171,114
December 2020	\$182,731,386	\$182,860,331	\$128,945

The difference between book value and market value represents an unrealized gain or loss. The City would only realize a gain or loss if investments were sold prior to maturity. Per the investment policy, the City has a "buy and hold" portfolio strategy; therefore investments are purchased with the intent to hold until maturity.

The following table gives the history of investment rates available for the past three quarters and the current rates available for the various types of investments.

INVESTMENT RATE HISTORY

Date	6/30/2020	9/30/2020	12/31/2020	3/25/2021
Investment Type	June Rates	Sept Rates	Dec Rates	Current Rates
<u>Pools</u>				
TexPool (Daily Rate)	0.22%	0.15%	0.09%	0.02%
TexStar (Daily Rate)	0.20%	0.13%	0.07%	0.02%
Texas Class (Daily Rate)	0.59%	0.25%	0.14%	0.11%
TexPool Prime (Daily Rate)	0.52%	0.26%	0.14%	0.09%
<u>Treasury</u>				
3-month (90-days)	0.12%	0.09%	0.09%	0.02%
6-month	0.16%	0.10%	0.09%	0.03%
1 year	0.15%	0.11%	0.10%	0.06%
2 year	0.15%	0.12%	0.13%	0.15%
10 year	0.62%	0.65%	0.94%	1.61%
<u>Agency</u>				
2 year (callable)	0.30%	0.17%	0.17%	0.14%
2 year (bullet)	0.27%	0.15%	0.13%	0.15%
<u>CD's</u>				
6 month	0.20%	0.15%	0.15%	0.10%
9 month	0.20%	0.15%	0.15%	0.10%
12 month	0.15%	0.15%	0.15%	0.10%
15 month	0.15%	0.15%	0.15%	0.10%
18 month	0.15%	0.15%	0.15%	0.10%
21 month	n/a	n/a	n/a	n/a
24 month	n/a	n/a	n/a	n/a

Public Trust Advisors Update on US Economy & Federal Fund Target Rate

The new year began with hopes that 2021 will be much better than last. The \$900 billion relief package passed by Congress in December created a bridge for the unemployed and small businesses affected by the pandemic and the recently signed \$1.9 trillion stimulus package provided more relief with extension of unemployment benefits, direct payments to individuals, grants to small businesses, funding for state and local governments and additional pandemic related funding. Boosting consumer spending and acceleration of vaccinations across the country will be instrumental for economic recovery. During the Fed's last meeting in March, the Board increased their expectations of growth, unemployment and inflation, signaling the economy is on solid footing. The Fed's plan to allow inflation to run above 2% showed the Fed is not ready to move any time soon regarding increasing rates; however most analysts expect economic data to continue surprising to the upside, creating a case for the Fed to start raising rates. The Fed continues to take an accommodative stance to support the economy with short-term interest rates hovering just above zero.

CITY OF MESQUITE



INVESTMENT REPORT

FOR

QUARTER ENDING

December 31, 2020

INVESTMENT REPORT

FOR QUARTER ENDING December 31, 2020



The information within comprises the quarterly investment report for the City of Mesquite, Texas. The under-signed acknowledge that the City's investment portfolio has been and is currently in compliance with the policies and strategies contained in the City's Investment Policy as adopted by Resolution 36-2020 for the City of Mesquite and is also in compliance with the requirements of the Public Funds Investment Act of the State of Texas.

Cindy L. Smith

Cindy L. Smith , Director of Finance

Sheree Haynes

Sheree Haynes, Manager of Accounting

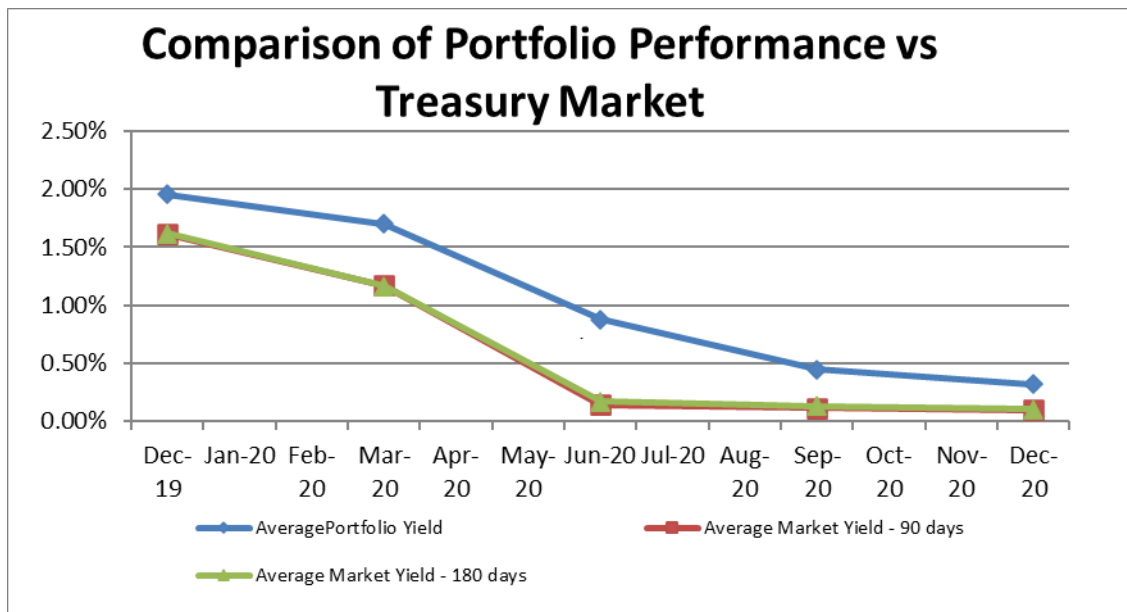
Myra E. Rogers

Myra E. Rogers, Manager of Budget and Treasury

City of Mesquite Investment Report For Quarter Ending December 31, 2020

This report presents an overview of the City’s investment portfolio. It shows how the portfolio is structured and how it performed during the quarter.

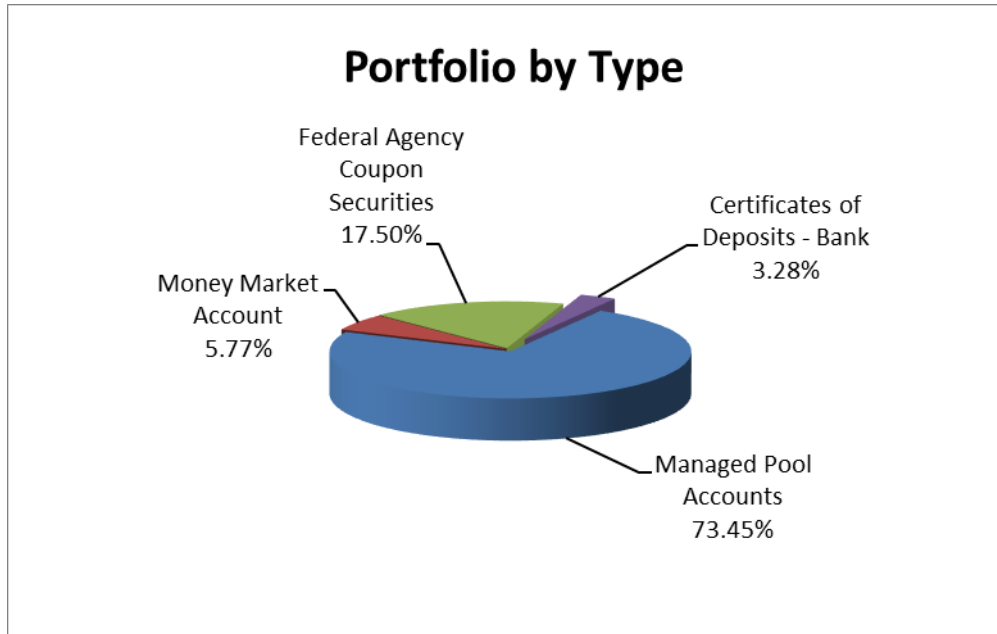
The City’s portfolio is designed with the objective of regularly meeting or exceeding the average rate of return on U.S. Treasury securities at a maturity level comparable to the City’s weighted average maturity in days. The City’s portfolio weighted average maturity was 115 days. The City had an average yield of 0.32%. The benchmark average treasury yield is 0.09% for 90 days and 0.10% for 180 days. The following chart reflects portfolio performance compared to market rates for the past year along with weighted average maturity (WAM) in days by quarter.



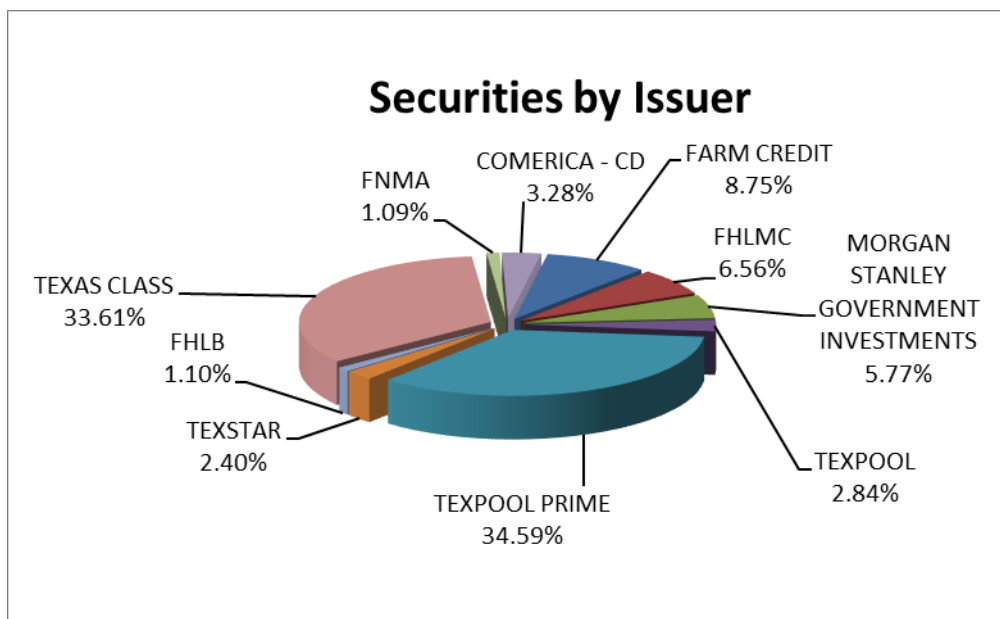
Quarter	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20
WAM Days	121	98	110	98	115

The City of Mesquite recognizes that portfolio diversification is an important factor in controlling risk. The City invests in coupon securities, certificates of deposits, managed pool accounts and a money market account. Coupon securities include Agency issues with a stated rate of interest in the form of a coupon. Certificates of deposits are non-negotiable and purchased from a bank with a main office or branch office in Texas. Managed pools include TexPool, Texstar, Texas CLASS and TexPool Prime. Also, the City invests in a Morgan Stanley Government Money Market Account.

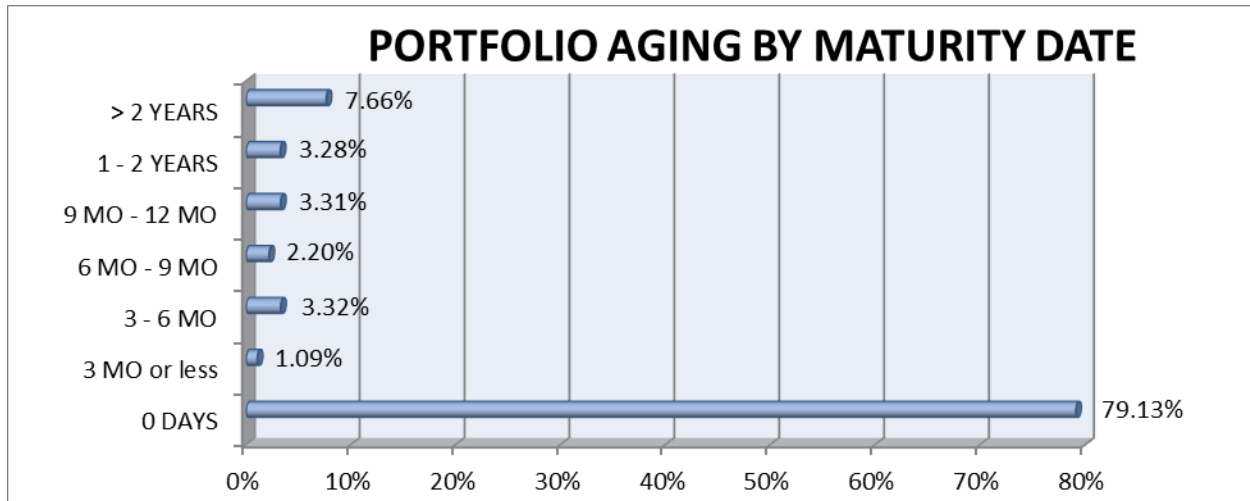
The following graph shows the percentage of the portfolio structure by type of investment.



The next graph shows the percentage of the portfolio structure by issuer.



Diversification is also achieved by investing in securities with varying maturities. The following graph shows the composition by maturity.



The total book value of the City’s portfolio was \$182,731,386.38. The market value of the City’s portfolio was approximately \$182,860,331.27. The difference represents an unrealized gain of \$128,944.89. Below is a review of the City’s portfolio and unrealized gain or loss per month for the quarter.

	<u>Book Value</u>	<u>Market Value</u>	<u>Unrealized Gain / (Loss)</u>
Oct-20	192,562,302.95	192,711,830.86	149,527.91
Nov-20	187,142,570.21	187,277,362.91	134,792.70
Dec-20	182,731,386.38	182,860,331.27	128,944.89

The City would only realize the gain or loss if investments were sold prior to maturity. Per the investment policy, the City currently has a “buy and hold” portfolio strategy; therefore, investments are purchased with the intent to hold until maturity.

PORTFOLIO SUMMARY

Oct 1 thru Dec 31, 2020

Investment Class		Par Value	Market Value	Book Value	Accrued Interest
Fair Value	Value at 10/01/2020	36,000,000.00	36,163,547.78	35,992,433.57	123,578.25
	Net Change	2,000,000.00	1,949,068.10	1,991,237.42	(37,282.99)
	Value ending 12/31/2020	38,000,000.00	38,112,615.88	37,983,670.99	86,295.26
Fair Value Ext Pool	Value at 10/01/2020	154,923,801.85	154,923,801.85	154,923,801.85	-
	Net Change	(10,176,086.46)	(10,176,086.46)	(10,176,086.46)	-
	Value ending 12/31/2020	144,747,715.39	144,747,715.39	144,747,715.39	-
Total	Value at 10/01/2020	190,923,801.85	191,087,349.63	190,916,235.42	123,578.25
	Net Change	(8,176,086.46)	(8,227,018.36)	(8,184,849.04)	(37,282.99)
	Value ending 12/31/2020	182,747,715.39	182,860,331.27	182,731,386.38	86,295.26

Investments	Par Value Value	Market Value	Book Value	% of Portfolio	Days to Maturity	YTM
Managed Pool Accounts	134,210,355.73	134,210,355.73	134,210,355.73	73.45%	1	0.137
Certificates of Deposit - Bank	6,000,000.00	6,000,000.00	6,000,000.00	3.28%	287	0.633
Money Market Fund Accounts	10,537,359.66	10,537,359.66	10,537,359.66	5.77%	1	0.030
Agency Coupon Securities	32,000,000.00	32,112,615.88	31,983,670.99	17.50%	600	0.921
	182,747,715.39	182,860,331.27	182,731,386.38	100.00%	115	0.284

CITY OF MESQUITE

PORTFOLIO DETAILS

Oct 1 - Dec 31, 2020

ISSUER	Maturity DATE	COUPON	BEGINNING	BEGINNING	BEGINNING	SALES /		UNREALIZED	ENDING	ENDING	ENDING	ENDING
			PAR VALUE	MARKET VALUE	BOOK VALUE	PURCHASES	WITHDRAWALS MATURITIES	GAIN/ (LOSS)	PAR VALUE	MARKET VALUE	BOOK VALUE	ACCRUED INTEREST
COMERICA	25-Aug-21	1550	2,000,000.00	2,000,000.00	2,000,000.00	0.00	0.00	0.00	2,000,000.00	2,000,000.00	2,000,000.00	25,898.32
COMERICA	23-Dec-20	0.200	2,000,000.00	2,000,000.00	2,000,000.00	0.00	(2,000,000.00)	0.00	0.00	0.00	0.00	0.00
COMERICA	23-Jun-22	0.150	0.00	0.00	0.00	2,000,000.00	0.00	0.00	2,000,000.00	2,000,000.00	2,000,000.00	0.00
COMERICA	26-Mar-21	0.200	2,000,000.00	2,000,000.00	2,000,000.00	0.00	0.00	0.00	2,000,000.00	2,000,000.00	2,000,000.00	2,244.44
FC	5-Apr-21	2.540	2,000,000.00	2,024,371.36	2,000,398.72	0.00	0.00	12,510.24	2,000,000.00	2,012,717.30	2,000,207.06	12,135.55
FC	15-Apr-21	2.375	2,000,000.00	2,024,070.20	1,999,781.72	0.00	0.00	13,496.32	2,000,000.00	2,013,379.48	1,999,883.16	10,027.78
FC	17-May-21	2.250	2,000,000.00	2,026,409.18	1,999,600.13	0.00	0.00	16,837.85	2,000,000.00	2,016,594.26	1,999,756.41	5,500.00
FC	16-Aug-21	1.550	2,000,000.00	2,024,310.78	1,998,448.92	0.00	0.00	19,473.70	2,000,000.00	2,018,353.48	1,998,879.78	11,625.00
FC	8-Nov-21	1.570	2,000,000.00	2,031,353.94	1,998,912.64	0.00	0.00	25,949.54	2,000,000.00	2,025,105.16	1,999,155.62	4,622.78
FC	2-Dec-21	1.620	2,000,000.00	2,004,346.02	2,000,000.00	0.00	(2,000,000.00)	0.00	0.00	0.00	0.00	0.00
FC	23-Dec-21	0.230	2,000,000.00	2,000,016.86	1,999,178.44	0.00	0.00	383.43	2,000,000.00	1,999,729.20	1,999,345.77	102.22
FC	23-Nov-22	0.120	0.00	0.00	0.00	2,000,000.00	0.00	1803.13	2,000,000.00	1,999,469.02	1,997,665.89	250.00
FC	2-Oct-23	0.200	0.00	0.00	0.00	2,000,000.00	0.00	1307.33	2,000,000.00	1,998,067.84	1,996,760.51	944.45
FHLB	8-Dec-23	0.250	0.00	0.00	0.00	2,000,000.00	0.00	(2,002.16)	2,000,000.00	2,000,596.02	2,002,598.18	111.11
FHLMC	22-Sep-22	0.350	2,000,000.00	2,000,152.22	2,000,000.00	0.00	(2,000,000.00)	0.00	0.00	0.00	0.00	0.00
FHLMC	17-Mar-23	0.420	2,000,000.00	2,000,692.42	2,000,000.00	0.00	0.00	819.64	2,000,000.00	2,000,819.64	2,000,000.00	2,426.67
FHLMC	29-Dec-22	0.400	2,000,000.00	2,000,327.88	2,000,000.00	0.00	(2,000,000.00)	0.00	0.00	0.00	0.00	0.00
FHLMC	30-Jun-22	0.300	2,000,000.00	2,001,676.46	2,000,000.00	0.00	0.00	262.12	2,000,000.00	2,000,262.12	2,000,000.00	16.67
FHLMC	30-Jun-23	0.500	2,000,000.00	1,999,556.96	2,000,000.00	0.00	(2,000,000.00)	0.00	0.00	0.00	0.00	0.00
FHLMC	24-Aug-23	0.250	0.00	0.00	0.00	2,000,000.00	0.00	4,000.42	2,000,000.00	2,003,942.76	1,999,942.34	500.00
FHLMC	8-Sep-23	0.250	2,000,000.00	2,000,731.66	2,000,037.40	0.00	0.00	3,851.42	2,000,000.00	2,003,885.66	2,000,034.24	1,486.11
FHLMC	16-Oct-23	0.120	0.00	0.00	0.00	2,000,000.00	0.00	5,758.37	2,000,000.00	1,998,632.08	1,992,873.71	493.05
FHLMC	6-Nov-23	0.250	0.00	0.00	0.00	2,000,000.00	0.00	2,657.68	2,000,000.00	2,001,692.26	1,999,034.58	500.00
FNMA	29-Sep-21	1.450	2,000,000.00	2,025,336.04	1,996,712.02	0.00	0.00	21,835.86	2,000,000.00	2,019,369.60	1,997,533.74	7,411.11
FNMA	2-Jun-23	0.450	2,000,000.00	2,000,195.80	1,999,363.58	0.00	(2,000,000.00)	0.00	0.00	0.00	0.00	0.00
Subtotal			36,000,000.00	36,163,547.78	35,992,433.57	14,000,000.00	(12,000,000.00)	128,944.89	38,000,000.00	38,112,615.88	37,983,670.99	86,295.26
Investment Class: Fair Value External Pool												
Texpool		0.147	1,417,518.35	1,417,518.35	1,417,518.35	11,767,035.80	(8,000,000.00)	0.00	5,184,554.15	5,184,554.15	5,184,554.15	0.00
TexStar		0.134	4,388,625.94	4,388,625.94	4,388,625.94	1,021.26	0.00	0.00	4,389,647.20	4,389,647.20	4,389,647.20	0.00
Morgan Stanley		0.020	10,536,834.20	10,536,834.20	10,536,834.20	525.46	0.00	0.00	10,537,359.66	10,537,359.66	10,537,359.66	0.00
Texas CLASS		0.251	71,395,018.61	71,395,018.61	71,395,018.61	26,145.49	(10,000,000.00)	0.00	61,421,164.10	61,421,164.10	61,421,164.10	0.00
TexPool Prime		0.262	67,185,804.75	67,185,804.75	67,185,804.75	29,185.53	(4,000,000.00)	0.00	63,214,990.28	63,214,990.28	63,214,990.28	0.00
Subtotal			54,923,801.85	54,923,801.85	54,923,801.85	11,823,913.54	(22,000,000.00)	0.00	144,747,715.39	144,747,715.39	144,747,715.39	0.00
Total Pool Investments			190,923,801.85	191,087,349.63	190,916,235.42	25,823,913.54	(34,000,000.00)	128,944.89	182,747,715.39	182,860,331.27	182,731,386.38	86,295.26