

CITY OF MESQUITE

Quarterly Investment Report Overview

Quarter Ending March 31, 2021



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>	June 2020	September 2020	December 2020	March 2021
<i>City Average Yield</i>	0.88%	0.45%	0.32%	0.25%
<i>Treasury Average Yield – 90 days</i>	0.14%	0.12%	0.09%	0.06%
<i>Treasury Average Yield – 180 days</i>	0.17%	0.13%	0.10%	0.07%
<i>Weighted Average Maturity</i>	110 days	98 days	115 days	94 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 March 31, 2021
Certificates of Deposit	20%	3.11%
Federal Agency Coupons	100%	15.52%
State & Local Agency Coupons	20%	0.00%
Managed Pools	80%	75.91%
Money Market Funds	50%	5.46%
Repurchase Agreements	20%	0.00%
	<i>Days Parameter</i>	<i>Days as of 03/31/2021</i>
Weighted Average Maturity	365 days	94 days

INVESTMENT PORTFOLIO BALANCES

Investment Quarter Ended	Book Value	Market Value	Unrealized Gain/(Loss)
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
March 2021	\$193,158,751	\$193,201,401	\$42,650

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	9/30/2020	12/31/2020	3/31/2021	5/17/2021
Investment Type	Sept Rates	Dec Rates	Mar Rates	Current Rates
<u>Pools</u>				
TexPool (Daily Rate)	0.15%	0.09%	0.02%	0.01%
TexStar (Daily Rate)	0.13%	0.07%	0.02%	0.01%
Texas Class (Daily Rate)	0.25%	0.14%	0.11%	0.08%
TexPool Prime (Daily Rate)	0.26%	0.14%	0.09%	0.08%
<u>Treasury</u>				
3-month (90-days)	0.09%	0.09%	0.01%	0.01%
6-month	0.10%	0.09%	0.03%	0.03%
1 year	0.11%	0.10%	0.05%	0.04%
2 year	0.12%	0.13%	0.15%	0.15%
10 year	0.65%	0.94%	1.70%	1.63%
<u>Agency</u>				
2 year (callable)	0.17%	0.17%	0.14%	0.20%
2 year (bullet)	0.15%	0.13%	0.15%	0.15%
<u>CD's</u>				
6 month	0.15%	0.15%	0.10%	0.10%
9 month	0.15%	0.15%	0.10%	0.10%
12 month	0.15%	0.15%	0.10%	0.10%
15 month	0.15%	0.15%	0.10%	0.10%
18 month	0.15%	0.15%	0.10%	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

With the vaccine rollout well underway and new COVID-19 cases trending notably lower, U.S. consumers are feeling more confident and starting to make up for lost time as the economy begins its long-awaited reopening; this is good news for the near-term economic outlook as approximately two-thirds of gross domestic product (GDP) is attributable to consumer spending. While still below their pre-pandemic levels, measures of consumer confidence have risen sharply in recent months, buoyed by firming labor markets, improving public health outlooks, heightened savings accumulated during the pandemic, and recently distributed stimulus checks. Against this backdrop, near-term economic data is poised to remain decidedly strong. The strength of the consumer was on full display in the first quarter of 2021 which saw the U.S. economy expand at an annualized rate of 6.4%. The expanding demand is allowing companies to pass through higher costs. While year-over-year price changes are somewhat distorted by comparisons to the pandemic-depressed base period of April 2020, the accelerating nature of the price gains will add to the already spirited debate surrounding how long such inflationary pressures may persist and what actions the Federal Reserve may be compelled to consider in response.

CITY OF MESQUITE



INVESTMENT REPORT

FOR

QUARTER ENDING

March 31, 2021

INVESTMENT REPORT

FOR QUARTER ENDING March 31, 2021



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

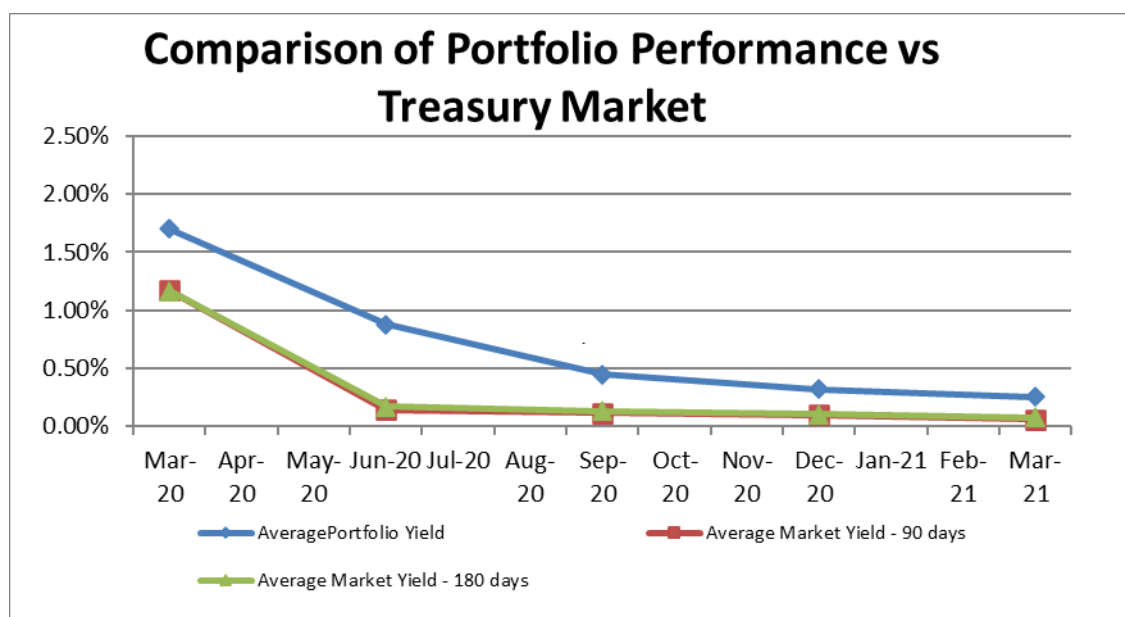
Myra E. Rogers

Myra E. Rogers, Manager of Budget and Treasury

City of Mesquite Investment Report For Quarter Ending March 31, 2021

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.

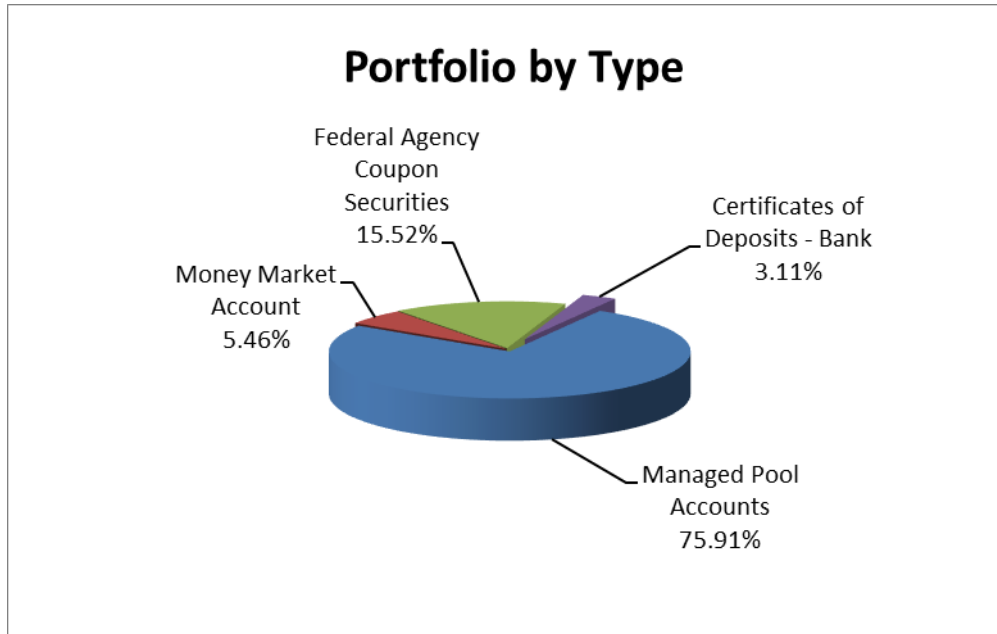
The City’s portfolio is designed with the objective of regularly meeting or exceeding the average rate of return on U.S. Treasury securities at a maturity level comparable to the City’s weighted average maturity in days. The City’s portfolio weighted average maturity was 94 days. The City had an average yield of 0.25%. The benchmark average treasury yield is 0.06% for 90 days and 0.07% 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.



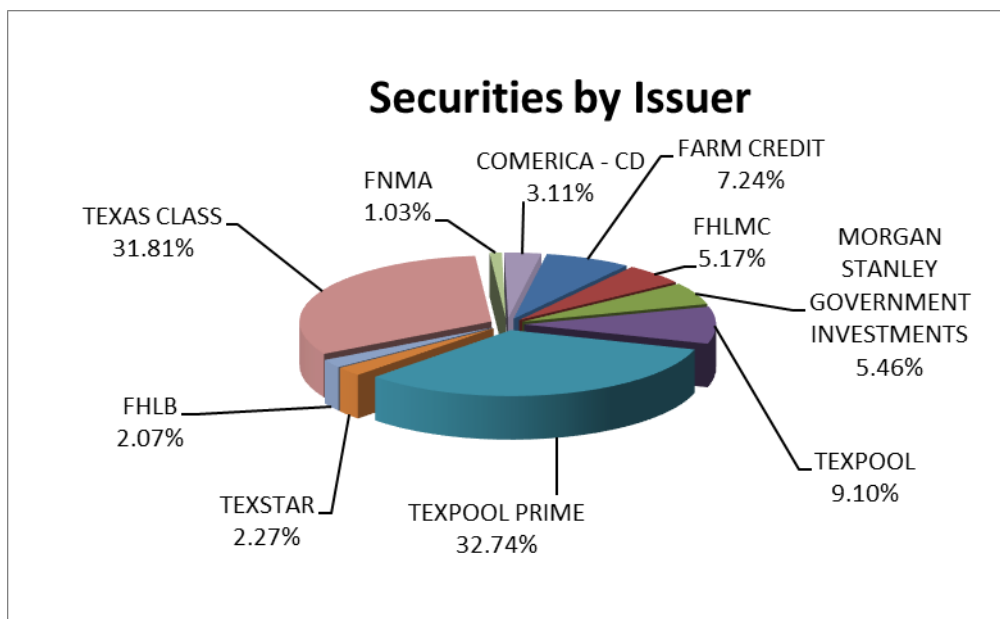
Quarter	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
WAM Days	98	110	98	115	94

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.

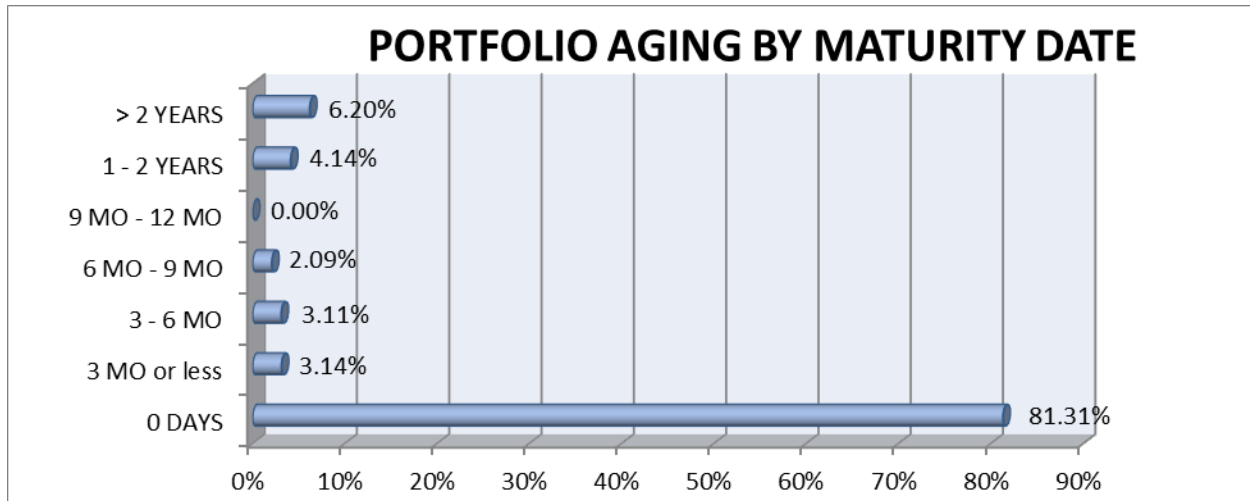
The following graph shows the percentage of the portfolio structure by type of investment.



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 \$193,158,751.16. The market value of the City’s portfolio was approximately \$193,201,401.28. The difference represents an unrealized gain of \$42,650.12. 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>
Jan-21	186,389,960.93	186,506,153.95	116,193.02
Feb-21	189,692,712.76	189,763,907.64	71,194.88
Mar-21	193,158,751.16	193,201,401.28	42,650.12

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

Jan 1 thru Mar 31, 2021

Investment Class		Par Value	Market Value	Book Value	Accrued Interest
Fair Value	Value at 10/01/2020	38,000,000.00	38,112,615.88	37,983,670.99	86,295.26
	Net Change	(2,000,000.00)	(2,085,130.38)	(1,998,835.61)	37,580.02
	Value ending 12/31/2020	36,000,000.00	36,027,485.50	35,984,835.38	123,875.28
Fair Value Ext Pool	Value at 10/01/2020	144,747,715.39	144,747,715.39	144,747,715.39	-
	Net Change	12,426,200.39	12,426,200.39	12,426,200.39	-
	Value ending 12/31/2020	157,173,915.78	157,173,915.78	157,173,915.78	-
Total	Value at 10/01/2020	182,747,715.39	182,860,331.27	182,731,386.38	86,295.26
	Net Change	10,426,200.39	10,341,070.01	10,427,364.78	37,580.02
	Value ending 12/31/2020	193,173,915.78	193,201,401.28	193,158,751.16	123,875.28

Investments	Par Value Value	Market Value	Book Value	% of Portfolio	Days to Maturity	YTM
Managed Pool Accounts	146,635,809.01	146,635,809.01	146,635,809.01	75.91%	1	0.086
Certificates of Deposit - Bank	6,000,000.00	6,000,000.00	6,000,000.00	3.11%	380	0.600
Money Market Fund Accounts	10,538,106.77	10,538,106.77	10,538,106.77	5.46%	1	0.030
Agency Coupon Securities	30,000,000.00	30,027,485.50	29,984,835.38	15.52%	526	0.951
	193,173,915.78	193,201,401.28	193,158,751.16	100.00%	94	0.234

CITY OF MESQUITE
PORTFOLIO DETAILS
Jan 1 - Mar 31, 2021

			BEGINNING	BEGINNING	BEGINNING	SALES /			UNREALIZED	ENDING	ENDING	ENDING	ENDING
MATURITY			PAR	MARKET	BOOK	WITHDRAWALS	GAIN/	PAR	MARKET	BOOK	ACCRUED		
ISSUER	DATE	COUPON	VALUE	VALUE	VALUE	PURCHASES	MATURITIES	(LOSS)	VALUE	VALUE	VALUE	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	33,649.34	
COMERICA	23-Jun-22	0.150	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	739.82	
COMERICA	26-Mar-21	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	26-Sep-22	0.100	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	
FC	5-Apr-21	2.540	2,000,000.00	2,012,717.30	2,000,207.06	0.00	0.00	544.06	2,000,000.00	2,000,552.88	2,000,008.82	24,835.56	
FC	15-Apr-21	2.375	2,000,000.00	2,013,379.48	1,999,883.16	0.00	0.00	1,843.63	2,000,000.00	2,001,827.90	1,999,984.27	21,902.78	
FC	17-May-21	2.250	2,000,000.00	2,016,594.26	1,999,756.41	0.00	0.00	5,755.13	2,000,000.00	2,005,672.74	1,999,917.61	16,750.00	
FC	16-Aug-21	1.550	2,000,000.00	2,018,353.48	1,998,879.78	0.00	0.00	11,802.38	2,000,000.00	2,011,122.96	1,999,320.58	3,875.00	
FC	8-Nov-21	1.570	2,000,000.00	2,025,105.16	1,999,155.62	0.00	0.00	18,839.53	2,000,000.00	2,018,240.72	1,999,401.19	12,472.78	
FC	23-Dec-21	0.230	2,000,000.00	1,999,729.20	1,999,345.77	0.00	(2,000,000.00)	0.00	0.00	0.00	0.00	0.00	
FC	23-Nov-22	0.120	2,000,000.00	1,999,469.02	1,997,665.89	0.00	0.00	1,844.91	2,000,000.00	1,999,817.00	1,997,972.09	875.00	
FC	2-Oct-23	0.200	2,000,000.00	1,998,067.84	1,996,760.51	0.00	0.00	(529.80)	2,000,000.00	1,996,520.90	1,997,050.70	1,944.45	
FHLB	17-Mar-23	0.180	0.00	0.00	0.00	2,000,000.00	0.00	(237.50)	2,000,000.00	1,997,604.34	1,997,841.84	90.28	
FHLB	8-Dec-23	0.250	2,000,000.00	2,000,596.02	2,002,598.18	0.00	0.00	(11,350.17)	2,000,000.00	1,991,029.84	2,002,380.01	1,361.11	
FNMA	29-Sep-21	1.450	2,000,000.00	2,019,369.60	1,997,533.74	0.00	0.00	15,172.61	2,000,000.00	2,013,529.84	1,998,357.23	1,611.11	
FHLMC	17-Mar-23	0.420	2,000,000.00	2,000,819.64	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	2,000,262.12	2,000,000.00	0.00	0.00	703.76	2,000,000.00	2,000,703.76	2,000,000.00	1516.67	
FHLMC	24-Aug-23	0.250	2,000,000.00	2,003,942.76	1,999,942.34	0.00	0.00	644.13	2,000,000.00	2,000,592.04	1,999,947.91	513.89	
FHLMC	8-Sep-23	0.250	2,000,000.00	2,003,885.66	2,000,034.24	0.00	0.00	(512.43)	2,000,000.00	1,999,518.70	2,000,031.13	319.44	
FHLMC	16-Oct-23	0.120	2,000,000.00	1,998,632.08	1,992,873.71	0.00	0.00	(1,146.96)	2,000,000.00	1,992,356.36	1,993,503.32	1,118.05	
FHLMC	6-Nov-23	0.250	2,000,000.00	2,001,692.26	1,999,034.58	0.00	0.00	(723.16)	2,000,000.00	1,998,395.52	1,999,118.68	1,750.00	
Subtotal			38,000,000.00	38,112,615.88	37,983,670.99	4,000,000.00	(6,000,000.00)	42,650.12	36,000,000.00	36,027,485.50	35,984,835.38	123,875.28	
Investment Class: Fair Value External Pool													
Texpool		0.020	5,184,554.15	5,184,554.15	5,184,554.15	12,391,519.63	0.00	0.00	17,576,073.78	17,576,073.78	17,576,073.78	0.00	
TexStar		0.020	4,389,647.20	4,389,647.20	4,389,647.20	410.12	0.00	0.00	4,390,057.32	4,390,057.32	4,390,057.32	0.00	
Morgan Stanley		0.030	10,537,359.66	10,537,359.66	10,537,359.66	747.11	0.00	0.00	10,538,106.77	10,538,106.77	10,538,106.77	0.00	
Texas CLASS		0.110	61,421,164.10	61,421,164.10	61,421,164.10	17,486.22	0.00	0.00	61,438,650.32	61,438,650.32	61,438,650.32	0.00	
TexPool Prime		0.090	63,214,990.28	63,214,990.28	63,214,990.28	16,037.31	0.00	0.00	63,231,027.59	63,231,027.59	63,231,027.59	0.00	
Subtotal			144,747,715.39	144,747,715.39	144,747,715.39	12,426,200.39	0.00	0.00	157,173,915.78	157,173,915.78	157,173,915.78	0.00	
Total Pool Investments			182,747,715.39	182,860,331.27	182,731,386.38	16,426,200.39	(6,000,000.00)	42,650.12	193,173,915.78	193,201,401.28	193,158,751.16	123,875.28	