

Memorandum



CITY OF DALLAS

DATE March 26, 2021

Honorable Members of the Government Performance & Financial Management
TO Committee: Cara Mendelsohn (Chair), Jennifer S. Gates (Vice Chair),
Deputy Mayor Pro Tem B. Adam McGough, Adam Bazaldua, and Casey Thomas, II

SUBJECT **December 31, 2020 Quarterly Investment Report**

The City of Dallas Investment Policy, in accordance with the Texas Public Funds Investment Act, requires that the City Council and City Manager receive quarterly investment reports. The purpose of this report is to provide a means for Council members, Council committee members, and staff to regularly review and monitor the City's investment position, and to demonstrate compliance with the City's Investment Policy and the Public Funds Investment Act. We have included summary reports on each of the City's individual portfolios, as well as summary information on the combined portfolio.

For the quarter ended December 31, 2020, the City's individual portfolios and the combined portfolio are in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategies adopted in Sec. 17.0 of the City's Investment Policy.

Please let me know if you need additional information.

M. Elizabeth Reich
Chief Financial Officer

[Attachment]

cc: Honorable Mayor and Members of City Council
T.C. Broadnax, City Manager
Chris Caso, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Kimberly Bizar Tolbert, Chief of Staff to the City Manager

Majed A. Al-Ghafry, Assistant City Manager
Jon Fortune, Assistant City Manager
Joey Zapata, Assistant City Manager
Dr. Eric A. Johnson, Chief of Economic Development and Neighborhood Services
M. Elizabeth (Liz) Cedillo-Pereira, Chief of Equity and Inclusion
Directors and Assistant Directors



CITY OF DALLAS

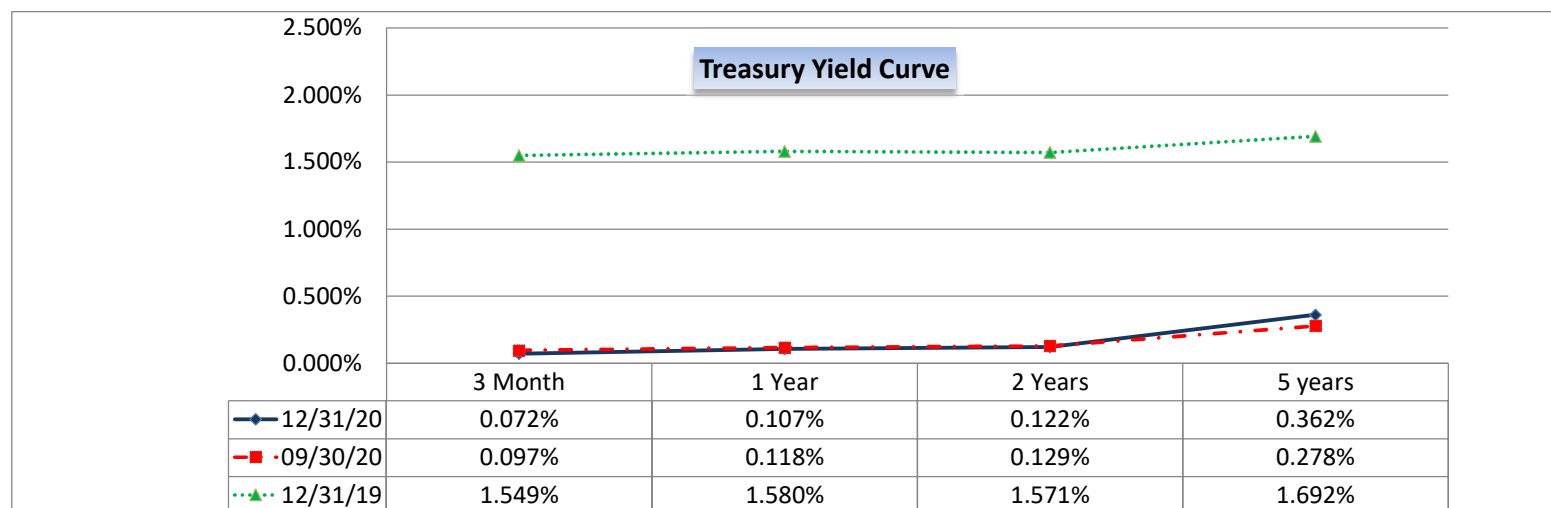
December 31, 2020

QUARTERLY INVESTMENT REPORT

- The COVID-19 pandemic was causing tremendous human and economic hardship across the United States and around the world. The pace of the recovery in economic activity and employment had moderated in recent months, with weakness concentrated in the sectors most adversely affected by the pandemic.
- The ongoing public health crisis continued to weigh on economic activity, employment, and inflation, and posed considerable risks to the economic outlook.
- Federal Open Market Committee (FOMC) decided to keep the target range for the federal funds rate at 0.00% - 0.25%.

Source: FOMC January 27, 2021 Statement

National Economic Data	12/31/2019	12/30/2020
Fed Funds Effective Rate Target Range	1.50% - 1.75%	0.00% - 0.25%
2 Years Treasury Note Yield	1.571%	0.122%
10 Years Treasury Note Yield	1.919%	0.916%
Monthly Unemployment Rate	3.60%	6.70%
Weekly Initial Jobless Claims	223,000	790,000
Monthly Change in Nonfarm Payrolls	222,000	-227,000
Monthly New Housing Starts	1,626,000	1,669,000



Source: Bloomberg

City of Dallas
Portfolio Holdings
Combined Investment Summary
As of 12/31/2020

Portfolio Description	Face Amount	Book Value	Market Value	Accrued Interest	Market Value + Accrued Interest	*Unrealized Gain/(Loss)	Weighted Average Yield To Maturity
01 The City's Investment Pool	2,381,362,469	2,381,039,024	2,384,063,977	1,178,886	2,385,242,862	3,024,953	0.37%
02 Convention Center Reserve	-	-	-	-	-	-	0.00%
03 Water Reserve	90,000,000	90,000,000	90,000,000	35,534	90,035,534	-	0.15%
04 Arts Endowment	2,235,000	2,235,000	2,235,000	386	2,235,386	-	0.14%
05 Ida Green Library Fund	1,000,000	1,000,000	1,000,000	1,059	1,001,059	-	0.21%
10 DWU Commercial Paper Program	13,960	13,960	13,960	-	13,960	-	0.02%
11 GO Commercial Paper Program	46,457,673	46,457,673	46,457,673	-	46,457,673	-	0.03%

*Unrealized gain/loss is the difference between the market value and book value and does not represent an actual gain or loss. Gains and losses are realized only when a security is sold prior to maturity. Since it is the City's practice to hold investments until they mature, the unrealized gains and losses due to market changes occurring prior to an investment's maturity are unlikely to be realized.

City of Dallas
Trade Activity by Portfolio
As of: 09/30/2020 - 12/31/2020

Portfolio Description	Beginning Face Amount	Beginning Weighted Average Yield To Maturity	Purchased/Deposited	Matured	Ending Face Amount	Ending Weighted Average Yield To Maturity
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City's Investment Pool*						
Federal Agricultural Mortgage Corp.	255,000,000	0.79%	50,000,000	40,000,000	265,000,000	0.55%
Federal Farm Credit Bank	245,000,000	0.73%	150,000,000	50,000,000	345,000,000	0.33%
Federal Home Loan Bank	100,000,000	0.24%	90,000,000	-	190,000,000	0.18%
Federal National Mortgage Assoc.	90,000,000	-	-	-	90,000,000	0.26%
Treasury Bond	240,000,000	1.65%	-	-	240,000,000	1.65%
Total Portfolio	930,000,000	0.89%	290,000,000	90,000,000	1,130,000,000	0.63%

*Trade activity excludes bank investment holding account, local government investment pools and money market mutual funds.

Convention Center Reserve**						
None	-	0.00%	-	-	-	0.00%
Total Portfolio	-	0.00%	-	-	-	0.00%

**Trade activity excludes local government investment pools.

Water Reserve***						
None	-	0.00%	-	-	-	0.00%
Total Portfolio	-	0.00%	-	-	-	0.00%

***Trade activity excludes local government investment pools.

Arts Endowment						
None	-	0.00%	-	-	-	0.00%
Total Portfolio	-	0.00%	-	-	-	0.00%

****Trade activity excludes local government investment pools.

DWU Commercial Paper Program						
Money Market	13,960	0.03%	-	-	13,960	0.02%
Total Portfolio	13,960	0.03%	-	-	13,960	0.02%

GO Commercial Paper Program						
Money Market	163,524,424	0.01%	30,026,096	147,092,847	46,457,673	0.03%
Total Portfolio	163,524,424	0.01%	30,026,096	147,092,847	46,457,673	0.03%

City of Dallas
Summary Statement by Portfolio
As of: 09/30/2020 - 12/31/2020

Portfolio Description	Beginning Face Amount	Ending Face Amount	Beginning Book Value	Ending Book Value	Beginning Market Value	Ending Market Value	Net Deposits/ (Redemptions)	Change in Market Value	Accrued Interest	Ending Weighted Average Yield To Maturity
City's Investment Pool¹										
*Public Funds Interest Checking (PFIC) Account	100,123,419	100,168,727	100,123,419	100,168,727	100,123,419	100,168,727	45,308	-	-	0.18%
Local Govt. Investment Pool	982,755,403	852,193,742	982,755,403	852,193,742	982,755,403	852,193,742	(130,561,662)	-	1,529	0.16%
Money Market	243,000,000	299,000,000	243,000,000	299,000,000	243,000,000	299,000,000	56,000,000	-	-	0.02%
US Agency	690,000,000	890,000,000	689,715,464	889,786,650	691,542,353	891,053,868	200,000,000	(464,735)	806,163	0.36%
Treasury Bond	240,000,000	240,000,000	239,849,903	239,889,905	242,538,670	241,647,640	-	(891,030)	371,194	1.65%
**Total Portfolio	2,255,878,822	2,381,362,469	2,255,444,189	2,381,039,024	2,259,959,845	2,384,063,977	125,483,647	(1,355,765)	1,178,886	0.37%
Convention Center Reserve²										
Local Govt. Investment Pool	4,000,000	-	4,000,000	-	4,000,000	-	(4,000,000)	-	-	
Total Portfolio	4,000,000	-	4,000,000	-	4,000,000	-	(4,000,000)	-	-	
Water Reserve²										
Local Govt. Investment Pool	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	-	-	35,534	0.15%
Total Portfolio	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	90,000,000	-	-	35,534	0.15%
Arts Endowment³										
Local Govt. Investment Pool	2,235,000	2,235,000	2,235,000	2,235,000	2,235,000	2,235,000	-	-	386	0.14%
Total Portfolio	2,235,000	2,235,000	2,235,000	2,235,000	2,235,000	2,235,000	-	-	386	0.14%
Ida Green Library Endowment⁴										
Local Govt. Investment Pool	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	-	-	1,059	0.21%
Total Portfolio	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	-	-	1,059	0.21%
DWU Commercial Paper⁵										
Money Market	13,960	13,960	13,960	13,960	13,960	13,960	-	-	-	0.02%
Total Portfolio	13,960	13,960	13,960	13,960	13,960	13,960	-	-	-	0.02%
GO Commercial Paper⁵										
Money Market	163,524,424	46,457,673	163,524,424	46,457,673	163,524,424	46,457,673	(117,066,751)	-	-	0.03%
Total Portfolio	163,524,424	46,457,673	163,524,424	46,457,673	163,524,424	46,457,673	(117,066,751)	-	-	0.03%

Notes 1-5: See Page 6 for Strategy Statement by Portfolio.

*Public Funds Interest Checking (PFIC) Account is fully collateralized, interest-bearing account with liquidity equal to that of a money market mutual fund

**Numbers may not sum due to rounding

City of Dallas
Strategy Statement and Compliance by Portfolio
As of: 09/30/2020 - 12/31/2020

STRATEGY COMPLIANCE STATEMENT

For the quarter ended December 31, 2020 the portfolios are in compliance with the relevant provisions of the Public Fund Investment Act and the investment strategies adopted in Sec. 17.0 of the City's Investment Policy.

STRATEGY STATEMENT BY PORTFOLIO

1) City's Investment Pool

The City's Investment Pool is an aggregation of the majority of City funds that includes tax receipts, enterprise fund revenues, fine and fee revenues, as well as some, but not all, bond proceeds, grants, gifts and endowments. This portfolio is maintained to meet anticipated daily cash needs for City of Dallas operations, capital projects and debt service. In order to ensure the ability of the City to meet obligations and to minimize potential liquidation losses, the dollar-weighted average stated maturity of the Investment Pool shall not exceed 1.5 years.

2) Convention Center Bond Reserve and Water Bond Reserve

Non-pooled reserve funds for outstanding revenue bonds (Convention Center and Water) are set at levels required by their respective bond ordinances. These funds will be used to pay principal and/or interest at final maturity or if called prior to final maturity.

3) Arts Endowment

The Arts Endowment Fund was created by the City from a \$1,285,026 repayment to the General Fund from the Convention Center. Pursuant to Resolution No. 84-311 dated September 26, 1984, this endowment fund was created to provide additional monies for the arts, not to replace the current level of support. Funds received as gifts to the City with instructions that the income generated by the investment of said funds be used for specified purposes are invested as separate non-pooled portfolios in order to maximize return.

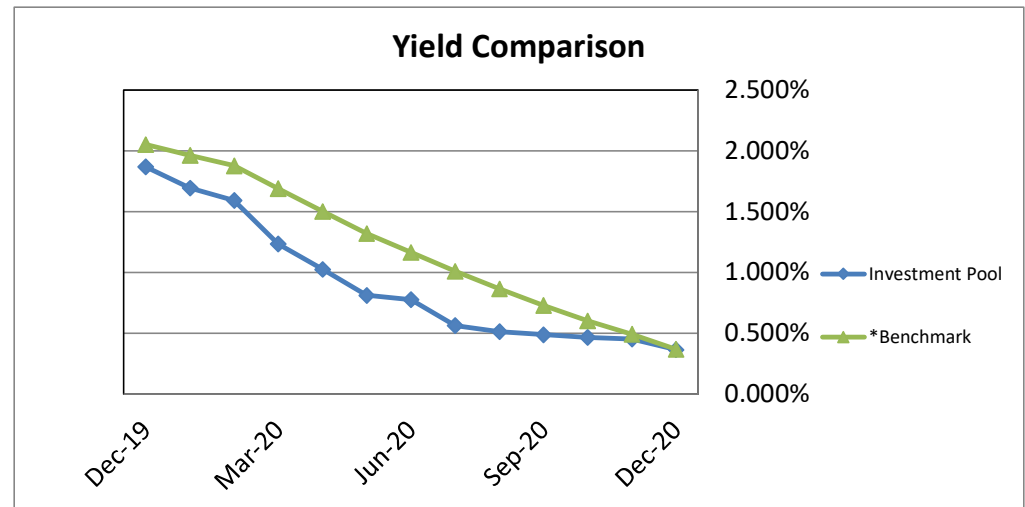
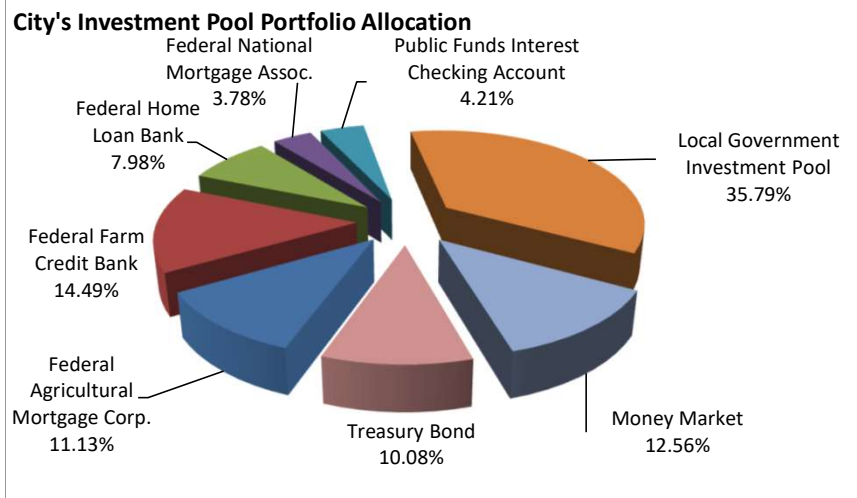
4) Ida Green Library Endowment

The Ida M. Green Endowment Fund was created with the proceeds from the sale of stock from the estate of Ms. Green pursuant to Resolution No. 87-0836. Its purpose is to provide funds for the operating and capital expenses of the library's Texas Center for the Book and Children's Center. Funds received as gifts to the City with instructions that the income generated by the investment of said funds be used for specified purposes are invested as separate non-pooled portfolios in order to maximize return.

5) DWU Commercial Paper Program and GO Commercial Paper Program

The City issues tax-exempt commercial paper notes as an interim financing tool for construction of capital projects. The investment of the proceeds from the issuance of commercial paper debt should have a high degree of liquidity in order to fund payments to contractors.

City of Dallas
City's Investment Pool Portfolio Allocation
Investment Summary
As of 12/31/2020



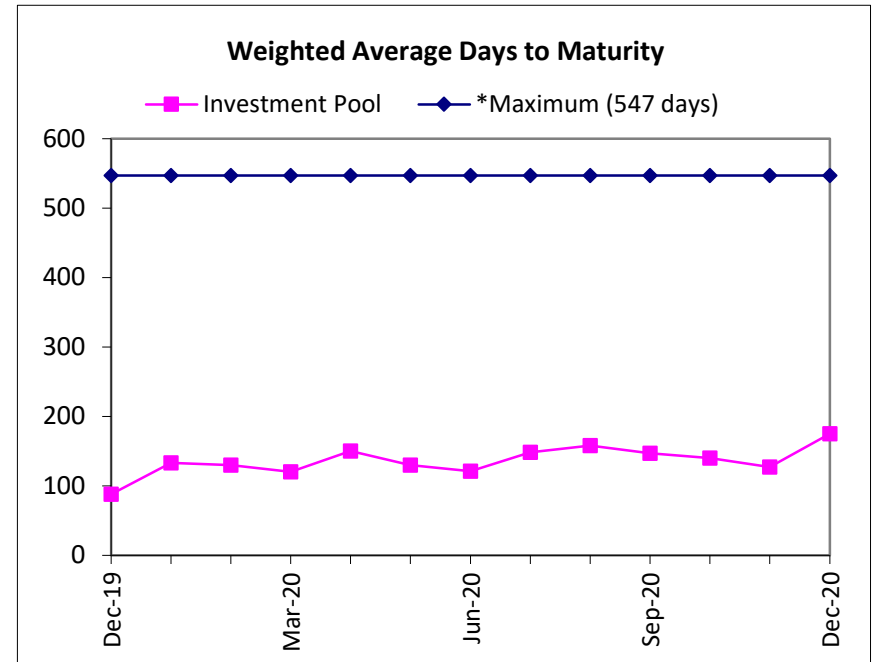
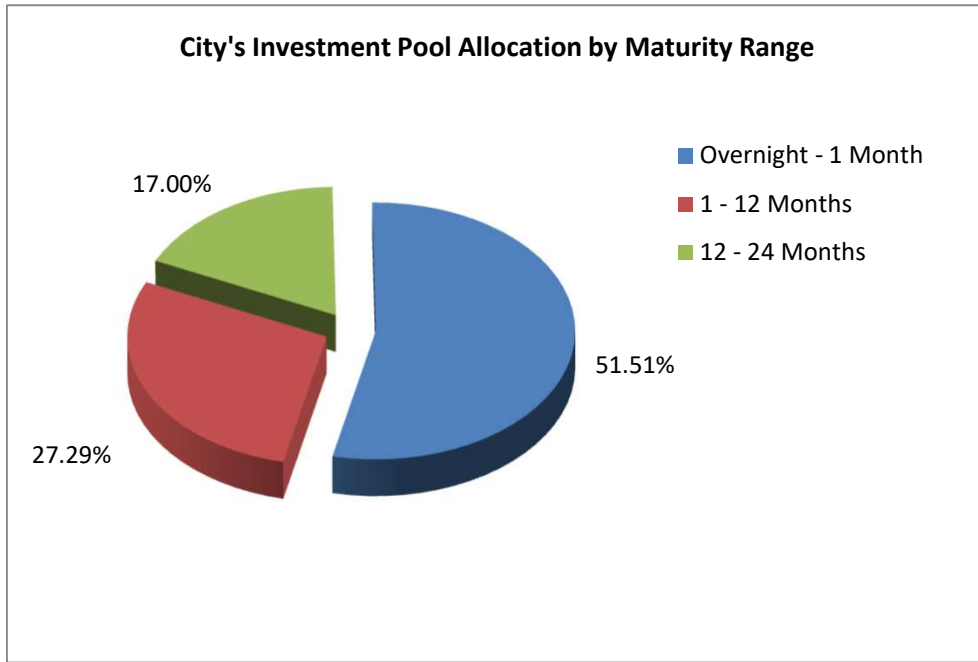
Description	Face Amount	Book Value	Market Value	**Unrealized Gain/(Loss)	Weighted Average Days To Maturity	Weighted Average Yield To Maturity	% of Portfolio
Federal Agricultural Mortgage Corp.	265,000,000	265,000,000	265,686,853	686,853	409	0.55%	11.13%
Federal Farm Credit Bank	345,000,000	344,917,833	345,373,852	456,019	427	0.33%	14.49%
Federal Home Loan Bank	190,000,000	189,939,333	189,954,702	15,368	322	0.18%	7.98%
Federal National Mortgage Assoc.	90,000,000	89,929,483	90,038,460	108,977	569	0.26%	3.78%
Public Funds Interest Checking Account	100,168,727	100,168,727	100,168,727	-	1	0.18%	4.21%
Local Government Investment Pool	852,193,742	852,193,742	852,193,742	-	39	0.16%	35.79%
Money Market	299,000,000	299,000,000	299,000,000	-	1	0.02%	12.56%
Treasury Bond	240,000,000	239,889,905	241,647,640	1,757,735	176	1.65%	10.08%
***Total Portfolio	2,381,362,469	2,381,039,024	2,384,063,977	3,024,953	175	0.37%	100.00%

*As per Section 17.1 of the City's Investment Policy, the benchmark for the Investment Pool is the 12-month moving average yield on treasury 1-year constant maturities as reported by Federal Reserve Statistical Release H.15.

** Unrealized gain/loss is the difference between the market value and book value and does not represent an actual gain or loss. Gains and losses are realized only when a security is sold prior to maturity. Since it is the City's practice to hold investments until they mature, the unrealized gains and losses due to market changes occurring prior to an investment's maturity are unlikely to be realized.

*** Numbers may not sum due to rounding

City of Dallas
City's Investment Pool Allocation by Maturity Range
As of 12/31/2020



Description	Face Amount/Shares	Book Value	Market Value	Weighted Average Yield To Maturity	Weighted Average Days To Maturity	% of Portfolio
Overnight - 1 Month	1,226,362,469	1,226,362,469	1,226,362,469	0.12%	1	51.51%
1 - 12 Months	650,000,000	649,809,738	652,203,658	0.93%	187	27.29%
12 - 24 Months	405,000,000	404,866,816	405,499,797	0.25%	541	17.00%
24 - 36 Months	100,000,000	100,000,000	99,998,053	0.15%	748	4.20%
**Total Portfolio	2,381,362,469	2,381,039,024	2,384,063,977	0.37%	175	100%

*As per Section 13.0 of the City's Investment Policy, the dollar-weighted average stated maturity of the Investment Pool shall not ex .

** Numbers may not sum due to rounding

City of Dallas
Date To Date
Broker/Dealer Activity
As of: FY 20-21 Year to Date

FY 20-21 Year to Date		
Description	Awarded	%
Primary Dealers		
Bank of America	\$0	0.00%
Jefferies & Co.	0	0.00%
RBC Capital Markets, LLC	0	0.00%
Wells Fargo	0	0.00%
Secondary Dealers		
FHN Financial	0	0.00%
Hilltop Securities Inc.	0	0.00%
Multi Bank Securities	50,000,000	17.24%
Piper Sandler & Co.	50,000,000	17.24%
Samco Capital Market	50,000,000	17.24%
Truist Securities, Inc.	0	0.00%
Vining Sparks	0	0.00%
Secondary Dealers - M/WBE		
Capital Institutional Services, Inc.	0	0.00%
Loop Capital	0	0.00%
Rice Financial	0	0.00%
Stern Brothers & Co.	140,000,000	48.28%
Total	\$290,000,000	100.00%

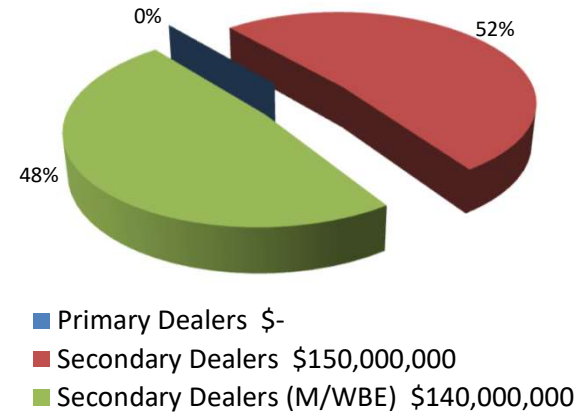
Notes:

Section 9 of the City's investment Policy requires the investment committee to annually review and adopt a list of qualified broker/dealers. These firms represent the broker dealer firms that are currently approved by the Investment Committee as of March 2020.

It is the City's policy to solicit three or more competitive bids/offers each trade except for agency securities purchased at issue.

Q1 FY 20-21		
Description	Awarded	%
Multi Bank Securities	50,000,000	17.24%
Piper Sandler & Co.	50,000,000	17.24%
Samco Capital Market	50,000,000	17.24%
Stern Brothers & Co. - M/WBE	140,000,000	48.28%
Total	290,000,000	100.00%

Broker/Dealer Activity FY 20-21 to Date



CITY OF DALLAS

December 31, 2020

QUARTERLY INVESTMENT REPORT

For the quarter ended December 31, 2020 the portfolios are in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategies adopted in Sec. 17.0 of the City's Investment Policy.

Chief Financial Officer: M. Elizabeth Reich

City Controller: Sheri P. Kowalski

Treasury Manager: Brandy Fletcher