



City of Texarkana, Texas



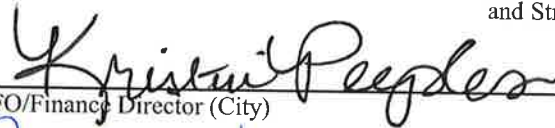
QUARTERLY INVESTMENT REPORT

For the Quarter Ended
June 30, 2021

Prepared by

Valley View Consulting, L.L.C.

The investment portfolio of the City of Texarkana, TX is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.



CFO/Finance Director (City)



Assistant CFO (City)



Director of Finance (Water Utilities Department)

Customer Service/Accounting/Human Resources Manager (Water Utilities Department)

Disclaimer: These reports were compiled using information provided by the City. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields and do not account for investment advisor fees.

Summary

City Funds

| Asset Type | March 31, 2021 | | June 30, 2021 | | |
|----------------|----------------------|----------------------|----------------------|----------------------|------------|
| | Book Value | Market Value | Book Value | Market Value | Ave. Yield |
| DDA/MMA/Pools | \$ 36,724,507 | \$ 36,724,507 | \$ 40,805,200 | \$ 40,805,200 | 0.95% |
| CDs/Securities | 2,655,062 | 2,655,062 | 1,059,046 | 1,059,046 | 3.00% |
| Totals | \$ 39,379,568 | \$ 39,379,568 | \$ 41,864,245 | \$ 41,864,245 | 1.00% |

Total Portfolio Average - Quarter 1.00%
 Fiscal Year-to-Date Average Yield (2) 1.06%

Quarterly Interest Income \$ 105,189
 Year-to-date Interest Income \$ 323,521

Water Utility

| Asset Type | March 31, 2021 | | June 30, 2021 | | |
|----------------|----------------------|----------------------|----------------------|----------------------|------------|
| | Book Value | Market Value | Book Value | Market Value | Ave. Yield |
| DDA/MMA/Pools | \$ 12,302,352 | \$ 12,302,352 | \$ 14,523,067 | \$ 14,523,067 | 0.80% |
| CDs/Securities | 2,169,936 | 2,169,936 | 2,169,936 | 2,169,936 | 0.55% |
| Totals | \$ 14,472,289 | \$ 14,472,289 | \$ 16,693,003 | \$ 16,693,003 | 0.77% |

Total Portfolio Average - Quarter 0.77%
 Fiscal Year-to-Date Average Yield (2) 0.77%

Quarterly Interest Income \$ 27,582
 Year-to-date Interest Income \$ 79,323

| | <u>QTR</u> | | <u>YTD</u> |
|------------------------------|------------|------------------------------|------------|
| Rolling Three Month Treasury | 0.02% | Rolling Three Month Treasury | 0.06% |
| Rolling Six Month Treasury | 0.06% | Rolling Six Month Treasury | 0.09% |
| TexPool | 0.01% | TexPool | 0.04% |

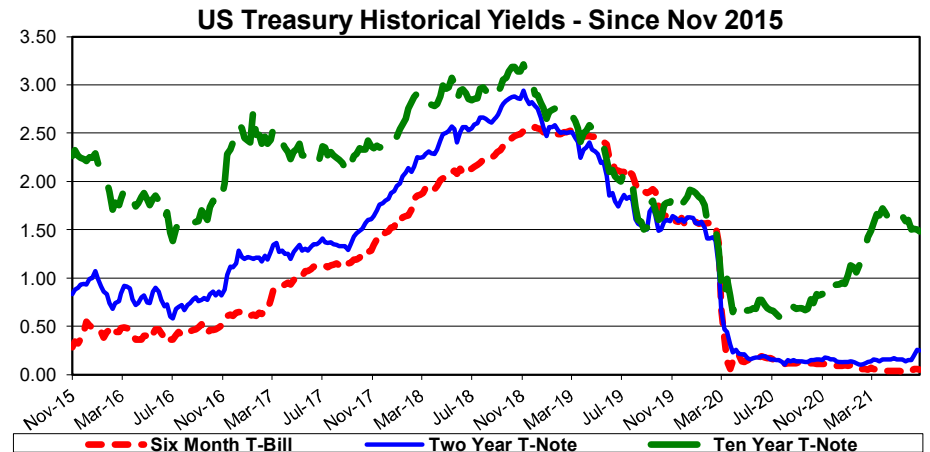
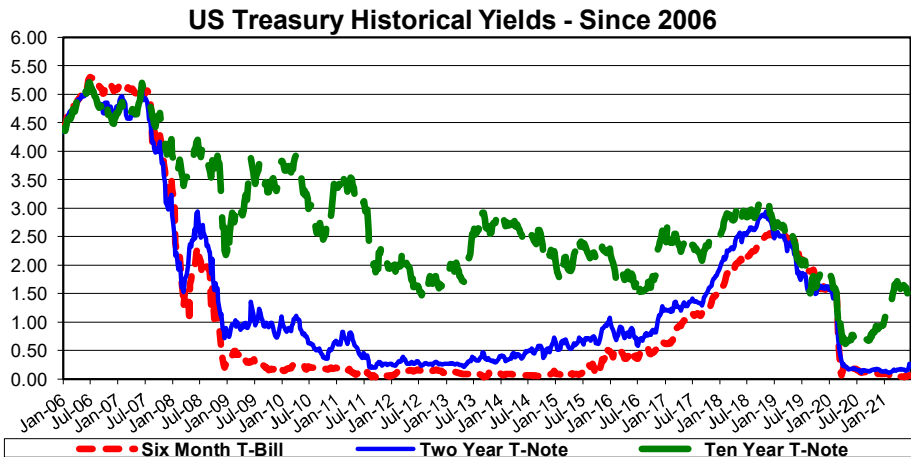
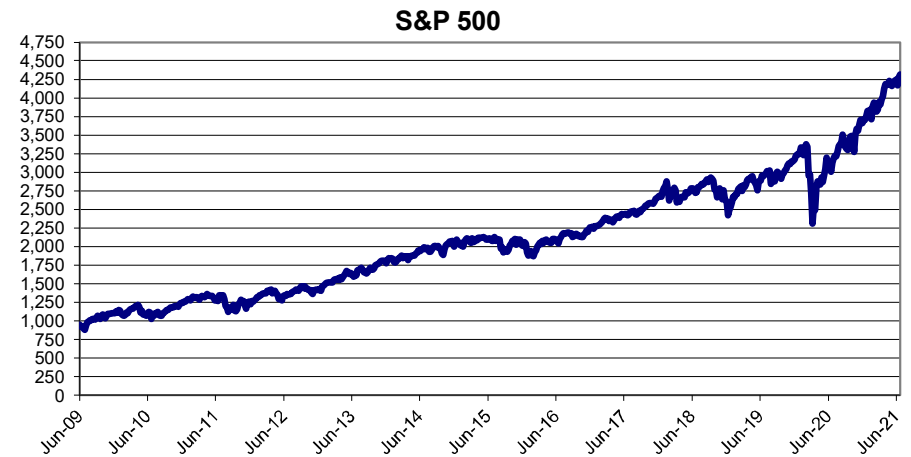
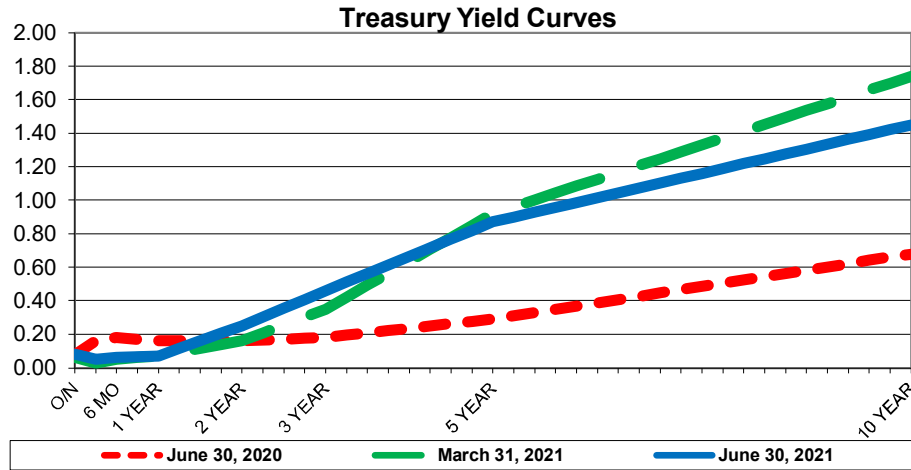
(1) **Current Quarter Weighted Average Yield** - calculated using quarter-end report yields and adjusted book values, does not reflect a total return analysis, realized or unrealized gains/losses or account for advisory fees. The yield for the reporting month is used for bank, pool, and money market balances.

(2) **Fiscal Year-to-Date Weighted Average Yields** calculated using quarter-end report yields and adjusted book values. Does not reflect a total return analysis or account for advisory fees.

Economic Overview

6/30/2021

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range at 0.00% to 0.25% (Effective Fed Funds are trading <0.10%), and projects that reduced rates could remain into 2023. First Quarter GDP posted +6.4% (Final). In June, Payrolls added 850k and Unemployment (U2) rose slightly to 5.9%. Crude oil traded up to +/- \$75 per barrel. The Stock Markets reached new highs. Housing, Industrial Production, Durable Goods, Consumer Spending, and other indicators moderated and showed signs of strain. The Biden administration and Congress continue to negotiate an infrastructure package. Inflation surged over the FOMC 2+% target, but is considered to be temporary. The Yield Curve "humped" slightly in the two-to-three year maturity sector while the long end fell.



Investment Holdings

June 30, 2021

City Funds

| Description | Coupon/ Discount | Maturity Date | Settlement Date | Par Value | Book Value | Market Price | Market Value | Life (days) | Yield |
|---------------------------|---------------------|------------------|--------------------|----------------------|----------------------|-----------------|----------------------|----------------|--------------|
| Farmer's Bank & Trust MMA | 1.07% | 07/01/21 | 06/30/21 | \$ 33,057,018 | \$ 33,057,018 | 1.00 | \$ 33,057,018 | 1 | 1.07% |
| Southside Bank MMA | 0.06% | 07/01/21 | 06/30/21 | 6,130 | 6,130 | 1.00 | 6,130 | 1 | 0.06% |
| NexBank MMA | 0.45% | 07/01/21 | 06/30/21 | 61,880 | 61,880 | 1.00 | 61,880 | 1 | 0.45% |
| NexBank ICS | 0.45% | 07/01/21 | 06/30/21 | 7,680,172 | 7,680,172 | 1.00 | 7,680,172 | 1 | 0.45% |
| Farmer's Bank & Trust CD | 3.00% | 07/26/21 | 07/26/19 | 1,059,046 | 1,059,046 | 100.00 | 1,059,046 | 26 | 3.00% |
| Total City Funds | | | | \$ 41,864,245 | \$ 41,864,245 | | \$ 41,864,245 | 2 | 1.00% |

Water Utility

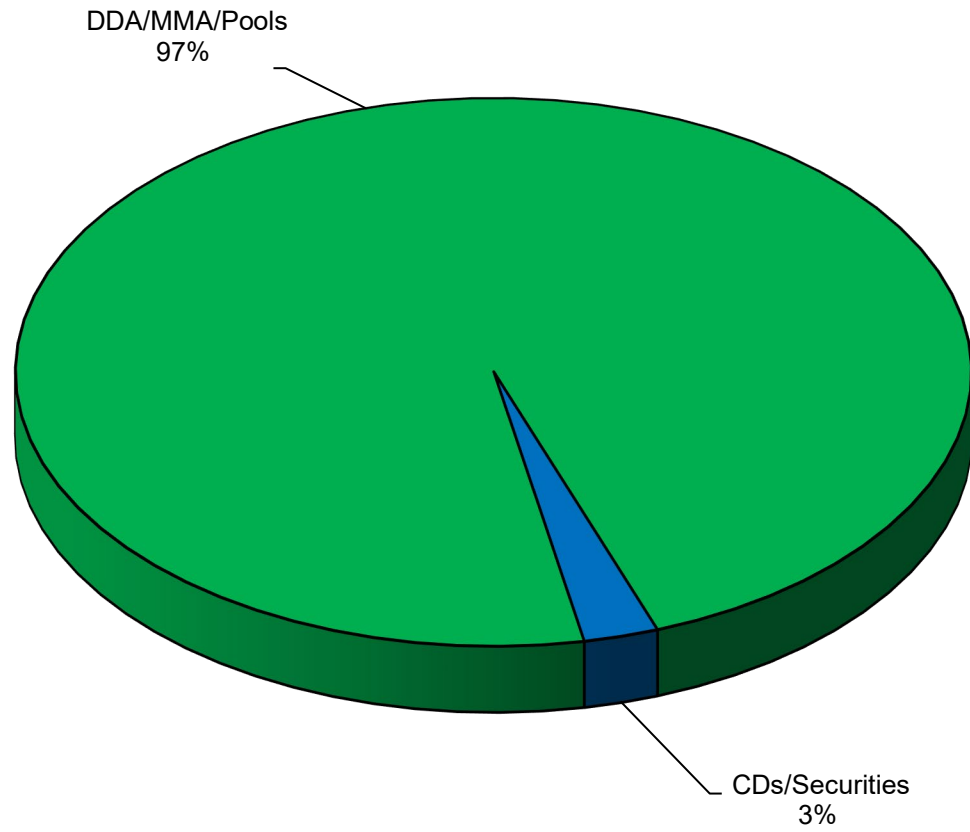
| Description | Coupon/ Discount | Maturity Date | Settlement Date | Par Value | Book Value | Market Price | Market Value | Life (days) | Yield |
|----------------------------|---------------------|------------------|--------------------|----------------------|----------------------|-----------------|----------------------|----------------|--------------|
| Farmer's Bank & Trust MMA | 1.07% | 07/01/21 | 06/30/21 | \$ 8,196,880 | \$ 8,196,880 | 1.00 | \$ 8,196,880 | 1 | 1.07% |
| NexBank MMA | 0.45% | 07/01/21 | 06/30/21 | 6,326,187 | 6,326,187 | 1.00 | 6,326,187 | 1 | 0.45% |
| Farmer's Bank & Trust CD | 1.20% | 05/16/22 | 05/16/20 | 287,436 | 287,436 | 100.00 | 287,436 | 320 | 1.20% |
| Guaranty Bank & Trust CD | 0.45% | 12/02/22 | 12/02/20 | 1,882,500 | 1,882,500 | 100.00 | 1,882,500 | 520 | 0.45% |
| Total Water Utility | | | | \$ 16,693,003 | \$ 16,693,003 | | \$ 16,693,003 | 65 | 0.77% |
| Combined Portfolio | | | | \$ 58,557,248 | \$ 58,557,248 | | \$ 58,557,248 | 20 | 0.94% |

(1) (2)

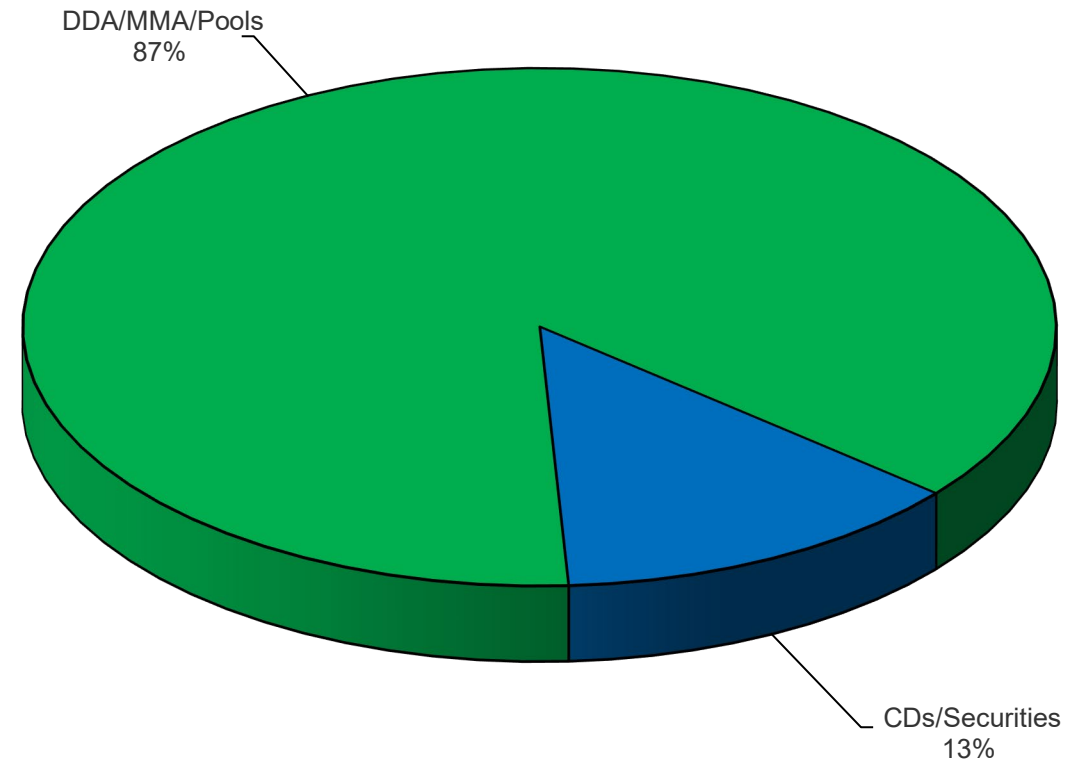
(1) **Weighted average life** - For purposes of calculating weighted average life, cash equivalent investments are assumed to have a one day maturity.

(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for cash equivalent investments.

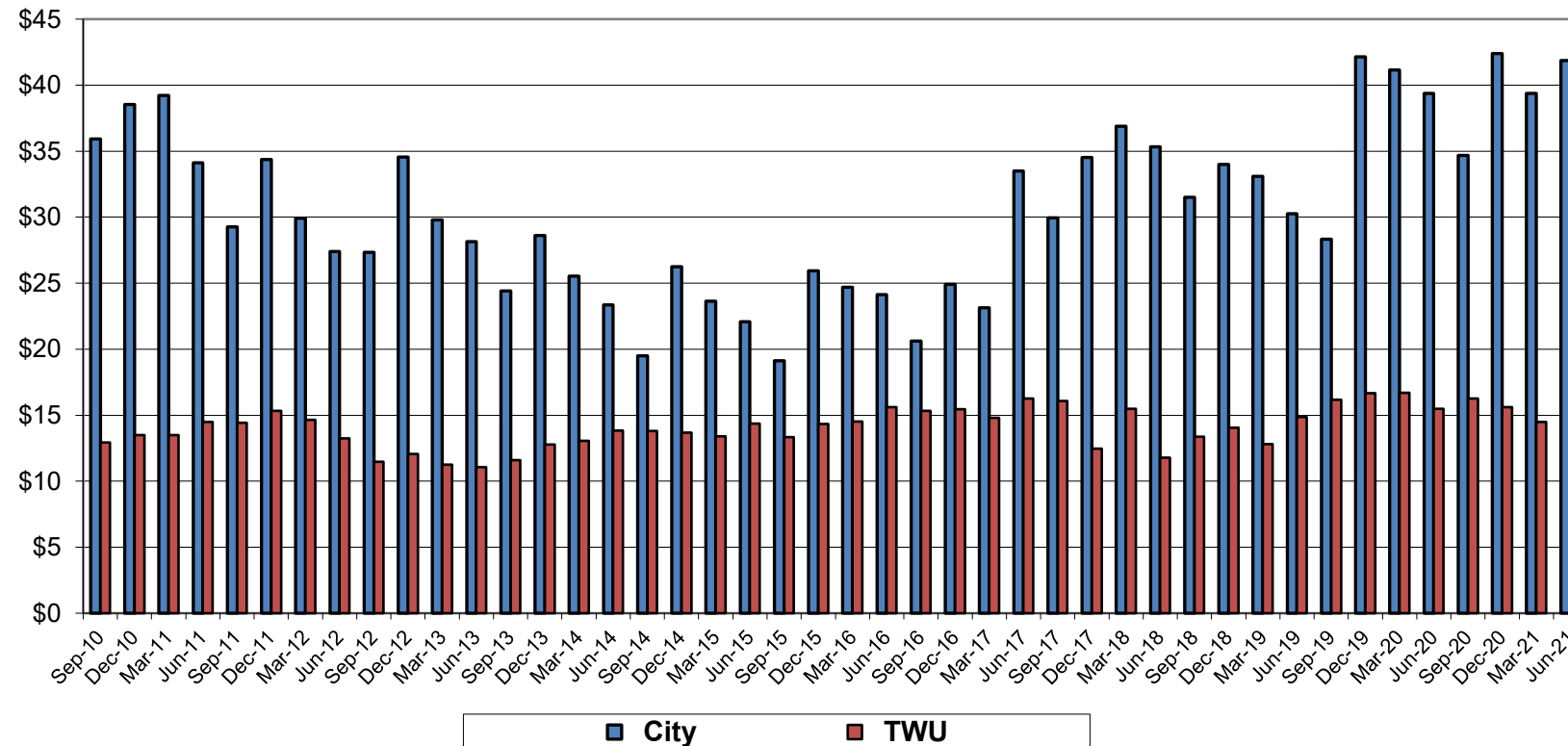
City Portfolio Composition



TWU Portfolio Composition



Quarter End Portfolio (Millions)



Book & Market Value Comparison

| Issuer/Description | Yield | Maturity Date | Book Value 03/31/21 | Increases | Decreases | Book Value 06/30/21 | Market Value 03/31/21 | Change in Market Value | Market Value 06/30/21 |
|---------------------------|--------------|---------------|----------------------|---------------------|-----------------------|----------------------|-----------------------|------------------------|-----------------------|
| Farmer's Bank & Trust MMA | 1.07% | 07/01/21 | \$ 34,468,578 | \$ 6,785,319 | \$ - | \$ 41,253,898 | \$ 34,468,578 | \$ 6,785,319 | \$ 41,253,898 |
| Southside Bank MMA | 0.06% | 07/01/21 | 6,036 | 94 | - | 6,130 | 6,036 | 94 | 6,130 |
| NexBank MMA | 0.45% | 07/01/21 | 6,380,905 | 7,162 | - | 6,388,067 | 6,380,905 | 7,162 | 6,388,067 |
| NexBank ICS | 0.45% | 07/01/21 | 8,171,339 | - | (491,167) | 7,680,172 | 8,171,339 | (491,167) | 7,680,172 |
| Farmer's Bank & Trust CD | 3.50% | 04/18/21 | 1,603,984 | - | (1,603,984) | - | 1,603,984 | (1,603,984) | - |
| Farmer's Bank & Trust CD | 3.00% | 07/26/21 | 1,051,078 | 7,968 | - | 1,059,046 | 1,051,078 | 7,968 | 1,059,046 |
| Farmer's Bank & Trust CD | 1.20% | 05/16/22 | 287,436 | - | - | 287,436 | 287,436 | - | 287,436 |
| Guaranty Bank & Trust CD | 0.45% | 12/02/22 | 1,882,500 | - | - | 1,882,500 | 1,882,500 | - | 1,882,500 |
| TOTAL / AVERAGE | 0.94% | | \$ 53,851,857 | \$ 6,800,543 | \$ (2,095,151) | \$ 58,557,248 | \$ 53,851,857 | \$ 4,705,391 | \$ 58,557,248 |

City Fund Allocation
June 30, 2021
Book & Market Value

| Fund # | Fund Name | Total | Guaranty B&T MMA | Farmer's B&T MMA | Southside Bank MMA | NexBank MMA | NexBank ICS | 3.5% Farmer's B&T CD: 04/18/19 - 04/18/2021 | 3.0% Farmer's B&T CD: 07/26/19 07/26/21 |
|--------|-----------|-------|---------------------|---------------------|-----------------------|-------------|-------------|---------------------------------------------------|-----------------------------------------------|
|--------|-----------|-------|---------------------|---------------------|-----------------------|-------------|-------------|---------------------------------------------------|-----------------------------------------------|

June allocation not available at this time.

**City Fund Allocation
March 31, 2021
Book & Market Value**

| Fund # | Fund Name | Total | Guaranty B&T MMA | Farmer's B&T MMA | Southside Bank MMA | NexBank MMA | NexBank ICS | 3.5% Farmer's B&T CD: 04/18/19 - 04/18/2021 | 3.0% Farmer's B&T CD: 07/26/19 07/26/21 |
|---------------|------------------|--------------|---------------------------------|---------------------------------|-------------------------------|--------------------|--------------------|----------------------------------------------------------------|------------------------------------------------------------|
|---------------|------------------|--------------|---------------------------------|---------------------------------|-------------------------------|--------------------|--------------------|----------------------------------------------------------------|------------------------------------------------------------|

March allocation not available at this time.

Water Fund Allocation
June 30, 2021
Book & Market Value

| Fund Name | Total | Farmer's B&T MMA | NexBank MMA | 1.20% Farmer's | 0.45% Guaranty |
|--------------------------------|----------------------|---------------------|---------------------|-----------------------------------|-----------------------------------|
| | | | | B&T CD: 05/16/20 - 05/16/22 | B&T CD: 12/02/20 - 12/02/22 |
| Revenue | \$ 2,050,624 | \$ 998,711 | \$ 151,913 | \$ - | \$ 900,000 |
| Technology | 650,381 | 277,091 | 373,290 | - | - |
| 2020A Bond | 81,243 | 81,243 | - | - | - |
| 2013 Bond | 107,289 | 107,289 | - | - | - |
| 2013 Construction | 13,782 | 13,782 | - | - | - |
| LTWSC Capital Improvement | 438,842 | 438,842 | - | - | - |
| Texas Capital Improvement | 676,534 | 676,534 | - | - | - |
| Texas Corps of Engineers Cost* | 8,835,795 | 2,747,375 | 5,800,984 | 287,436 | - |
| Texas Compost | 434,226 | 434,226 | - | - | - |
| Texas Customer Deposit | 872,916 | 672,916 | - | - | 200,000 |
| Equipment Acquisition | 575,782 | 575,782 | - | - | - |
| Texas Infrastructure | 313,422 | 313,422 | - | - | - |
| Texas Personnel Policy | 229,040 | 146,540 | - | - | 82,500 |
| Texas Reserve | 740,380 | 40,380 | - | - | 700,000 |
| WWTP Depreciation | 244,754 | 244,754 | - | - | - |
| Texas Waggoner Creek CIP | 427,992 | 427,992 | - | - | - |
| | \$ 16,693,003 | \$ 8,196,880 | \$ 6,326,187 | \$ 287,436 | \$ 1,882,500 |

*All funds in this account are dedicated for payment to the Corps of Engineers for water rights and related costs for implementation of the Ultimate Rule Curve of Lake Wright Patman.

**Water Fund Allocation
March 31, 2021
Book & Market Value**

| Fund Name | Total | Farmer's B&T MMA | NexBank MMA | 1.20% Farmer's | 0.45% Guaranty |
|--------------------------------|----------------------|---------------------|---------------------|-----------------------------------|-----------------------------------|
| | | | | B&T CD: 05/16/20 - 05/16/22 | B&T CD: 12/02/20 - 12/02/22 |
| Revenue | \$ 1,861,469 | \$ 809,733 | \$ 151,736 | \$ - | \$ 900,000 |
| Technology | 554,835 | 181,957 | 372,878 | - | - |
| 2020A Bond | 9,116 | 9,116 | - | - | - |
| 2013 Bond | 31,457 | 31,457 | - | - | - |
| 2013 Construction | 13,750 | 13,750 | - | - | - |
| LTWSC Capital Improvement | 190,761 | 190,761 | - | - | - |
| Texas Capital Improvement | 237,782 | 237,782 | - | - | - |
| Texas Corps of Engineers Cost* | 8,164,970 | 2,083,053 | 5,794,481 | 287,436 | - |
| Texas Compost | 451,001 | 451,001 | - | - | - |
| Texas Customer Deposit | 861,904 | 661,904 | - | - | 200,000 |
| Equipment Acquisition | 430,143 | 430,143 | - | - | - |
| Texas Infrastructure | 169,088 | 169,088 | - | - | - |
| Texas Personnel Policy | 204,802 | 122,302 | - | - | 82,500 |
| Texas Reserve | 740,273 | 40,273 | - | - | 700,000 |
| WWTP Depreciation | 155,901 | 155,901 | - | - | - |
| Texas Waggoner Creek CIP | 395,037 | 395,037 | - | - | - |
| | \$ 14,472,289 | \$ 5,983,257 | \$ 6,319,095 | \$ 287,436 | \$ 1,882,500 |

*All funds in this account are dedicated for payment to the Corps of Engineers for water rights and related costs for implementation of the Ultimate Rule Curve of Lake Wright Patman.

**Collateral Position
June 30, 2021**

| | CITY | | | WATER UTILITY | | |
|--------------------------|----------------------|-------------------|---------------------|---------------------|---------------------|----------------------|
| | Farmers B&T | Southside Bank | NexBank | Guaranty B&T | NexBank | Farmers B&T |
| Collateral Value | \$ 40,500,000 | \$ - | \$ - | \$ 1,882,500 | \$ 6,500,000 | \$ 12,150,000 |
| + FDIC Insurance (1) | 250,000 | 250,000 | 7,930,172 | 250,000 | 250,000 | 250,000 |
| Total Enhancement | \$ 40,750,000 | \$ 250,000 | \$ 7,930,172 | \$ 2,132,500 | \$ 6,750,000 | \$ 12,400,000 |
| Total Deposits | \$ 34,116,064 | \$ 6,130 | \$ 7,742,051 | \$ 1,882,500 | \$ 6,326,187 | \$ 8,484,316 |
| Excess Coverage | \$ 6,633,936 | \$ 243,870 | \$ 188,120 | \$ 250,000 | \$ 423,813 | \$ 3,915,684 |
| Percentage Coverage | 119% | 4078% | 102% | 113% | 107% | 146% |
| Collateral Type: | | | | | | |
| Treasuries | | | | | | |
| Agency Bullets | | | | | | |
| Agency Callable | | | | | | |
| Agency LOC | \$ 40,500,000 | | | \$ 1,882,500 | \$ 6,500,000 | \$ 12,150,000 |
| Munis | | | | | | |

(1) Includes Certificate of Deposit Account Registry Service and Insured Cash Sweep balances less than \$250,000 per institution.