



City of Texarkana, Texas



QUARTERLY INVESTMENT REPORT

For the Quarter Ended
December 31, 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 | September 30, 2021 | | December 31, 2021 | | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|--------------|
| | Book Value | Market Value | Book Value | Market Value | Ave. Yield |
| DDA/MMA | \$ 40,935,903 | \$ 40,935,903 | \$ 50,499,733 | \$ 50,499,733 | 0.97% |
| CDs/Securities | - | - | - | - | 0.00% |
| Totals | \$ 40,935,903 | \$ 40,935,903 | \$ 50,499,733 | \$ 50,499,733 | 0.97% |
| Total Portfolio Average - Quarter | | | | | 0.97% |
| Fiscal Year-to-Date Average Yield (2) | | | | | 0.97% |
| Quarterly Interest Income | | | | | \$ 109,813 |
| Year-to-date Interest Income | | | | | \$ 109,813 |

Water Utility

| Asset Type | September 30, 2021 | | December 31, 2021 | | |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|--------------|
| | Book Value | Market Value | Book Value | Market Value | Ave. Yield |
| DDA/MMA | \$ 15,233,700 | \$ 15,233,700 | \$ 15,662,595 | \$ 15,662,595 | 0.80% |
| CDs/Securities | 2,169,936 | 2,169,936 | 2,169,936 | 2,169,936 | 0.49% |
| Totals | \$ 17,403,636 | \$ 17,403,636 | \$ 17,832,532 | \$ 17,832,532 | 0.76% |
| Total Portfolio Average - Quarter | | | | | 0.76% |
| Fiscal Year-to-Date Average Yield (2) | | | | | 0.75% |
| Quarterly Interest Income | | | | | \$ 35,188 |
| Year-to-date Interest Income | | | | | \$ 35,188 |

| | <u>QTR</u> | | <u>YTD</u> |
|------------------------------|------------|------------------------------|------------|
| Rolling Three Month Treasury | 0.06% | Rolling Three Month Treasury | 0.06% |
| Rolling Six Month Treasury | 0.08% | Rolling Six Month Treasury | 0.08% |
| TexPool | 0.04% | TexPool | 0.04% |

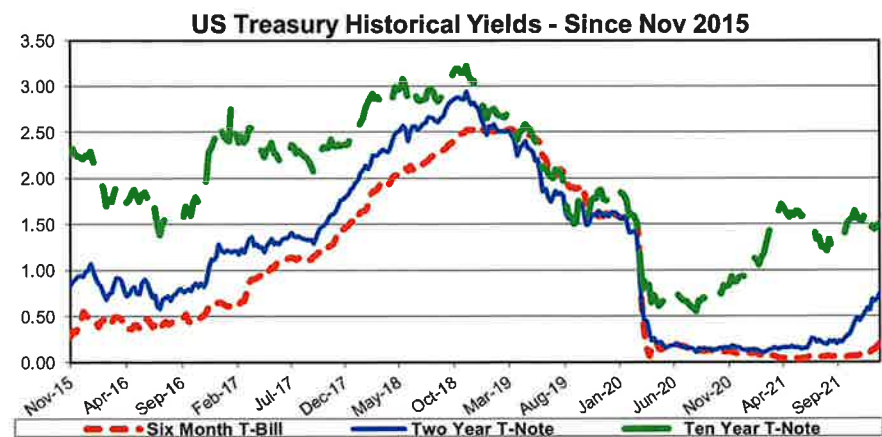
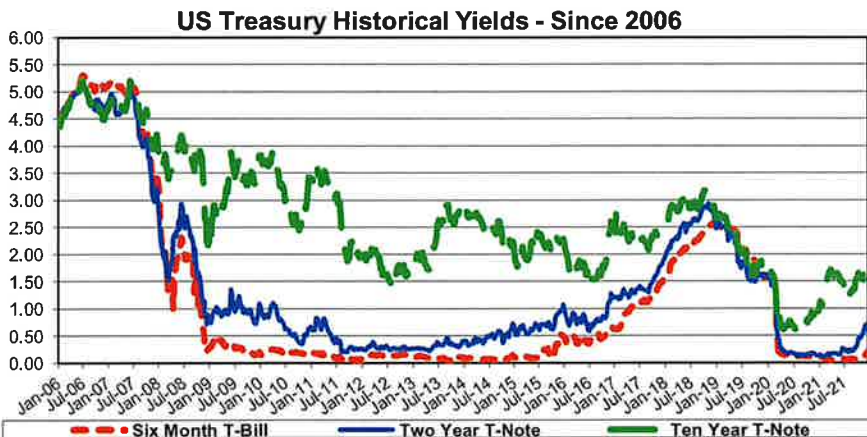
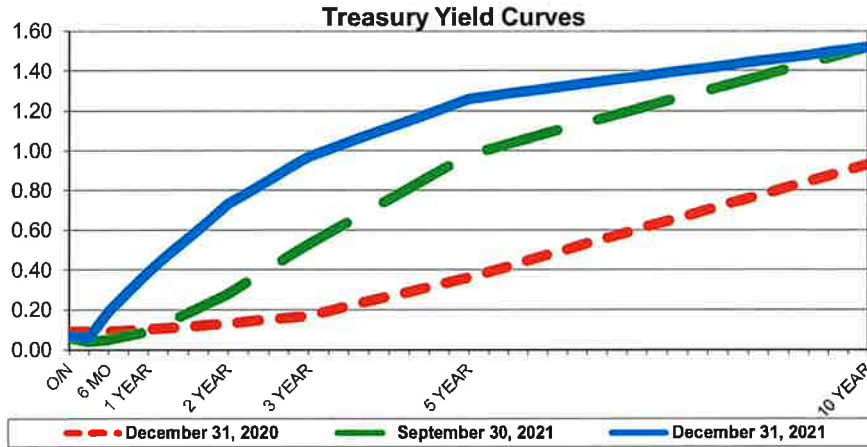
(1) **Current Quarter Weighted Average Yield** - calculated using quarter-end report yields and adjusted book values, does not reflect a total return analysis, realized or unrealized gains/losses or account for advisory fees. The yield for the reporting month is used for bank, pool, and money market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

12/31/2021

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%). The FOMC began reducing monthly security purchases during Nov 2021 and then increased the paced at the December meeting. Projections for target range increases shortened to late spring or early summer 2022. Third Quarter GDP posted +2.3% (Final). December employment reflected U-2 dropping to 3.9% and Non-Farm Payroll adding 199k net new jobs (Three Month Average NFP = 365). Crude oil reversed recent declines and bounced back to +/- \$75 per barrel. The Stock Markets reached new highs. Many domestic economic indicators remain positive. The Build Back Better legislation stalled in the Senate. The Debt Ceiling was increased to \$31+ trillion, easing any near-term funding pressures. Inflation remained well over the FOMC 2% target and does not appear positioned to decline in the near term. The Yield Curve shifted higher primarily six months and longer.



Investment Holdings
December 31, 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% | 01/01/22 | 12/31/21 | \$ 42,735,923 | \$ 42,735,923 | 1.00 | \$ 42,735,923 | 1 | 1.07% |
| Southside Bank MMA | 0.09% | 01/01/22 | 12/31/21 | 6,133 | 6,133 | 1.00 | 6,133 | 1 | 0.09% |
| NexBank MMA | 0.40% | 01/01/22 | 12/31/21 | 62,006 | 62,006 | 1.00 | 62,006 | 1 | 0.40% |
| NexBank IntraFi MMA | 0.40% | 01/01/22 | 12/31/21 | 7,695,672 | 7,695,672 | 1.00 | 7,695,672 | 1 | 0.40% |
| Total City Funds | | | | \$ 50,499,733 | \$ 50,499,733 | | \$ 50,499,733 | 1 | 0.97% |

Water Utility

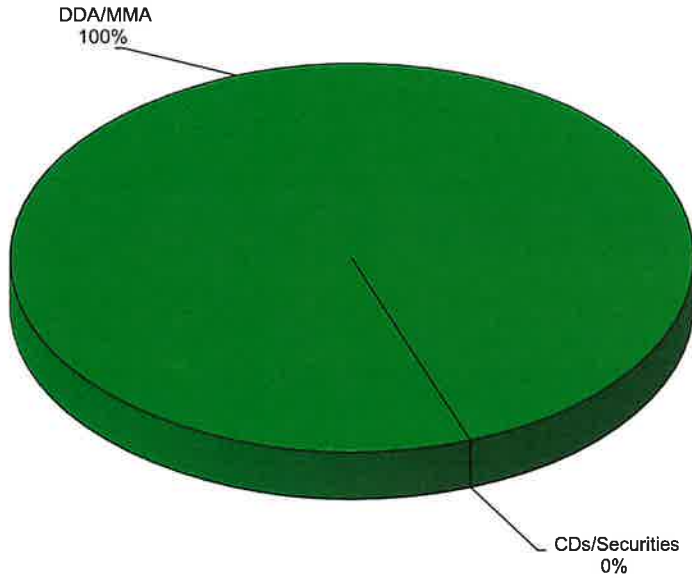
| Description | Coupon/ Discount | Maturity Date | Settlement Date | Par Value | Book Value | Market Price | Market Value | Life (days) | Yield |
|----------------------------|---------------------|------------------|--------------------|----------------------|----------------------|-----------------|----------------------|----------------|--------------|
| Farmer's Bank & Trust MMA | 1.07% | 01/01/22 | 12/31/21 | \$ 9,321,730 | \$ 9,321,730 | 1.00 | \$ 9,321,730 | 1 | 1.07% |
| NexBank MMA | 0.40% | 01/01/22 | 12/31/21 | 6,340,865 | 6,340,865 | 1.00 | 6,340,865 | 1 | 0.40% |
| Farmer's Bank & Trust CD | 0.75% | 05/16/22 | 05/16/20 | 287,436 | 287,436 | 100.00 | 287,436 | 136 | 0.75% |
| Guaranty Bank & Trust CD | 0.45% | 12/02/22 | 12/02/20 | 1,882,500 | 1,882,500 | 100.00 | 1,882,500 | 336 | 0.45% |
| Total Water Utility | | | | \$ 17,832,532 | \$ 17,832,532 | | \$ 17,832,532 | 39 | 0.76% |
| Combined Portfolio | | | | \$ 68,332,265 | \$ 68,332,265 | | \$ 68,332,265 | 11 | 0.91% |

(1) (2)

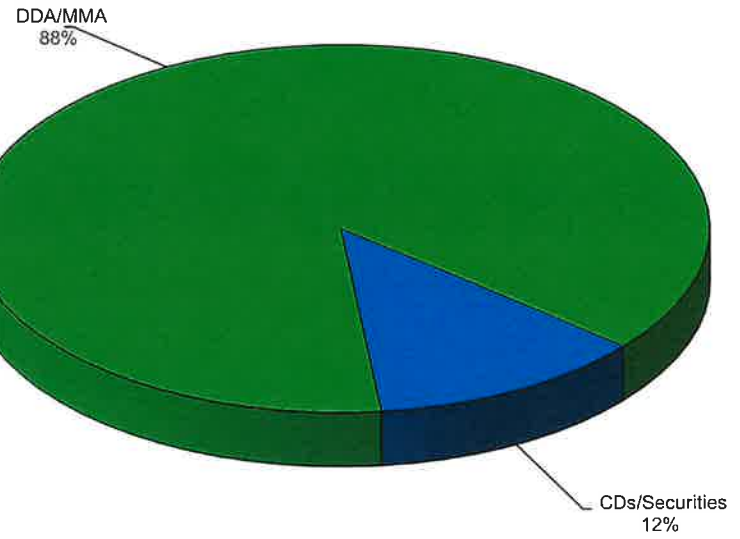
(1) **Weighted average life** - For purposes of calculating weighted average life, cash equivalent investments are assumed to have a one day maturity.

(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.

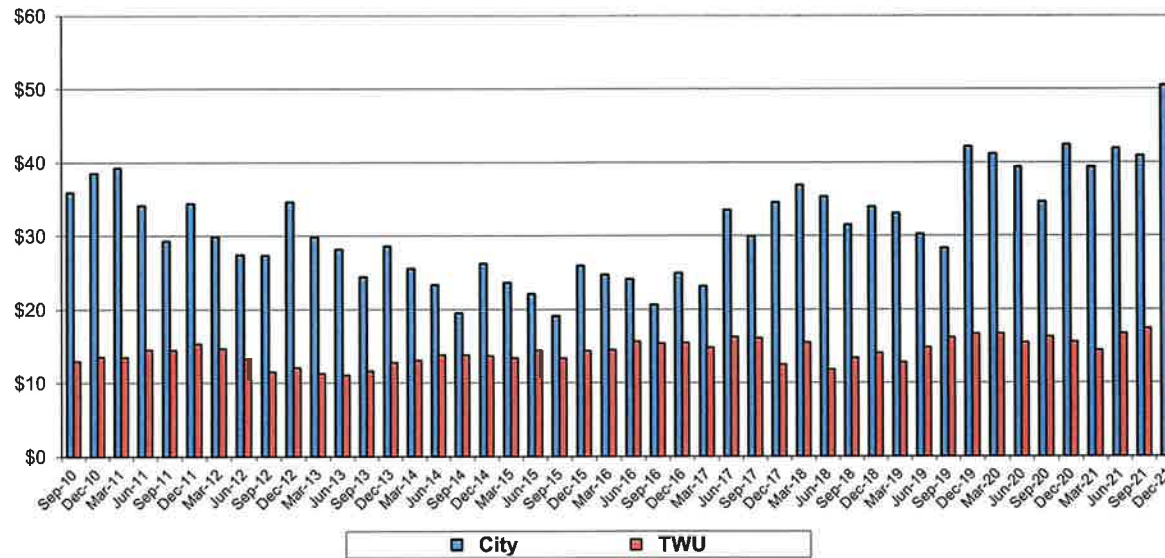
City Portfolio Composition



TWU Portfolio Composition



Quarter End Portfolio (Millions)



Book & Market Value Comparison

| Issuer/Description | Yield | Maturity Date | Book Value 09/30/21 | Increases | Decreases | Book Value 12/31/21 | Market Value 09/30/21 | Change in Market Value | Market Value 12/31/21 |
|---------------------------|--------------|---------------|----------------------|---------------------|-------------|----------------------|-----------------------|------------------------|-----------------------|
| Farmer's Bank & Trust MMA | 1.07% | 01/01/22 | \$ 42,086,895 | \$ 9,970,758 | \$ - | \$ 52,057,653 | \$ 42,086,895 | \$ 9,970,758 | \$ 52,057,653 |
| Southside Bank MMA | 0.09% | 01/01/22 | 6,131 | 2 | - | 6,133 | 6,131 | 2 | 6,133 |
| NexBank MMA | 0.40% | 01/01/22 | 6,388,659 | 14,212 | - | 6,402,871 | 6,388,659 | 14,212 | 6,402,871 |
| NexBank IntraFi MMA | 0.40% | 01/01/22 | 7,687,918 | 7,754 | - | 7,695,672 | 7,687,918 | 7,754 | 7,695,672 |
| Farmer's Bank & Trust CD | 0.75% | 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 | 0.91% | | \$ 58,339,539 | \$ 9,992,726 | \$ - | \$ 68,332,265 | \$ 58,339,539 | \$ 9,992,726 | \$ 68,332,265 |

**City Fund Allocation
December 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 |
|---------------|------------------|--------------|---------------------------------|---------------------------------|-------------------------------|--------------------|--------------------|
|---------------|------------------|--------------|---------------------------------|---------------------------------|-------------------------------|--------------------|--------------------|

December allocation not available at this time.

**City Fund Allocation
September 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 |
|---------------|------------------|--------------|---------------------------------|---------------------------------|-------------------------------|--------------------|--------------------|
|---------------|------------------|--------------|---------------------------------|---------------------------------|-------------------------------|--------------------|--------------------|

September allocation not available at this time.

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

| 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 | \$ 1,939,707 | \$ 887,476 | \$ 152,231 | \$ - | \$ 900,000 |
| Technology | 812,450 | 438,418 | 374,032 | - | - |
| 2020A Bond | 155,555 | 155,555 | - | - | - |
| 2013 Bond | 61,410 | 61,410 | - | - | - |
| LTWSC Capital Improvement | 618,147 | 618,147 | - | - | - |
| Texas Capital Improvement | 802,586 | 802,586 | - | - | - |
| Texas Corps of Engineers Cost* | 9,650,901 | 3,548,863 | 5,814,602 | 287,436 | - |
| Texas Compost | 379,081 | 379,081 | - | - | - |
| Texas Customer Deposit | 892,176 | 692,176 | - | - | 200,000 |
| Equipment Acquisition | 442,777 | 442,777 | - | - | - |
| Texas Infrastructure | 552,605 | 552,605 | - | - | - |
| Texas Personnel Policy | 196,084 | 113,584 | - | - | 82,500 |
| Texas Reserve | 727,531 | 27,531 | - | - | 700,000 |
| WWTP Depreciation | 188,260 | 188,260 | - | - | - |
| Texas Waggoner Creek CIP | 413,261 | 413,261 | - | - | - |
| | \$ 17,832,532 | \$ 9,321,730 | \$ 6,340,865 | \$ 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
Book & Market Value
September 30, 2021**

| 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 | \$ 1,387,589 | \$ 335,518 | \$ 152,072 | \$ - | \$ 900,000 |
| Technology | 802,464 | 428,803 | 373,661 | - | - |
| 2020A Bond | 126,394 | 126,394 | - | - | - |
| 2013 Bond | 36,041 | 36,041 | - | - | - |
| LTWSC Capital Improvement | 673,061 | 673,061 | - | - | - |
| Texas Capital Improvement | 936,669 | 936,669 | - | - | - |
| Texas Corps of Engineers Cost* | 9,501,426 | 3,413,006 | 5,800,984 | 287,436 | - |
| Texas Compost | 364,818 | 364,818 | - | - | - |
| Texas Customer Deposit | 879,038 | 679,038 | - | - | 200,000 |
| Equipment Acquisition | 585,072 | 585,072 | - | - | - |
| Texas Infrastructure | 584,734 | 584,734 | - | - | - |
| Texas Personnel Policy | 195,127 | 112,627 | - | - | 82,500 |
| Texas Reserve | 727,457 | 27,457 | - | - | 700,000 |
| WWTP Depreciation | 174,171 | 174,171 | - | - | - |
| Texas Waggoner Creek CIP | 429,574 | 429,574 | - | - | - |
| | \$ 17,403,636 | \$ 8,906,983 | \$ 6,326,717 | \$ 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
December 31, 2021**

| | CITY | | | WATER UTILITY | | |
|--------------------------|----------------------|-------------------|---------------------|---------------------|---------------------|----------------------|
| | Farmers B&T | Southside Bank | NexBank | Guaranty B&T | NexBank | Farmers B&T |
| Collateral Value | \$ 44,500,000 | \$ - | \$ - | \$ 1,882,500 | \$ 6,500,000 | \$ 12,550,000 |
| + FDIC Insurance (1) | 250,000 | 250,000 | 7,945,672 | 250,000 | 250,000 | 250,000 |
| Total Enhancement | \$ 44,750,000 | \$ 250,000 | \$ 7,945,672 | \$ 2,132,500 | \$ 6,750,000 | \$ 12,800,000 |
| Total Deposits | \$ 42,735,923 | \$ 6,133 | \$ 7,757,678 | \$ 1,882,500 | \$ 6,340,865 | \$ 9,609,167 |
| Excess Coverage | \$ 2,014,077 | \$ 243,867 | \$ 187,994 | \$ 250,000 | \$ 409,135 | \$ 3,190,833 |
| Percentage Coverage | 105% | 4077% | 102% | 113% | 106% | 133% |
| Collateral Type: | | | | | | |
| Treasuries | | | | | | |
| Agency Bullets | | | | | | |
| Agency Callable | | | | | | |
| Agency LOC | \$ 44,500,000 | | | \$ 1,882,500 | \$ 6,500,000 | \$ 12,550,000 |
| Munis | | | | | | |

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