

City of Frisco



T E X A S

CDC Funds

For the Quarter Ended

December 31, 2020

Report Name

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MARKET RECAP - DECEMBER 2020:

The fourth quarter story was multifaceted, with a global resurgence of the virus, FDA approval of two extremely effective vaccines, a contested election that will presumably result in a Biden presidency, and signs of a slowdown in economic growth. During the quarter, Covid-19 hospitalizations quadrupled and the total number of Covid deaths jumped by 70%. Because the broad economy remained open for the most part during the holidays, experts are bracing for another rise in cases in January.

Economic data released during December confirmed prior signals that the economic recovery was slipping. The ISM manufacturing index fell from 59.3 to a still solid 56.7, but the employment index was more concerning as it fell from 53.2 into contraction territory at 48.4. November's employment report confirmed that signal and was clear in its depiction of moderating job growth with nonfarm payrolls increasing just 245k, well below the 460k median forecast. Payrolls are still down more than 10 million from the pre-pandemic period early in the year. The sidelined workers primarily represent the service sector, with restaurants, bars, gyms, conferences and sporting events still far from normal. The unemployment rate dropped from 6.9% to 6.7% last month, although this improvement is a little deceptive as it was driven by a decline in the labor force participation rate which, at 61.5%, is now within one tenth of a 45-year low. First time filings for unemployment benefits spiked to a three-month high of 892k in mid-December and stubbornly remain nearly 4x pre-pandemic norms. Some 20 million Americans continue to receive unemployment benefits in combined state and federal programs. Consumer spending has slowed as well, with overall retail sales for November down -1.1% following a downwardly revised -0.1% October decline. Inflation remains on the backburner with overall CPI holding steady at +1.6% year-over-year, while core CPI runs at a +1.2% pace. The 2020 housing boom finally moderated with existing home sales slipping by -2.5% in November, breaking a five-month string of advances. However, the 6.7 million unit annualized sales pace was still +25.8% above the same period a year ago. New home sales dropped -11.0% in November but are still up more than +20% year-over-year.

It's important to note that the recovery thus far has been wildly uneven. Census data revealed in early December that nearly 83 million adults in the U.S. are finding it "somewhat" or "very difficult" to cover basic monthly expenses such as food, rent or mortgage, car payments, medical expenses, or student loans. This is in sharp contrast to the surge in overall wealth that has driven household net worth to a new record high. Congress did finally pass an aid package by the end of the year, offering another month of eviction protection, an extension of federal jobless benefits and a \$600 stimulus check for individuals, in addition to a replenishing of the Paycheck Protection Program.

The forward-looking stock markets focused on the vaccine rollout and the additional aid package rather than the rapid spread of the virus and the weakening economic numbers. Both the DOW and the S&P 500 closed the year at fresh record highs. First quarter GDP growth is likely to be relatively weak, but should improve in subsequent quarters as an increasing number of Americans are vaccinated and begin a return to pre-pandemic normality.

For the Quarter Ended
December 31, 2020

This report is prepared for the **City of Frisco** (the "Entity") in accordance with Chapter 2256 of the Texas Public Funds Investment Act ("PFIA"). Section 2256.023(a) of the PFIA states that: "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period." This report is signed by the Entity's investment officers and includes the disclosures required in the PFIA. To the extent possible, market prices have been obtained from independent pricing sources.

The investment portfolio complied with the PFIA and the Entity's approved Investment Policy and Strategy throughout the period. All investment transactions made in the portfolio during this period were made on behalf of the Entity and were made in full compliance with the PFIA and the approved Investment Policy.

Officer Names and Titles:

Name: Anita Cothran

Anita Cothran

Title: Chief Financial Officer

Name: Brett Peterson

Brett Peterson

Title: Treasury Manager

Account Summary

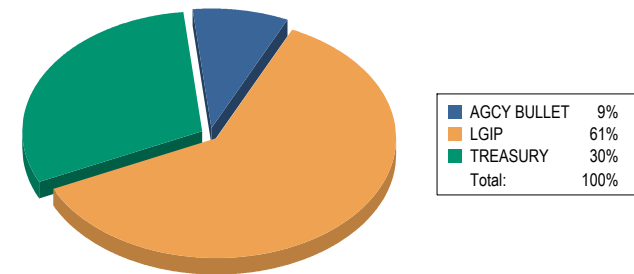
Allocation by Security Type

Beginning Values as of 09/30/20

Ending Values as of 12/31/20

Par Value	39,801,795.59	46,441,694.30
Market Value	39,935,739.59	46,504,061.80
Book Value	39,857,874.46	46,471,247.49
Unrealized Gain/(Loss)	77,865.13	32,814.31
Market Value %	100.20%	100.07%

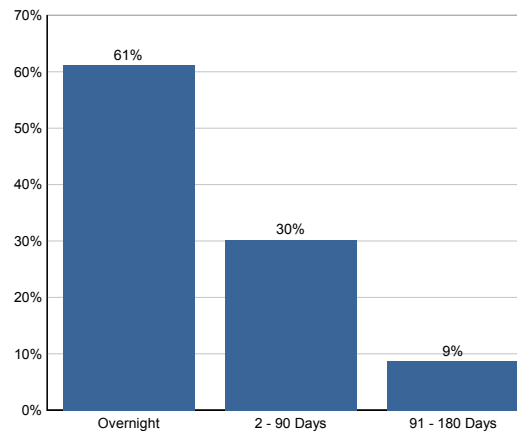
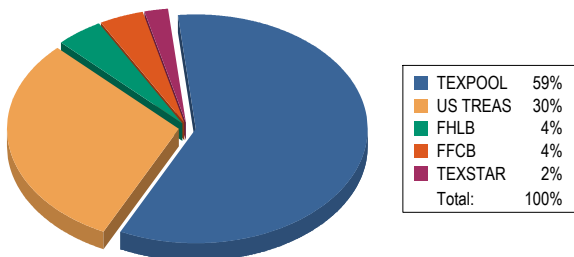
Weighted Avg. YTW	0.572%	0.477%
Weighted Avg. YTM	0.572%	0.477%



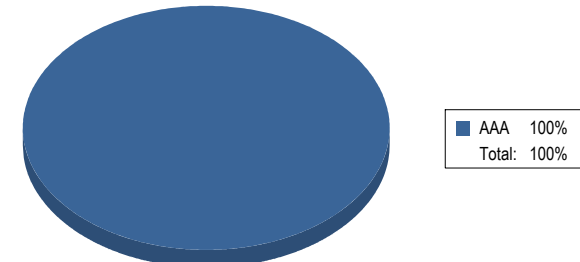
Allocation by Issuer

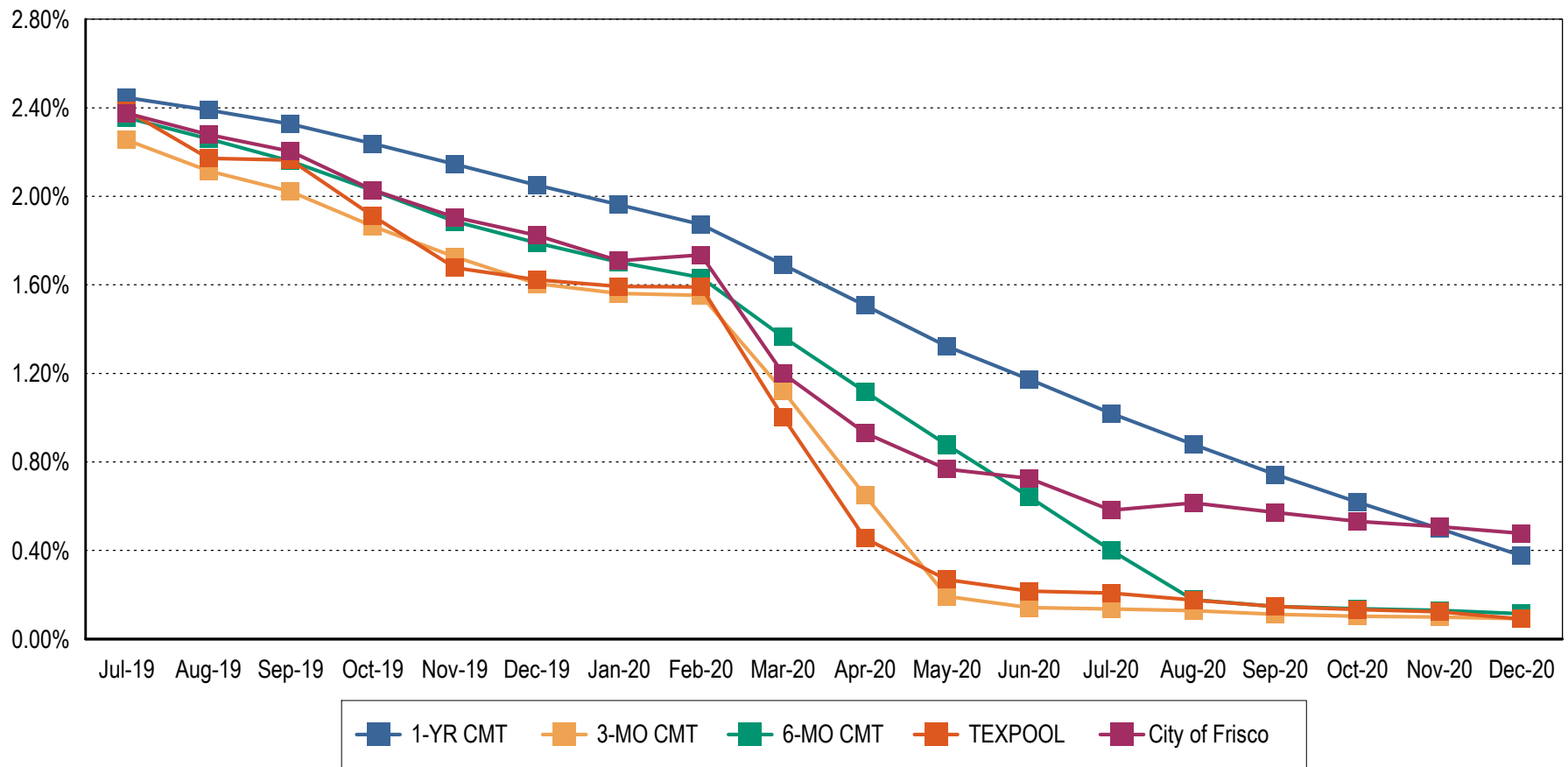
Maturity Distribution %

Credit Quality



Weighted Average Days to Maturity: 34





Note 1: CMT stands for Constant Maturity Treasury. This data is published in Federal Reserve Statistical Release H.15 and represents an average of all actively traded Treasury securities having that time remaining until maturity. This is a standard industry benchmark for Treasury securities. The CMT benchmarks are moving averages. The 3-month CMT is the daily average for the previous 3 months, the 6-month CMT is the daily average for the previous 6 months, and the 1-year and 2-year CMT's are the daily averages for the previous 12-months.

Note 2: Benchmark data for TexPool is the monthly average yield.

CUSIP	Settle Date	Sec. Type	Sec. Description	CPN	Mty Date	Next Call	Call Type	Par Value	Purch Price	Orig Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW
700 - CDC Fund																	
TEXPOOL		LGIP	TexPool					23,008,131.11	100.000	23,008,131.11	23,008,131.11	100.000	23,008,131.11	1		0.091	0.091
TEXSTAR		LGIP	TexSTAR					1,007,496.04	100.000	1,007,496.04	1,007,496.04	100.000	1,007,496.04	1		0.068	0.068
9128283X6	01/31/20	TREAS NOTE	U.S. Treasury	2.250	02/15/21			5,000,000.00	100.777	5,038,867.19	5,004,586.90	100.239	5,011,974.00	46		1.494	1.494
912828Q37	12/16/19	TREAS NOTE	U.S. Treasury	1.250	03/31/21			4,000,000.00	99.488	3,979,531.25	3,996,098.76	100.264	4,010,577.20	90		1.652	1.652
912828Q37	03/12/20	TREAS NOTE	U.S. Treasury	1.250	03/31/21			5,000,000.00	100.906	5,045,312.50	5,010,544.25	100.264	5,013,221.50	90		0.386	0.386
3133ELGL2	01/14/20	AGCY BULET	FFCB	1.600	04/09/21			2,000,000.00	99.989	1,999,780.00	1,999,948.12	100.417	2,008,339.00	99		1.610	1.610
3130A1W95	06/29/20	AGCY BULET	FHLB	2.250	06/11/21			2,000,000.00	101.963	2,039,260.00	2,018,375.16	100.913	2,018,255.80	162		0.181	0.181
Total for 700 - CDC Fund								42,015,627.15	100.246	42,118,378.09	42,045,180.34	100.149	42,077,994.65	38		0.517	0.517
720 - CDC Fund-Remediation																	
TEXPOOL		LGIP	TexPool					4,426,067.15	100.000	4,426,067.15	4,426,067.15	100.000	4,426,067.15	1		0.091	0.091
Total for 720 - CDC Fund-Remediation								4,426,067.15	100.000	4,426,067.15	4,426,067.15	100.000	4,426,067.15	1		0.091	0.091
Total for City of Frisco								46,441,694.30	100.222	46,544,445.24	46,471,247.49	100.135	46,504,061.80	34		0.477	0.477

CUSIP	Security Type	Security Description	09/30/20 Book Value	Cost of Purchases	Maturities / Calls / Sales	Amortization / Accretion	Realized Gain/(Loss)	12/31/20 Book Value	09/30/20 Market Value	12/31/20 Market Value	Change in Mkt Value
700 - CDC Fund											
TEXPOOL	LGIP	TexPool	20,794,533.95	5,269,027.31	(3,055,430.15)	0.00	0.00	23,008,131.11	20,794,533.95	23,008,131.11	2,213,597.16
TEXSTAR	LGIP	TexSTAR	1,007,261.64	234.40	0.00	0.00	0.00	1,007,496.04	1,007,261.64	1,007,496.04	234.40
9128283X6	TREAS NOTE	U.S. Treasury 2.250 02/15/21	5,013,964.50	0.00	0.00	(9,377.60)	0.00	5,004,586.90	5,039,062.50	5,011,974.00	(27,088.50)
912828Q37	TREAS NOTE	U.S. Treasury 1.250 03/31/21	9,013,509.99	0.00	0.00	(6,866.98)	0.00	9,006,643.01	9,050,273.10	9,023,798.70	(26,474.40)
3133ELGL2	AGCY BULET	FFCB 1.600 04/09/21	1,999,900.50	0.00	0.00	47.62	0.00	1,999,948.12	2,015,315.40	2,008,339.00	(6,976.40)
3130A1W95	AGCY BULET	FHLB 2.250 06/11/21	2,028,703.88	0.00	0.00	(10,328.72)	0.00	2,018,375.16	2,029,293.00	2,018,255.80	(11,037.20)
Total for 700 - CDC Fund			39,857,874.46	5,269,261.71	(3,055,430.15)	(26,525.68)	0.00	42,045,180.34	39,935,739.59	42,077,994.65	2,142,255.06
720 - CDC Fund-Remediation											
TEXPOOL	LGIP	TexPool	0.00	4,426,067.17	0.00	0.00	0.00	4,426,067.15	0.00	4,426,067.15	4,426,067.15
Total for 720 - CDC Fund-Remediation			0.00	4,426,067.17	0.00	0.00	0.00	4,426,067.15	0.00	4,426,067.15	4,426,067.15
Total for City of Frisco			39,857,874.46	9,695,328.88	(3,055,430.15)	(26,525.68)	0.00	46,471,247.49	39,935,739.59	46,504,061.80	6,568,322.21

CUSIP	Security Type	Security Description	Beg. Accrued	Interest Earned	Interest Rec'd / Sold / Matured	Interest Purchased	Ending Accrued	Disc Accr / Prem Amort	Net Income
700 - CDC Fund									
TEXPOOL	LGIP	TexPool	0.00	6,932.79	6,932.79	0.00	0.00	0.00	6,932.79
TEXSTAR	LGIP	TexSTAR	0.00	234.40	234.40	0.00	0.00	0.00	234.40
9128283X6	TREAS NOTE	U.S. Treasury 2.250 02/15/21	14,368.21	28,125.00	0.00	0.00	42,493.21	(9,377.60)	18,747.40
912828Q37	TREAS NOTE	U.S. Treasury 1.250 03/31/21	309.06	28,434.08	0.00	0.00	28,743.14	(6,866.98)	21,567.10
3133ELGL2	AGCY BULET	FFCB 1.600 04/09/21	15,288.89	8,000.00	16,000.00	0.00	7,288.89	47.62	8,047.62
3130A1W95	AGCY BULET	FHLB 2.250 06/11/21	13,750.00	11,250.00	22,500.00	0.00	2,500.00	(10,328.72)	921.28
Total for 700 - CDC Fund			43,716.16	82,976.27	45,667.19	0.00	81,025.24	(26,525.68)	56,450.59
720 - CDC Fund-Remediation									
TEXPOOL	LGIP	TexPool	0.00	349.75	349.75	0.00	0.00	0.00	349.75
Total for 720 - CDC Fund-Remediation			0.00	349.75	349.75	0.00	0.00	0.00	349.75
Total for City of Frisco			43,716.16	83,326.02	46,016.94	0.00	81,025.24	(26,525.68)	56,800.34

Trade Date	Settle Date	CUSIP	Security Type	Security Description	Coupon	Mty Date	Call Date	Par Value	Price	Principal Amount	Int Purchased / Received	Total Amount	Realized Gain / Loss	YTM	YTW
700 - CDC Fund															
Income Payments															
10/09/20	10/09/20	3133ELGL2	AGCY BULET	FFCB	1.600	04/09/21				0.00	16,000.00	16,000.00			
12/16/20	12/11/20	3130A1W95	AGCY BULET	FHLB	2.250	06/11/21				0.00	22,500.00	22,500.00			
Total for: Income Payments										0.00	38,500.00	38,500.00			

Trade Date	Settle Date	CUSIP	Security Type	Security Description	Coupon	Mty Date	Call Date	Par Value	Price	Principal Amount	Int Purchased / Received	Total Amount	Realized Gain / Loss	YTM	YTW
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Total for All Portfolios

Transaction Type	Quantity	Total Amount	Realized G/L	YTM	YTW
Total Income Payments	0.00	38,500.00			

CUSIP	Settle Date	Security Type	Security Description	Next Call Date	Purchase Qty	Orig Price	Original Cost	Amrt/Accr for Period	Total Amrt/Accr Since Purch	Remaining Disc / Prem	Book Value
700 - CDC Fund											
9128283X6	01/31/20	TREAS NOTE	U.S. Treasury 2.250 02/15/21		5,000,000.00	100.777	5,038,867.19	(9,377.60)	(34,280.29)	(4,586.90)	5,004,586.90
912828Q37	12/16/19	TREAS NOTE	U.S. Treasury 1.250 03/31/21		9,000,000.00	100.906	9,024,843.75	(6,866.98)	(18,200.74)	(6,643.01)	9,006,643.01
3133ELGL2	01/14/20	AGCY BULET	FFCB 1.600 04/09/21		2,000,000.00	99.989	1,999,780.00	47.62	168.12	51.88	1,999,948.12
3130A1W95	06/29/20	AGCY BULET	FHLB 2.250 06/11/21		2,000,000.00	101.963	2,039,260.00	(10,328.72)	(20,884.84)	(18,375.16)	2,018,375.16
Total for 700 - CDC Fund					18,000,000.00		18,102,750.94	(26,525.68)	(73,197.75)	(29,553.19)	18,029,553.19
Total for City of Frisco					18,000,000.00		18,102,750.94	(26,525.68)	(73,197.75)	(29,553.19)	18,029,553.19

CUSIP	Security Type	Security Description	Pay Date	Interest	Principal	Total Amount
700 - CDC Fund						
9128283X6	TREAS NOTE	U.S. Treasury 2.250 02/15/21	02/15/21	56,250.00	5,000,000.00	5,056,250.00
912828Q37	TREAS NOTE	U.S. Treasury 1.250 03/31/21	03/31/21	56,250.00	9,000,000.00	9,056,250.00
3133ELGL2	AGCY BULET	FFCB 1.600 04/09/21	04/09/21	16,000.00	2,000,000.00	2,016,000.00
3130A1W95	AGCY BULET	FHLB 2.250 06/11/21	06/11/21	22,500.00	2,000,000.00	2,022,500.00
Total for 700 - CDC Fund				151,000.00	18,000,000.00	18,151,000.00

CUSIP	Security Type	Security Description	Pay Date	Interest	Principal	Total Amount
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Total for All Portfolios

February 2021	56,250.00	5,000,000.00	5,056,250.00
March 2021	56,250.00	9,000,000.00	9,056,250.00
April 2021	16,000.00	2,000,000.00	2,016,000.00
June 2021	22,500.00	2,000,000.00	2,022,500.00
Total Projected Cash Flows for City of Frisco	151,000.00	18,000,000.00	18,151,000.00