

City of Frisco



T E X A S

CDC Funds

For the Quarter Ended

September 30, 2021

Report Name

Certification Page

Executive Summary

Benchmark Comparison

Detail of Security Holdings

Change in Value

Earned Income

Investment Transactions

Amortization and Accretion

Projected Fixed Income Cash Flows

MARKET RECAP - OCTOBER 2021:

Daily covid cases in the U.S. declined by another -40% during the month of October, although cases were still up +30% year-over-year. But, while the fourth wave was retreating in the U.S., global cases spiked in the last two weeks of the month, indicating the fight to eradicate the virus isn't yet over. While the covid nightmare lingers, supply chain disruptions continue. Extreme shipping congestion, especially on the West Coast, prompted President Biden to open the Los Angeles and Long Beach ports 24/7. These two ports move approximately 35% of all shipping containers in the U.S. Unfortunately, simply keeping the ports open does little to walk the estimated 200,000 stranded containers off the ships ...and even if that enormous task were accomplished, there wouldn't be adequate storage facilities ...and even if there were, there wouldn't be nearly enough trucks and trains to move the goods to their ultimate destination. It's already a mess, and demand by U.S. consumers will only grow as the holiday buying season approaches. This unprecedented supply/demand imbalance has kept inflationary pressure near a three-decade high with headline CPI climbing back to a +5.4% annual pace in September and core PCE rising to +4.4%, its highest level since 1991. Both indicators are expected to move even higher in October. A big part of the rise in inflation and the tangled supply chain has to do with workers, specifically an odd lack of workers to fill open positions. Nonfarm payrolls rose by just +194k during the month, a fraction of the 10.4 million job openings posted in August, leaving total payrolls 5.4 million short of the pre-pandemic level of 18 months ago.

Economic growth gradually slowed throughout the third quarter as covid-wary consumers steered clear of services and were unable to secure needed goods. Consumer spending, which typically contributes around two-thirds of GDP, plunged, driving economic growth from a +6.7% pace in the second quarter to a +2.0% pace in the third. Auto production, hamstrung by the severe shortage of microprocessors, was one of several drags on growth. Residential construction was another, which seems counter-intuitive in the midst of an historic housing boom. Homebuilders were unable to meet demand during the quarter due to extreme shortages of skilled workers and ongoing difficulty finding construction materials.

Market yields climbed sharply in October as investors decided the Fed's transitory inflation promise had grown stale. Inflation expectations rose, driving the yield on two-year Treasury notes up from 0.28% to 0.50% and three-year notes from 0.50% to 0.75%. Fed officials expect to begin tapering back on QE purchases as soon as November but haven't yet validated market expectations for a rate hike as early as August 2022. Policy-makers will keep an eye on inflation and hope that growth is able to resume, while the media reacquaints itself with the term "stagflation" and Congress debates the debt ceiling once again, along with not one, but two, trillion dollar spending packages. Uncertainty, which has been a constant market companion for the last 20 months, will be ever-present in final two months of the year.

**For the Quarter Ended
September 30, 2021**

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:

<u>Anita Cothran</u>	<u>11-9-2021</u>
Name: Anita Cothran	Title: Chief Financial Officer
<u>Brett Peterson</u>	<u>11/9/21</u>
Name: Brett Peterson	Title: Treasury Manager

Account Summary

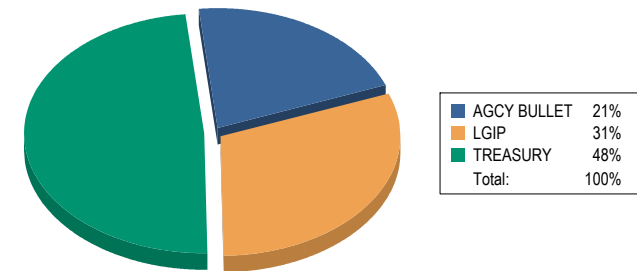
Allocation by Security Type

Beginning Values as of 06/30/21

Ending Values as of 09/30/21

Par Value	41,917,242.59	47,579,635.14
Market Value	42,106,316.89	47,705,174.94
Book Value	42,109,506.48	47,703,986.64
Unrealized Gain/(Loss)	(3,189.59)	1,188.30
Market Value %	99.99%	100.00%

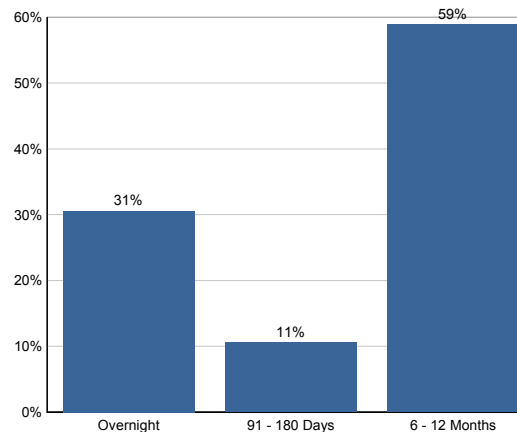
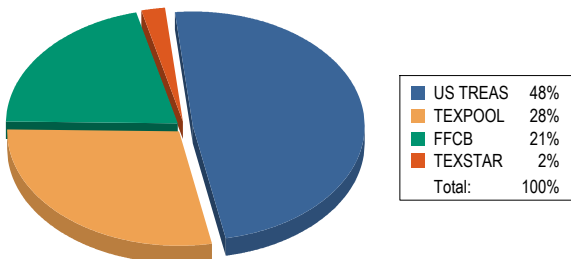
Weighted Avg. YTW	0.048%	0.059%
Weighted Avg. YTM	0.048%	0.059%



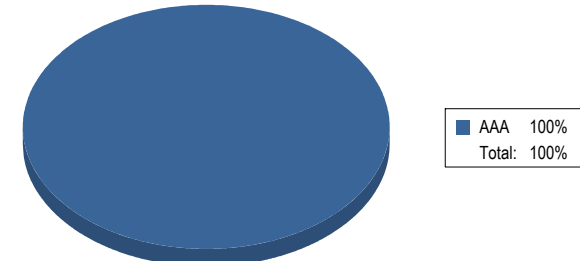
Allocation by Issuer

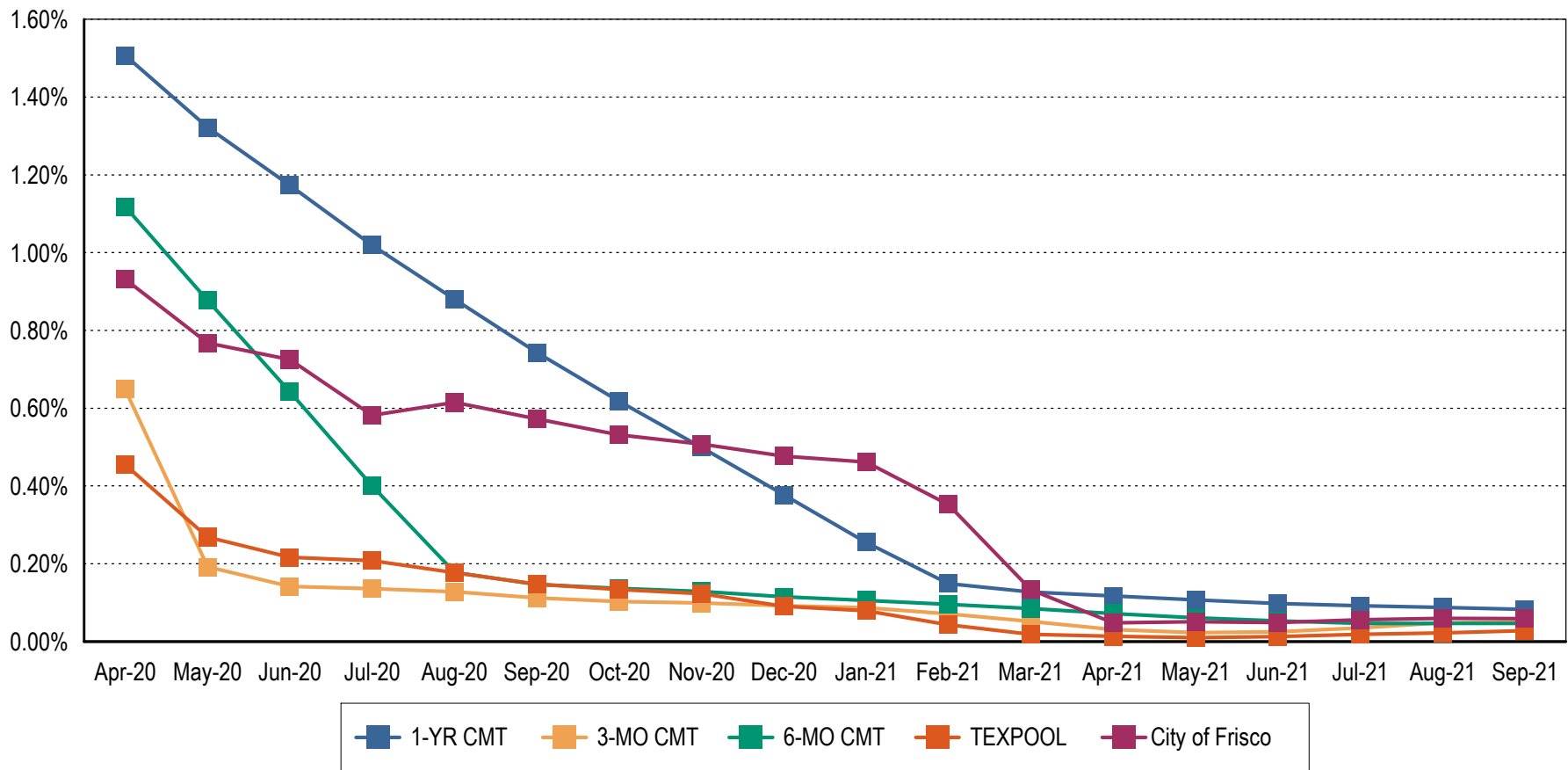
Maturity Distribution %

Credit Quality



Weighted Average Days to Maturity: 157





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					9,110,127.92	100.000	9,110,127.92	9,110,127.92	100.000	9,110,127.92	1		0.028	0.028
TEXSTAR		LGIP	TexSTAR					1,007,642.18	100.000	1,007,642.18	1,007,642.18	100.000	1,007,642.18	1		0.010	0.010
912828ZA1	02/16/21	TREAS NOTE	U.S. Treasury	1.125	02/28/22			5,000,000.00	101.078	5,053,906.25	5,021,624.95	100.438	5,021,875.00	151		0.081	0.081
912828W89	03/31/21	TREAS NOTE	U.S. Treasury	1.875	03/31/22			9,000,000.00	101.801	9,162,070.31	9,080,604.63	100.898	9,080,859.60	182		0.073	0.073
912828M7	04/09/21	TREAS NOTE	U.S. Treasury	2.250	04/15/22			2,000,000.00	102.215	2,044,296.88	2,023,459.94	101.180	2,023,593.80	197		0.070	0.070
912828ZR4	05/14/21	TREAS NOTE	U.S. Treasury	0.125	05/31/22			4,000,000.00	100.055	4,002,187.50	4,001,387.72	100.027	4,001,093.60	243		0.073	0.073
3133EMF64	06/11/21	AGCY BULET	FFCB	0.060	06/09/22			3,000,000.00	99.997	2,999,910.00	2,999,937.66	100.000	3,000,007.50	252		0.063	0.063
3133EMF64	06/11/21	AGCY BULET	FFCB	0.060	06/09/22			2,000,000.00	99.997	1,999,940.00	1,999,958.44	100.000	2,000,005.00	252		0.063	0.063
3133EMU42	07/22/21	AGCY BULET	FFCB	0.060	07/21/22			5,000,000.00	99.984	4,999,200.00	4,999,353.75	100.000	5,000,002.50	294		0.076	0.076
912796L64	08/13/21	TREAS BILL	U.S. Treasury		08/11/22			3,000,000.00	99.924	2,997,716.12	2,998,024.41	99.937	2,998,102.80	315		0.076	0.076
Total for 700 - CDC Fund								43,117,770.10	100.605	43,376,997.16	43,242,121.60	100.293	43,243,309.90	173		0.062	0.062
720 - CDC Fund-Remediation																	
TEXPOOL		LGIP	TexPool					4,461,865.04	100.000	4,461,865.04	4,461,865.04	100.000	4,461,865.04	1		0.028	0.028
Total for 720 - CDC Fund-Remediation								4,461,865.04	100.000	4,461,865.04	4,461,865.04	100.000	4,461,865.04	1		0.028	0.028
Total for City of Frisco								47,579,635.14	100.548	47,838,862.20	47,703,986.64	100.265	47,705,174.94	157		0.059	0.059

CUSIP	Security Type	Security Description	06/30/21 Book Value	Cost of Purchases	Maturities / Calls / Sales	Amortization / Accretion	Realized Gain/(Loss)	09/30/21 Book Value	06/30/21 Market Value	09/30/21 Market Value	Change in Mkt Value
700 - CDC Fund											
TEXPOOL	LGIP	TexPool	12,209,372.53	2,038,255.32	(5,137,499.93)	0.00	0.00	9,110,127.92	12,209,372.53	9,110,127.92	(3,099,244.61)
TEXSTAR	LGIP	TexSTAR	1,007,616.57	25.61	0.00	0.00	0.00	1,007,642.18	1,007,616.57	1,007,642.18	25.61
912828ZA1	TREAS NOTE	U.S. Treasury 1.125 02/28/22	5,034,741.40	0.00	0.00	(13,116.45)	0.00	5,021,624.95	5,034,375.00	5,021,875.00	(12,500.00)
912828W89	TREAS NOTE	U.S. Treasury 1.875 03/31/22	9,121,338.81	0.00	0.00	(40,734.18)	0.00	9,080,604.63	9,120,937.50	9,080,859.60	(40,077.90)
9128286M7	TREAS NOTE	U.S. Treasury 2.250 04/15/22	2,034,412.28	0.00	0.00	(10,952.34)	0.00	2,023,459.94	2,034,218.80	2,023,593.80	(10,625.00)
912828ZR4	TREAS NOTE	U.S. Treasury 0.125 05/31/22	4,001,913.00	0.00	0.00	(525.28)	0.00	4,001,387.72	4,001,250.00	4,001,093.60	(156.40)
3133EMF64	AGCY BULET	FFCB 0.060 06/09/22	4,999,858.40	0.00	0.00	37.70	0.00	4,999,896.10	4,998,293.00	5,000,012.50	1,719.50
3133EMU42	AGCY BULET	FFCB 0.060 07/21/22	0.00	4,999,200.00	0.00	153.75	0.00	4,999,353.75	0.00	5,000,002.50	5,000,002.50
912796L64	TREAS BILL	U.S. Treasury 0.000 08/11/22	0.00	2,997,716.12	0.00	308.29	0.00	2,998,024.41	0.00	2,998,102.80	2,998,102.80
Total for 700 - CDC Fund			38,409,252.99	10,035,197.05	(5,137,499.93)	(64,828.51)	0.00	43,242,121.60	38,406,063.40	43,243,309.90	4,837,246.50
720 - CDC Fund-Remediation											
TEXPOOL	LGIP	TexPool	3,700,253.49	907,425.01	(145,813.46)	0.00	0.00	4,461,865.04	3,700,253.49	4,461,865.04	761,611.55
Total for 720 - CDC Fund-Remediation			3,700,253.49	907,425.01	(145,813.46)	0.00	0.00	4,461,865.04	3,700,253.49	4,461,865.04	761,611.55
Total for City of Frisco			42,109,506.48	10,942,622.06	(5,283,313.39)	(64,828.51)	0.00	47,703,986.64	42,106,316.89	47,705,174.94	5,598,858.05

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	525.36	525.36	0.00	0.00	0.00	525.36
TEXSTAR	LGIP	TexSTAR	0.00	25.61	25.61	0.00	0.00	0.00	25.61
912828ZA1	TREAS NOTE	U.S. Treasury 1.125 02/28/22	18,800.95	14,141.04	28,125.00	0.00	4,816.99	(13,116.45)	1,024.59
912828W89	TREAS NOTE	U.S. Treasury 1.875 03/31/22	42,418.03	42,420.57	84,375.00	0.00	463.60	(40,734.18)	1,686.39
912828M7	TREAS NOTE	U.S. Treasury 2.250 04/15/22	9,467.21	11,311.48	0.00	0.00	20,778.69	(10,952.34)	359.14
912828ZR4	TREAS NOTE	U.S. Treasury 0.125 05/31/22	423.50	1,256.83	0.00	0.00	1,680.33	(525.28)	731.55
3133EMF64	AGCY BULET	FFCB 0.060 06/09/22	183.33	750.00	0.00	0.00	933.33	37.70	787.70
3133EMU42	AGCY BULET	FFCB 0.060 07/21/22	0.00	575.00	0.00	(8.33)	583.33	153.75	728.75
912796L64	TREAS BILL	U.S. Treasury 0.000 08/11/22	0.00	0.00	0.00	0.00	0.00	308.29	308.29
Total for 700 - CDC Fund			71,293.02	71,005.89	113,050.97	(8.33)	29,256.27	(64,828.51)	6,177.38
720 - CDC Fund-Remediation									
TEXPOOL	LGIP	TexPool	0.00	225.47	225.47	0.00	0.00	0.00	225.47
Total for 720 - CDC Fund-Remediation			0.00	225.47	225.47	0.00	0.00	0.00	225.47
Total for City of Frisco			71,293.02	71,231.36	113,276.44	(8.33)	29,256.27	(64,828.51)	6,402.85

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															
Purchases															
07/21/21	07/22/21	3133EMU42	AGCY BULET	FFCB	0.060	07/21/22		5,000,000.00	99.984	4,999,200.00	8.33	4,999,208.33		0.076	0.076
08/12/21	08/13/21	912796L64	TREAS BILL	U.S. Treasury		08/11/22		3,000,000.00	99.924	2,997,716.12	0.00	2,997,716.12		0.076	0.076
Total for: Purchases								8,000,000.00		7,996,916.12	8.33	7,996,924.45		0.076	0.076
Income Payments															
08/31/21	08/31/21	912828ZA1	TREAS NOTE	U.S. Treasury	1.125	02/28/22				0.00	28,125.00	28,125.00			
09/30/21	09/30/21	912828W89	TREAS NOTE	U.S. Treasury	1.875	03/31/22				0.00	84,375.00	84,375.00			
Total for: Income Payments										0.00	112,500.00	112,500.00			

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 Purchases	8,000,000.00	7,996,924.45		0.076	0.076
Total Income Payments	0.00	112,500.00			

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											
912828ZA1	02/16/21	TREAS NOTE	U.S. Treasury 1.125 02/28/22		5,000,000.00	101.078	5,053,906.25	(13,116.45)	(32,281.30)	(21,624.95)	5,021,624.95
912828W89	03/31/21	TREAS NOTE	U.S. Treasury 1.875 03/31/22		9,000,000.00	101.801	9,162,070.31	(40,734.18)	(81,465.68)	(80,604.63)	9,080,604.63
912828M7	04/09/21	TREAS NOTE	U.S. Treasury 2.250 04/15/22		2,000,000.00	102.215	2,044,296.88	(10,952.34)	(20,836.94)	(23,459.94)	2,023,459.94
912828ZR4	05/14/21	TREAS NOTE	U.S. Treasury 0.125 05/31/22		4,000,000.00	100.055	4,002,187.50	(525.28)	(799.78)	(1,387.72)	4,001,387.72
3133EMF64	06/11/21	AGCY BULET	FFCB 0.060 06/09/22		5,000,000.00	99.997	4,999,850.00	37.70	46.10	103.90	4,999,896.10
3133EMU42	07/22/21	AGCY BULET	FFCB 0.060 07/21/22		5,000,000.00	99.984	4,999,200.00	153.75	153.75	646.25	4,999,353.75
912796L64	08/13/21	TREAS BILL	U.S. Treasury 0.000 08/11/22		3,000,000.00	99.924	2,997,716.12	308.29	308.29	1,975.59	2,998,024.41
Total for 700 - CDC Fund					33,000,000.00		33,259,227.06	(64,828.51)	(134,875.56)	(124,351.50)	33,124,351.50
Total for City of Frisco					33,000,000.00		33,259,227.06	(64,828.51)	(134,875.56)	(124,351.50)	33,124,351.50

CUSIP	Security Type	Security Description	Pay Date	Interest	Principal	Total Amount
700 - CDC Fund						
912828ZR4	TREAS NOTE	U.S. Treasury 0.125 05/31/22	11/30/21	2,500.00	0.00	2,500.00
3133EMF64	AGCY BULET	FFCB 0.060 06/09/22	12/09/21	1,500.00	0.00	1,500.00
3133EMU42	AGCY BULET	FFCB 0.060 07/21/22	01/21/22	1,500.00	0.00	1,500.00
912828ZA1	TREAS NOTE	U.S. Treasury 1.125 02/28/22	02/28/22	28,125.00	5,000,000.00	5,028,125.00
912828W89	TREAS NOTE	U.S. Treasury 1.875 03/31/22	03/31/22	84,375.00	9,000,000.00	9,084,375.00
9128286M7	TREAS NOTE	U.S. Treasury 2.250 04/15/22	04/15/22	22,500.00	2,000,000.00	2,022,500.00
Total for 700 - CDC Fund				140,500.00	16,000,000.00	16,140,500.00

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

November 2021	2,500.00	0.00	2,500.00
December 2021	1,500.00	0.00	1,500.00
January 2022	1,500.00	0.00	1,500.00
February 2022	28,125.00	5,000,000.00	5,028,125.00
March 2022	84,375.00	9,000,000.00	9,084,375.00
April 2022	22,500.00	2,000,000.00	2,022,500.00
Total Projected Cash Flows for City of Frisco	140,500.00	16,000,000.00	16,140,500.00