

City of Frisco



T E X A S

EDC Fund

For the Quarter Ended

September 30, 2021

Report Name

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Executive Summary

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Change in Value

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MARKET RECAP - SEPTEMBER 2021:

Covid concerns continued to infect Q3 economic growth, although the month of September showed a steady decline in the spread. The 7-day average of new COVID-19 cases actually peaked at 161k on the first day of September before dropping -55% over the course of the month as another 10 million Americans received their first vaccine dose, bringing the total above 210 million, or 65% of the U.S. population. As the virus receded, market focus turned to the mid-month FOMC meeting for indications of when committee members would begin reeling-in some of the Fed's accommodative monetary policy. Chairman Powell told reporters in the post-meeting press conference that QE asset purchases were expected to wind down by mid-2022, and although an official start date has not been set, tapering will almost certainly begin later this year. The FOMC meeting also brought a fresh "dot plot" that was a bit more aggressive in terms of future interest rate increases. Of course, all of this is subject to change depending on labor market and inflation trends.

Non-farm payrolls, tainted by the latest virus wave, rose by just +235k in August, a sharp drop from the million plus pace of the previous two months, leaving payrolls 5.3 million below the pre-pandemic total. At first glance, it might appear those jobs are missing, but in reality, it's the workers that are absent. The July JOLTS survey showed a record 10.9 million available positions, an increase of 4.2 million since the year began. With federal unemployment benefits ending on September 6th for an estimated 11 million Americans, many experts expect open positions will be filled in the upcoming months. These jobseekers will be paying higher prices for food, clothing and transportation as inflationary pressures remained extremely elevated well beyond the "transitory period" Fed officials have widely telegraphed. On a year-over year-basis, headline CPI was up +5.3% in August, down from +5.4% the previous month, while core CPI climbed +4.0% on a year-over-year basis following a +4.3% annual increase in July. The simple fact that the indexes are moving lower may have given investors some comfort, but inflation remains stubbornly near thirty-year highs. Strong consumer demand paired with severely challenged global supply chains indicate higher prices could last well into next year.

The Fed typically cools inflation by ratcheting interest rates higher to slow economic growth, but as monetary stimulus is set to fade, fiscal policy could be on the verge of expanding at an unprecedented pace. A \$1 trillion infrastructure bill that passed the Senate in August did not get a vote in the House as expected on the last day of September, while opposition to a proposed \$3.5 trillion budget reconciliation bill is garnering hostility on both sides of the aisle and an impasse on the debt ceiling adds to the turmoil. At this point, the Democrats will either raise the debt ceiling themselves and face the political consequences in the 2022 midterms or put the U.S. Treasury in the unthinkable position of defaulting on its debt obligations. Either way, politics are likely to drive the markets in October, adding a big dose of volatility and likely nudging a market yields higher.

**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

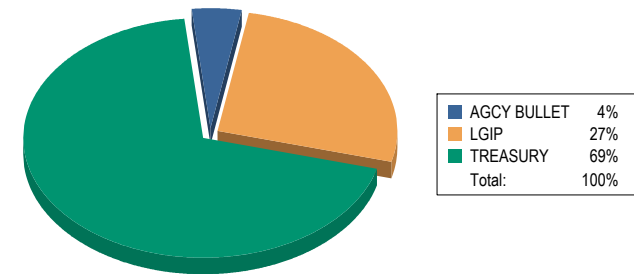
Account Summary

Allocation by Security Type

Beginning Values as of 06/30/21

Ending Values as of 09/30/21

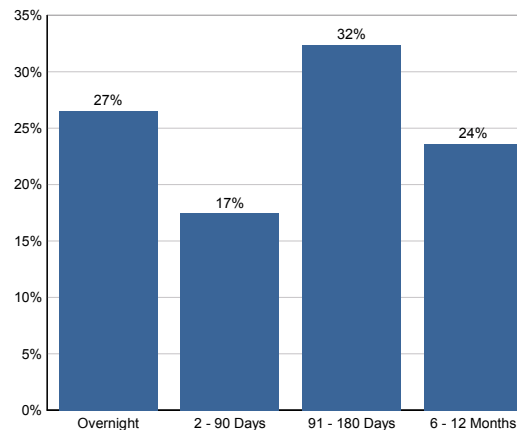
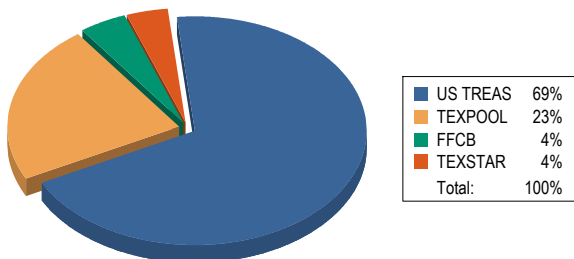
Par Value	40,523,262.15	45,741,677.43
Market Value	40,862,488.98	45,948,146.83
Book Value	40,859,223.75	45,944,221.49
Unrealized Gain/(Loss)	3,265.23	3,925.34
Market Value %	100.01%	100.01%
Weighted Avg. YTW	0.071%	0.074%
Weighted Avg. YTM	0.071%	0.074%



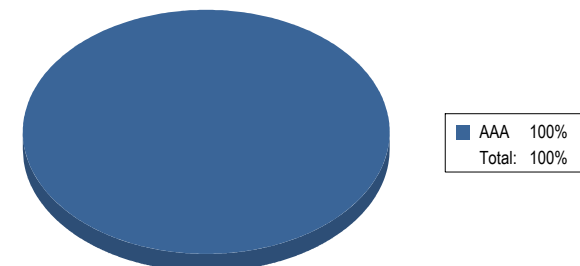
Allocation by Issuer

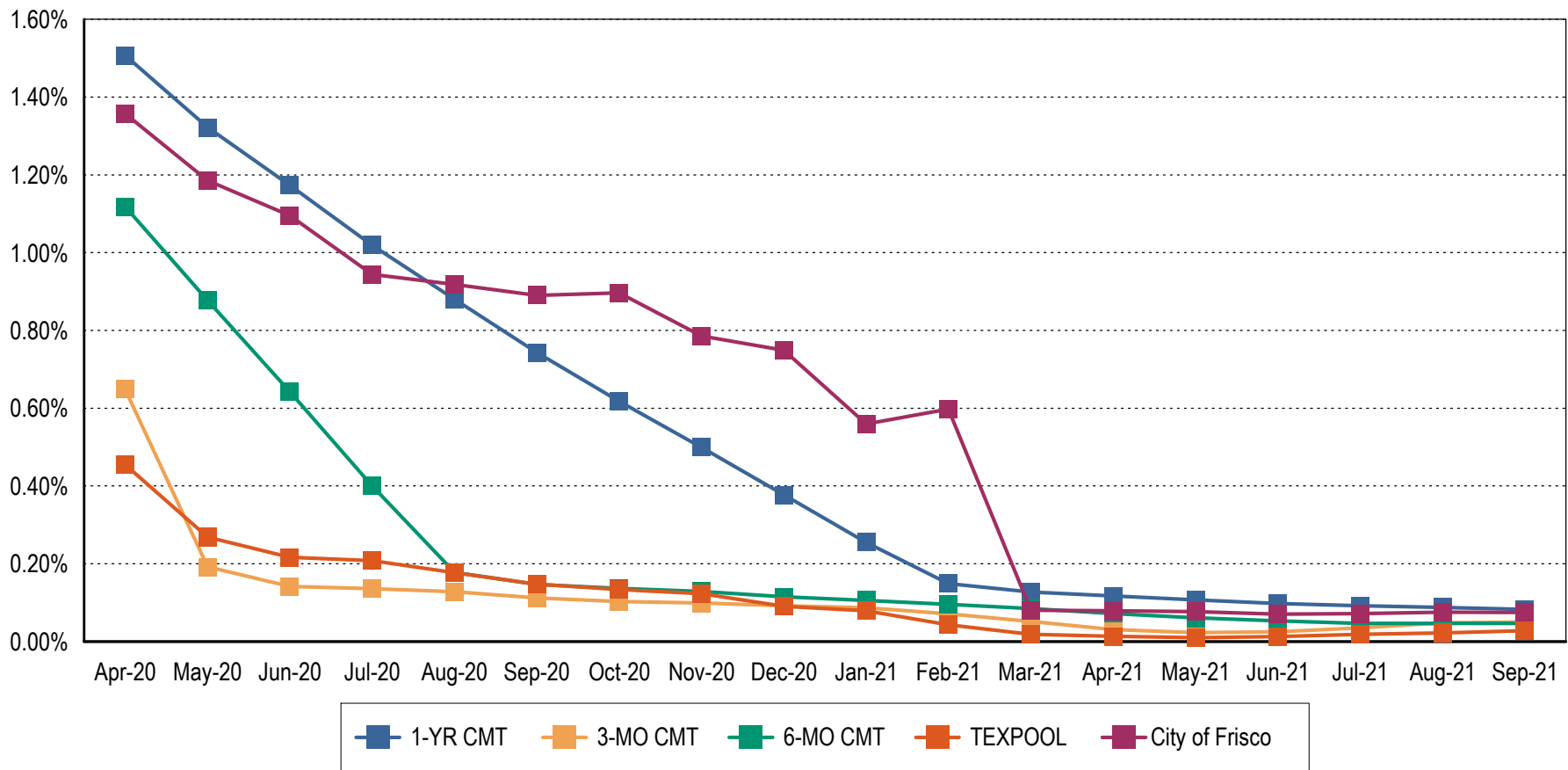
Maturity Distribution %

Credit Quality



Weighted Average Days to Maturity: 124





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
800 - EDC Fund																	
TEXPOOL		LGIP	TexPool					10,361,067.39	100.000	10,361,067.39	10,361,067.39	100.000	10,361,067.39	1		0.028	0.028
TEXSTAR		LGIP	TexSTAR					1,830,610.04	100.000	1,830,610.04	1,830,610.04	100.000	1,830,610.04	1		0.010	0.010
912828YT1	11/30/20	TREAS NOTE	U.S. Treasury	1.500	11/30/21			5,000,000.00	101.391	5,069,531.25	5,011,401.65	100.236	5,011,816.00	61		0.108	0.108
9128285R7	12/03/20	TREAS NOTE	U.S. Treasury	2.625	12/15/21			3,000,000.00	102.582	3,077,460.94	3,015,374.40	100.528	3,015,838.50	76		0.123	0.123
912828H86	01/15/21	TREAS NOTE	U.S. Treasury	1.500	01/31/22			4,750,000.00	101.457	4,819,208.98	4,771,994.64	100.481	4,772,859.38	123		0.103	0.103
9128286H8	03/15/21	TREAS NOTE	U.S. Treasury	2.375	03/15/22			10,000,000.00	102.285	10,228,515.63	10,104,180.70	101.063	10,106,250.00	166		0.088	0.088
912828W89	03/31/21	TREAS NOTE	U.S. Treasury	1.875	03/31/22			1,800,000.00	101.801	1,832,414.06	1,816,120.93	100.898	1,816,171.92	182		0.073	0.073
912828ZR4	05/14/21	TREAS NOTE	U.S. Treasury	0.125	05/31/22			1,000,000.00	100.055	1,000,546.88	1,000,346.93	100.027	1,000,273.40	243		0.073	0.073
9128286Y1	06/15/21	TREAS NOTE	U.S. Treasury	1.750	06/15/22			2,000,000.00	101.672	2,033,437.50	2,023,572.60	101.172	2,023,437.60	258		0.077	0.077
9128286Y1	06/15/21	TREAS NOTE	U.S. Treasury	1.750	06/15/22			1,000,000.00	101.672	1,016,718.75	1,011,786.30	101.172	1,011,718.80	258		0.077	0.077
3133EMU42	07/22/21	AGCY BULET	FFCB	0.060	07/21/22			2,000,000.00	99.984	1,999,680.00	1,999,741.50	100.000	2,000,001.00	294		0.076	0.076
912796L64	08/13/21	TREAS BILL	U.S. Treasury		08/11/22			3,000,000.00	99.924	2,997,716.13	2,998,024.41	99.937	2,998,102.80	315		0.076	0.076
Total for 800 - EDC Fund								45,741,677.43	101.152	46,266,907.55	45,944,221.49	100.453	45,948,146.83	124		0.074	0.074
Total for City of Frisco								45,741,677.43	101.152	46,266,907.55	45,944,221.49	100.453	45,948,146.83	124		0.074	0.074

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
800 - EDC Fund											
TEXPOOL	LGIP	TexPool	7,280,639.32	3,080,428.07	0.00	0.00	0.00	10,361,067.39	7,280,639.32	10,361,067.39	3,080,428.07
TEXSTAR	LGIP	TexSTAR	4,692,622.83	135,679.15	(2,997,691.94)	0.00	0.00	1,830,610.04	4,692,622.83	1,830,610.04	(2,862,012.79)
912828YT1	TREAS NOTE	U.S. Treasury 1.500 11/30/21	5,028,884.20	0.00	0.00	(17,482.55)	0.00	5,011,401.65	5,029,883.00	5,011,816.00	(18,067.00)
9128285R7	TREAS NOTE	U.S. Treasury 2.625 12/15/21	3,034,233.66	0.00	0.00	(18,859.26)	0.00	3,015,374.40	3,035,039.10	3,015,838.50	(19,200.60)
912828H86	TREAS NOTE	U.S. Treasury 1.500 01/31/22	4,788,667.57	0.00	0.00	(16,672.93)	0.00	4,771,994.64	4,790,078.13	4,772,859.38	(17,218.75)
9128286H8	TREAS NOTE	U.S. Treasury 2.375 03/15/22	10,161,466.10	0.00	0.00	(57,285.40)	0.00	10,104,180.70	10,162,500.00	10,106,250.00	(56,250.00)
912828W89	TREAS NOTE	U.S. Treasury 1.875 03/31/22	1,824,267.76	0.00	0.00	(8,146.83)	0.00	1,816,120.93	1,824,187.50	1,816,171.92	(8,015.58)
912828ZR4	TREAS NOTE	U.S. Treasury 0.125 05/31/22	1,000,478.25	0.00	0.00	(131.32)	0.00	1,000,346.93	1,000,312.50	1,000,273.40	(39.10)
9128286Y1	TREAS NOTE	U.S. Treasury 1.750 06/15/22	3,047,964.06	0.00	0.00	(12,605.16)	0.00	3,035,358.90	3,047,226.60	3,035,156.40	(12,070.20)
3133EMU42	AGCY BULET	FFCB 0.060 07/21/22	0.00	1,999,680.00	0.00	61.50	0.00	1,999,741.50	0.00	2,000,001.00	2,000,001.00
912796L64	TREAS BILL	U.S. Treasury 0.000 08/11/22	0.00	2,997,716.13	0.00	308.28	0.00	2,998,024.41	0.00	2,998,102.80	2,998,102.80
Total for 800 - EDC Fund			40,859,223.75	8,213,503.35	(2,997,691.94)	(130,813.67)	0.00	45,944,221.49	40,862,488.98	45,948,146.83	5,085,657.85
Total for City of Frisco			40,859,223.75	8,213,503.35	(2,997,691.94)	(130,813.67)	0.00	45,944,221.49	40,862,488.98	45,948,146.83	5,085,657.85

CUSIP	Security Type	Security Description	Beg. Accrued	Interest Earned	Interest Rec'd / Sold / Matured	Interest Purchased	Ending Accrued	Disc Accr / Prem Amort	Net Income
800 - EDC Fund									
TEXPOOL	LGIP	TexPool	0.00	500.83	500.83	0.00	0.00	0.00	500.83
TEXSTAR	LGIP	TexSTAR	0.00	78.33	78.33	0.00	0.00	0.00	78.33
912828YT1	TREAS NOTE	U.S. Treasury 1.500 11/30/21	6,352.46	18,852.46	0.00	0.00	25,204.92	(17,482.55)	1,369.91
9128285R7	TREAS NOTE	U.S. Treasury 2.625 12/15/21	3,442.62	19,795.08	0.00	0.00	23,237.70	(18,859.26)	935.82
912828H86	TREAS NOTE	U.S. Treasury 1.500 01/31/22	29,720.30	17,908.78	35,625.00	0.00	12,004.08	(16,672.93)	1,235.85
9128286H8	TREAS NOTE	U.S. Treasury 2.375 03/15/22	69,701.09	59,546.15	118,750.00	0.00	10,497.24	(57,285.40)	2,260.75
912828W89	TREAS NOTE	U.S. Treasury 1.875 03/31/22	8,483.61	8,484.11	16,875.00	0.00	92.72	(8,146.83)	337.28
912828ZR4	TREAS NOTE	U.S. Treasury 0.125 05/31/22	105.87	314.21	0.00	0.00	420.08	(131.32)	182.89
9128286Y1	TREAS NOTE	U.S. Treasury 1.750 06/15/22	2,295.08	13,196.72	0.00	0.00	15,491.80	(12,605.16)	591.56
3133EMU42	AGCY BULET	FFCB 0.060 07/21/22	0.00	230.00	0.00	(3.33)	233.33	61.50	291.50
912796L64	TREAS BILL	U.S. Treasury 0.000 08/11/22	0.00	0.00	0.00	0.00	0.00	308.28	308.28
Total for 800 - EDC Fund			120,101.03	138,906.67	171,829.16	(3.33)	87,181.87	(130,813.67)	8,093.00
Total for City of Frisco			120,101.03	138,906.67	171,829.16	(3.33)	87,181.87	(130,813.67)	8,093.00

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
800 - EDC Fund															
Purchases															
07/21/21	07/22/21	3133EMU42	AGCY BULET	FFCB	0.060	07/21/22		2,000,000.00	99.984	1,999,680.00	3.33	1,999,683.33		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	2,997,716.13	0.00	2,997,716.13		0.076	0.076
Total for: Purchases								5,000,000.00		4,997,396.13	3.33	4,997,399.46		0.076	0.076
Income Payments															
08/02/21	07/31/21	912828H86	TREAS NOTE	U.S. Treasury	1.500	01/31/22				0.00	35,625.00	35,625.00			
09/15/21	09/15/21	9128286H8	TREAS NOTE	U.S. Treasury	2.375	03/15/22				0.00	118,750.00	118,750.00			
09/30/21	09/30/21	912828W89	TREAS NOTE	U.S. Treasury	1.875	03/31/22				0.00	16,875.00	16,875.00			
Total for: Income Payments										0.00	171,250.00	171,250.00			

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	5,000,000.00	4,997,399.46		0.076	0.076
Total Income Payments	0.00	171,250.00			

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
800 - EDC Fund											
912828YT1	11/30/20	TREAS NOTE	U.S. Treasury 1.500 11/30/21		5,000,000.00	101.391	5,069,531.25	(17,482.55)	(58,129.60)	(11,401.65)	5,011,401.65
9128285R7	12/03/20	TREAS NOTE	U.S. Treasury 2.625 12/15/21		3,000,000.00	102.582	3,077,460.94	(18,859.26)	(62,086.54)	(15,374.40)	3,015,374.40
912828H86	01/15/21	TREAS NOTE	U.S. Treasury 1.500 01/31/22		4,750,000.00	101.457	4,819,208.98	(16,672.93)	(47,214.34)	(21,994.64)	4,771,994.64
9128286H8	03/15/21	TREAS NOTE	U.S. Treasury 2.375 03/15/22		10,000,000.00	102.285	10,228,515.63	(57,285.40)	(124,334.93)	(104,180.70)	10,104,180.70
912828W89	03/31/21	TREAS NOTE	U.S. Treasury 1.875 03/31/22		1,800,000.00	101.801	1,832,414.06	(8,146.83)	(16,293.13)	(16,120.93)	1,816,120.93
912828ZR4	05/14/21	TREAS NOTE	U.S. Treasury 0.125 05/31/22		1,000,000.00	100.055	1,000,546.88	(131.32)	(199.95)	(346.93)	1,000,346.93
9128286Y1	06/15/21	TREAS NOTE	U.S. Treasury 1.750 06/15/22		3,000,000.00	101.672	3,050,156.25	(12,605.16)	(14,797.35)	(35,358.90)	3,035,358.90
3133EMU42	07/22/21	AGCY BULET	FFCB 0.060 07/21/22		2,000,000.00	99.984	1,999,680.00	61.50	61.50	258.50	1,999,741.50
912796L64	08/13/21	TREAS BILL	U.S. Treasury 0.000 08/11/22		3,000,000.00	99.924	2,997,716.13	308.28	308.28	1,975.59	2,998,024.41
Total for 800 - EDC Fund					33,550,000.00		34,075,230.12	(130,813.67)	(322,686.06)	(202,544.06)	33,752,544.06
Total for City of Frisco					33,550,000.00		34,075,230.12	(130,813.67)	(322,686.06)	(202,544.06)	33,752,544.06

CUSIP	Security Type	Security Description	Pay Date	Interest	Principal	Total Amount
800 - EDC Fund						
912828YT1	TREAS NOTE	U.S. Treasury 1.500 11/30/21	11/30/21	37,500.00	5,000,000.00	5,037,500.00
912828ZR4	TREAS NOTE	U.S. Treasury 0.125 05/31/22	11/30/21	625.00	0.00	625.00
9128285R7	TREAS NOTE	U.S. Treasury 2.625 12/15/21	12/15/21	39,375.00	3,000,000.00	3,039,375.00
9128286Y1	TREAS NOTE	U.S. Treasury 1.750 06/15/22	12/15/21	26,250.00	0.00	26,250.00
3133EMU42	AGCY BULET	FFCB 0.060 07/21/22	01/21/22	600.00	0.00	600.00
912828H86	TREAS NOTE	U.S. Treasury 1.500 01/31/22	01/31/22	35,625.00	4,750,000.00	4,785,625.00
9128286H8	TREAS NOTE	U.S. Treasury 2.375 03/15/22	03/15/22	118,750.00	10,000,000.00	10,118,750.00
Total for 800 - EDC Fund				258,725.00	22,750,000.00	23,008,725.00

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

November 2021	38,125.00	5,000,000.00	5,038,125.00
December 2021	65,625.00	3,000,000.00	3,065,625.00
January 2022	36,225.00	4,750,000.00	4,786,225.00
March 2022	118,750.00	10,000,000.00	10,118,750.00
Total Projected Cash Flows for City of Frisco	258,725.00	22,750,000.00	23,008,725.00