



**CITY OF TYLER
CITY COUNCIL COMMUNICATION**

Agenda Number: C-A-11

Date: March 9, 2022

Subject: Request that the City Council consider reviewing and accepting the Investment Report for the quarter ending December 31, 2021.

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Item Reference:

The City of Tyler Investment Portfolio Summary includes all of the core information required under the Public Funds Investment Act plus some additional supporting information that has been prepared to assist the City Council in the quarterly review process. Please reference the attachment labeled as Investments held on December 31.

RECOMMENDATION:

Request that the City Council consider reviewing and accepting the Investment Report for the quarter ending December 31, 2021.

ATTACHMENTS:

[C-A-11 Investment_Portfolio_Dec_31_2021_signed](#)

[C-A-11 Investments_held_on_December_31](#)

[C-A-11 Southwest_Economy_Q4_2021_-_Dallas_Fed](#)

Drafted/Recommended By:

Department Leader

Keidric Trimble, CFO

Edited/Submitted By:

City Manager



INVESTMENT PORTFOLIO SUMMARY

For the Quarter Ended

December 31, 2021

Prepared by

Valley View Consulting, L.L.C.

The investment portfolio of the City of Tyler is in compliance with the Public Funds Investment Act and the Investment Policy.

Chief Financial Officer

Accounting Manager

Treasury Manager

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
Quarter End Results by Investment Category

City Funds

Asset Type	September 30, 2021			December 31, 2021		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
Pools/Bank	0.51%	\$ 42,808,977	\$ 42,808,977	0.48%	\$ 46,299,859	\$ 46,299,859
Securities/CDs	0.53%	79,460,012	79,460,012	0.47%	79,572,236	79,572,236
Totals	0.52%	\$ 122,268,989	\$ 122,268,989	0.48%	\$ 125,872,095	\$ 125,872,095

Current Quarter Average Yield (1)

Total Portfolio 0.48%

Fiscal Year-to-Date Average Yield (2)

Total Portfolio 0.48%

Interest Earnings

Quarterly Interest Income \$ 155,702 Approximate
Year-to-date Interest Income \$ 155,702 Approximate

Bank Fees Offset

Quarterly Bank Fees Offset \$ 9,871
Year-to-date Bank Fees Offset \$ 9,871

Hotel Bond

Asset Type	September 30, 2021			December 31, 2021		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
Pools/Bank	0.04%	\$ 9,106,790	\$ 9,106,790	0.07%	\$ 7,098,347	\$ 7,098,347
Totals	0.04%	\$ 9,106,790	\$ 9,106,790	0.07%	\$ 7,098,347	\$ 7,098,347

Current Quarter Average Yield (1)

Total Portfolio 0.07%

Fiscal Year-to-Date Average Yield (2)

Total Portfolio 0.07%

Interest Earnings

Quarterly Interest Income \$ 973 Approximate
Year-to-date Interest Income \$ 973 Approximate

Summary
Quarter End Results by Investment Category

(Continued)

Water Utilities Revenue Bond

Asset Type	September 30, 2021			December 31, 2021		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
Pools/Bank	0.03%	\$ 30,704,177	\$ 30,704,177	0.02%	\$ 25,288,917	\$ 25,288,917
Securities/CDs	0.00%	-	-	0.00%	-	-
Totals	0.03%	\$ 30,704,177	\$ 30,704,177	0.02%	\$ 25,288,917	\$ 25,288,917

Current Quarter Average Yield (1)

Total Portfolio 0.02%

Fiscal Year-to-Date Average Yield (2)

Total Portfolio 0.02%

Interest Earnings

Quarterly Interest Income \$ 1,877 Approximate
 Year-to-date Interest Income \$ 1,877 Approximate

Total Portfolio

Current Quarter Average Yield (1)

Total Portfolio 0.38%

Rolling Three Month Treasury 0.06%
 Rolling Six Month Treasury 0.08%
 TexPool 0.04%

Fiscal Year-to-Date Average Yield (2)

Total Portfolio 0.38%

Rolling Three Month Treasury 0.06%
 Rolling Six Month Treasury 0.08%
 TexPool 0.04%

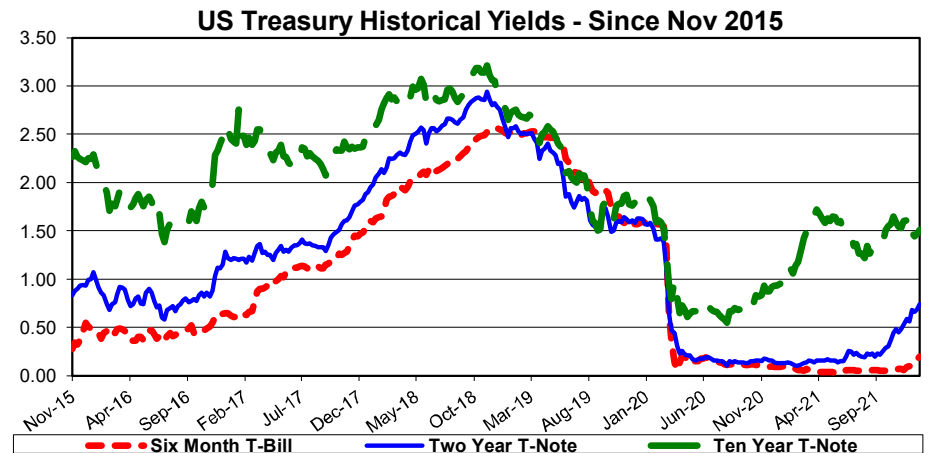
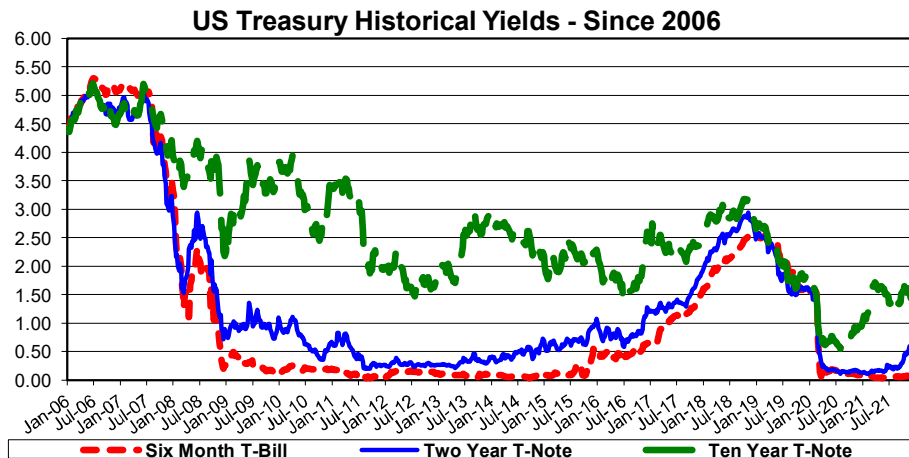
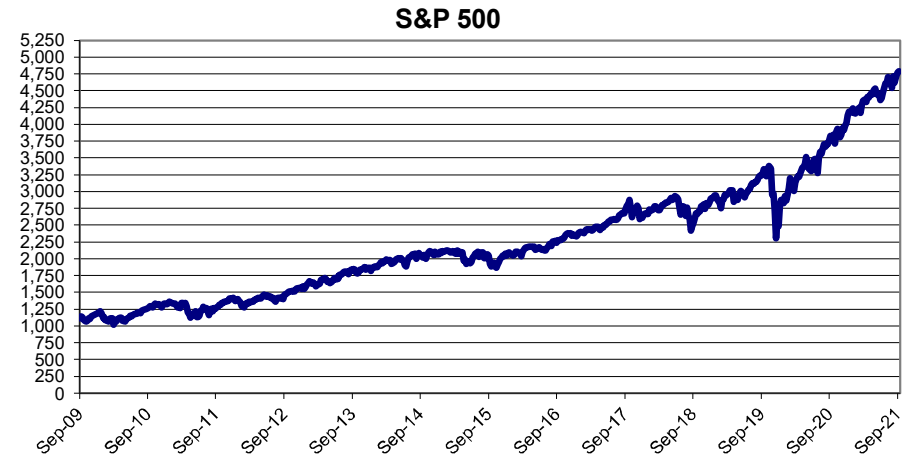
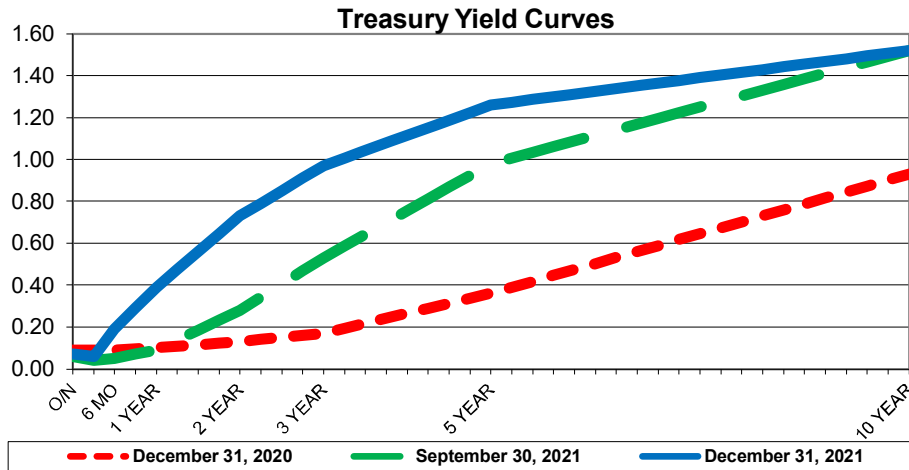
(1) **Current Quarter Weighted Average Yield** - calculated using quarter end report yields and adjusted book values; does not reflect a total return analysis, realized or unrealized gains/losses, or account for investment advisory fees. The yield for the reporting month is used for bank, pool, and money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

(2) **Fiscal Year-to-Date Weighted Average Yields** - calculated using quarter end report yields and adjusted book values and 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

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
City Funds										
Cash - Pooled (3)		0.57%	01/01/22	12/31/21	\$ 6,199,492	\$ 6,199,492	1.00	\$ 6,199,492	1	0.57%
NOW		0.50%	01/01/22	12/31/21	22,037,544	22,037,544	1.00	22,037,544	1	0.50%
InterBank MMA		0.50%	01/01/22	12/31/21	15,016,585	15,016,585	1.00	15,016,585	1	0.50%
TexPool	AAAm	0.04%	01/01/22	12/31/21	216,082	216,082	1.00	216,082	1	0.04%
Third Coast Bank CD		1.65%	01/10/22	01/10/20	3,098,910	3,098,910	100.00	3,098,910	10	1.66%
Prosperity Bank CD		0.20%	02/24/22	02/24/21	3,004,985	3,004,985	100.00	3,004,985	55	0.20%
Prosperity Bank CD		1.45%	03/18/22	03/18/20	3,233,849	3,233,849	100.00	3,233,849	77	1.46%
Allegiance Bank CD		0.75%	05/18/22	05/18/20	4,247,603	4,247,603	100.00	4,247,603	138	0.76%
Bank OZK CD		0.65%	06/03/22	06/03/20	3,029,457	3,029,457	100.00	3,029,457	154	0.65%
Prosperity Bank CD		0.75%	06/30/22	06/26/20	3,216,012	3,216,012	100.00	3,216,012	181	0.75%
Prosperity Bank CD		0.75%	07/11/22	07/09/20	3,028,248	3,028,248	100.00	3,028,248	192	0.75%
Bank OZK CD		0.40%	08/24/22	08/25/20	4,021,455	4,021,455	100.00	4,021,455	236	0.40%
Prosperity Bank CD		0.50%	09/22/22	09/22/20	6,037,566	6,037,566	100.00	6,037,566	265	0.50%
Prosperity Bank CD		0.40%	10/20/22	10/20/20	3,203,307	3,203,307	100.00	3,203,307	293	0.40%
East West Bank CD		0.23%	11/18/22	11/18/21	3,103,513	3,103,513	100.00	3,103,513	322	0.23%
Prosperity Bank CD		0.40%	11/28/22	11/27/20	3,202,302	3,202,302	100.00	3,202,302	332	0.40%
Bank OZK CD		0.24%	12/15/22	03/15/21	3,005,452	3,005,452	100.00	3,005,452	349	0.24%
Prosperity Bank CD		0.30%	01/25/23	01/25/21	6,016,492	6,016,492	100.00	6,016,492	390	0.30%
Prosperity Bank CD		0.25%	02/24/23	02/24/21	6,337,319	6,337,319	100.00	6,337,319	420	0.25%
Bank OZK CD		0.26%	03/15/23	03/15/21	6,124,743	6,124,743	100.00	6,124,743	439	0.26%
Prosperity Bank CD		0.21%	04/12/23	04/12/21	3,404,776	3,404,776	100.00	3,404,776	467	0.21%
Citizen's 1st Bank CD		0.25%	05/07/23	05/07/21	3,003,797	3,003,797	100.00	3,003,797	492	0.25%
Citizen's 1st Bank CD		0.25%	06/03/23	06/03/21	3,003,777	3,003,777	100.00	3,003,777	519	0.25%
Veritex Community Bank CD		0.25%	07/26/23	07/26/21	3,128,939	3,128,939	100.00	3,128,939	572	0.25%
Veritex Community Bank CD		0.25%	08/09/23	08/09/21	3,119,735	3,119,735	100.00	3,119,735	586	0.25%
City Funds - Sub Total					\$ 125,872,095	\$ 125,872,095		\$ 125,872,095	201	0.48%
									(1)	(2)

Investment Holdings

December 31, 2021

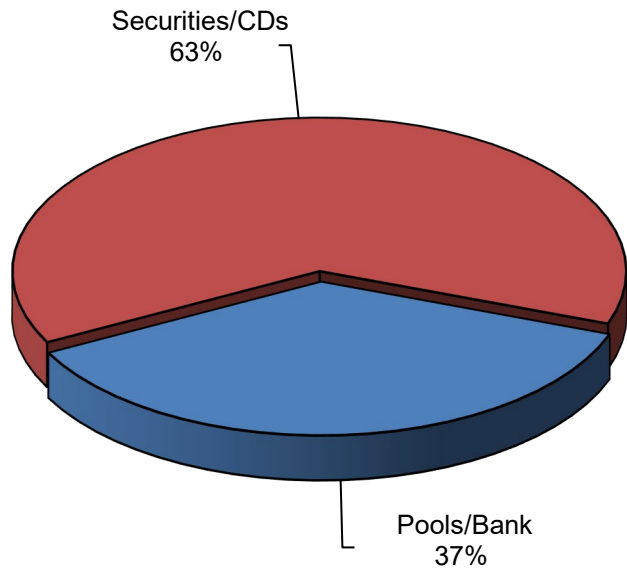
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Hotel Bond										
LOGIC - Hotel Bond	AAAm	0.07%	01/01/22	12/31/21	7,098,347	7,098,347	1.00	7,098,347	1	0.07%
Hotel Bond - Sub Total					\$ 7,098,347	\$ 7,098,347		\$ 7,098,347	1	0.07%
									(1)	(2)
Water Utilities Revenue Bond										
NOW #2		0.24%	01/01/22	12/31/21	\$ 1,029,261	\$ 1,029,261	1.00	\$ 1,029,261	1	0.24%
TexSTAR - Bond	AAAm	0.01%	01/01/22	12/31/21	24,259,656	24,259,656	1.00	24,259,656	1	0.01%
Water Utilities Revenue Bond - Sub Total					\$ 25,288,917	\$ 25,288,917		\$ 25,288,917	1	0.02%
									(1)	(2)
Total Portfolio					\$ 158,259,359	\$ 158,259,359		\$ 158,259,359	160	0.38%
									(1)	(2)

(1) **Weighted average life** - For purposes of calculating weighted average life, TexPool, TexSTAR, and bank account investments are assumed to have a one day maturity.

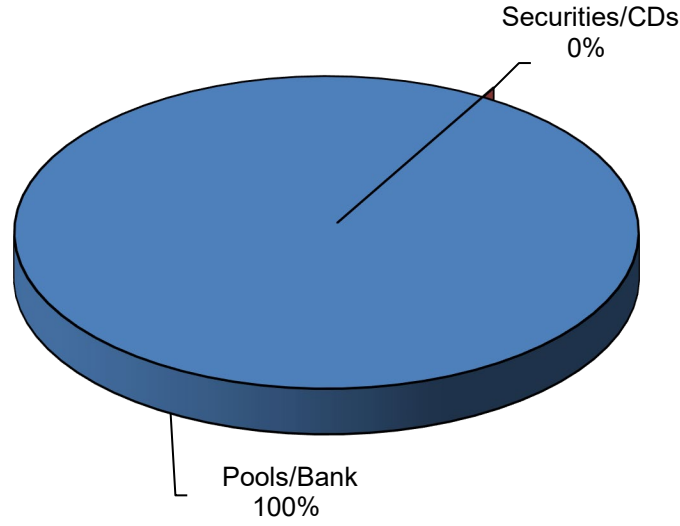
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for TexPool, TexSTAR, and bank account investments.

(3) **Cash - Pooled** funds are used as compensating balances to offset bank service charges and do not generate hard interest.

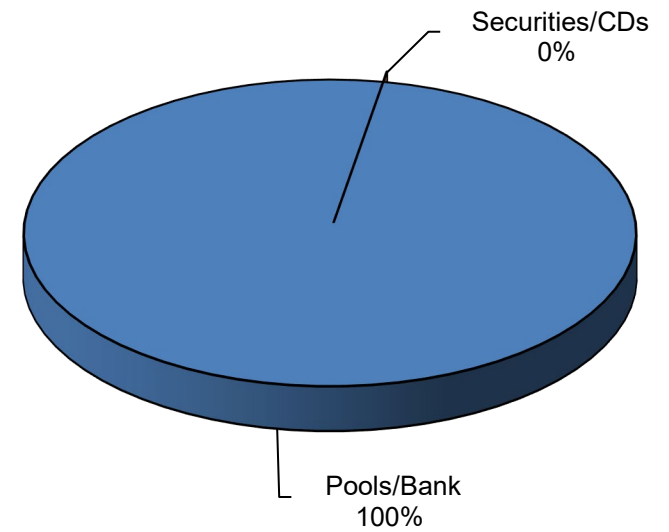
Portfolio Composition - City Funds



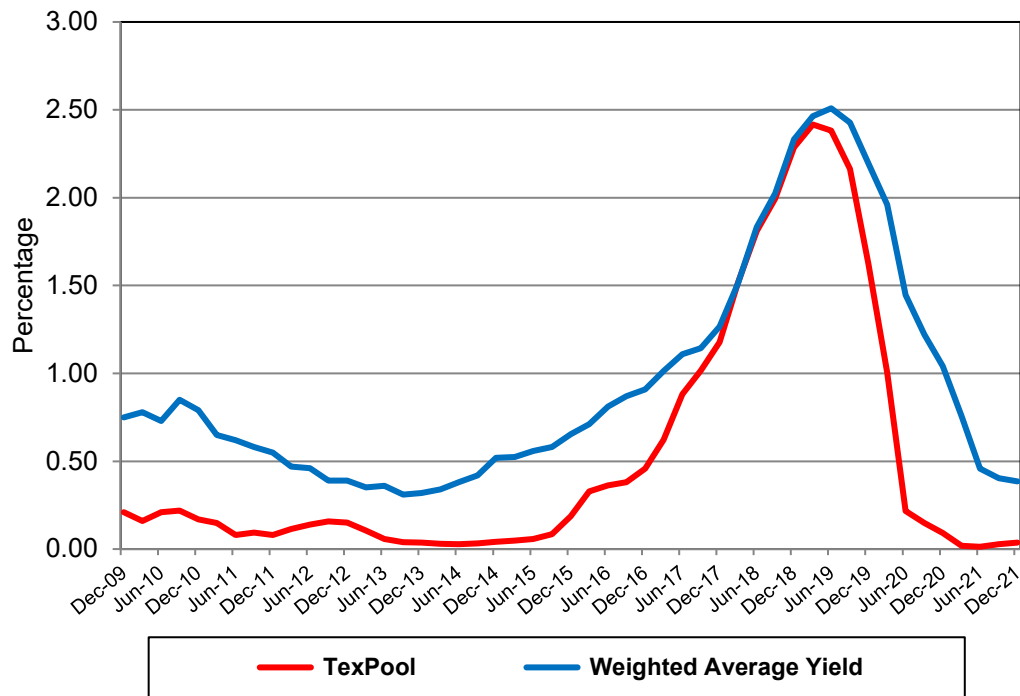
Portfolio Composition - Water Utility Revenue Bond Funds



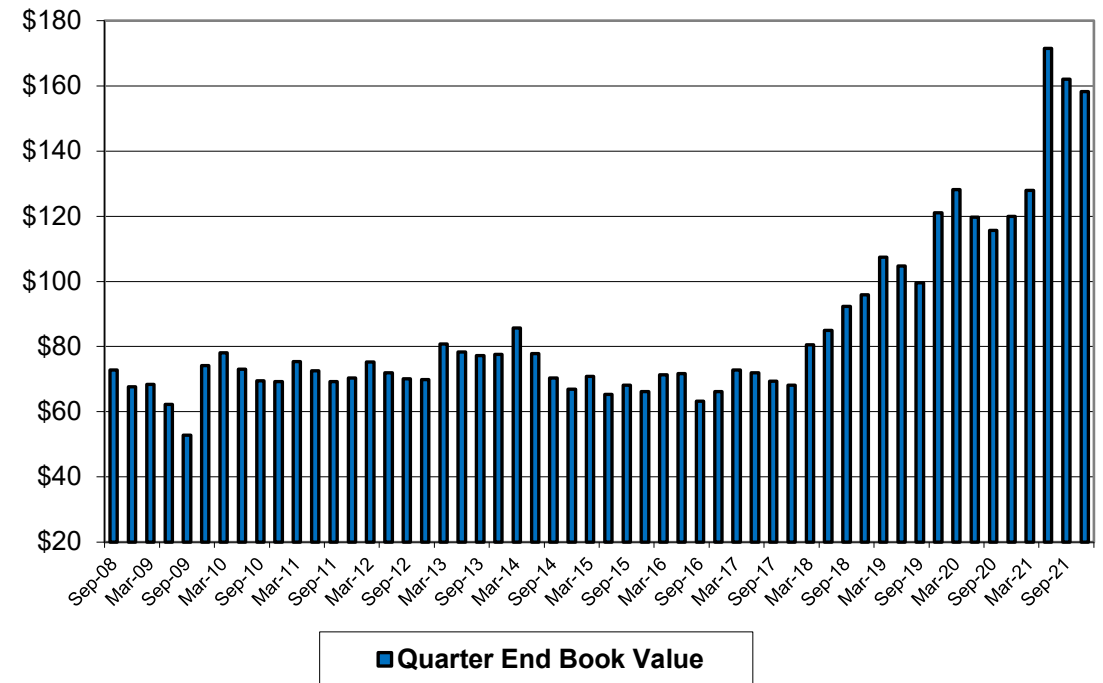
Portfolio Composition - Hotel Bond Funds



Total Portfolio Performance



Total 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
Cash - Pooled	0.57%	01/01/22	\$ 9,582,245	\$ -	\$ (3,382,753)	\$ 6,199,492	\$ 9,582,245	\$ (3,382,753)	\$ 6,199,492
NOW	0.50%	01/01/22	23,009,438	-	(971,894)	22,037,544	23,009,438	(971,894)	22,037,544
NOW #2	0.24%	01/01/22	2,917,809	-	(1,775,090)	1,142,719	2,917,809	(1,775,090)	1,142,719
InterBank MMA	0.50%	01/01/22	10,001,233	5,015,352	-	15,016,585	10,001,233	5,015,352	15,016,585
TexPool	0.04%	01/01/22	216,062	20	-	216,082	216,062	20	216,082
TexSTAR - Bond	0.01%	01/01/22	27,786,368	-	(3,526,712)	24,259,656	27,786,368	(3,526,712)	24,259,656
LOGIC - Hotel Bond	0.07%	01/01/22	9,106,790	-	(2,008,444)	7,098,347	9,106,790	(2,008,444)	7,098,347
East West Bank CD	1.69%	11/18/21	3,095,806	-	(3,095,806)	-	3,095,806	(3,095,806)	-
Third Coast Bank CD	1.65%	01/10/22	3,073,847	25,063	-	3,098,910	3,073,847	25,063	3,098,910
Prosperity Bank CD	0.20%	02/24/22	3,003,487	1,498	-	3,004,985	3,003,487	1,498	3,004,985
Prosperity Bank CD	1.45%	03/18/22	3,222,186	11,662	-	3,233,849	3,222,186	11,662	3,233,849
Allegiance Bank CD	0.75%	05/18/22	4,239,588	8,015	-	4,247,603	4,239,588	8,015	4,247,603
Bank OZK CD	0.65%	06/03/22	3,024,546	4,912	-	3,029,457	3,024,546	4,912	3,029,457
Prosperity Bank CD	0.75%	06/30/22	3,210,010	6,002	-	3,216,012	3,210,010	6,002	3,216,012
Prosperity Bank CD	0.75%	07/11/22	3,022,534	5,714	-	3,028,248	3,022,534	5,714	3,028,248
Bank OZK CD	0.40%	08/24/22	4,017,437	4,018	-	4,021,455	4,017,437	4,018	4,021,455
Prosperity Bank CD	0.50%	09/22/22	6,030,046	7,520	-	6,037,566	6,030,046	7,520	6,037,566
Prosperity Bank CD	0.40%	10/20/22	3,200,115	3,192	-	3,203,307	3,200,115	3,192	3,203,307
East West Bank CD	0.23%	11/18/22	-	3,103,513	-	3,103,513	-	3,103,513	3,103,513
Prosperity Bank CD	0.40%	11/28/22	3,199,110	3,191	-	3,202,302	3,199,110	3,191	3,202,302
Bank OZK CD	0.24%	12/15/22	3,003,647	1,805	-	3,005,452	3,003,647	1,805	3,005,452
Prosperity Bank CD	0.30%	01/25/23	6,011,994	4,498	-	6,016,492	6,011,994	4,498	6,016,492
Prosperity Bank CD	0.25%	02/24/23	6,333,371	3,948	-	6,337,319	6,333,371	3,948	6,337,319
Bank OZK CD	0.26%	03/15/23	6,120,760	3,984	-	6,124,743	6,120,760	3,984	6,124,743
Prosperity Bank CD	0.21%	04/12/23	3,402,994	1,782	-	3,404,776	3,402,994	1,782	3,404,776
Citizen's 1st Bank CD	0.25%	05/07/23	3,001,898	1,899	-	3,003,797	3,001,898	1,899	3,003,797
Citizen's 1st Bank CD	0.25%	06/03/23	3,001,898	1,879	-	3,003,777	3,001,898	1,879	3,003,777
Veritex Community Bank CD	0.25%	07/26/23	3,126,969	1,970	-	3,128,939	3,126,969	1,970	3,128,939
Veritex Community Bank CD	0.25%	08/09/23	3,117,770	1,965	-	3,119,735	3,117,770	1,965	3,119,735
TOTAL / AVERAGE	0.38%		\$ 162,079,957	\$ 10,940,100	\$ (14,760,698)	\$ 158,259,359	\$ 162,079,957	\$ (3,820,598)	\$ 158,259,359

Cash and Investments by Fund

		12/31/2021	09/30/2021
General Fund	101	\$ 24,022,353	\$ 26,472,972
General Capital Projects Fund	102	2,076,054	(122,010)
Street Improvement Fund	103	461,510	626,673
Development Services Fund	202	2,019,333	1,945,832
Cemeteries Operating Fund	204	(22,219)	29,614
Forfeitures Fund	205	486,008	511,442
Court Technology Fund	207	99,505	77,063
Hotel-Motel Tax Fund	211	6,019,820	5,801,569
Donations Fund	216	659,281	624,135
TIF/TIRZ # 3	218	623,857	623,029
Tyler Tourism & Convention Facilities Fund	219	277,712	525,727
Half Cent Sales Tax Fund	231	22,565,033	22,855,840
Passenger Facility Fund	234	165,334	123,653
Oil & Natural Gas Fund	235	11,202,941	9,099,863
PEG Fee Fund	236	1,027,857	988,311
Fair Plaza Fund	240	(46,608)	(44,692)
Retained HUD Admin Fee Fund	274	428	427
Housing Assistance Fund	276	618,369	1,068,945
State/Federal Grants Fund	285	(28,313)	(88,685)
Transit System Fund	286	(526,823)	(403,731)
CDBG Grant Fund	294	80,944	(204,769)
HOME Grant Fund	295	(273,762)	152,519
HOT Debt Service Fund	302	2,437.05	2,437.05
Revenue Bond HOT 2021	402	7,095,909.63	9,104,353.34
Utilities Fund	502	10,954,280	12,473,458
Utilities Construction Fund	503	8,540,254	6,654,681
Utilities Debt Service Fund	504	3,505,160	1,561,207
Utilities Debt Reserve Fund	505	815,746	814,699
Revenue Bond Series 2021	512	24,259,656	27,786,368
Revenue Bond Series 2019	519	1,029,261	2,917,809
Airport Fund	524	663,675	1,001,164
Airport Grant Fund	525	(108,731)	(139,974)
Solid Waste Fund	560	978,201	1,096,093
Solid Waste Capital Projects Fund	562	183,176	(65,088)
Storm Water Management	575	1,960,417	1,827,963
Productivity Improvement Fund	639	2,945,890	2,595,051
Fleet Replacement Fund	640	6,495,679	7,102,643
Prop, Liab, W/C Insurance Fund	650	1,717,569	1,409,864
Employee Benefits Fund	661	2,826,074	3,488,236
Prop & Facility Management Fund	663	1,603,093	915,109
Technology Fund	671	1,703,177	1,790,066
Payroll Fund	710	1,659,440	971,327
Cemetery Trust Fund	713	3,173,197	3,171,064
Landfill Trust Fund	720	2,912,051	2,896,319
Retiree Benefits Fund	761	(708,728)	(1,138,153)
Section 125 Trust Fund	772	244,732	236,647
TOTAL		\$ 155,960,228	\$ 159,137,069

Investments held on December 31, 2021 by type and by major fund are shown below:

Investment Category	Book Value	Market Value	Quarterly Average Yield	Average Maturity
City Funds				
Pools/Bank	46,299,859	46,299,859	0.48	1 day
Securities/CD's	79,572,236	79,572,236	0.47	201 days
Hotel Bond				
Pools/Bank	7,098,347	7,098,347	0.07	1 day
Revenue Bond				
Pools/Bank	25,288,917	25,288,917	0.02	1 day
Securities/CD's	0	0	0	0 days
	158,259,359	158,259,359	0.38	160 days

*Totals listed about reflect rounded figures

Benchmarks: Rolling 3 month Treasury average yield was 0.06 percent
 Rolling 6 month Treasury average yield was 0.08 percent
 The Tex Pool average yield for this quarter was 0.04 percent
 The Fiscal Year-to-Date Average Yield was 0.38 percent