

Memorandum



CITY OF DALLAS

DATE December 5, 2025

TO Honorable Members of the Finance Committee: Chad West (Chair), Kathy Stewart (Vice Chair), Zarin Gracey, Maxie Johnson, Jesse Moreno, Jaime Resendez, Gay Donnell Willis

SUBJECT **Quarterly Investment Report – 4th Quarter FY2024-25**

Please find attached the Quarterly Investment Report for the 4th quarter of FY 2024-25, ending September 2025. The report was prepared by the City's Investment Advisor, Meeder Public Funds Patterson Group ("Meeder") and was presented to the City's Investment Committee on November 3, 2025. This report has been produced in compliance with the State of Texas Public Funds Investment Act, and the City's Investment Policy which was approved by City Council on November 12, 2025.

The Quarterly Investment Report provides an overview of the performance of the City's Operating portfolio. As of September 30, 2025, the Operating portfolio had a balance of **\$3,889,384,420**, generating actual earnings of **\$42,610,912** for the quarter. The Operating portfolio maintained a weighted average yield of **4.22%** and a weighted average maturity of **1.90 years**.

Portfolio Summary – Investment Pool As of 9/30/2025

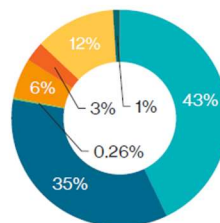
Your Portfolio

| | |
|----------------------------|-----------------|
| Cash | \$372,725,335 |
| Securities Book Value | \$3,516,659,085 |
| Total Portfolio Book Value | \$3,889,384,420 |

Your Securities

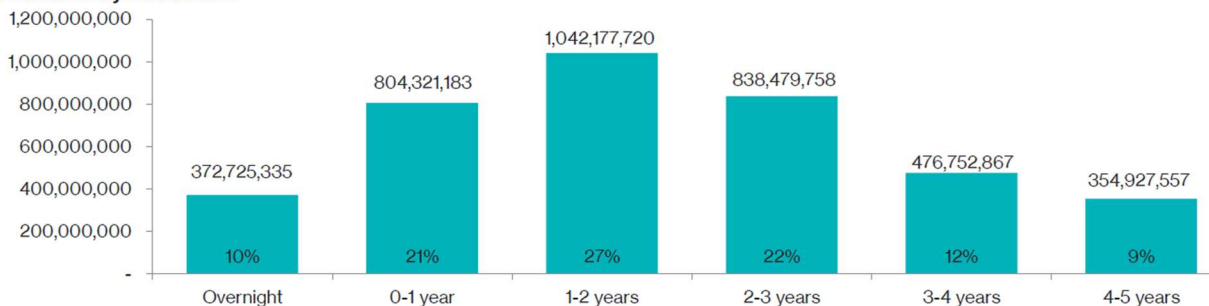
| | |
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| Weighted Average Maturity | 1.90 years |
| Weighted Average Yield | 4.22% |
| Quarterly Interest Earnings | \$42,610,912 |
| Year-to-Date Earnings | \$181,992,350 |

Your Asset Allocation



- US Government Agencies
- US Treasuries
- Municipal Obligations
- Local Government Investment Pools
- Cash
- Commercial Paper
- TexasTERM

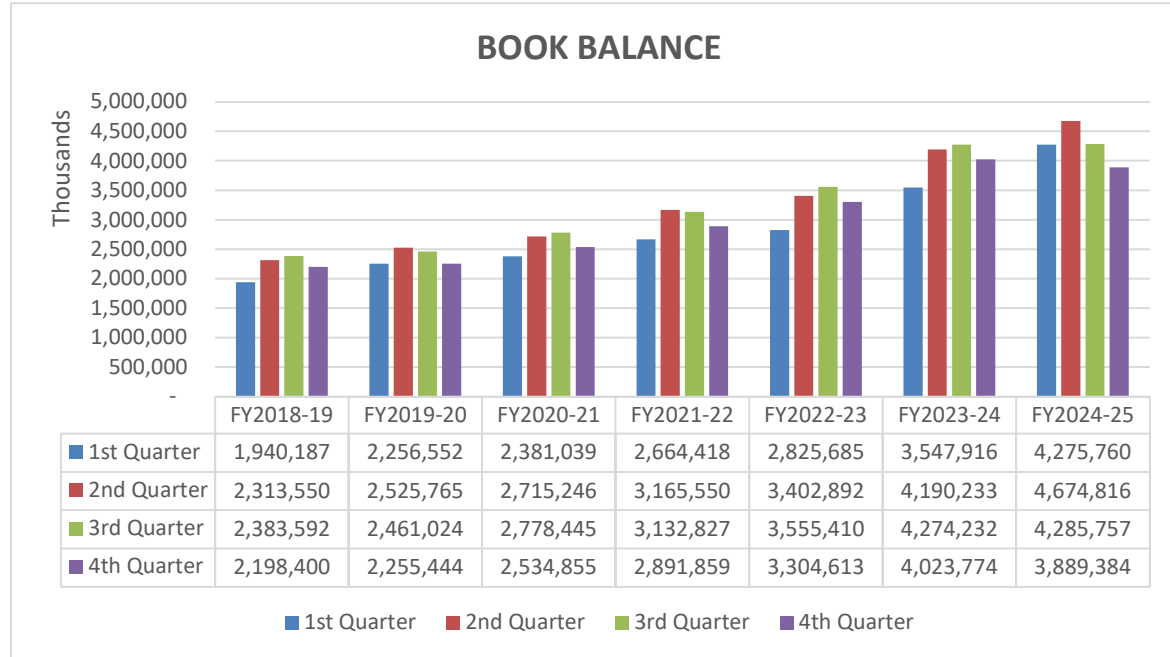
Your Maturity Distribution



YIELD AND INTEREST INCOME INFORMATION IS ANNUALIZED. ALL YIELD INFORMATION IS SHOWN GROSS OF ANY ADVISORY AND CUSTODY FEES AND IS BASED ON YIELD TO MATURITY AT COST. PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE RESULTS.

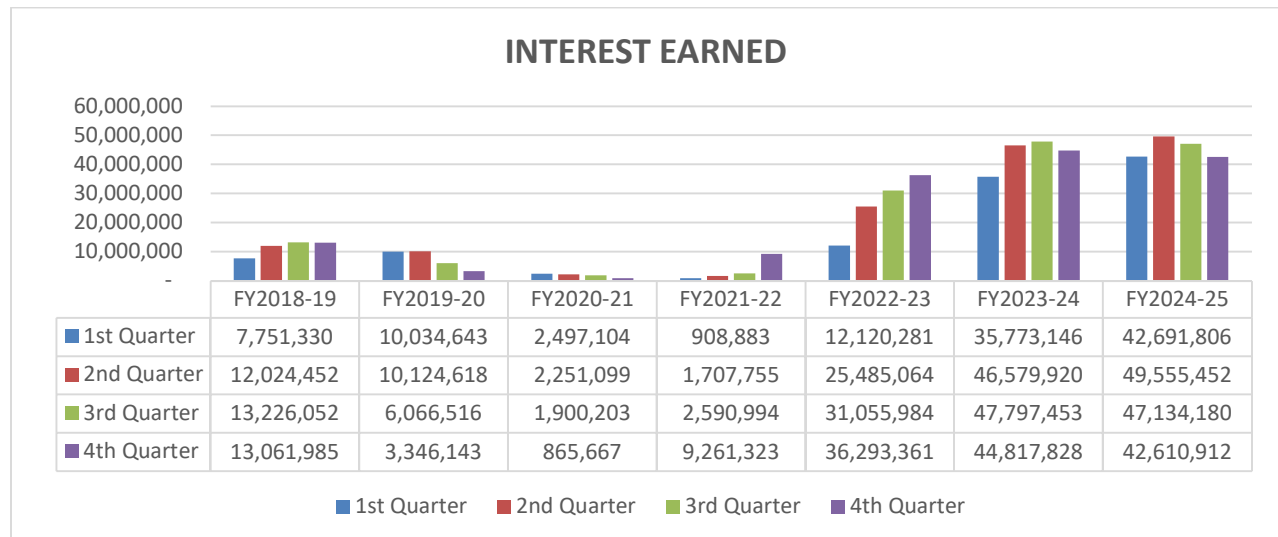
Book Balance

The City's overall balances have continued to trend high over the past five fiscal years. For the 4th quarter of FY 2024-25, the book balance was **\$3,889,384,420**.



Interest Earned

The City's Operating portfolio earned **\$181,992,350** in interest revenue for FYE 2024-25, representing a **4.01%** increase compared to the previous fiscal year.



Asset Composition

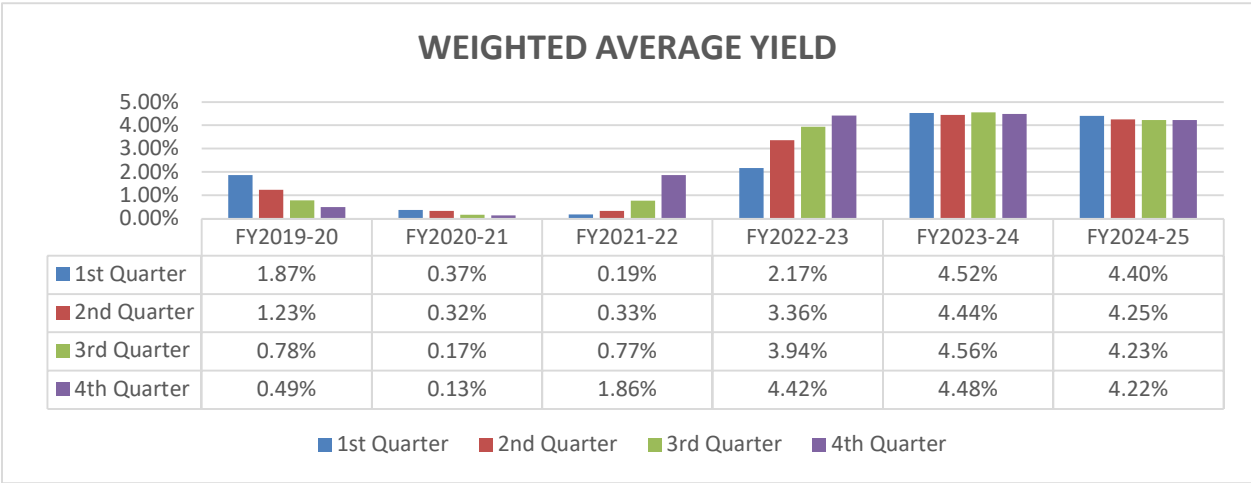
To ensure the City’s ability to meet its financial obligations and minimize potential liquidation losses, Section 13.0 of the City’s Investment Policy outlines appropriate asset diversification and sets maximum maturity limits for each investment category. Safety of principal remains the primary objective of the City’s Investment Policy, and maintaining adequate diversification helps mitigate credit risk.

In alignment with this guidance, the asset composition for the 4th quarter for FY 2024-25 included U.S. Treasuries, federal agency securities, commercial paper, and municipal obligations – all maintained within the approved policy limits. During the quarter, the City also strategically reduced its position in liquid assets to optimize portfolio performance while remaining compliant with policy requirements.

| Asset Composition – Q4 | FY19-20 | FY20-21 | FY21-22 | FY22-23 | FY23-24 | FY24-25 |
|--------------------------|---------|---------|---------|---------|---------|---------|
| Cash & Equivalents | 4.0% | 3.8% | 0.0% | 0.0% | 0.0% | 3.1% |
| Money Market | 16.2% | 4.0% | 0.1% | 0.1% | 0.1% | 0.1% |
| LGIPs | 42.9% | 12.0% | 13.0% | 14.6% | 15.4% | 7.1% |
| Commercial Paper | 0.0% | 0.0% | 0.0% | 19.1% | 14.8% | 12.3% |
| Municipal Obligations | 0.0% | 0.0% | 0.2% | 0.3% | 0.3% | 0.3% |
| U.S. Government Agencies | 27.4% | 73.4% | 62.9% | 36.5% | 43.4% | 42.8% |
| U.S. Treasury Securities | 9.5% | 6.8% | 23.8% | 29.4% | 26.1% | 34.4% |

Weighted Average Yield

The portfolio’s weighted average yield for the 4th quarter of FY 2024-25 decreased slightly, from 4.23% to 4.22%.

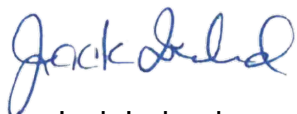


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In addition to portfolio performance, the Quarterly Investment Report includes an Executive Summary, an Economic Update (including regional economic indicators), and a Compliance Certification. You may access all published reports on the City's Financial Transparency website.

(<https://dallascityhall.com/departments/budget/financialtransparency/Pages/current-financial-reports.aspx>)

Should you have any questions, please contact me or Jenny Kerzman, Assistant Director of Treasury at jenny.kerzman@dallas.gov.



Jack Ireland
Chief Financial Officer

C:

Kimberly Bizer Tolbert, City Manager
Tammy Palomino, City Attorney
Mark Swann, City Auditor
Biliera Johnson, City Secretary
Preston Robinson, Administrative Judge
Dominique Artis, Chief of Public Safety
Dev Rastogi, Assistant City Manager

M. Elizabeth (Liz) Cedillo-Pereira, Assistant City Manager
Alina Ciocan, Assistant City Manager
Donzell Gipson, Assistant City Manager
Robin Bentley, Assistant City Manager
Ahmand Goree, Chief of Staff
Directors and Assistant Directors



City of Dallas

Quarterly Investment Report

PRESENTED BY:

SCOTT GRUBER, CMT – DIRECTOR, ADVISORY SERVICES

SEPTEMBER 30, 2025



MEEDER
PUBLIC FUNDS



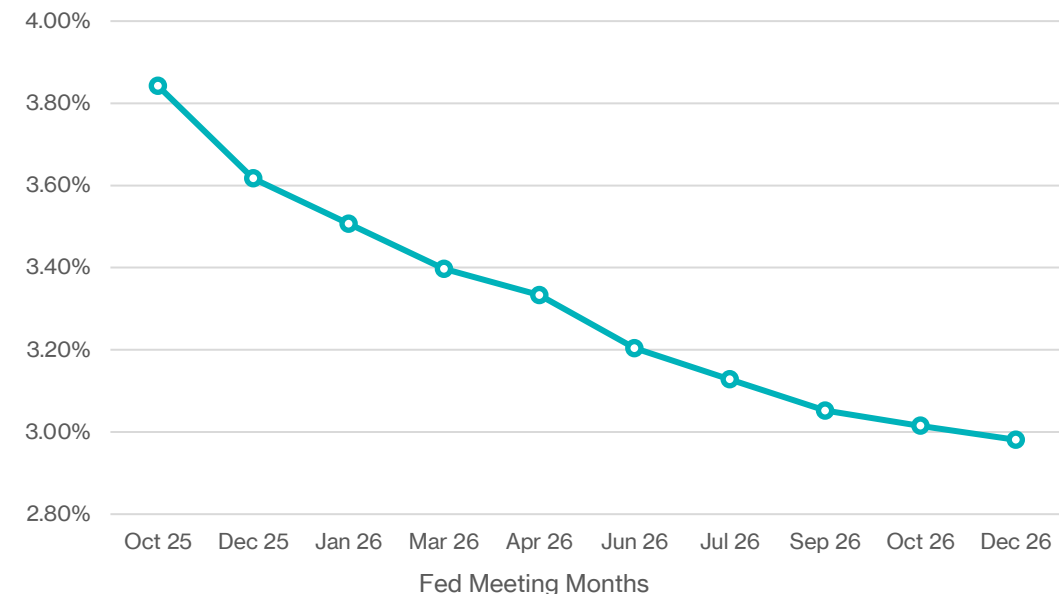
Economic Update

OBSERVATIONS AND EXPECTATIONS

- Fed lowered the Fed Funds rate by .25% at the September 17th meeting
- Labor market continued to show signs of slowing as 22,000 jobs were created in September
- U.S. Treasury rates were generally lower for the month of September
- GDP rebounded in Q2 to 3.8% from the tariff-induced decline of -0.5% in Q1
- Atlanta Fed's GDPNow forecast is projecting a 3.9% GDP for Q3
- The futures market and the Fed are expecting two more .25% cuts this year; more cuts in 2026

- The Fed Funds futures market is expecting the Fed Funds rate to end 2025 at about 3.6% and 2026 at approximately 3.0%.
- The Fed is watching both of their mandates (employment and inflation) closely to determine the path of Fed Funds. They say the risk is more tilted to slower job growth.

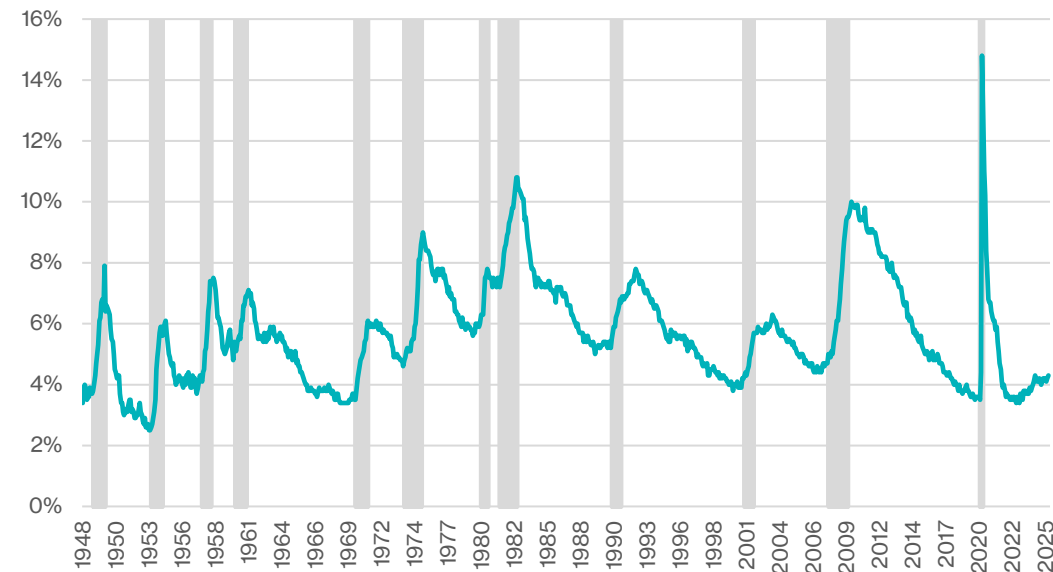
Fed Funds Futures Yields



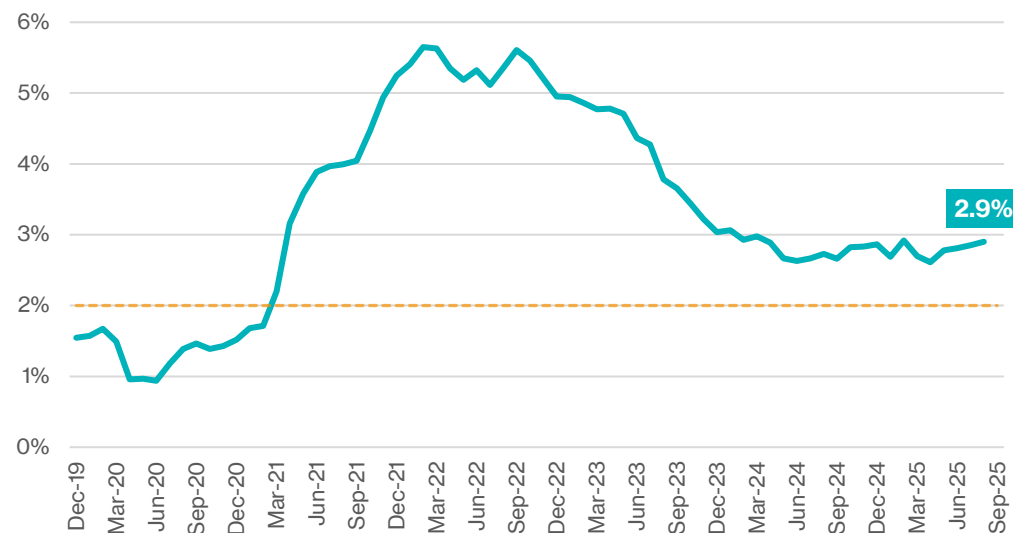
SOURCE: BLOOMBERG

- The current unemployment rate of 4.3% has moved up from earlier this year but remains low by historical standards.
- Lower immigration during 2025 has clouded the conclusions from lower nonfarm payrolls.
- Economists estimate not as many jobs are needed as compared to the previous few years to keep the unemployment rate low.

U.S. Unemployment Rate

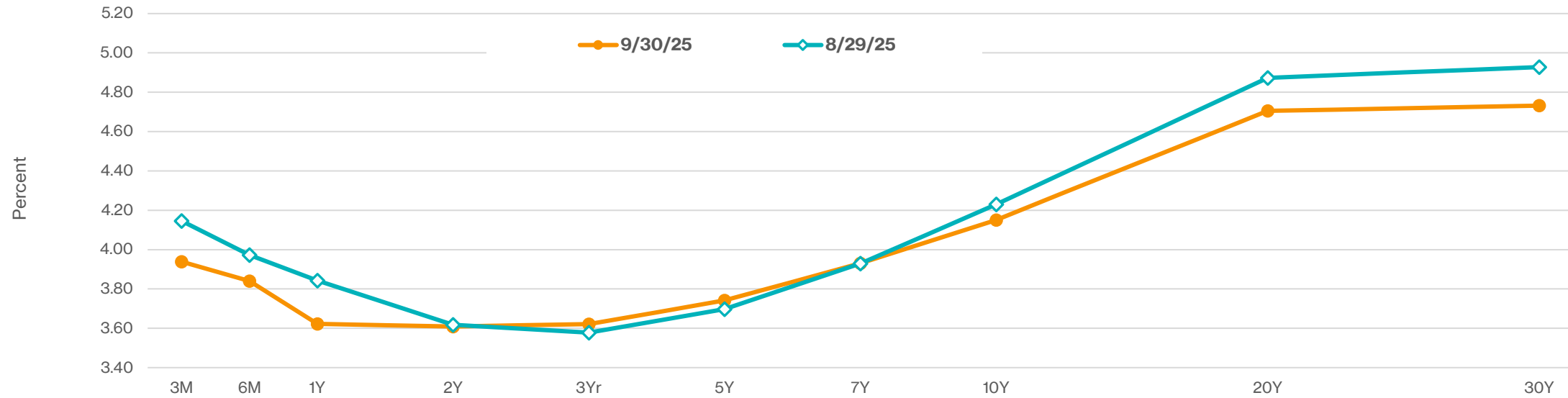


Core PCE YoY



- Core Personal Consumption Expenditure YoY is the Fed's preferred inflation gauge.
- Core excludes food and energy components, which generally make the series less volatile.
- Core PCE YoY is currently at 2.9% and has been above the Fed's 2% target for 54 consecutive months.

U.S. Treasury Yield Curve Change



Basis Point Change



Regional Economic Information

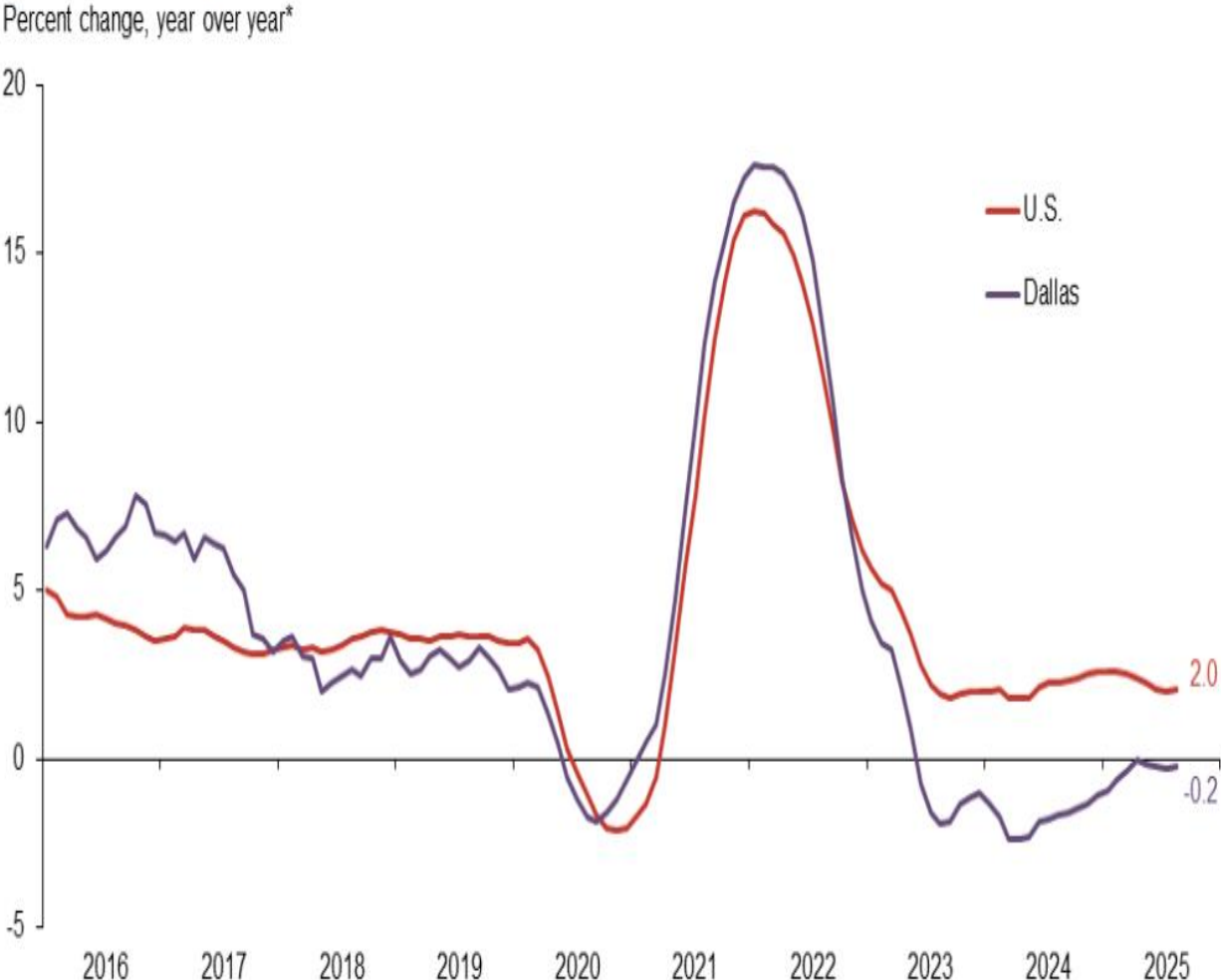
Retail sales tax collections



*Seasonally adjusted, real.
NOTE: Data are through August 2025.
SOURCE: Texas Workforce Commission.

Federal Reserve Bank of Dallas

Apartment rental prices



*Seasonally adjusted.
NOTE: Data are monthly through August 2025.
SOURCE: Zillow.

Federal Reserve Bank of Dallas



MEEDER

PUBLIC FUNDS

Portfolio Review

Quarterly Portfolio Summary – All Funds



This quarterly report is prepared in compliance with the Investment Policy and Strategy of the City of Dallas and the Public Funds Investment Act (Chapter 2256, Texas Government Code).

| Portfolio as of June 30, 2025 | | Portfolio as of September 30, 2025 | |
|-------------------------------|-----------------|------------------------------------|-----------------|
| Beginning Book Value | \$4,433,680,851 | Ending Book Value | \$4,037,308,173 |
| Beginning Market Value | \$4,458,271,650 | Ending Market Value | \$4,066,372,394 |
| | | Investment Income for the period | \$44,237,920 |
| Unrealized Gain/(Loss) | \$24,590,799 | Unrealized Gain/(Loss) | \$29,064,220 |
| | | Change in Unrealized Gain/(Loss) | \$4,473,421 |
| | | | |
| Weighted Average Maturity | 696 days | Weighted Average Maturity | 671 days |
| Weighted Average Yield | 4.23% | Weighted Average Yield | 4.22% |

Portfolio Summary – Investment Pool

As of 9/30/2025



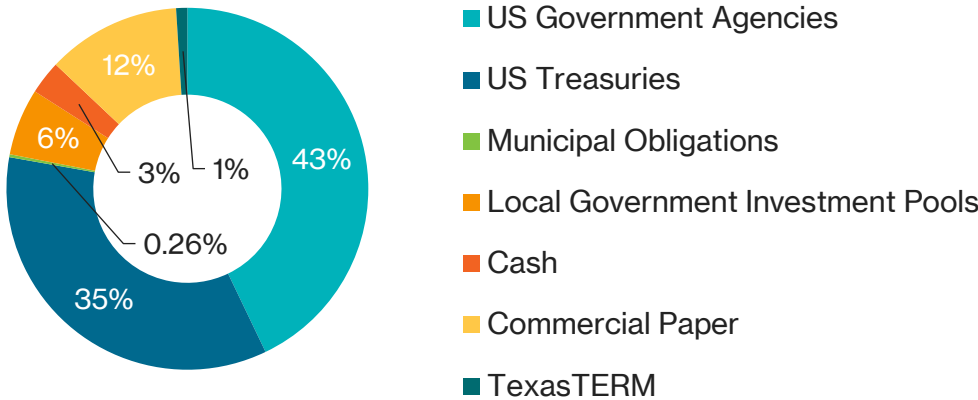
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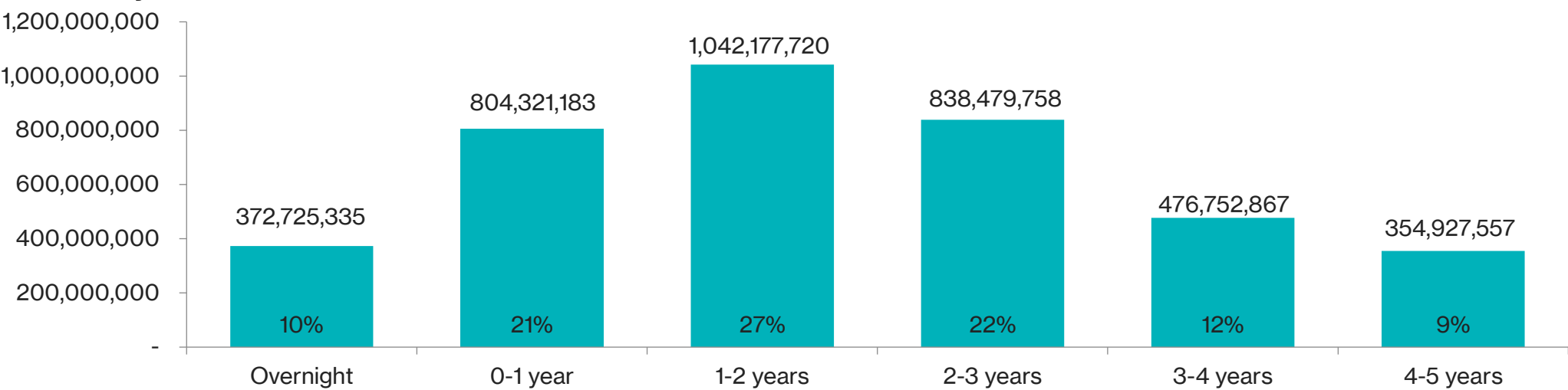
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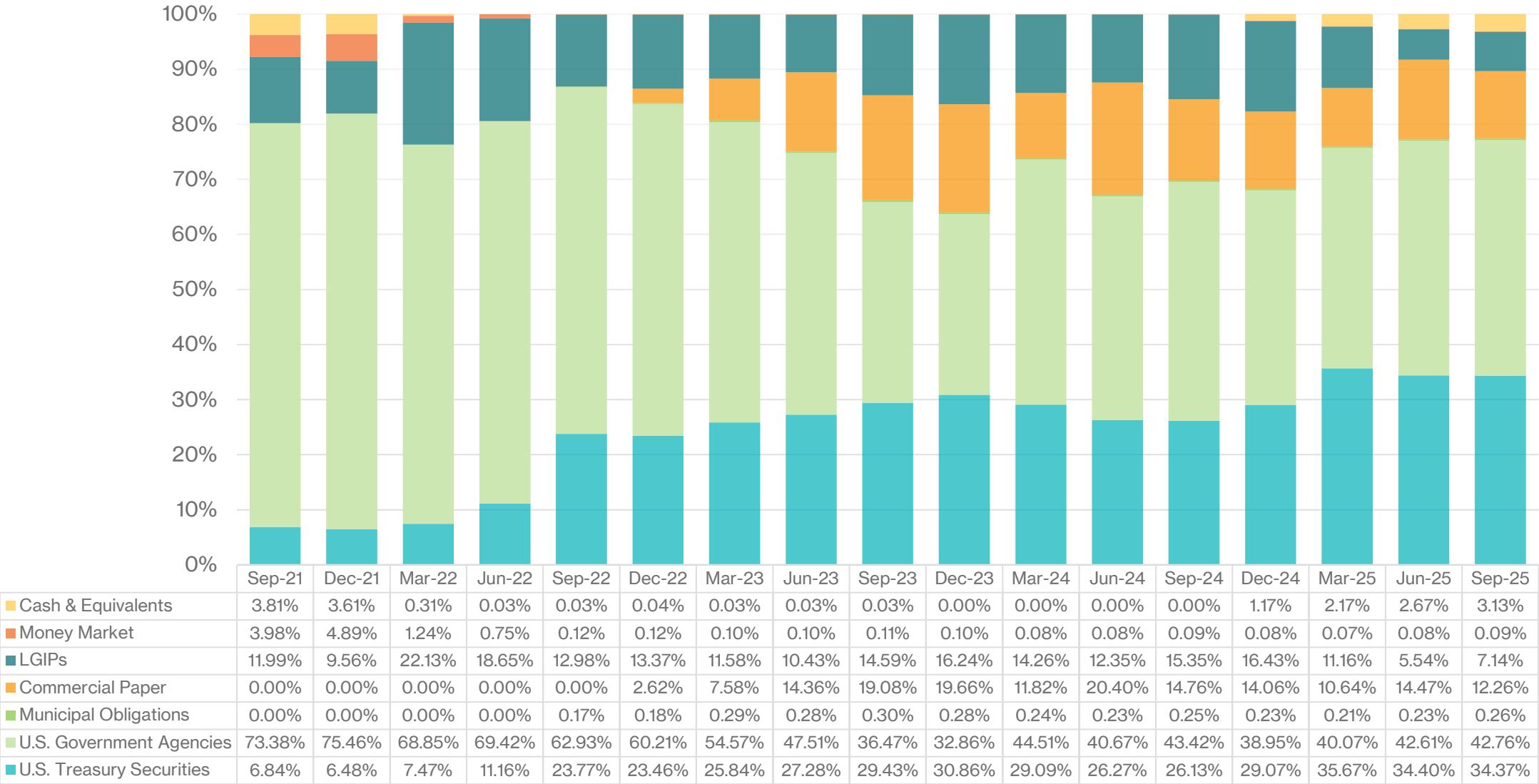


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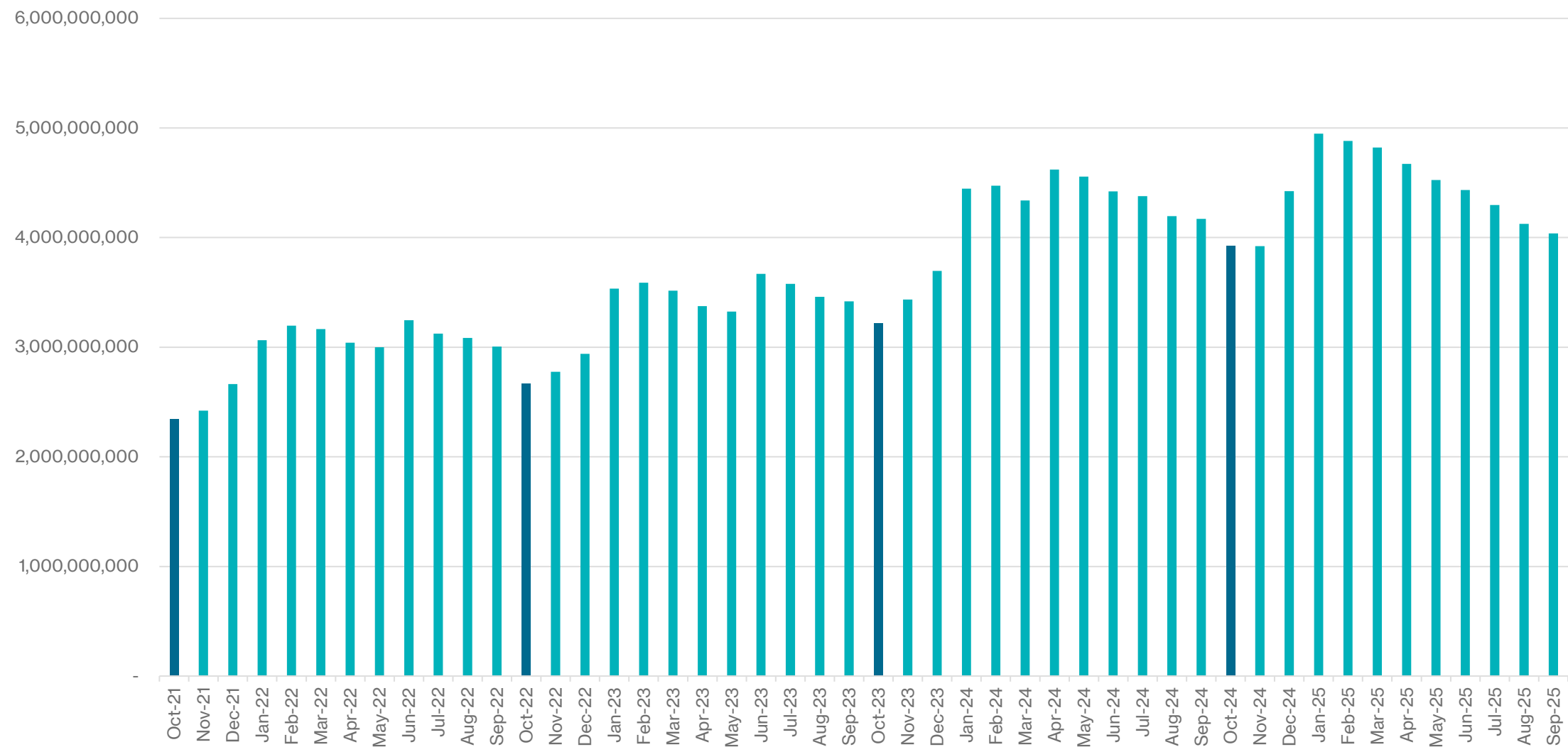
Asset Composition



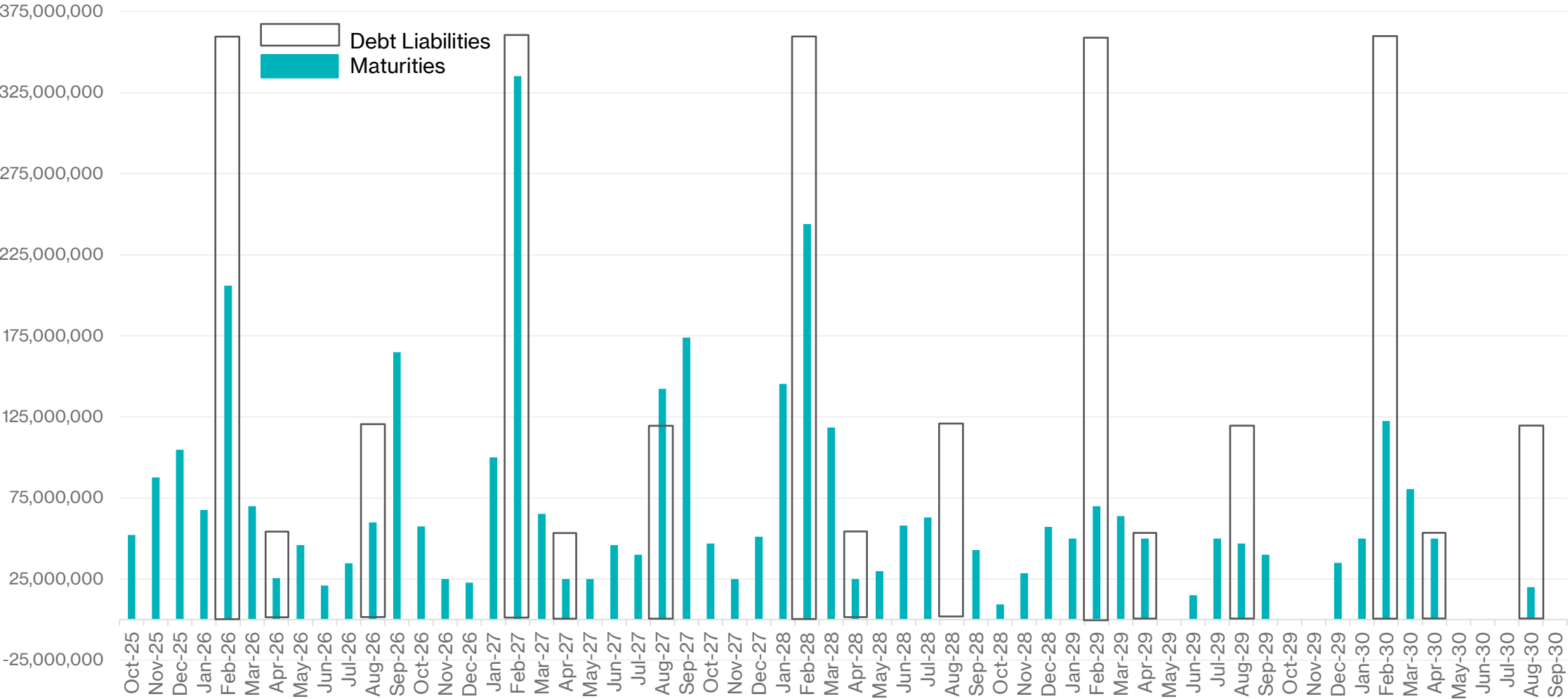
Investment Portfolio Statistics– All Funds



Historical Balances – Book Value



Maturity Distributions



Compliance Certification



The undersigned have acknowledged that they have reviewed this quarterly investment report for the period ending September 30, 2025. The City officials designated as investment officers by the City’s Investment Policy attest that all investments are in compliance with the Texas Public Funds Investment Act and the City’s Investment Policy as adopted in Sec. 17.0 of the City’s Investment Policy.

Jack Ireland

Chief Financial Officer

Sheri Kowalski

City Controller

Jenny Kerzman

Treasury Manager

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS.

Opinions and forecasts regarding markets, securities, products, portfolios or holdings are given as of the date provided and are subject to change at any time. No offer to sell, solicitation, or recommendation of any security or investment product is intended. Certain information and data has been supplied by unaffiliated third-parties as indicated. Although Meeder believes the information is reliable, it cannot warrant the accuracy, timeliness or suitability of the information or materials offered by third-parties.

Estimates and illustrations of expected yield for illustrated portfolios is hypothetical in nature, does not reflect actual investment results, and does not guarantee future returns. Hypothetical illustrations are offered to illustrate the yield expected from classes of securities and do not reflect actual securities available for investment. Estimates of current yield are generated from indexes and other information deemed by the adviser to provide a reliable estimate of the current yield available from investments in that asset class. Securities indices are unmanaged and investments cannot be made directly in an index. Yield assumptions were developed with the benefit of hindsight and the securities purchased for such an account may generate more or less than the illustrated yield.

Investment advisory services provided by Meeder Public Funds, Inc.

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