

Memorandum



DATE May 23, 2025

CITY OF DALLAS

Honorable Members of the Government Performance and Financial Management
TO Committee: Chad West (Chair), Paula Blackmon (Vice Chair), Cara Mendelsohn, Jesse
Moreno, Jaime Resendez

SUBJECT **Quarterly Investment Report – 2nd Quarter FY2024-25**

Please find attached the Quarterly Investment Report for the 2nd quarter of FY 2024-25, ending March 2025. The report was prepared by the City's Investment Advisor, Meeder Public Funds ("Meeder") and presented to the City's Investment Committee on May 5, 2025. This report was 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 13, 2024. The City's Investment Policy was awarded the Certificate of Distinction by the Government Treasurers' Organization of Texas (GTOT). The certificate is valid for a two-year period, ending on February 28, 2027.

The Quarterly Investment Report provides information on the performance of the City's Operating portfolio. As of March 31, 2025, the Operating portfolio's balance was **\$4,674,816,533**, which produced actual earnings of **\$49,555,452** for this quarter. The Operating portfolio has a weighted average yield of **4.25%** and a weighted average maturity of **1.99** years.

Portfolio Summary – Investment Pool

As of 3/31/2025

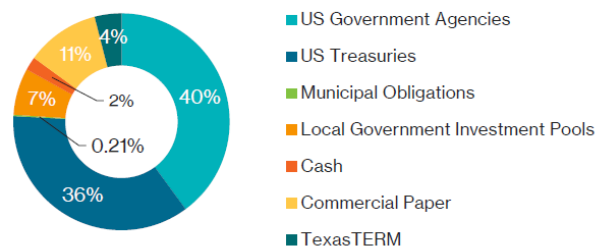
Your Portfolio

Cash	\$426,370,158
Securities Book Value	\$4,248,446,375
Total Portfolio Book Value	\$4,674,816,533

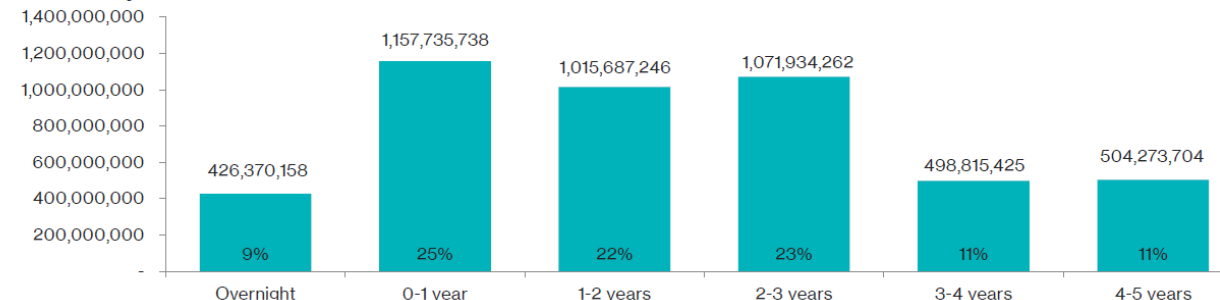
Your Securities

Weighted Average Maturity	1.99 years
Weighted Average Yield	4.25%
Quarterly Interest Earnings	\$49,555,452
Year-to-Date Earnings	\$92,247,258

Your Asset Allocation



Your Maturity Distribution

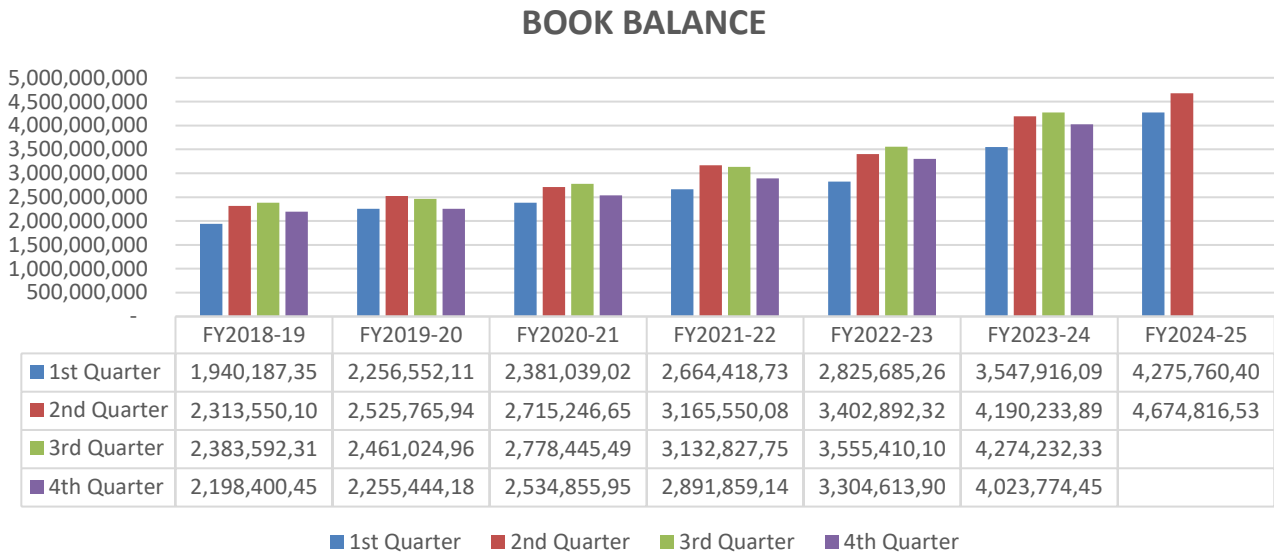


YIELD AND INTEREST INCOME INFORMATION IS ANNUALIZED. ALL YIELD INFORMATION IS SHOWN GROSS OF ANY ADVISORY AND CUSTODY FEES AND IS BASED ON YIELD TO MATURITY AT COST. PAST PERFORMANCE IS NOT A GUARANTEE OF FUTURE RESULTS.

"Service First, Now!"
Connect – Collaborate – Communicate

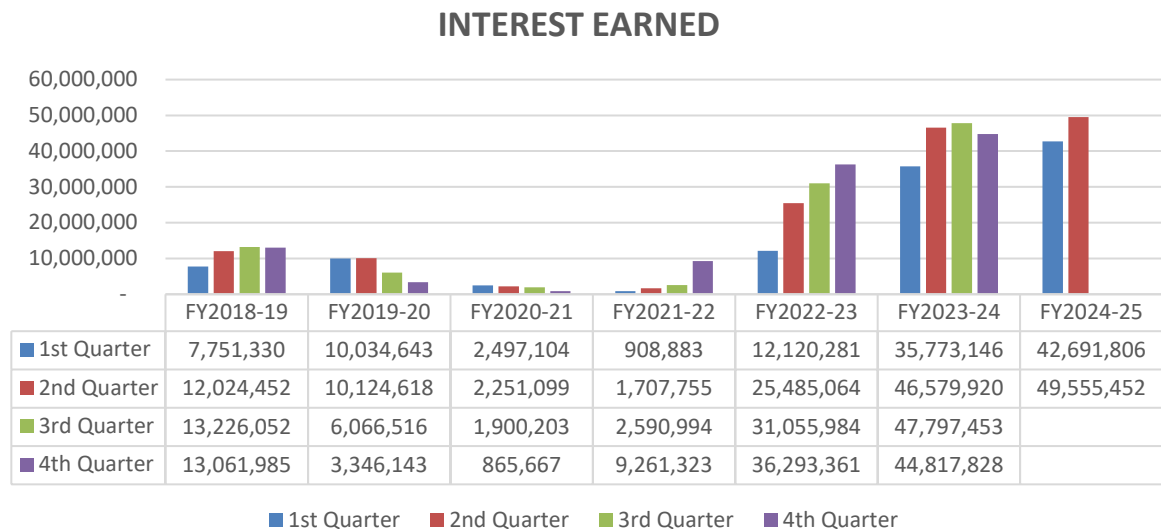
Book Balance

The City’s overall balances continue to trend higher over the past 6 fiscal years. Compared with last quarter, book balance for the 2nd quarter of FY 2024-25 increased from \$4,275,760,406 to \$4,674,816,533.



Interest Earned

Interest earned for the 2nd quarter of FY 2024-25 reached the highest level of the last 6 fiscal years at \$49,555,452, making a 13.85% increase compared with last quarter.



Asset Composition

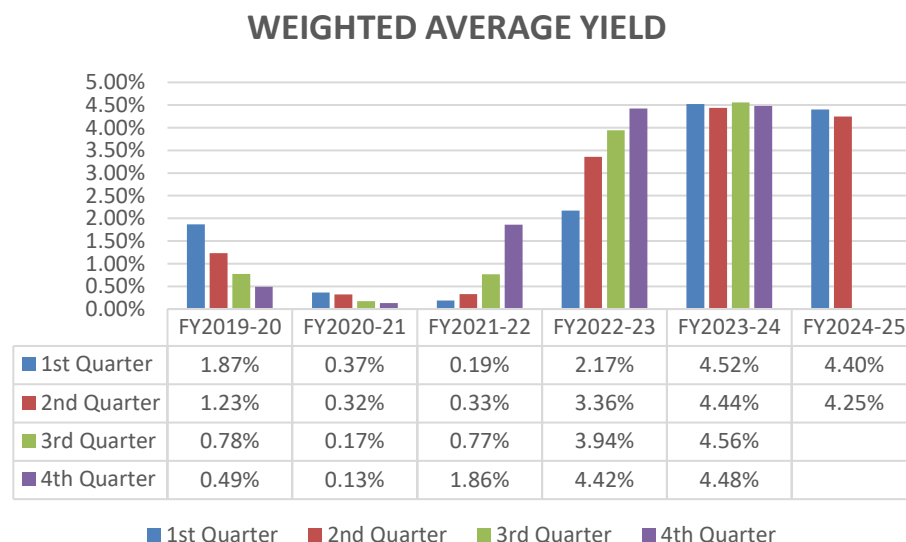
To ensure the ability of the City to meet obligations and to minimize potential liquidation losses, Section 13.0 of the City's Investment Policy establishes the appropriate diversification of assets and the maximum maturity of each investment category. Safety of principal is the primary objective of the City's Investment Policy, and adequate diversification of assets helps us mitigate credit risk.

Following this guidance, the asset composition for the 2nd quarter for FY 2024-25 included treasuries, agencies, commercial paper, and municipal obligations which were maintained within approved levels, while reducing our liquid position in the areas of cash, and money market.

Asset Composition – Q2	FY2019-20	FY2020-21	FY2021-22	FY2022-23	FY2023-24	FY2024-25
Cash & Equivalents	7.16%	3.51%	0.31%	0.04%	0.00%	2.17%
Money Market	13.03%	2.68%	1.24%	0.10%	0.08%	0.07%
LGIPs	44.01%	32.07%	22.13%	11.58%	14.26%	11.16%
Commercial Paper	0.00%	0.00%	0.00%	7.58%	11.82%	10.64%
Municipal Obligations	0.00%	0.00%	0.00%	0.29%	0.24%	0.21%
U.S. Government Agencies	26.31%	53.34%	68.85%	54.57%	44.51%	40.07%
U.S. Treasury Securities	9.49%	8.40%	7.47%	25.84%	29.09%	35.67%

Weighted Average Yield

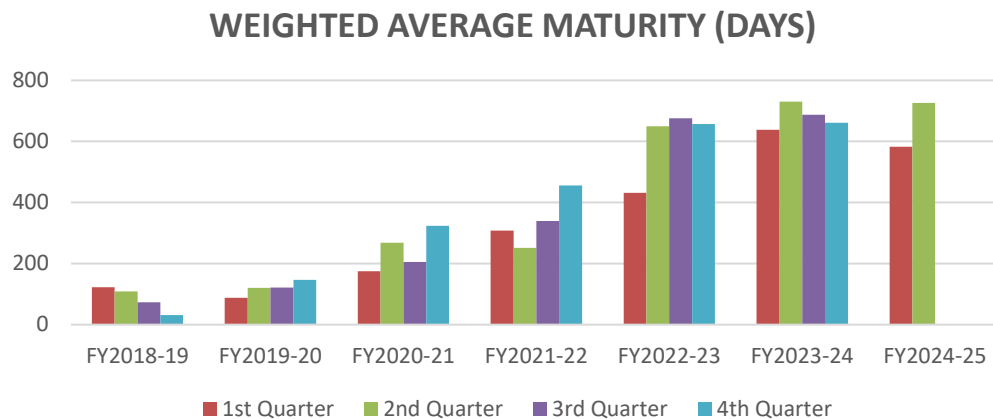
The portfolio's weighted average yield for the 2nd quarter of FY 2024-25 decreased slightly from **4.40% to 4.25%.**



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Weighted Average Maturity (“WAM”)

Weighted Average Maturity (“WAM”) is the average time it takes for securities in a portfolio to mature, weighted in proportion to the dollar amount that is invested in the portfolio. The portfolio’s WAM is determined by cash flow demands, interest rate outlook and the overall size of the portfolio. As of March 31, 2025, the portfolio’s WAM increased from **583 days** to **726 days**.



In addition to the performance of the portfolios, the Quarterly Investment Report includes an Executive Summary, an Economic Update including regional economic information, and 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

[Attachment]

c: Honorable Mayor and Members of the City Council
Kimberly Bizzor Tolbert, City Manager
Tammy L. 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
Elizabeth Saab, Chief of Strategy, Engagement, and Alignment (I)
Directors and Assistant Directors



City of Dallas

Quarterly Investment Report

PRESENTED BY:

SCOTT GRUBER, CMT – DIRECTOR, ADVISORY SERVICES

MARCH 31, 2025



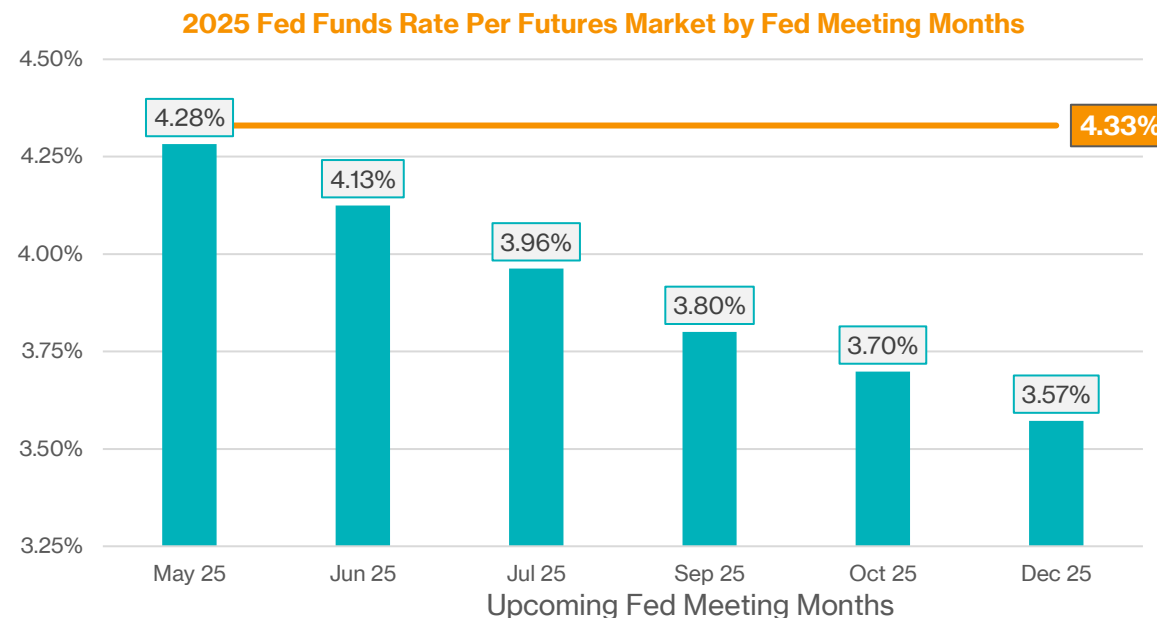
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Economic Update

OBSERVATIONS AND EXPECTATIONS

- Market participants are expecting about three Federal Reserve rate cuts for 2025
- Fed Chair Powell recently stated that the labor market is stable
- The Fed's preferred inflation gauge remains above their target
- Short-term and intermediate-term interest rates slightly lower for March
- Tarriff concerns continue to weigh on the markets with fears of global economic recessions increasing

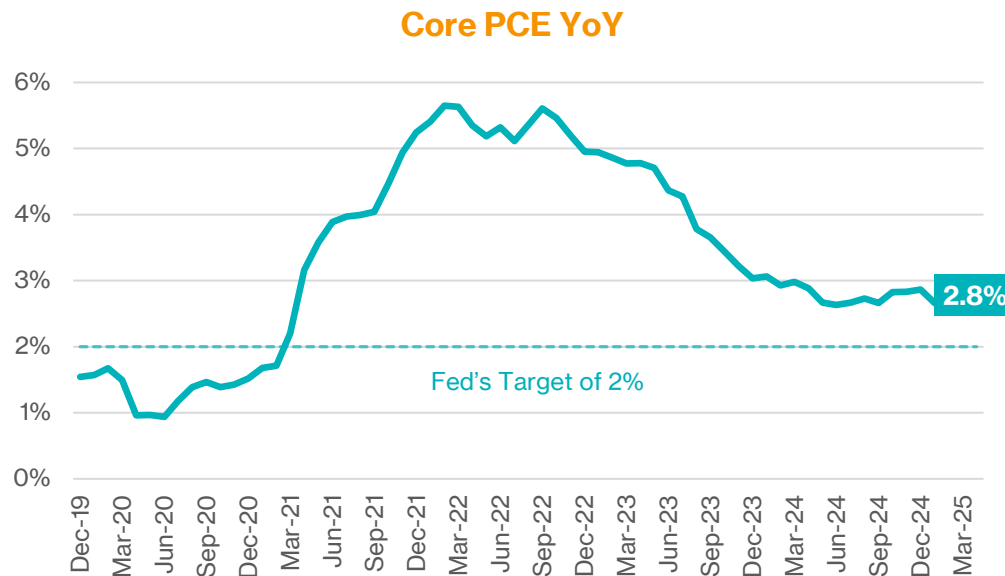
- The Federal Reserve expressed at their most recent meeting (March) they plan to cut the Fed Funds rate by .50% this year.
- At the end of March, the futures market was pricing in about .75% of cuts this year.



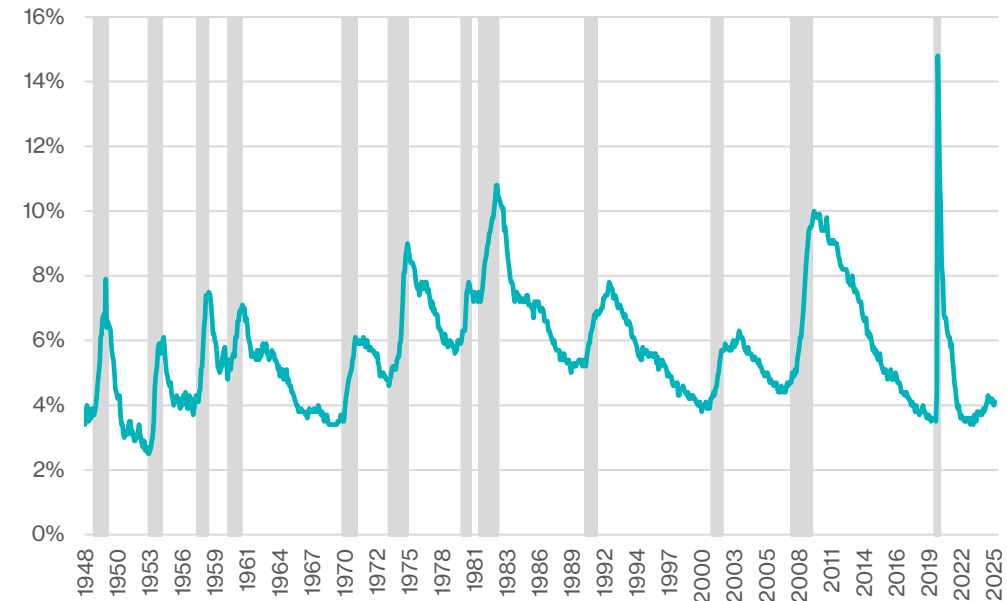
SOURCE: BLOOMBERG AS OF 3/31/25

- The current rate of 4.1% is an extremely low rate of unemployment by historical standards.
- Fed Chair Powell recently stated that the labor market remains solid, with their estimate of the unemployment rate trending only slightly higher to 4.4% this year.

SOURCES: BLOOMBERG, BUREAU OF LABOR STATISTICS



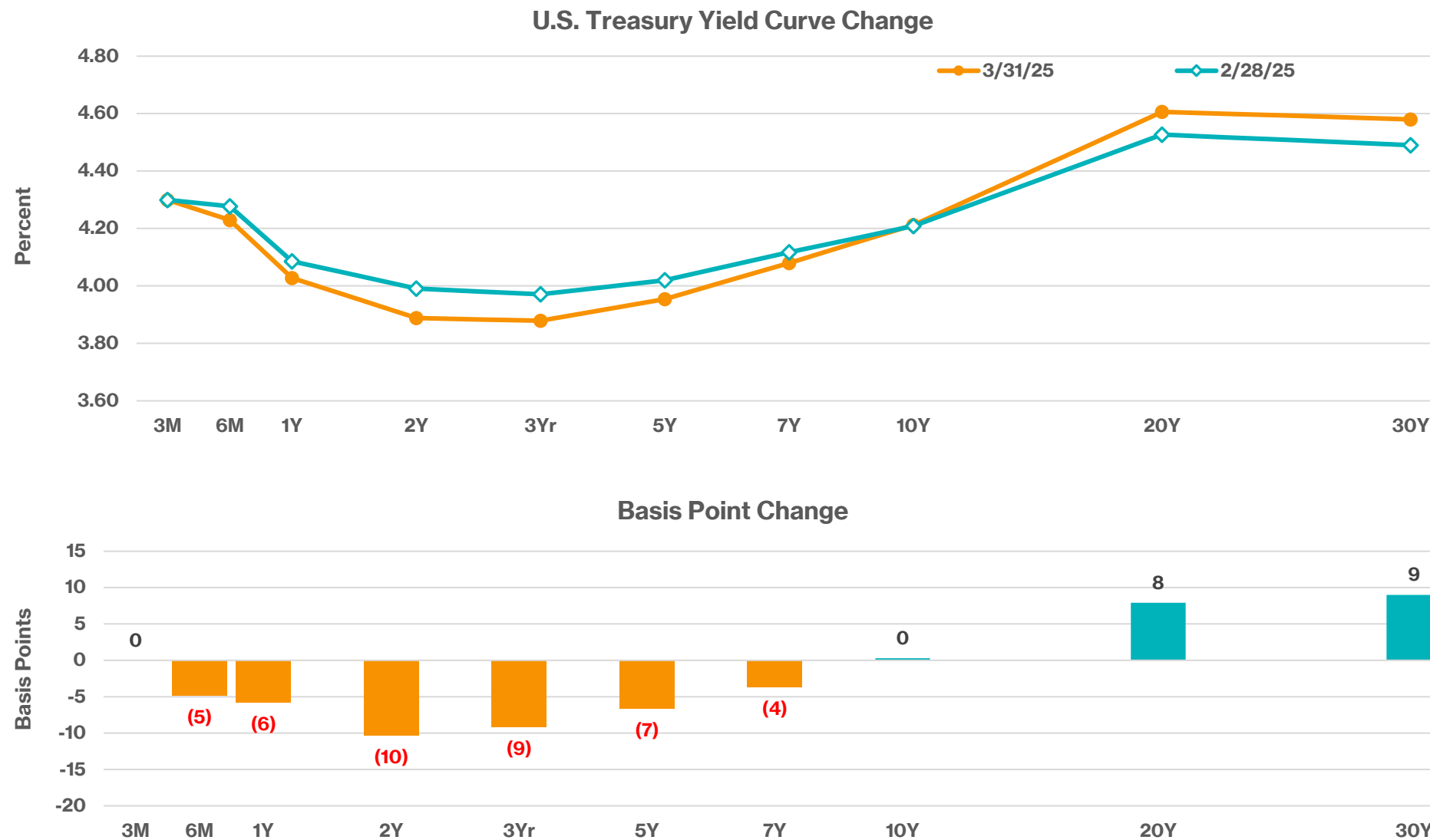
U.S. Unemployment Rate



- Core Personal Consumption Expenditure YoY is the Fed's preferred inflation gauge. Core excludes food and energy components.
- Core PCE YoY is currently at 2.8%, not quite at the Fed's 2% target, but far below the 5.6% peak in 2022.
- Economists surveyed by Bloomberg expect Core PCE YoY will stay above the Fed's target and finish the full year of 2025 at 2.5%.

SOURCES: BLOOMBERG, BUREAU OF ECONOMIC ANALYSIS

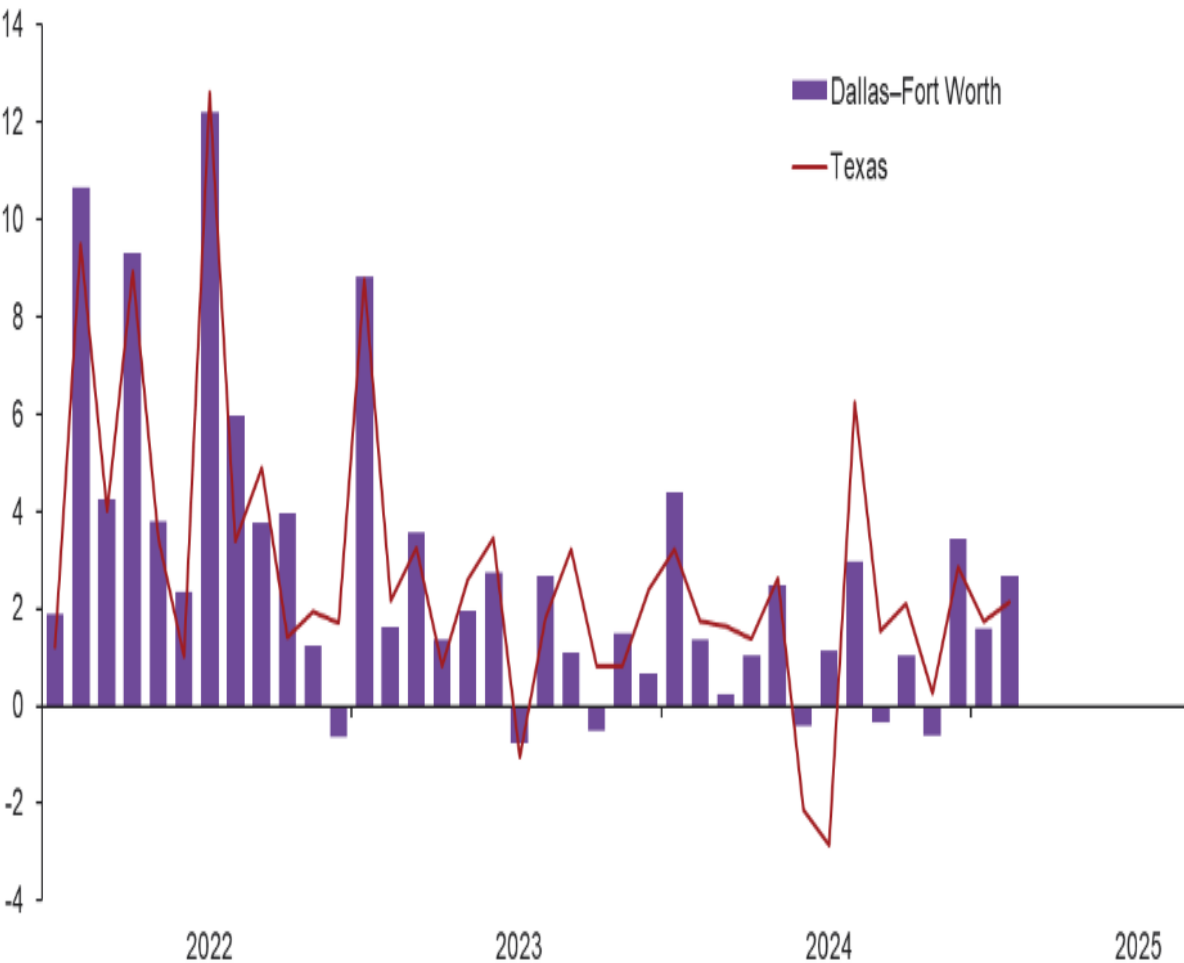
Treasury Rates Were Mixed for the Month of March



Regional Economic Information

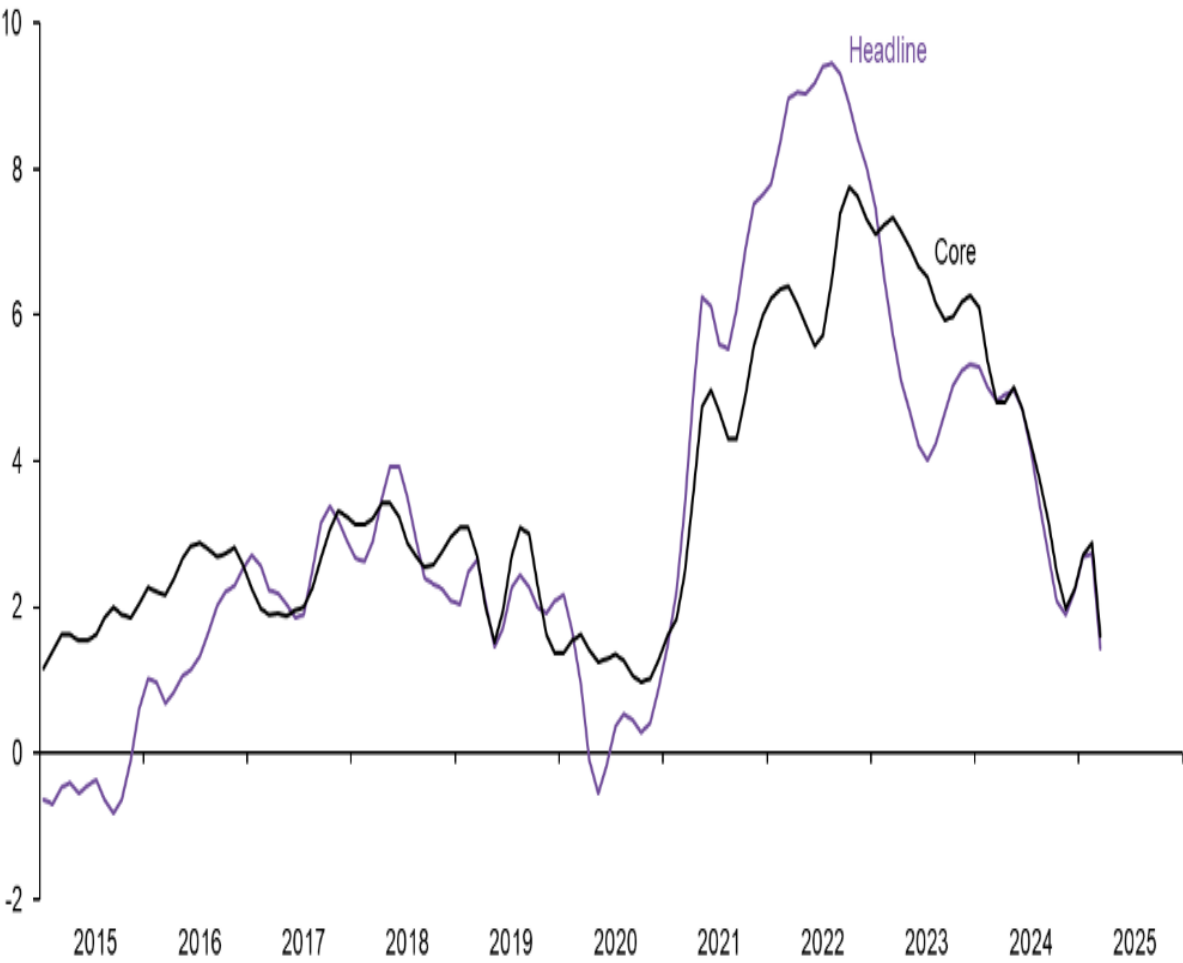
Employment growth

Month/month percent change, annualized



Dallas consumer price indexes

Percent change, year/year



SOURCE: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by the Dallas Fed.



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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 December 31, 2024		Portfolio as of March 31, 2025	
Beginning Book Value	\$4,423,684,160	Ending Book Value	\$4,822,740,287
Beginning Market Value	\$4,408,213,409	Ending Market Value	\$4,836,467,170
		Investment Income for the period	\$51,172,447
Unrealized Gain/(Loss)	(\$15,470,751)	Unrealized Gain/(Loss)	\$13,726,883
		Change in Unrealized Gain/(Loss)	\$29,197,634
Weighted Average Maturity	568 days	Weighted Average Maturity	709 days
Weighted Average Yield	4.40%	Weighted Average Yield	4.25%

Portfolio Summary – Investment Pool

As of 3/31/2025



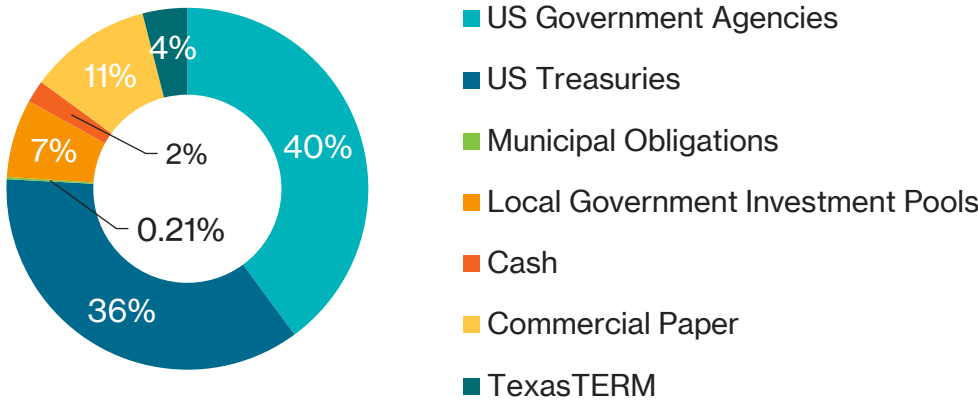
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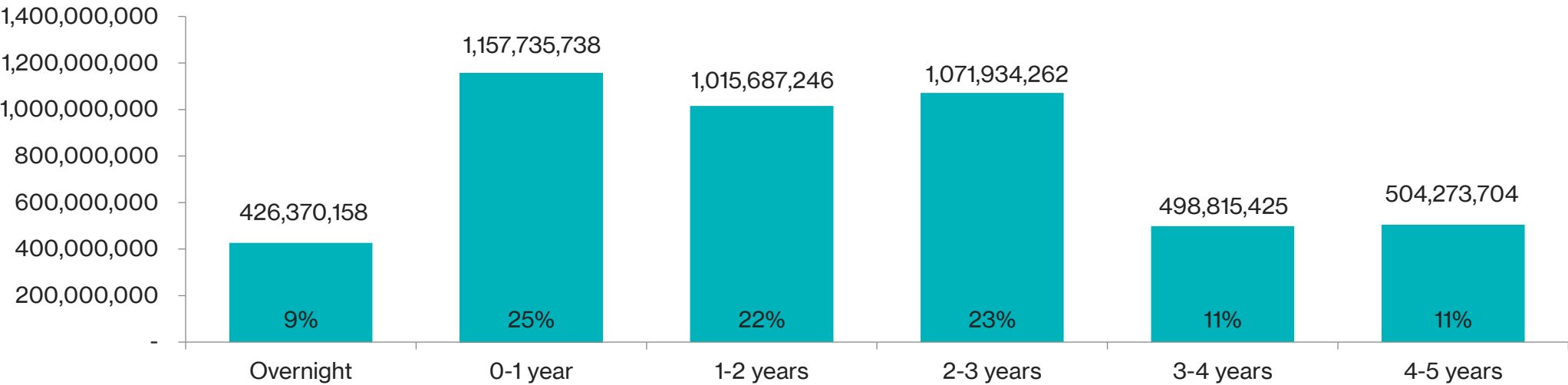
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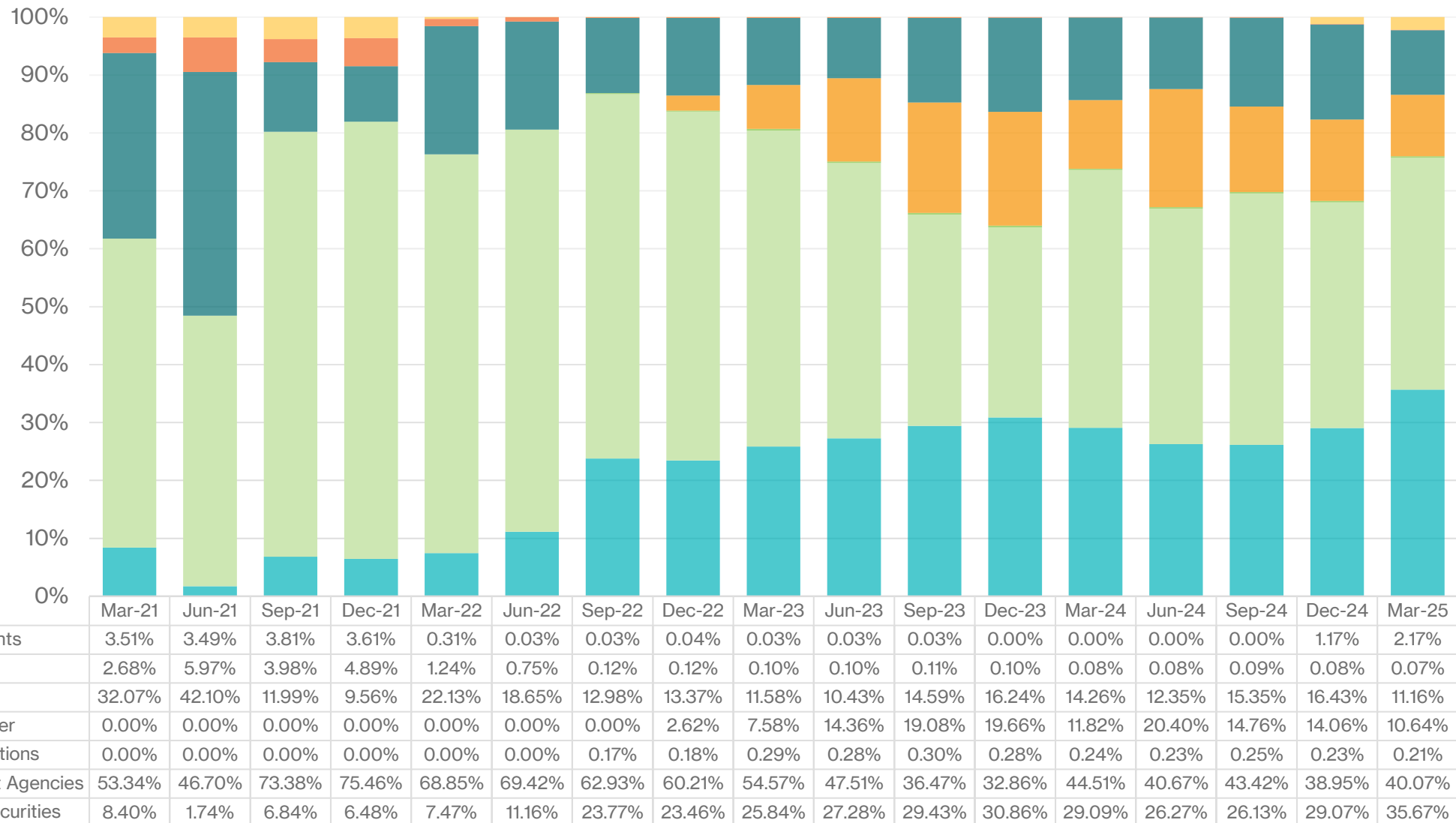


Your Maturity Distribution

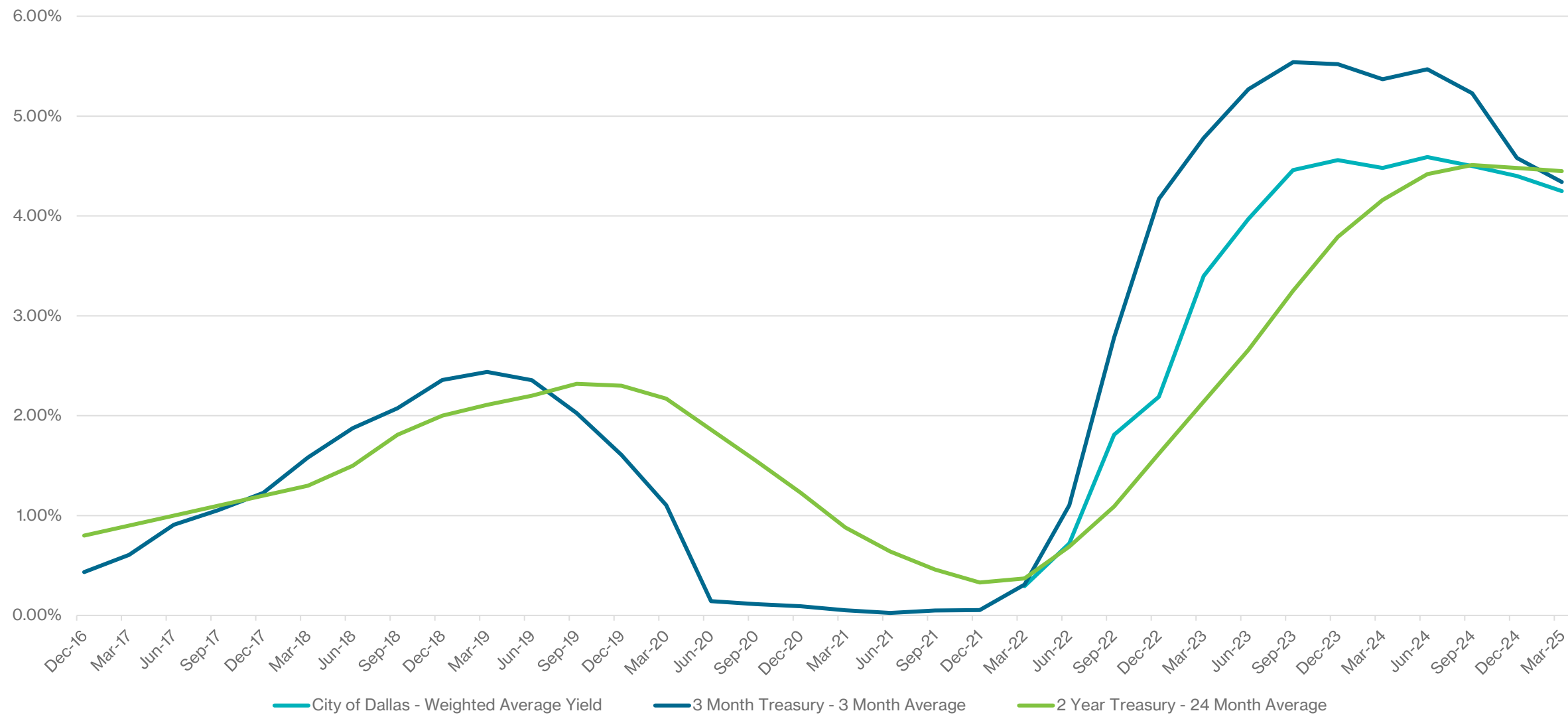


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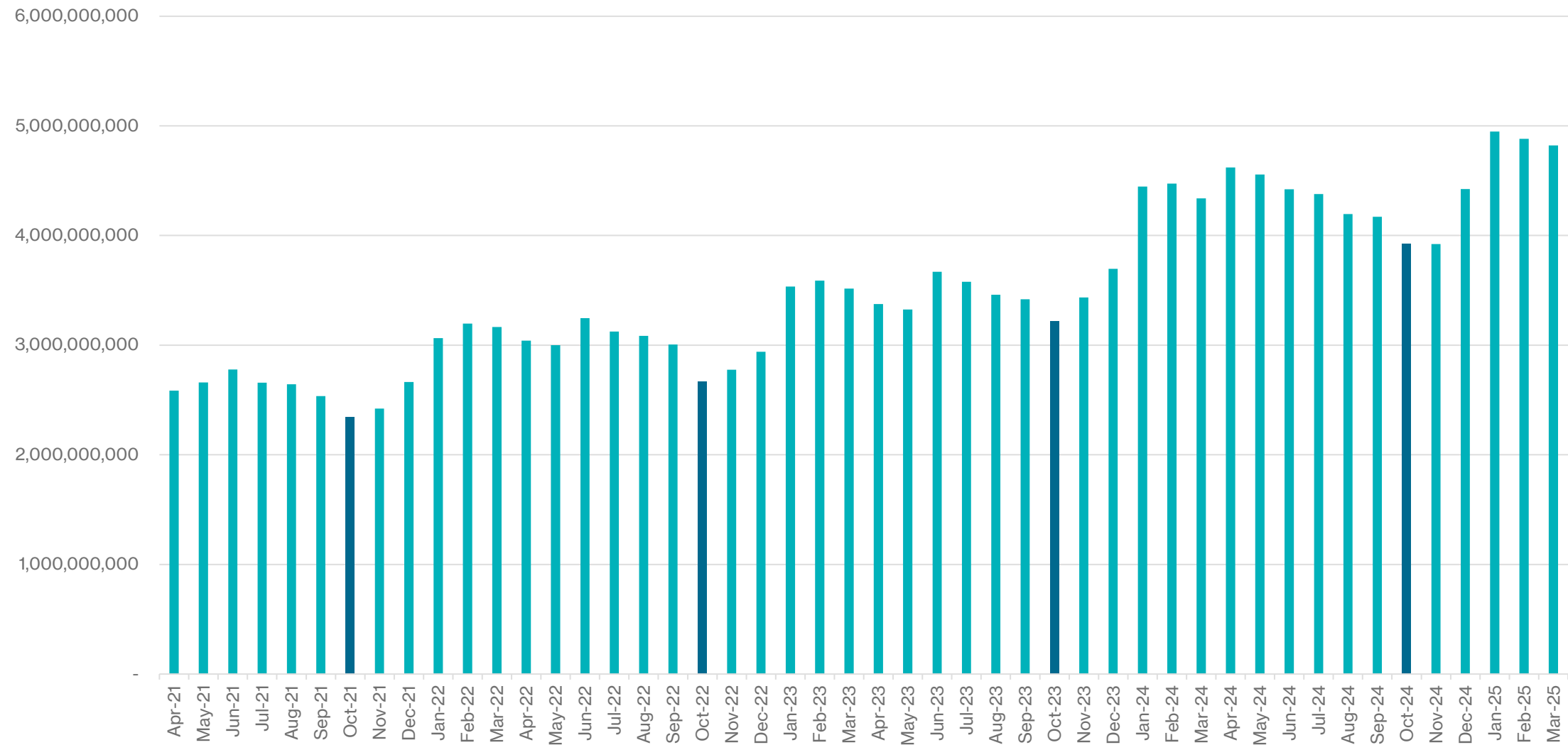
Asset Composition



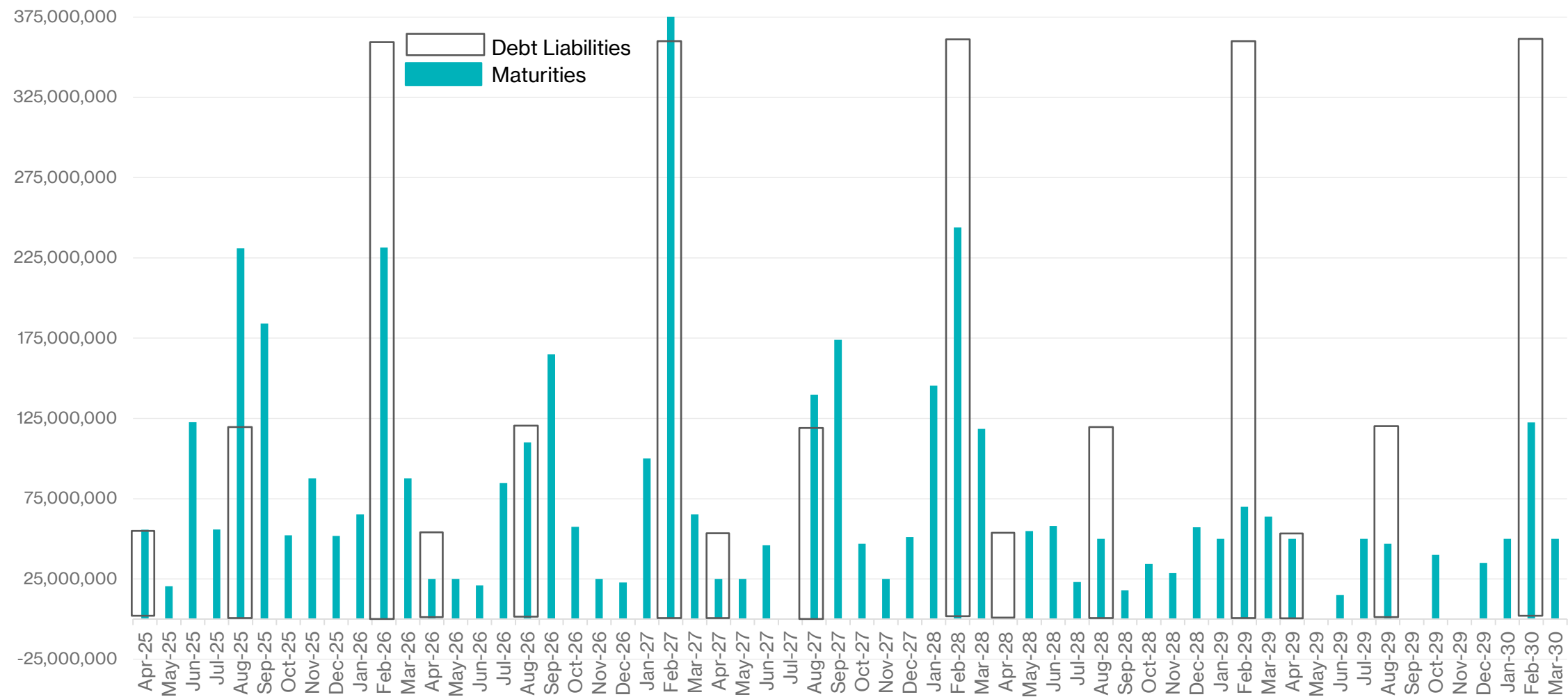
Investment Portfolio Statistics– All Funds



Historical Balances – Book Value



Maturity Distributions



Compliance Certification



The undersigned have acknowledged that they have reviewed this quarterly investment report for the period ending March 31, 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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