



RICHARDSON, TX

FINANCE

2nd Quarter Investment Report
(For the Quarter Ended March 31, 2023)
Fiscal Year 2022-23
City of Richardson, Texas

Investment Report Overview Quarter Ending March 31, 2023

Portfolio Balance

The Market Value of the City’s Investment Portfolio as of March 31, 2023 was \$356,476,039.

The City of Richardson maintains portfolios which utilize four specific investment strategy considerations designed to address the unique characteristics of the fund groups represented in the portfolios (Article XIII of the City’s Investment Policy). The four portfolios are Operating, Bond Proceeds and Capital Projects, Deposit, and Debt Service. More information on the funds and fund groups in each portfolio can be found on page 8 of this report.

Investment and Interest Rate Information

The Federal Open Market Committee (FOMC), a committee of the Federal Reserve Board, raised the target range for the federal funds rate at its March 22 and May 3, 2023 meetings from the prior quarter’s level of between 4.5% to 4.75% to the current target range of 5.0% to 5.25%. Rates last exceeded this current target range in February 2001, and the pace of rate changes has not been seen since 1994. Rapid increases in the federal funds rate result in securities previously purchased having a discounted market value to compensate for the higher interest rates. Although the City’s market value of securities is lower than the book value as reported on page 7, the City will receive full value for securities held to their maturity. The investment portfolio is structured so that all securities are held to maturity through staggering the maturities of the securities purchased and keeping adequate liquidity in pooled investments.

The FOMC is strongly committed to reducing inflation and will continue to monitor the implications of incoming information for the economic outlook. The FOMC will consider the cumulative tightening of monetary policy to determine whether additional policy firming may be appropriate to reduce inflation to its 2 percent objective.

The portfolio yield was 3.92%, which is below the 4.63% 91-day Treasury Bill benchmark. The City should outpace the benchmark as older-yielding securities mature, and the City is able to replace them with securities yielding at or above the benchmark, thereby increasing the total portfolio yield.

Investment Type	Yield
Total Portfolio	3.92%
Securities	3.54%
Money Market Mutual Funds and Local Investment Pools	4.64%
<i>Reference: Benchmark 91-day Treasury Bill</i>	4.63%

The City has focused on preserving the safety of the investment portfolio while trying to keep a balance between maintaining adequate liquidity for ongoing operations and the ability to earn interest. The City continues to invest in U.S. Agency Securities, U.S. Treasury Notes, money market funds and local government investment pools which invest only in U.S. Treasuries and Agencies. The City requires that bank deposits are fully collateralized with Obligations, including letters of credit, of the United States or its agencies and instrumentalities. The portfolio contains a mix of investments in money market funds and local government investment pools for funds that will be used in the short term, and direct investments in Treasury and Agency Securities for funds that will be used in the future.

Earnings

Total interest earned on the City’s investments for the quarter was \$3,165,747. As interest rates have risen sharply, yields for investment pools and money market funds have adjusted, resulting in greater earnings during the quarter for the City’s liquid investments compared to prior years. Also, securities purchased during the quarter have had higher yields. The interest by Portfolio is listed in the chart below.

Portfolio	Interest 1st Quarter	Interest 2nd Quarter	Interest 3rd Quarter	Interest 4th Quarter	Interest YTD
Operating	\$ 934,637	\$ 1,518,355			\$ 2,452,992
Bond Proceeds & Capital Projects	955,829	1,547,943			2,503,772
Debt Service	23,831	79,387			103,218
Deposit	12,104	20,062			32,166
Total	\$ 1,926,401	\$ 3,165,747			\$ 5,092,148

Additional information on interest earned can be found on page 8 of this report.

Abbreviations

Throughout this report, the following common abbreviations are used for securities which are held in the City’s Portfolio.

Abbreviation	Official Name
FFCB	Federal Farm Credit Bank
FHLB	Federal Home Loan Bank
FNMA	Federal National Mortgage Association
T-Note	U.S. Treasury Note

**City of Richardson, Texas
Investment Report
Investment Officers Signature Page
Quarter Ending March 31, 2023**

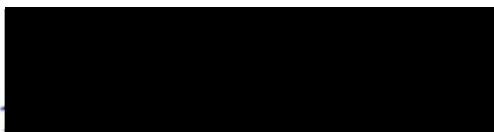
This report is in compliance with the investment strategy as established in the City's Investment Policy and the Public Funds Investment Act, Chapter 2256, Texas Government Code.

Prepared on: May 9, 2023

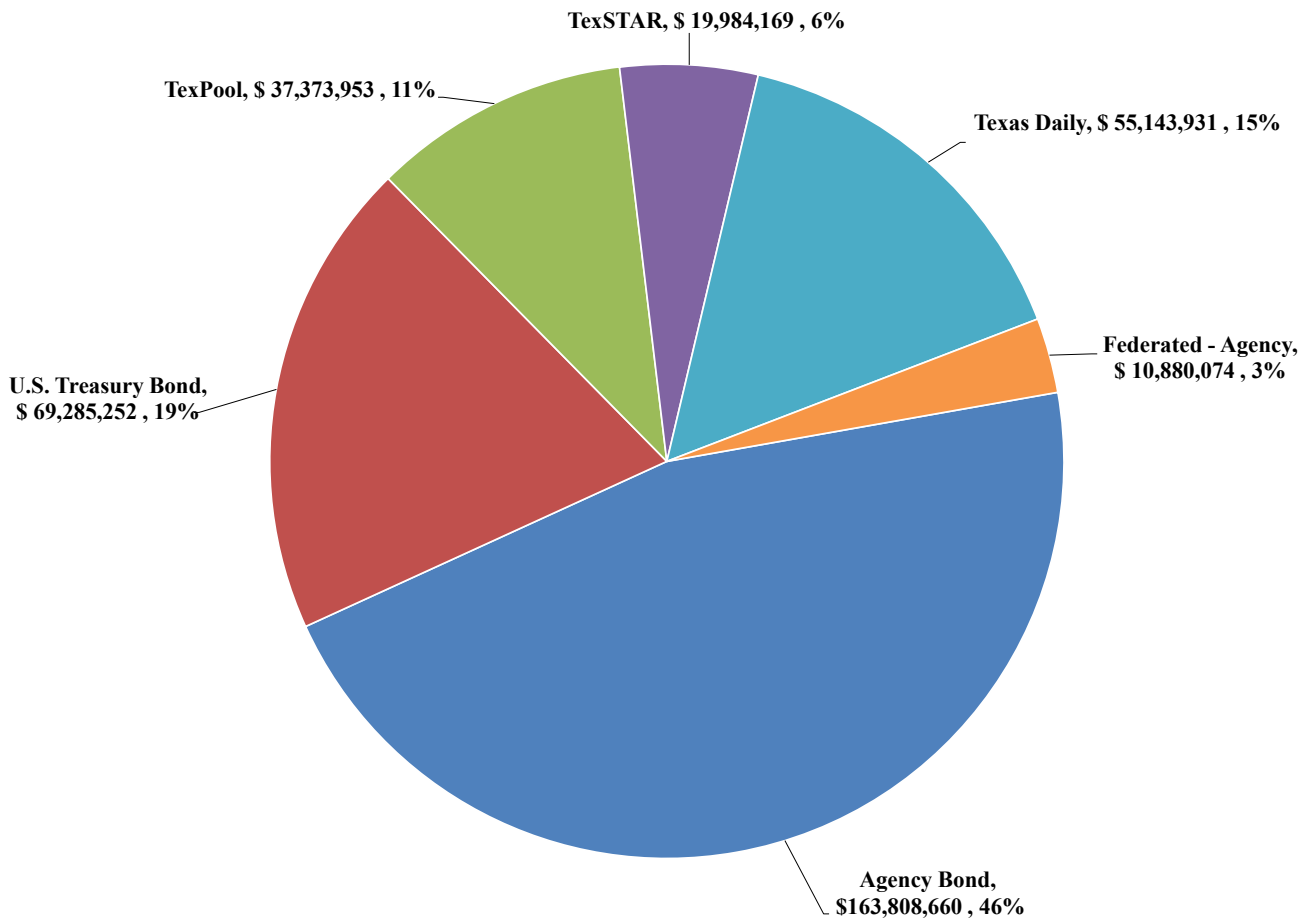

Kent Pfeil
Chief Financial Officer


Keith Dagen
Director of Finance

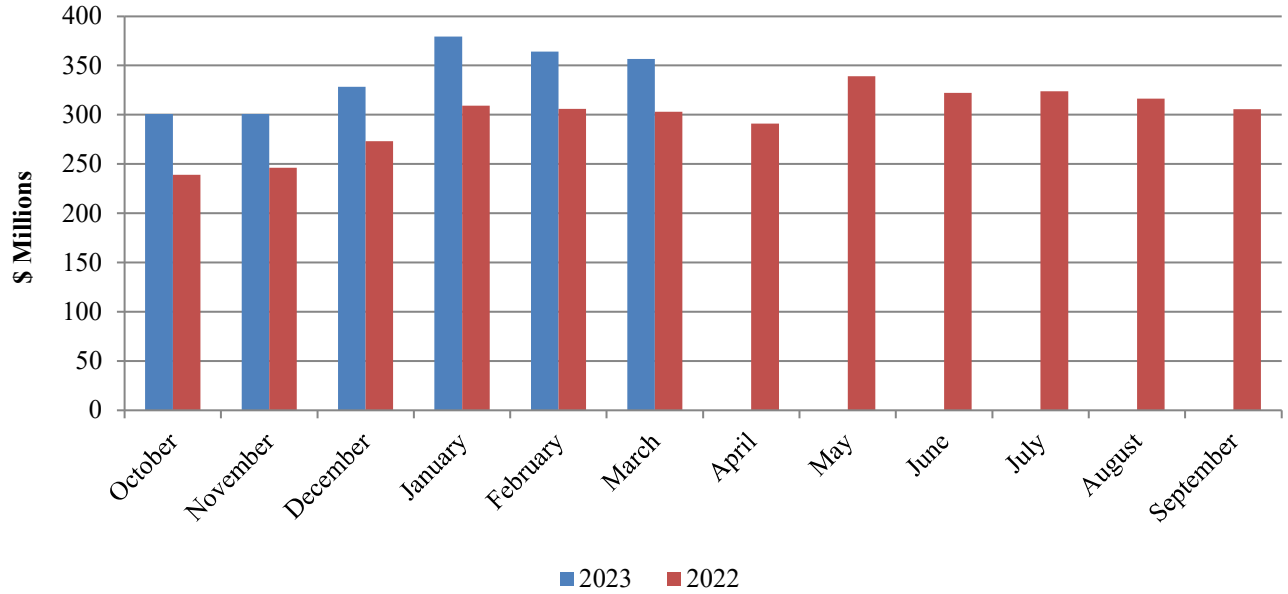

Todd Gastorf
Assistant Director of Finance


Herman Chavez
Controller

**Securities by Type
As of March 31, 2023
\$356,476,039**



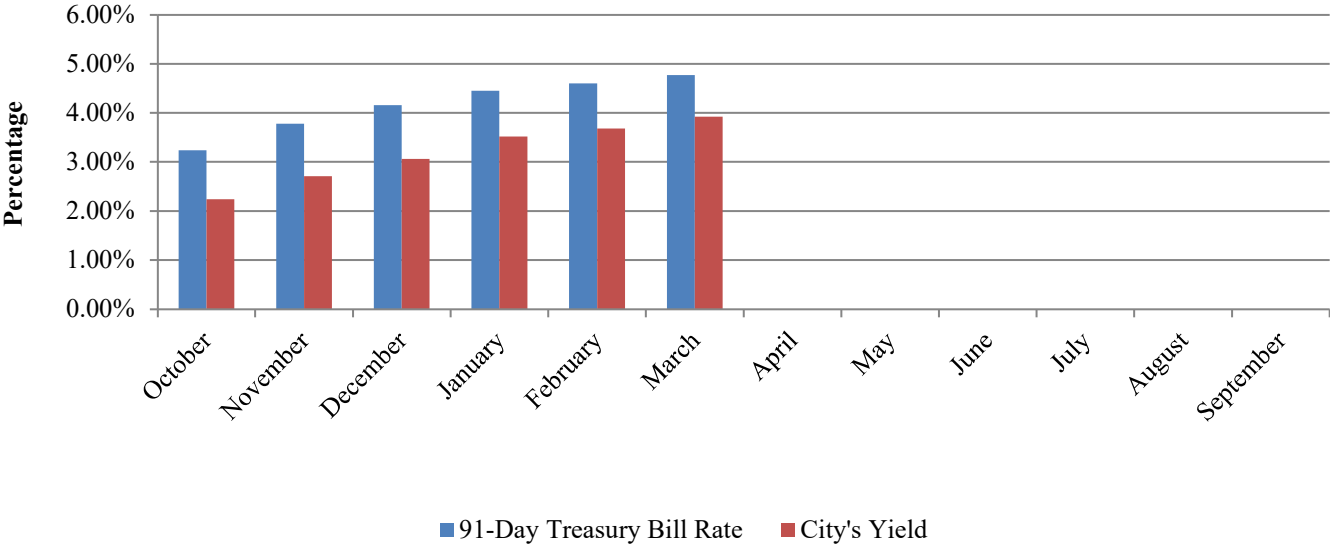
Investment Portfolio Balance Fiscal Year 2023



Weighted Average Maturity Total Portfolio Fiscal Year 2023



Comparison of the City's Yield to the 91-day Treasury Bill Rate Fiscal Year 2023



City of Richardson Investment Report
Schedule of Investments by Source of Funds

March 31, 2023

U.S. Treasury and Agency Securities										
Source of Funds	Type	Issue	Purchase Date	Maturity Date	# of Days	Market Value	Book Value	Yield	Callable	Purchased From
Bond Proceeds	U.S. Treasury Bond	T-Note	10/17/22	04/13/23	178 days	4,993,618	4,993,069	4.31%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	10/17/22	04/13/23	178 days	4,993,618	4,993,069	4.31%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	10/15/21	04/15/23	547 days	5,292,547	5,300,005	0.25%	N/A	Goldman Sachs
Bond Proceeds	U.S. Treasury Bond	T-Note	12/16/21	04/15/23	485 days	4,992,969	4,999,581	0.47%	N/A	Wells Fargo
Bond Proceeds	Agency Bond	FHLB	05/31/22	05/12/23	346 days	4,984,705	5,000,361	2.06%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	12/03/21	05/31/23	544 days	4,962,500	4,997,188	0.47%	N/A	Royal Bank of Canada
Operating	U.S. Treasury Bond	T-Note	12/17/21	06/15/23	545 days	4,953,906	4,997,220	0.52%	N/A	Wells Fargo
Operating	Agency Bond	FHLB	06/23/22	06/23/23	365 days	4,978,085	5,000,000	2.50%	N/A	Piper Sandler
Bond Proceeds	Agency Bond	FFCB	07/01/22	06/26/23	360 days	4,963,455	4,985,683	3.00%	N/A	Royal Bank of Canada
Bond Proceeds	Agency Bond	FFCB	07/15/22	07/11/23	361 days	4,973,180	4,997,658	3.17%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	12/10/21	07/15/23	582 days	4,933,594	4,993,778	0.56%	N/A	Goldman Sachs
Bond Proceeds	Agency Bond	FHLB	01/26/23	07/20/23	175 days	4,928,670	4,927,887	4.81%	N/A	Piper Sandler
Operating	Agency Bond	FHLB	01/26/23	07/20/23	175 days	4,928,670	4,927,887	4.81%	N/A	Piper Sandler
Operating	U.S. Treasury Bond	T-Note	01/10/22	08/15/23	582 days	4,914,063	4,988,336	0.75%	N/A	Goldman Sachs
Bond Proceeds	Agency Bond	FFCB	08/31/22	08/18/23	352 days	9,936,930	9,989,730	3.52%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	01/10/22	09/15/23	613 days	4,898,438	4,985,133	0.78%	N/A	Goldman Sachs
Bond Proceeds	Agency Bond	FFCB	09/30/22	09/29/23	364 days	4,879,235	4,894,549	4.29%	N/A	TD Securities
Operating	U.S. Treasury Bond	T-Note	01/18/22	10/15/23	635 days	4,878,125	4,980,736	0.84%	N/A	Goldman Sachs
Bond Proceeds	Agency Bond	FHLB	10/31/22	10/23/23	357 days	9,730,700	9,747,648	4.54%	N/A	UBS
Operating	U.S. Treasury Bond	T-Note	01/18/22	11/15/23	666 days	4,861,719	4,981,269	0.86%	N/A	Wells Fargo
Bond Proceeds	Agency Bond	FHLB	11/30/22	11/30/23	365 days	14,996,130	14,995,998	4.92%	N/A	Royal Bank of Canada
Operating	Agency Bond	FHLB	11/30/22	11/30/23	365 days	4,998,710	4,998,666	4.92%	N/A	Royal Bank of Canada
Operating	Agency Bond	FFCB	06/15/22	12/01/23	534 days	9,717,400	9,813,236	3.36%	N/A	Wells Fargo
Bond Proceeds	Agency Bond	FHLB	12/15/22	12/15/23	365 days	9,989,430	9,999,416	4.76%	N/A	Wells Fargo
Bond Proceeds	Agency Bond	FHLB	01/09/23	01/03/24	359 days	4,994,355	4,994,846	4.89%	N/A	Wells Fargo
Operating	Agency Bond	FHLB	01/09/23	01/03/24	359 days	4,994,355	4,994,846	4.89%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	07/01/22	01/31/24	579 days	4,897,656	4,970,502	2.97%	N/A	Daiwa
Operating	U.S. Treasury Bond	T-Note	07/13/22	02/15/24	582 days	4,916,406	4,986,907	3.06%	N/A	Daiwa
Bond Proceeds	Agency Bond	FHLB	02/21/23	02/21/24	365 days	5,007,620	4,998,088	5.09%	N/A	Wells Fargo
Operating	Agency Bond	FHLB	09/16/22	02/28/24	530 days	4,940,505	4,976,724	4.15%	02/28/23	Wells Fargo
Operating	Agency Bond	FHLB	08/15/22	03/08/24	571 days	4,927,710	4,994,884	3.36%	N/A	Wells Fargo
Bond Proceeds	Agency Bond	FHLB	01/31/23	03/08/24	402 days	4,995,095	4,994,547	4.87%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	07/13/22	03/15/24	611 days	4,796,094	4,868,527	3.07%	N/A	Daiwa
Bond Proceeds	Agency Bond	FNMA	03/31/23	03/28/24	363 days	4,991,985	5,000,000	5.12%	06/28/23	Piper Sandler
Operating	Agency Bond	FNMA	03/31/23	03/28/24	363 days	9,983,970	10,000,000	5.12%	06/28/23	Piper Sandler
Operating	Agency Bond	FHLB	11/16/22	05/16/24	547 days	4,986,340	5,000,000	5.00%	05/16/23	UBS
Operating	Agency Bond	FHLB	12/15/22	06/14/24	547 days	5,012,410	5,015,581	4.60%	N/A	Piper Sandler
Operating	Agency Bond	FFCB	02/28/23	08/15/24	534 days	4,917,275	4,882,318	5.09%	N/A	Piper Sandler
Operating	Agency Bond	FHLB	01/31/23	09/13/24	591 days	10,051,740	10,030,846	4.65%	N/A	Key Bank
Total						\$ 233,093,912	\$ 234,196,719			

Money Market Funds and State Pools			
Source of Funds	Type	Market Value	Purchased From
Bond Proceeds & Capital Projects	State Pool	\$ 17,107,196	TexPool
Debt Service	State Pool	958,351	TexPool
Deposit	State Pool	534,879	TexPool
Operating	State Pool	18,773,526	TexPool
Bond Proceeds & Capital Projects	State Pool	9,147,363	TexSTAR
Debt Service	State Pool	512,439	TexSTAR
Deposit	State Pool	286,004	TexSTAR
Operating	State Pool	10,038,363	TexSTAR
Bond Proceeds & Capital Projects	State Pool	25,241,056	Texas Daily
Debt Service	State Pool	1,414,013	Texas Daily
Deposit	State Pool	789,195	Texas Daily
Operating	State Pool	27,699,667	Texas Daily
Bond Proceeds & Capital Projects	Money Market	4,980,141	Federated - Agency
Debt Service	Money Market	278,989	Federated - Agency
Deposit	Money Market	155,711	Federated - Agency
Operating	Money Market	5,465,233	Federated - Agency
Total		\$ 123,382,127	

Type	Market Value	Percentage
Securities		
Agency Bond	\$ 163,808,660	46.0%
U.S. Treasury Bond	69,285,252	19.4%
TexPool	37,373,953	10.5%
TexSTAR	19,984,169	5.6%
Texas Daily	55,143,931	15.5%
Federated - Agency	10,880,074	3.1%
Total Investments	\$ 356,476,039	100.0%

City of Richardson Investment Report

Schedule of Beginning and Ending Market Value and Interest Earned

March 31, 2023

Portfolio	Quarter Beginning Market Value	Quarter Ending Market Value	Interest Income Quarter	Interest Income YTD
Operating Portfolio				
General Fund	\$ 42,676,609	\$ 76,680,936	\$ 657,346	\$ 901,901
Special Police Funds	576,196	668,326	5,851	9,993
Municipal Court Building Security Fund	77,748	72,328	721	1,299
Technology Fund	263,830	235,918	2,259	4,142
Wireless 911 Fund	536,771	543,073	5,201	9,079
Municipal Jury Fund	1,823	1,852	17	31
Juvenile Case Manager Fund	118,621	116,051	1,115	1,983
Judicial Efficiency Fund	97,937	103,810	959	1,653
Federal Grants - American Recovery Plan Act	14,424,801	13,153,358	132,969	240,488
Hotel/ Motel Tax Fund	7,075,579	7,248,141	67,592	117,703
Tax Increment Financing Fund #1	11,364,817	16,319,992	147,510	231,293
Tax Increment Financing Fund #2	2,855,731	8,004,710	56,162	76,806
Tax Increment Financing Fund #3	541,812	1,415,989	10,580	14,493
Franchise PEG Fund	848,425	886,530	8,245	14,259
Drainage Fee Fund	2,507,980	2,702,933	24,699	43,279
Economic Development	6,076,130	5,934,538	56,804	99,165
Eisemann Endowment Fund	229,690	230,068	2,183	3,851
Water and Sewer Operating Fund	6,085,598	19,545,004	96,080	248,338
Water and Sewer Rate Stabilization Fund	2,999,647	2,995,147	28,471	50,072
Golf Fund	582,339	473,525	5,377	10,828
Solid Waste Services Fund	2,287,824	2,684,247	18,885	38,254
Central Services Fund	886,827	1,181,579	10,956	16,886
Insurance and Flexible Spending Fund	14,200,866	14,992,681	135,636	240,091
Tech Replacement Fund	4,535,261	4,441,548	42,736	77,105
Total Operating Portfolio	\$ 121,852,862	\$ 180,632,284	\$ 1,518,355	\$ 2,452,992

Bond Proceeds and Capital Projects Portfolio				
Capital Projects - Equipment Funds	\$ 2,798,737	\$ 2,491,536	\$ 25,708	\$ 43,064
Capital Projects - Major Projects Funds	61,607,523	53,933,455	546,968	914,041
Water and Sewer - Capital Project Funds	19,029,228	17,119,584	166,990	280,996
Solid Waste - Capital Projects Funds	1,081,924	507,064	5,599	11,897
Non-Bond Capital Projects:				
Special Projects Fund	39,926,384	44,143,980	379,058	583,595
Eisemann Center Capital Fund	570,228	574,050	5,393	8,620
Capital Equipment Replacement Fund	13,483,262	12,305,394	121,831	198,785
Golf Special Projects Fund	1,377,415	1,372,815	12,927	20,124
Street Rehabilitation Fund	9,652,615	8,782,379	87,266	139,712
Water Sewer Special Projects Fund	17,298,604	16,815,021	160,639	245,714
Solid Waste Special Projects Fund	3,992,464	3,728,676	35,564	57,224
Total Bond Proceeds & Capital Projects Portfolio	\$ 170,818,385	\$ 161,773,953	\$ 1,547,943	\$ 2,503,772

Debt Service Portfolio				
General Debt Service Fund	\$ 21,005,850	\$ 9,199,583	\$ 75,591	\$ 94,597
Water and Sewer Debt Service Fund	2,435,863	(1,375,263)	3,183	7,230
Solid Waste Debt Service Fund	468,737	(558,321)	612	1,391
Total Debt Service Portfolio	\$ 23,910,449	\$ 7,265,998	\$ 79,387	\$ 103,218

Deposit Portfolio				
Water and Sewer Deposit Fund	\$ 5,162,394	\$ 5,205,011	\$ 20,062	\$ 32,166
Total Deposit Portfolio	\$ 5,162,394	\$ 5,205,011	\$ 20,062	\$ 32,166

Total All Portfolios	\$ 321,744,090	\$ 354,877,246	\$ 3,165,747	\$ 5,092,148
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Note: Portfolio balances include (\$1,598,793) of cash in the bank on March 31, 2023. Negative cash is caused by the City writing checks that have not yet been presented for payment. The City accounts for these checks in its records but does not have to fund them until they are presented for payment.