



**RICHARDSON, TX**

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**FINANCE**

**4th Quarter Investment Report**  
*(For the Quarter Ended September 30, 2023)*  
**Fiscal Year 2022-23**  
**City of Richardson, Texas**

# Investment Report Overview Quarter Ending September 30, 2023

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## Portfolio Balance

The Market Value of the City’s Investment Portfolio as of September 30, 2023 was \$404,445,045.

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

At its November 1, 2023 meeting, the Federal Open Market Committee (FOMC), a committee of the Federal Reserve Board, decided to maintain the target range for the federal funds rate of between 5.25% to 5.5%. Rates last exceeded this current target range in January 2001, and the pace of rate changes these past two years has not been seen since the 1980s. 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 take into account 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 4.86%, which is below the 5.29% 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	4.86%
Securities	4.73%
Money Market Mutual Funds and Local Investment Pools	5.25%
<i>Reference: Benchmark 91-day Treasury Bill</i>	5.29%

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 \$5,128,744. 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	\$ 2,045,644	\$ 1,948,688	\$ 6,447,324
Bond Proceeds & Capital Projects	955,829	1,547,943	2,151,566	3,142,715	7,798,053
Debt Service	23,831	79,387	31,666	19,788	154,672
Deposit	12,104	20,062	20,336	17,553	70,055
Total	\$ 1,926,401	\$ 3,165,747	\$ 4,249,212	\$ 5,128,744	\$ 14,470,104

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

### Abbreviations

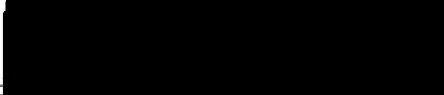
Throughout this report, the following common abbreviations are used for securities which are held in the City’s Portfolio.

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

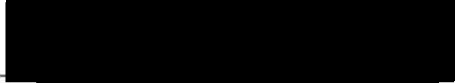
**City of Richardson, Texas**  
**Investment Report**  
**Investment Officers Signature Page**  
**Quarter Ending September 30, 2023**

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.

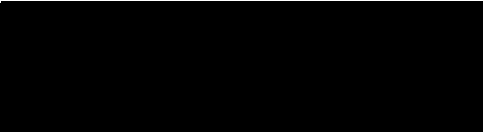
Prepared on: November 6, 2023



Kent Pfeil  
Chief Financial Officer



Anita Cothran  
Director of Finance

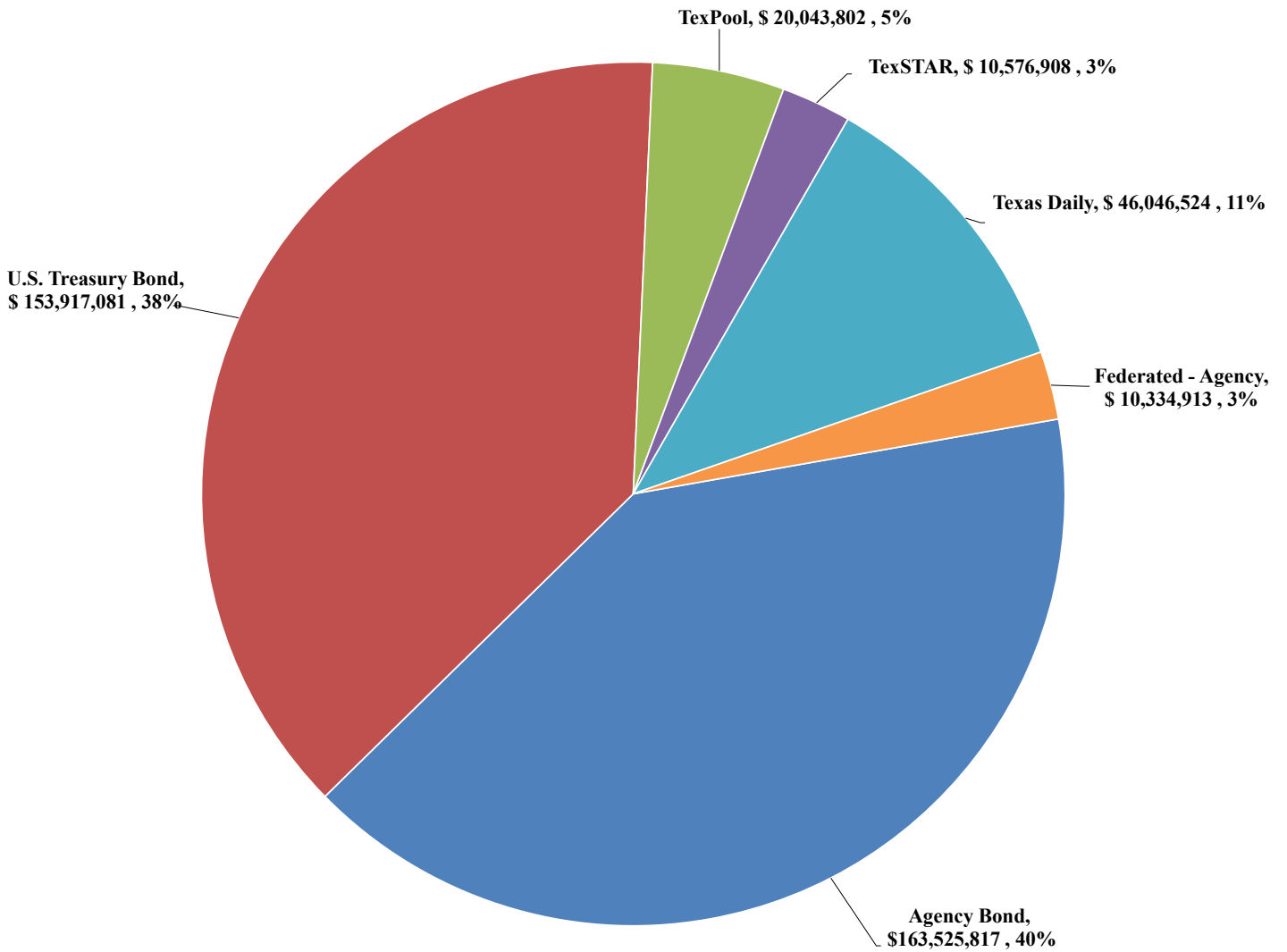


Todd Gastorf  
Assistant Director of Finance

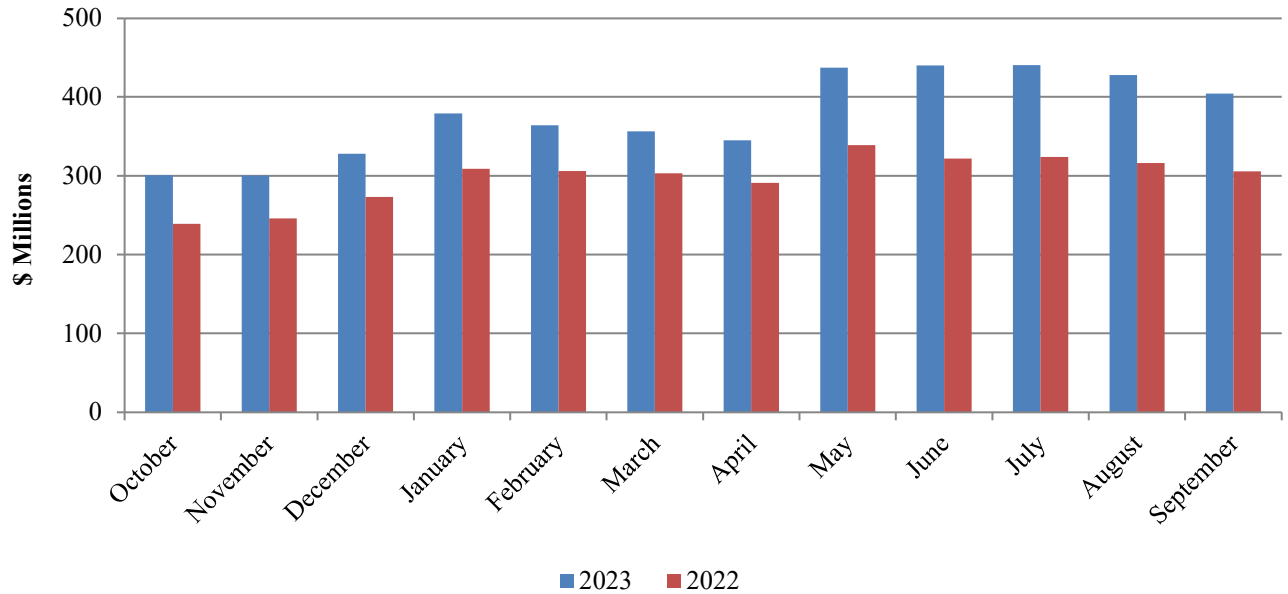


Herman Chavez  
Controller

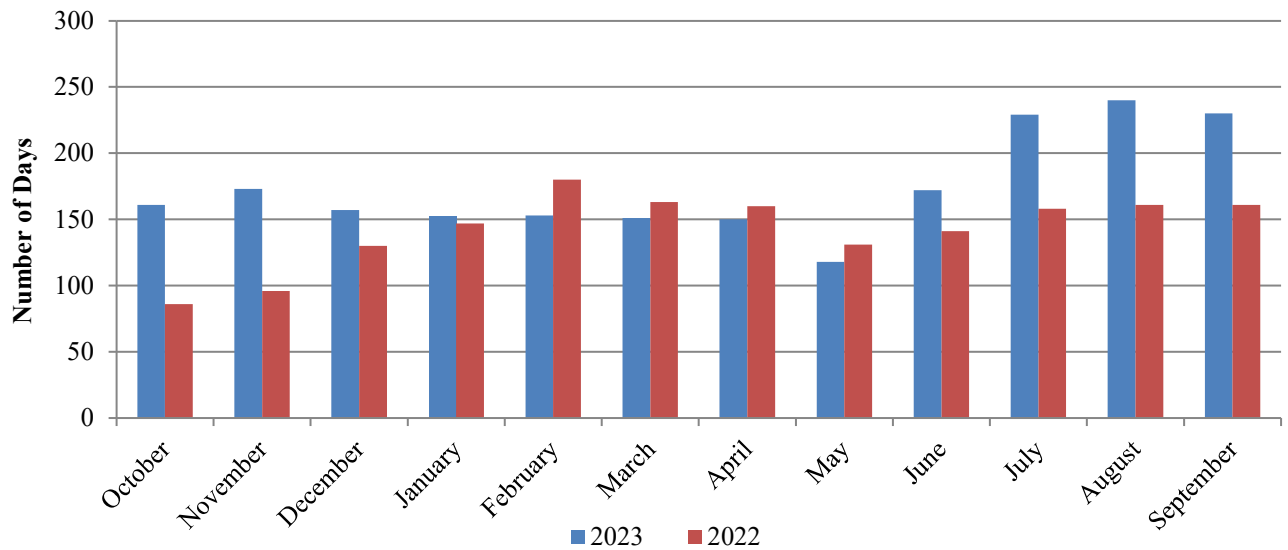
**Securities by Type  
As of September 30, 2023  
\$404,445,045**



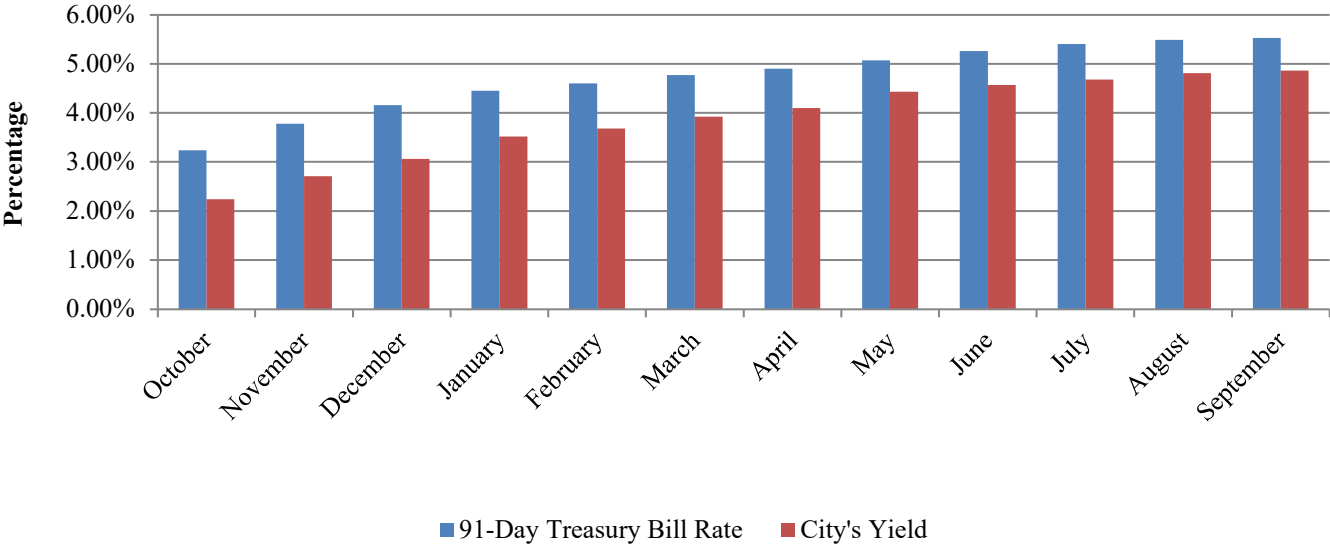
## Investment Portfolio Balance Fiscal Year 2023



## 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

September 30, 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
Operating	U.S. Treasury Bond	T-Note	01/18/22	10/15/23	635 days	4,989,844	4,998,631	0.84%	N/A	Goldman Sachs
Bond Proceeds	Agency Bond	FHLB	10/31/22	10/23/23	357 days	9,969,210	9,972,340	4.54%	N/A	UBS
Operating	U.S. Treasury Bond	T-Note	01/18/22	11/15/23	666 days	4,969,531	4,996,312	0.86%	N/A	Wells Fargo
Bond Proceeds	Agency Bond	FHLB	11/30/22	11/30/23	365 days	14,985,645	14,999,010	4.92%	N/A	Royal Bank of Canada
Operating	Agency Bond	FHLB	11/30/22	11/30/23	365 days	4,995,215	4,999,670	4.92%	N/A	Royal Bank of Canada
Operating	Agency Bond	FFCB	06/15/22	12/01/23	534 days	9,920,540	9,953,179	3.36%	N/A	Wells Fargo
Bond Proceeds	Agency Bond	FHLB	12/15/22	12/15/23	365 days	9,986,400	9,999,829	4.76%	N/A	Wells Fargo
Bond Proceeds	Agency Bond	FHLB	01/09/23	01/03/24	359 days	4,991,580	4,998,255	4.89%	N/A	Wells Fargo
Operating	Agency Bond	FHLB	01/09/23	01/03/24	359 days	4,991,580	4,998,255	4.89%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	07/01/22	01/31/24	579 days	4,947,656	4,988,209	2.97%	N/A	Daiwa
Operating	U.S. Treasury Bond	T-Note	08/03/23	02/01/24	182 days	9,820,050	9,819,241	5.53%	N/A	Oppenheimer & Co.
Operating	U.S. Treasury Bond	T-Note	07/13/22	02/15/24	582 days	4,949,219	4,994,397	3.06%	N/A	Daiwa
Bond Proceeds	Agency Bond	FHLB	02/21/23	02/21/24	365 days	4,993,700	4,999,158	5.09%	N/A	Wells Fargo
Operating	Agency Bond	FHLB	09/16/22	02/28/24	530 days	4,962,310	4,989,496	4.15%	11/28/23	Wells Fargo
Operating	Agency Bond	FHLB	08/15/22	03/08/24	571 days	4,950,035	4,997,591	3.36%	N/A	Wells Fargo
Bond Proceeds	Agency Bond	FHLB	01/31/23	03/08/24	402 days	4,981,650	4,997,423	4.87%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	07/13/22	03/15/24	611 days	4,885,938	4,936,683	3.07%	N/A	Daiwa
Bond Proceeds	Agency Bond	FNMA	03/31/23	03/28/24	363 days	4,988,030	5,000,000	5.12%	12/28/23	Piper Sandler
Operating	Agency Bond	FNMA	03/31/23	03/28/24	363 days	9,976,060	10,000,000	5.12%	12/28/23	Piper Sandler
Bond Proceeds	Agency Bond	FHLB	04/17/23	04/17/24	366 days	4,978,560	4,999,692	4.76%	N/A	Wells Fargo
Operating	Agency Bond	FHLB	04/17/23	04/17/24	366 days	4,978,560	4,999,692	4.76%	N/A	Wells Fargo
Bond Proceeds	U.S. Treasury Bond	T-Note	07/06/23	05/15/24	314 days	7,853,750	7,858,301	5.44%	N/A	Goldman Sachs
Operating	Agency Bond	FHLB	12/15/22	06/14/24	547 days	4,976,065	5,009,325	4.60%	N/A	Piper Sandler
Bond Proceeds	U.S. Treasury Bond	T-Note	06/29/23	06/15/24	352 days	7,711,250	7,719,208	5.40%	N/A	Wells Fargo
Bond Proceeds	U.S. Treasury Bond	T-Note	06/30/23	07/15/24	381 days	7,687,500	7,697,834	5.34%	N/A	JPMorgan Chase
Operating	U.S. Treasury Bond	T-Note	06/15/23	07/15/24	396 days	4,804,688	4,816,063	5.21%	N/A	JPMorgan Chase
Bond Proceeds	U.S. Treasury Bond	T-Note	07/06/23	08/15/24	406 days	7,787,500	7,797,418	5.39%	N/A	JPMorgan Chase
Operating	Agency Bond	FFCB	02/28/23	08/15/24	534 days	4,905,570	4,924,525	5.09%	N/A	Piper Sandler
Operating	Agency Bond	FHLB	01/31/23	09/13/24	591 days	9,935,520	10,020,471	4.65%	N/A	KeyBank
Bond Proceeds	U.S. Treasury Bond	T-Note	07/06/23	09/15/24	437 days	7,623,750	7,632,055	5.38%	N/A	Goldman Sachs
Operating	Agency Bond	FHLB	05/11/23	09/17/24	495 days	4,788,990	4,827,204	4.72%	12/17/23	KeyBank
Bond Proceeds	U.S. Treasury Bond	T-Note	06/23/23	10/31/24	496 days	7,908,750	7,932,905	5.18%	N/A	Goldman Sachs
Operating	U.S. Treasury Bond	T-Note	06/23/23	10/31/24	496 days	4,942,969	4,958,066	5.18%	N/A	Goldman Sachs
Operating	U.S. Treasury Bond	T-Note	07/17/23	11/15/24	487 days	4,828,125	4,842,968	5.17%	N/A	Daiwa
Bond Proceeds	U.S. Treasury Bond	T-Note	06/29/23	11/15/24	505 days	7,725,000	7,749,966	5.15%	N/A	JPMorgan Chase
Bond Proceeds	U.S. Treasury Bond	T-Note	06/30/23	12/15/24	534 days	7,595,000	7,620,970	5.11%	N/A	JPMorgan Chase
Operating	Agency Bond	FHLB	05/23/23	12/23/24	580 days	4,748,485	4,775,850	5.02%	12/23/23	Wells Fargo
Bond Proceeds	U.S. Treasury Bond	T-Note	07/07/23	01/15/25	558 days	7,582,500	7,596,934	5.23%	N/A	JPMorgan Chase
Operating	U.S. Treasury Bond	T-Note	07/20/23	01/15/25	545 days	4,739,063	4,757,902	5.06%	N/A	JPMorgan Chase
Bond Proceeds	U.S. Treasury Bond	T-Note	06/30/23	02/15/25	596 days	7,648,750	7,688,808	4.97%	N/A	StoneX
Bond Proceeds	U.S. Treasury Bond	T-Note	06/29/23	03/15/25	625 days	7,606,250	7,643,805	4.96%	N/A	Goldman Sachs
Operating	Agency Bond	FHLB	08/15/23	03/28/25	591 days	7,648,392	7,664,415	5.28%	11/28/23	TD Securities
Bond Proceeds	U.S. Treasury Bond	T-Note	07/07/23	04/15/25	648 days	7,692,500	7,714,798	5.06%	N/A	JPMorgan Chase
Bond Proceeds	U.S. Treasury Bond	T-Note	07/07/23	05/15/25	678 days	7,617,500	7,645,612	5.00%	N/A	JPMorgan Chase
Bond Proceeds	Agency Bond	FHLB	07/11/23	06/13/25	703 days	4,959,470	4,979,474	5.00%	N/A	Wells Fargo
Bond Proceeds	Agency Bond	FHLB	05/12/23	07/18/25	798 days	4,971,190	4,993,732	4.95%	10/18/23	KeyBank
Bond Proceeds	Agency Bond	FNMA	07/20/23	07/29/25	740 days	4,597,220	4,627,656	4.92%	10/29/23	Piper Sandler
Bond Proceeds	Agency Bond	FNMA	08/18/23	08/25/25	738 days	7,345,840	7,356,560	5.15%	11/25/23	TD Securities
<b>Total</b>						<b>\$ 317,442,898</b>	<b>\$ 318,489,887</b>			

Money Market Funds and State Pools			
Source of Funds	Type	Market Value	Purchased From
Bond Proceeds & Capital Projects	State Pool	\$ 11,356,557	TexPool
Debt Service	State Pool	202,824	TexPool
Deposit	State Pool	262,441	TexPool
Operating	State Pool	8,221,981	TexPool
Bond Proceeds & Capital Projects	State Pool	5,992,738	TexSTAR
Debt Service	State Pool	107,028	TexSTAR
Deposit	State Pool	138,488	TexSTAR
Operating	State Pool	4,338,654	TexSTAR
Bond Proceeds & Capital Projects	State Pool	26,089,359	Texas Daily
Debt Service	State Pool	465,946	Texas Daily
Deposit	State Pool	602,905	Texas Daily
Operating	State Pool	18,888,313	Texas Daily
Bond Proceeds & Capital Projects	Money Market	5,855,627	Federated - Agency
Debt Service	Money Market	104,579	Federated - Agency
Deposit	Money Market	135,319	Federated - Agency
Operating	Money Market	4,239,388	Federated - Agency
<b>Total</b>		<b>\$ 87,002,146</b>	

Type	Market Value	Percentage
Securities		
Agency Bond	\$ 163,525,817	40.4%
U.S. Treasury Bond	153,917,081	38.1%
TexPool	20,043,802	5.0%
TexSTAR	10,576,908	2.6%
Texas Daily	46,046,524	11.4%
Federated - Agency	10,334,913	2.6%
<b>Total Investments</b>	<b>\$ 404,445,045</b>	<b>100.0%</b>



# City of Richardson Investment Report

## Schedule of Beginning and Ending Market Value and Interest Earned

September 30, 2023

Portfolio	Quarter Beginning Market Value	Quarter Ending Market Value	Interest Income Quarter	Interest Income YTD
<b>Operating Portfolio</b>				
General Fund	\$ 68,334,648	\$ 60,108,668	\$ 748,837	\$ 2,752,857
Special Police Funds	762,190	779,434	9,079	25,640
Municipal Court Building Security Fund	59,266	52,712	667	2,631
Technology Fund	239,491	245,509	2,886	9,363
Wireless 911 Fund	563,456	520,587	6,638	21,297
Municipal Jury Fund	1,744	1,765	20	68
Juvenile Case Manager Fund	114,831	112,999	1,345	4,495
Judicial Efficiency Fund	110,717	117,043	1,346	4,084
Federal Grants - American Recovery Plan Act	10,310,014	6,768,477	92,033	415,193
Hotel/ Motel Tax Fund	8,280,075	8,815,864	101,616	282,185
Tax Increment Financing Fund #1	17,532,551	16,401,530	196,129	579,356
Tax Increment Financing Fund #2	9,157,754	3,766,091	48,012	206,984
Tax Increment Financing Fund #3	1,619,986	730,442	9,732	39,661
Franchise PEG Fund	939,682	853,317	11,435	34,950
Drainage Fee Fund	3,108,847	3,345,236	38,336	106,432
Economic Development	5,984,724	5,515,445	65,548	214,454
Eisemann Endowment Fund	234,979	237,770	2,791	8,986
Water and Sewer Operating Fund	16,953,275	30,563,098	291,323	717,347
Water and Sewer Rate Stabilization Fund	2,904,180	3,080,513	34,118	113,586
Golf Fund	772,275	1,094,646	11,826	29,554
Solid Waste Services Fund	2,924,472	3,413,678	45,391	114,455
Central Services Fund	1,125,008	433,591	8,797	36,941
Insurance and Flexible Spending Fund	15,155,557	16,005,159	172,468	558,097
Tech Replacement Fund	4,190,578	3,901,959	48,314	168,707
<b>Total Operating Portfolio</b>	<b>\$ 171,380,302</b>	<b>\$ 166,865,534</b>	<b>\$ 1,948,688</b>	<b>\$ 6,447,324</b>
<b>Bond Proceeds and Capital Projects Portfolio</b>				
Capital Projects - Equipment Funds	\$ 1,553,350	\$ 556,981	\$ 18,348	\$ 79,897
Capital Projects - Major Projects Funds	132,494,237	122,408,424	1,689,111	3,371,827
Water and Sewer - Capital Project Funds	31,162,067	27,901,694	394,391	891,140
Solid Waste - Capital Projects Funds	2,215,513	2,218,222	1,402	15,380
Non-Bond Capital Projects:				
Special Projects Fund	43,833,281	40,925,480	568,030	1,939,881
Eisemann Center Capital Fund	574,504	577,792	7,480	21,417
Capital Equipment Replacement Fund	11,982,269	11,530,739	158,066	445,042
Golf Special Projects Fund	1,369,094	1,380,375	18,237	50,637
Street Rehabilitation Fund	5,858,311	4,724,448	64,835	268,091
Water Sewer Special Projects Fund	17,447,652	23,003,622	172,804	574,045
Solid Waste Special Projects Fund	3,748,793	3,798,803	50,010	140,696
<b>Total Bond Proceeds &amp; Capital Projects Portfolio</b>	<b>\$ 252,239,071</b>	<b>\$ 239,026,582</b>	<b>\$ 3,142,715</b>	<b>\$ 7,798,053</b>
<b>Debt Service Portfolio</b>				
General Debt Service Fund	\$ 7,358,333	\$ 3,898,627	\$ 18,907	\$ 144,857
Water and Sewer Debt Service Fund	460,806	614,633	857	8,400
Solid Waste Debt Service Fund	(205,139)	118,145	25	1,415
<b>Total Debt Service Portfolio</b>	<b>\$ 7,614,000</b>	<b>\$ 4,631,404</b>	<b>\$ 19,788</b>	<b>\$ 154,672</b>
<b>Deposit Portfolio</b>				
Water and Sewer Deposit Fund	\$ 5,262,645	\$ 5,319,535	\$ 17,553	\$ 70,055
<b>Total Deposit Portfolio</b>	<b>\$ 5,262,645</b>	<b>\$ 5,319,535</b>	<b>\$ 17,553</b>	<b>\$ 70,055</b>
<b>Total All Portfolios</b>	<b>\$ 436,496,018</b>	<b>\$ 415,843,055</b>	<b>\$ 5,128,744</b>	<b>\$ 14,470,104</b>

Note: Portfolio balances include \$11,398,010 of cash in the bank on September 30, 2023.