



RICHARDSON, TX[®]

FINANCE

1st Quarter Investment Report
(For the Quarter Ended December 31, 2023)
Fiscal Year 2023-24
City of Richardson, Texas

Investment Report Overview Quarter Ending December 31, 2023

Portfolio Balance

The Market Value of the City’s Investment Portfolio as of December 31, 2023 was \$421,087,111.

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 January 31, 2024 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. 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 seeks to achieve maximum employment and inflation at the rate of 2% over the long run and judges that risks to achieving these goals are moving into better balance. The FOMC does not expect it will be appropriate to reduce the target range for the federal funds rate until it has gained greater confidence that inflation is moving sustainably toward its 2% objective.

The portfolio yield was 5.07%, which is below the 5.28% 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	5.07%
Securities	4.93%
Money Market Mutual Funds and Local Investment Pools	5.36%
<i>Reference: Benchmark 91-day Treasury Bill</i>	5.28%

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 \$6,072,896. 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	\$ 2,466,953				\$ 2,466,953
Bond Proceeds & Capital Projects	3,539,591				3,539,591
Debt Service	44,673				44,673
Deposit	21,679				21,679
Total	\$ 6,072,896				\$ 6,072,896

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

Abbreviations

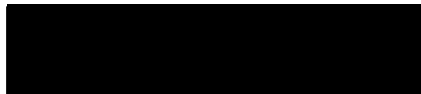
Throughout this report, the following common abbreviations are used for securities which are held in the City’s Portfolio.

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

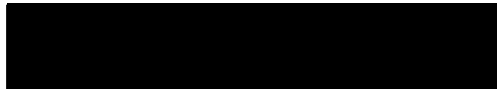
**City of Richardson, Texas
Investment Report
Investment Officers Signature Page
Quarter Ending December 31, 2023**

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.

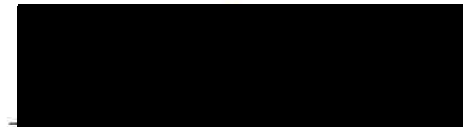
Prepared on: February 2, 2024



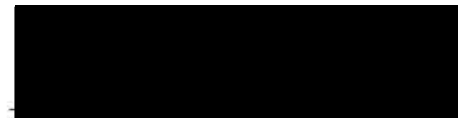
Kent Pfeiffer
Chief Financial Officer



Anita Cothran
Director of Finance

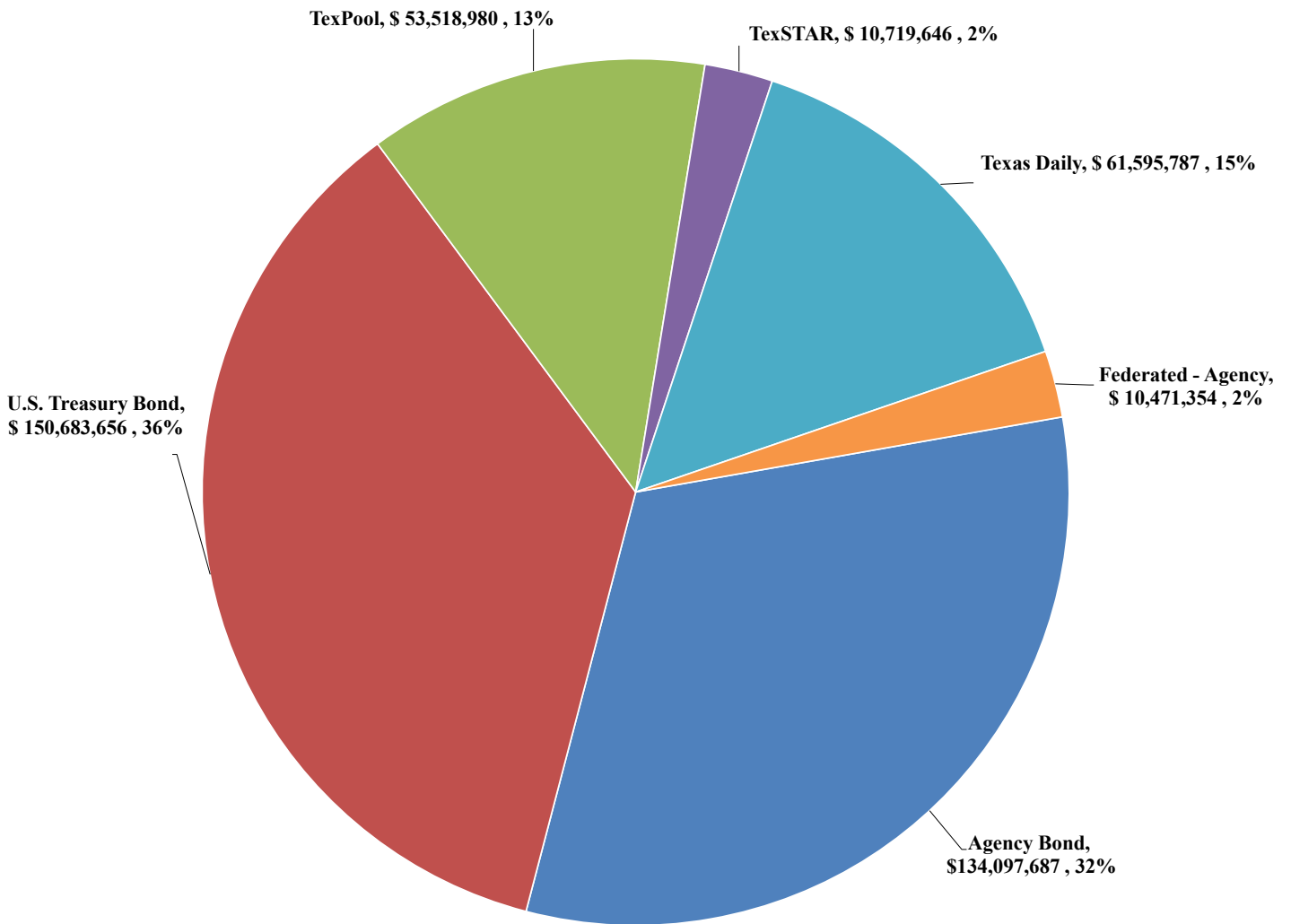


Todd Gastorf
Assistant Director of Finance

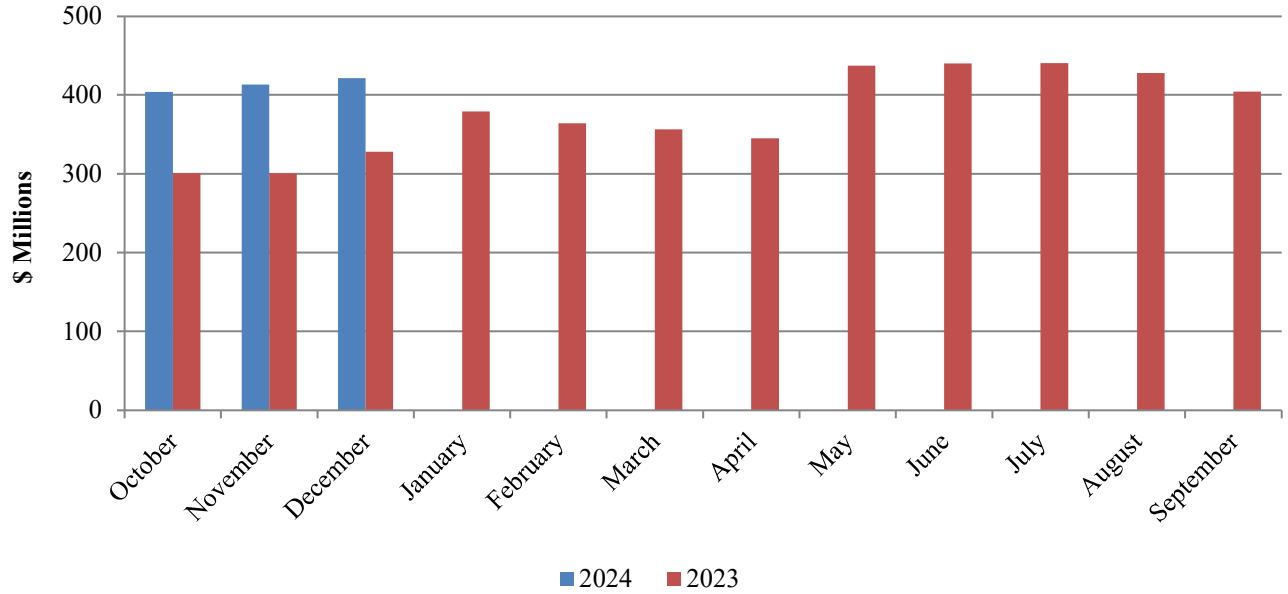


Herman Chavez
Controller

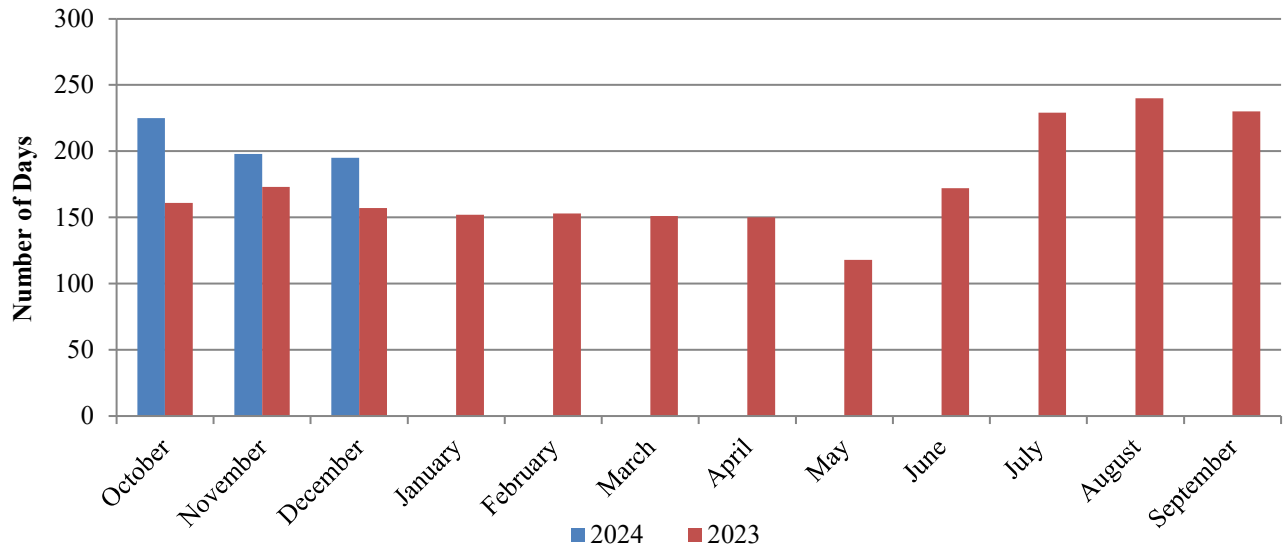
Securities by Type
As of December 31, 2023
\$421,087,111



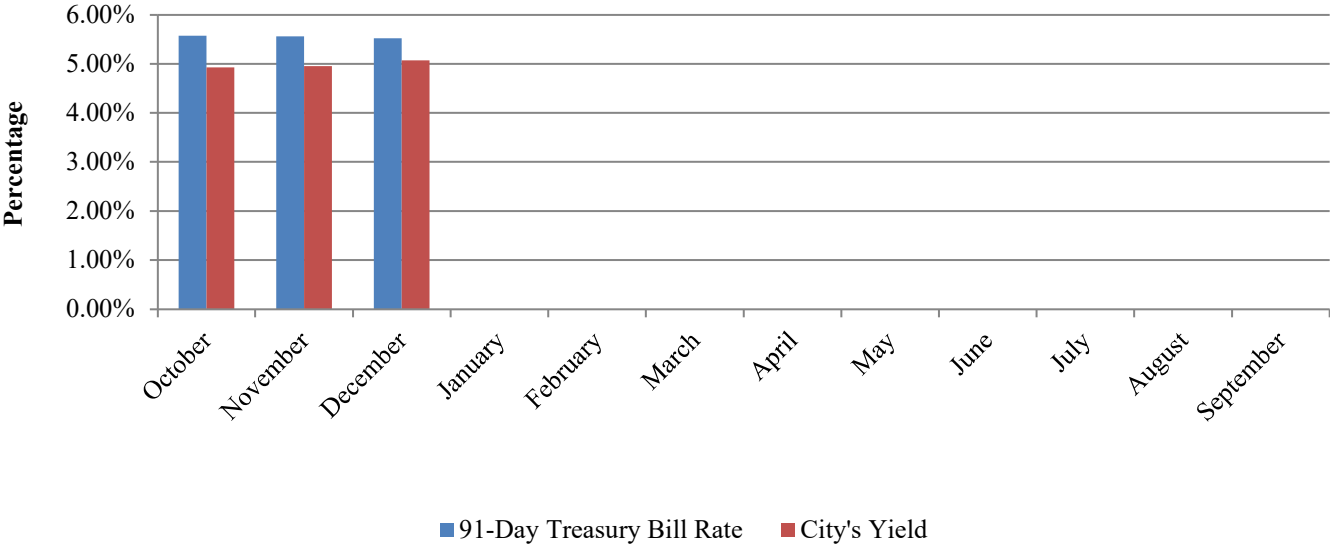
Investment Portfolio Balance Fiscal Year 2024



Weighted Average Maturity Total Portfolio Fiscal Year 2024



Comparison of the City's Yield to the 91-day Treasury Bill Rate Fiscal Year 2024



City of Richardson Investment Report

Schedule of Investments by Source of Funds

December 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	Agency Bond	FHLB	01/09/23	01/03/24	359 days	4,999,880	4,999,963	4.89%	N/A	Wells Fargo
Operating	Agency Bond	FHLB	01/09/23	01/03/24	359 days	4,999,880	4,999,963	4.89%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	07/01/22	01/31/24	579 days	4,986,719	4,997,100	2.97%	N/A	Daiwa
Operating	U.S. Treasury Bond	T-Note	08/03/23	02/01/24	182 days	9,956,000	9,954,443	5.53%	N/A	Oppenheimer & Co.
Operating	U.S. Treasury Bond	T-Note	07/13/22	02/15/24	582 days	4,983,594	4,998,160	3.06%	N/A	Daiwa
Bond Proceeds	Agency Bond	FHLB	02/21/23	02/21/24	365 days	4,996,310	4,999,700	5.09%	N/A	Wells Fargo
Operating	Agency Bond	FHLB	09/16/22	02/28/24	530 days	4,985,045	4,995,939	4.15%	N/A	Wells Fargo
Bond Proceeds	Agency Bond	FHLB	01/31/23	03/08/24	402 days	4,992,760	4,998,914	4.87%	N/A	Wells Fargo
Operating	Agency Bond	FHLB	08/15/22	03/08/24	571 days	4,979,380	4,998,985	3.36%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	07/13/22	03/15/24	611 days	4,950,000	4,971,774	3.07%	N/A	Daiwa
Bond Proceeds	Agency Bond	FNMA	03/31/23	03/28/24	363 days	4,994,595	5,000,000	5.12%	N/A	Piper Sandler
Operating	Agency Bond	FNMA	03/31/23	03/28/24	363 days	9,989,190	10,000,000	5.12%	N/A	Piper Sandler
Bond Proceeds	Agency Bond	FHLB	04/17/23	04/17/24	366 days	4,989,855	4,999,834	4.76%	N/A	Wells Fargo
Operating	Agency Bond	FHLB	04/17/23	04/17/24	366 days	4,989,855	4,999,834	4.76%	N/A	Wells Fargo
Bond Proceeds	U.S. Treasury Bond	T-Note	07/06/23	05/15/24	314 days	7,918,750	7,915,223	5.44%	N/A	Goldman Sachs
Operating	Agency Bond	FHLB	12/15/22	06/14/24	547 days	4,991,405	5,006,026	4.60%	N/A	Piper Sandler
Bond Proceeds	U.S. Treasury Bond	T-Note	06/29/23	06/15/24	352 days	7,822,500	7,817,999	5.40%	N/A	Wells Fargo
Bond Proceeds	U.S. Treasury Bond	T-Note	06/30/23	07/15/24	381 days	7,800,000	7,792,096	5.34%	N/A	JPMorgan Chase
Operating	U.S. Treasury Bond	T-Note	06/15/23	07/15/24	396 days	4,875,000	4,873,467	5.21%	N/A	JPMorgan Chase
Bond Proceeds	U.S. Treasury Bond	T-Note	07/06/23	08/15/24	406 days	7,867,500	7,854,595	5.39%	N/A	JPMorgan Chase
Operating	Agency Bond	FFCB	02/28/23	08/15/24	534 days	4,943,535	4,945,845	5.09%	N/A	Piper Sandler
Operating	Agency Bond	FHLB	01/31/23	09/13/24	591 days	9,989,490	10,015,094	4.65%	N/A	KeyBank
Bond Proceeds	U.S. Treasury Bond	T-Note	07/06/23	09/15/24	437 days	7,745,000	7,727,979	5.38%	N/A	Goldman Sachs
Operating	Agency Bond	FHLB	05/11/23	09/17/24	495 days	4,858,840	4,872,074	4.72%	03/17/24	KeyBank
Bond Proceeds	U.S. Treasury Bond	T-Note	06/23/23	10/31/24	496 days	7,965,000	7,948,344	5.18%	N/A	Goldman Sachs
Operating	U.S. Treasury Bond	T-Note	06/23/23	10/31/24	496 days	4,978,125	4,967,715	5.18%	N/A	Goldman Sachs
Bond Proceeds	U.S. Treasury Bond	T-Note	06/29/23	11/15/24	505 days	7,818,750	7,804,930	5.15%	N/A	JPMorgan Chase
Operating	U.S. Treasury Bond	T-Note	07/17/23	11/15/24	487 days	4,886,719	4,877,515	5.17%	N/A	Daiwa
Bond Proceeds	U.S. Treasury Bond	T-Note	06/30/23	12/15/24	534 days	7,715,000	7,698,011	5.11%	N/A	JPMorgan Chase
Operating	Agency Bond	FHLB	05/23/23	12/23/24	580 days	4,826,490	4,820,509	5.02%	03/23/24	Wells Fargo
Bond Proceeds	U.S. Treasury Bond	T-Note	07/07/23	01/15/25	558 days	7,707,500	7,672,837	5.23%	N/A	JPMorgan Chase
Operating	U.S. Treasury Bond	T-Note	07/20/23	01/15/25	545 days	4,817,188	4,803,551	5.06%	N/A	JPMorgan Chase
Bond Proceeds	U.S. Treasury Bond	T-Note	06/30/23	02/15/25	596 days	7,762,500	7,743,989	4.97%	N/A	StoneX
Operating	U.S. Treasury Bond	T-Note	10/16/23	02/15/25	488 days	4,851,563	4,822,244	5.31%	N/A	JPMorgan Chase
Bond Proceeds	U.S. Treasury Bond	T-Note	06/29/23	03/15/25	625 days	7,730,000	7,704,083	4.96%	N/A	Goldman Sachs
Operating	Agency Bond	FHLB	08/15/23	03/28/25	591 days	7,769,880	7,719,790	5.28%	01/28/24	TD Securities
Bond Proceeds	U.S. Treasury Bond	T-Note	07/07/23	04/15/25	648 days	7,802,500	7,760,197	5.06%	N/A	JPMorgan Chase
Bond Proceeds	U.S. Treasury Bond	T-Note	07/07/23	05/15/25	678 days	7,743,750	7,698,878	5.00%	N/A	JPMorgan Chase
Bond Proceeds	Agency Bond	FHLB	07/11/23	06/13/25	703 days	5,016,515	4,982,536	5.00%	N/A	Wells Fargo
Bond Proceeds	Agency Bond	FHLB	05/12/23	07/18/25	798 days	5,032,025	4,994,570	4.95%	N/A	KeyBank
Bond Proceeds	Agency Bond	FNMA	07/20/23	07/29/25	740 days	4,703,065	4,676,621	4.92%	01/29/24	Piper Sandler
Bond Proceeds	Agency Bond	FNMA	08/18/23	08/25/25	738 days	7,511,104	7,437,882	5.15%	02/25/24	TD Securities
Bond Proceeds	Agency Bond	FHLMC	10/24/23	09/22/25	699 days	7,476,128	7,381,145	5.29%	03/22/24	StoneX
Bond Proceeds	Agency Bond	FFCB	12/08/23	12/08/25	731 days	6,031,230	5,995,840	4.66%	N/A	Wells Fargo
Operating	Agency Bond	FFCB	12/08/23	12/08/25	731 days	6,031,230	5,995,840	4.66%	N/A	Wells Fargo
Total						\$ 284,781,343	\$ 284,242,033			

Money Market Funds and State Pools			
Source of Funds	Type	Market Value	Purchased From
Bond Proceeds & Capital Projects	State Pool	\$ 36,712,053	TexPool
Debt Service	State Pool	2,691,526	TexPool
Deposit	State Pool	858,205	TexPool
Operating	State Pool	13,257,196	TexPool
Bond Proceeds & Capital Projects	State Pool	7,353,283	TexSTAR
Debt Service	State Pool	539,102	TexSTAR
Deposit	State Pool	171,895	TexSTAR
Operating	State Pool	2,655,365	TexSTAR
Bond Proceeds & Capital Projects	State Pool	42,252,445	Texas Daily
Debt Service	State Pool	3,097,718	Texas Daily
Deposit	State Pool	987,721	Texas Daily
Operating	State Pool	15,257,903	Texas Daily
Bond Proceeds & Capital Projects	Money Market	7,182,964	Federated - Agency
Debt Service	Money Market	526,616	Federated - Agency
Deposit	Money Market	167,914	Federated - Agency
Operating	Money Market	2,593,861	Federated - Agency
Total		\$ 136,305,767	

Type	Market Value	Percentage
Securities		
Agency Bond	\$ 134,097,687	31.8%
U.S. Treasury Bond	150,683,656	35.8%
TexPool	53,518,980	12.7%
TexSTAR	10,719,646	2.5%
Texas Daily	61,595,787	14.6%
Federated - Agency	10,471,354	2.5%
Total Investments	\$ 421,087,111	100.0%



City of Richardson Investment Report

Schedule of Beginning and Ending Market Value and Interest Earned

December 31, 2023

Portfolio	Quarter Beginning Market Value	Quarter Ending Market Value	Interest Income Quarter	Interest Income YTD
Operating Portfolio				
General Fund	\$ 60,108,668	\$ 57,895,214	\$ 1,030,387	\$ 1,030,387
Special Police Funds	779,434	810,642	18,012	18,012
Municipal Court Building Security Fund	52,712	47,503	1,167	1,167
Technology Fund	245,509	257,796	5,758	5,758
Wireless 911 Fund	520,587	584,400	12,707	12,707
Municipal Jury Fund	1,765	1,502	38	38
Juvenile Case Manager Fund	112,999	110,124	2,578	2,578
Judicial Efficiency Fund	117,043	122,477	2,734	2,734
Federal Grants - American Recovery Plan Act	6,768,477	3,123,682	103,741	103,741
Hotel/ Motel Tax Fund	8,815,864	8,546,224	70,739	70,739
Tax Increment Financing Fund #1	16,401,530	16,206,802	132,869	132,869
Tax Increment Financing Fund #2	3,766,091	3,780,159	33,399	33,399
Tax Increment Financing Fund #3	730,442	744,597	16,820	16,820
Franchise PEG Fund	853,317	1,031,619	22,488	22,488
Drainage Fee Fund	3,345,236	3,666,796	36,056	36,056
Economic Development	5,515,445	7,588,237	165,330	165,330
Eisemann Endowment Fund	237,770	242,393	5,475	5,475
Water and Sewer Operating Fund	30,563,098	33,171,411	360,654	360,654
Water and Sewer Rate Stabilization Fund	3,080,513	2,408,863	59,382	59,382
Golf Fund	1,094,646	1,200,392	26,952	26,952
Solid Waste Services Fund	3,413,678	3,053,098	83,509	83,509
Central Services Fund	433,591	812,100	18,509	18,509
Insurance and Flexible Spending Fund	16,005,159	15,706,772	130,394	130,394
Tech Replacement Fund	3,901,959	5,868,182	127,256	127,256
Total Operating Portfolio	\$ 166,865,534	\$ 166,980,982	\$ 2,466,953	\$ 2,466,953
Bond Proceeds and Capital Projects Portfolio				
Capital Projects - Equipment Funds	\$ 556,981	\$ 337,844	\$ 7,512	\$ 7,512
Capital Projects - Major Projects Funds	122,408,424	115,654,133	1,865,703	1,865,703
Water and Sewer - Capital Project Funds	27,901,694	22,322,302	397,763	397,763
Solid Waste - Capital Projects Funds	2,218,222	1,563,401	29,360	29,360
<u>Non-Bond Capital Projects:</u>				
Special Projects Fund	40,925,480	41,649,141	644,208	644,208
Eisemann Center Capital Fund	577,792	626,111	9,376	9,376
Capital Equipment Replacement Fund	11,530,739	15,977,795	245,984	245,984
Golf Special Projects Fund	1,380,375	955,167	17,429	17,429
Street Rehabilitation Fund	4,724,448	11,626,729	171,712	171,712
Water Sewer Special Projects Fund	23,003,622	18,109,245	93,605	93,605
Solid Waste Special Projects Fund	3,798,803	3,499,189	56,939	56,939
Total Bond Proceeds & Capital Projects Portfolio	\$ 239,026,582	\$ 232,321,058	\$ 3,539,591	\$ 3,539,591
Debt Service Portfolio				
General Debt Service Fund	\$ 3,898,627	\$ 21,541,682	\$ 35,762	\$ 35,762
Water and Sewer Debt Service Fund	614,633	2,779,734	7,471	7,471
Solid Waste Debt Service Fund	118,145	537,288	1,440	1,440
Total Debt Service Portfolio	\$ 4,631,404	\$ 24,858,703	\$ 44,673	\$ 44,673
Deposit Portfolio				
Water and Sewer Deposit Fund	\$ 5,319,535	\$ 5,360,511	\$ 21,679	\$ 21,679
Total Deposit Portfolio	\$ 5,319,535	\$ 5,360,511	\$ 21,679	\$ 21,679
Total All Portfolios	\$ 415,843,055	\$ 429,521,254	\$ 6,072,896	\$ 6,072,896

Note: Portfolio balances include \$8,434,143 of net cash in the bank on December 31, 2023.