



RICHARDSON, TX[®]

FINANCE

2nd Quarter Investment Report

(For the Quarter Ended March 31, 2024)

Fiscal Year 2023-24

City of Richardson, Texas

Investment Report Overview Quarter Ending March 31, 2024

Portfolio Balance

The Market Value of the City’s Investment Portfolio as of March 31, 2024 was \$454,928,497.

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 May 1, 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 have moved toward better balance over the past year. Job gains have remained strong, the unemployment rate has remained low, and inflation has eased over the past year but remains elevated. 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 2%.

Investment Type	Yield
Total Portfolio	5.12%
Securities	4.97%
Money Market Mutual Funds and Local Investment Pools	5.36%
<i>Reference: Benchmark 91-day Treasury Bill</i>	5.23%

The portfolio yield was 5.12%, which is below the 5.23% 91-day Treasury Bill benchmark. 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 \$5,879,303. As interest rates have remained elevated above 5%, yields for investment pools and money market funds have remained robust, 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 than in prior years. Earnings in the 2nd quarter were lower than the 1st quarter due to large expenditures such as the annual debt payment which lowered daily account balances during the quarter. 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	\$ 2,301,175			\$ 4,768,128
Bond Proceeds & Capital Projects	3,539,591	3,435,233			6,974,824
Debt Service	44,673	117,993			162,666
Deposit	21,679	24,902			46,581
Total	\$ 6,072,896	\$ 5,879,303			\$ 11,952,199

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 March 31, 2024**

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 6, 2024

[Redacted Signature]

Kent Pfeil
Chief Financial Officer

[Redacted Signature]

Anita Cothran
Director of Finance

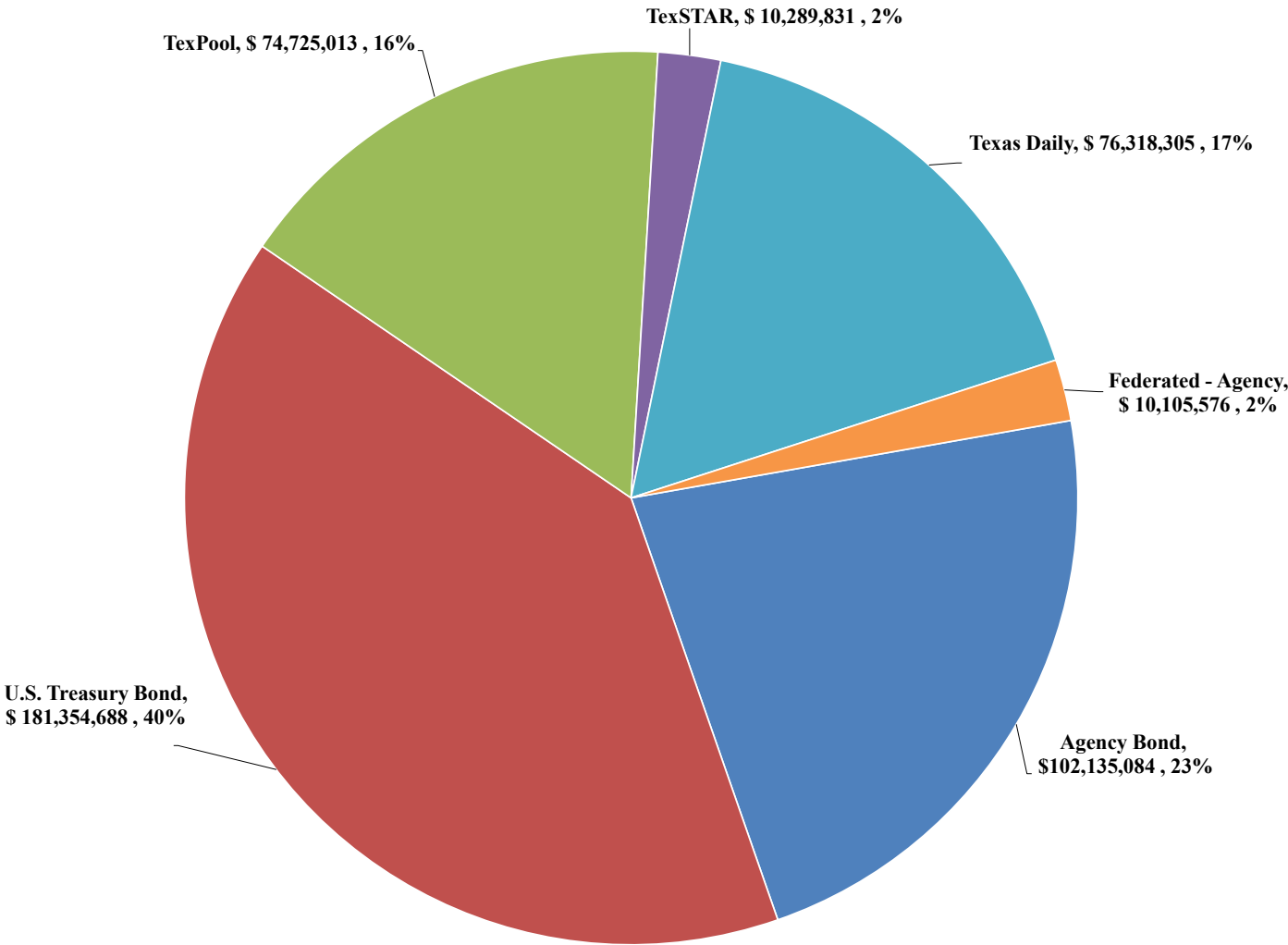
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Todd Gastorf
Assistant Director of Finance

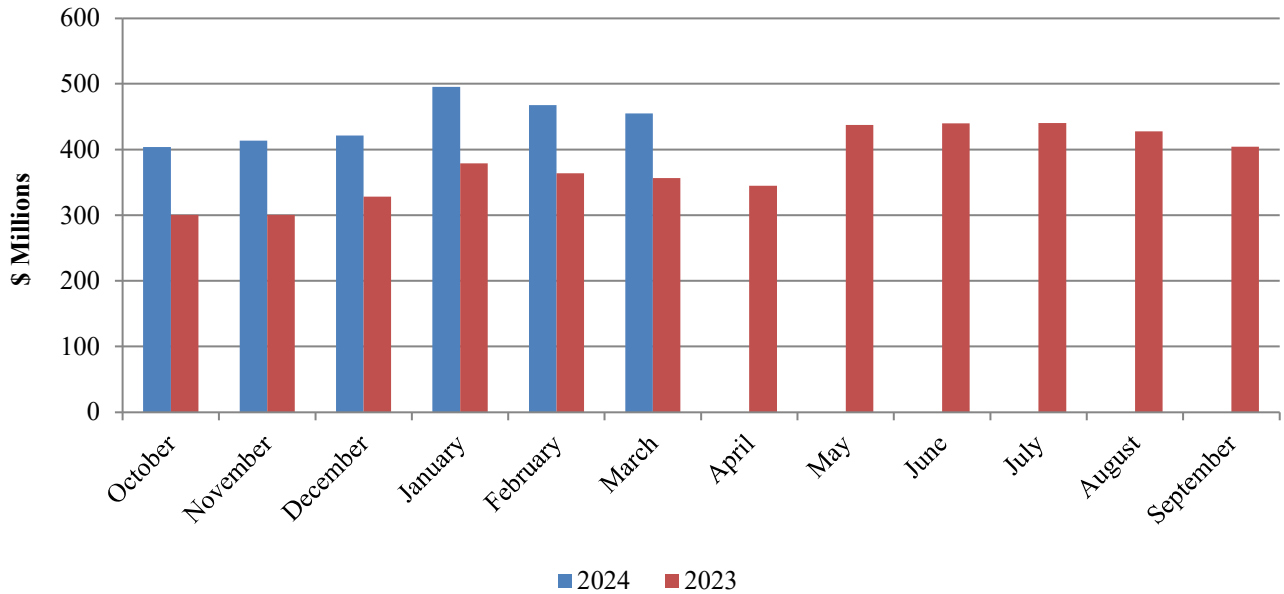
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Herman Chavez
Controller

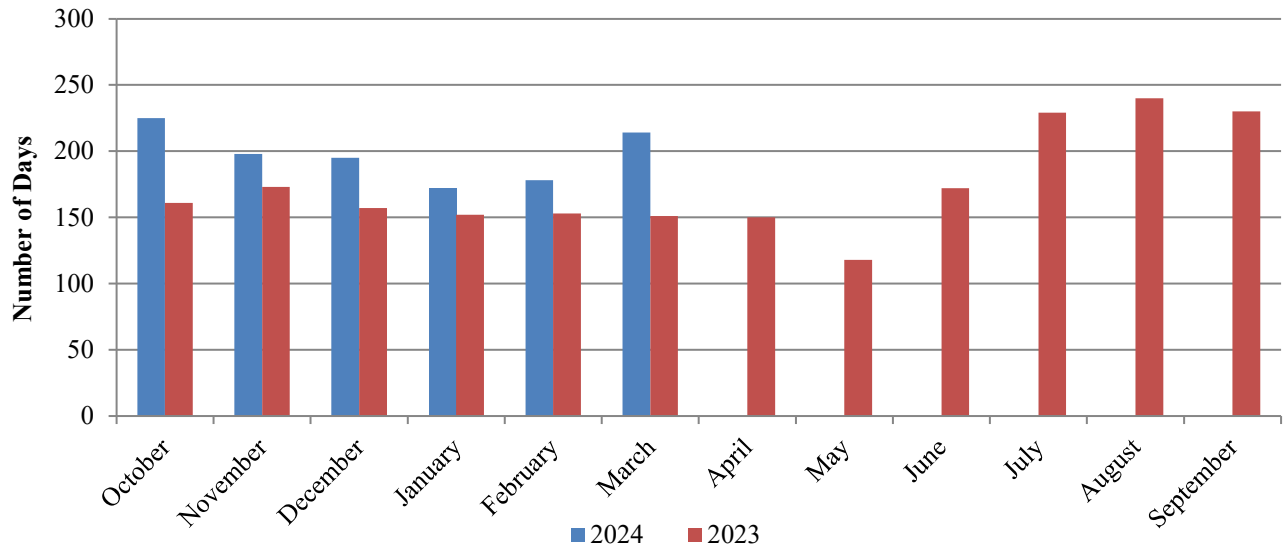
Securities by Type
As of March 31, 2024
\$454,928,497



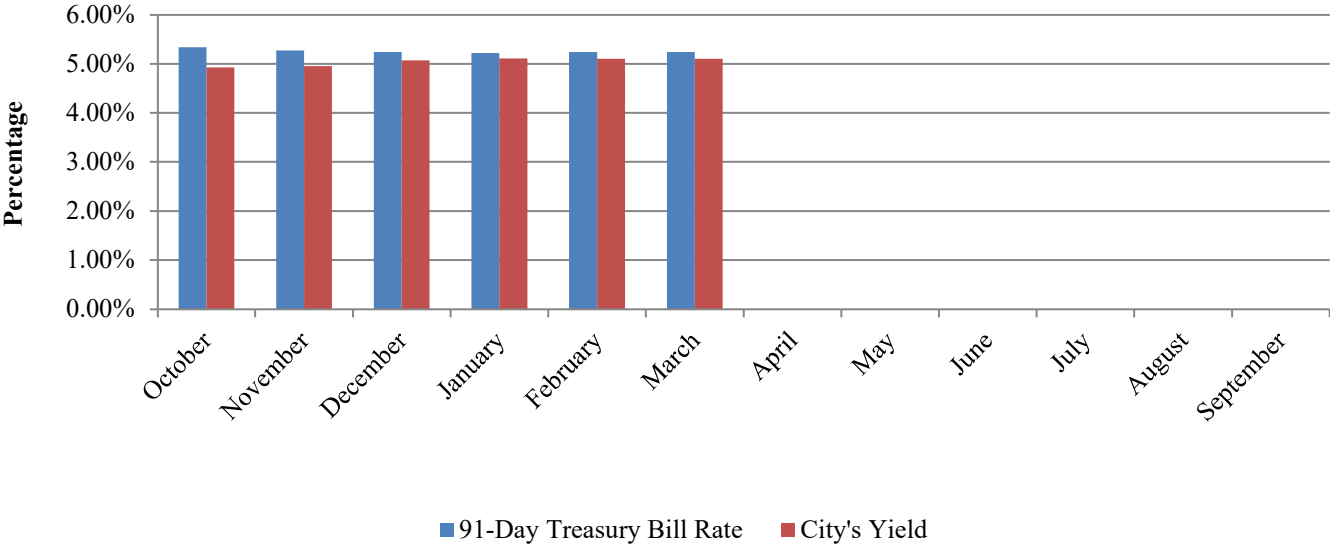
Investment Portfolio Balance Fiscal Year 2024



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

March 31, 2024

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	04/17/23	04/17/24	366 days	4,998,165	4,999,975	4.76%	N/A	Wells Fargo
Operating	Agency Bond	FHLB	04/17/23	04/17/24	366 days	4,998,165	4,999,975	4.76%	N/A	Wells Fargo
Bond Proceeds	U.S. Treasury Bond	T-Note	07/06/23	05/15/24	314 days	7,971,250	7,972,369	5.44%	N/A	Goldman Sachs
Operating	Agency Bond	FHLB	12/15/22	06/14/24	547 days	4,993,955	5,002,703	4.60%	N/A	Piper Sandler
Bond Proceeds	U.S. Treasury Bond	T-Note	06/29/23	06/15/24	352 days	7,917,500	7,917,771	5.40%	N/A	Wells Fargo
Bond Proceeds	U.S. Treasury Bond	T-Note	06/30/23	07/15/24	381 days	7,887,500	7,888,331	5.34%	N/A	JPMorgan Chase
Operating	U.S. Treasury Bond	T-Note	06/15/23	07/15/24	396 days	4,929,688	4,932,040	5.21%	N/A	JPMorgan Chase
Bond Proceeds	U.S. Treasury Bond	T-Note	07/06/23	08/15/24	406 days	7,912,500	7,912,245	5.39%	N/A	JPMorgan Chase
Operating	Agency Bond	FFCB	02/28/23	08/15/24	534 days	4,961,795	4,967,325	5.09%	N/A	Piper Sandler
Operating	Agency Bond	FHLB	01/31/23	09/13/24	591 days	9,977,180	10,009,761	4.65%	N/A	KeyBank
Bond Proceeds	U.S. Treasury Bond	T-Note	07/06/23	09/15/24	437 days	7,826,250	7,823,139	5.38%	N/A	Goldman Sachs
Operating	Agency Bond	FHLB	05/11/23	09/17/24	495 days	4,900,795	4,916,547	4.72%	03/17/24	KeyBank
Bond Proceeds	U.S. Treasury Bond	T-Note	06/23/23	10/31/24	496 days	7,958,750	7,963,670	5.18%	N/A	Goldman Sachs
Operating	U.S. Treasury Bond	T-Note	06/23/23	10/31/24	496 days	4,974,219	4,977,294	5.18%	N/A	Goldman Sachs
Bond Proceeds	U.S. Treasury Bond	T-Note	06/29/23	11/15/24	505 days	7,855,500	7,860,111	5.15%	N/A	JPMorgan Chase
Operating	U.S. Treasury Bond	T-Note	07/17/23	11/15/24	487 days	4,909,375	4,912,162	5.17%	N/A	Daiwa
Bond Proceeds	U.S. Treasury Bond	T-Note	06/30/23	12/15/24	534 days	7,770,000	7,775,712	5.11%	N/A	JPMorgan Chase
Operating	Agency Bond	FHLB	05/23/23	12/23/24	580 days	4,854,445	4,865,681	5.02%	03/23/24	Wells Fargo
Bond Proceeds	U.S. Treasury Bond	T-Note	07/07/23	01/15/25	558 days	7,755,000	7,750,290	5.23%	N/A	JPMorgan Chase
Operating	U.S. Treasury Bond	T-Note	07/20/23	01/15/25	545 days	4,846,875	4,850,084	5.06%	N/A	JPMorgan Chase
Bond Proceeds	U.S. Treasury Bond	T-Note	06/30/23	02/15/25	596 days	7,786,250	7,799,567	4.97%	N/A	StoneX
Operating	U.S. Treasury Bond	T-Note	10/16/23	02/15/25	488 days	4,866,406	4,860,887	5.31%	N/A	JPMorgan Chase
Bond Proceeds	U.S. Treasury Bond	T-Note	06/29/23	03/15/25	625 days	7,755,000	7,763,858	4.96%	N/A	Goldman Sachs
Operating	Agency Bond	FHLB	08/15/23	03/28/25	591 days	7,785,744	7,774,599	5.28%	01/28/24	TD Securities
Bond Proceeds	U.S. Treasury Bond	T-Note	07/07/23	04/15/25	648 days	7,807,500	7,805,190	5.06%	N/A	JPMorgan Chase
Operating	U.S. Treasury Bond	T-Note	01/03/24	04/15/25	468 days	4,879,688	4,898,782	4.65%	N/A	JPMorgan Chase
Bond Proceeds	U.S. Treasury Bond	T-Note	07/07/23	05/15/25	678 days	7,751,250	7,752,317	5.00%	N/A	JPMorgan Chase
Operating	U.S. Treasury Bond	T-Note	02/21/24	05/15/25	449 days	4,844,531	4,854,401	4.82%	N/A	Morgan Stanley
Bond Proceeds	Agency Bond	FHLB	07/11/23	06/13/25	703 days	4,982,825	4,985,459	5.00%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	03/08/24	06/15/25	464 days	5,853,750	5,864,730	4.82%	N/A	Morgan Stanley
Bond Proceeds	Agency Bond	FHLB	05/12/23	07/18/25	798 days	4,993,595	4,995,422	4.95%	N/A	KeyBank
Bond Proceeds	Agency Bond	FNMA	07/20/23	07/29/25	740 days	4,721,980	4,726,256	4.92%	04/29/24	Piper Sandler
Operating	Agency Bond	FHLB	03/01/24	08/15/25	532 days	4,985,800	4,991,431	4.87%	N/A	KeyBank
Bond Proceeds	Agency Bond	FNMA	08/18/23	08/25/25	738 days	7,538,600	7,519,498	5.15%	05/25/24	TD Securities
Operating	U.S. Treasury Bond	T-Note	03/28/24	09/15/25	536 days	7,850,000	7,858,845	4.77%	N/A	Morgan Stanley
Bond Proceeds	Agency Bond	FHLMC	10/24/23	09/22/25	699 days	7,503,800	7,467,098	5.29%	09/22/24	StoneX
Bond Proceeds	U.S. Treasury Bond	T-Note	01/03/24	10/15/25	651 days	4,958,594	4,988,173	4.41%	N/A	Stifel Nicolaus
Operating	U.S. Treasury Bond	T-Note	03/15/24	10/15/25	579 days	5,950,313	5,955,472	4.76%	N/A	Daiwa
Bond Proceeds	U.S. Treasury Bond	T-Note	01/26/24	11/15/25	659 days	9,604,688	9,667,650	4.40%	N/A	StoneX
Bond Proceeds	Agency Bond	FFCB	12/08/23	12/08/25	731 days	5,974,896	5,996,356	4.66%	N/A	Wells Fargo
Operating	Agency Bond	FFCB	12/08/23	12/08/25	731 days	5,974,896	5,996,356	4.66%	N/A	Wells Fargo
Bond Proceeds	U.S. Treasury Bond	T-Note	02/21/24	02/15/26	725 days	4,937,500	4,950,280	4.56%	N/A	Goldman Sachs
Bond Proceeds	Agency Bond	FFCB	03/28/24	03/05/26	707 days	7,988,448	8,001,516	4.61%	N/A	Daiwa
Bond Proceeds	U.S. Treasury Bond	T-Note	03/08/24	03/15/26	737 days	5,995,313	6,013,906	4.50%	N/A	Royal Bank of Canada
Total						\$ 283,489,772	\$ 283,785,234			

Money Market Funds and State Pools			
Source of Funds	Type	Market Value	Purchased From
Bond Proceeds & Capital Projects	State Pool	\$ 41,747,488	TexPool
Debt Service	State Pool	1,426,048	TexPool
Deposit	State Pool	885,531	TexPool
Operating	State Pool	30,665,947	TexPool
Bond Proceeds & Capital Projects	State Pool	5,748,739	TexSTAR
Debt Service	State Pool	196,371	TexSTAR
Deposit	State Pool	121,940	TexSTAR
Operating	State Pool	4,222,782	TexSTAR
Bond Proceeds & Capital Projects	State Pool	42,637,630	Texas Daily
Debt Service	State Pool	1,456,454	Texas Daily
Deposit	State Pool	904,412	Texas Daily
Operating	State Pool	31,319,808	Texas Daily
Bond Proceeds & Capital Projects	Money Market	5,645,799	Federated - Agency
Debt Service	Money Market	192,854	Federated - Agency
Deposit	Money Market	119,756	Federated - Agency
Operating	Money Market	4,147,166	Federated - Agency
Total		\$ 171,438,725	

Type	Market Value	Percentage
Securities		
Agency Bond	\$ 102,135,084	22.5%
U.S. Treasury Bond	181,354,688	39.9%
TexPool	74,725,013	16.4%
TexSTAR	10,289,831	2.3%
Texas Daily	76,318,305	16.8%
Federated - Agency	10,105,576	2.2%
Total Investments	\$ 454,928,497	100.0%

City of Richardson Investment Report

Schedule of Beginning and Ending Market Value and Interest Earned

March 31, 2024

Portfolio	Quarter Beginning Market Value	Quarter Ending Market Value	Interest Income Quarter	Interest Income YTD
Operating Portfolio				
General Fund	\$ 57,895,214	\$ 75,299,183	\$ 510,257	\$ 1,540,644
Special Police Funds	810,642	813,852	7,117	25,129
Municipal Court Building Security Fund	47,503	41,259	366	1,533
Technology Fund	257,796	270,568	2,330	8,087
Wireless 911 Fund	584,400	591,502	4,700	17,407
Municipal Jury Fund	1,502	1,365	13	51
Juvenile Case Manager Fund	110,124	106,445	920	3,498
Judicial Efficiency Fund	122,477	122,525	1,038	3,772
Federal Grants - American Recovery Plan Act	3,123,682	2,233,186	19,081	122,821
Hotel/ Motel Tax Fund	8,546,224	7,595,607	178,117	248,855
Tax Increment Financing Fund #1	16,206,802	23,868,043	442,866	575,735
Tax Increment Financing Fund #2	3,780,159	9,344,039	130,932	164,331
Tax Increment Financing Fund #3	744,597	1,291,055	16,470	33,290
Franchise PEG Fund	1,031,619	1,048,056	9,005	31,493
Drainage Fee Fund	3,666,796	3,992,569	80,227	116,284
Economic Development	7,588,237	7,101,530	65,014	230,344
Eisemann Endowment Fund	242,393	244,680	2,135	7,610
Water and Sewer Operating Fund	33,171,411	16,550,438	370,649	731,303
Water and Sewer Rate Stabilization Fund	2,408,863	2,430,448	21,585	80,967
Golf Fund	1,200,392	1,063,481	9,256	36,209
Solid Waste Services Fund	3,053,098	2,633,181	8,813	92,322
Central Services Fund	812,100	700,494	5,679	24,188
Insurance and Flexible Spending Fund	15,706,772	16,178,258	367,488	497,882
Tech Replacement Fund	5,868,182	5,187,215	47,115	174,371
Total Operating Portfolio	\$ 166,980,982	\$ 179,338,981	\$ 2,301,175	\$ 4,768,128
Bond Proceeds and Capital Projects Portfolio				
Capital Projects - Equipment Funds	\$ 337,844	\$ 250,539	\$ 2,039	\$ 9,551
Capital Projects - Major Projects Funds	115,654,133	109,175,403	1,360,983	3,226,686
Water and Sewer - Capital Project Funds	22,322,302	18,574,960	242,825	640,588
Solid Waste - Capital Projects Funds	1,563,401	841,197	16,499	45,859
<u>Non-Bond Capital Projects:</u>				
Special Projects Fund	41,649,141	70,905,622	1,063,215	1,707,423
Eisemann Center Capital Fund	626,111	1,467,042	30,386	39,762
Capital Equipment Replacement Fund	15,977,795	15,040,051	189,168	435,152
Golf Special Projects Fund	955,167	891,010	10,874	28,303
Street Rehabilitation Fund	11,626,729	9,920,998	126,916	298,628
Water Sewer Special Projects Fund	18,109,245	28,550,457	335,541	429,146
Solid Waste Special Projects Fund	3,499,189	4,046,964	56,787	113,726
Total Bond Proceeds & Capital Projects Portfolio	\$ 232,321,058	\$ 259,664,243	\$ 3,435,233	\$ 6,974,824
Debt Service Portfolio				
General Debt Service Fund	\$ 21,541,682	\$ 8,643,740	\$ 111,953	\$ 147,715
Water and Sewer Debt Service Fund	2,779,734	(1,943,223)	5,180	12,651
Solid Waste Debt Service Fund	537,288	(530,704)	860	2,300
Total Debt Service Portfolio	\$ 24,858,703	\$ 6,169,813	\$ 117,993	\$ 162,666
Deposit Portfolio				
Water and Sewer Deposit Fund	\$ 5,360,511	\$ 5,411,256	\$ 24,902	\$ 46,581
Total Deposit Portfolio	\$ 5,360,511	\$ 5,411,256	\$ 24,902	\$ 46,581
Total All Portfolios	\$ 429,521,254	\$ 450,584,294	\$ 5,879,303	\$ 11,952,199

Note: Portfolio balances include (\$4,344,203) of net cash in the bank on March 31, 2024. Negative cash is caused by the City writing checks that have not been presented for payment. The City accounts for these checks in its records, but is not required to fund them until they are presented for payment.