



RICHARDSON, TX[®]

FINANCE

3rd Quarter Investment Report
(For the Quarter Ended June 30, 2024)
Fiscal Year 2023-24
City of Richardson, Texas

Investment Report Overview Quarter Ending June 30, 2024

Portfolio Balance

The Market Value of the City’s Investment Portfolio as of June 30, 2024 was \$490,352,224.

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 July 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 few 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 moderated, the unemployment rate has moved up but remains low, and inflation has eased over the past year but remains somewhat 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	5.10%
Securities	4.97%
Money Market Mutual Funds and Local Investment Pools	5.30%
<i>Reference: Benchmark 91-day Treasury Bill</i>	5.25%

The portfolio yield was 5.10%, which is below the 5.25% 91-day Treasury Bill benchmark. The City focuses 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 \$5,942,405. 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. 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	\$ 1,748,731		\$ 6,516,859
Bond Proceeds & Capital Projects	3,539,591	3,435,233	4,131,924		11,106,748
Debt Service	44,673	117,993	37,680		200,346
Deposit	21,679	24,902	24,070		70,651
Total	\$ 6,072,896	\$ 5,879,303	\$ 5,942,405		\$ 17,894,604

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 June 30, 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: August 2, 2024

[Redacted Signature]

Kent Pfeil
Chief Financial Officer

[Redacted Signature]

Anita Cothran
Director of Finance

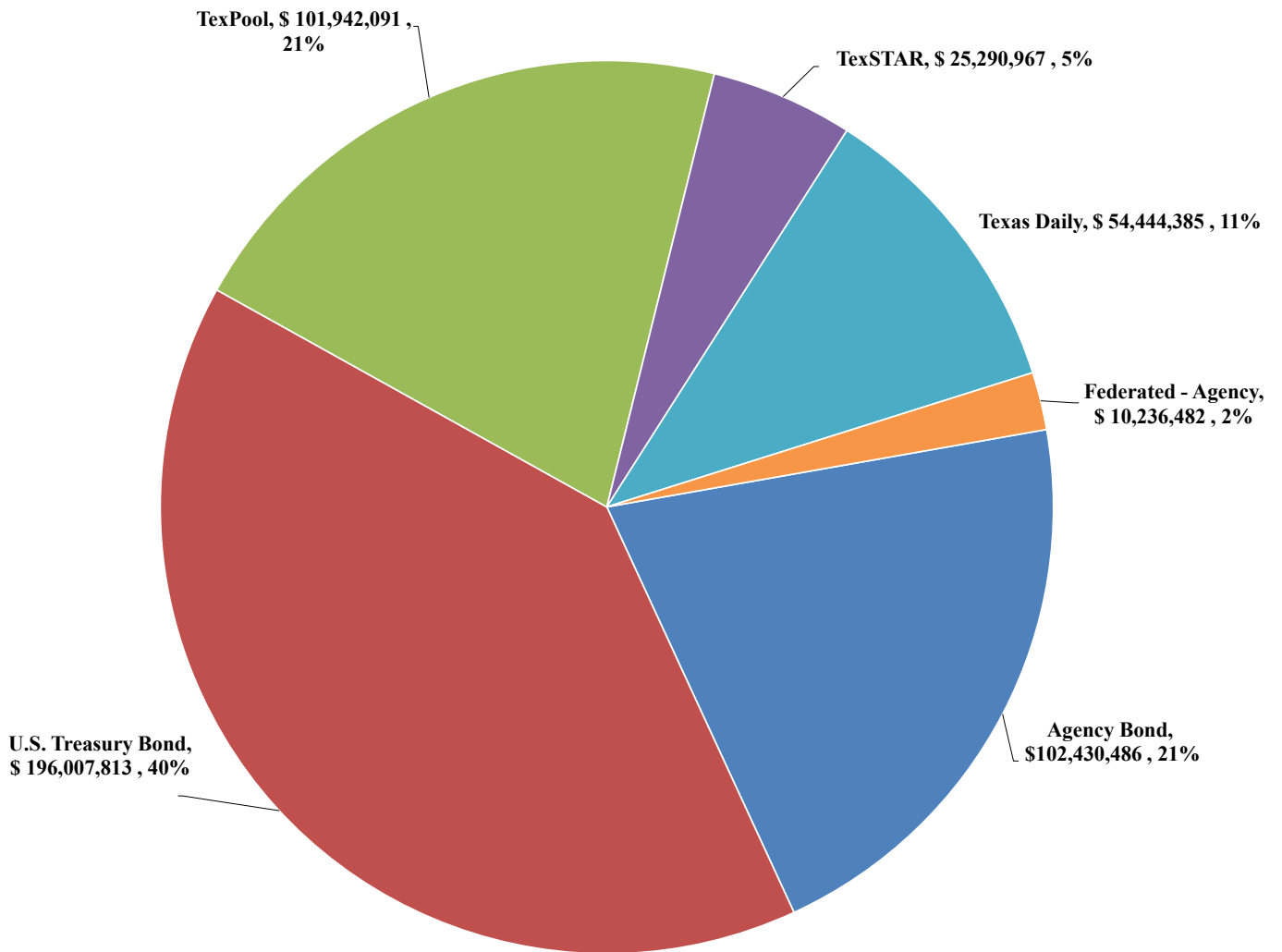
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Todd Gastorf
Assistant Director of Finance

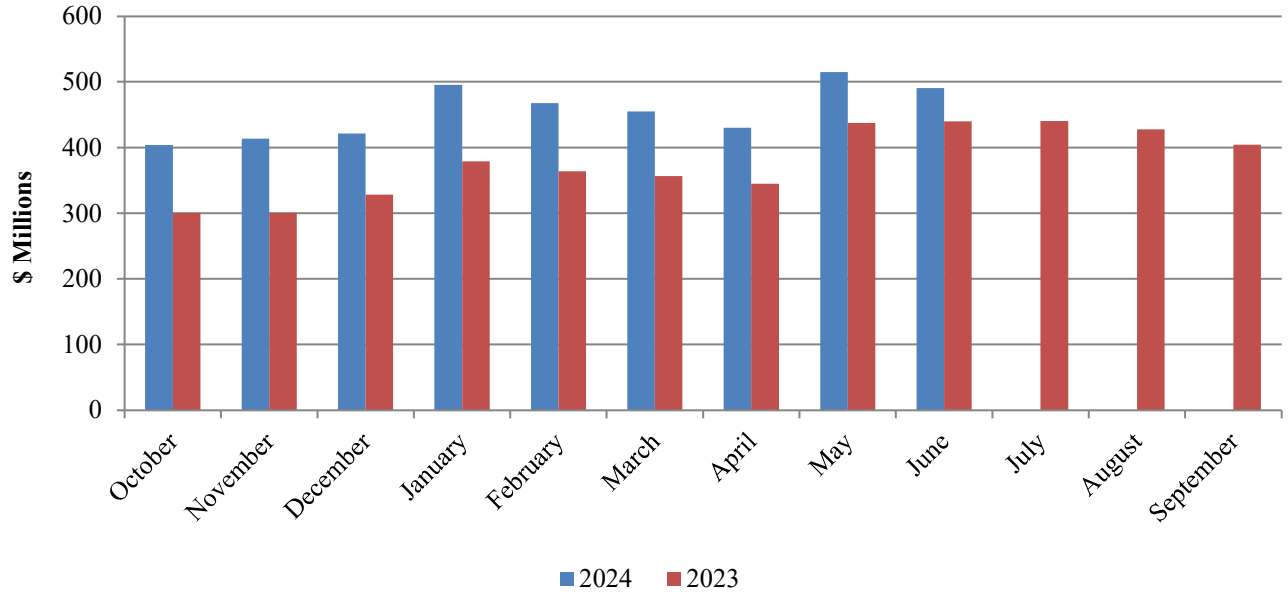
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Herman Chavez
Controller

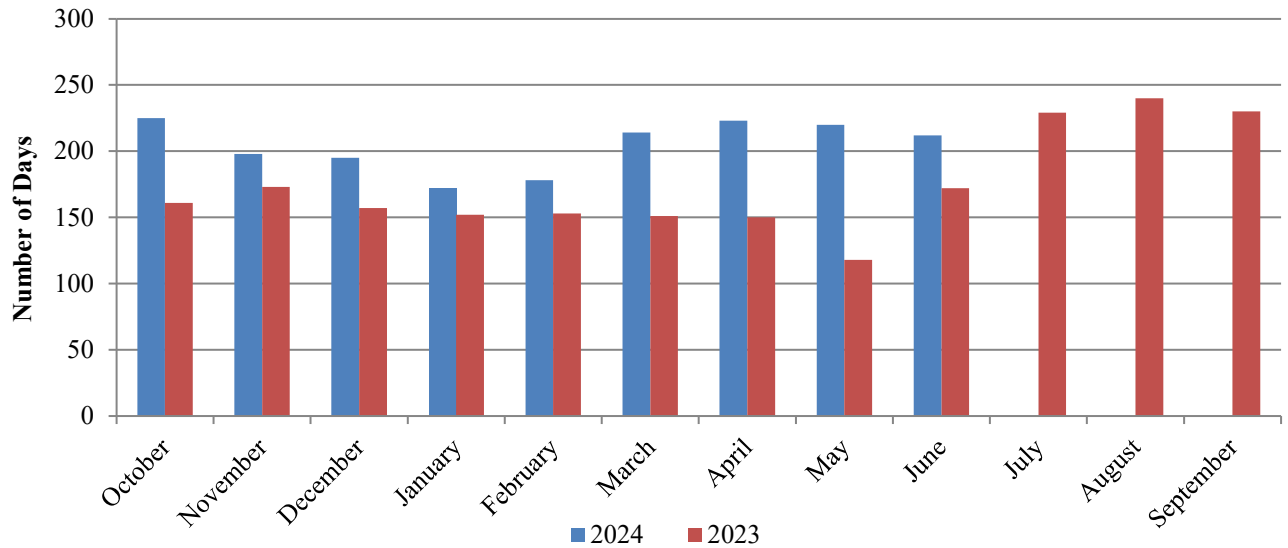
**Securities by Type
As of June 30, 2024
\$490,352,224**



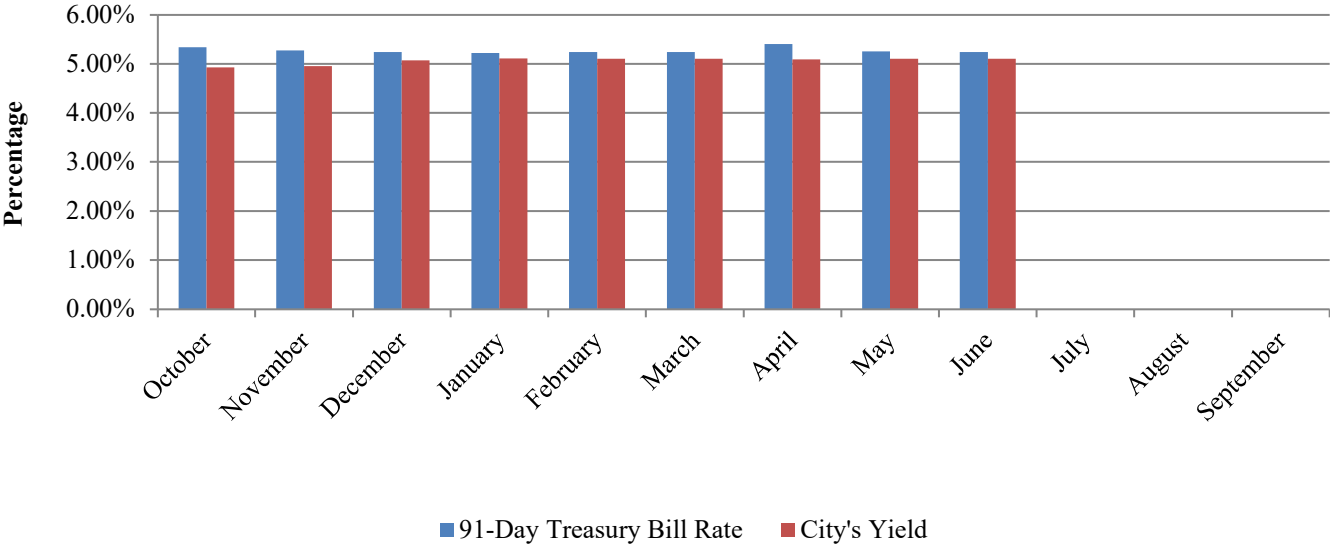
Investment Portfolio Balance Fiscal Year 2024



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

June 30, 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	U.S. Treasury Bond	T-Note	06/30/23	07/15/24	381 days	7,983,750	7,985,111	5.34%	N/A	JPMorgan Chase
Operating	U.S. Treasury Bond	T-Note	06/15/23	07/15/24	396 days	4,989,844	4,990,939	5.21%	N/A	JPMorgan Chase
Bond Proceeds	U.S. Treasury Bond	T-Note	07/06/23	08/15/24	406 days	7,970,000	7,970,963	5.39%	N/A	JPMorgan Chase
Operating	Agency Bond	FFCB	02/28/23	08/15/24	534 days	4,985,950	4,989,188	5.09%	N/A	Piper Sandler
Operating	Agency Bond	FHLB	01/31/23	09/13/24	591 days	9,986,740	10,004,378	4.65%	N/A	KeyBank
Bond Proceeds	U.S. Treasury Bond	T-Note	07/06/23	09/15/24	437 days	7,918,750	7,919,512	5.38%	N/A	Goldman Sachs
Operating	Agency Bond	FHLB	05/11/23	09/17/24	495 days	4,953,240	4,961,483	4.72%	N/A	KeyBank
Bond Proceeds	U.S. Treasury Bond	T-Note	06/23/23	10/31/24	496 days	7,972,500	7,979,150	5.18%	N/A	Goldman Sachs
Operating	U.S. Treasury Bond	T-Note	06/23/23	10/31/24	496 days	4,982,813	4,986,969	5.18%	N/A	Goldman Sachs
Bond Proceeds	U.S. Treasury Bond	T-Note	06/29/23	11/15/24	505 days	7,907,500	7,915,710	5.15%	N/A	JPMorgan Chase
Operating	U.S. Treasury Bond	T-Note	07/17/23	11/15/24	487 days	4,942,188	4,947,073	5.17%	N/A	Daiwa
Bond Proceeds	U.S. Treasury Bond	T-Note	06/30/23	12/15/24	534 days	7,846,250	7,853,763	5.11%	N/A	JPMorgan Chase
Operating	Agency Bond	FHLB	05/23/23	12/23/24	580 days	4,902,400	4,910,952	5.02%	09/23/24	Wells Fargo
Bond Proceeds	U.S. Treasury Bond	T-Note	07/07/23	01/15/25	558 days	7,823,750	7,828,176	5.23%	N/A	JPMorgan Chase
Operating	U.S. Treasury Bond	T-Note	07/20/23	01/15/25	545 days	4,889,844	4,896,868	5.06%	N/A	JPMorgan Chase
Bond Proceeds	U.S. Treasury Bond	T-Note	06/30/23	02/15/25	596 days	7,836,250	7,856,119	4.97%	N/A	StoneX
Operating	U.S. Treasury Bond	T-Note	10/16/23	02/15/25	488 days	4,897,656	4,900,101	5.31%	N/A	JPMorgan Chase
Bond Proceeds	U.S. Treasury Bond	T-Note	06/29/23	03/15/25	625 days	7,806,250	7,824,294	4.96%	N/A	Goldman Sachs
Operating	Agency Bond	FHLB	08/15/23	03/28/25	591 days	7,827,344	7,830,207	5.28%	07/28/24	TD Securities
Bond Proceeds	U.S. Treasury Bond	T-Note	07/07/23	04/15/25	648 days	7,841,250	7,851,146	5.06%	N/A	JPMorgan Chase
Operating	U.S. Treasury Bond	T-Note	01/03/24	04/15/25	468 days	4,900,781	4,922,722	4.65%	N/A	JPMorgan Chase
Bond Proceeds	U.S. Treasury Bond	T-Note	07/07/23	05/15/25	678 days	7,792,500	7,806,139	5.00%	N/A	JPMorgan Chase
Operating	U.S. Treasury Bond	T-Note	02/21/24	05/15/25	449 days	4,870,313	4,886,204	4.82%	N/A	Morgan Stanley
Bond Proceeds	Agency Bond	FHLB	07/11/23	06/13/25	703 days	4,979,600	4,988,395	5.00%	N/A	Wells Fargo
Operating	U.S. Treasury Bond	T-Note	03/08/24	06/15/25	464 days	5,872,500	5,892,189	4.82%	N/A	Morgan Stanley
Bond Proceeds	Agency Bond	FHLB	05/12/23	07/18/25	798 days	4,983,875	4,996,280	4.95%	N/A	KeyBank
Bond Proceeds	Agency Bond	FNMA	07/20/23	07/29/25	740 days	4,761,315	4,776,426	4.92%	07/29/24	Piper Sandler
Operating	Agency Bond	FHLB	03/01/24	08/15/25	532 days	4,976,420	4,992,989	4.87%	N/A	KeyBank
Bond Proceeds	Agency Bond	FNMA	08/18/23	08/25/25	738 days	7,598,752	7,602,915	5.15%	08/25/24	TD Securities
Operating	U.S. Treasury Bond	T-Note	03/28/24	09/15/25	536 days	7,855,000	7,882,327	4.77%	N/A	Morgan Stanley
Bond Proceeds	Agency Bond	FHLMC	10/24/23	09/22/25	699 days	7,563,208	7,554,203	5.29%	09/22/24	StoneX
Bond Proceeds	U.S. Treasury Bond	T-Note	01/03/24	10/15/25	651 days	4,952,344	4,990,073	4.41%	N/A	Stifel Nicolaus
Operating	U.S. Treasury Bond	T-Note	03/15/24	10/15/25	579 days	5,942,813	5,962,573	4.76%	N/A	Daiwa
Bond Proceeds	U.S. Treasury Bond	T-Note	01/26/24	11/15/25	659 days	9,640,625	9,717,341	4.40%	N/A	StoneX
Bond Proceeds	Agency Bond	FFCB	12/08/23	12/08/25	731 days	5,975,058	5,996,875	4.66%	N/A	Wells Fargo
Operating	Agency Bond	FFCB	12/08/23	12/08/25	731 days	5,975,058	5,996,875	4.66%	N/A	Wells Fargo
Bond Proceeds	U.S. Treasury Bond	T-Note	02/21/24	02/15/26	725 days	4,932,031	4,956,694	4.56%	N/A	Goldman Sachs
Bond Proceeds	Agency Bond	FFCB	03/28/24	03/05/26	707 days	7,967,496	8,001,433	4.61%	N/A	Daiwa
Bond Proceeds	U.S. Treasury Bond	T-Note	03/08/24	03/15/26	737 days	5,979,375	6,012,205	4.50%	N/A	Royal Bank of Canada
Bond Proceeds	U.S. Treasury Bond	T-Note	04/15/24	04/15/26	730 days	4,910,156	4,901,188	4.92%	N/A	Daiwa
Operating	U.S. Treasury Bond	T-Note	04/15/24	04/15/26	730 days	4,910,156	4,901,188	4.92%	N/A	Daiwa
Bond Proceeds	Agency Bond	FFCB	05/01/24	05/01/26	730 days	9,996,020	10,000,000	5.38%	05/01/25	FHN Financial
Operating	Agency Bond	FFCB	05/01/24	05/01/26	730 days	4,998,010	5,000,000	5.38%	5/1/2025	FHN Financial
Bond Proceeds	U.S. Treasury Bond	T-Note	05/20/24	06/15/26	756 days	9,884,375	9,877,851	4.79%	N/A	Morgan Stanley
Bond Proceeds	U.S. Treasury Bond	T-Note	05/20/24	07/15/26	786 days	9,956,250	9,951,095	4.75%	N/A	Goldman Sachs
Total						\$ 298,438,299	\$ 298,968,282			

Money Market Funds and State Pools			
Source of Funds	Type	Market Value	Purchased From
Operating	State Pool	\$ 36,495,241	TexPool
Bond Proceeds & Capital Projects	State Pool	62,541,492	TexPool
Debt Service	State Pool	1,826,419	TexPool
Deposit	State Pool	1,078,939	TexPool
Operating	State Pool	9,054,159	TexSTAR
Bond Proceeds & Capital Projects	State Pool	15,516,013	TexSTAR
Debt Service	State Pool	453,119	TexSTAR
Deposit	State Pool	267,676	TexSTAR
Operating	State Pool	19,491,075	Texas Daily
Bond Proceeds & Capital Projects	State Pool	33,401,640	Texas Daily
Debt Service	State Pool	975,439	Texas Daily
Deposit	State Pool	576,231	Texas Daily
Operating	Money Market	3,664,658	Federated - Agency
Bond Proceeds & Capital Projects	Money Market	6,280,084	Federated - Agency
Debt Service	Money Market	183,399	Federated - Agency
Deposit	Money Market	108,341	Federated - Agency
Total		\$ 191,913,925	

Type	Market Value	Percentage
Securities		
Agency Bond	\$ 102,430,486	20.9%
U.S. Treasury Bond	196,007,813	40.0%
TexPool	101,942,091	20.8%
TexSTAR	25,290,967	5.2%
Texas Daily	54,444,385	11.1%
Federated - Agency	10,236,482	2.1%
Total Investments	\$ 490,352,224	100.0%

City of Richardson Investment Report

Schedule of Beginning and Ending Market Value and Interest Earned

June 30, 2024

Portfolio	Quarter Beginning Market Value	Quarter Ending Market Value	Interest Income Quarter	Interest Income YTD
Operating Portfolio				
General Fund	\$ 75,299,183	\$ 64,711,869	\$ 737,235	\$ 2,277,879
Special Police Funds	813,852	738,509	7,804	32,933
Municipal Court Building Security Fund	41,259	39,241	383	1,916
Technology Fund	270,568	283,614	2,787	10,874
Wireless 911 Fund	591,502	597,213	5,528	22,935
Municipal Jury Fund	1,365	1,634	15	66
Juvenile Case Manager Fund	106,445	105,416	1,047	4,545
Judicial Efficiency Fund	122,525	131,350	1,274	5,045
Federal Grants - American Recovery Plan Act	2,233,186	2,146,227	19,519	142,340
Hotel/ Motel Tax Fund	7,595,607	7,663,694	73,609	322,464
Tax Increment Financing Fund #1	23,868,043	20,284,270	240,390	816,125
Tax Increment Financing Fund #2	9,344,039	4,751,549	105,972	270,303
Tax Increment Financing Fund #3	1,921,055	942,103	21,929	55,220
Franchise PEG Fund	1,048,056	1,085,841	10,706	42,199
Drainage Fee Fund	3,992,569	4,469,460	43,145	159,428
Economic Development	7,101,530	7,070,650	69,121	299,465
Eisemann Endowment Fund	244,680	247,125	2,441	10,051
Water and Sewer Operating Fund	16,550,438	15,523,432	139,940	871,243
Water and Sewer Rate Stabilization Fund	2,430,448	2,449,208	23,962	104,929
Golf Fund	1,063,481	1,025,731	9,728	45,937
Solid Waste Services Fund	2,633,181	2,971,070	28,073	120,395
Central Services Fund	700,494	586,434	5,723	29,911
Insurance and Flexible Spending Fund	16,178,258	15,831,673	151,567	649,449
Tech Replacement Fund	5,187,215	4,816,515	46,836	221,207
Total Operating Portfolio	\$ 179,338,981	\$ 158,473,828	\$ 1,748,731	\$ 6,516,859
Bond Proceeds and Capital Projects Portfolio				
Capital Projects - Equipment Funds	\$ 250,539	\$ 234,974	\$ 3,151	\$ 12,702
Capital Projects - Major Projects Funds	109,175,403	165,095,494	1,763,860	4,990,546
Water and Sewer - Capital Project Funds	18,574,960	25,441,317	276,489	917,077
Solid Waste - Capital Projects Funds	841,197	2,508,020	21,823	67,682
<u>Non-Bond Capital Projects:</u>				
Special Projects Fund	70,905,622	69,065,713	925,820	2,633,243
Eisemann Center Capital Fund	1,467,042	1,486,253	19,636	59,398
Capital Equipment Replacement Fund	15,040,051	12,058,038	183,679	618,832
Golf Special Projects Fund	891,010	816,623	11,222	39,525
Street Rehabilitation Fund	9,920,998	7,887,997	115,224	413,852
Water Sewer Special Projects Fund	28,550,457	29,217,174	757,807	1,186,953
Solid Waste Special Projects Fund	4,046,964	4,050,577	53,213	166,938
Total Bond Proceeds & Capital Projects Portfolio	\$ 259,664,243	\$ 317,862,180	\$ 4,131,924	\$ 11,106,748
Debt Service Portfolio				
General Debt Service Fund	\$ 8,643,740	\$ 9,038,105	\$ 38,195	\$ 185,910
Water and Sewer Debt Service Fund	(1,943,223)	105,903	(436)	12,215
Solid Waste Debt Service Fund	(530,704)	(131,867)	(80)	2,221
Total Debt Service Portfolio	\$ 6,169,813	\$ 9,012,141	\$ 37,680	\$ 200,346
Deposit Portfolio				
Water and Sewer Deposit Fund	\$ 5,411,256	\$ 5,455,251	\$ 24,070	\$ 70,651
Total Deposit Portfolio	\$ 5,411,256	\$ 5,455,251	\$ 24,070	\$ 70,651
Total All Portfolios	\$ 450,584,294	\$ 490,803,400	\$ 5,942,405	\$ 17,894,604

Note: Portfolio balances include \$451,176 of net cash in the bank on June 30, 2024.