



Quarterly Investment Report

September 2024

Agenda

- Economy and Market Updates
- Cash Management Summary
- Maturity Ladder
- Investment Reports
- Investment Policy Review and Approval
- Committee Discussion

Economy Update

- **Inflation-** The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.2 percent on a seasonally adjusted basis, the same increase as in August and July, the U.S. Bureau of Labor Statistics reported today. Over the last 12 months, the all items index increased 2.4 percent before seasonal adjustment. The index for shelter rose 0.2 percent in September, and the index for food increased 0.4 percent. Together, these two indexes contributed over 75 percent of the monthly all items increase. The food at home index increased 0.4 percent in September and the food away from home index rose 0.3 percent over the month. The energy index fell 1.9 percent over the month, after declining 0.8 percent the preceding month. The index for all items less food and energy rose 0.3 percent in September, as it did the preceding month. Indexes which increased in September include shelter, motor vehicle insurance, medical care, apparel, and airline fares. The indexes for recreation and communication were among those that decreased over the month. The all items index rose 2.4 percent for the 12 months ending September, the smallest 12-month increase since February 2021. The all items less food and energy index rose 3.3 percent over the last 12 months. The energy index decreased 6.8 percent for the 12 months ending September. The food index increased 2.3 percent over the last year. (BLS: CPI - September 2024)
- **Real Gross Domestic Product (GDP)-** increased at an annual rate of 2.8 percent in the third quarter of 2024, according to the "advance" estimate. In the second quarter, real GDP increased 3.0 percent. The increase in the third quarter primarily reflected increases in consumer spending, exports, and federal government spending. Imports, which are a subtraction in the calculation of GDP, increased. (BEA: Gross Domestic Product - October 2024 Release)
- **Labor Market** –Total nonfarm payroll employment increased by 254,000 in September, and the unemployment rate changed little at 4.1 percent, the U.S. Bureau of Labor Statistics reported today. Employment continued to trend up in food services and drinking places, health care, government, social assistance, and construction. (BLS: The Employment Situation - October 2024)

Market Update

- The average 2-year Treasury security yields for July, August, and September were 4.50%, 3.97% and 3.62%, respectively.
- The City’s portfolio yield in September was 3.34%.
- The Federal Open Market Committee (FOMC) decided to lower the target range for the federal funds rate by ½ percentage point to 4-3/4 to 5 percent.

FOMC Meeting Date	Rate Change (bps)	Federal Funds Rate
September 18, 2024	50 bps	4.75% - 5.00%
June 12, 2024	No Change	5.25% - 5.50%
March 20, 2024	No Change	5.25% - 5.50%
January 31, 2024	No Change	5.25% - 5.50%
December 13, 2023	No Change	5.25% - 5.50%



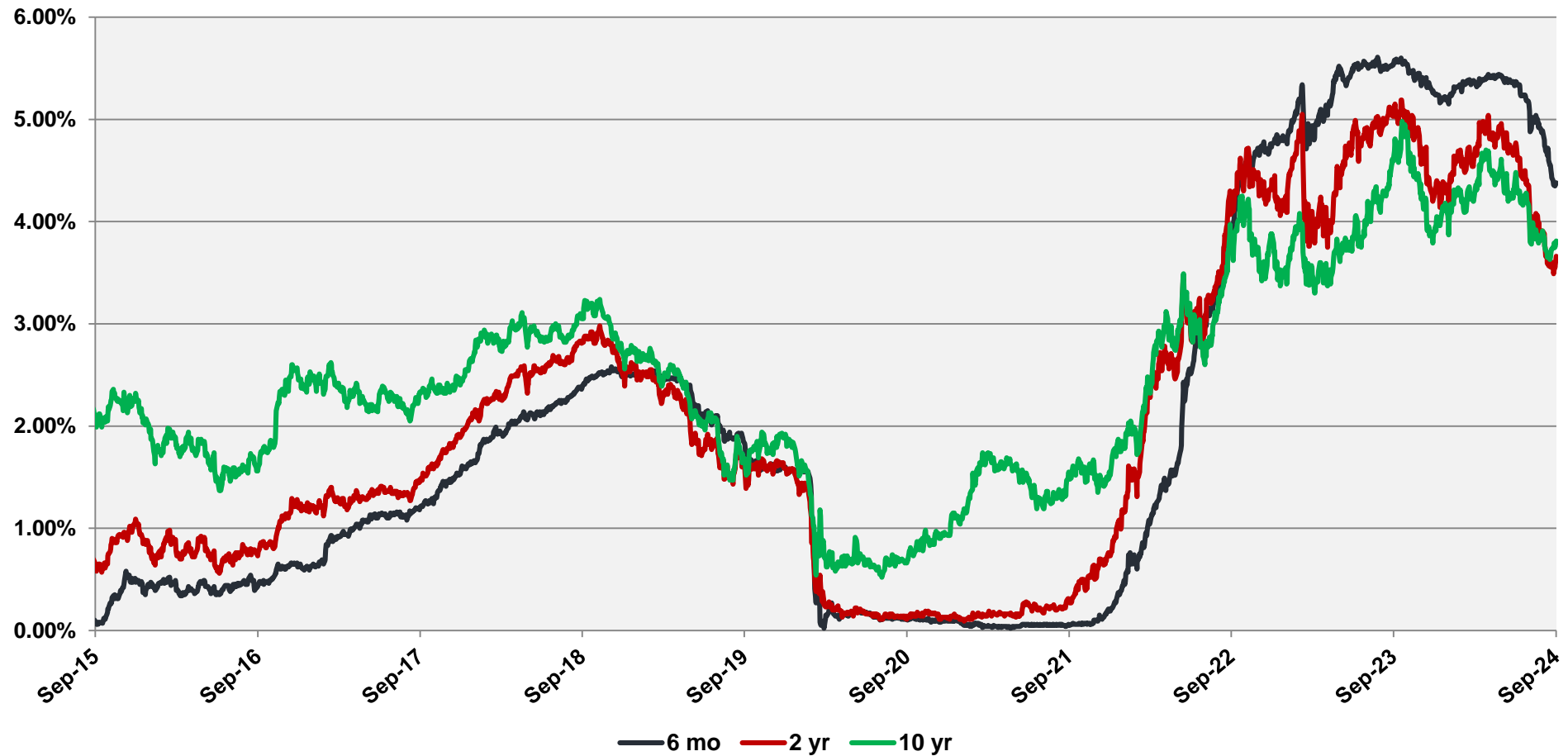
Current Fed Minutes

Release Date September 18, 2024

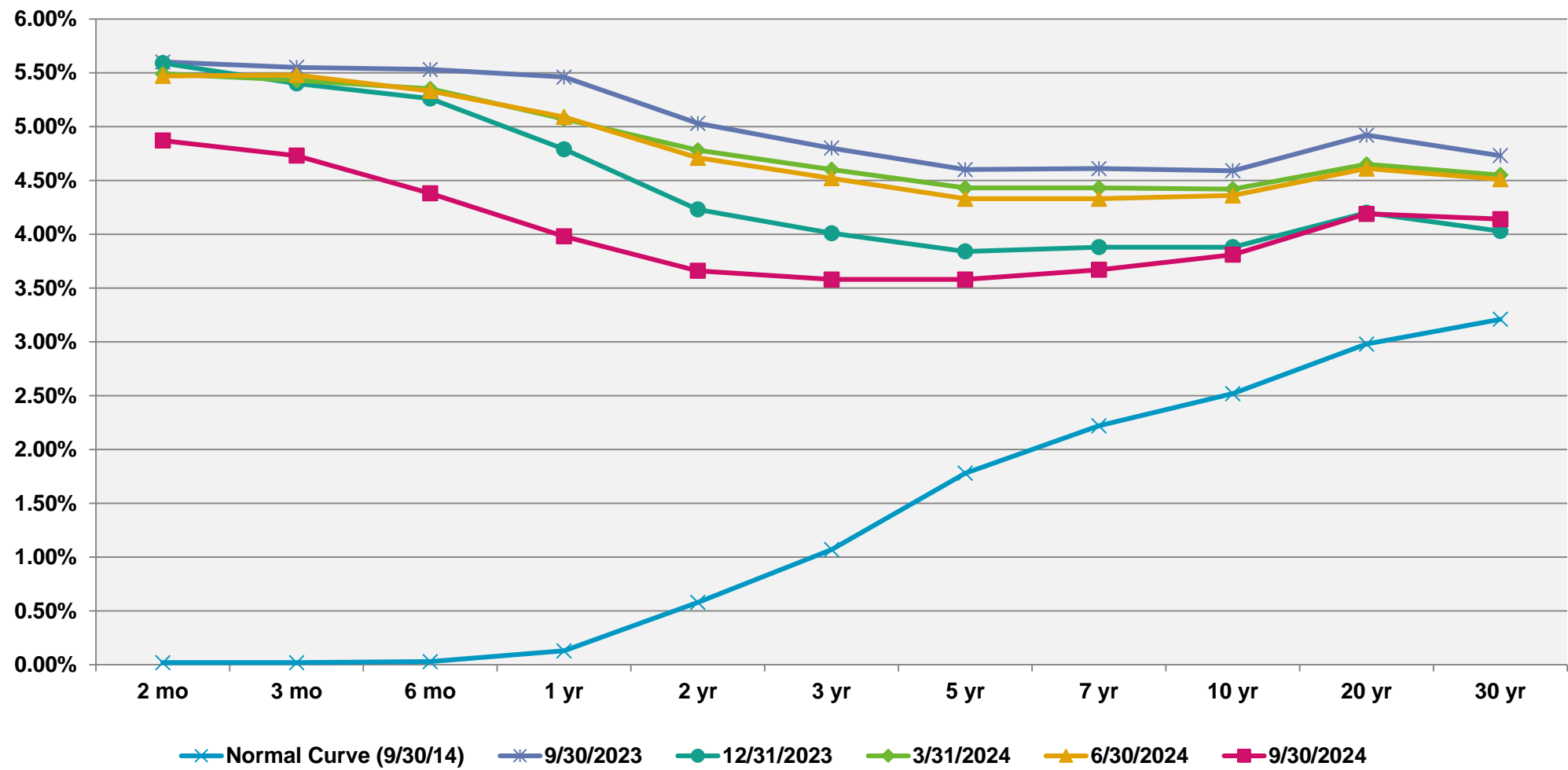
- Recent indicators suggest that economic activity has continued to expand at a solid pace. Job gains have slowed, and the unemployment rate has moved up but remains low. Inflation has made further progress toward the Committee's 2 percent objective but remains somewhat elevated.
- The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. The Committee has gained greater confidence that inflation is moving sustainably toward 2 percent, and judges that the risks to achieving its employment and inflation goals are roughly in balance. The economic outlook is uncertain, and the Committee is attentive to the risks to both sides of its dual mandate.
- In light of the progress on inflation and the balance of risks, the Committee decided to lower the target range for the federal funds rate by 1/2 percentage point to 4-3/4 to 5 percent. In considering additional adjustments to the target range for the federal funds rate, the Committee will carefully assess incoming data, the evolving outlook, and the balance of risks. The Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities. The Committee is strongly committed to supporting maximum employment and returning inflation to its 2 percent objective.
- In assessing the appropriate stance of monetary policy, the Committee will continue to monitor the implications of incoming information for the economic outlook. The Committee would be prepared to adjust the stance of monetary policy as appropriate if risks emerge that could impede the attainment of the Committee's goals. The Committee's assessments will take into account a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.
- Voting for the monetary policy action were Jerome H. Powell, Chair; John C. Williams, Vice Chair; Thomas I. Barkin; Michael S. Barr; Raphael W. Bostic; Lisa D. Cook; Mary C. Daly; Beth M. Hammack; Philip N. Jefferson; Adriana D. Kugler; and Christopher J. Waller. Voting against this action was Michelle W. Bowman, who preferred to lower the target range for the federal funds rate by 1/4 percentage point at this meeting.



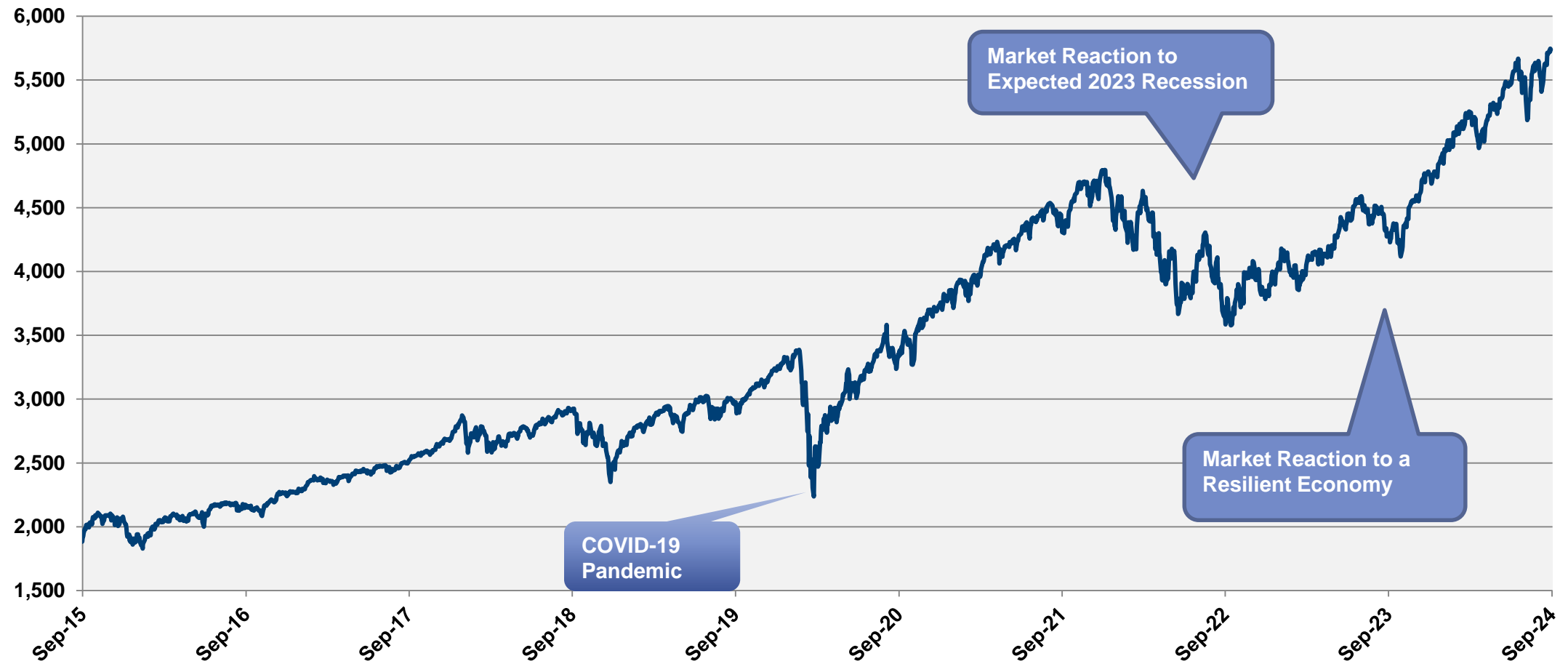
US Treasury Historical Yields



Treasury Yield Curve

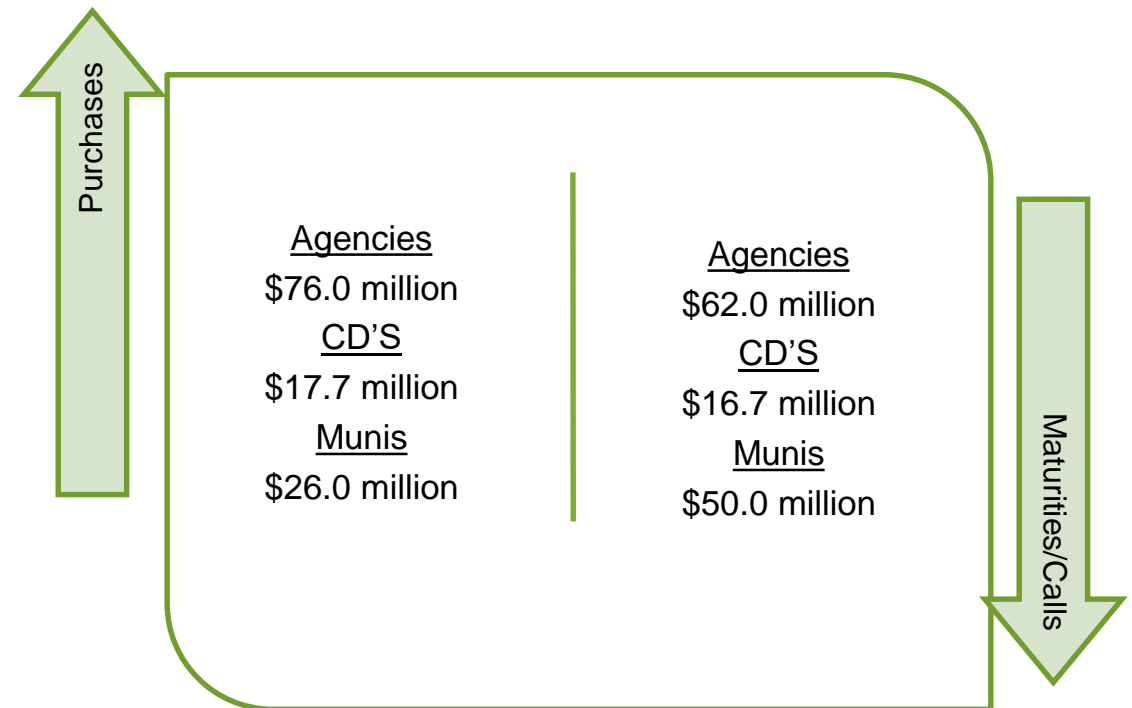


S&P 500



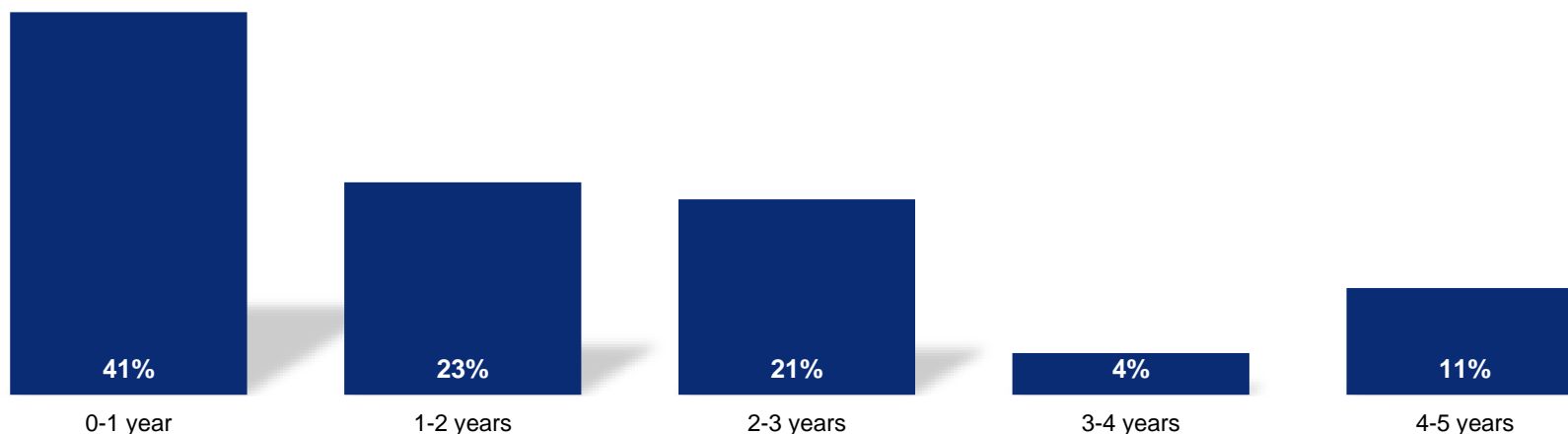
Cash Management Summary

- During the 4th quarter of FY 2024, the City had \$62.0 million in agencies, 16.7 million in certificates of deposit, and \$50.0 million in municipal bonds mature or be called. Purchases included \$76.0 million in agencies, 17.7 million in certificated of deposits and 26.0 million in municipal bonds. Primarily due to the GO debt service paid in September, expenses exceeded revenues creating a 111.9 million negative book value adjustment on the Portfolio. Therefore, the ending portfolio book value went from \$798.8 million at 6/30/2024 to \$686.9 million at 9/30/2024.



Maturity Ladder

	9/30/2023	12/31/2023	3/31/2024	6/30/2024	9/30/2024
0-1 year	48.39%	47.62%	42.03%	50.40%	40.75%
1-2 years	20.97%	21.48%	24.35%	21.31%	22.64%
2-3 years	21.69%	21.81%	15.39%	13.88%	20.81%
3-4 years	8.53%	8.47%	6.45%	4.48%	4.43%
4-5 years	0.42%	0.62%	11.78%	9.93%	11.36%
Total	100.00%	100.00%	100.00%	100.00%	100.00%



The average maturity is currently 1.81 years (21.61 months), so we are within our maximum maturity of 2.5 years allowed by the City's investment policy.

Performance

		9/30/2024		6/30/2024	
<u>Asset Type</u>	<u>Avg Yield</u>	<u>End Book Value</u>	<u>End Market Value</u>	<u>End Book Value</u>	<u>End Market Value</u>
Bank Accounts/Investment Pools	4.85%	116,241,530	116,241,530	220,018,289	220,018,289
Certificates of Deposit/Fixed Term	4.92%	22,959,514	22,959,514	21,998,913	21,998,913
FAMC Bonds	4.48%	29,217,554	29,907,636	72,200,647	71,872,850
FFCB Bonds	3.99%	97,999,772	99,244,919	39,833,586	39,560,703
FHLB Bonds	3.90%	33,213,719	33,455,441	31,104,701	30,869,731
FHLMC Bonds	1.74%	32,653,887	32,195,465	32,564,941	31,581,813
FNMA Bonds	0.87%	75,352,890	72,484,215	75,372,575	70,877,643
T-Notes	0.86%	29,851,092	28,653,516	29,824,543	27,936,328
TVA Bonds	0.00%	-	-	3,092,747	3,063,470
Municipal Bonds	3.26%	249,485,304	248,028,997	272,570,252	266,072,178
Totals		686,975,263	683,171,233	798,581,194	783,851,918

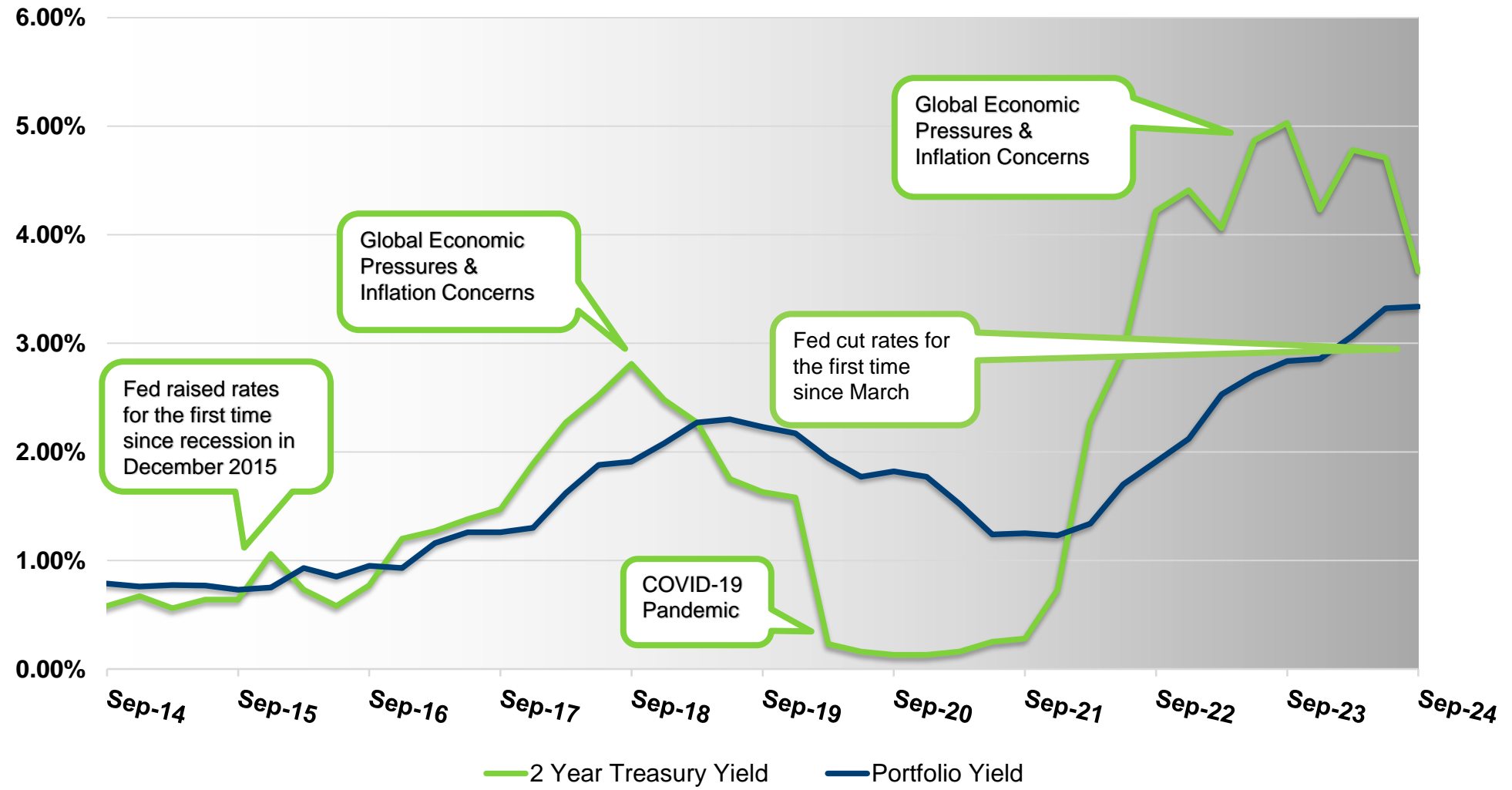
Quarter Average Yields*:		Rolling Twelve Month Average Yields*:	
Plano Portfolio Yield	3.34%	Plano Portfolio Yield	3.10%
Six Month Treasury Yield	4.93%	Six Month Treasury Yield	5.26%
Two Year Treasury Yield	4.04%	Two Year Treasury Yield	4.54%
TexasDaily Investment Pool Yield	5.26%	TexasDaily Investment Pool Yield	5.32%
Quarter Investment Earnings**:	17,155,253	Fiscal Year to Date Investment Earnings**:	45,097,838
Quarter Interest Received & Accrued:	5,628,606	Fiscal Year to Date Interest Received & Accrued:	20,279,122

* Simple average calculation using respective month end yields; does not reflect a total return analysis or account for fees.

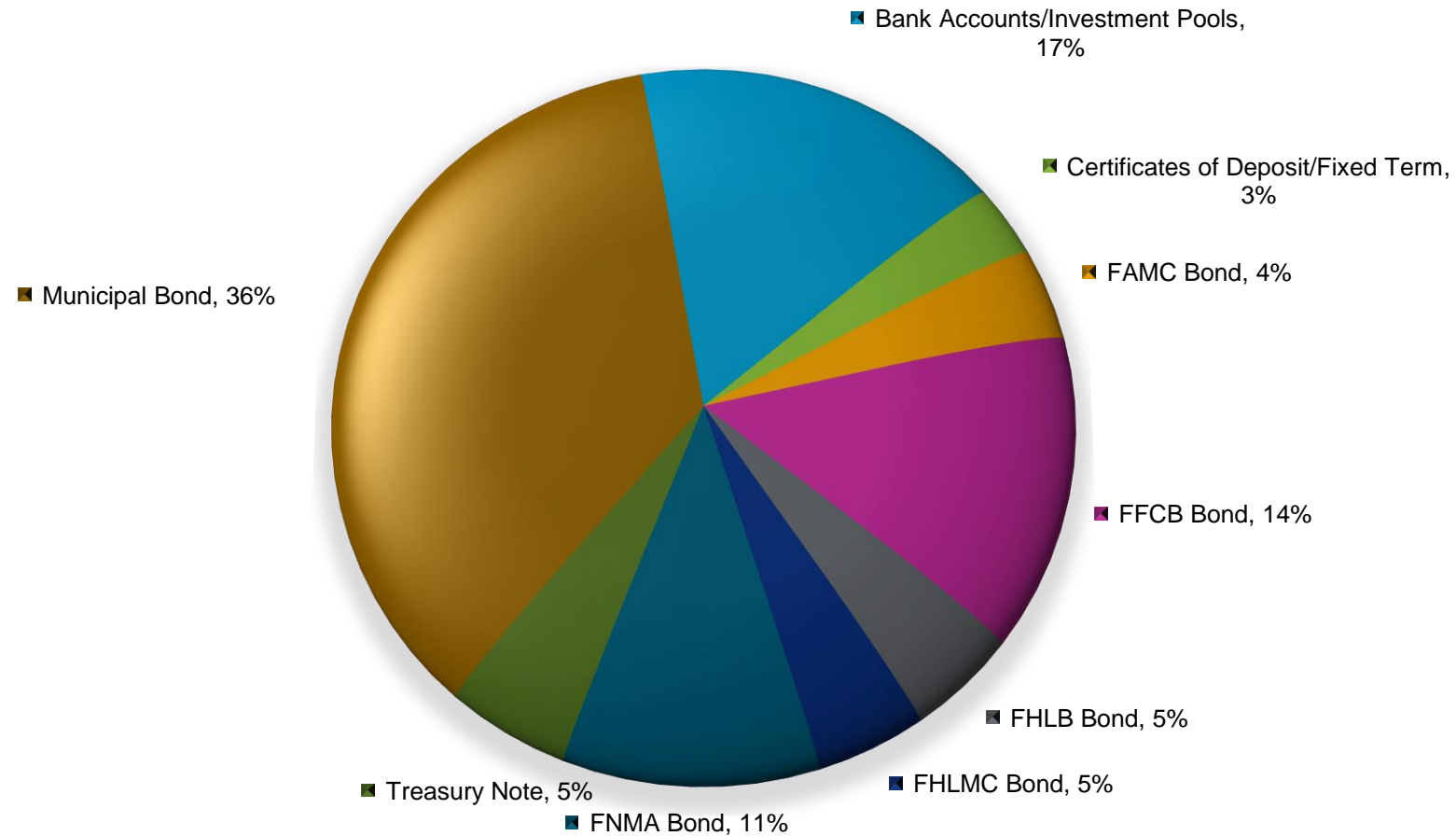
** Interest earnings are obtained from the general ledger - Interest plus/minus Gain or Loss on Investments, Unrealized Gain or Loss and Amortized Premium/Discount.



Performance Continued

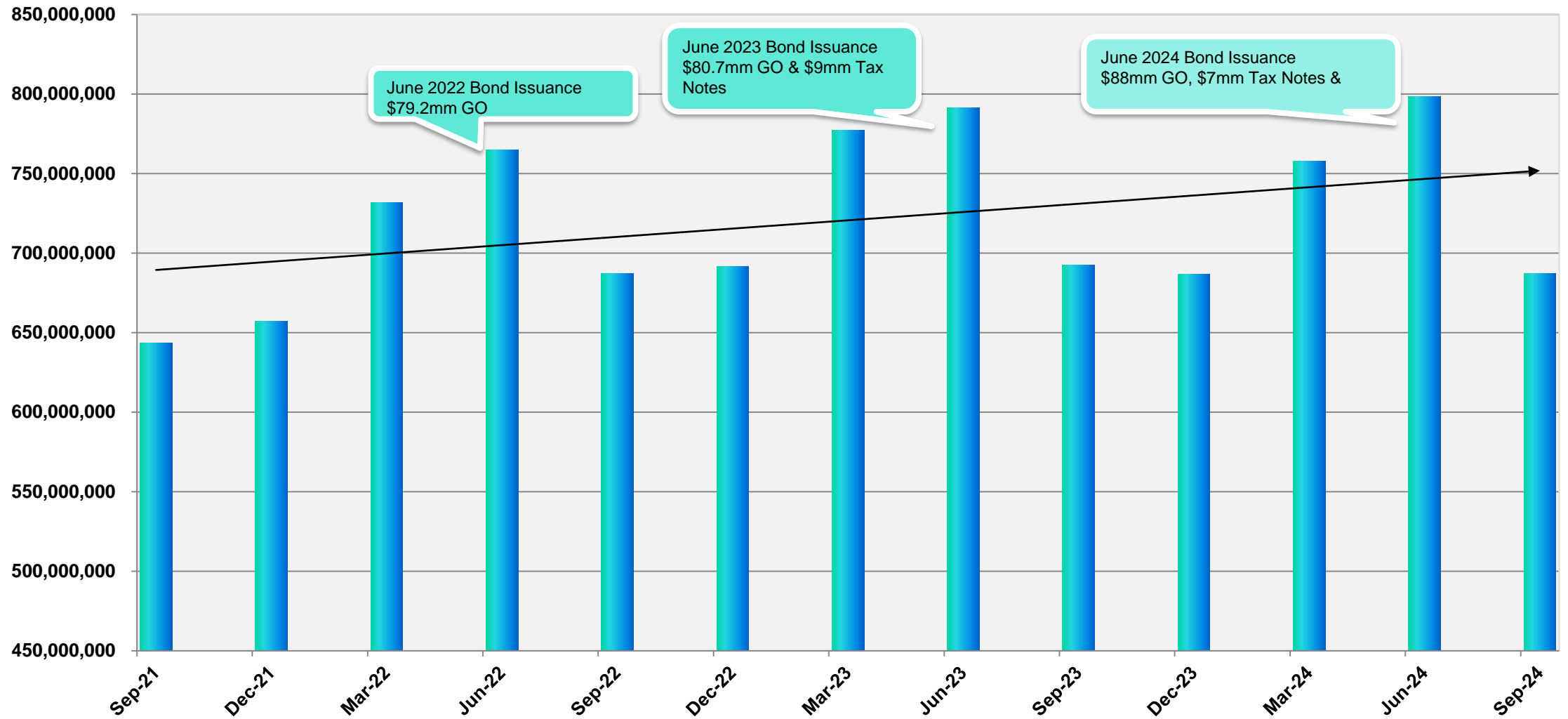


Diversification



*US Backed Agency Bonds Total 39%

Quarterly Book Value



Equity in Treasury Pool

Book Value Allocation					
	June 30, 2024		September 30, 2024		Previous Quarter Comparison
	% Equity in Treasury Pool	Book Value Fund Allocation	% Equity in Treasury Pool	Book Value Fund Allocation	Book Value Change (\$)
General Fund	11.55%	92,234,034.54	7.43%	51,023,587.59	(41,210,446.95)
Debt Service Fund	7.18%	57,373,491.04	0.62%	4,250,675.01	(53,122,816.03)
Capital Projects Fund	38.38%	306,543,831.68	40.27%	276,675,992.38	(29,867,839.30)
Enterprise Fund	15.52%	123,918,392.59	19.76%	135,750,108.89	11,831,716.30
Special Revenue Fund	16.52%	131,894,964.46	19.18%	131,734,635.56	(160,328.90)
Internal Service Fund	8.99%	71,761,323.57	10.99%	75,476,013.69	3,714,690.12
Component Unit	1.93%	15,424,998.98	1.82%	12,514,634.33	(2,910,364.65)
115 Trust	-0.07%	(569,842.54)	-0.07%	(450,384.40)	119,458.14
Totals	100.00%	798,581,194.31	100.00%	686,975,263.05	-111,605,931.26

Market Value Allocation					
	June 30, 2024		September 30, 2024		Previous Quarter Comparison
	% Equity in Treasury Pool	Market Value Fund Allocation	% Equity in Treasury Pool	Market Value Fund Allocation	Market Value Change (\$)
General Fund	11.55%	90,532,841.78	7.43%	50,741,051.54	(39,791,790.25)
Debt Service Fund	7.18%	56,315,276.81	0.62%	4,227,137.48	(52,088,139.33)
Capital Projects Fund	38.38%	300,889,843.45	40.27%	275,143,937.39	(25,745,906.06)
Enterprise Fund	15.52%	121,632,803.84	19.76%	134,998,411.46	13,365,607.63
Special Revenue Fund	16.52%	129,462,253.37	19.18%	131,005,173.26	1,542,919.89
Internal Service Fund	8.99%	70,437,735.76	10.99%	75,058,075.72	4,620,339.96
Component Unit	1.93%	15,140,495.57	1.82%	12,445,336.28	(2,695,159.30)
115 Trust	-0.07%	(559,332.19)	-0.07%	(447,890.46)	111,441.73
Totals	100.00%	783,851,918.40	100.00%	683,171,232.67	-100,680,685.73



Investment Policy Update

- No Changes

A black and white photograph of a hot air balloon. The balloon has a grid-like pattern of dark and light sections. On the right side, there is text that appears to be "Pilot" and "of Excellence" in a stylized font. A green rectangle is overlaid on the center of the image, containing the word "Questions?".

Questions?