

CITY OF MESQUITE

Quarterly Investment Report Overview

Quarter Ending June 30, 2024



Investment objectives are safety, liquidity, yield, and public trust.

Portfolio objective is to meet or exceed the average rate of return on US Treasury securities at the maturity date of the City's portfolio. However, in a rising market, there will be a lag in the City's portfolio until rates stabilize.

AVERAGE YIELD HISTORY

<i>Quarter</i>	September 2023	December 2023	March 2024	June 2024
City Average Yield	4.61%	4.95%	5.02%	5.04%
Treasury Average Yield – 90 days	5.53%	5.53%	5.46%	5.47%
Treasury Average Yield – 180 days	5.53%	5.45%	5.28%	5.39%
Weighted Average Maturity	82 days	61 days	62 days	71 days

The City's Investment Policy allows various types of investments with varying maturity dates to diversify the funds invested.

INVESTMENT TYPES AND PARAMETERS

Investment Types	Portfolio % Parameters	Portfolio % as of June 30, 2024
Certificates of Deposit	20%	0.00%
Federal Agency Coupons	100%	20.50%
State and Local Agency Coupons	20%	0.59%
Managed Pools	80%	75.54%
Money Market Funds	50%	3.37%
Repurchase Agreements	20%	0.00%
	<i>Days Parameter</i>	<i>Days as of 06/30/2024</i>
Weighted Average Maturity	365 days	71 days

INVESTMENT PORTFOLIO BALANCES

Investment Quarter Ended	Book Value	Market Value	Unrealized Gain/(Loss)
September 2023	\$376,856,696	\$375,285,765	\$(1,570,931)
December 2023	360,399,637	359,673,598	(726,040)
March 2024	374,649,577	373,942,690	(706,887)
June 2024	341,226,487	340,685,692	(540,795)

The difference between book value and market value represents an unrealized gain or loss. The City would only realize a gain or loss if investments were sold prior to maturity. Per the investment policy, the City has a "buy and hold" portfolio strategy; therefore, investments are purchased with the intent to hold until maturity.

The following table gives the history of investment rates available for the past three quarters and the current rates available for the various types of investments.

INVESTMENT RATE HISTORY

Date	12/31/2023	3/31/2024	6/30/2024	9/1/2024
Investment Type	Dec Rates	Mar Rates	Jun Rates	Current Rates
<u>Pools</u>				
TexPool (Daily Rate)	5.37%	5.32%	5.31%	5.30%
TexPool Prime (Daily Rate)	5.37%	5.49%	5.31%	5.44%
TexStar (Daily Rate)	5.34%	5.30%	5.31%	5.29%
Texas Class (Daily Rate)	5.57%	5.47%	5.43%	5.43%
<u>Treasury</u>				
3-month (90-days)	5.44%	5.47%	5.51%	5.22%
6-month	5.27%	5.36%	5.37%	4.89%
1-year	4.81%	4.99%	5.11%	4.38%
2-year	4.24%	4.59%	4.74%	3.87%
10-year	3.85%	4.21%	4.31%	3.87%
<u>Agency</u>				
2-year (bullet)	4.40%	4.67%	4.63%	3.88%

Update on US Economy and Federal Fund Target Rate

Inflation has finally shown signs of cooling, with the month-over-month consumer price index lowering 0.1% in June, bringing the year-over-year figure to 3.0%, a decrease from the 3.3% YoY figure in May. This is the slowest pace of inflation since 2021, which was fueled by lower housing costs, groceries, and gasoline. Americans can breathe a tentative sigh of relief, as the Federal Reserve Chair Jerome Powell and his colleagues gain more confidence in cutting rates before the end of the year. It has been a strenuous battle bringing inflation back to the Federal Reserve's 2% target, and the June figures show a promising step in the right direction.

On the housing front, U.S. mortgages are in lockstep with the Fed's rate-cut expectations. Rates have finally broken below the 7% barrier, with the average for a 30-year fixed loan coming in at 6.89% in the first week of July. Although the cost of rent may be coming down, home prices continue to climb. As mortgage rates have remained elevated for years, those lucky enough to have locked in the low rates during the pandemic were reluctant to sell. Falling rates have been outweighed by the strangle on housing supply that continues to heat the housing market. The median existing home value reached a record \$419,300 in May, according to the National Association of Realtors. In 2019, that figure was \$270,000. This increase could lead to a changing of the guards, encouraging homeowners now flush with equity to go house hunting, resulting in new homebuyers seeing more options come to market.

In his July 9th appearance before the Senate Banking Committee, Jerome Powell said that labor-market conditions have cooled "considerably." In June, the six-month moving average of workers entering unemployment climbed to the highest level since January of 2022. June's unemployment rate climbed to 4.05%, slightly above the 3.96% in May. With inflation and the job market cooling, the Federal Reserve may have a clearer picture of the U.S.' path forward.

CITY OF MESQUITE



INVESTMENT REPORT

FOR

QUARTER ENDING

June 30, 2024

INVESTMENT REPORT

FOR QUARTER ENDING JUNE 30, 2024

The information within comprises the quarterly investment report for the City of Mesquite, Texas. The under-signed acknowledge that the City's investment portfolio has been and is currently in compliance with the policies and strategies contained in the City's Investment Policy as adopted by Resolution 46-2023 for the City of Mesquite and is also in compliance with the requirements of the Public Funds Investment Act of the State of Texas.

Cindy L. Smith

Cindy L. Smith, Director of Finance

Ashley Tierney

Ashley Tierney, Manager of Accounting

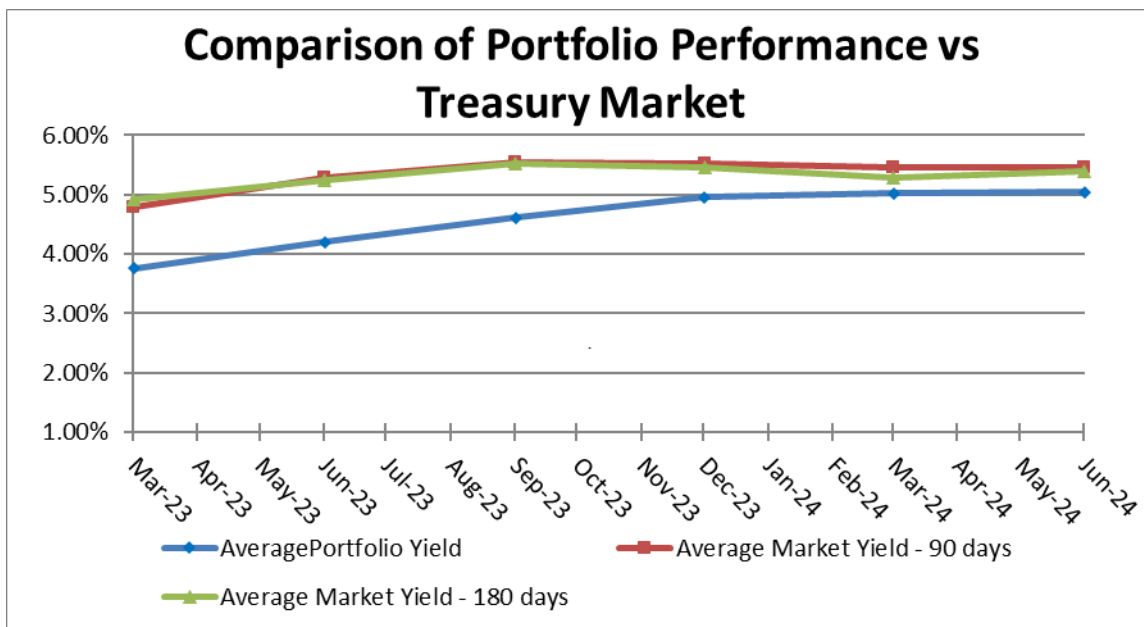
Geneva Mendez

Geneva Mendez, Manager of Budget and Treasury

City of Mesquite Investment Report For Quarter Ending June 30, 2024

This report presents an overview of the City’s investment portfolio. It shows how the portfolio is structured and how it performed during the quarter.

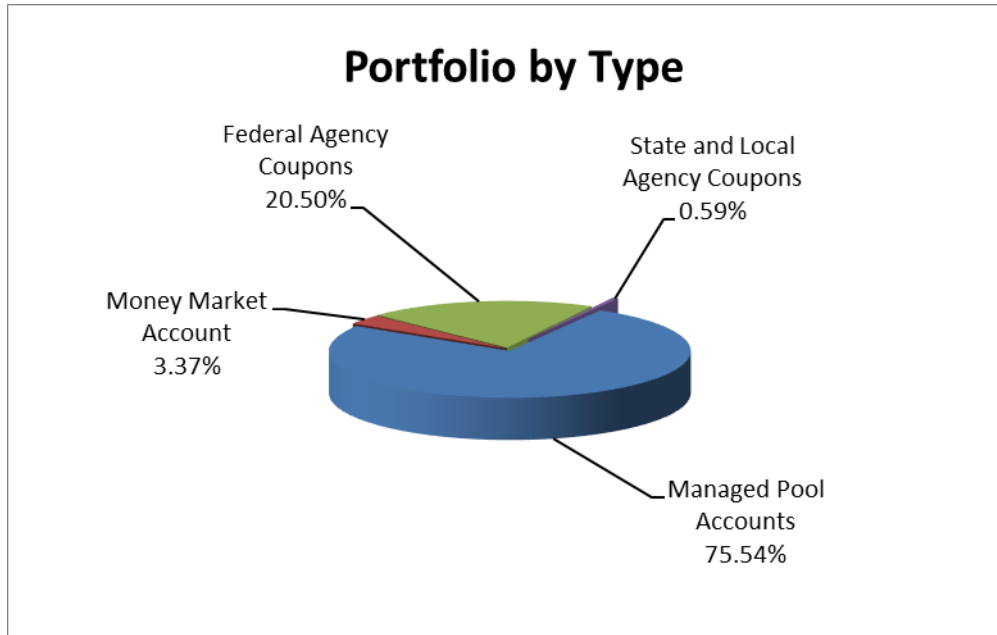
The City’s portfolio is designed with the objective of regularly meeting or exceeding the average rate of return on U.S. Treasury securities at a maturity level comparable to the City’s weighted average maturity in days. The City’s portfolio weighted average maturity was 71 days. The City had an average yield of 5.04%. The benchmark average treasury yield is 5.47% for 90 days and 5.39% for 180 days. The following chart reflects portfolio performance compared to market rates for the past year along with weighted average maturity (WAM) in days by quarter.



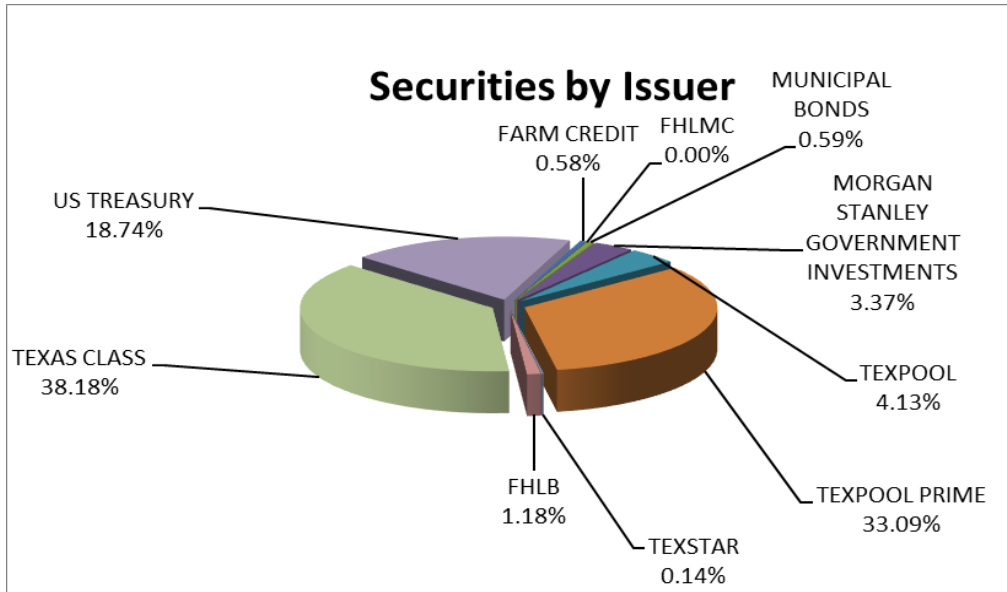
Quarter	23-Jun	23-Sep	23-Dec	24-Mar	24-Jun
WAM Days	143	82	61	62	71

The City of Mesquite recognizes that portfolio diversification is an important factor in controlling risk. The City invests in coupon securities, certificates of deposits, managed pool accounts, and a money market account. Coupon securities include US Treasury and Agency issues with a stated rate of interest in the form of a coupon. Certificates of deposits are non-negotiable and purchased from a bank with a main office or branch office in Texas. Managed pools include TexPool, Texstar, Texas CLASS, and TexPool Prime. Also, the City invests in a Morgan Stanley Government Money Market Account.

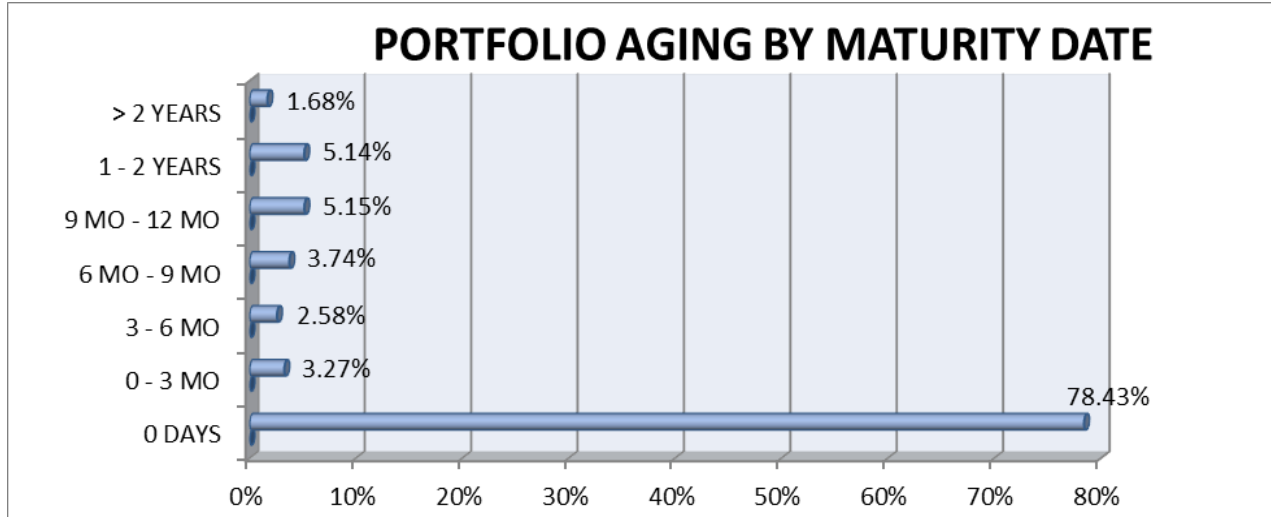
The following graph shows the percentage of the portfolio structure by type of investment.



The next graph shows the percentage of the portfolio structure by issuer.



Diversification is also achieved by investing in securities with varying maturities. The following graph shows the composition by maturity.



The total book value of the City’s portfolio was \$341,226,487.17. The market value of the City’s portfolio was \$340,685,692.00. The difference represents an unrealized loss of \$540,795.17. Below is a review of the City’s portfolio and unrealized gain or loss per month for the quarter.

	<u>Book Value</u>	<u>Market Value</u>	<u>Unrealized Gain / (Loss)</u>
Apr-24	\$ 356,073,705.42	\$ 355,254,347.97	\$ (819,357.45)
May-24	\$ 355,622,578.46	\$ 354,971,952.48	\$ (650,625.98)
Jun-24	\$ 341,226,487.17	\$ 340,685,692.00	\$ (540,795.17)

The City would only realize the gain or loss if investments were sold prior to maturity. Per the investment policy, the City currently has a “buy and hold” portfolio strategy; therefore, investments are purchased with the intent to hold until maturity.

PORTFOLIO SUMMARY

Apr 1 thru June 30, 2024

Investment Class		Par Value	Market Value	Book Value	Accrued Interest
Fair Value	Value at 1/01/2024	\$ 66,975,000.00	\$ 65,477,005.50	\$ 66,183,892.71	\$ 341,868.27
	Net Change	6,025,000.00	5,942,799.20	5,776,707.16	6,338.86
	Value ending 3/31/2024	\$ 73,000,000.00	\$ 71,419,804.70	\$ 71,960,599.87	\$ 348,207.13
Fair Value Ext Pool	Value at 1/01/2024	\$ 308,465,684.00	\$308,465,684.00	\$308,465,684.00	\$ -
	Net Change	(39,199,796.70)	(39,199,796.70)	(39,199,796.70)	-
	Value ending 3/31/2024	\$ 269,265,887.30	\$269,265,887.30	\$269,265,887.30	\$ -
Total	Value at 1/01/2024	\$ 375,440,684.00	\$373,942,689.50	\$374,649,576.71	\$ 341,868.27
	Net Change	(33,174,796.70)	(33,256,997.50)	(33,423,089.54)	6,338.86
	Value ending 3/31/2024	\$ 342,265,887.30	\$340,685,692.00	\$341,226,487.17	\$ 348,207.13

Investments	Par Value Value	Market Value	Book Value	% of Portfolio	Days to Maturity	YTM
Managed Pool Accounts	\$ 257,776,390.15	\$257,776,390.15	\$ 257,776,390.15	75.54%	1.00	5.435
Certificates of Deposit - Bank	-	-	-	0.00%	0.00	0.000
Money Market Fund Accounts	11,489,497.15	11,489,497.15	11,489,497.15	3.37%	1.00	5.210
Federal Agency Coupons	71,000,000.00	69,442,584.70	69,960,599.87	20.50%	340.40	3.744
State and Local Agency Coupons	2,000,000.00	1,977,220.00	2,000,000.00	0.59%	95.94	0.790
	\$ 342,265,887.30	\$340,685,692.00	\$ 341,226,487.17	100.00%	71.00	5.054

CITY OF MESQUITE
PORTFOLIO DETAILS
Apr 1 - Jun 30, 2024

ISSUER	Maturity	Date	Coupon	BEGINNING	BEGINNING	BEGINNING	SALES /		UNREALIZED	ENDING	ENDING	ENDING	ENDING
				PAR	MARKET	BOOK	WITHDRAWALS	GAIN/	PAR	MARKET	BOOK	ACCRUED	
				VALUE	VALUE	VALUE	PURCHASES	MATURITIES	(LOSS)	VALUE	VALUE	VALUE	INTEREST
FHLB	14-Mar-25	4.4100	\$	2,000,000.00	\$ 1,990,588.00	\$ 2,003,931.46	\$ -	\$ -	\$ (11,222.92)	\$ 2,000,000.00	\$ 1,991,798.08	\$ 2,002,921.00	\$ 27,493.06
FHLB	13-Mar-26	4.1000		2,000,000.00	1,992,862.00	2,014,708.73	-	-	(25,021.54)	2,000,000.00	1,987,878.32	2,012,899.86	27,000.00
FC	21-Feb-25	5.0800		2,000,000.00	1,992,608.00	1,994,269.21	-	-	(3,397.13)	2,000,000.00	1,992,459.00	1,995,856.13	34,305.56
MUNI	1-Oct-24	0.7900		2,000,000.00	1,955,260.00	2,000,000.00	-	-	(22,780.00)	2,000,000.00	1,977,220.00	2,000,000.00	3,970.00
TREAS	20-Feb-25	5.3000		-	-	-	3,000,000.00	-	1539.21	3,000,000.00	2,902,987.50	2,901,448.29	-
TREAS	15-Aug-24	5.5900		-	-	-	3,000,000.00	-	720.04	3,000,000.00	2,980,344.84	2,979,624.80	-
TREAS	14-Nov-24	5.4600		-	-	-	3,000,000.00	-	1,002.17	3,000,000.00	2,941,539.84	2,940,537.67	-
TREAS	31-Mar-25	3.3600		2,000,000.00	1,953,750.00	1,985,745.05	-	-	(26,925.60)	2,000,000.00	1,962,343.76	1,989,269.36	13,196.72
TREAS	30-Apr-25	4.0700		2,000,000.00	1,955,625.00	1,975,018.10	-	-	(18,236.70)	2,000,000.00	1,962,441.40	1,980,678.10	9,687.50
TREAS	31-May-25	4.4500		2,000,000.00	1,952,500.00	1,964,606.29	-	-	(13,162.56)	2,000,000.00	1,958,847.66	1,972,010.22	4,870.22
TREAS	31-May-25	5.1500		-	-	-	10,000,000.00	-	(4,814.87)	10,000,000.00	9,794,238.30	9,799,053.17	24,351.09
TREAS	30-Sep-25	3.8300		2,000,000.00	1,947,500.00	1,975,982.65	-	-	(28,645.33)	2,000,000.00	1,951,250.00	1,979,895.33	15,081.97
TREAS	31-Dec-25	4.3700		2,000,000.00	1,929,687.50	1,941,914.74	-	-	(15,078.05)	2,000,000.00	1,934,843.76	1,949,921.81	142.66
TREAS	31-Jan-26	4.3400		2,000,000.00	1,927,500.00	1,940,401.62	-	-	(16,609.54)	2,000,000.00	1,931,640.62	1,948,250.16	21,923.08
TREAS	30-Apr-26	4.2400		2,000,000.00	1,911,250.00	1,926,529.54	-	-	(18,759.64)	2,000,000.00	1,916,250.00	1,935,009.64	8,002.72
TREAS	30-Jun-26	4.1800		2,000,000.00	1,886,875.00	1,902,151.43	-	-	(19,753.83)	2,000,000.00	1,892,812.50	1,912,566.33	10,190
TREAS	30-Sep-26	4.1500		2,000,000.00	1,865,000.00	1,881,149.68	-	-	(20,703.78)	2,000,000.00	1,871,796.88	1,892,500.66	8,169.40
TREAS	31-Oct-26	4.1600		2,000,000.00	1,861,250.00	1,877,201.81	-	-	(20,771.73)	2,000,000.00	1,867,734.38	1,888,506.11	5,475.54
TREAS	31-Dec-24	2.7400		2,000,000.00	1,950,312.50	1,985,488.61	-	-	(25,455.83)	2,000,000.00	1,964,843.76	1,990,299.59	95.11
TREAS	31-Jan-25	2.6100		2,000,000.00	1,939,375.00	1,979,738.01	-	-	(30,580.56)	2,000,000.00	1,955,195.32	1,985,775.88	11,483.52
TREAS	15-Apr-24	0.3200		2,000,000.00	1,995,937.50	2,000,039.04	-	(2,000,000.00)	-	-	-	-	-
TREAS	15-May-24	0.3200		2,000,000.00	1,987,500.00	1,999,819.76	-	(2,000,000.00)	-	-	-	-	-
TREAS	15-Jun-24	0.4000		2,000,000.00	1,979,375.00	1,999,389.72	-	(2,000,000.00)	-	-	-	-	-
TREAS	15-Jul-24	0.4200		2,000,000.00	1,971,875.00	1,999,733.97	-	-	(3,801.53)	2,000,000.00	1,996,163.00	1,999,964.53	3,461.54
TREAS	15-Aug-24	0.4400		2,000,000.00	1,963,437.50	1,999,527.02	-	-	(12,226.32)	2,000,000.00	1,987,617.18	1,999,843.50	2,822.80
TREAS	15-Sep-24	0.6800		2,000,000.00	1,956,562.50	1,997,254.81	-	-	(19,063.20)	2,000,000.00	1,979,687.50	1,998,750.70	2,201.09
TREAS	15-Oct-24	0.7100		2,000,000.00	1,951,250.00	1,999,119.55	-	-	(26,869.89)	2,000,000.00	1,972,656.24	1,999,526.13	2,629.78
TREAS	15-Nov-24	0.9400		2,000,000.00	1,945,625.00	1,997,678.85	-	-	(32,474.14)	2,000,000.00	1,966,132.82	1,998,606.96	1,915.76
TREAS	15-Feb-25	3.0700		2,000,000.00	1,938,125.00	1,973,170.76	-	-	(27,558.81)	2,000,000.00	1,953,222.66	1,980,781.47	11,291.21
TREAS	30-Apr-24	5.2700		6,975,000.00	6,957,562.50	6,959,990.95	-	(6,975,000.00)	-	-	-	-	-
TREAS	15-Jun-25	4.3200		2,000,000.00	1,951,250.00	1,966,354.59	-	-	(15,503.01)	2,000,000.00	1,957,636.72	1,973,139.73	2,513.66
TREAS	15-Jul-25	4.3200		2,000,000.00	1,952,812.50	1,967,232.32	-	-	(15,444.81)	2,000,000.00	1,957,988.28	1,973,433.09	27,692.31
TREAS	15-Aug-25	4.0400		2,000,000.00	1,954,062.50	1,975,921.35	-	-	(22,161.69)	2,000,000.00	1,958,046.88	1,980,208.57	23,523.35

CITY OF MESQUITE
 PORTFOLIO DETAILS
 Apr 1 - Jun 30, 2024

ISSUER	Maturity	DATE	COUPON	BEGINNING	BEGINNING	BEGINNING	PURCHASES	SALES /	UNREALIZED	ENDING	ENDING	ENDING	ENDING
				PAR	MARKET	BOOK		WITHDRAWALS	GAIN/	PAR	MARKET	BOOK	ACCRUED
				VALUE	VALUE	VALUE		MATURITIES	(LOSS)	VALUE	VALUE	VALUE	INTEREST
TREAS		15-Oct-25	4.0100	2,000,000.00	1983,437.50	2,007,151.90	-	-	(24,771.09)	2,000,000.00	1981,250.00	2,006,021.09	17,882.51
TREAS		15-Jan-27	4.1400	2,000,000.00	1976,250.00	1992,671.19	-	-	(22,362.49)	2,000,000.00	1970,937.50	1993,299.99	36,923.07
Subtotal				\$ 66,975,000.00	\$ 65,477,005.50	\$ 66,183,892.71	\$ 19,000,000.00	\$ (12,975,000.00)	\$ (540,795.17)	\$ 73,000,000.00	\$ 71,419,804.70	\$ 71,960,599.87	\$ 348,207.13
Investment Class: Fair Value External Pool													
Texpool		5.3120		\$ 27,955,941.90	\$ 27,955,941.90	\$ 27,955,941.90	\$ 14,144,198.03	\$ (28,000,000.00)	\$ -	\$ 14,100,139.93	\$ 14,100,139.93	\$ 14,100,139.93	\$ -
TexStar		5.3130		481,386.76	481,386.76	481,386.76	6,398.85	-	-	487,785.61	487,785.61	487,785.61	-
Morgan Stanley		5.2100		11,339,916.36	11,339,916.36	11,339,916.36	149,580.79	-	-	11,489,497.15	11,489,497.15	11,489,497.15	-
Texas CLASS		5.4280		128,543,914.36	128,543,914.36	128,543,914.36	1,746,295.52	-	-	130,290,209.88	130,290,209.88	130,290,209.88	-
TexPool Prime		5.4600		140,144,524.62	140,144,524.62	140,144,524.62	1,753,730.11	(29,000,000.00)	-	112,898,254.73	112,898,254.73	112,898,254.73	-
Subtotal				\$ 308,465,684.00	\$ 308,465,684.00	\$ 308,465,684.00	\$ 17,800,203.30	\$ (57,000,000.00)	\$ -	\$ 269,265,887.30	\$ 269,265,887.30	\$ 269,265,887.30	\$ -
Total Pool Investments				<u>\$ 375,440,684.00</u>	<u>\$ 373,942,689.50</u>	<u>\$ 374,649,576.71</u>	<u>\$ 36,800,203.30</u>	<u>\$ (69,975,000.00)</u>	<u>\$ (540,795.17)</u>	<u>\$ 342,265,887.30</u>	<u>\$ 340,685,692.00</u>	<u>\$ 341,226,487.17</u>	<u>\$ 348,207.13</u>