

Quarterly Investment Report Update

02.20.2024



Investment Report

- Total investment portfolio totals \$791.3M, an increase of nearly \$3.0M from the prior quarter
- Unrealized losses have decreased to \$2.0M from \$5.0M previously
- Investment income totaled \$8.6M for the quarter
- Days to Maturity decreased to 125 days from 151 days in the prior quarter
- City of Waco portfolio yield is 4.39% compared to 5.37% for TexPool as of December 2023

Invest Locally

- Four Certificates of Deposit (includes one just opened on February 6th) totaling \$23M with local banks
- Quotes for rates requested from eight local banks
- Quotes for rates requested from four minority owned or led Texas Banks
- Evaluating quotes to continue efforts and ensuring best rate of return for the City and a diversified portfolio that does not sacrifice safety

Broker Diversity Update

- 66 total trades this calendar year totaling \$347.85 M
- HUB Brokers participated on 54 of the 66 trades or 82% of the time
- HUBs awarded 13 trades totaling \$86.2M or 25% of total amount traded

State and Local Government Series Program

- What is the State and Local Government Series Program?
 - State and Local Government Series (SLGS) securities are special purpose securities that the U.S. Department of Treasury issues to state and local governments to assist with compliance of federal tax laws and IRS regulations governing the investment of cash proceeds generated from a tax-exempt bond issuance.
- Do SLGS comply with the investment policy?
 - Yes, they are U.S. Government securities issued by Treasury
- Why SLGS?
 - Prevents City from paying Arbitrage (investment returns that exceed allowable amounts for bonds) and allows the City to retain more funds to invest in infrastructure. Occurs when rates increase significantly from when bonds were originally issued.

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- How is interest determined and paid?
 - Interest is paid and compounded daily. Interest rate is variable, set based on 3-month T-Bill.
- Are deposits in SLGS securities liquid?
 - Though SLGS are not marketable, \$10 million may be withdrawn with one day notice.
 - Amounts over \$10 million may be withdrawn with three days notice.
- Has the City utilized SLGS securities before? How are we using them now?
 - The City has used term deposit SLGS for investment of refunding bond escrows.
 - In December, the City's investment advisor helped identify \$112.5 million in three bond issues (2019 COs, 2020 COs, and 2022A COs) that would benefit from the DD SLGS program.

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Questions?

Please contact nicholass@wacotx.gov and rustyh@wacotx.gov for any questions