



**CITY OF ELK GROVE
CITY COUNCIL STAFF REPORT**

AGENDA TITLE: Receive the “Quarter ending December 31, 2023 Treasurer’s Report” and “Quarter ending December 31, 2023 Other Post-Employment Retirement Benefits Report”

MEETING DATE: February 14, 2024

PREPARED BY:
DEPARTMENT HEAD: Matt Paulin, Treasurer

RECOMMENDED ACTION

Staff recommends the City Council receive the “Quarter ending December 31, 2023 Treasurer’s Report” and “Quarter ending December 31, 2023 Other Post-Employment Benefits Report.”

BACKGROUND INFORMATION

California Government Code section 53646 describes investment reporting for California public agencies. Under section 53646(b)(1) of the Government Code, the City Treasurer may prepare and transmit a quarterly financial report on the City’s investment portfolio to the City Council. This report includes the following:

1. The type of investment, issuer, date of maturity, and par and dollar amount invested on all securities, investments, and funds held by the City;
2. A current market value as of the date of the report;
3. A stated compliance of the portfolio to the statement of the City’s adopted investment policy or manner in which the portfolio is not in compliance; and
4. A statement denoting the ability of the local agency to meet its pool’s expenditure requirements for the next six months or explain why sufficient money shall or may not be available. Once a year, the statement of investment policy is included in the report.

This quarterly report is produced in a format designed to provide stakeholders

with a broad profile of the City's investment portfolio. While staff is only transmitting portions of the report with key investment results, a full report with additional detail is available on the City's website at:

<https://www.elkgrovecity.org/accounting/treasurers-reports>

The attached Treasurer's Report complies with the state's reporting requirements.

ANALYSIS

This quarterly financial report summarizes the status of the City's investments as of December 31, 2023. For the quarter-end, the City's treasury investments comprised investments with a book value of \$293 million and a market value of \$286 million. The Book Value represents the carrying value of the securities and is based on what the City paid for the security, net of amortization of premiums or accretion of discounts to date. In contrast, Market Value is a constantly changing amount based on how the securities markets value the City's portfolio. As a result, market values fluctuate with changes in interest rates, and price has an inverse relationship to interest rates.

Funds held outside of the City's investment portfolio of securities are invested in the Local Agency Investment Fund (LAIF, the State Treasurer's investment pool), CalTRUST (a local government investment pool), and deposits with community banks in the form of certificates of deposit, or cash deposit accounts. These funds are generally kept in these shorter-term investments or cash to meet the City's periodic cash needs. The yields for these investments continue to be competitive due to elevated interest rates. However, the City's longer-duration investments in the portfolio of securities tend to outyield these shorter investments over the long run.

Those funds not held in the short-duration investment pools or cash are invested in a diversified portfolio of securities as allowed by state law and the City's investment policy. The portfolio's duration, sector allocation, and maturity structure are actively managed throughout the quarter. The City's consolidated investments maintain an average maturity of 796 days. The City's portfolio is designed to provide safety and liquidity and continues to meet its goals. City staff and the City's investment adviser continue to focus on any market dynamics that pose risks to the portfolio.

The City's portfolio of securities (excluding cash, LAIF, and CalTRUST) maintains its duration in line with its performance-measuring benchmark. Duration is a risk measure indicating the portfolio's fair value sensitivity to changes in interest rates. As of December 31, 2023, the portfolio's duration

was 2.44 years, which is 97% of its duration target, as measured by the portfolio's risk and performance-measuring benchmark (which had a duration of 2.52 years). In addition, the portfolio continues to maintain strong diversification in sectors, issuers, and maturities. The portfolio has also outperformed the benchmark on the total rate of return over the last 12 months, although it underperformed the benchmark during the quarter ended December 31, 2023.

As of December 31, 2023, the weighted average yield to maturity of the City's consolidated investments (including the investment portfolio of securities, LAIF, CalTRUST, and cash) was 3.74%. Yield to maturity measures the interest income the City is expected to earn for the coming 12 months, assuming nothing in the portfolio changes.

The investment portfolio return comprises interest income and fair value appreciation, which is a function of movements in interest rates available in the capital markets. Interest income continues to be robust, and the securities investment portfolio is expected to earn 2.84% for the next year, up from 2.66% last quarter. When LAIF, CalTRUST, and cash are included, the expected earnings increase to 3.74%. The City's investment advisor also reports total return, including periodic income earned, realized gains and losses, and unrealized gains and losses.

The recent rise in rates over the past 24 months has provided earnings opportunities in higher yields but has also caused the fair market value of the City's investments to fall in an amount greater than the portfolio's earnings. These drops in value are generally not realized (the City would need to sell the security to realize the loss), as most of the City's securities are held to maturity. However, the City's investment advisor has been more aggressive in locking in attractive long-term yields by selling securities at a loss. Those losses are more than recouped by the higher earnings over the long term.

Staff continues to work closely with the City's investment adviser to diversify the portfolio to improve safety, liquidity, and return. In the current quarter, staff will continue to evaluate liquidity needs and, where possible, continue the investment in longer-duration securities.

ECONOMIC OUTLOOK

Recent economic data has shown above-trend growth fueled by rising consumer spending and a healthy US job market. Inflationary trends are subsiding, but core levels remain above the Fed's 2% inflation target. Given

the cumulative effects of restrictive monetary policy and tighter financial conditions, the markets now believe the economy will soften gradually, and the Fed will loosen monetary policy in 2024.

As expected at the December meeting, the Federal Open Market Committee (FOMC) voted unanimously to leave the Federal Funds rate unchanged at a target range of 5.25 - 5.50%. Fed Chair Powell signaled that the federal funds rate is likely at or near its peak. The new Summary of Economic Projections reflected Core Personal Consumption Expenditures inflation reaching the target 2% level in 2026 without a significant increase in unemployment. It is expected that the FOMC will loosen monetary policy in mid-2024 as inflation and economic growth continue to moderate.

US Treasury rates fell steeply across the yield curve in December on decelerating inflation readings and a more dovish Federal Reserve outlook. The 2-year Treasury yield declined 43 basis points to 4.25%, the 5-year Treasury yield dropped 42 basis points to 3.85%, and the 10-year Treasury yield decreased 45 basis points to 3.88%. The inversion between the 2-year Treasury yield and 10-year Treasury yield widened to -37 basis points at December month-end versus -35 basis points at November month-end. The spread between the 2-year Treasury and 10-year Treasury yield one year ago was -55 basis points. The inversion between 3-month and 10-year Treasuries widened to - 146 basis points in December from -107 basis points in November. Interest rates peaked in 2023, followed by the Fed's dovish pivot late in the year, resulting in declining yields across the curve and signaling less restrictive monetary policy in 2024. The shape of the yield curve indicates that the probability of recession persists.

FISCAL IMPACT

None.

ATTACHMENTS

1. Quarter ending December 31, 2023 Treasurer's Report
2. Quarter ending December 31, 2023 Other Post-Employment Benefits Report

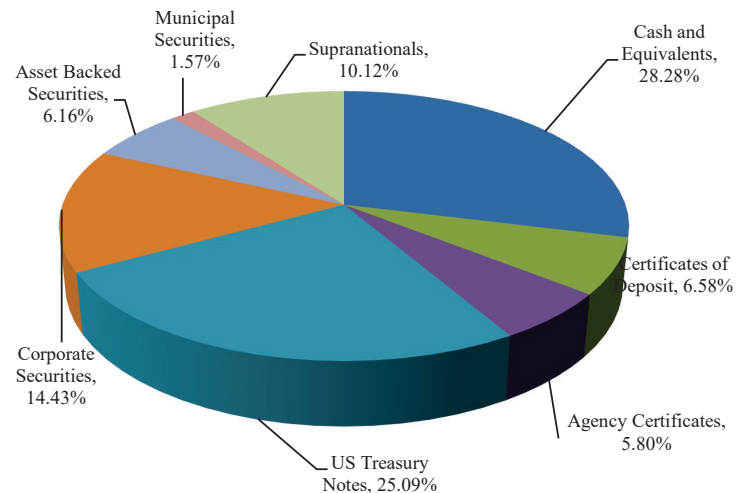
**City of Elk Grove Investment Pool
For the Quarter Ending - December 31, 2023**

INVESTMENT POLICY SUMMARY

The funds are invested pursuant to the objectives and requirements set forth in the City’s investment policy. The City of Elk Grove’s investment policy has three objectives: (1) safety of principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner which seeks to ensure the preservation of principal in the overall portfolio (2) the City's investment portfolio shall remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated. This goal shall be achieved by maintaining a prudent portion of the City’s portfolio in liquid, short-term instruments which can readily be converted to cash if necessary, and (3) the City’s investment portfolio shall be designed with the objective of attaining a sound rate of return throughout budgetary and economic cycles, commensurate with the City’s investment risk constraints and the cash flow characteristics of the portfolio. In accordance with California Government Code Section 53607, the Elk Grove City Council has authorized the City Treasurer to invest on behalf of the City, to manage the City’s investment program consistent with this investment policy, and to maintain a system of internal controls to regulate the activities of subordinate officials. It is the City's full intent, at the time of purchase, to hold all investments until maturity to ensure the return of all invested principal dollars. However, it is realized that market prices of securities will vary depending on economic and interest rate conditions at any point in time. It is further recognized, that in a well diversified investment portfolio, occasional measured losses are inevitable due to economic, bond market or individual security credit analysis. These occasional losses must be considered within the context of the overall investment program objectives and the resultant long term rate-of-return.

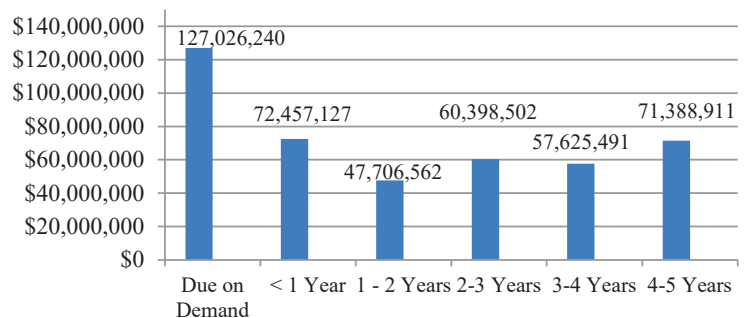
Portfolio by Asset Class

Investment Description	Portfolio at Cost	Effective Monthly Yield
Cash and Equivalents	28.28%	5.30%
LAIF	0.00%	3.46%
Certificates of Deposit	6.58%	2.27%
Agency Certificates	5.80%	2.18%
US Treasury Notes	25.09%	2.36%
Corporate Securities	14.43%	2.74%
Asset Backed Securities	6.16%	3.08%
Municipal Securities	1.57%	2.08%
Supranationals	10.12%	2.61%
External Third Party Investment Managers		
State Treasurer's Office (LAIF)	\$	409



Maturity Schedule

Maturity	Market Value	%
Due on Demand	127,026,240	29.09%
< 1 Year	72,457,127	16.60%
1 - 2 Years	47,706,562	10.93%
2-3 Years	60,398,502	13.83%
3-4 Years	57,625,491	13.20%
4-5 Years	71,388,911	16.35%
Total	\$ 436,602,833	100.00%



FISCAL YEAR TO DATE INTEREST \$6,069,732

*This amount does not include unrealized gains/ losses for the Fiscal Year.

CITY OF ELK GROVE
SUMMARY OF CASH AND INVESTED FUNDS
FOR THE QUARTER ENDING December 31, 2023

TYPE OF INVESTMENT	Interest Rate	Maturity Date	Par Value	Cost	Market Value	% of portfolio
Cash and Equivalents						
US BANK GENERAL *		Due on Demand		\$ 1,198,441	\$ 1,198,441	0.29%
CASH SWEEP - US BANK *	4.95%	Due on Demand		8,250,651	8,250,651	1.96%
US BANK FEDERAL ASSET SEIZURE *		Due on Demand		249,645	249,645	0.06%
US BANK STATE ASSET SEIZURE *		Due on Demand		79,946	79,946	0.02%
US BANK EVIDENCE *		Due on Demand		76,082	76,082	0.02%
CASH ON HAND		Due on Demand		5,950	5,950	0.00%
LOCAL AGENCY INVESTMENT FUND	3.46%	Due on Demand		409	409	0.00%
MONEY MARKET - FIVE STAR BANK ***	5.50%	Due on Demand		11,622,968	11,622,968	2.77%
CAL TRUST LIQUIDITY FUND	6.07%	Due on Demand		105,532,492	105,532,492	25.13%
INSURED CASH SWEEP - RIVER CITY BANK ***	4.33%	Due on Demand		9,655	9,655	0.00%
Total Demand Deposit Accounts				127,026,240	127,026,240	30.25%

Certificates of Deposit	Interest Rate	Maturity Date	Par Value	Cost	Market Value	% of portfolio
RIVER CITY BANK ***	5.40%	08/15/2024	10,000,000	10,000,000	10,000,000	3.41%
RIVER CITY BANK ***	5.40%	08/22/2024	2,647,970	2,647,970	2,647,970	0.90%
RIVER CITY BANK ***	4.30%	02/15/2024	7,878,146	7,878,146	7,878,146	2.69%
UBS BANK USA	3.35%	10/17/2023	246,000	246,000	245,752	0.08%
COUNTRY BANK NEW YORK	3.00%	01/25/2024	245,000	244,755	244,596	0.08%
COMMUNITY FIRST	0.85%	03/27/2024	245,000	245,000	242,356	0.08%
MAINSTREET BANK	2.60%	04/26/2024	246,000	246,000	243,921	0.08%
CAPITAL ONE NATL	2.65%	05/22/2024	246,000	246,000	243,560	0.08%
EAGLE BANK	2.50%	05/24/2024	246,000	246,000	243,400	0.08%
CITIZENS STATE	2.50%	05/30/2024	246,000	246,000	243,343	0.08%
SYNCHRONY BANK	3.30%	07/11/2024	245,000	260,803	242,403	0.09%
CONGRESSIONAL	2.10%	07/24/2024	245,000	245,000	240,891	0.08%
ABACUS FEDERAL	1.95%	07/26/2024	245,000	245,000	240,649	0.08%
BANKWEST INC	2.00%	07/26/2024	245,000	245,000	240,717	0.08%
CAPITAL ONE BANK	2.00%	08/21/2024	245,000	245,000	240,171	0.08%
FIRST NATIONAL	1.85%	08/30/2024	245,000	245,000	239,794	0.08%
PREFERRED BANK	1.95%	08/30/2024	245,000	245,000	239,953	0.08%
WASHINGTON FEDERAL SAVINGS	2.00%	08/30/2024	245,000	245,000	240,031	0.08%
LAKESIDE BANK	1.80%	09/27/2024	245,000	244,412	239,069	0.08%
BANKERS BANK OF THE WEST	1.80%	09/30/2024	245,000	245,000	239,037	0.08%
CELTIC BANK	1.70%	09/30/2024	246,000	246,123	239,830	0.08%
FINWISE BANK	1.75%	09/30/2024	245,000	245,000	238,946	0.08%
ENTERPRISE BANK	1.80%	11/08/2024	245,000	245,980	238,142	0.08%
RAYMOND JAMES	1.80%	11/08/2024	245,000	245,000	238,174	0.08%
LIVE OAK BANKING	1.85%	11/27/2024	245,000	245,000	237,819	0.08%
THE CITY NATIONAL BANK	1.75%	12/09/2024	245,000	245,000	237,324	0.08%
UPPER PENNSILVA	1.75%	12/27/2024	245,000	245,000	236,910	0.08%
FNB OF MCGREGOR	1.80%	12/30/2024	245,000	245,000	237,001	0.08%
TRIAD BANK	1.75%	01/23/2025	245,000	245,000	236,405	0.08%
ENERBANK USA	1.80%	01/29/2025	245,000	245,000	236,454	0.08%
CRESCENT BANK	1.10%	03/20/2025	245,000	245,000	233,453	0.08%
ROYAL SVGS BANK	0.40%	10/23/2025	245,000	245,000	226,093	0.08%
Total Certificates of Deposit			27,637,116	27,653,188	27,472,312	9.44%

Agency Securities	Interest Rate	Maturity Date	Par Value	Cost	Market Value	% of portfolio
FEDERAL HOME LOAN MORTGAGE CORP	2.30%	04/05/2024	694,000	717,700	688,545	0.25%
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1.75%	07/02/2024	2,000,000	2,022,117	1,966,640	0.69%
FEDERAL NATIONAL MORTGAGE ASSOCIATION	1.63%	10/15/2024	2,530,000	2,529,510	2,465,536	0.86%
FEDERAL HOME LOAN BANKS	2.75%	12/13/2024	1,000,000	1,059,380	980,910	0.36%
FEDERAL HOME LOAN BANKS	0.50%	04/14/2025	2,700,000	2,704,549	2,564,460	0.92%
FEDERAL HOME LOAN MORTGAGE CORP	0.63%	04/22/2025	1,000,000	1,004,890	950,780	0.34%
FEDERAL HOME LOAN MORTGAGE CORP	0.75%	05/28/2025	1,000,000	999,750	951,030	0.34%
FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.38%	08/25/2025	1,000,000	997,720	934,920	0.34%
FEDERAL NATIONAL MORTGAGE ASSOCIATION	0.38%	09/23/2025	1,900,000	1,898,493	1,773,327	0.65%
FEDERAL HOME LOAN BANKS	4.50%	12/12/2025	3,000,000	3,021,929	3,007,050	1.03%
FEDERAL HOME LOAN BANKS	4.50%	03/10/2028	3,000,000	3,065,010	3,070,950	1.05%
FEDERAL HOME LOAN BANKS	4.38%	06/09/2028	3,000,000	3,013,230	3,054,870	1.03%
FEDERAL NATIONAL MORTGAGE ASSOCIATION **	3.92%	09/25/2028	1,400,000	1,317,039	1,372,644	0.45%
Total Agency Securities			24,224,000	24,351,317	23,781,662	8.31%

CITY OF ELK GROVE
SUMMARY OF CASH AND INVESTED FUNDS
FOR THE QUARTER ENDING December 31, 2023

<u>US Treasury Notes</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Par Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>% of portfolio</u>
UNITED STATES TREASURY	2.75%	05/15/2025	2,250,000	2,200,781	2,196,743	0.75%
UNITED STATES TREASURY	0.25%	07/31/2025	2,000,000	1,940,625	1,873,040	0.66%
UNITED STATES TREASURY	3.13%	08/15/2025	5,000,000	4,900,000	4,900,400	1.67%
UNITED STATES TREASURY	4.25%	10/15/2025	3,000,000	3,000,410	2,994,390	1.02%
UNITED STATES TREASURY	0.38%	12/31/2025	2,000,000	1,999,844	1,853,520	0.68%
UNITED STATES TREASURY	0.38%	01/31/2026	2,000,000	1,982,891	1,847,820	0.68%
UNITED STATES TREASURY	0.75%	03/31/2026	5,000,000	4,981,055	4,638,850	1.70%
UNITED STATES TREASURY	0.75%	05/31/2026	5,000,000	4,962,500	4,615,450	1.69%
UNITED STATES TREASURY	0.88%	06/30/2026	5,000,000	5,037,109	4,623,650	1.72%
UNITED STATES TREASURY	0.63%	07/31/2026	4,000,000	3,967,188	3,663,920	1.35%
UNITED STATES TREASURY	0.75%	08/31/2026	4,500,000	4,462,051	4,125,600	1.52%
UNITED STATES TREASURY	1.13%	10/31/2026	6,000,000	5,955,859	5,536,620	2.03%
UNITED STATES TREASURY	1.50%	01/31/2027	2,000,000	1,927,227	1,856,480	0.66%
UNITED STATES TREASURY	2.75%	04/30/2027	8,500,000	8,319,512	8,176,235	2.84%
UNITED STATES TREASURY	3.25%	06/30/2027	10,000,000	10,092,578	9,772,300	3.45%
UNITED STATES TREASURY	4.13%	09/30/2027	4,500,000	4,527,891	4,528,485	1.55%
UNITED STATES TREASURY	3.88%	12/31/2027	6,000,000	6,044,375	5,990,160	2.06%
UNITED STATES TREASURY	3.63%	03/31/2028	7,000,000	7,013,398	6,923,700	2.39%
UNITED STATES TREASURY	3.63%	05/31/2028	6,000,000	5,889,063	5,936,460	2.01%
UNITED STATES TREASURY	4.13%	07/31/2028	8,750,000	8,601,846	8,840,213	2.94%
UNITED STATES TREASURY **	4.63%	09/30/2028	2,500,000	2,464,258	2,580,475	0.84%
UNITED STATES TREASURY **	4.38%	11/30/2028	5,000,000	5,082,578	5,116,400	1.74%
Total US Treasury Notes			106,000,000	105,353,037	102,590,910	35.97%

<u>Corporate Securities</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Par Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>% of portfolio</u>
AMAZON COM INC	0.45%	05/12/2024	1,635,000	1,632,613	1,606,110	0.56%
CAPITAL IMPACT MTN	3.00%	05/15/2024	750,000	750,000	740,670	0.26%
SALESFORCE COM INC	0.63%	07/15/2024	410,000	409,791	399,664	0.14%
APPLE INC	1.80%	09/11/2024	1,000,000	993,598	978,760	0.34%
BANK OF NY MELLO MTN	3.25%	09/11/2024	1,000,000	1,049,426	982,400	0.36%
TOYOTA MOTOR MTN	2.00%	10/07/2024	317,000	317,000	309,211	0.11%
US BANK NA MTN	2.05%	01/21/2025	1,000,000	1,043,900	966,330	0.36%
ACE INA HOLDING	3.15%	03/15/2025	1,000,000	1,099,450	977,880	0.38%
CATERPILLAR FINL MTN	3.40%	05/13/2025	1,055,000	1,053,660	1,036,960	0.36%
QUALCOMM INC	3.45%	05/20/2025	1,000,000	1,108,190	981,810	0.38%
MORGAN STANLEY	0.79%	05/30/2025	2,670,000	2,671,419	2,610,139	0.91%
NORTHWESTERN MTN	4.00%	07/01/2025	2,525,000	2,524,142	2,501,922	0.86%
AMERICAN HONDA MTN	1.20%	07/08/2025	2,000,000	2,015,280	1,895,060	0.69%
DEERE JOHN MTN	0.70%	01/15/2026	1,250,000	1,212,788	1,158,575	0.41%
BANK OF AMERICAN MTN	2.02%	02/13/2026	2,500,000	2,579,085	2,402,300	0.88%
JPMORGAN CHASE CO	2.01%	03/13/2026	1,500,000	1,547,070	1,441,110	0.53%
BERKSHIRE HATHAWAY	3.13%	03/15/2026	1,500,000	1,637,430	1,458,555	0.56%
JPMORGAN CHASE CO	2.08%	04/22/2026	1,000,000	1,032,430	957,850	0.35%
UNITEDHEALTH	1.15%	05/15/2026	1,500,000	1,510,192	1,388,580	0.52%
TOYOTA MTR CR MTN	1.13%	06/18/2026	2,000,000	1,992,600	1,846,800	0.68%
BANK AMER CORP MTN	1.32%	06/19/2026	1,000,000	1,002,320	941,130	0.34%
MET TOWER MTN	1.25%	09/14/2026	1,180,000	1,178,914	1,073,328	0.40%
WALMART INC	1.05%	09/17/2026	540,000	538,979	496,157	0.18%
MET LIFE GLOB MTN	1.88%	01/11/2027	1,790,000	1,787,959	1,634,521	0.61%
CHARLES SCHWAB CORP	2.45%	03/03/2027	880,000	879,050	819,174	0.30%
BERKSHIRE HATHAWAY	2.30%	03/15/2027	2,080,000	2,079,605	1,967,264	0.71%
GUARDIAN LIFE MTN	3.25%	03/29/2027	695,000	695,000	661,703	0.24%
AMAZON COM	3.30%	04/13/2027	1,500,000	1,497,405	1,456,065	0.51%
MORGAN STANLEY MTN	1.59%	05/04/2027	1,000,000	893,266	921,390	0.30%
VIRGINIA ELEC PWR CO	3.75%	05/15/2027	2,000,000	2,003,884	1,952,680	0.68%
AMERICAN EXPRESS	3.39%	05/17/2027	1,995,000	1,994,559	1,954,182	0.68%
MERCK CO INC	1.70%	06/10/2027	1,725,000	1,562,039	1,581,152	0.53%
CATERPILLAR FINL MTN	3.60%	08/12/2027	1,315,000	1,304,278	1,284,124	0.45%
WALMART INC	3.95%	09/09/2027	1,500,000	1,498,225	1,491,660	0.51%
TOYOTA MTR CO MTN	4.55%	09/20/2027	500,000	487,375	503,875	0.17%
REALTY INCOME CORP	3.65%	01/15/2028	870,000	825,178	834,173	0.28%
DEERE JOHN MTN	4.75%	01/20/2028	1,500,000	1,516,655	1,524,825	0.52%
UNITEDHEALTH	5.25%	02/15/2028	1,000,000	1,015,260	1,034,070	0.35%
DEERE JOHN MTN	4.90%	03/03/2028	1,000,000	983,260	1,018,590	0.34%
Tennessee Valley Authority	3.88%	03/15/2028	2,380,000	2,395,108	2,369,385	0.82%
COMCAST CORP	3.55%	05/01/2028	2,000,000	1,894,580	1,928,760	0.65%
JPMORGAN CHASE CO	3.54%	05/01/2028	1,500,000	1,404,075	1,431,525	0.48%
MERCK CO INC	4.05%	05/17/2028	1,500,000	1,500,060	1,493,415	0.51%
BANK NEW YORK MTN **	3.99%	06/13/2028	1,000,000	930,620	975,500	0.32%
AMERICAN HONDA MTN **	5.13%	07/07/2028	550,000	539,277	565,615	0.18%
Total Corporate Securities			60,612,000	60,586,993	58,554,948	20.68%

CITY OF ELK GROVE
SUMMARY OF CASH AND INVESTED FUNDS
FOR THE QUARTER ENDING December 31, 2023

<u>Asset-Backed Securities</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Par Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>% of portfolio</u>
HYUNDAI AUTO LEASE	1.16%	01/15/2025	365,218	365,210	362,848	0.12%
TOYOTA LEASE OWNER	1.96%	02/20/2025	1,121,834	1,121,657	1,113,510	0.38%
GM FIN AUTO LSNG TR	1.90%	03/20/2025	753,880	753,874	749,116	0.26%
BMW VEHICLE LEASE	1.10%	03/25/2025	188,502	188,474	187,433	0.06%
GM FIN AUTO LSNG	3.42%	06/20/2025	793,095	793,013	788,202	0.27%
BMW VEHICLE LEASE	5.16%	11/25/2025	335,000	334,992	334,578	0.11%
HTUNDAI AUTO REC TR	0.38%	01/15/2026	836,724	836,539	818,517	0.29%
HONDA AUTO REC	0.88%	01/21/2026	515,449	515,340	500,166	0.18%
HONDA AUTO REC OWN	1.88%	05/15/2026	1,161,325	1,161,151	1,130,341	0.40%
HYUNDAI AUTO REC TR	0.74%	05/15/2026	365,972	365,891	356,036	0.12%
BMW VEH OWNER TR	3.21%	08/25/2026	751,741	751,702	741,126	0.26%
JOHN DEERE OWNER	2.32%	09/15/2026	768,988	768,818	751,809	0.26%
TOYOTA AT REC OWN	2.93%	09/15/2026	795,000	794,981	779,148	0.27%
GM FIN CONS AUTO	0.68%	09/16/2026	385,433	385,423	372,513	0.13%
HYUNDAI AUTO REC	2.22%	10/15/2026	1,262,421	1,262,372	1,233,700	0.43%
GM FIN CONS AUTO	1.26%	11/16/2026	400,297	400,263	388,573	0.14%
GM FIN CONS AUT	3.10%	02/16/2027	705,000	704,853	691,309	0.24%
JOHN DEERE OWNR TR	3.74%	02/16/2027	1,100,000	1,099,895	1,082,213	0.38%
HONDA AUTO REC OWN	5.04%	04/21/2027	690,000	689,872	690,863	0.24%
JOHN DEERE OWNER	5.09%	06/15/2027	1,420,000	1,419,890	1,419,886	0.48%
VERIZON MASTER TR	3.72%	07/20/2027	965,000	964,958	964,054	0.33%
MERCEDES BENZ AUTO	5.21%	08/16/2027	2,530,000	2,529,500	2,533,491	0.86%
JOHN DEERE OWNER	5.01%	11/15/2027	1,315,000	1,314,760	1,317,485	0.45%
GM FINL CONSUMER	4.47%	02/16/2028	565,000	564,984	561,367	0.19%
BMW VEH OWNER TR	5.47%	02/25/2028	495,000	494,912	500,148	0.17%
JOHN DEERE OWNER	5.96%	05/15/2028	2,525,000	2,524,827	2,564,188	0.86%
CHASE ISSUANCE TRUST	5.16%	09/15/2028	2,780,000	2,779,229	2,823,007	0.95%
Total Asset-Backed Securities			25,890,879	25,887,378	25,755,627	8.84%

<u>Municipal Securities</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Par Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>% of portfolio</u>
CALIFORNIA ST	3.00%	04/01/2024	1,000,000	1,051,050	993,970	0.36%
ONTARIO CA	2.80%	05/15/2024	290,000	295,926	287,506	0.10%
UNIV OF CALIFORNIA	2.26%	05/15/2024	500,000	499,510	494,680	0.17%
UNIV OF CALIF CA	3.06%	05/15/2024	250,000	260,703	248,055	0.09%
CABRILLO CA CMNTY	2.03%	08/01/2024	1,000,000	1,000,000	983,300	0.34%
LONG BEACH CA CMNTY	1.80%	08/01/2024	500,000	500,000	491,140	0.17%
OHLONE CA CMNTY CLG	1.81%	08/01/2024	500,000	500,000	490,450	0.17%
SAN JOSE CA	1.91%	08/01/2024	500,000	500,000	491,155	0.17%
SONOMA CNTY CA JNR	2.06%	08/01/2024	250,000	250,000	245,863	0.09%
DAVIS CA REDEV	1.85%	09/01/2024	500,000	500,000	488,925	0.17%
CALIFORNIA ST UNIV	1.65%	11/01/2024	300,000	300,000	291,933	0.10%
CITRUS CA	0.82%	08/01/2025	250,000	250,000	234,590	0.09%
COLTON CA	1.05%	08/01/2025	400,000	400,000	377,896	0.14%
PALM SPRINGS CA	3.00%	09/01/2025	270,000	295,404	261,708	0.10%
Total Municipal Securities			6,510,000	6,602,593	6,381,171	2.25%

<u>Supranationals</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Par Value</u>	<u>Cost</u>	<u>Market Value</u>	<u>% of portfolio</u>
INTERNATIONAL AMERICAN DEVEL BANK	2.63%	01/16/2024	650,000	649,844	649,337	0.22%
INTERNATIONAL AMERICAN DEVEL BANK	2.63%	01/16/2024	650,000	649,844	644,482	0.22%
INTERNATIONAL AMERICAN DEVEL BANK	3.25%	07/01/2024	1,800,000	1,799,820	1,782,414	0.61%
INTERNATIONAL AMERICAN DEVEL BANK	1.50%	08/28/2024	1,000,000	998,583	977,000	0.34%
INTERNATIONAL AMERICAN DEVEL BANK	1.70%	11/15/2024	1,500,000	1,495,005	1,456,905	0.51%
INTERNATIONAL BANK MTN	1.63%	01/15/2025	1,000,000	1,009,130	968,240	0.34%
INTERNATIONAL BANK MTN	0.75%	03/11/2025	1,000,000	994,290	954,710	0.34%
INTERNATIONAL AMERICAN DEVEL BANK	0.63%	07/15/2025	1,685,000	1,692,330	1,587,708	0.58%
INTERNATIONAL AMERICAN DEVEL BANK	0.63%	07/15/2025	1,685,000	1,692,330	1,554,008	0.58%
INTERNATIONAL BANK MTN	0.50%	10/28/2025	2,500,000	2,501,600	2,329,850	0.85%
INTERNATIONAL AMERICAN DEVEL BANK	0.88%	04/20/2026	4,200,000	4,180,764	3,893,862	1.43%
INTERNATIONAL AMERICAN DEVEL BANK	0.88%	04/20/2026	4,200,000	4,180,764	3,789,786	1.43%
ROYAL BANK CDA MTN	1.15%	07/14/2026	2,750,000	2,748,405	2,515,700	0.94%
BANK OF MONTREAL MTN	1.25%	09/15/2026	1,000,000	998,216	910,930	0.34%
TORONTO DOMINION MTN	4.69%	09/15/2027	2,375,000	2,375,000	2,374,739	0.81%
BANK MONTREAL MEDIUM	5.20%	02/01/2028	1,000,000	986,190	1,018,650	0.34%
INTERNATIONAL BANK MTN	3.50%	07/12/2028	5,000,000	4,810,094	4,895,650	1.64%
INTERNATIONAL BANK MTN	4.50%	07/13/2028	1,445,000	1,443,396	1,475,229	0.49%
TORONTO DOMINION MTN	5.52%	07/17/2028	1,000,000	997,990	1,029,540	0.34%
ROYAL BANK CDA MTN	5.20%	08/01/2028	1,000,000	982,310	1,019,230	0.34%
INTERNATIONAL AMERICAN DEVEL BANK **	3.13%	09/18/2028	4,030,000	3,823,946	3,875,853	1.31%
BANK MONTREAL MTN CV **	5.72%	09/25/2028	1,500,000	1,480,320	1,554,480	0.51%
Total Supranationals			42,970,000	42,490,170	41,258,302	14.51%

**CITY OF ELK GROVE
SUMMARY OF CASH AND INVESTED FUNDS
FOR THE QUARTER ENDING December 31, 2023**

INVESTMENTS SUBTOTAL NOT INCLUDING

CASH & EQUIVALENTS \$ 293,843,995 \$ 292,924,677 \$ 285,794,931 100.00%

TOTAL ALL INVESTMENTS INCLUDING

CASH & EQUIVALENTS \$ 419,950,917 \$ 412,821,171 100.00%

- * End of quarter bank balances are reflected on this report
- ** Investments purchased during the quarter
- *** Community Bank Investments for the quarter: \$32,158,703.65

CERTIFICATION

Matthew Paulin

1/29/2024 | 1:24 PM PST

Finance Director

Marsha Ley
Accounting Manager

The City of Elk Grove's Investment Policy reads in part:

The City of Elk Grove's investment policy has three objectives (1) protect principal, (2) provide for liquidity needs, and (3) obtain the most reasonable rate of return possible within the first two objectives.

This quarterly report shall include a statement denoting the ability of the local agency to meet its pool's expenditure requirements for the next six months, or provide an explanation as to why sufficient money shall, or may, not be available.

It is the City's full intent, at the time of purchase, to hold all investments until maturity to ensure the return of all invested principal dollars. However, it is realized that market prices of securities will vary depending on economic and interest rate conditions at any point in time. It is further recognized, that in a well diversified investment portfolio, occasional measured losses are inevitable due to economic, bond market or individual security credit analysis. These occasional losses must be considered within the context of the overall investment program objectives and the resultant long term rate-of-return.

CITY OF ELK GROVE
SUMMARY OF OTHER POST-EMPLOYMENT BENEFITS TRUST ACCOUNTS
FOR THE QUARTER ENDING December 31, 2023

<u>HRA Plan</u>	<u>Market Value</u>
<u>Mutual Funds</u>	
Mutual Funds	\$ 4,461,034
Total Mutual Funds	4,461,034
Total Retirement HealthSecure HRA	\$ 4,461,034
<u>Statutory Minimum Employer Contribution</u>	
<u>Cash and Cash Equivalents</u>	
First Amer Prime	176,508
Total Cash and Cash Equivalents	176,508
<u>Mutual/Collective Funds</u>	
Closed End Mutual Fund Equity	2,409,836
Closed End Mutual Fund Fixed	2,320,155
Total Mutual/Collective Funds	4,729,991
Total For Retirement Healthcare Plan	\$ 4,906,499