



Investment Process

PRESENTED TO THE CITY COUNCIL

MARCH 18, 2024

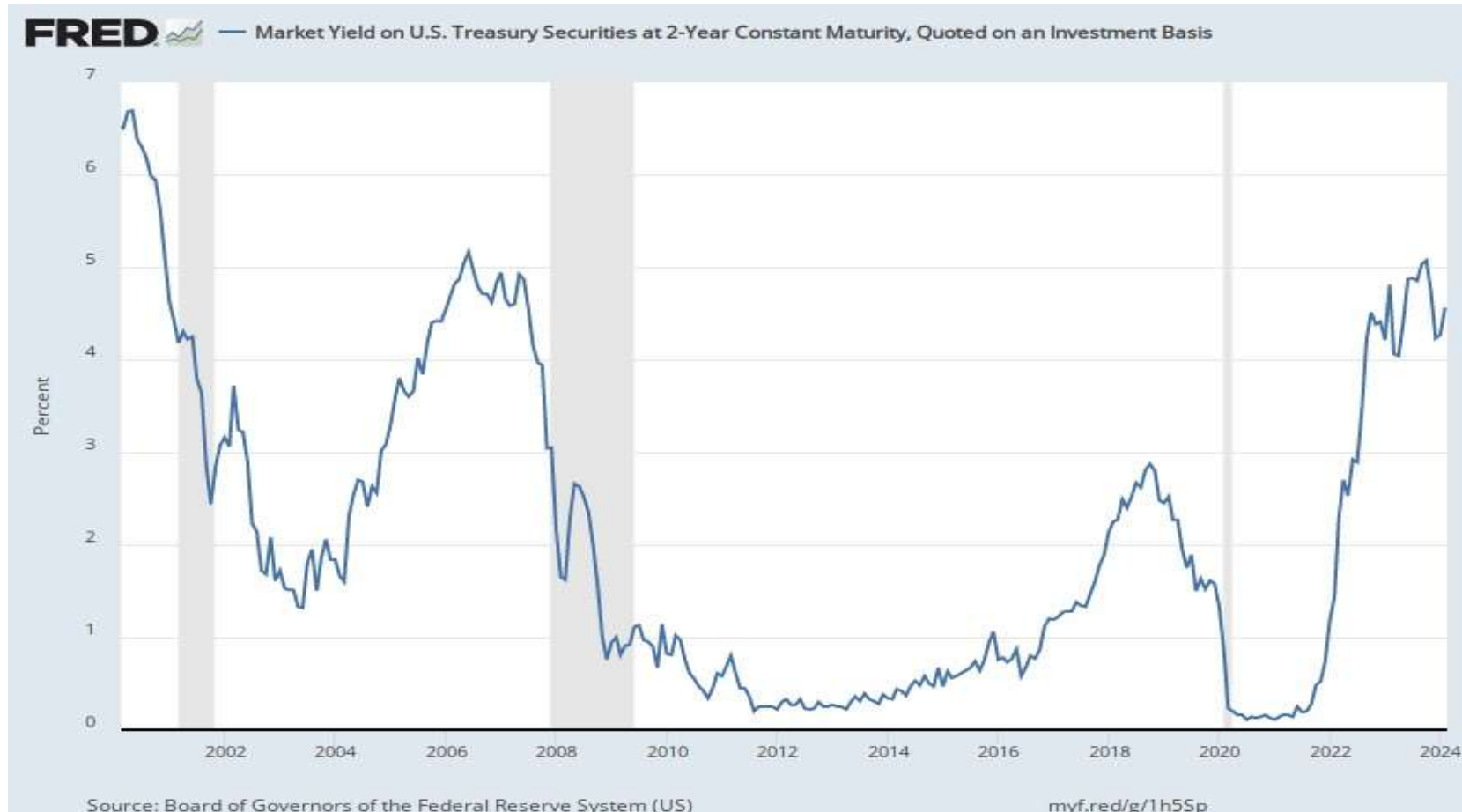
Investment Advisory Services

- Council approved Investment Advisory Services August 07, 2023
- Valley View Consulting, L.L.C.
- Two year agreement

Investment Process

- Review investment policy and eligible options
- Model cash flows to identify outflow months
- Discuss current market conditions and consider strategies
- Organize investment provider rate solicitations
- Facilitate settlements
- Generate monthly and quarterly investment reports
- Monitor portfolio and strategy performance

Market Yield on U.S. Treasury Securities



Investment Strategy Discussion

- Valley View Consulting, L.L.C. will present their approach and portfolio recommendations



Investment Strategy Discussion



March 4, 2024

Valley View's Approach

- Non-discretionary Investment Advisory services
- Process includes:
 1. Review Investment Policy and consider eligible options
 2. Model cash flows to identify outflow months/periods
 3. Discuss current market conditions and consider strategies
 4. Organize Investment Provider rate solicitation (Financial Institutions or Broker/Dealers)
 5. Compile solicitation results for City Investment Officer(s)
 6. Facilitate settlement
 7. Generate accounting and Quarterly Investment reports
 8. Monitor portfolio and strategy performance

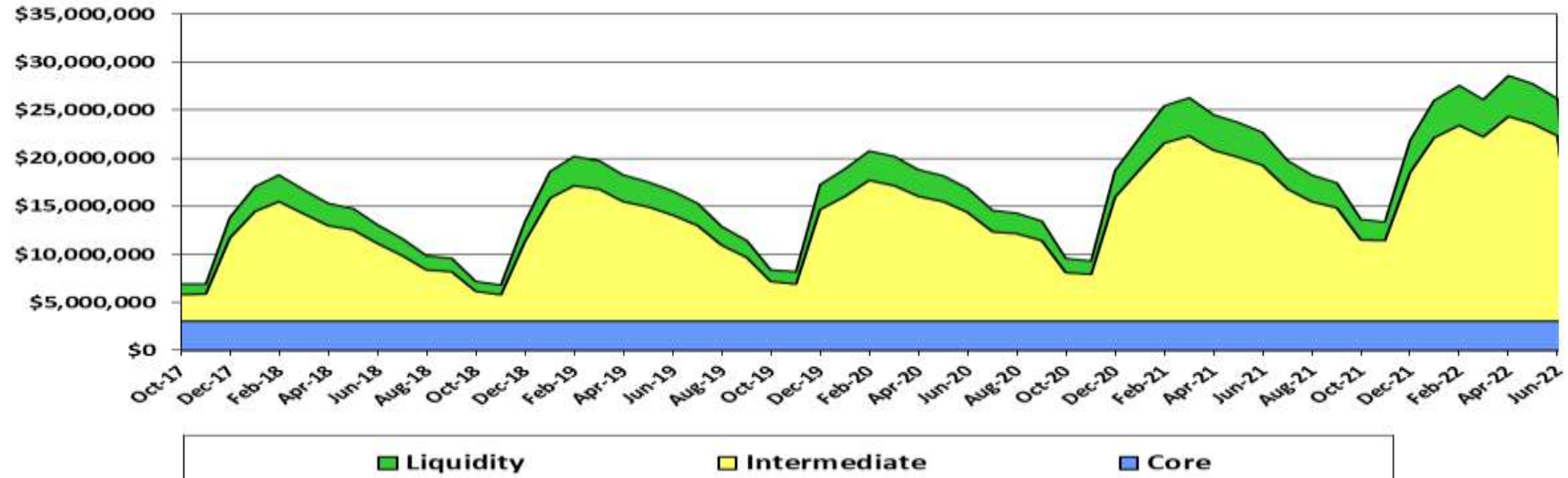


Portfolio Recommendations from 2021

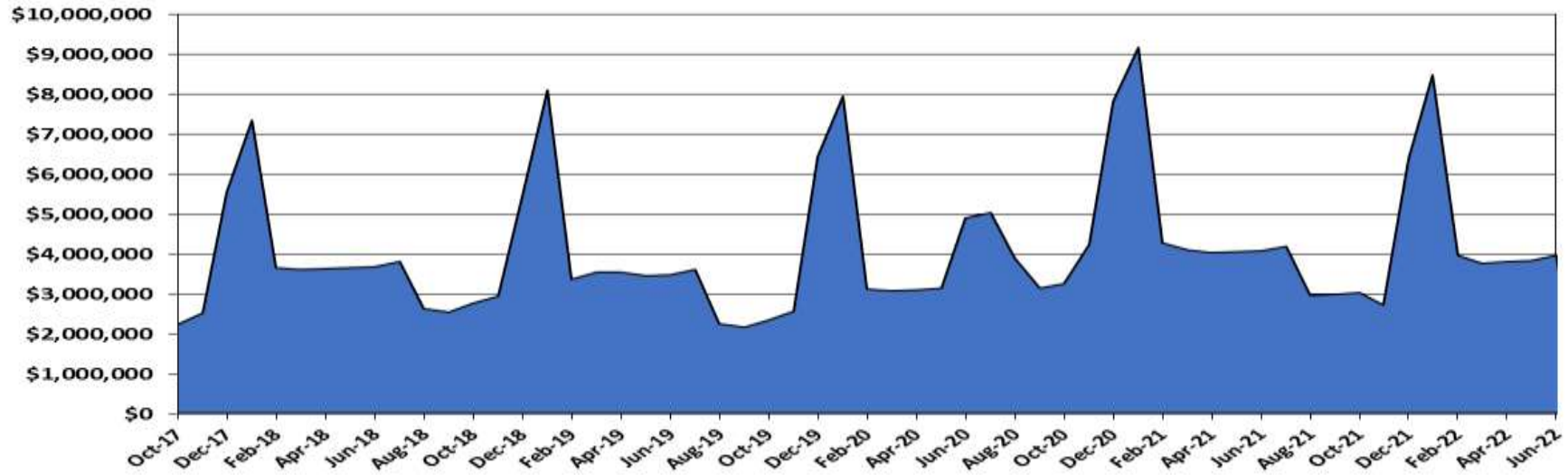
- Limit cash and pool balances
 - Utilize higher yielding MMAs when capacity becomes available
 - Invest in short-term options for more liquid funds
- Maintain investment ladder
 - Invest early as tax revenue comes in
 - Many investors competing for limited investment options
- Market likely in a holding pattern for next two+ years
 - Consider any revenue shortfalls expected with COVID impact
 - Invest along two-year horizon

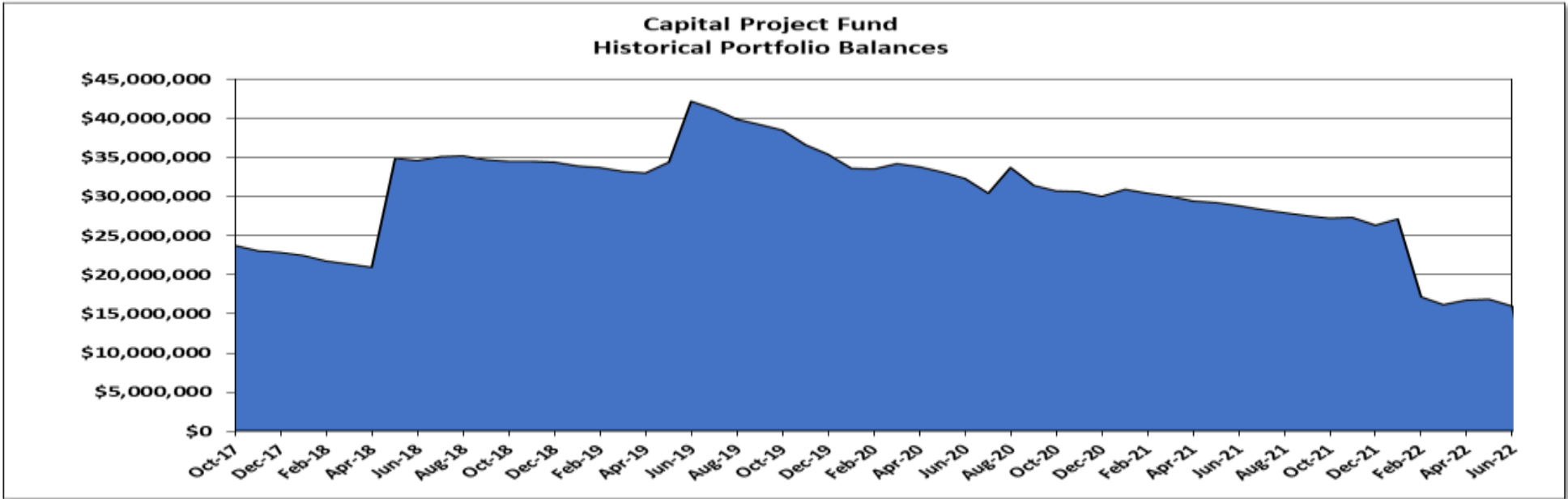
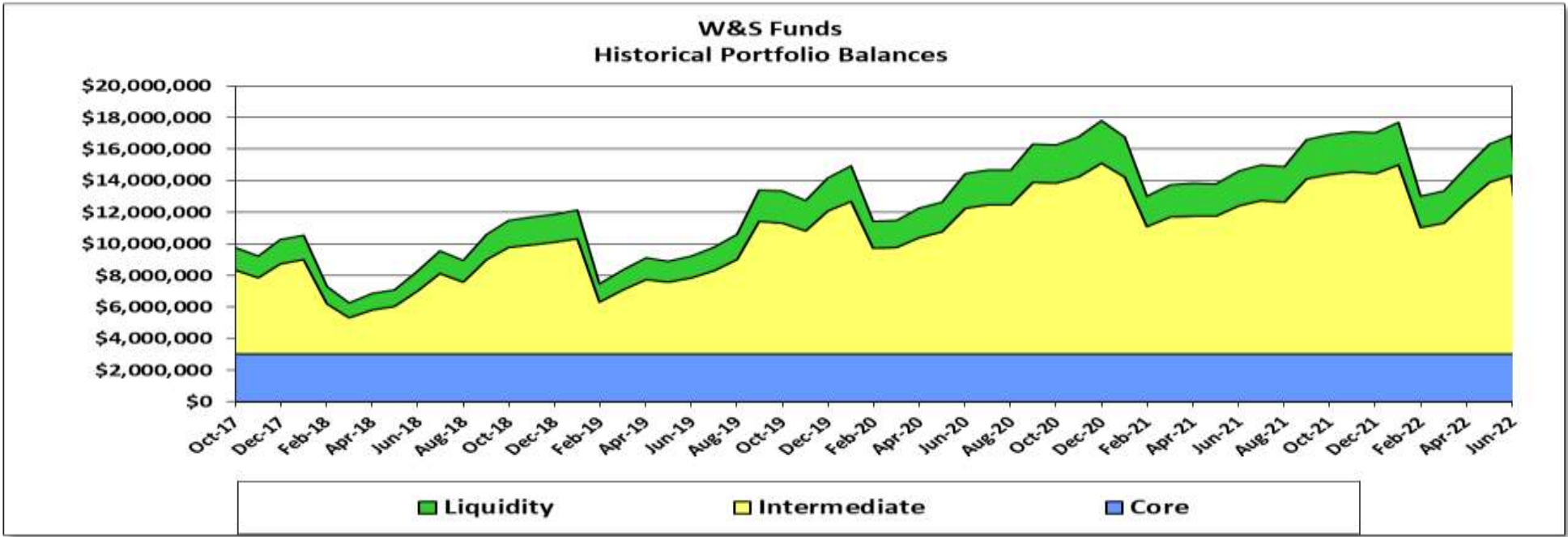


**General Fund
Historical Portfolio Balances**

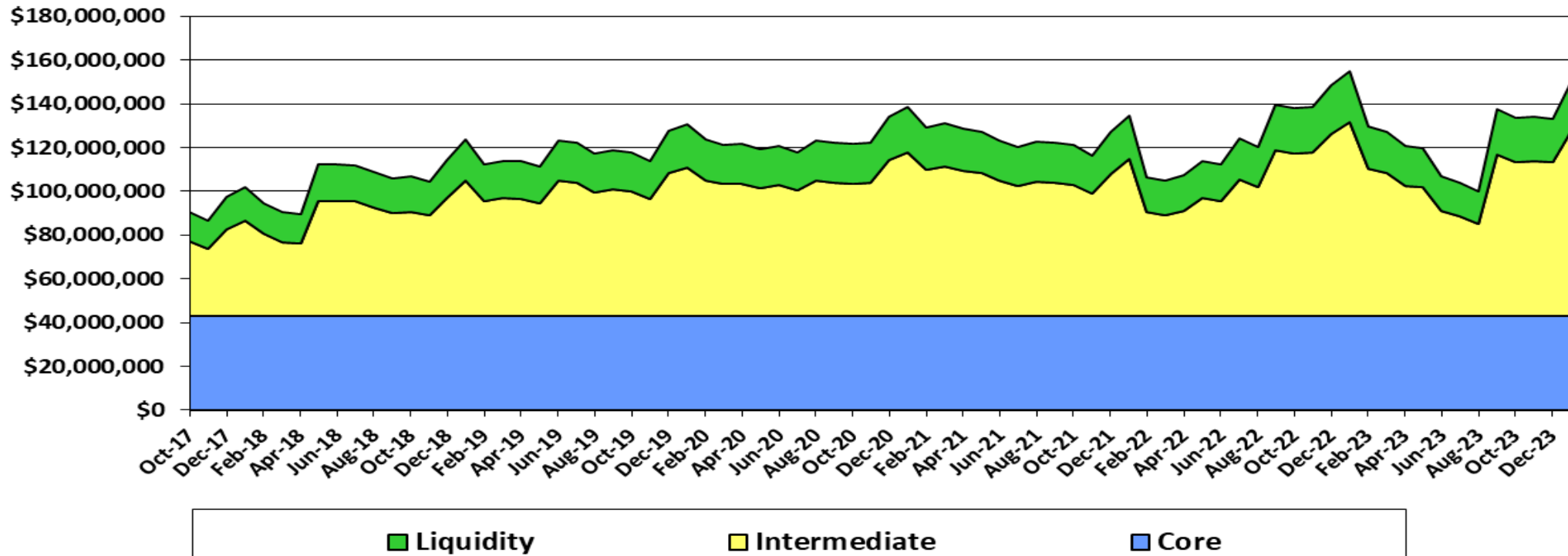


**Debt Service Fund
Historical Portfolio Balances**

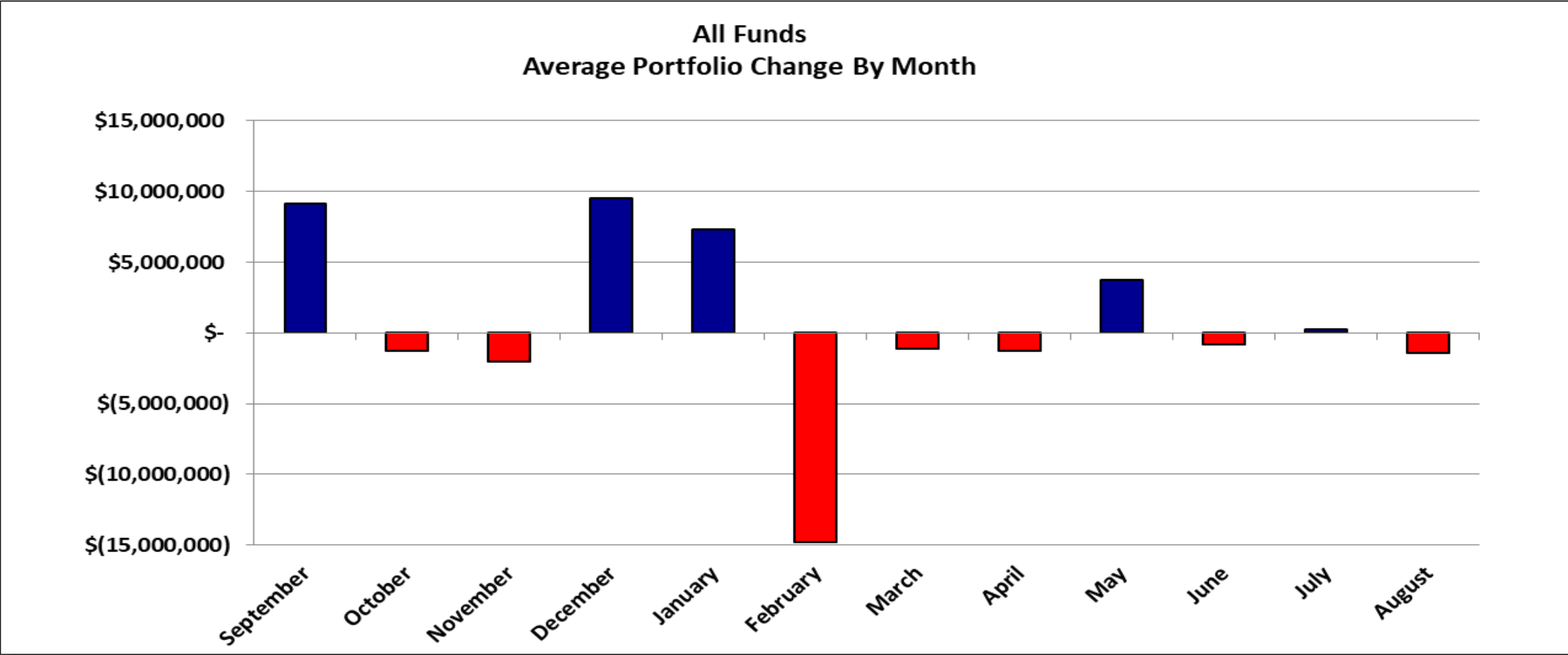




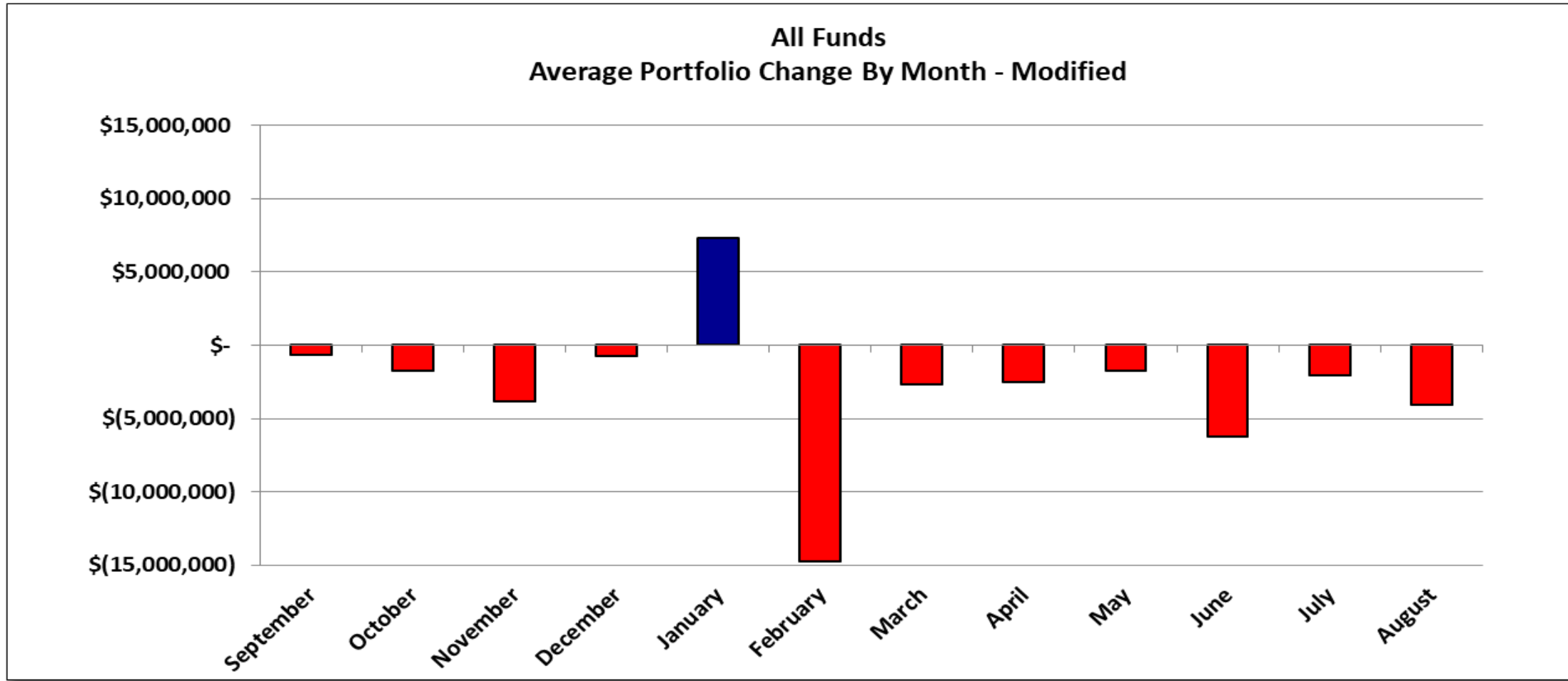
All Funds Historical Portfolio Balances



True average change per month since October 2017



Modified average change per month since October 2017
(removes positive outliers to overestimate average expenditures)



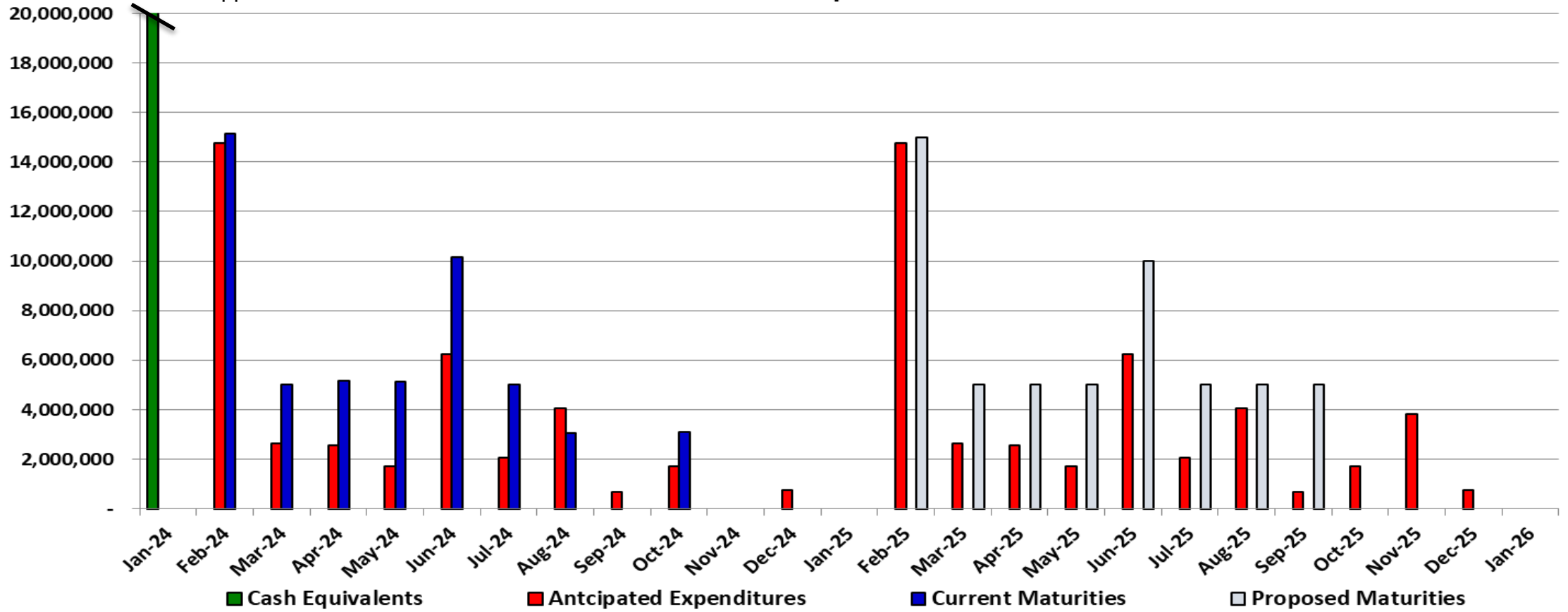
Portfolio Recommendations On-going

- Limit cash and pool balances
 - Utilize higher yielding MMAs
- Maintain investment ladder
 - Invest now that tax revenue is collected
 - Place investments to match your cash flow needs
 - Can utilize fewer investments in larger blocks if needed
- Market has likely hit its peak and rates expected to fall
 - Strategy shifts to extending your ladder to lock-in longer term rates
 - Match investment maturities with cash flow needs of the City
 - Maintain investment routine



Cash balance at 1/31/24
approx. \$92 million

All Funds Portfolio with Proposed Maturities

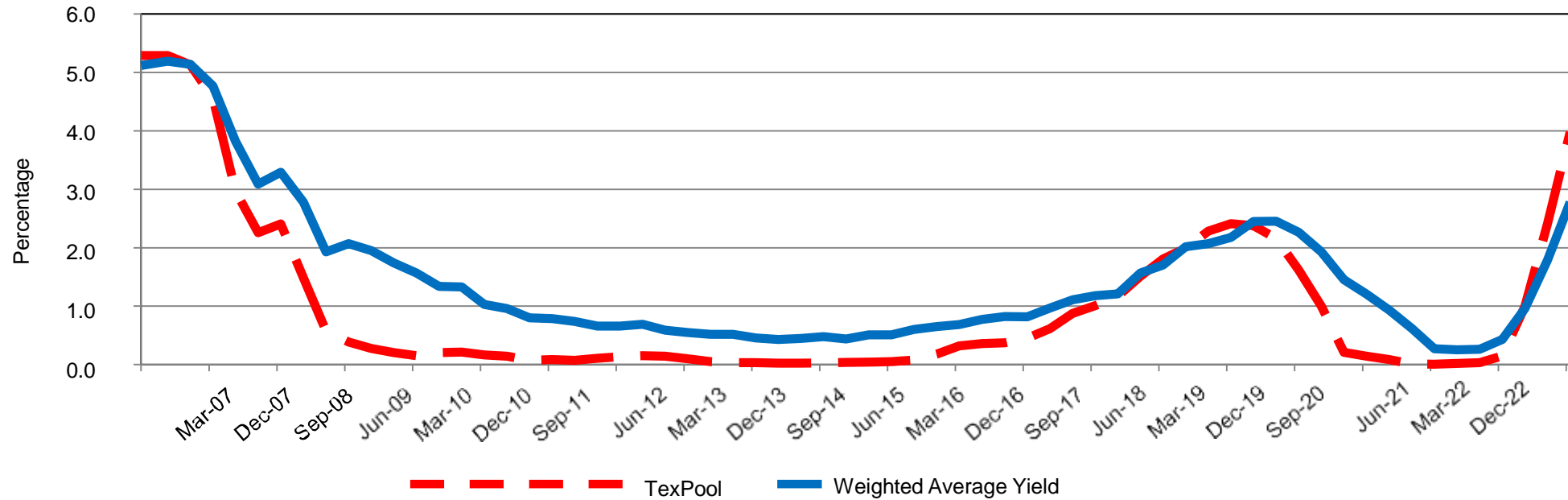


Data utilized for previous chart

	Antcipated Expenditures	Cash Equivalent	Current Maturities	Proposed Maturities	Estimated Revenue	Estimated Month End Cash Balance
Jan-24		\$ 36,880,052				\$ 36,880,052
Feb-24	14,763,492		15,151,838			37,268,398
Mar-24	2,646,227		5,000,000			39,622,171
Apr-24	2,543,314		5,178,905			42,257,762
May-24	1,712,404		5,124,474			45,669,831
Jun-24	6,233,417		10,148,170			49,584,584
Jul-24	2,076,103		5,000,000			52,508,481
Aug-24	4,057,371		3,064,237			51,515,347
Sep-24	689,572					50,825,775
Oct-24	1,720,779		3,075,520			52,180,515
Nov-24	3,832,447		5,186,632			53,534,700
Dec-24	751,572				9,537,925	62,321,053
Jan-25	-				7,294,431	69,615,484
Feb-25	14,763,492			15,000,000		69,851,992
Mar-25	2,646,227			5,000,000		72,205,766
Apr-25	2,543,314			5,000,000		74,662,451
May-25	1,712,404			5,000,000		77,950,047
Jun-25	6,233,417			10,000,000		81,716,630
Jul-25	2,076,103			5,000,000		84,640,527
Aug-25	4,057,371			5,000,000		85,583,156
Sep-25	689,572			5,000,000		89,893,584
Oct-25	1,720,779					88,172,805
Nov-25	3,832,447					84,340,358
Dec-25	751,572				9,537,925	93,126,710
Jan-26	-				7,294,431	100,421,142
Feb-26	14,763,492					85,657,650
	Maximum=2-years					
	TOTALS	\$ 36,880,052	\$ 56,929,774	\$ 55,000,000		

Example of performance throughout business cycles

Total Portfolio Performance





Questions, Comments & Direction

Recommendation

- Discuss the merits of the investment strategy proposed by Valley View L.L.C. and provide staff direction