

Office of the City Manager

INFORMATION CALENDAR
JUNE 25, 2024

To: Honorable Mayor and Members of the City Council
 From: Dee Williams-Ridley, City Manager
 Submitted by: Henry Oyekanmi, Director, Finance Department
 Subject: FY 2024 Second Quarter Investment Report: Ended December 31, 2023

SUMMARY

The City's investment policy requires that a quarterly investment report be submitted to the City Council on the status of the investment portfolio. The report includes all investments managed by the City of Berkeley and provides information on the types, values (par, book, and market), term, and yield of each security.

- The return on pooled investments for the quarter ended December 31, 2023 was 2.94%, 87 basis points less than the 3.81% earned by the State Local Agency Investment Fund (State LAIF), which is the benchmark for investment performance used by the City. The returns earned on State LAIF's monthly portfolio are currently higher because it has a much shorter maturity and the yield curve is inverted (i.e., short-term rates are significantly higher than medium and long-term rates).

The return on pooled investments of 2.94% for the quarter ended December 31, 2023 was 6 basis points less than the rate of 3.00% earned in the quarter ended September 30, 2023.

- The average return on all Retiree Medical Trust Fund investments was 5.05% for the quarter ended December 31, 2023.

CURRENT SITUATION AND ITS EFFECTS

Attached is a summary of the quarterly report for fiscal year 2024 Second Quarter ending December 31, 2023 representing the status of the City's investment portfolio. The report includes all investments managed by the City of Berkeley and provides information on the values (par, book, and market), term, and yield of each security.

Summary information by type of security and detailed information on each security is provided on Exhibit 2-A. An evaluation of portfolio performance for this accounting period compared to the previous three accounting periods is also included in Attachment 1.

A. Portfolio Results

As a result of the differences in the investment policies of different cities, including responsible investing policies, maturity restrictions, investment restrictions, etc., it was difficult for the City of Berkeley to come up with a reasonable performance measure for pooled cash investments. In order to provide some measure of the relative performance of the City's investment returns, many years ago the City established the State Local Agency Investment Fund (LAIF) as the performance measure to be reported in the quarterly investment reports, since many local governments invested significant portions of their investment portfolios in LAIF.

LAIF was intended to be a reference point to compare the City's investment performance against, rather than a true performance measure, since most cities typically earn a yield higher than LAIF in normal interest rate environments, and because LAIF's average maturity of its investments is generally shorter than that of most cities. As a result, past City Councilmembers requested that information about the rates earned by other California cities be included in the quarterly investment reports for comparison purposes, despite the differences in the investment policies of the various cities. It should be pointed out that the yield curve has been inverted for many months (i.e., short term rates are significantly higher than long term rates, which is abnormal), and cities with a shorter average maturity will have a higher average yield than those cities with a longer average maturity.

1. Liquidity of Portfolio:

The average investment in the pooled portfolio matures in 1,182 days as of December 31, 2023. This is 55 days less than the 1,237 maturity days as of September 30, 2023.

2. Comparison of Results to Performance Measures – Pooled investments: Quarter Ended December 31, 2023

The City's yield on investments for the quarter ended December 31, 2023 was 2.94%, a decrease of 6 basis points (.06%) from the 3.00 earned during the quarter ended September 30, 2023. The average yield on a 91-day Treasury bill at the end of the quarter ended December 31, 2023 was 5.35%, a decrease of 10 basis points (0.10%) from the 5.45% at the end of the previous quarter.

As summarized in Table 1, staff's overall results were under the performance measure for the quarter by 87 basis points. Staff's performance was under the performance measure in October by approximately 79 basis points (-.79%); under the performance measure in November by approximately 92 basis points (-.92%); and, was under the performance measure in December by approximately 90 basis

points (-.90%). The performance measure for the return on investments is compared to the rate of return of the State LAIF.

Table 1

For Quarter Ending December 31, 2023			
Period	City	State LAIF	Difference
Oct-23	2.88%	3.67%	-0.79%
Nov-23	2.92%	3.84%	-0.92%
Dec-23	3.03%	3.93%	-0.90%
Oct 1-Dec 31	2.94%	3.81%	-0.87%

3. Investment Results-Retiree Health Insurance Funds:

Average interest rates earned on the retiree health insurance trust funds for the quarter ended December 31, 2023 compared to the quarter ended September 30 2023, were as follows:

Table 2

EARNED INTEREST RATES		
For Quarter Ended 12/31/2023 Compared To 9/30/2023		
Trust Fund	2nd Qtr 12/31/23	1st Qtr 9/30/23
Retiree Medical Trust Fund (Misc Employees)	5.42%	5.42%
Fire Retiree Medical Trust Fund	5.13%	5.13%
Police Retiree Medical Trust Fund	4.59%	5.24%

The rates earned on these plans are expected to continue to increase, as staff is using the investment authority granted by Council to purchase long-term bonds as rates move higher.

Details related to retiree health trust fund investments are in Attachment 3, Exhibits 3-A, 3-B, and 3-C of this report.

B. Discussion of Interest Rate Environment and Outlook

In its December 13, 2023 Statement, the Federal Open Market Committee said recent indicators suggest that growth of economic activity has slowed from its strong pace in the Current Year third quarter. Job gains have moderated since earlier in the year but remain strong, and the unemployment rate has remained low. Inflation has eased over the past year but remains elevated.

The U.S. banking system is sound and resilient. Tighter financial and credit conditions for households and businesses are likely to weigh on economic activity, hiring, and inflation. The extent of these effects remain

ns uncertain. The Committee remains highly attentive to inflation risks. The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run.

Yield Trend

In support of these goals, the Committee decided to maintain the target range for the federal funds rate at 5-1/4 to 5-1/2 percent. The Committee will continue to assess additional information and its implications for monetary policy. In determining the extent of any additional policy firming that may be appropriate to return inflation to 2 percent over time, the Committee will take into account the cumulative tightening of monetary policy, the lags with which monetary policy affects economic activity and inflation, and economic and financial developments. In addition, the Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities, as described in its previously announced plans. The Committee is strongly committed to 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.

Since the Federal Reserve change its zero-interest rate policy in March 2017 to combat high inflation, the Federal Reserve Board has raised the Federal Funds rate 11 times for a total of 5.25%-5.50%, as follows:

Table 3

DATE	RATE CHANGE	FEDERAL FUNDS RATE
03/17/22	.25%	.25%-.50%
05/05/22	.50%	.75%-1.00%
06/16/22	.75%	1.50%-1.75%
07/27/22	.75%	2.25%-2.50%
09/21/22	.75%	3.00%-3.25%
11/02/2022	.75%	3.75%-4.00%
12/14/2022	.50%	4.25%-4.50%
2/1/2023	.25%	4.50%-4.75%
3/23/2023	.25%	4.75%-5.00%
5/3/2023	.25%	5.00%-5.25%
7/26/2023	.25%	5.25%-5.50%

Since the rate hike on March 23, 2023, there were four large regional bank failures: Silicon Valley Bank, Signature Bank, First Republic Bank and Republic First Bank, and two small regional banks (Citizens Bank of Sac City and Heartland Tri-State Bank). The Fed rate hikes and these bank failures have resulted in (1) banks' raising their lending standards and reducing the number of loans granted; (2) mortgage rates rising to nearly 7.5%; and (3) some Analysts predicting a slowdown or recession in the US economy in 2025.

In addition, since July 2023, the Core Personal Consumption Expenditures (PCE) index (the Fed's favored inflation index) has declined from 4.2% in November 2023 to 2.9% in December 2023, close to the Fed's 2.0% target. However, the Fed has indicated that it won't start lowering rates until it is confident that the 2% target has been met and can be sustained.

Therefore, under these circumstances, it appears that the Fed should be lowering rates, but they will be reluctant to do so in the near future.

Change in Strategy

Prior to the Fed's change in monetary policy starting March 17, 2022, staff's basic strategy consisted of not purchasing any Agency or Medium-Term corporate note securities with a maturity beyond three years, unless the securities were step-up securities (i.e., securities whose interest rates increased periodically, if they were not called). After the Fed changed to a tighter monetary policy in March 2022, the City's investment strategy changed to extending the investment maturities of securities purchased beyond three years and locking in rates.

In the short term, this strategy has resulted in a lower yield than the City could have achieved by not locking in rates on long-term securities purchased, because the yield curve is inverted (i.e., short-term rates are higher than medium and long-term rates). As money is pulled out of short-term investments to lock in rates on long-term investments, the City's yield suffers in the short-term. However, this underperformance will reverse when the Fed starts lowering short-term rates, probably towards the end of Current Year 2024.

Quite a few Analysts in the market are now predicting that the Fed will start lowering rates in July 2024 and lower them twice in CY 2024. However, Staff believes the decline in rates could start later in CY 2024, for the following reasons:

1. The Fed Chairman indicated that the Fed will continue its program of selling \$95 billion/month (or \$1.14 trillion/year) of Agency and Mortgage-Backed securities from its Balance Sheet instead of purchasing them as it did before this program began. This decision will result in a significant increase in bond supply without a corresponding increase in bond demand, which should increase the rates on medium and long-term bonds; and,
2. The projected US CY 2024 budget deficit of \$1.8 trillion means the US will have to issue an additional \$1.8 trillion of bonds to fund this budget deficit. This additional huge supply of bonds may overwhelm demand for Agency and Mortgage-Backed bonds and put further upward pressure on medium and long-term interest rates.

These two factors may keep medium-term and long-term interest rates higher for most of CY 2024 and also impact short-term rates.

On a short-term basis, the City's earned rate is expected to be below the City's benchmark (State LAIF) because the yield curve is inverted. However, this should change after the Fed starts lowering rates. The City's return is expected to be comparable to rates earned by other cities with a similar average maturity and lower than cities with a shorter average maturity in California. A sample of rates earned by Northern and Southern California cities is reflected in table 3 below (previously only Northern California cities were included):

Table 4

Other California Cities Earned Interest Rates	
For the Quarter Ending December 31, 2023	
City	Rates Earned
Oakland	4.40%
San Diego	3.49%
San Francisco	3.30%
Burbank	3.25%
San Jose	3.11%
Berkeley	2.94%
Los Angeles	2.79%
Sacramento	2.63%
Hayward	2.45%
Palo Alto	2.39 %

BACKGROUND

- **Pooled Investments**

Short-term cash is invested primarily in government sponsored enterprises (referred to as Federal Agency securities) notes, medium-term corporate notes and municipal securities for periods of one to ten years. Additional cash is invested in money market funds or overnight securities to meet the liquidity needs of the City.

In some cases, the City may have investments with a current market value that is greater or less than the recorded cost. These changes in market value are due to fluctuations in the market and have no effect on yield, as the City does not intend to sell securities prior to maturity.

- **Retiree Health Trust Fund Investments**

The City agreed to provide retiree Health insurance coverage for fire, police and miscellaneous employees under certain terms and conditions. An actuarial study commissioned by the City many years ago determined that, in addition to City Contributions, an average rate of return of 7% on miscellaneous employees trust fund assets invested must be achieved to fund the retiree health benefit at the desired 70% level. Primarily as a result of the Federal Reserve Board's decision to keep short-term rates near zero from 2008 to March 2020, the average rate currently earned is significantly below that 7% level. City Finance Department staff manages these investment portfolios.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

The Investment Policy provides opportunities to make environmentally responsible investments that support the City's environmental sustainability goals.

CONTACT PERSON

Henry Oyekanmi, Director, Finance Department, 981-7326

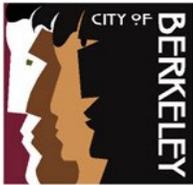
ATTACHMENTS

1. Portfolio Evaluation FY 2024 Second Quarter
2. Investment Report Analysis FY 2024 Second Quarter
 - a. Exhibit 2-A: Pooled Cash and Investments
 - b. Exhibit 2-B.1 through 2-B.3: Interest Earnings October 1, 2023 – December 31, 2023
 - c. Exhibit 2-C: Book Value By Investment Type
 - d. Exhibit 2-D: Current Holdings vs. Policy Limits
 - e. Exhibit 2-E: Investment Portfolio Trend
3. Summary of Pooled and Cash Investments FY 2024 Second Quarter –Trust Funds
 - a. Exhibit 3-A: Retiree Medical Trust Funds –Misc.
 - b. Exhibit 3-B: Retiree Medical Trust Funds –Fire
 - c. Exhibit 3-C: Retiree Medical Trust Funds –Police



Portfolio Evaluation
Quarter Ended December 31, 2023

	QUARTER ENDING							
	December 2023	September 2023	June 2023	March 2023				
Total Portfolio								
Pooled Cash and Investments (COB)	\$ 680,764,634	\$ 614,759,558	\$ 712,329,294	\$ 667,712,171				
Pooled Cash and Investments (Trust)	57,430,853	53,459,009	54,012,972	54,330,791				
Total Cash and Investments	<u>\$ 738,195,487</u>	<u>\$ 668,218,567</u>	<u>\$ 766,342,266</u>	<u>\$ 722,042,962</u>				
Average Life of Investment Portfolio								
Pooled Investments (CoB)	1,182	1,237	1,286	1,322				
Trust Investments	7.772 years	7.883 years	7.852 years	8.047 years				
Weighted Yield								
Pooled Investments (CoB)	2.941%	2.999%	3.062%	2.761%				
Trust Investments	5.045%	5.261%	5.063%	5.081%				
Prime Rate	8.500%	8.500%	8.250%	8.000%				
91-day Treasury Bill Rate	5.353%	5.446%	5.284%	4.693%				
2-year Treasury Note Rate	4.250%	5.044%	4.895%	4.025%				
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Cash and Investments Maturity								
Within one year	\$ 161,959,249	21.94%	\$ 104,135,475	15.58%	\$ 234,655,408	30.62%	\$ 208,919,256	28.93%
Between 1 to 3 years	378,624,293	51.29%	374,559,348	56.05%	270,060,770	35.24%	103,151,808	14.29%
Between 3 to 5 years	74,998,313	10.16%	72,751,770	10.89%	164,373,440	21.45%	317,003,276	43.90%
Between 5 to 10 years	111,396,595	15.09%	105,896,100	15.85%	86,070,641	11.23%	81,672,587	11.31%
Over 10 years	11,217,037	1.52%	10,875,874	1.63%	11,182,007	1.46%	11,296,035	1.56%
Total	<u>\$ 738,195,487</u>	<u>100.00%</u>	<u>\$ 668,218,567</u>	<u>100.00%</u>	<u>\$ 766,342,266</u>	<u>100.00%</u>	<u>\$ 722,042,962</u>	<u>100.00%</u>



**Investment Report Analysis
As of December 31, 2023**

Investments	Pension and OPEB		Total
	Pooled Investments	Trust Investments	
Portfolio	\$ 573,550,427	\$ 54,966,284	\$ 628,516,711
Unrecognized gain/(loss)	(22,242,976)	(1,358,836)	(23,601,812)
Total Investments	551,307,451	53,607,447	604,914,898
Cash	Pension and OPEB		Total
	Pooled Cash	Trust Cash	
Cash with Fidelity Money Market	34,509,427	-	34,509,427
Cash with Fiscal Agents	1,132	-	1,132
Cash Deposits in Banks	98,770,031	-	98,770,031
Pooled Cash Adjustment	(3,823,406)	3,823,406	-
Total Cash	129,457,183	3,823,406	133,280,589
Adjusted Grand Total (All Cash and Investments)	\$ 680,764,634	\$ 57,430,853	\$ 738,195,487

Pooled Cash Portfolio Breakdown As of December 31, 2023

	Book Value	Market Value
Investments	\$ 573,550,427	\$ 551,307,451

NOTE:

1. The pooled cash includes Rent Board cash \$5,257,204.59
2. The pooled cash does not include Section 115 cash of \$7,686,199.87



City of Berkeley
Pooled Cash and Investments
As of December 31, 2023

CUSIP	Investment #	Issuer	Book Value	Par Value	Market Value	Current Rate	YTM/C 365	Maturity Date	Days To Maturity	Moody's Rating
Medium Term Notes										
88579YAR2	14659	3M COMPANY	4,916,278.43	5,000,000.00	4,846,000.00	3.000	4.120	08/07/2025	584	A3
008252AM0	14582	Affiliated Managers Group	1,002,255.02	1,000,000.00	997,610.00	4.250	2.300	02/15/2024	45	A3
04685A2L4	14590	Athene Global Funding	5,960,418.70	5,950,000.00	5,731,278.00	2.500	2.320	01/14/2025	379	A1
04685A2L4	14602	Athene Global Funding	4,964,236.67	5,000,000.00	4,816,200.00	2.500	3.250	01/14/2025	379	A1
20030NBN0	14563	Comcast Corp	5,020,097.70	5,000,000.00	4,882,650.00	3.375	3.100	08/15/2025	592	A3
233851CU6	14571	Daimler Finance	5,034,530.84	5,000,000.00	4,829,900.00	3.450	3.190	01/06/2027	1,101	A2
233851CU6	14574	Daimler Finance	3,769,909.60	3,725,000.00	3,598,275.50	3.450	3.000	01/06/2027	1,101	A2
24422EWK1	14663	John Deere Cap	4,983,398.29	5,000,000.00	4,967,600.00	4.150	4.250	09/15/2027	1,353	A2
375558BF9	14570	Gilead Sciences	5,051,584.96	5,000,000.00	4,898,550.00	3.650	3.118	03/01/2026	790	A3
30303M8G0	14660	Meta Platforms Inc	4,861,024.76	5,000,000.00	4,868,900.00	3.500	4.360	08/15/2027	1,322	A1
617446HD4	14670	Morgan Stanley	10,778,780.90	10,000,000.00	11,789,500.00	7.250	6.000	04/01/2032	3,013	A1
747525AT0	14564	Qualcomm Inc	4,997,330.24	5,000,000.00	4,952,200.00	2.900	3.050	05/20/2024	140	A2
747525AU7	14587	Qualcomm Inc	6,112,680.29	5,963,000.00	5,772,243.63	3.250	2.435	05/20/2027	1,235	A2
828807CS4	14606	Simon Property Group	4,999,119.54	5,000,000.00	4,922,550.00	3.375	3.353	10/01/2024	274	A3
07330MAA5	14588	Truist Bank	5,186,522.57	5,000,000.00	4,790,700.00	3.800	2.365	10/30/2026	1,033	A2
Subtotal and Average			77,638,168.51	76,638,000.00	76,664,157.13		3.573		1,086	
Federal Agency Coupon Securities										
3133ENN22	14664	Federal Farm Credit Bank	4,988,706.17	5,000,000.00	4,945,700.00	3.750	3.890	09/22/2025	630	AAA
3133ENP95	14666	Federal Farm Credit Bank	4,987,848.47	5,000,000.00	4,986,100.00	4.250	4.400	09/30/2025	638	AAA
3133ENS50	14667	Federal Farm Credit Bank	4,999,413.15	5,000,000.00	5,014,900.00	4.125	4.128	10/14/2027	1,382	AAA
3133ENN30	14668	Federal Farm Credit Bank	4,660,968.92	5,000,000.00	4,843,550.00	3.875	4.863	09/20/2032	3,185	AAA
3133ENV72	14669	Federal Farm Credit Bank	4,988,490.05	5,000,000.00	5,047,400.00	4.500	4.600	07/27/2026	938	AAA
3133EPGG4	14686	Federal Farm Credit Bank	4,961,281.84	5,000,000.00	4,870,550.00	4.000	4.102	04/20/2033	3,397	AAA
3133EPGS8	14687	Federal Farm Credit Bank	4,996,489.94	5,000,000.00	4,982,350.00	4.250	4.300	07/24/2025	570	AAA
3133EPPE9	14689	Federal Farm Credit Bank	4,980,810.65	5,000,000.00	5,024,250.00	4.375	4.540	07/06/2026	917	AAA
3133EPPF6	14690	Federal Farm Credit Bank	4,957,891.66	5,000,000.00	5,033,950.00	4.125	4.300	07/05/2029	2,012	AAA
Subtotal and Average			44,521,900.85	45,000,000.00	44,748,750.00		4.343		1,504	
Medium-Term Notes - Callable										
22553PWD7	14652	Credit Suisse AG	5000000.00	5000000.00	4850550.00	4.050	4.050	05/25/2025	510	A3
22553PXJ3	14655	Credit Suisse AG	5000000.00	5000000.00	4528150.00	5.000	5.001	05/31/2032	3,073	A3
693475AV7	14557	PNC Financial Services	5000358.08	5000000.00	4992700.00	3.500	3.370	01/23/2024	22	A3
751212AC5	14566	Ralph Lauren	5048761.19	5000000.00	4895200.00	3.750	3.106	09/15/2025	623	A3
857477CD3	14698	State Street Corp.	4000000.00	4000000.00	4058120.00	5.272	5.272	08/03/2026	945	A1
91159HHU7	14562	US Bancorp	5079418.69	5000000.00	4916650.00	3.950	2.848	11/17/2025	686	A3
91159HHM5	14684	US Bancorp	4763171.51	5000000.00	4791400.00	3.100	5.348	04/27/2026	847	A3
91159HHW3	14693	US Bancorp	4262644.45	5000000.00	4525050.00	3.000	6.212	07/30/2029	2,037	A3
Subtotal and Average			38,154,353.92	39,000,000.00	37,557,820.00		4.332		1,078	



City of Berkeley
Pooled Cash and Investments
As of December 31, 2023

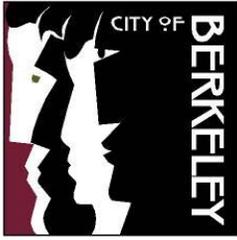
CUSIP	Investment #	Issuer	Book Value	Par Value	Market Value	Current Rate	YTM/C 365	Maturity Date	Days To Maturity	Moody's Rating
Federal Agency Callable										
3133EN6K1	14676	Federal Farm Credit Bank	5,000,000.00	5,000,000.00	4,844,200.00	4.220	4.220	01/23/2030	2,214	AAA
3133EN6K1	14677	Federal Farm Credit Bank	5,000,000.00	5,000,000.00	4,844,200.00	4.220	4.220	01/23/2030	2,214	AAA
3133EPAJ4	14679	Federal Farm Credit Bank	5,000,000.00	5,000,000.00	4,888,050.00	4.000	4.000	02/09/2033	3,327	AAA
3130ARXL0	14649	Federal Home Loan Banks	5,000,000.00	5,000,000.00	4,921,600.00	3.000	3.000	11/25/2024	329	AAA
3130AULM4	14678	Federal Home Loan Banks	5,000,000.00	5,000,000.00	4,980,050.00	5.620	5.620	01/26/2033	3,313	AAA
3130AXDU9	14700	Federal Home Loan Banks	4,954,090.58	5,000,000.00	5,003,600.00	5.000	5.220	10/18/2028	1,752	AAA
			29,954,090.58	30,000,000.00	29,481,700.00		4.379		2,192	
Federal Agency Continuously Callable										
31422XJW3	14638	Farmer Mac	10,000,000.00	10,000,000.00	9,371,900.00	1.500	0.300	07/20/2026	931	N/A
31422XZ47	14681	Farmer Mac	5,000,000.00	5,000,000.00	4,962,950.00	5.675	5.675	03/20/2030	2,270	N/A
3133ENUV0	14644	Federal Farm Credit Bank	5,000,000.00	5,000,000.00	4,783,350.00	4.000	4.000	04/19/2032	3,031	AAA
3133ENVV9	14647	Federal Farm Credit Bank	5,000,000.00	5,000,000.00	4,857,550.00	3.630	3.630	05/03/2027	1,218	AAA
3133ENWW6	14653	Federal Farm Credit Bank	4,995,384.53	5,000,000.00	4,870,000.00	4.370	4.384	05/17/2032	3,059	AAA
3133EN5C0	14675	Federal Farm Credit Bank	4,995,006.49	5,000,000.00	4,997,550.00	5.370	5.394	12/27/2028	1,822	AAA
3133EPEK7	14682	Federal Farm Credit Bank	5,000,000.00	5,000,000.00	4,947,450.00	4.620	4.620	04/03/2025	458	AAA
3133EPQT5	14695	Federal Farm Credit Bank	5,000,000.00	5,000,000.00	4,998,650.00	5.650	5.292	07/25/2033	3,493	AAA
3130AMAV4	14611	Federal Home Loan Banks	5,600,000.00	5,600,000.00	5,102,664.00	1.250	1.125	04/29/2027	1,214	AAA
3130ALZA5	14612	Federal Home Loan Banks	9,000,000.00	9,000,000.00	8,591,220.00	1.000	0.500	04/29/2026	849	AAA
3130AMEX6	14613	Federal Home Loan Banks	15,000,000.00	15,000,000.00	14,173,950.00	1.000	0.590	05/27/2026	877	AAA
3130AMF72	14615	Federal Home Loan Banks	15,000,000.00	15,000,000.00	14,028,000.00	1.300	1.040	05/27/2026	877	AAA
3130AMFQ0	14616	Federal Home Loan Banks	15,000,000.00	15,000,000.00	13,976,550.00	1.150	1.020	05/26/2026	876	AAA
3130AMFT4	14617	Federal Home Loan Banks	10,000,000.00	10,000,000.00	9,340,700.00	1.250	1.000	05/27/2026	877	AAA
3130AMG22	14618	Federal Home Loan Banks	20,000,000.00	20,000,000.00	18,712,800.00	1.000	0.500	05/27/2026	877	AAA
3130AMGG1	14619	Federal Home Loan Banks	10,000,000.00	10,000,000.00	9,412,700.00	0.600	0.600	05/26/2026	876	AAA
3130AMFN7	14620	Federal Home Loan Banks	10,000,000.00	10,000,000.00	9,418,500.00	0.750	0.500	05/26/2026	876	AAA
3130AMG55	14622	Federal Home Loan Banks	10,000,000.00	10,000,000.00	9,162,600.00	1.375	1.219	05/27/2027	1,242	AAA
3130AMG22	14624	Federal Home Loan Banks	10,000,000.00	10,000,000.00	9,356,400.00	1.000	0.500	05/27/2026	877	AAA
3130AMLS9	14627	Federal Home Loan Banks	10,000,000.00	10,000,000.00	9,406,800.00	1.150	0.950	06/17/2026	898	AAA
3130AMN24	14628	Federal Home Loan Banks	10,000,000.00	10,000,000.00	9,316,900.00	1.150	1.034	06/03/2026	884	AAA
3130AMN57	14629	Federal Home Loan Banks	20,000,000.00	20,000,000.00	18,620,200.00	1.100	1.013	06/03/2026	884	AAA
3130AMP71	14630	Federal Home Loan Banks	20,000,000.00	20,000,000.00	18,610,400.00	1.200	1.077	06/18/2026	899	AAA
3130AMPL0	14631	Federal Home Loan Banks	15,000,000.00	15,000,000.00	13,978,350.00	1.150	0.375	06/08/2026	889	AAA
3130AMMW9	14632	Federal Home Loan Banks	10,000,000.00	10,000,000.00	9,404,800.00	1.500	0.500	06/10/2026	891	AAA
3130AMWM0	14634	Federal Home Loan Banks	4,250,000.00	4,250,000.00	3,938,475.00	1.050	0.500	06/30/2026	911	AAA
3130AN5U0	14642	Federal Home Loan Banks	10,000,000.00	10,000,000.00	9,366,600.00	1.000	0.500	07/29/2026	940	AAA
3130ANJY7	14643	Federal Home Loan Banks	40,000,000.00	40,000,000.00	36,874,400.00	1.000	0.400	08/26/2026	968	AAA
3130ARTE1	14645	Federal Home Loan Banks	6,425,000.00	6,425,000.00	6,074,644.75	4.100	4.100	04/26/2032	3,038	AAA



City of Berkeley
Pooled Cash and Investments
As of December 31, 2023

CUSIP	Investment #	Issuer	Book Value	Par Value	Market Value	Current Rate	YTM/C 365	Maturity Date	Days To Maturity	Moody's Rating
3130ARX71	14648	Federal Home Loan Banks	5,000,000.00	5,000,000.00	4,899,450.00	3.000	3.000	05/23/2025	508	AAA
3130ARYA3	14651	Federal Home Loan Banks	5,000,000.00	5,000,000.00	4,902,300.00	4.000	4.000	05/26/2027	1,241	AAA
3130AS7K9	14654	Federal Home Loan Banks	5,000,000.00	5,000,000.00	4,790,000.00	4.440	4.440	05/26/2032	3,068	AAA
3130ASGF0	14656	Federal Home Loan Banks	5,000,000.00	5,000,000.00	4,969,950.00	4.000	4.003	06/30/2025	546	AAA
3130ATDV6	14662	Federal Home Loan Banks	5,000,000.00	5,000,000.00	4,955,200.00	5.000	5.000	09/30/2027	1,368	AAA
3130AXDY1	14699	Federal Home Loan Banks	5,000,000.00	5,000,000.00	5,005,650.00	5.550	5.550	09/26/2025	634	AAA
3134GXRS5	14646	Federal Home Loan Mortgage Co	5,000,000.00	5,000,000.00	4,892,200.00	3.100	3.100	04/29/2025	484	AAA
3134GXC28	14657	Federal Home Loan Mortgage Co	5,000,000.00	5,000,000.00	4,940,700.00	4.100	4.100	07/18/2025	564	AAA
3134GXC36	14658	Federal Home Loan Mortgage Co	5,000,000.00	5,000,000.00	4,959,250.00	4.000	4.003	12/30/2024	364	AAA
3134GYPL0	14685	Federal Home Loan Mortgage Co	5,000,000.00	5,000,000.00	4,978,350.00	5.250	5.250	05/01/2028	1,582	AAA
3134GYWC2	14694	Federal Home Loan Mortgage Co	4,998,172.22	5,000,000.00	4,988,450.00	6.000	6.009	07/26/2028	1,668	AAA
3134GYXR8	14696	Federal Home Loan Mortgage Co	2,000,000.00	2,000,000.00	1,995,780.00	6.000	5.327	07/27/2028	1,669	AAA
			377,263,563.24	377,275,000.00	356,934,333.75		1.700		1,101	
Medium Term Notes Continuous Callable Bonds										
06051GLG2	14688	Bank of America Corporation	1,000,000.00	1,000,000.00	1,006,190.00	5.202	5.202	04/25/2029	1,941	A1
Subtotal and Average			1,000,000.00	1,000,000.00	1,006,190.00		5.202		1,941	
Municipal Bonds										
13063DGB8	14559	General Obligation Unlimited	5,018,350.20	5,000,000.00	4,914,500.00	3.375	3.087	04/01/2025	456	AA2
Subtotal and Average			5,018,350.20	5,000,000.00	4,914,500.00		3.087		456	
Total Investments and Average			573,550,427.30	573,913,000.00	551,307,450.88		2.492		1,182	

Total Investments (Book Value)	573,550,427.30
Cash	129,457,183.00
Total Investments (Book Value) and Cash	703,007,610.30
Increase / (Decrease) in Market Value of Securities	(22,242,976.42)
Total Investments (Market Value) and Cash	680,764,633.88



**Pooled Investments Selected Funds
Interest Earnings
Sorted by Fund - Fund
October 1, 2023 - October 31, 2023
Yield on Average Book Value**

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Pooled Investment - Long Term												
3130AMWMO	14634	010	MC5	4,250,000.00	4,250,000.00	4,250,000.00	06/30/2026	1.050	1.030	3,718.75	0.00	3,718.75
3130AMPL0	14631	010	MC5	15,000,000.00	15,000,000.00	15,000,000.00	06/08/2026	1.150	1.128	14,375.00	0.00	14,375.00
3130AMP71	14630	010	MC5	20,000,000.00	20,000,000.00	20,000,000.00	06/18/2026	1.200	1.177	20,000.00	0.00	20,000.00
3130AMMW9	14632	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	06/10/2026	1.500	1.472	12,500.00	0.00	12,500.00
3130AN5U0	14642	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	07/29/2026	1.000	0.981	8,333.33	0.00	8,333.33
3130ANJY7	14643	010	MC5	40,000,000.00	40,000,000.00	40,000,000.00	08/26/2026	1.000	0.981	33,333.33	0.00	33,333.33
3130ARYA3	14651	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	05/26/2027	4.000	3.925	16,666.67	0.00	16,666.67
3130ARXL0	14649	010	MC4	5,000,000.00	5,000,000.00	5,000,000.00	11/25/2024	3.000	2.944	12,500.00	0.00	12,500.00
3130ARTE1	14645	010	MC5	6,425,000.00	6,425,000.00	6,425,000.00	04/26/2032	4.100	4.023	21,952.08	0.00	21,952.08
3130ARX71	14648	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	05/23/2025	3.000	2.944	12,500.00	0.00	12,500.00
3130AMN57	14629	010	MC5	20,000,000.00	20,000,000.00	20,000,000.00	06/03/2026	1.100	1.079	18,333.33	0.00	18,333.33
3130AMN24	14628	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	06/03/2026	1.150	1.128	9,583.33	0.00	9,583.33
3130ALZA5	14612	010	MC5	9,000,000.00	9,000,000.00	9,000,000.00	04/29/2026	1.000	0.981	7,500.00	0.00	7,500.00
3130AMAV4	14611	010	MC5	5,600,000.00	5,600,000.00	5,600,000.00	04/29/2027	1.250	1.226	5,833.33	0.00	5,833.33
3130AMEX6	14613	010	MC5	15,000,000.00	15,000,000.00	15,000,000.00	05/27/2026	1.000	0.981	12,500.00	0.00	12,500.00
3130AMFQ0	14616	010	MC5	15,000,000.00	15,000,000.00	15,000,000.00	05/26/2026	1.150	1.128	14,375.00	0.00	14,375.00
3130AMF72	14615	010	MC5	15,000,000.00	15,000,000.00	15,000,000.00	05/27/2026	1.300	1.276	16,250.00	0.00	16,250.00
3130AMG22	14624	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	05/27/2026	0.900	0.883	7,500.00	0.00	7,500.00
3130AMLS9	14627	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	06/17/2026	1.000	0.981	8,333.33	0.00	8,333.33
3130AMG55	14622	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	05/27/2027	1.375	1.349	11,458.33	0.00	11,458.33
3130AMGG1	14619	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	05/26/2026	0.600	0.589	5,000.00	0.00	5,000.00
3130AMFN7	14620	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	05/26/2026	0.750	0.736	6,250.00	0.00	6,250.00
3130AMFT4	14617	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	05/27/2026	1.250	1.226	10,416.67	0.00	10,416.67
3130AMG22	14618	010	MC5	20,000,000.00	20,000,000.00	20,000,000.00	05/27/2026	0.900	0.883	15,000.00	0.00	15,000.00
3130AS7K9	14654	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	05/26/2032	4.440	4.356	18,500.00	0.00	18,500.00
3130ASGF0	14656	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	06/30/2025	4.000	3.925	16,666.67	0.00	16,666.67
3130ATDK0	14661	010	FAC	5,000,000.00	4,999,009.37	4,999,245.46	12/08/2023	3.875	3.907	16,145.83	443.56	16,589.39
3130AXDY1	14699	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	09/26/2025	5.550	5.446	23,125.00	0.00	23,125.00
3130AXDU9	14700	010	MC4	5,000,000.00	0.00	2,236,544.02	10/18/2028	5.000	4.935	9,027.78	345.58	9,373.36
3130AULM4	14678	010	MC4	5,000,000.00	5,000,000.00	5,000,000.00	01/26/2033	5.620	5.514	23,416.67	0.00	23,416.67

Pooled Investments Selected Funds
Interest Earnings
October 1, 2023 - October 31, 2023

Exhibit 2-B.1

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Pooled Investment - Long Term												
3130ATDV6	14662	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	09/30/2027	5.000	4.906	20,833.33	0.00	20,833.33
3133EPGS8	14687	010	FAC	5,000,000.00	4,995,928.83	4,996,028.38	07/24/2025	4.250	4.217	17,708.33	187.03	17,895.36
3133EPPE9	14689	010	FAC	5,000,000.00	4,978,902.31	4,979,240.89	07/06/2026	4.375	4.461	18,229.17	636.12	18,865.29
3133EPGG4	14686	010	FAC	5,000,000.00	4,960,241.34	4,960,425.94	04/20/2033	4.000	4.038	16,666.67	346.83	17,013.50
3133EPPF6	14690	010	FAC	5,000,000.00	4,955,981.50	4,956,320.40	07/05/2029	4.125	4.234	17,187.50	636.72	17,824.22
3133EPQT5	14695	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	07/25/2033	5.650	5.544	23,541.67	0.00	23,541.67
3133ENWW6	14653	010	MC5	5,000,000.00	4,995,246.80	4,995,271.24	05/17/2032	4.370	4.303	18,208.33	45.91	18,254.24
3133EPEK7	14682	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	04/03/2025	4.620	4.533	19,250.00	0.00	19,250.00
3133ENN22	14664	010	FAC	5,000,000.00	4,987,069.38	4,987,359.78	09/22/2025	3.750	3.818	15,625.00	545.59	16,170.59
3133ENV72	14669	010	FAC	5,000,000.00	4,987,371.38	4,987,569.85	07/27/2026	4.500	4.514	18,750.00	372.89	19,122.89
3133ENN30	14668	010	FAC	5,000,000.00	4,651,248.37	4,652,972.98	09/20/2032	3.875	4.906	16,145.83	3,240.18	19,386.01
3133ENS00	14675	010	MC5	5,000,000.00	4,994,756.26	4,994,800.65	12/27/2028	5.370	5.294	22,375.00	83.41	22,458.41
3133ENUV0	14644	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	04/19/2032	4.000	3.925	16,666.67	0.00	16,666.67
3133EN6K1	14676	010	MC4	5,000,000.00	5,000,000.00	5,000,000.00	01/23/2030	4.220	4.141	17,583.33	0.00	17,583.33
3133ENP95	14666	010	FAC	5,000,000.00	4,986,109.77	4,986,417.63	09/30/2025	4.250	4.318	17,708.33	579.57	18,287.90
3133ENS50	14667	010	FAC	5,000,000.00	4,999,374.40	4,999,381.28	10/14/2027	4.125	4.051	17,187.50	12.92	17,200.42
3133EPAJ4	14679	010	MC4	5,000,000.00	5,000,000.00	5,000,000.00	02/09/2033	4.000	3.925	16,666.67	0.00	16,666.67
3133EN6K1	14677	010	MC4	5,000,000.00	5,000,000.00	5,000,000.00	01/23/2030	4.220	4.141	17,583.33	0.00	17,583.33
3133ENVV9	14647	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	05/03/2027	3.630	3.562	15,125.00	0.00	15,125.00
3134GXC36	14658	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	12/30/2024	4.000	3.925	16,666.67	0.00	16,666.67
3134GXRS5	14646	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	04/29/2025	3.100	3.042	12,916.67	0.00	12,916.67
3134GXC28	14657	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	07/18/2025	4.100	4.023	17,083.33	0.00	17,083.33
3134GYWC2	14694	010	MC5	5,000,000.00	4,998,072.22	4,998,089.96	07/26/2028	6.000	5.897	25,000.00	33.34	25,033.34
3134GYPL0	14685	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	05/01/2028	5.250	5.151	21,875.00	0.00	21,875.00
3134GYXR8	14696	010	MC5	2,000,000.00	2,000,000.00	2,000,000.00	07/27/2028	6.000	5.887	10,000.00	0.00	10,000.00
617446HD4	14670	010	MTN	10,000,000.00	10,802,380.32	10,798,193.33	04/01/2032	7.250	5.730	60,416.67	-7,866.47	52,550.20
06051GLG2	14688	010	MC6	1,000,000.00	1,000,000.00	1,000,000.00	04/25/2029	5.202	5.104	4,335.00	0.00	4,335.00
31422XJW3	14638	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	07/20/2026	1.500	1.472	12,500.00	0.00	12,500.00
31422XZ47	14681	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	03/20/2030	5.675	5.568	23,645.83	0.00	23,645.83
24422EUM9	14554	010	MTN	0.00	5,000,489.94	1,774,272.57	10/12/2023	3.650	3.375	5,576.39	-489.94	5,086.45
24422EWK1	14663	010	MTN	5,000,000.00	4,982,278.24	4,982,476.96	09/15/2027	4.150	4.174	17,291.67	373.35	17,665.02
693475AV7	14557	010	MC3	5,000,000.00	5,001,822.95	5,001,563.05	01/23/2024	3.500	3.318	14,583.33	-488.29	14,095.04
13063DGB8	14559	010	MUN	5,000,000.00	5,022,020.24	5,021,369.11	04/01/2025	3.375	3.011	14,062.50	-1,223.34	12,839.16
05531FBF9	14561	010	MC3	5,000,000.00	5,006,163.93	5,004,649.71	12/06/2023	3.750	3.007	15,625.00	-2,844.89	12,780.11
91159HHW3	14693	010	MC3	5,000,000.00	4,229,612.09	4,235,460.83	07/30/2029	3.000	6.536	12,500.00	11,010.79	23,510.79
91159HHM5	14684	010	MC3	5,000,000.00	4,737,675.62	4,742,199.08	04/27/2026	3.100	5.317	12,916.67	8,498.63	21,415.30
91159HHU7	14562	010	MC3	5,000,000.00	5,089,992.18	5,088,116.24	11/17/2025	3.950	2.993	16,458.33	-3,524.50	12,933.83

**Pooled Investments Selected Funds
Interest Earnings
October 1, 2023 - October 31, 2023**

Exhibit 2-B.1

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Pooled Investment - Long Term												
20030NBN0	14563	010	MTN	5,000,000.00	5,023,194.94	5,022,645.43	08/15/2025	3.375	3.055	14,062.50	-1,032.41	13,030.09
747525AU7	14587	010	MTN	5,963,000.00	6,123,731.34	6,121,770.67	05/20/2027	3.250	2.398	16,149.79	-3,683.69	12,466.10
747525AT0	14564	010	MTN	5,000,000.00	4,995,601.63	4,995,908.32	05/20/2024	2.900	2.984	12,083.33	576.20	12,659.53
751212AC5	14566	010	MC3	5,000,000.00	5,055,908.60	5,054,640.51	09/15/2025	3.750	3.085	15,625.00	-2,382.47	13,242.53
375558BF9	14570	010	MTN	5,000,000.00	5,057,537.07	5,056,481.05	03/01/2026	3.650	3.079	15,208.33	-1,984.04	13,224.29
233851CU6	14574	010	MTN	3,725,000.00	3,773,634.82	3,772,973.89	01/06/2027	3.450	2.955	10,709.38	-1,241.74	9,467.64
233851CU6	14571	010	MTN	5,000,000.00	5,037,395.15	5,036,886.97	01/06/2027	3.450	3.137	14,375.00	-954.77	13,420.23
008252AM0	14582	010	MTN	1,000,000.00	1,006,867.57	1,006,049.22	02/15/2024	4.250	2.346	3,541.67	-1,537.51	2,004.16
07330MAA5	14588	010	MTN	5,000,000.00	5,202,996.60	5,200,079.69	10/30/2026	3.800	2.342	15,833.33	-5,491.35	10,341.98
04685A2L4	14590	010	MTN	5,950,000.00	5,962,932.59	5,962,486.58	01/14/2025	2.500	2.282	12,395.83	-837.96	11,557.87
04685A2L4	14602	010	MTN	5,000,000.00	4,955,607.45	4,957,138.44	01/14/2025	2.500	3.157	10,416.67	2,876.41	13,293.08
828807CS4	14606	010	MTN	5,000,000.00	4,998,826.05	4,998,878.12	10/01/2024	3.375	3.335	14,062.50	97.83	14,160.33
22553PXJ3	14655	010	MC3	5,000,000.00	5,000,000.00	5,000,000.00	05/31/2032	5.000	4.906	20,833.33	0.00	20,833.33
22553PWD7	14652	010	MC3	5,000,000.00	5,000,000.00	5,000,000.00	05/25/2025	4.050	3.974	16,875.00	0.00	16,875.00
88579YAR2	14659	010	MTN	5,000,000.00	4,903,196.93	4,905,517.84	08/07/2025	3.000	4.047	12,500.00	4,360.50	16,860.50
30303M8G0	14660	010	MTN	5,000,000.00	4,851,432.91	4,853,134.69	08/15/2027	3.500	4.314	14,583.33	3,197.29	17,780.62
857477CD3	14698	010	MC3	4,000,000.00	4,000,000.00	4,000,000.00	08/03/2026	5.272	5.173	17,573.33	0.00	17,573.33
			Subtotal	583,913,000.00	583,585,611.09	582,597,560.76			2.642	1,304,417.47	2,917.28	1,307,334.75
Fund: Fidelity MM - Regular												
SYS14265	14265	040	RRP	54,568,598.42	62,905,289.66	58,862,170.59		0.003	5.267	263,308.76	0.00	263,308.76
			Subtotal	54,568,598.42	62,905,289.66	58,862,170.59			5.267	263,308.76	0.00	263,308.76
			Total	638,481,598.42	646,490,900.75	641,459,731.35			2.883	1,567,726.23	2,917.28	1,570,643.51



**Pooled Investments Selected Funds
Interest Earnings
Sorted by Fund - Fund
November 1, 2023 - November 30, 2023
Yield on Average Book Value**

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Pooled Investment - Long Term												
3130AMWMO	14634	010	MC5	4,250,000.00	4,250,000.00	4,250,000.00	06/30/2026	1.050	1.065	3,718.75	0.00	3,718.75
3130AMPL0	14631	010	MC5	15,000,000.00	15,000,000.00	15,000,000.00	06/08/2026	1.150	1.166	14,375.00	0.00	14,375.00
3130AMP71	14630	010	MC5	20,000,000.00	20,000,000.00	20,000,000.00	06/18/2026	1.200	1.217	20,000.00	0.00	20,000.00
3130AMMW9	14632	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	06/10/2026	1.500	1.521	12,500.00	0.00	12,500.00
3130AN5U0	14642	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	07/29/2026	1.000	1.014	8,333.33	0.00	8,333.33
3130ANJY7	14643	010	MC5	40,000,000.00	40,000,000.00	40,000,000.00	08/26/2026	1.000	1.014	33,333.33	0.00	33,333.33
3130ARYA3	14651	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	05/26/2027	4.000	4.056	16,666.67	0.00	16,666.67
3130ARXL0	14649	010	MC4	5,000,000.00	5,000,000.00	5,000,000.00	11/25/2024	3.000	3.042	12,500.00	0.00	12,500.00
3130ARTE1	14645	010	MC5	6,425,000.00	6,425,000.00	6,425,000.00	04/26/2032	4.100	4.157	21,952.08	0.00	21,952.08
3130ARX71	14648	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	05/23/2025	3.000	3.042	12,500.00	0.00	12,500.00
3130AMN57	14629	010	MC5	20,000,000.00	20,000,000.00	20,000,000.00	06/03/2026	1.100	1.115	18,333.33	0.00	18,333.33
3130AMN24	14628	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	06/03/2026	1.150	1.166	9,583.33	0.00	9,583.33
3130ALZA5	14612	010	MC5	9,000,000.00	9,000,000.00	9,000,000.00	04/29/2026	1.000	1.014	7,500.00	0.00	7,500.00
3130AMAV4	14611	010	MC5	5,600,000.00	5,600,000.00	5,600,000.00	04/29/2027	1.250	1.267	5,833.33	0.00	5,833.33
3130AMEX6	14613	010	MC5	15,000,000.00	15,000,000.00	15,000,000.00	05/27/2026	1.000	1.014	12,500.00	0.00	12,500.00
3130AMFQ0	14616	010	MC5	15,000,000.00	15,000,000.00	15,000,000.00	05/26/2026	1.150	1.166	14,375.00	0.00	14,375.00
3130AMF72	14615	010	MC5	15,000,000.00	15,000,000.00	15,000,000.00	05/27/2026	1.300	1.318	16,250.00	0.00	16,250.00
3130AMG22	14624	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	05/27/2026	1.000	0.926	7,611.11	0.00	7,611.11
3130AMLS9	14627	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	06/17/2026	1.000	1.014	8,333.33	0.00	8,333.33
3130AMG55	14622	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	05/27/2027	1.375	1.394	11,458.33	0.00	11,458.33
3130AMGG1	14619	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	05/26/2026	0.600	0.608	5,000.00	0.00	5,000.00
3130AMFN7	14620	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	05/26/2026	0.750	0.760	6,250.00	0.00	6,250.00
3130AMFT4	14617	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	05/27/2026	1.250	1.267	10,416.67	0.00	10,416.67
3130AMG22	14618	010	MC5	20,000,000.00	20,000,000.00	20,000,000.00	05/27/2026	1.000	0.926	15,222.22	0.00	15,222.22
3130AS7K9	14654	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	05/26/2032	4.440	4.502	18,500.00	0.00	18,500.00
3130ASGF0	14656	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	06/30/2025	4.000	4.056	16,666.67	0.00	16,666.67
3130ATDK0	14661	010	FAC	5,000,000.00	4,999,452.93	4,999,682.11	12/08/2023	3.875	4.037	16,145.83	443.57	16,589.40
3130AXDY1	14699	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	09/26/2025	5.550	5.627	23,125.00	0.00	23,125.00
3130AXDU9	14700	010	MC4	5,000,000.00	4,952,495.58	4,952,907.63	10/18/2028	5.000	5.314	20,833.33	797.50	21,630.83
3130AULM4	14678	010	MC4	5,000,000.00	5,000,000.00	5,000,000.00	01/26/2033	5.620	5.698	23,416.67	0.00	23,416.67

Pooled Investments Selected Funds
Interest Earnings
November 1, 2023 - November 30, 2023

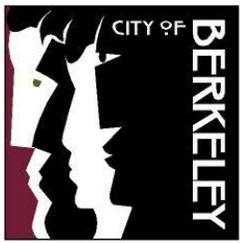
Exhibit 2-B.2

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Pooled Investment - Long Term												
3130ATDV6	14662	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	09/30/2027	5.000	5.069	20,833.33	0.00	20,833.33
3133EPGS8	14687	010	FAC	5,000,000.00	4,996,115.86	4,996,212.50	07/24/2025	4.250	4.358	17,708.33	187.04	17,895.37
3133EPPE9	14689	010	FAC	5,000,000.00	4,979,538.43	4,979,867.08	07/06/2026	4.375	4.609	18,229.17	636.11	18,865.28
3133EPGG4	14686	010	FAC	5,000,000.00	4,960,588.17	4,960,767.37	04/20/2033	4.000	4.173	16,666.67	346.84	17,013.51
3133EPPF6	14690	010	FAC	5,000,000.00	4,956,618.22	4,956,947.19	07/05/2029	4.125	4.375	17,187.50	636.72	17,824.22
3133EPQT5	14695	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	07/25/2033	5.650	5.728	23,541.67	0.00	23,541.67
3133ENWW6	14653	010	MC5	5,000,000.00	4,995,292.71	4,995,316.43	05/17/2032	4.370	4.446	18,208.33	45.91	18,254.24
3133EPEK7	14682	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	04/03/2025	4.620	4.684	19,250.00	0.00	19,250.00
3133ENN22	14664	010	FAC	5,000,000.00	4,987,614.97	4,987,896.87	09/22/2025	3.750	3.944	15,625.00	545.60	16,170.60
3133ENV72	14669	010	FAC	5,000,000.00	4,987,744.27	4,987,936.93	07/27/2026	4.500	4.664	18,750.00	372.89	19,122.89
3133ENN30	14668	010	FAC	5,000,000.00	4,654,488.55	4,656,162.64	09/20/2032	3.875	5.066	16,145.83	3,240.18	19,386.01
3133ENS00	14675	010	MC5	5,000,000.00	4,994,839.67	4,994,882.76	12/27/2028	5.370	5.470	22,375.00	83.41	22,458.41
3133ENUV0	14644	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	04/19/2032	4.000	4.056	16,666.67	0.00	16,666.67
3133EN6K1	14676	010	MC4	5,000,000.00	5,000,000.00	5,000,000.00	01/23/2030	4.220	4.279	17,583.33	0.00	17,583.33
3133ENP95	14666	010	FAC	5,000,000.00	4,986,689.34	4,986,988.78	09/30/2025	4.250	4.462	17,708.33	579.56	18,287.89
3133ENS50	14667	010	FAC	5,000,000.00	4,999,387.32	4,999,393.99	10/14/2027	4.125	4.186	17,187.50	12.92	17,200.42
3133EPAJ4	14679	010	MC4	5,000,000.00	5,000,000.00	5,000,000.00	02/09/2033	4.000	4.056	16,666.67	0.00	16,666.67
3133EN6K1	14677	010	MC4	5,000,000.00	5,000,000.00	5,000,000.00	01/23/2030	4.220	4.279	17,583.33	0.00	17,583.33
3133ENVV9	14647	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	05/03/2027	3.630	3.680	15,125.00	0.00	15,125.00
3134GXC36	14658	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	12/30/2024	4.000	4.056	16,666.67	0.00	16,666.67
3134GXRS5	14646	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	04/29/2025	3.100	3.143	12,916.67	0.00	12,916.67
3134GXC28	14657	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	07/18/2025	4.100	4.157	17,083.33	0.00	17,083.33
3134GYWC2	14694	010	MC5	5,000,000.00	4,998,105.56	4,998,122.78	07/26/2028	6.000	6.094	25,000.00	33.33	25,033.33
3134GYPL0	14685	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	05/01/2028	5.250	5.323	21,875.00	0.00	21,875.00
3134GYXR8	14696	010	MC5	2,000,000.00	2,000,000.00	2,000,000.00	07/27/2028	6.000	6.083	10,000.00	0.00	10,000.00
617446HD4	14670	010	MTN	10,000,000.00	10,794,513.85	10,790,449.50	04/01/2032	7.250	5.925	60,416.67	-7,866.47	52,550.20
06051GLG2	14688	010	MC6	1,000,000.00	1,000,000.00	1,000,000.00	04/25/2029	5.202	5.274	4,335.00	0.00	4,335.00
31422XJW3	14638	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	07/20/2026	1.500	1.521	12,500.00	0.00	12,500.00
31422XZ47	14681	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	03/20/2030	5.675	5.754	23,645.83	0.00	23,645.83
24422EWK1	14663	010	MTN	5,000,000.00	4,982,651.59	4,982,844.49	09/15/2027	4.150	4.313	17,291.67	373.35	17,665.02
693475AV7	14557	010	MC3	5,000,000.00	5,001,334.66	5,001,082.38	01/23/2024	3.500	3.429	14,583.33	-488.29	14,095.04
13063DGB8	14559	010	MUN	5,000,000.00	5,020,796.90	5,020,164.83	04/01/2025	3.375	3.112	14,062.50	-1,223.35	12,839.15
05531FBF9	14561	010	MC3	5,000,000.00	5,003,319.04	5,001,849.18	12/06/2023	3.750	3.109	15,625.00	-2,844.89	12,780.11
91159HHW3	14693	010	MC3	5,000,000.00	4,240,622.88	4,246,311.78	07/30/2029	3.000	6.736	12,500.00	11,010.78	23,510.78
91159HHM5	14684	010	MC3	5,000,000.00	4,746,174.25	4,750,565.21	04/27/2026	3.100	5.485	12,916.67	8,498.63	21,415.30
91159HHU7	14562	010	MC3	5,000,000.00	5,086,467.68	5,084,646.70	11/17/2025	3.950	3.095	16,458.33	-3,524.49	12,933.84
20030NBN0	14563	010	MTN	5,000,000.00	5,022,162.53	5,021,629.11	08/15/2025	3.375	3.157	14,062.50	-1,032.42	13,030.08

**Pooled Investments Selected Funds
Interest Earnings
November 1, 2023 - November 30, 2023**

Exhibit 2-B.2

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Pooled Investment - Long Term												
747525AU7	14587	010	MTN	5,963,000.00	6,120,047.65	6,118,144.42	05/20/2027	3.250	2.479	16,149.79	-3,683.68	12,466.11
747525AT0	14564	010	MTN	5,000,000.00	4,996,177.83	4,996,475.54	05/20/2024	2.900	3.083	12,083.33	576.21	12,659.54
751212AC5	14566	010	MC3	5,000,000.00	5,053,526.13	5,052,295.19	09/15/2025	3.750	3.189	15,625.00	-2,382.47	13,242.53
375558BF9	14570	010	MTN	5,000,000.00	5,055,553.03	5,054,527.95	03/01/2026	3.650	3.183	15,208.33	-1,984.03	13,224.30
233851CU6	14574	010	MTN	3,725,000.00	3,772,393.08	3,771,751.51	01/06/2027	3.450	3.054	10,709.38	-1,241.74	9,467.64
233851CU6	14571	010	MTN	5,000,000.00	5,036,440.38	5,035,947.08	01/06/2027	3.450	3.242	14,375.00	-954.77	13,420.23
008252AM0	14582	010	MTN	1,000,000.00	1,005,330.06	1,004,535.67	02/15/2024	4.250	2.427	3,541.67	-1,537.52	2,004.15
07330MAA5	14588	010	MTN	5,000,000.00	5,197,505.25	5,194,668.06	10/30/2026	3.800	2.422	15,833.33	-5,491.34	10,341.99
04685A2L4	14590	010	MTN	5,950,000.00	5,962,094.63	5,961,661.68	01/14/2025	2.500	2.359	12,395.83	-837.97	11,557.86
04685A2L4	14602	010	MTN	5,000,000.00	4,958,483.86	4,959,970.00	01/14/2025	2.500	3.261	10,416.67	2,876.41	13,293.08
828807CS4	14606	010	MTN	5,000,000.00	4,998,923.88	4,998,974.43	10/01/2024	3.375	3.446	14,062.50	97.83	14,160.33
22553PXJ3	14655	010	MC3	5,000,000.00	5,000,000.00	5,000,000.00	05/31/2032	5.000	5.071	20,841.14	0.00	20,841.14
22553PWD7	14652	010	MC3	5,000,000.00	5,000,000.00	5,000,000.00	05/25/2025	4.050	4.106	16,875.00	0.00	16,875.00
88579YAR2	14659	010	MTN	5,000,000.00	4,907,557.43	4,909,810.36	08/07/2025	3.000	4.178	12,500.00	4,360.50	16,860.50
30303M8G0	14660	010	MTN	5,000,000.00	4,854,630.20	4,856,282.13	08/15/2027	3.500	4.455	14,583.33	3,197.28	17,780.61
857477CD3	14698	010	MC3	4,000,000.00	4,000,000.00	4,000,000.00	08/03/2026	5.272	5.345	17,573.33	0.00	17,573.33
Subtotal				583,913,000.00	583,540,678.37	583,542,672.25			2.741	1,310,987.77	3,859.14	1,314,846.91
Fund: Fidelity MM - Regular												
SYS14265	14265	040	RRP	34,355,426.37	54,568,598.42	43,091,492.68		0.003	5.275	186,827.95	0.00	186,827.95
Subtotal				34,355,426.37	54,568,598.42	43,091,492.68			5.275	186,827.95	0.00	186,827.95
Total				618,268,426.37	638,109,276.79	626,634,164.93			2.916	1,497,815.72	3,859.14	1,501,674.86



Pooled Investments Selected Funds
Interest Earnings
Sorted by Fund - Fund
December 1, 2023 - December 31, 2023
Yield on Average Book Value

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Pooled Investment - Long Term												
3130AMGG1	14619	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	05/26/2026	0.600	0.589	5,000.00	0.00	5,000.00
3130ARXL0	14649	010	MC4	5,000,000.00	5,000,000.00	5,000,000.00	11/25/2024	3.000	2.944	12,500.00	0.00	12,500.00
3130AMFN7	14620	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	05/26/2026	0.750	0.736	6,250.00	0.00	6,250.00
3130ARX71	14648	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	05/23/2025	3.000	2.944	12,500.00	0.00	12,500.00
3130ARYA3	14651	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	05/26/2027	4.000	3.925	16,666.66	0.00	16,666.66
3130AMG22	14618	010	MC5	20,000,000.00	20,000,000.00	20,000,000.00	05/27/2026	1.000	0.981	16,666.67	0.00	16,666.67
3130AMFT4	14617	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	05/27/2026	1.250	1.226	10,416.67	0.00	10,416.67
3130ATDV6	14662	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	09/30/2027	5.000	4.906	20,833.33	0.00	20,833.33
3130ATDK0	14661	010	FAC	0.00	4,999,896.50	1,129,022.24	12/08/2023	3.875	4.037	3,767.36	103.50	8,700.86
3130AS7K9	14654	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	05/26/2032	4.440	4.356	18,500.00	0.00	18,500.00
3130ASGF0	14656	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	06/30/2025	4.000	3.925	16,666.67	0.00	16,666.67
3130ARTE1	14645	010	MC5	6,425,000.00	6,425,000.00	6,425,000.00	04/26/2032	4.100	4.023	21,952.09	0.00	21,952.09
3130AMG55	14622	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	05/27/2027	1.375	1.349	11,458.33	0.00	11,458.33
3130AMMW9	14632	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	06/10/2026	1.500	1.472	12,500.00	0.00	12,500.00
3130AMP71	14630	010	MC5	20,000,000.00	20,000,000.00	20,000,000.00	06/18/2026	1.200	1.177	20,000.00	0.00	20,000.00
3130AMN57	14629	010	MC5	20,000,000.00	20,000,000.00	20,000,000.00	06/03/2026	1.100	1.079	18,333.33	0.00	18,333.33
3130AMLS9	14627	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	06/17/2026	1.150	1.050	8,916.66	0.00	8,916.66
3130AMN24	14628	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	06/03/2026	1.150	1.128	9,583.33	0.00	9,583.33
3130ANJY7	14643	010	MC5	40,000,000.00	40,000,000.00	40,000,000.00	08/26/2026	1.000	0.981	33,333.33	0.00	33,333.33
3130AN5U0	14642	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	07/29/2026	1.000	0.981	8,333.33	0.00	8,333.33
3130AMPL0	14631	010	MC5	15,000,000.00	15,000,000.00	15,000,000.00	06/08/2026	1.150	1.128	14,375.00	0.00	14,375.00
3130AMWMO	14634	010	MC5	4,250,000.00	4,250,000.00	4,250,000.00	06/30/2026	1.050	1.030	3,718.75	0.00	3,718.75
3130AMFQ0	14616	010	MC5	15,000,000.00	15,000,000.00	15,000,000.00	05/26/2026	1.150	1.128	14,375.00	0.00	14,375.00
3130AULM4	14678	010	MC4	5,000,000.00	5,000,000.00	5,000,000.00	01/26/2033	5.620	5.514	23,416.67	0.00	23,416.67
3130AMAV4	14611	010	MC5	5,600,000.00	5,600,000.00	5,600,000.00	04/29/2027	1.250	1.226	5,833.34	0.00	5,833.34
3130AXDY1	14699	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	09/26/2025	5.550	5.446	23,125.00	0.00	23,125.00
3130AXDU9	14700	010	MC4	5,000,000.00	4,953,293.08	4,953,717.56	10/18/2028	5.000	5.141	20,833.33	797.50	21,630.83
3130AMG22	14624	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	05/27/2026	1.000	0.981	8,333.33	0.00	8,333.33
3130AMEX6	14613	010	MC5	15,000,000.00	15,000,000.00	15,000,000.00	05/27/2026	1.000	0.981	12,500.00	0.00	12,500.00
3130ALZA5	14612	010	MC5	9,000,000.00	9,000,000.00	9,000,000.00	04/29/2026	1.000	0.981	7,500.00	0.00	7,500.00
3130AMF72	14615	010	MC5	15,000,000.00	15,000,000.00	15,000,000.00	05/27/2026	1.300	1.276	16,250.00	0.00	16,250.00
3133EPEK7	14682	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	04/03/2025	4.620	4.533	19,250.00	0.00	19,250.00

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Pooled Investments Selected Funds
Interest Earnings
December 1, 2023 - December 31, 2023

Exhibit 2-B.3

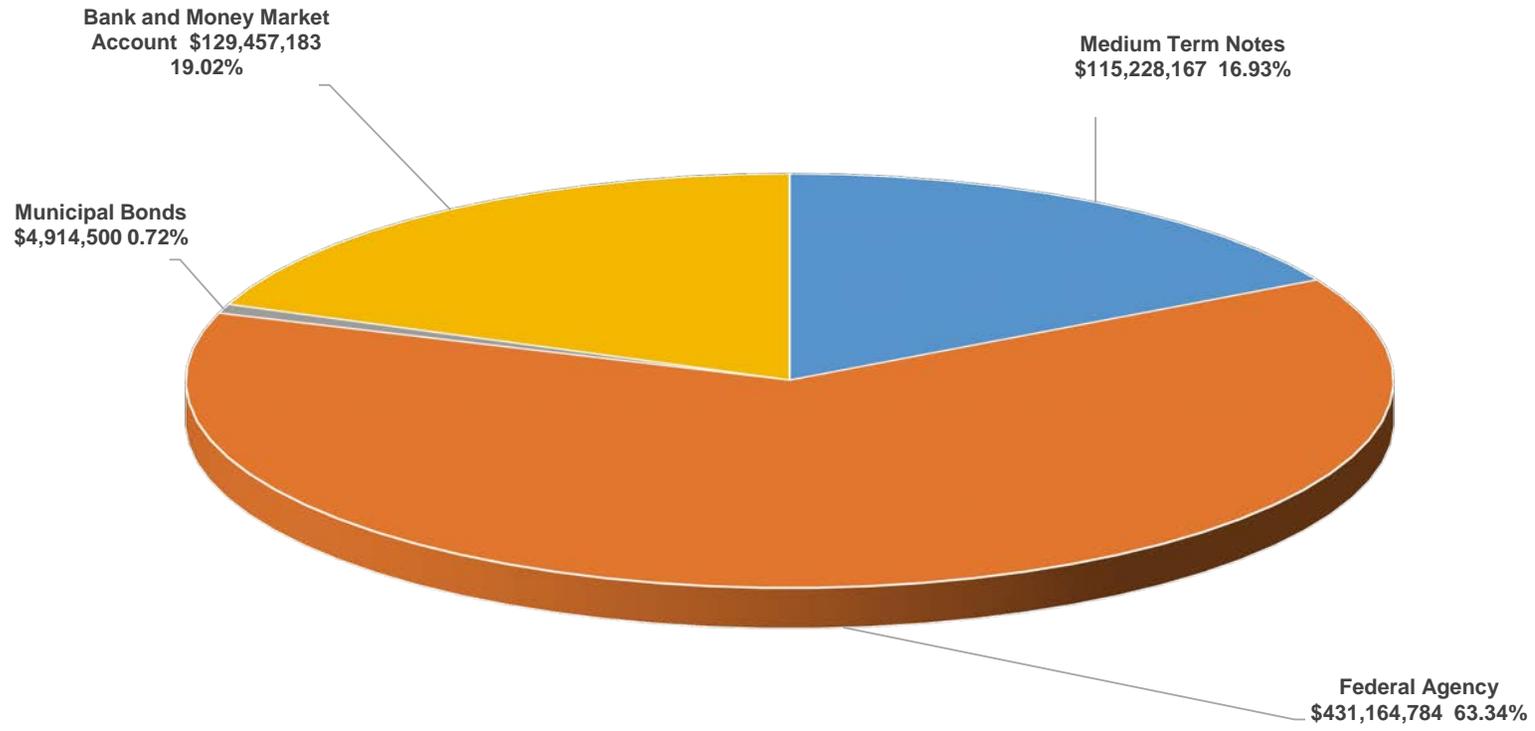
CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Pooled Investment - Long Term												
3133EN6K1	14677	010	MC4	5,000,000.00	5,000,000.00	5,000,000.00	01/23/2030	4.220	4.141	17,583.34	0.00	17,583.34
3133EPAJ4	14679	010	MC4	5,000,000.00	5,000,000.00	5,000,000.00	02/09/2033	4.000	3.925	16,666.67	0.00	16,666.67
3133EPGG4	14686	010	FAC	5,000,000.00	4,960,935.01	4,961,119.61	04/20/2033	4.000	4.038	16,666.66	346.83	17,013.49
3133EPGS8	14687	010	FAC	5,000,000.00	4,996,302.90	4,996,402.45	07/24/2025	4.250	4.217	17,708.33	187.04	17,895.37
3133EPQT5	14695	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	07/25/2033	5.650	5.544	23,541.67	0.00	23,541.67
3133EPPE9	14689	010	FAC	5,000,000.00	4,980,174.54	4,980,513.11	07/06/2026	4.375	4.460	18,229.17	636.11	18,865.28
3133EPPF6	14690	010	FAC	5,000,000.00	4,957,254.94	4,957,593.84	07/05/2029	4.125	4.233	17,187.50	636.72	17,824.22
3133EN6K1	14676	010	MC4	5,000,000.00	5,000,000.00	5,000,000.00	01/23/2030	4.220	4.141	17,583.34	0.00	17,583.34
3133ENS00	14675	010	MC5	5,000,000.00	4,994,923.08	4,994,967.47	12/27/2028	5.370	5.294	22,375.00	83.41	22,458.41
3133ENWW6	14653	010	MC5	5,000,000.00	4,995,338.62	4,995,363.06	05/17/2032	4.370	4.303	18,208.34	45.91	18,254.25
3133ENVV9	14647	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	05/03/2027	3.630	3.562	15,125.00	0.00	15,125.00
3133ENN22	14664	010	FAC	5,000,000.00	4,988,160.57	4,988,450.97	09/22/2025	3.750	3.817	15,625.00	545.60	16,170.60
3133ENP95	14666	010	FAC	5,000,000.00	4,987,268.90	4,987,576.76	09/30/2025	4.250	4.317	17,708.34	579.57	18,287.91
3133ENV72	14669	010	FAC	5,000,000.00	4,988,117.16	4,988,315.64	07/27/2026	4.500	4.514	18,750.00	372.89	19,122.89
3133ENS50	14667	010	FAC	5,000,000.00	4,999,400.24	4,999,407.11	10/14/2027	4.125	4.051	17,187.50	12.91	17,200.41
3133ENN30	14668	010	FAC	5,000,000.00	4,657,728.73	4,659,453.35	09/20/2032	3.875	4.899	16,145.83	3,240.19	19,386.02
3133ENUV0	14644	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	04/19/2032	4.000	3.925	16,666.67	0.00	16,666.67
3134GXC36	14658	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	12/30/2024	4.000	3.925	16,666.67	0.00	16,666.67
3134GXRS5	14646	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	04/29/2025	3.100	3.042	12,916.66	0.00	12,916.66
3134GXC28	14657	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	07/18/2025	4.100	4.023	17,083.33	0.00	17,083.33
3134GYPL0	14685	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	05/01/2028	5.250	5.151	21,875.00	0.00	21,875.00
3134GYWC2	14694	010	MC5	5,000,000.00	4,998,138.89	4,998,156.63	07/26/2028	6.000	5.897	25,000.00	33.33	25,033.33
3134GYXR8	14696	010	MC5	2,000,000.00	2,000,000.00	2,000,000.00	07/27/2028	6.000	5.887	10,000.00	0.00	10,000.00
617446HD4	14670	010	MTN	10,000,000.00	10,786,647.38	10,782,460.38	04/01/2032	7.250	5.738	60,416.67	-7,866.48	52,550.19
06051GLG2	14688	010	MC6	1,000,000.00	1,000,000.00	1,000,000.00	04/25/2029	5.202	5.104	4,335.00	0.00	4,335.00
31422XZ47	14681	010	MC5	5,000,000.00	5,000,000.00	5,000,000.00	03/20/2030	5.675	5.568	23,645.83	0.00	23,645.83
31422XJW3	14638	010	MC5	10,000,000.00	10,000,000.00	10,000,000.00	07/20/2026	1.500	1.472	12,500.00	0.00	12,500.00
24422EWK1	14663	010	MTN	5,000,000.00	4,983,024.94	4,983,223.66	09/15/2027	4.150	4.174	17,291.66	373.35	17,665.01
693475AV7	14557	010	MC3	5,000,000.00	5,000,846.37	5,000,586.47	01/23/2024	3.500	3.319	14,583.34	-488.29	14,095.05
13063DGB8	14559	010	MUN	5,000,000.00	5,019,573.55	5,018,922.41	04/01/2025	3.375	3.012	14,062.50	-1,223.35	12,839.15
05531FBF9	14561	010	MC3	0.00	5,000,474.15	806,482.20	12/06/2023	3.750	3.110	2,604.17	-474.15	2,130.02
91159HHU7	14562	010	MC3	5,000,000.00	5,082,943.19	5,081,067.24	11/17/2025	3.950	2.997	16,458.33	-3,524.50	12,933.83
91159HHW3	14693	010	MC3	5,000,000.00	4,251,633.66	4,257,482.40	07/30/2029	3.000	6.502	12,500.00	11,010.79	23,510.79
91159HHM5	14684	010	MC3	5,000,000.00	4,754,672.88	4,759,196.34	04/27/2026	3.100	5.298	12,916.67	8,498.63	21,415.30
20030NBNO	14563	010	MTN	5,000,000.00	5,021,130.11	5,020,580.60	08/15/2025	3.375	3.056	14,062.50	-1,032.41	13,030.09
747525AU7	14587	010	MTN	5,963,000.00	6,116,363.97	6,114,403.30	05/20/2027	3.250	2.401	16,149.79	-3,683.68	12,466.11
747525A00	14564	010	MTN	5,000,000.00	4,996,754.04	4,997,060.73	05/20/2024	2.900	2.983	12,083.33	576.20	12,659.53
751212AC5	14566	010	MC3	5,000,000.00	5,051,143.66	5,049,875.57	09/15/2025	3.750	3.088	15,625.00	-2,382.47	13,242.53
375558BF9	14570	010	MTN	5,000,000.00	5,053,569.00	5,052,512.98	03/01/2026	3.650	3.082	15,208.33	-1,984.04	13,224.29
233851CU6	14574	010	MTN	3,725,000.00	3,771,151.34	3,770,490.41	01/06/2027	3.450	2.956	10,709.37	-1,241.74	9,467.63

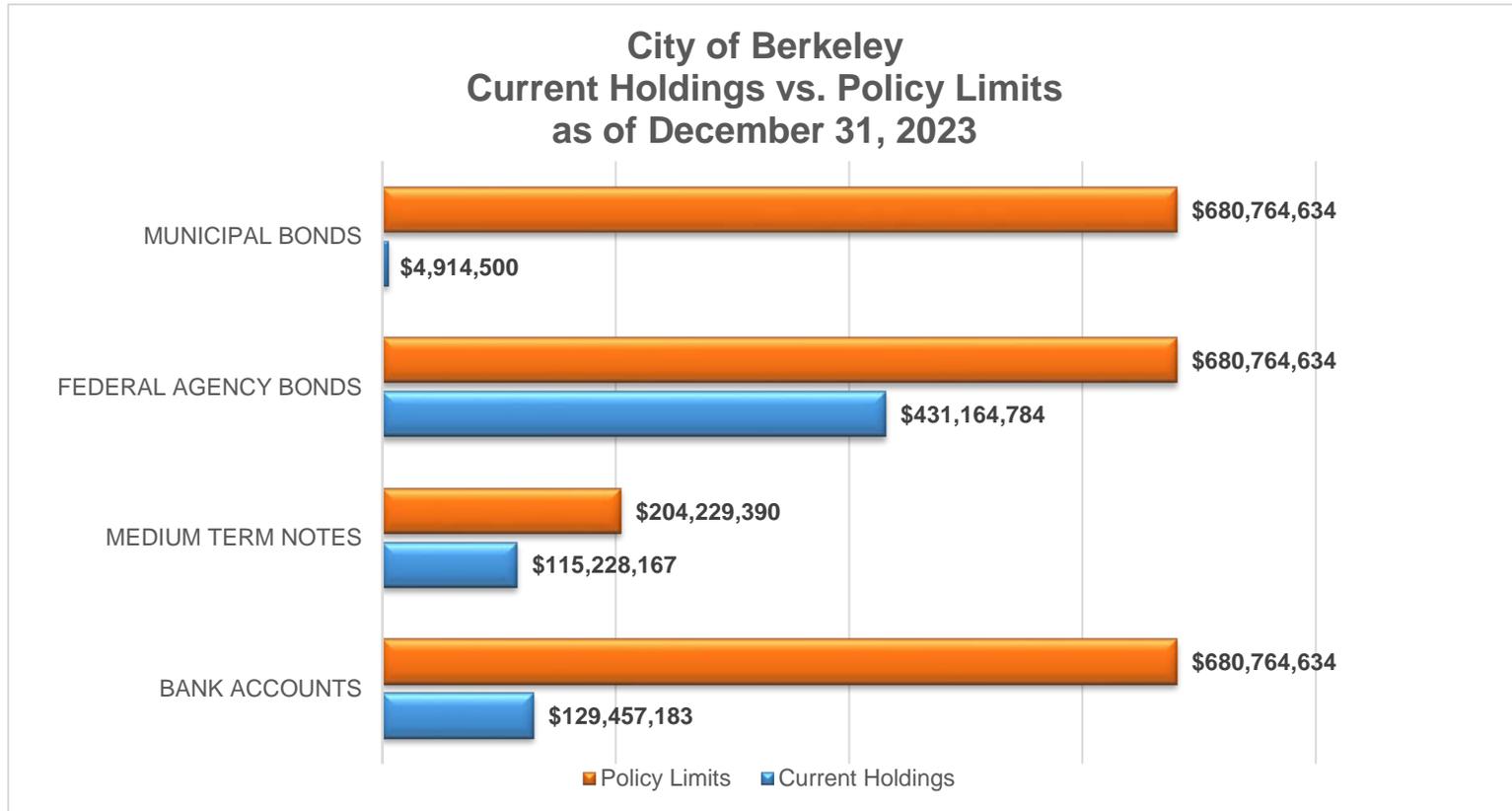
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Pooled Investments Selected Funds
Interest Earnings
December 1, 2023 - December 31, 2023

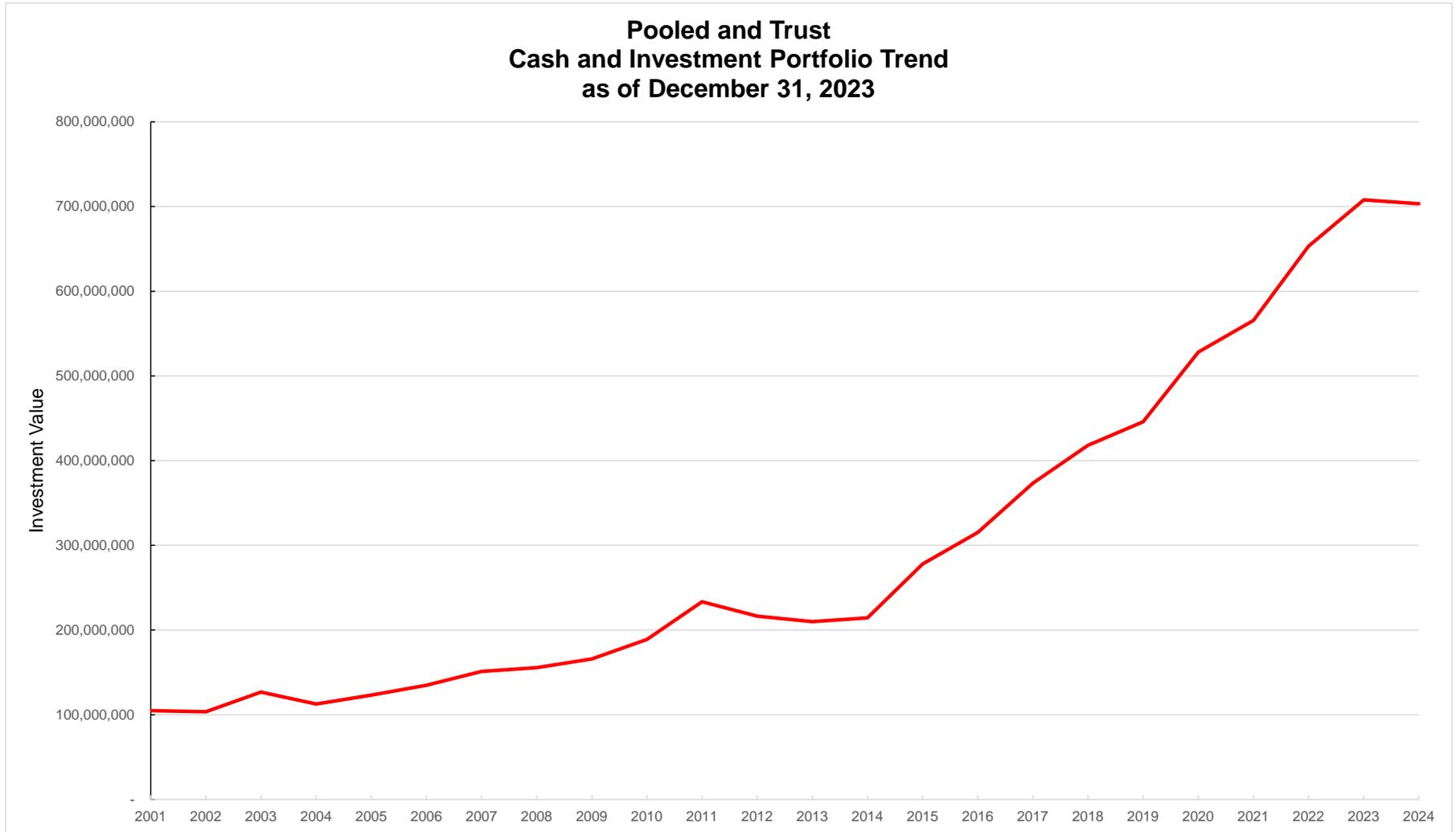
Exhibit 2-B.3

CUSIP	Investment #	Fund	Security Type	Ending Par Value	Beginning Book Value	Average Book Value	Maturity Date	Current Rate	Annualized Yield	Adjusted Interest Earnings		
										Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings
Fund: Pooled Investment - Long Term												
233851CU6	14571	010	MTN	5,000,000.00	5,035,485.61	5,034,977.43	01/06/2027	3.450	3.138	14,375.00	-954.77	13,420.23
008252AM0	14582	010	MTN	1,000,000.00	1,003,792.54	1,002,974.18	02/15/2024	4.250	2.353	3,541.67	-1,537.52	2,004.15
07330MAA5	14588	010	MTN	5,000,000.00	5,192,013.91	5,189,097.01	10/30/2026	3.800	2.347	15,833.33	-5,491.34	10,341.99
04685A2L4	14602	010	MTN	5,000,000.00	4,961,360.27	4,962,891.26	01/14/2025	2.500	3.154	10,416.67	2,876.40	13,293.07
04685A2L4	14590	010	MTN	5,950,000.00	5,961,256.66	5,960,810.65	01/14/2025	2.500	2.283	12,395.83	-837.96	11,557.87
828807CS4	14606	010	MTN	5,000,000.00	4,999,021.71	4,999,073.78	10/01/2024	3.375	3.335	14,062.50	97.83	14,160.33
22553PWD7	14652	010	MC3	5,000,000.00	5,000,000.00	5,000,000.00	05/25/2025	4.050	3.974	16,875.00	0.00	16,875.00
22553PXJ3	14655	010	MC3	5,000,000.00	5,000,000.00	5,000,000.00	05/31/2032	5.000	4.961	21,067.41	0.00	21,067.41
88579YAR2	14659	010	MTN	5,000,000.00	4,911,917.93	4,914,238.84	08/07/2025	3.000	4.040	12,500.00	4,360.50	16,860.50
30303M8G0	14660	010	MTN	5,000,000.00	4,857,827.48	4,859,529.26	08/15/2027	3.500	4.308	14,583.34	3,197.28	17,780.62
857477CD3	14698	010	MC3	4,000,000.00	4,000,000.00	4,000,000.00	08/03/2026	5.272	5.173	17,573.33	0.00	17,573.33
Subtotal				573,913,000.00	583,544,537.51	575,482,996.91			2.648	1,288,564.77	5,889.79	1,294,454.56
Fund: Wells Fargo MM- Regular												
SYS14701	14701	025	RRP	108,449,357.69	0.00	62,570,761.17			5.166	274,525.25	0.00	274,525.25
Subtotal				108,449,357.69	0.00	62,570,761.17			5.166	274,525.25	0.00	274,525.25
Fund: Fidelity MM - Regular												
SYS14265	14265	040	RRP	34,509,426.91	34,355,426.37	34,365,361.89		0.003	5.442	158,822.00	0.00	158,822.00
Subtotal				34,509,426.91	34,355,426.37	34,365,361.89			5.442	158,822.00	0.00	158,822.00
Total				716,871,784.60	617,899,963.88	672,419,119.97			3.025	1,721,912.02	5,889.79	1,727,801.81

**Pooled Cash and Investments
(Market Value)
as of December 31, 2023**









Summary of Pooled Cash and Investments - Trust Funds
(Market Value)
As of December 31, 2023

	<u>Pooled Cash</u>	<u>Investments (Book Value)</u>	<u>Gain/Loss on Investments</u>	<u>Pooled Cash & Investments (Market Value)</u>
Retiree Medical Trust Fund				
Fund No.				
721 BHA	\$ 69,665	\$ 576,225	\$ 37,500	\$ 683,390
722 M1=IBEW	(89,715)	92,940	(4,998)	(1,773)
723 M2=Local 1	1,199,732	11,293,543	208,571	12,701,846
724 MUI=Z1	83,725	2,030,548	(121,395)	1,992,877
725 MUI=Z2 to Z6	271,476	2,909,956	(69,713)	3,111,719
726 M535= Local 535	987,037	10,476,389	(292,451)	11,170,975
727 M3=Local 790	546,046	6,588,323	(18,006)	7,116,363
Total Retiree Medical Trust Fund	3,067,966.00	33,967,923	(260,492)	36,775,398
Fire Medical Trust Fund				
736 Fire Medical Trust Fund	638,081	13,897,128	(655,685)	13,879,524
Total Fire Medical Trust Fund	638,081	13,897,128	(655,685)	13,879,524
Police Medical Trust Fund				
731 Police EE Retiree HLT Assistance Plan	52,306	2,514,412	(177,051)	2,389,667
701 Safety Members Pension Fund	221,957	-	-	221,957
706 Police Medical Trust Fund	(156,904)	4,586,820	(265,608)	4,164,308
Total Police Medical Trust Fund	117,359	7,101,232	(442,660)	6,775,931
Total Trust Funds	\$ 3,823,406	\$ 54,966,284	\$ (1,358,836)	\$ 57,430,853



**Retiree Medical Trust Fund
Fund 721 - 727
Interest Earnings
October 01 to December 31, 2023**

Investments As of December 31, 2023								Interest Earnings October 01 to December 31, 2023						
CUSIP	Investment #	Issuer	Par Value	Beginning Book Value	Ending Book Value	Market Value	Maturity Date	Moody's Rating	Adjusted Interest Earnings					
									Current Rate	Annualized Yield	Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings	
Federal Agency Coupon Securities														
3133EFQT7	14361	Fed Farm Credit Bank	2,600,000.00	2,603,911.02	2,603,456.25	2,522,650.00	11/25/2025	AAA	2.700	2.605	17,550.00	(454.77)	17,095.23	
Medium Term Notes - Callable														
665859AX2	14671	Northern Trust Corp	10,000,000.00	10,015,472.18	10,015,046.47	10,738,300.00	11/02/2032	A2	6.125	6.049	153,125.00	(425.71)	152,699.29	
Federal Agency Continuous Callable														
3133EPMQ5	14691 Misc	Federal Farm Credit Bank	4,746,000.00	4,711,279.23	4,712,173.33	4,730,005.98	06/16/2033	AAA	5.360	5.430	63,596.40	894.10	64,490.50	
3133EPNL5	14692 Misc	Federal Farm Credit Bank	3,796,800.00	3,582,619.07	3,588,123.43	3,839,096.35	06/23/2033	AAA	5.180	6.050	49,168.56	5,504.36	54,672.92	
Continous Callable Bonds														
797440CD4	14680	San Diego Gas & Electric	2,000,000.00	1,979,350.82	1,979,525.81	2,023,380.00	04/01/2053	A1	5.350	5.397	26,750.00	174.99	26,924.99	
Municipal Bonds														
786091AG3	14316	SACGEN	5,000,000.00	5,099,064.96	5,085,556.10	5,146,300.00	08/01/2025	A1	7.250	6.008	90,625.00	(13,508.86)	77,116.14	
Savo Island Loan														
SYS10988	10988	EMPMED	104,000.00	104,000.00	104,000.00	104,000.00	09/01/2025	N/A	8.000	8.022	2,102.85	-	2,102.85	
Preferred Securities														
00206R706	14591	AT&T Inc.	1,680,033.60	1,680,033.60	1,680,033.60	1,315,359.64	N/A	N/A	4.596	4.623	19,577.79	-	19,577.79	
00206R706	14596	AT&T Inc.	1,680,008.40	1,680,008.40	1,680,008.40	1,315,339.91	N/A	N/A	4.640	4.652	19,697.91	-	19,697.91	
00206R706	14597	AT&T Inc.	2,520,000.00	2,520,000.00	2,520,000.00	1,973,000.01	N/A	N/A	4.643	4.654	29,559.14	-	29,559.14	
Total			34,126,842.00	33,975,739.28	33,967,923.39	33,707,431.89					5.418	\$ 471,752.65	\$ (7,815.89)	\$ 463,936.76

Total Investments (Book Value)	\$ 33,967,923.39
Gain/Loss on Investments	(260,491.50)
Total Investments (Market Value)	33,707,431.89
Temporarily Invested with Pooled Cash & Investments	3,067,966.00
Total Pooled Cash and Investments	\$ 36,775,397.89



**Fire Retiree Medical
Fund 736
Interest Earnings
October 01 to December 31, 2023**

Investments As of December 31, 2023									Interest Earnings October 01 to December 31, 2023					
CUSIP	Investment #	Issuer	Par Value	Beginning Book Value	Ending Book Value	Market Value	Maturity Date	Moody's Rating	Adjusted Interest Earnings					
									Current Rate	Annualized Yield	Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings	
Medium Term Notes														
6174467X1	14318	Morgan Stanley DW DTC#0015	2,000,000.00	2,016,575.94	2,014,646.01	1,997,040.00	11/24/2025	BAA1	5.000	4.541	25,000.00	(1,929.93)	23,070.07	
Federal Agency Coupon Securities														
3133EFQT7	14362	Fed Farm Credit Bank	2,300,000.00	2,303,459.75	2,303,057.45	2,231,575.00	11/25/2025	AAA	2.700	2.605	15,525.00	(402.30)	15,122.70	
Federal Agency Continuously Callable														
3133EPMQ5	14691	Fire Federal Farm Credit Bank	35,500.00	35,240.29	35,246.98	35,380.37	06/16/2033	AAA	5.360	5.430	475.70	6.69	482.39	
3133EPNL5	14691	Fire Federal Farm Credit Bank	28,400.00	28,197.76	28,202.96	28,716.38	06/23/2033	AAA	5.180	5.247	367.78	5.20	372.98	
3130AUB78	14672	Federal Home Loan Banks	4,000,000.00	4,000,000.00	4,000,000.00	3,987,960.00	12/28/2037	AAA	6.230	6.179	62,300.00	-	62,300.00	
3130AUB86	14673	Federal Home Loan Banks	2,996,000.00	2,996,000.00	2,996,000.00	2,987,790.96	12/29/2042	WR	6.540	6.487	48,984.60	-	48,984.60	
Preferred Securities														
00206R706	14592	AT&T Inc.	1,679,983.20	1,679,983.20	1,679,983.20	1,315,320.18	N/A	N/A	4.596	4.623	19,577.21	-	19,577.21	
00206R706	14594	AT&T Inc.	839,991.60	839,991.60	839,991.60	657,660.09	N/A	N/A	4.640	4.652	9,848.80	-	9,848.80	
Total			\$ 13,879,874.80	\$ 13,899,448.54	\$ 13,897,128.20	\$ 13,241,442.98					5.131	\$ 182,079.09	\$ (2,320.34)	\$ 179,758.75

Total Investments (Book Value)	\$ 13,897,128.20
Gain/Loss on Investments	<u>(655,685.22)</u>
Total Investments (Market Value)	13,241,442.98
Temporarily Invested with Pooled Cash & Investments	<u>638,081.00</u>
Total Pooled Cash and Investments	\$ 13,879,523.98



**Police Retiree Medical
Fund 731 and 706
Interest Earnings
October 01 to December 31, 2023**

Investments As of December 31, 2023									Interest Earnings October 01 to December 31, 2023					
CUSIP	Investment #	Issuer	Par Value	Beginning Book Value	Ending Book Value	Market Value	Maturity Date	Moody's Rating	Current Rate	Annualized Yield	Adjusted Interest Earnings			
											Interest Earned	Amortization/ Accretion	Adjusted Interest Earnings	
Medium Term Notes														
6174467X1	14319	Morgan Stanley DW DTC#0015	500,000.00	504,143.98	503,661.50	499,260.00	11/24/2025	BAA1	5.000	4.541	6,250.00	(482.49)	5,767.51	
Federal Agency Coupon Securities														
3133EFQT7	14363	Fed. Farm Credit Banks	2,300,000.00	2,303,459.75	2,303,057.45	2,231,575.00	11/25/2025	AAA	2.700	2.633	15,525.00	(402.29)	15,122.71	
Federal Agency Continuously Callable														
3133EPMQ5	14691 Pol	Federal Farm Credit Bank	218,500.00	216,901.50	216,942.66	217,763.66	06/16/2033	AAA	5.360	5.430	2,927.90	41.16	2,969.06	
3133EPNL5	14692 Pol	Federal Farm Credit Bank	174,800.00	173,555.24	173,587.23	176,747.27	06/23/2033	AAA	5.180	5.247	2,263.66	31.99	2,295.65	
3130AUB86	14674	Federal Home Loan Banks	2,224,000.00	2,224,000.00	2,224,000.00	2,217,906.24	12/29/2042	WR	6.540	6.487	36,362.40	-	36,362.40	
Preferred Securities														
00206R706	14593	AT&T Inc.	1,679,983.20	1,679,983.20	1,679,983.20	1,315,320.18	N/A	N/A	4.596	4.623	19,577.21	-	19,577.21	
Total			\$ 7,097,283.20	\$ 7,102,043.67	\$ 7,101,232.04	\$ 6,658,572.35				4.586	\$ 82,906.17	\$ (811.63)	\$ 82,094.54	

Total Investments (Book Value)	\$ 7,101,232.04
Gain/Loss on Investments	(442,659.69)
Total Investments (Market Value)	6,658,572.35
Temporarily Invested with Pooled Cash & Investments	117,359.00
Total Pooled Cash and Investments	\$ 6,775,931.35



Office of the City Manager

INFORMATION CALENDAR
JUNE 25, 2024

To: Honorable Mayor and Members of the City Council
 From: Dee Williams-Ridley, City Manager
 Submitted by: Henry Oyekanmi, Director, Finance Department
 Subject: FY 2024 Third Quarter Investment Report: Ended March 31, 2024

SUMMARY

The City's investment policy requires that a quarterly investment report be submitted to the City Council on the status of the investment portfolio. The report includes all investments managed by the City of Berkeley and provides information on the types, values (par, book, and market), term, and yield of each security.

- The return on pooled investments for the quarter ended March 31, 2024 was 3.13%, 100 basis points less than the 4.13% earned by the State Local Agency Investment Fund (State LAIF), which is the benchmark for investment performance used by the City. The returns earned on State LAIF's monthly portfolio are currently higher because it has a much shorter maturity and the yield curve is inverted (i.e., short-term rates are significantly higher than medium and long-term rates).

The return on pooled investments of 3.13% for the quarter ended March 31, 2024 was 19 basis points more than the rate of 2.94% earned in the quarter ended December 31, 2023.

- The average return on all Retiree Medical Trust Fund investments was 5.02% for the quarter ended March 31, 2024.

CURRENT SITUATION AND ITS EFFECTS

Attached is a summary of the quarterly report for fiscal year 2024 Third Quarter ending March 31, 2024 representing the status of the City's investment portfolio. The report includes all investments managed by the City of Berkeley and provides information on the values (par, book, and market), term, and yield of each security.

Summary information by type of security and detailed information on each security is provided on Exhibit 2-A. An evaluation of portfolio performance for this accounting period compared to the previous three accounting periods is also included in Attachment 1.

A. Portfolio Results

As a result of the differences in the investment policies of different cities, including responsible investing policies, maturity restrictions, investment restrictions, etc., it was difficult for the City of Berkeley to come up with a reasonable performance measure for pooled cash investments. In order to provide some measure of the relative performance of the City's investment returns, many years ago the City established the State Local Agency Investment Fund (LAIF) as the performance measure to be reported in the quarterly investment reports, since many local governments invested significant portions of their investment portfolios in LAIF.

LAIF was intended to be a reference point to compare the City's investment performance against, rather than a true performance measure, since most cities typically earn a yield higher than LAIF in normal interest rate environments, and because LAIF's average maturity of its investments is generally shorter than that of most cities. As a result, past City Councilmembers requested that information about the rates earned by other California cities be included in the quarterly investment reports for comparison purposes, despite the differences in the investment policies of the various cities. It should be pointed out that the yield curve has been significantly inverted for many months (i.e., short term rates are higher than long term rates, which is abnormal), and cities with a shorter average maturity will have higher average yields than those cities with a longer average maturity, until the yield curve returns to normal. Some Analysts take this as a sign of an impending recession.

1. Liquidity of Portfolio:

The average investment in the pooled portfolio matures in 1,099 days as of March 31, 2024. This is 83 days less than the 1,182 maturity days as of December 31, 2023.

2. Comparison of Results to Performance Measures – Pooled investments: Quarter Ended March 31, 2024

The City's yield on investments for the quarter ended March 31, 2024 was 3.13%, an increase of 19 basis points (.19%) from the 2.94 earned during the quarter ended December 31, 2023. The average yield on a 91-day Treasury bill at the end of the quarter ended March 31, 2024 was 5.37%, an increase of 2 basis points (0.02%) from the 5.35% at the end of the previous quarter.

As summarized in Table 1, staff's overall results were under the performance measure for the quarter by 100 basis points. Staff's performance was under the performance measure in January by approximately 89 basis points (-.89%); under the performance measure in February by approximately 89 basis points (-.89%); and, was under the performance measure in March by approximately 122 basis points (-1.22%). The performance measure for the return on investments is compared to the rate of return of the State LAIF.

Table 1

For Quarter Ending March 31, 2024			
Period	City	State LAIF	Difference
Jan-24	3.12%	4.01%	-0.89%
Feb-24	3.23%	4.12%	-0.89%
Mar-24	3.05%	4.27%	-1.22%
Jan 1-Mar 31	3.13%	4.13%	-1.00%

3. Investment Results-Retiree Health Insurance Funds:

Average interest rates earned on the retiree health insurance trust funds for the quarter ended March 31, 2024 compared to the quarter ended December 31 2023, were as follows:

Table 2

EARNED INTEREST RATES		
For Quarter Ended 3/31/2024 Compared To 12/31/2023		
Trust Fund	3rd Qtr 3/31/24	2nd Qtr 12/31/23
Retiree Medical Trust Fund (Misc Employees)	5.47%	5.42%
Fire Retiree Medical Trust Fund	4.97%	5.13%
Police Retiree Medical Trust Fund	4.63%	4.59%

The rates earned on these plans are expected to continue to increase, as staff is using the investment authority granted by Council to purchase long-term bonds as rates move higher.

Details related to retiree health trust fund investments are in Attachment 3, Exhibits 3-A, 3-B, and 3-C of this report.

B. Discussion of Interest Rate Environment and Outlook

At its March 20, 2024 meeting, the Fed's Statement indicated that recent indicators suggest that economic activity has been expanding at a solid pace. Job gains have remained strong, and the unemployment rate has remained low. Inflation has eased over the past year but remains elevated.

The Committee seeks to achieve maximum employment and inflation at the rate of 2 percent over the longer run. The Committee judges that the risks to achieving its employment and inflation goals are moving into better balance. The economic outlook is uncertain, and the Committee remains highly attentive to inflation risks.

Yield Trend

In support of its goals, the Committee decided to maintain the target range for the federal funds rate at 5-1/4 to 5-1/2 percent. In considering any 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 does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably toward 2 percent. In addition, the Committee will continue reducing its holdings of Treasury securities and agency debt and agency mortgage-backed securities, as described in its previously announced plans. The Committee is strongly committed to 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 consider a wide range of information, including readings on labor market conditions, inflation pressures and inflation expectations, and financial and international developments.

Since the Federal Reserve change its zero-interest rate policy in March 2017 to combat high inflation, the Federal Reserve Board has raised the Federal Funds rate 11 times for a total of 5.25%-5.50%, as follows:

Table 3

DATE	RATE CHANGE	FEDERAL FUNDS RATE
03/17/22	.25%	.25%-.50%
05/05/22	.50%	.75%-1.00%
06/16/22	.75%	1.50%-1.75%
07/27/22	.75%	2.25%-2.50%
09/21/22	.75%	3.00%-3.25%
11/02/2022	.75%	3.75%-4.00%
12/14/2022	.50%	4.25%-4.50%
2/1/2023	.25%	4.50%-4.75%
3/23/2023	.25%	4.75%-5.00%
5/3/2023	.25%	5.00%-5.25%

7/26/2023	.25%	5.25%-5.50%
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Since the rate hike on March 23, 2023, there have been four large regional bank failures (Silicon Valley Bank, Signature Bank, First Republic Bank and Republic First Bank), and two small regional banks (Citizens Bank of Sac City and Heartland Tri-State Bank). The Fed rate hikes and these bank failures have resulted in (1) banks' raising their lending standards and reducing the number of loans granted; (2) mortgage rates rising to nearly 7.5%; and (3) some Analysts predicting a slowdown or recession in the US economy in 2025.

In addition, since July 2023, the Personal Consumption Expenditures (PCE) index (the Fed's favored inflation index) has declined from 4.2% in November 2023 to 2.8% in March 2024, close to the Fed's 2.0% target. However, the Fed has indicated that it won't start lowering rates until it is confident that the 2% target has been met and can be sustained.

Therefore, under these circumstances, it appears that the Fed should be lowering rates, but they will be reluctant to do so in the near future.

Change in Strategy

Prior to the Fed's change in monetary policy starting March 17, 2022, staff's basic strategy consisted of not purchasing any Agency or Medium-Term corporate note securities with a maturity beyond three years, unless the securities were step-up securities (i.e., securities whose interest rates increased periodically, if they were not called). After the Fed changed to a tighter monetary policy in March 2022, the City's investment strategy changed to extending the investment maturities of securities purchased beyond three years and locking in rates.

In the short term, this strategy has resulted in a lower yield than the City could have achieved by not locking in rates on long-term securities purchased, because the yield curve is inverted (i.e., short-term rates are higher than medium and long-term rates). As money is pulled out of short-term investments to lock in rates on long-term investments, the City's yield suffers in the short-term. However, this underperformance will reverse when the Fed starts lowering short-term rates, probably towards the end of CY 2024.

Quite a few Analysts in the market are now predicting that the Feds will start lowering rates in July 2024 and lower them twice in CY 2024. However, Staff believes the decline in rates could come later in CY 2024, for the following reasons:

1. The Feds Chairman indicated that the Feds will continue its program of selling \$95 billion/month (or \$1.14 trillion/year) of Agency and Mortgage-Backed securities from its Balance Sheet instead of purchasing them as it did before this program began. This decision will result in a significant increase in bond supply without a corresponding increase in bond demand, which would increase the rates on medium and long-term bonds; and,
2. The projected US CY 2024 budget deficit of \$1.8 trillion means the US will have to issue an additional \$1.8 trillion of bonds to fund this budget deficit. This additional

huge supply of bonds may overwhelm demand for Agency and Mortgage-Backed bonds and put further upward pressure on medium and long-term interest rates.

These two factors may keep medium-term and long-term interest rates higher for most of CY 2024 and impact short-term rates.

On a short-term basis, the City's earned rate is expected to be below the City's benchmark (State LAIF) because the yield curve is inverted. However, this should change after the Feds starts lowering rates. The City's return is expected to be comparable to rates earned by other cities with a similar average maturity and lower than cities with a shorter average maturity in California. A sample of rates earned by Northern and Southern California cities is reflected in table 3 below (previously only Northern California cities were included):

Table 4

Other California Cities Earned Interest Rates	
For the Quarter Ending March 31, 2024	
City	Rates Earned
Oakland	4.52%
San Diego	3.71%
San Francisco	3.51%
Burbank	3.46%
San Jose	3.45%
Berkeley	3.13%
Los Angeles	2.93%
Sacramento	2.82%
Palo Alto	2.52 %
Hayward	2.46%

BACKGROUND

- Pooled Investments

Short-term cash is invested primarily in government sponsored enterprises (referred to as Federal Agency securities) notes, medium-term corporate notes and municipal securities for periods of one to ten years. Additional cash is invested in a money market fund or overnight securities to meet the liquidity needs of the City.

In some cases, the City may have investments with a current market value that is greater or less than the recorded cost. These changes in market value are due to fluctuations in the market and have no effect on yield, as the City does not intend to sell securities prior to maturity.

- Retiree Health Trust Fund Investments

The City agreed to provide retiree Health insurance coverage for fire, police and miscellaneous employees under certain terms and conditions. An actuarial study commissioned by the City many years ago determined that, in addition to City Contributions, an average rate of return of 7% on miscellaneous employees trust fund assets invested must be achieved to fund the retiree health benefit at the desired 70% level. Primarily as a result of the Federal Reserve Board's decision to keep short-term rates near zero from 2008 to March 2020, the average rate currently earned is significantly below that 7% level. City Finance Department staff manages these investment portfolios.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

The Investment Policy provides opportunities to make environmentally responsible investments that support the City's environmental sustainability goals.

CONTACT PERSON

Henry Oyekanmi, Director, Finance Department, 981-7326

ATTACHMENTS

1. Portfolio Evaluation FY 2024 Third Quarter
2. Investment Report Analysis FY 2024 Third Quarter
 - a. Exhibit 2-A: Pooled Cash and Investments
 - b. Exhibit 2-B.1 through 2-B.3: Interest Earnings January 1, 2024 – March 31, 2024
 - c. Exhibit 2-C: Book Value By Investment Type
 - d. Exhibit 2-D: Current Holdings vs. Policy Limits
 - e. Exhibit 2-E: Investment Portfolio Trend
3. Summary of Pooled and Cash Investments FY 2024 Third Quarter –Trust Funds
 - a. Exhibit 3-A: Retiree Medical Trust Funds –Misc.
 - b. Exhibit 3-B: Retiree Medical Trust Funds –Fire
 - c. Exhibit 3-C: Retiree Medical Trust Funds –Police