
INVESTMENT REPORT

Objectives

City investment objectives are in order; *safety, liquidity, and income*. The City's Investment policy stipulates the type of investments and maximum percentage of portfolio permissible for each type of investment.

Investments are diversified to the extent practicable to control the risk of loss resulting from overconcentration of assets in a specific maturity, issuer, instrument, dealer, or bank.

Investment decisions are made with judgment and care, which persons of prudence, discretion, and intelligence exercise. Investment maturity dates are based on cash-flow needs and prevailing market conditions.

Overview

In order to meet City expenditures and stated investment objectives, the City uses multiple liquidity tiers to match expected timeframes to the use of funds. The first liquidity tier is the Truist bank checking account, which aims to maintain a balance equal to a few months of average monthly expenses.

The second tier is with the Local Government Investment Pool, Florida Short Term Asset Reserve Governmental Fund (FL STAR). FL STAR invests entirely in US Government Treasuries and Agency bonds with a weighted average maturity of 25 days. The City expects this investment to provide stable liquidity to replenish the first liquidity tier as is necessary.

The third liquidity tier is composed of the Local Government Investment Pool, Florida Cooperative Liquid Assets Securities System (FL CLASS) and the

Local Government Surplus Funds Trust Fund (Florida PRIME), administered by the State Board of Administration (SBA) of Florida as established in the State of Florida's constitution.

FL CLASS and Florida PRIME have similar investment profiles. Each invests in a diversity of investments and has an average weighted maturity of 30 and 41 days, respectively. These investments primarily consist of US Treasuries, US Agency Bonds, Asset Backed Commercial Paper, CD's, and Money-Market Mutual funds.

All City investment pools are AAA rated, the highest principal stability fund rating assigned by Standard & Poor's (S&P) Global Ratings.

Economic Updates

The consumer price index (CPI) increased by 2.9% annualized and was boosted by housing, although offset from vehicle declines. It is the slowest pace of inflation since the end of 2021.

The Fed cut interests rates in September by .50% to its current rate of 5.00%, the first rate reduction since March, 2020. Fed Chair Powell remarked "inflation is no longer the primary concern" and will be focusing on the labor market, signaling future rate cuts. Markets expect up to 3 additional rate cuts in 2024.

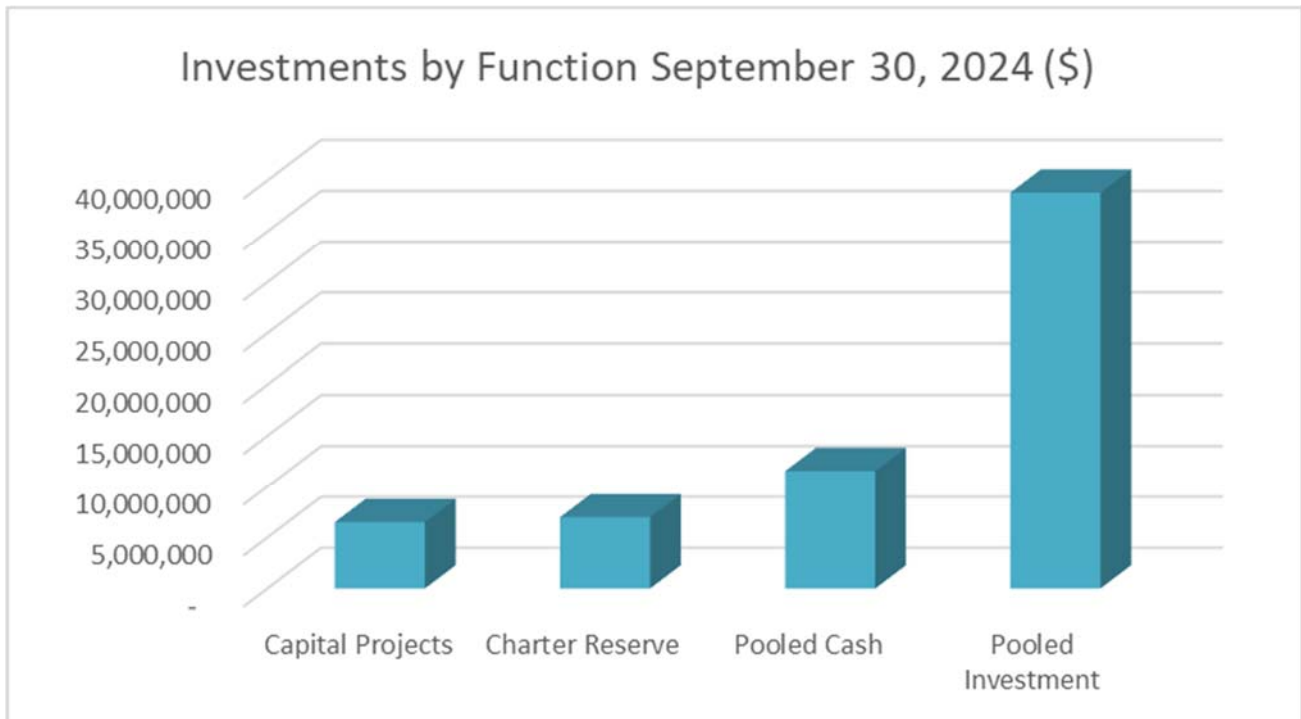
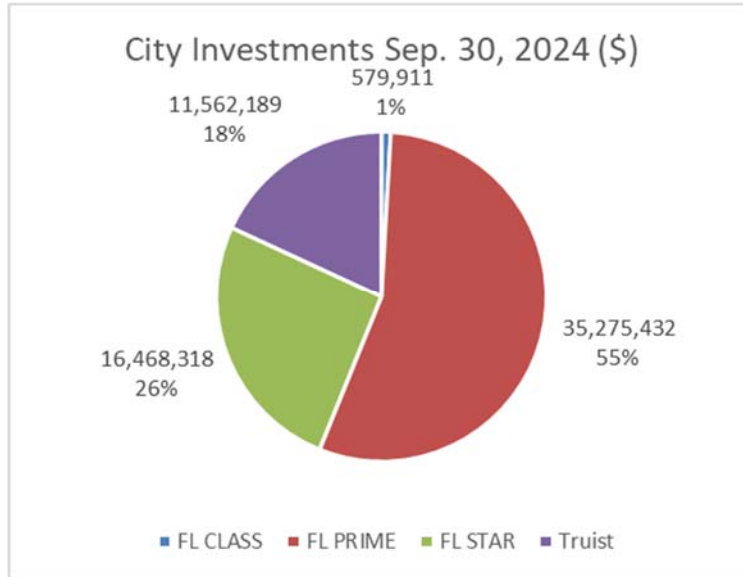
Mortgages have broken below the 7% barrier with 30 year fixed rates currently at 6.89%. Rents are expected to decline, however housing prices continue to rise due to a shortage of inventory. The median home value reached \$419,300 up from \$270,000 in 2019.

The Unemployment rate continued to increase slightly to 4.3%, up from 3.5% the year prior. It has remained over 4.0% for last 4 months. Healthcare employment remains strong, however the professional service sector and manufacturing saw declines.

Gross Domestic Product (GDP) increased 2.8% driven by elevated consumer spending and business investment. Overall, the economy has shown resiliency which suggests a soft economic landing is likely.

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	Investment Type	Market Value	Book Value	Ending Yield	Benchmark Yield*	Earned Month End	Earned Quarter End
FL CLASS	LGIP	579,665	579,911	5.02%	4.58%	2,486	7,725
FL PRIME	LGSFTF	35,263,663	35,275,432	5.33%	5.27%	152,846	475,701
FL STAR	LGIP	16,462,441	16,468,318	4.96%	4.81%	69,542	216,770
Truist	Checking	11,562,189	11,562,189	3.30%	N/A	37,621	111,736
		\$ 63,867,958	\$ 63,885,850			\$ 262,494	\$ 811,933



* Benchmarks: FL Class, S&P Treasury Bill 3-6 Month Index; FL Prime, S&P AAA/AA Rated GIP All 30 Day Net Index; FL STAR, S&P AAAM Money Fund Rated GIP Net 7 day Index/All.