

Exhibit A



Economic Update

December 2023

Disclosures

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Macroeconomic Themes



Has the Fed Done Enough to Tame Inflation?



A Recession or a Soft Landing?



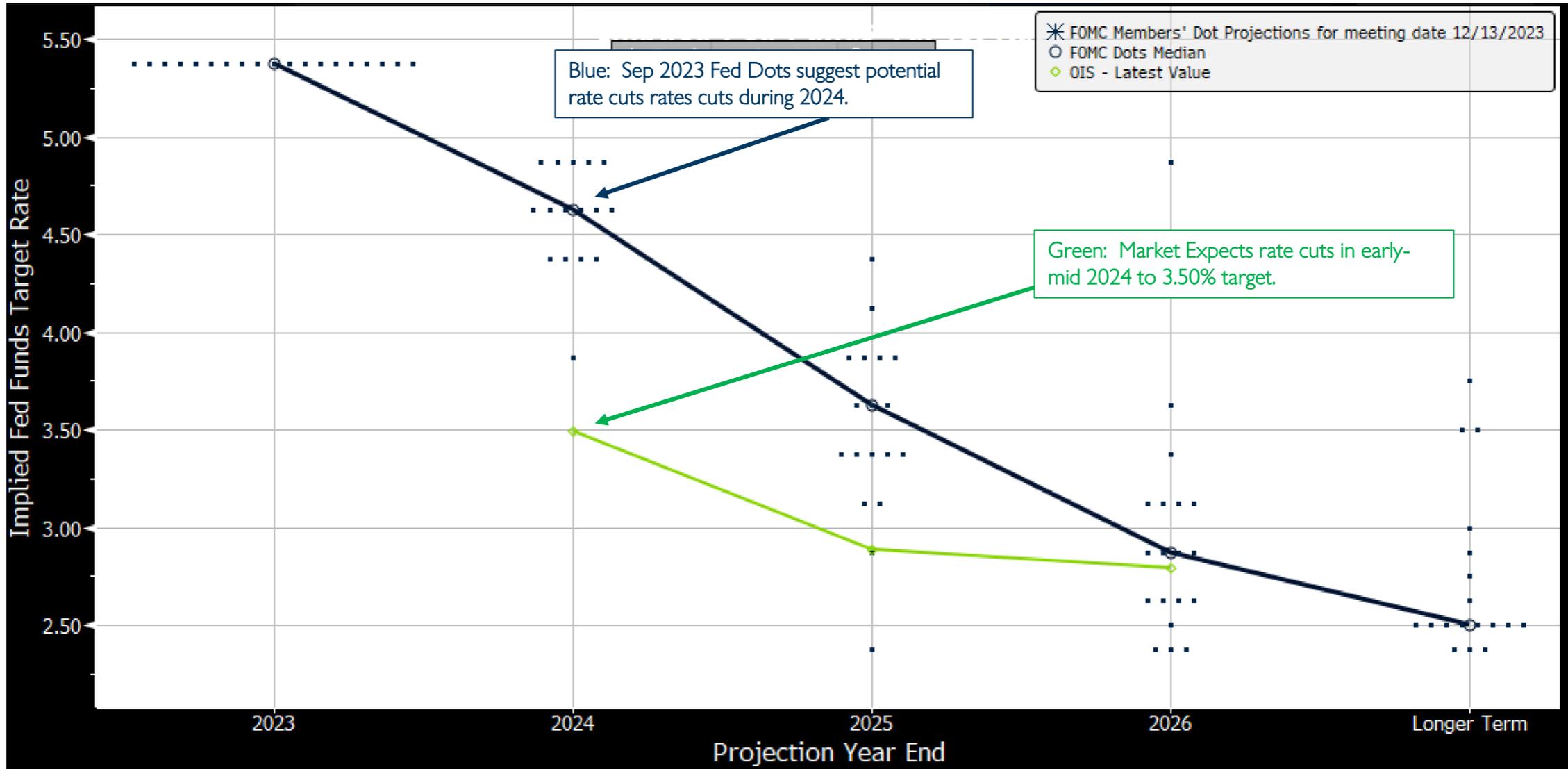
The Waiting Game

Bloomberg Federal Funds Forecast – December 2023

12/29/2023 📅

Meeting	#Hikes/Cuts	%Hike/Cut	Imp. Rate Δ	Implied Rate
01/31/2024	-0.160	-16.0%	-0.040	5.288
03/20/2024	-1.003	-84.3%	-0.251	5.077
05/01/2024	-2.075	-107.2%	-0.519	4.809
06/12/2024	-3.118	-104.4%	-0.780	4.548
07/31/2024	-3.960	-84.2%	-0.990	4.338
09/18/2024	-4.918	-95.8%	-1.229	4.098
11/07/2024	-5.630	-71.3%	-1.408	3.920
12/18/2024	-6.303	-67.2%	-1.576	3.752
01/29/2025	-6.950	-64.7%	-1.738	3.590

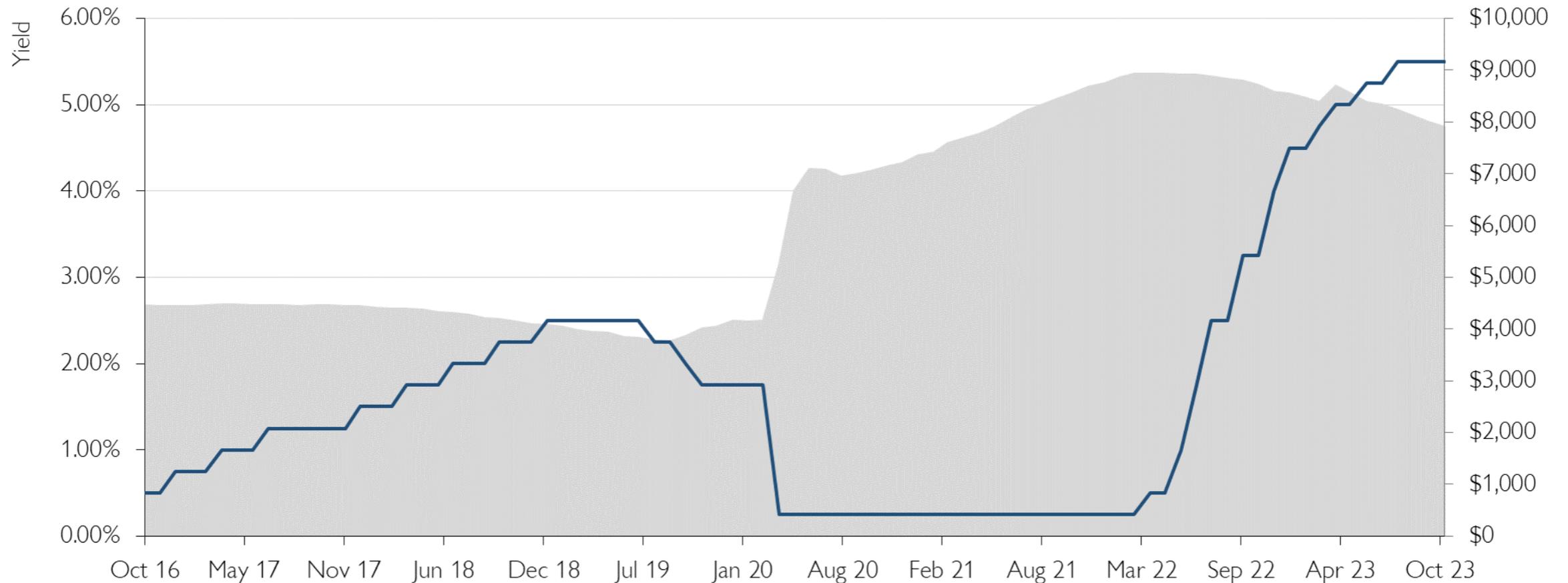
FOMC Dot Plot –December 2022 vs. December 2023



Aggressive Monetary Policy Forces and an Inverted Yield Curve

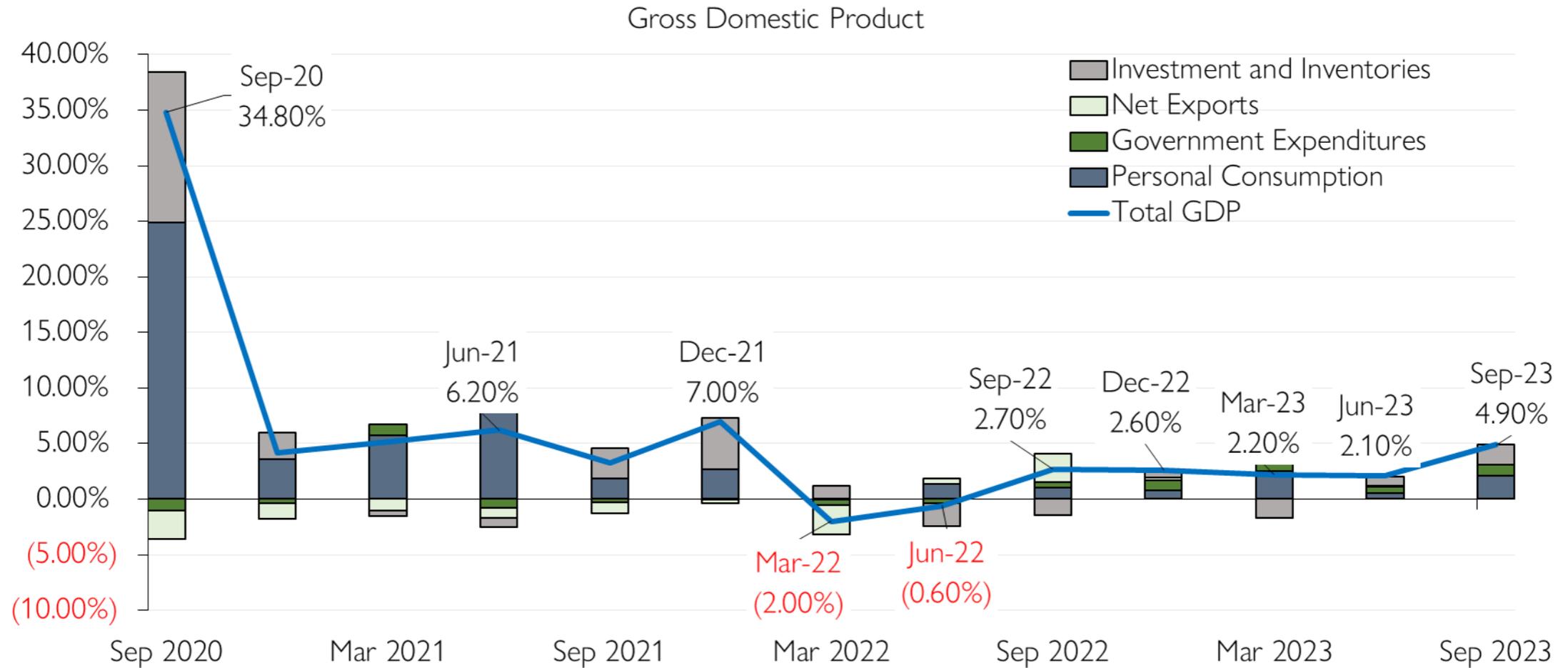
- The Federal Funds Target Rate is the short-term interest rate targeted by the Fed as part of its monetary policy. The target Fed Funds level was replaced by a “target range” in December 2008. The grey line represents the upper bound of the range while the shaded blue area illustrates the change in total assets held on the Fed’s balance sheet over time.

Federal Funds Rate and Federal Reserve Balance Sheet



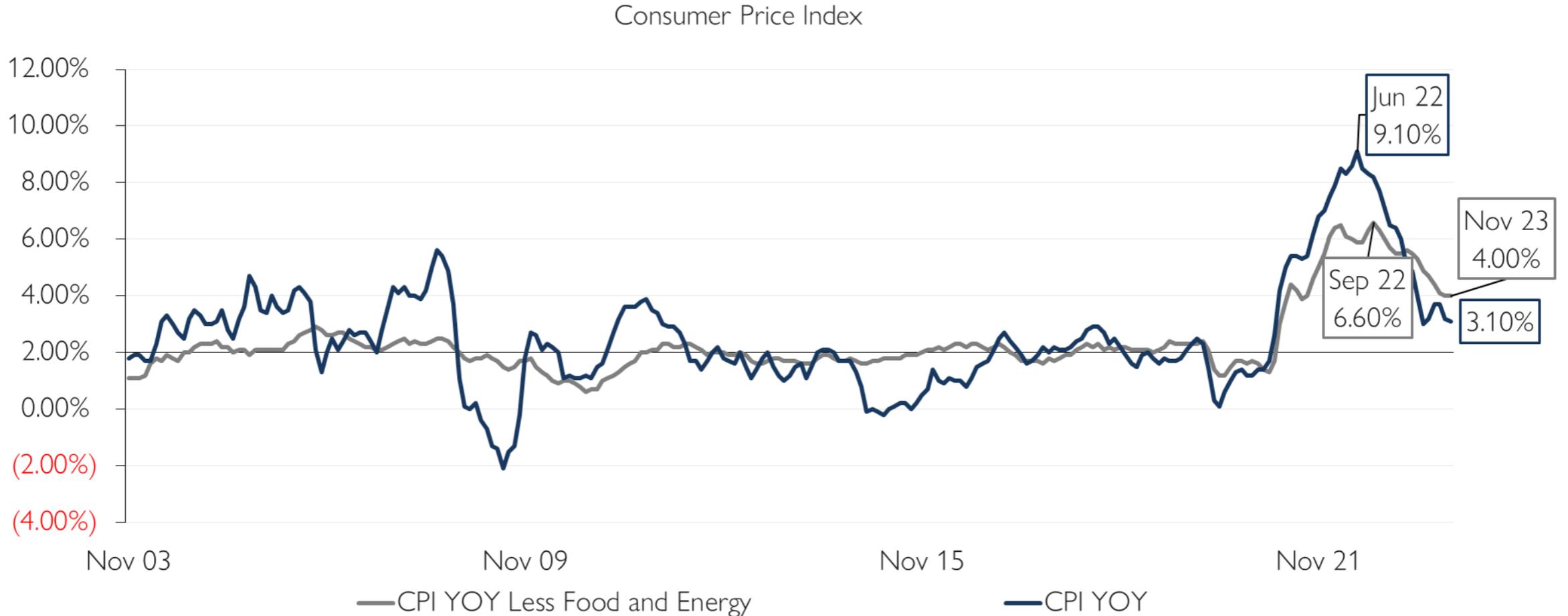
Gross Domestic Product

- U.S. economic growth continued to defy expectations of a slowing economy, posting 4.9% annualized growth for the 3rd quarter. Personal consumption was the largest contributor to growth at 2.11% and the business investment and inventories sector contributed 1.74% during the quarter. This was the highest level for the investment and inventories sector since December 2021. Government expenditures added 0.99%.



Inflation - CPI

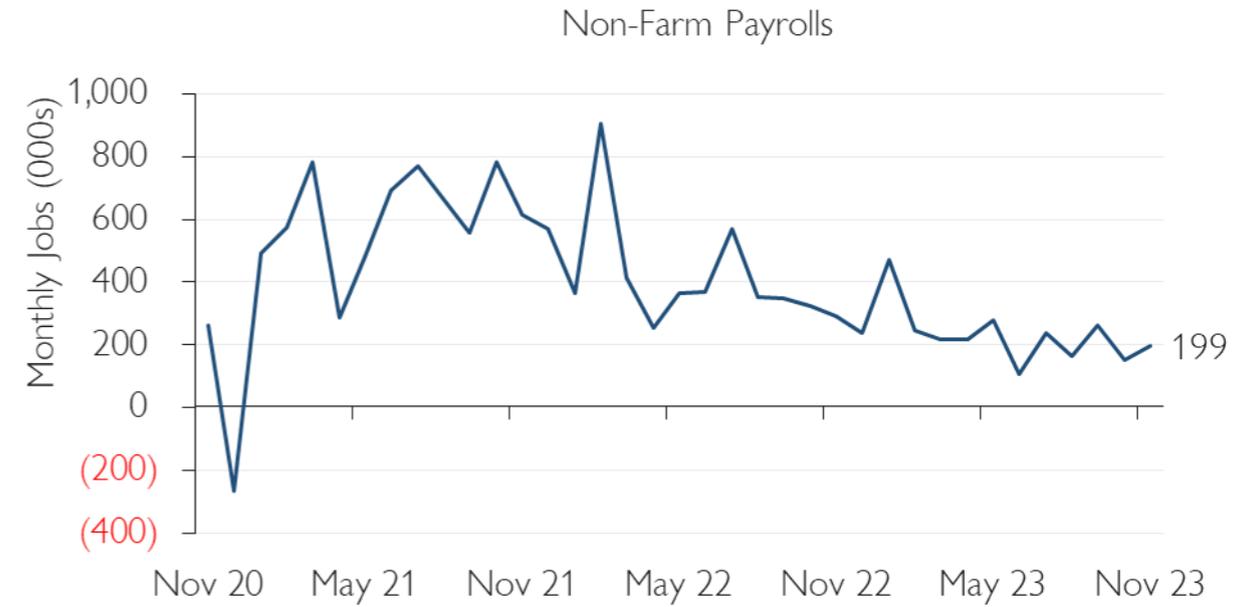
- The year over year November Consumer Price Index was 3.1% down 0.1% from October, and 0.1% higher than the low of 3.0% in June. The lower inflation figure was helped by a decrease in gasoline prices, down -8.9% year over year, food prices were higher by 2.9% for the year. Core CPI (less food and energy) continued trending lower, down slightly (0.1%) at 4.0%, the lowest since September 2021. The Services sector of CPI, which includes Shelter costs, has remained stubbornly high for months, and remained elevated in November with a year over year increase of +6.5%.



Jobs

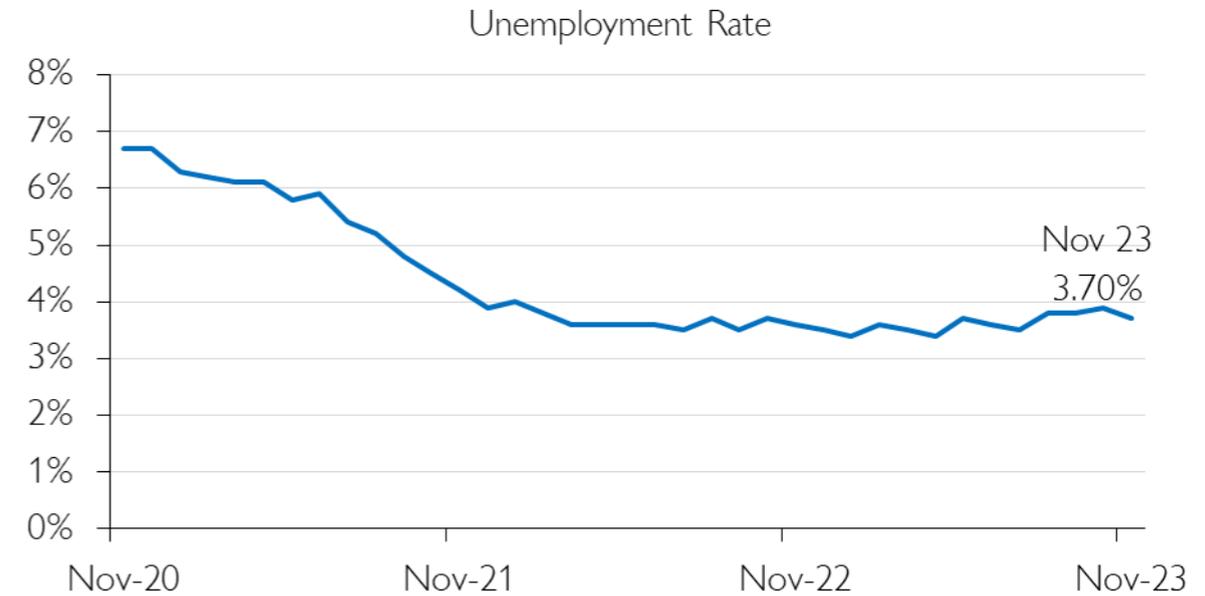
Job Growth continues

- Payrolls were up (+49k) in November to 199k jobs created compared with October.
- Health care (+77k) and Government (+49k) sectors were the largest contributors to growth. Notably, manufacturing added 28k jobs as strikes came to an end and retail lost 38k jobs heading into the holiday shopping season.



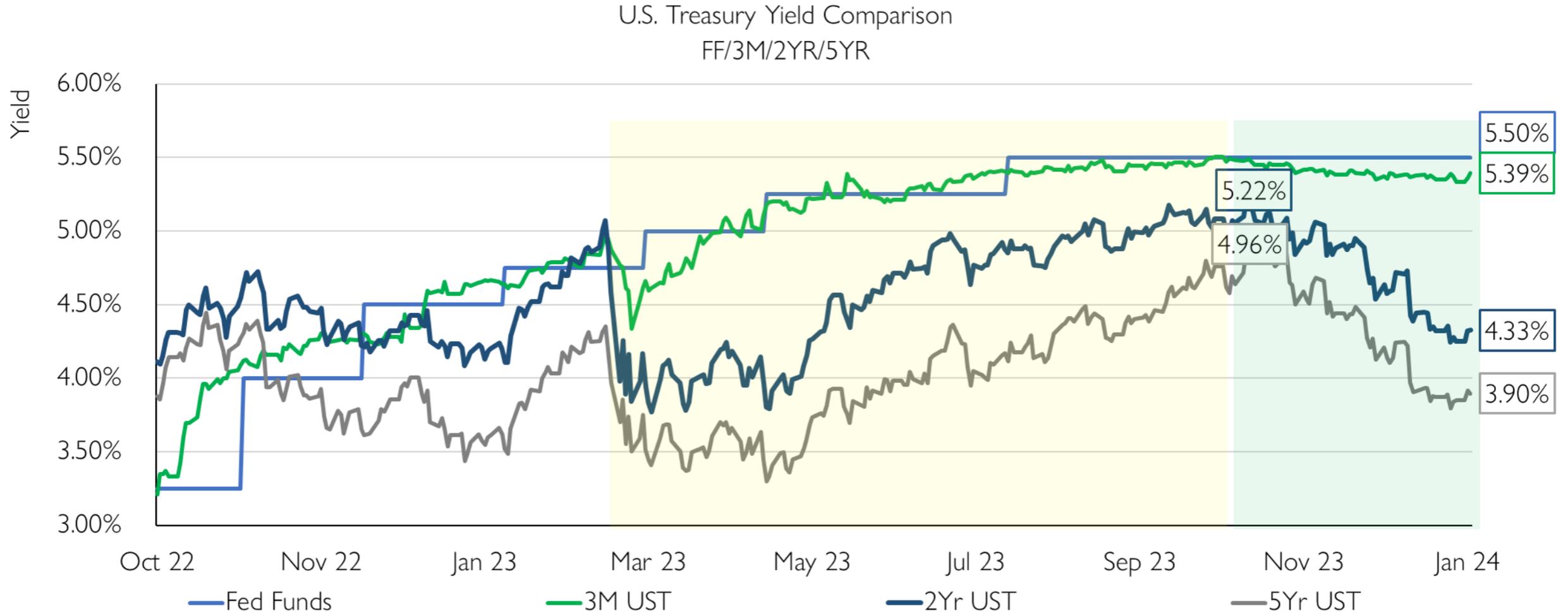
Unemployment Levels Remain Low

- The national unemployment declined 0.2% to 3.7% in November.
- The unemployment rate has remained below 4.0% for more than 18 months.
- The number of people not in the labor force that would like a job is 5.3mm in November, compared to more than 8.7mm job openings through October.



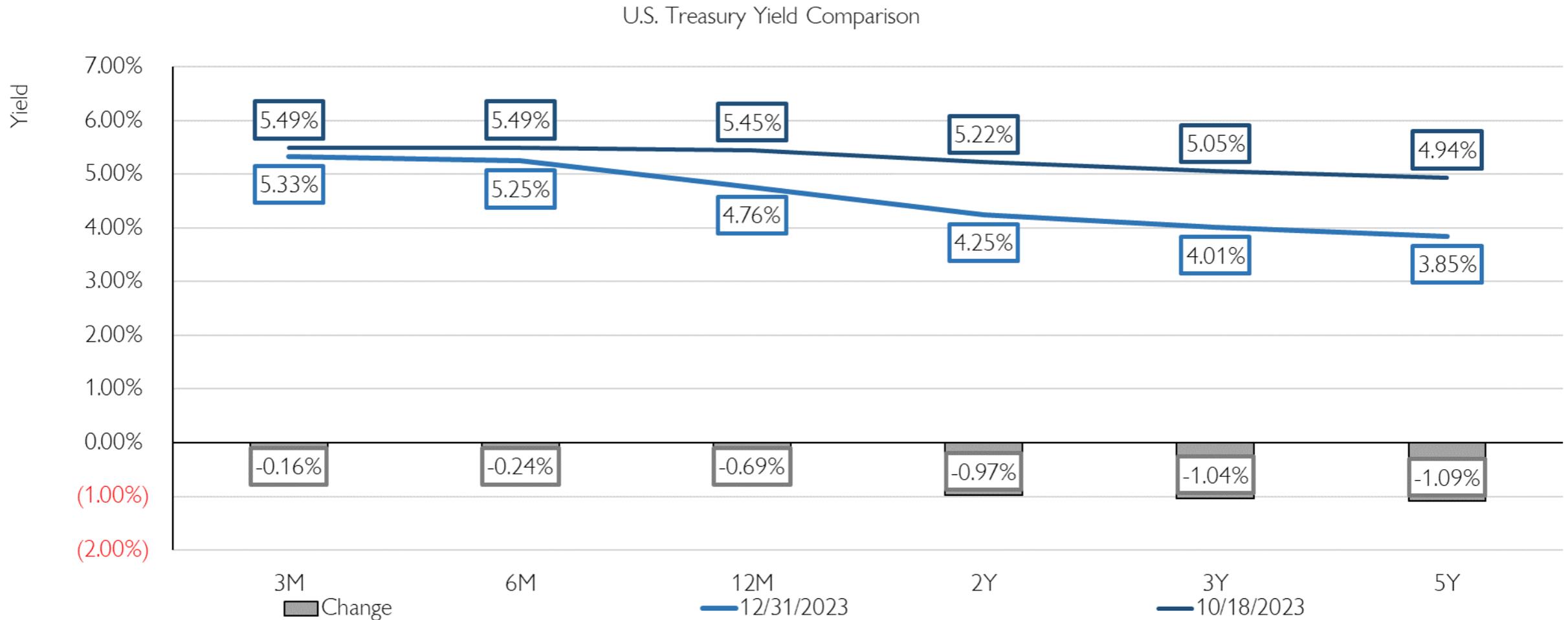
Lower Inflation and Economic Expectations Push Rates Lower

- U.S. Treasuries with maturities longer than 3 Months and longer have yielded less than the Federal Funds over night rate, for most of 2023. Rates drift lower in November. Rates drift lower in November.



Aggressive Monetary Policy Forces and an Inverted Yield Curve

- Short term U.S. Treasury rates remain elevated as a result of aggressive FOMC monetary policy although longer term interest rates have drifted lower from the mid-October highs as inflation has improved in recent months and the expectation of an economic slowdown in 2024.





Portfolio Strategy Review

John F Grady, Managing Director

January 9, 2024



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City of Cocoa's Investment Program Review

- ✓ The City maintained an actively managed investment program during Fiscal year 2023 and the maturity structure for each portfolio is custom tailored based on the following criteria:
 - ✓ Sources and uses of funds
 - ✓ Anticipated timing of expenditures
 - ✓ Investment policy statement objectives and parameters
 - ✓ Current market conditions and historical performance
- ✓ This investment strategy has the primary focus on Safety of principal as the primary objective, providing daily liquidity from bank balances and local government investment pools, and the potential for increased earnings from the longer term investment portfolios.
- ✓ This multiple duration investment approach minimizes risks in rising and declining interest rate environments with the primary objective of safety of principal by investing in highly rated fixed income securities.
- ✓ We collaborate with the City's Finance Director and team to determine optimal investment options based on cash flows, investment policy and FI State Statutes, and current market conditions.
- ✓ The investment program is compliant with the City's investment policy and with Florida State Statutes.

Operating Portfolio Strategy Update

Investment Strategy and Maturity Structure

- The Operating Portfolio provides funding over multiple fiscal years. The portfolio is structured with maturities between one and five years. Funds are undesignated.
- The target duration is approximately 2.5 years
- The portfolio is managed as a with 1-5 year strategy, primarily using maturities between one and five years.

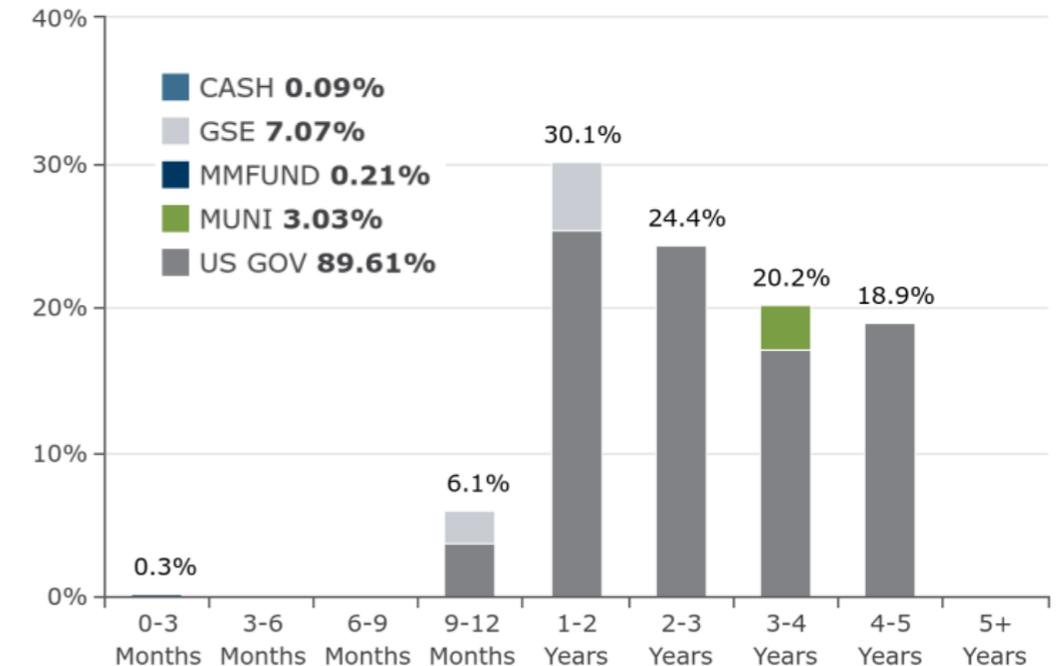
Asset Allocation and Diversification

- The portfolio is well diversified, 89.6% in UST, 7.1% in GSE, 3.0% in municipal bonds and 0.2% in MMF.
- Reinvested \$9.5mm (33%) of the portfolio during the fiscal year in securities yielding 3.5% - 5.0%. These investments resulted in an increase in the book yield of 1.13%, providing the opportunity for higher income in FY2024 compared to FY2023.

Portfolio Summary

	09/30/22	09/30/23
Duration	2.483	2.504
Years to Effective Maturity	2.592	2.648
Years to Final Maturity	2.605	2.652
Coupon Rate	1.137	1.663
Book Yield	1.074	2.204
Market Yield	4.237	4.978

Maturity Distribution by Type



Reserves Portfolio Strategy Update

Investment Strategy and Maturity Structure

- The Reserves Portfolio is structured based on requirements defined in the bond indenture for the City’s outstanding debt per debt issuance.
- The target duration is approximately 2.5 years
- The portfolio is managed as a with 1-5 year strategy, primarily using maturities between one and five years.

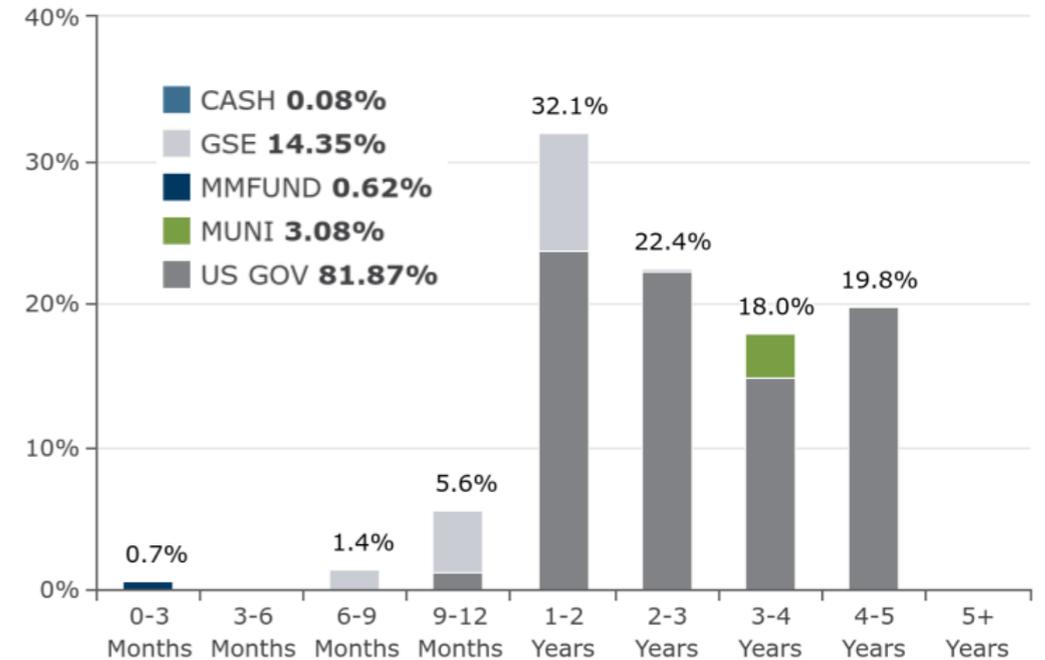
Asset Allocation and Diversification

- The portfolio is well diversified, 81.9% in UST, 14.4% in GSE, 3.1% in municipal bonds and 0.6% in MMF.
- Reinvested \$4.4mm (32%) of the portfolio during the fiscal year in securities yielding 3.5% - 4.3%. These investments resulted in an increase in the book yield of 1.09%, providing the opportunity for higher income in FY2024 compared to FY2023.

Portfolio Summary

	09/30/22	09/30/23
Duration	2.455	2.478
Years to Effective Maturity	2.563	2.622
Years to Final Maturity	2.619	2.639
Coupon Rate	1.263	1.692
Book Yield	1.059	2.146
Market Yield	4.208	4.994

Maturity Distribution by Type



Restricted Portfolio Strategy Update

Investment Strategy and Maturity Structure

- The Restricted Portfolio is restricted cash that is held long-term. These funds are restricted and held long-term.
- The target duration is approximately 2.0 years
- The portfolio is managed as a with 0-5 year strategy, primarily using maturities between three months and five years.

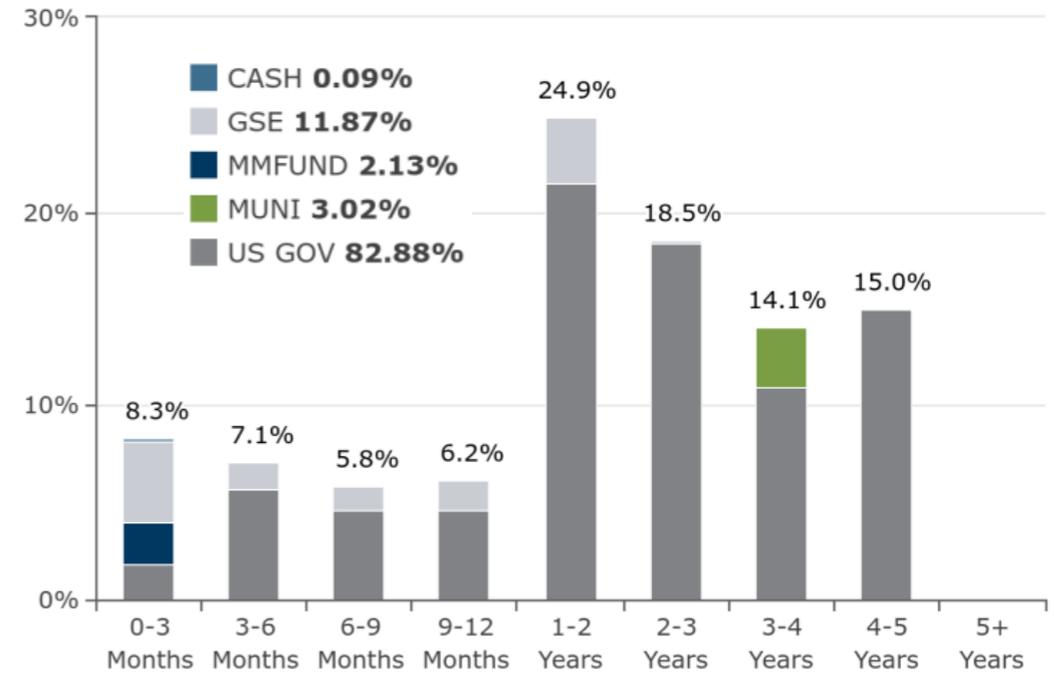
Asset Allocation and Diversification

- The portfolio is well diversified, 82.9% in UST, 11.9% in GSE, 3.0% in municipal bonds and 2.1% in MMF.
- Reinvested \$8.3mm (32%) of the portfolio during the fiscal year in securities yielding 3.5% - 5.4%. These investments resulted in an increase in the book yield of 1.20%, providing the opportunity for higher income in FY2024 compared to FY2023.

Portfolio Summary

	09/30/22	09/30/23
Duration	1.983	1.983
Years to Effective Maturity	2.068	2.096
Years to Final Maturity	2.083	2.101
Coupon Rate	0.954	1.677
Book Yield	0.844	2.047
Market Yield	4.086	5.055

Maturity Distribution by Type



Aggregate Asset Allocation – September 30, 2023

<u>Security Distribution</u>	<u>September 30, 2023 Portfolio Balance</u>	<u>Portfolio Allocation</u>	<u>Book Yield</u>	<u>Permitted by Policy*</u>	<u>Compliant</u>
Cash	\$ 31,838,242.12	19.55%	0.50%	100.00%	YES
LGIP	20,598,660.90	12.65%	5.49%	25.00%	YES
U.S. Treasury Notes	43,779,429.87	26.88%	2.34%	100.00%	YES
FNMA	1,587,157.73	0.97%	0.60%	40.00%	YES
FHLMC	1,612,487.61	0.99%	0.43%	40.00%	YES
FHLB	1,779,011.68	1.09%	0.29%	40.00%	YES
Money Market Funds	320,684.21	0.20%	4.96%	100.00%	YES
Municipal Bonds	1,541,721.39	0.95%	3.63%	25.00%	YES
FLCLASS	59,819,075.47	36.73%	5.59%	50.00%	YES
Total Portfolio Market Value	\$ 162,876,470.98	100.00%	3.53%		

*Security allocations as defined within the City's investment policy statement.

City of Cocoa's Investment Program Review

- ✓ The Federal Open Market Committee (FOMC) began the most aggressive monetary tightening policy in March 2022 increasing the overnight Federal Funds Rate to from 0.25% to 5.50% by July 2023, following two years of zero interest rate policy (ZIRP). This is the highest level in more than two decades. As of December 31, 2023, market expectations are for no additional rate hikes, rather, that the FOMC will need to cut the overnight rate at some during 2024.
- ✓ This monetary policy has also resulted in the highest yields in overnight investment vehicles (LGIPs and MMF strategies) since the early 2000's with rates of more than 5.50% through September 2023.
- ✓ Longer term US Treasury rates have also continued to increase through the end of the fiscal year. The two year US Treasury was 5.05% on September 30th 2023, more than 0.70% higher than the rate of 4.28% on September 30th 2022.
- ✓ We reinvested more than 30% of each portfolio through active management and the higher interest rate environment provided the opportunity for reinvestment in yields as high as 3.5% - 5.0%, the highest yields since 2007. These securities will provide much higher income compared to the securities purchased during the lower interest rate environment.
- ✓ The City has utilized FLCLASS LGIP investment accounts with a yield of 5.59% (September 30, 2023) that the City invests in for daily liquidity. This investment option is AAA rated and provides higher interest earnings compared to the bank deposit rate and provides the same daily liquidity. FLCLASS is benefitting from the significant rise in rates with rates increasing almost daily.
- ✓ City's Operating, Reserve and Restricted portfolios maturity structures are based on historical balances and anticipated cash flow needs as well as serving as longer term reserves. The continued reinvestment within these portfolios during the fiscal year has resulted in higher income opportunities for these assets are benefitting with the reinvestments of securities that will provide higher income for the next 2-4 years. These duration strategies are complementary to the liquidity investments and provide benefits in both rising and declining rate environments.