



INVESTMENT REPORT

JUNE 30, 2019

The Quarterly Investment Report for the City of Athens, Texas, for the quarter ended June 30, 2019 is hereby submitted.

The current depository bank for the City of Athens is Prosperity Bank. The City maintains 17 money market accounts and earns a rate determined by the bank (approximately .35%) and to offset banking expenses for all accounts based on daily balance requirements. Interest bearing checking accounts are now considered an investment under the Public Funds Investment Act and per the 2017 legislative changes. See PFIA Section 2256.009(a), “clarifying that interest-bearing bank accounts insured by FDIC or the National Credit Union Share Insurance Fund are authorized investments.” HB 1003 modified in June 2017.

The City received \$12,175,837.20 of bond proceeds in January 2017 for Series 2017 Certificates of Obligations and the monies were deposited into the Capital Improvement Fund in TexPool. The total interest earned at the bank and the pools were \$93,517.01 for the quarter. The City’s General Fund Emergency Reserve, as designated by Council, is held in a separate TexPool account, in addition to a separate account for General Fund Operating dollars and separate account for Utility Fund Operating dollars.

TexPool average interest rate was 2.417% for the quarter with a weighted average maturity at 32 days. The total TexPool interest earned was \$88,007.49. TexPool’s liquid asset portfolio seeks to maintain a net asset value of \$1 per unit invested to preserve the principal of all pool participants.

Prosperity Bank earned a quarterly interest of \$5,509.52 for all accounts. The bank accounts are insured by a combination of FDIC insurance and pledged securities which are maintained at the HilltopBancSystems, a Division of Hilltop Securities with coverage at 102%.

This report is in compliance with the City of Athens’ investment policy and the Public Funds Investment Act.

Elizabeth Borstad
City Manager

Mandie Quigg
Investment Officer



City of Athens
Cash in the Bank and Investments at June 30, 2019

		Apr-19			May-19			Jun-19			
	Beginning Balance 04/01/2019	Deposits	Withdrawals	Interest Earned	Deposits	Withdrawals	Interest Earned	Deposits	Withdrawals	Interest Earned	Ending Balance 06/30/2019
PROSPERITY BANK											
General Fund											
General Fund #0061	2,737,885.26	1,181,582.85	773,349.48	795.60	1,122,530.66	1,272,297.41	918.99	659,621.35	1,043,045.62	802.83	2,612,927.61
Payroll Clearing #6471	59,954.17	484,484.12	476,175.71	21.29	776,929.48	762,164.64	22.37	495,341.79	517,956.76	14.96	60,412.45
Special Donations Fund #6551	50,893.73	14.64	-	14.64	75.14	80.80	15.14	14.64	-	14.64	50,917.35
Accounts Payable Fund #7011	146,963.09	723,162.17	742,241.15	43.64	1,064,837.35	1,045,278.51	61.29	1,039,345.86	930,656.22	78.76	256,132.59
AEDC Payroll Clearing #0861	19,646.11	75,766.61	28,758.90	16.61	16.69	21,233.56	16.69	9.84	22,197.81	9.84	23,248.98
Airport Fund											
Airport Operations Fund #0811	32,898.34	4,496.08	2,512.95	9.81	3,255.05	11,507.23	10.34	2,546.43	514.16	8.13	28,661.56
Airport Grants Fund #0926	4,329.22	1.25	-	1.25	1.29	-	1.29	1.25	-	1.25	4,333.01
Debt Service Fund											
Interest and Sinking Fund #6981	520,285.59	10,867.49	8,425.02	151.34	11,061.29	-	157.05	3,647.89	11,925.02	151.40	525,512.22
Special Revenue Funds											
Municipal Court Technology Fund #0221	9,596.68	2.76	-	2.76	2.85	-	2.85	2.76	-	2.76	9,605.05
Forfeited Cash-Local #0571	39,330.72	11.31	-	11.31	11.69	-	11.69	11.32	-	11.32	39,365.04
Forfeited Cash-Federal #6041	-	-	-	-	-	-	-	-	-	-	-
Hotel Motel Fund #7281	446,639.29	24,172.27	24,873.34	130.12	25,954.37	34,144.52	133.07	34,177.14	19,487.42	130.12	452,437.79
Energy Grants Fund (AO 11.01 GF Grants) #0491	-	25,201.47	17,115.00	1.47	2.40	-	2.40	2.25	1,911.00	2.25	6,180.12
Downtown Capital Projects Fund #6711	107.92	0.03	-	0.03	0.03	-	0.03	0.03	-	0.03	108.01
Utility Fund											
Utility Fund #6631	1,728,621.96	590,903.65	352,723.65	537.79	598,352.18	709,195.67	604.68	592,757.53	401,677.16	574.94	2,047,038.84
Utility Fund Grants #0651	-	-	-	-	-	-	-	-	-	-	-
2004 W/WW Certificates of Obligation #0141	12,322.37	3.54	-	3.54	3.66	-	3.66	3.55	-	3.55	12,333.12
Subtotal	\$ 5,809,474.45	\$ 3,120,670.24	\$ 2,426,175.20	\$ 1,741.20	\$ 3,603,034.13	\$ 3,855,902.34	\$ 1,961.54	\$ 2,827,483.63	\$ 2,949,371.17	\$ 1,806.78	\$ 6,129,213.74
TEXPOOL INVESTMENTS											
Utility Fund Operating Account #0001	2,045,866.87	4,093.61	-	4,093.61	4,179.40	-	4,179.40	4,020.32	-	4,020.32	2,058,160.20
Capital Improvement Fund #0002	9,636,096.98	19,218.19	44,546.08	19,218.19	19,422.01	162,879.58	19,422.01	18,487.43	84,955.09	18,487.43	9,400,843.86
General Fund Investments #0004	1,171,366.09	2,343.82	-	2,343.82	2,392.89	-	2,392.89	2,301.84	-	2,301.84	1,178,404.64
General Fund Emergency Reserve #0005	1,921,835.48	3,845.43	-	3,845.43	3,926.01	-	3,926.01	3,776.54	-	3,776.54	1,933,383.46
Subtotal	\$ 14,775,165.42	\$ 29,501.05	\$ 44,546.08	\$ 29,501.05	\$ 29,920.31	\$ 162,879.58	\$ 29,920.31	\$ 28,586.13	\$ 84,955.09	\$ 28,586.13	\$ 14,570,792.16
Totals	\$ 20,584,639.87	\$ 3,150,171.29	\$ 2,470,721.28	\$ 31,242.25	\$ 3,632,954.44	\$ 4,018,781.92	\$ 31,881.85	\$ 2,856,069.76	\$ 3,034,326.26	\$ 30,392.91	\$ 20,700,005.90
Quarterly Interest Earned on Prosperity	\$ 5,509.52	0.089890%									
Quarterly Interest Earned on TexPool	\$ 88,007.49	0.603999%									
Total Interest earned 04/01 - 06/30:	\$ 93,517.01										

**PROSPERITY BANK
P O DRAWER G
EL CAMPO, TX 77437**

July 2, 2019

City of Athens
508 E Tyler
Athens, TX 75751

RE: Balance Confirmation

Please accept the following as confirmation of total deposit balances.

\$6,129,213.74

Please let me know if you need any additional information. I can be reached at (979) 541-4227.

Sincerely,

Prosperity Bank
Banking Officer
Accounting - Treasury

1301 N. Mechanic
P O Drawer G
El Campo, TX 77437

Pledge Security Listing

June 30, 2019

ID	CUSIP	Description	Safekeeping Location	Safekeeping Receipt	Coupon	Maturity Date	Call Date	Moody	S&P	Fitch	ASC 320	Face Amount	Current Par	Current Book Value	Market Value	Gain(Loss)
CITY OF ATHENS																
2493	31417ADJ5	FNMA #AB3704	FHLB	x	3.00	10/01/2021		AAA	AA+	AAA	HTM	1,707,164	90,782.92	91,016.90	91,175.68	158.79
2516	3138AXXQ9	FNMA #AJ6086	FHLB	x	3.00	12/01/2026		AAA	AA+	AAA	HTM	1,100,000	235,584.38	236,961.08	240,722.25	3,761.17
3544	31417DRU9	FNMA #AB6798	FHLB		2.00	11/01/2027		AAA	AA+	AAA	HTM	1,001,207	370,126.60	373,230.41	368,939.95	(4,290.46)
3546	31410LKN1	FNMA #890501	FHLB		2.00	11/01/2027		AAA	AA+	AAA	HTM	2,250,000	844,326.23	851,623.42	841,548.51	(10,074.91)
3607	3138EKLX1	FNMA #AL3041	FHLB		2.00	02/01/2028		AAA	AA+	AAA	HTM	2,210,781	853,654.24	859,874.16	846,654.27	(13,219.88)
3997	3138WAR66	FNMA #AS1408	FHLB		3.00	01/01/2029		AAA	AA+	AAA	HTM	1,009,042	362,530.13	367,917.19	372,251.09	4,333.90
3999	3128MMRT2	FHLMC #G18497	FHLB		3.00	01/01/2029		AAA	AA+	AAA	HTM	1,000,000	371,662.69	376,074.99	381,870.64	5,795.64
4002	31418A6C7	FNMA #MA1766	FHLB		2.50	01/01/2024		AAA	AA+	AAA	HTM	1,700,000	392,450.08	395,579.86	394,001.60	(1,578.25)
4189	3128MEBZ3	FHLMC #G15256	FHLB		2.50	12/01/2029		AAA	AA+	AAA	HTM	776,235	341,638.85	345,769.51	345,917.03	147.52
4238	3128MMTJ2	FHLMC #G18552	FHLB		3.00	05/01/2030		AAA	AA+	AAA	HTM	1,500,000	727,397.81	747,645.16	741,945.76	(5,699.40)
4259	3138WFAL0	FNMA #AS5410	FHLB		2.50	07/01/2030		AAA	AA+	AAA	HTM	517,750	279,327.96	280,596.48	281,422.92	826.44
4895	3138WJKU1	FNMA #AS8406	FHLB		2.50	11/01/2031		AAA	AA+	AAA	HTM	1,760,000	1,280,349.96	1,284,036.91	1,289,952.59	5,915.68
5023	3140J9ZS3	FNMA #BM5252	FHLB		3.00	02/01/2038		NR	NR	NR	HTM	550,000	525,015.71	518,482.91	522,915.64	4,432.73
5027	3140JAHLS	FNMA #BM5634	FHLB		4.00	03/01/2034		NR	NR	NR	HTM	1,100,000	1,035,754.66	1,068,877.69	1,068,380.94	(496.75)
Total for CITY OF ATHENS												18,182,179	7,710,602.22	7,797,686.67	7,787,698.87	(9,987.78)



Monthly Newsletter: June 2019

ANNOUNCEMENTS

We welcome the following entities who joined TexPool in May 2019:

TexPool

Montgomery County MUD 137
Bastrop County WCID 2
Belvedere MUD
Lakeside WCID 2A
Lakeside WCID 2B
Lakeside WCID 2C
Lakeside WCID 2D
West Williamson County MUD 2

TexPool Prime

Dripping Springs Community Library
Johnson County
Montgomery County MUD 60
International Leadership of Texas
Montgomery County MUD 6
Montgomery County MUD 7
Montgomery County MUD 36
Montgomery County MUD 39
Montgomery County MUD 46
Montgomery County MUD 47
Montgomery County MUD 67
The Woodlands MUD 1

Upcoming Events

Jun 13, 2019 – Jun 15, 2019
Fort Worth Convention Center, Fort Worth
AWBD Annual Conference

Jun 17, 2019 – Jun 19, 2019, Allen
TASBO Summer Conference

Jun 17, 2019 – Jun 21, 2019, San Antonio
TACCBO Annual Meeting and Conference

Jul 07, 2019 – Jun 09, 2019, San Antonio
TASSCUBO Summer Conference

TexPool Advisory Board Members

David Garcia	Jerry Dale
Patrick Krishock	David Landeros
Belinda Weaver	Sharon Matthews
Deborah Lauder milk	Vivian Wood

Overseen by the State of Texas Comptroller of Public Accounts Glenn Hegar.

Operated under the supervision of the Texas Treasury Safekeeping Trust Company

Economic and Market Commentary: Investors shouldn't go looking for trouble

June 1, 2019

As you learn in Economics 101, financial markets tend to act irrationally. Of course, the emphasis is on high-flying equities, not the grounded Treasury market. But lately, you can make a strong case that investors at the short end of the yield curve are not using common sense. In May the yield curve flattened, briefly twisted (3-month and 1-year Treasury yields dipping below 1-month) and then flattened again, but with the 1-year lower. These days, it appears that the 1-year is joining the larger inversion out the curve.

Perhaps irrational is too strong a word, but recent investor behavior is—to use financial jargon instead of academic textbooks—overdone. The flattener is simply not justified by the domestic economic data that, while moderating, is still strong. We are among the many who think the U.S. is not likely headed to a recession anytime soon. While significant, all of the geopolitical issues circling, such as trade conflicts, central bank easing and Brexit, hardly justify this overreaction. Nor does the likelihood of the Federal Reserve being on hold for the remainder of 2019. The issue seems to be a case of investing via group think.

But some investors may be overthinking. One of the reasons for the recent flattening is a misread, in our view, of a very technical maneuver by the Fed that investors shouldn't

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Performance as of May 31, 2019

	TexPool	TexPool Prime
Current Invested Balance	\$21,351,858,377.08	\$6,845,429,589.36
Weighted Average Maturity**	38	43
Weighted Average Life**	103	68
Net Asset Value	1.00008	1.00008
Total Number of Participants	2564	393
Management Fee on Invested Balance	0.0450%	0.0550%
Interest Distributed	\$44,863,334.27	\$14,949,539.69
Management Fee Collected	\$779,871.22	\$290,681.83
Standard & Poor's Current Rating	AAAm	AAAm

Month Averages

Average Invested Balance	\$22,024,057,945.01	\$6,911,896,658.31
Average Monthly Rate*	2.40%	2.55%
Average Weighted Average Maturity**	35	45
Average Weighted Average Life**	97	68

*This average monthly rate for TexPool Prime for each date may reflect a waiver of some portion or all of each of the management fees.

**See page 2 for definitions.

Past performance is no guarantee of future results.

TexPool Participant Services
1001 Texas Avenue, Suite 1400 • Houston, TX 77002

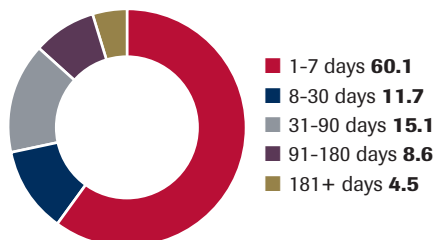
Phone: 1-866-TEXPOOL (839-7665) • Fax: 1-866-839-3291 • TexPool.com
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Served by **Federated**®
G35884-24 (6/19)



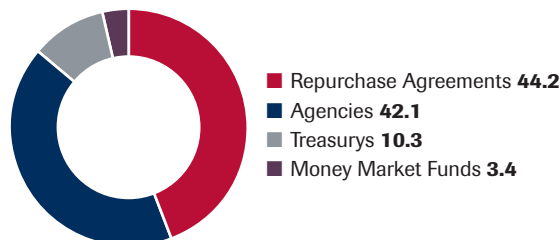
Portfolio by Maturity (%)

As of May 31, 2019



Portfolio by Type of Investment (%)

As of May 31, 2019



Portfolio Asset Summary as of May 31, 2019

	Book Value	Market Value
Uninvested Balance	1,080,301.72	1,080,301.72
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	20,924,149.85	20,924,149.85
Interest and Management Fees Payable	-44,863,403.71	-44,863,403.71
Payable for Investments Purchased	-150,000,000.00	-150,000,000.00
Accrued Expenses & Taxes	-24,451.01	-24,451.01
Repurchase Agreements	9,523,560,000.00	9,523,560,000.00
Mutual Fund Investments	736,074,000.00	736,074,000.00
Government Securities	9,050,304,612.13	9,050,932,869.72
U.S. Treasury Inflation Protected Securities	1,194,960,743.91	1,195,396,736.30
US Treasury Bills	539,334,585.79	539,787,890.01
US Treasury Notes	480,507,838.40	480,706,122.73
Total	\$21,351,858,377.08	\$21,353,574,215.60

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by Federated Investment Counseling and the assets are safe kept in a separate custodial account at State Street Bank in the name of TexPool. The only source of payment to the Participants is the assets of TexPool. There is no secondary source of payment for the pool such as insurance or State guarantee. Should you require a copy of the portfolio, please contact TexPool Participant Services.

Participant Summary

	Number of Participants	Balance
School District	595	\$7,268,520,589.15
Higher Education	59	\$919,884,368.06
Healthcare	84	\$871,955,600.70
Utility District	819	\$3,008,038,824.57
City	471	\$4,872,404,873.37
County	186	\$2,299,690,780.26
Other	350	\$2,109,511,566.99

**Definition of Weighted Average Maturity and Weighted Average Life

WAM is the mean average of the periods of time remaining until the securities held in TexPool (a) are scheduled to be repaid, (b) would be repaid upon a demand by TexPool, or (c) are scheduled to have their interest rate readjusted to reflect current market rates. Securities with adjustable rates payable upon demand are treated as maturing on the earlier of the two dates set forth in (b) and (c) if their scheduled maturity is 397 days or less; and the later of the two dates set forth in (b) and (c) if their scheduled maturity is more than 397 days. The mean is weighted based on the percentage of the amortized cost of the portfolio invested in each period.

WAL is calculated in the same manner as WAM, but is based solely on the periods of time remaining until the securities held in TexPool (a) are scheduled to be repaid or (b) would be repaid upon a demand by TexPool, without reference to when interest rates of securities within TexPool are scheduled to be readjusted.



Daily Summary						
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
5/1	2.4671%	0.000067592	\$22,524,980,475.42	0.99998	34	95
5/2	2.4410%	0.000066877	\$22,523,987,241.99	1.00000	34	95
5/3	2.4198%	0.000066297	\$22,441,848,617.30	1.00000	34	96
5/4	2.4198%	0.000066297	\$22,441,848,617.30	1.00000	34	96
5/5	2.4198%	0.000066297	\$22,441,848,617.30	1.00000	34	96
5/6	2.4062%	0.000065922	\$22,408,059,440.18	1.00001	32	94
5/7	2.4118%	0.000066076	\$22,364,212,471.34	1.00001	34	95
5/8	2.4098%	0.000066021	\$22,313,769,468.39	1.00001	35	96
5/9	2.4009%	0.000065779	\$22,263,198,443.85	1.00001	35	96
5/10	2.3913%	0.000065515	\$22,390,571,361.41	1.00001	35	95
5/11	2.3913%	0.000065515	\$22,390,571,361.41	1.00001	35	95
5/12	2.3913%	0.000065515	\$22,390,571,361.41	1.00001	35	95
5/13	2.3832%	0.000065293	\$22,349,784,859.31	1.00002	33	95
5/14	2.3836%	0.000065305	\$22,227,508,418.14	1.00002	34	96
5/15	2.4173%	0.000066227	\$22,005,010,767.34	1.00002	34	96
5/16	2.4097%	0.000066019	\$21,918,027,883.87	1.00002	34	97
5/17	2.4024%	0.000065820	\$21,879,849,169.92	1.00003	35	97
5/18	2.4024%	0.000065820	\$21,879,849,169.92	1.00003	35	97
5/19	2.4024%	0.000065820	\$21,879,849,169.92	1.00003	35	97
5/20	2.3841%	0.000065318	\$21,797,419,009.88	1.00003	33	95
5/21	2.3827%	0.000065279	\$21,812,280,996.46	1.00003	36	96
5/22	2.3780%	0.000065150	\$21,707,500,540.91	1.00003	37	98
5/23	2.3761%	0.000065098	\$21,649,789,857.12	1.00005	37	98
5/24	2.3757%	0.000065088	\$21,714,472,886.34	1.00004	37	97
5/25	2.3757%	0.000065088	\$21,714,472,886.34	1.00004	37	97
5/26	2.3757%	0.000065088	\$21,714,472,886.34	1.00004	37	97
5/27	2.3757%	0.000065088	\$21,714,472,886.34	1.00004	37	97
5/28	2.3898%	0.000065474	\$21,603,586,878.94	1.00004	37	97
5/29	2.3962%	0.000065650	\$21,517,311,104.99	1.00005	37	100
5/30	2.4005%	0.000065766	\$21,412,811,068.88	1.00004	37	100
5/31	2.4334%	0.000066669	\$21,351,858,377.08	1.00008	38	103
Average:	2.4005%	0.000065767	\$22,024,057,945.01	1.00002	35	97



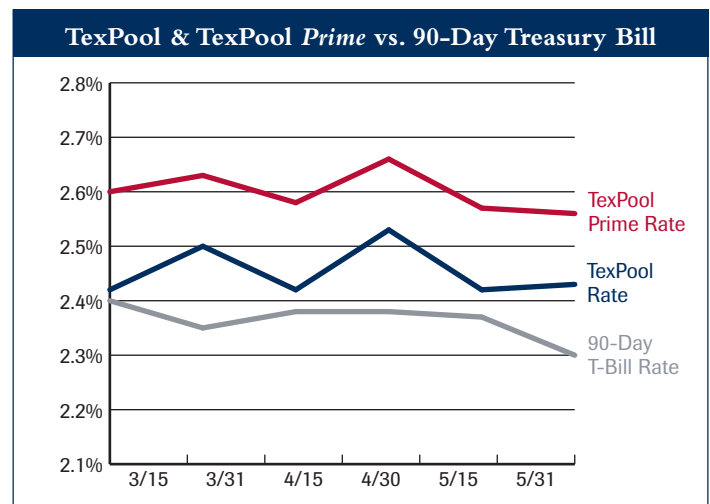
Participant Services
1001 Texas Ave. 14th Floor
Houston, TX 77002

be tracking anyway: interest on excessive reserves (IOER). The story goes like this: by cutting the interest the Fed pays banks on the money they keep in their Fed accounts, policymakers have surreptitiously lowered rates.

Hmmm. People seem to have forgotten that the Fed has lowered IOER twice within the last six months without any market consternation. The only difference is that they were raising the fed funds target rate at the time. With rates on hold, the market seems to be perceiving the reduction as a proxy for a rate cut—the easing that so many have already forecast. But the fact is that the Fed tightened IOER to give it more control over monetary policy from a federal funds perspective, and also to incentivize banks to move funds into the marketplace. It isn't easing.

The good news for cash managers is that liquidity products remain attractive in this environment—especially prime portfolios that use the London interbank offered rate (Libor) that has not inverted—compared to Treasuries and bank deposits, whose rates are falling and weren't great to begin.

One-, 3- and 6-month Treasuries all ended May at 2.3%. London interbank offered rates (Libor) finished the month at 2.43%, 2.50% and 2.52%, respectively. The weighted average maturity (WAM) at month-end was 38 days for TexPool and 43 days for TexPool Prime.



90-Day Treasury Bill is a short-term debt instrument backed by the national government. These are used to collect immediate cash to meet outstanding obligations.

Any private investor can invest in a Treasury bill. The 90-Day Treasury Bill is a weighted average rate of the weekly auctions of 90-Day Treasury Bills.

Past performance is no guarantee of future results.