



## INVESTMENT REPORT

**December 31, 2019**

The Quarterly Investment Report for the City of Athens, Texas, for the quarter ended December 31, 2019 is hereby submitted.

The current depository bank for the City of Athens is Prosperity Bank. The City maintains 20 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. On October 1, 2019 the City defeased \$5,394,871.59 of Series 2017 CO funds as approved by Council in September 2019. As a result of this defeasance, total interest earned at the bank and the pools were \$45,481.63 for the quarter, a significant decrease from the prior period. The City's General Fund Emergency Reserve as designated by Council is also held in a TexPool account along with General Fund Operating dollars and Utility Fund Operating dollars.

TexPool average interest rate was 1.736% for the quarter with a weighted average maturity at 35 days. The total TexPool interest earned was \$41,128.66. 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 \$4,352.97 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.

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Elizabeth Borstad  
City Manager

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Mandie Quigg  
Investment Officer



City of Athens  
Cash in the Bank and Investments at December 31, 2019

		Oct-19			Nov-19			Dec-19			
	Beginning Balance 10/01/2019	Deposits	Withdrawals	Interest Earned	Deposits	Withdrawals	Interest Earned	Deposits	Withdrawals	Interest Earned	Ending Balance 12/31/2019
PROSPERITY BANK											
General Fund											
General Fund #0061	1,462,415.07	1,058,100.29	1,149,799.36	431.34	906,158.83	945,037.56	450.72	1,825,191.63	1,120,564.76	490.89	2,036,464.14
Payroll Clearing #6471	72.41	760,010.98	705,005.20	19.49	602,068.13	585,302.06	13.73	510,993.45	501,651.81	27.10	81,185.90
Special Donations Fund #6551	49,289.85	4,720.64	-	15.06	565.66	-	15.66	3,766.69	2,016.76	16.69	56,326.08
Accounts Payable Fund #7011	517,450.20	1,089,117.13	1,191,201.28	107.08	683,646.74	864,236.23	150.77	1,109,915.29	1,265,815.41	62.50	78,876.44
AEDC Payroll Clearing #0861	68,626.81	15.79	68,626.81	15.79	-	-	-	-	7.27	-	8.52
Airport Fund											
Airport Operations Fund #0811	27,484.26	14,607.65	19,045.62	7.15	3,676.36	2,595.11	6.72	2,157.71	20,803.96	4.83	5,481.29
Airport Grants Fund #0926	4,336.84	1.07	3,263.00	1.07	0.31	-	0.31	0.32	-	0.32	1,075.54
Debt Service Fund											
Interest and Sinking Fund #6981	10,485.37	46,757.05	38,304.71	3.02	42,076.41	43,973.15	6.87	249,143.25	4,022.35	38.04	262,161.87
Special Revenue Funds											
Municipal Court Technology Fund #0221	9,613.53	3,153.63	-	3.10	3.67	-	3.67	3.80	-	3.80	12,774.63
Municipal Court Building Security Fees #5951	-	2,011.87	2,011.87	-	-	-	-	-	-	-	-
Forfeited Cash-Local #0571	39,399.78	11.71	-	11.71	11.34	-	11.34	11.72	-	11.72	39,434.55
Forfeited Cash-Federal #6041	-	-	-	-	-	-	-	-	-	-	-
Hotel Motel Fund #7281	440,173.79	24,320.52	59,808.02	124.19	23,033.52	25,901.69	116.83	36,929.02	24,675.77	121.98	414,071.37
General Grants Fund #0491	4,165.23	9,515.70	-	2.70	3.94	-	3.94	4.07	-	4.07	13,688.94
Downtown Capital Projects Fund #6711	108.10	0.03	-	0.03	0.03	-	0.03	0.03	-	0.03	108.19
Sanitation Fund #5871	-	5,000.61	834.59	0.61	1.12	738.76	1.12	294,148.69	139,258.58	15.66	158,318.49
Cain Center Fund #5791	-	-	-	-	-	-	-	-	-	-	-
Utility Fund											
Utility Fund #6631	2,049,273.22	747,182.80	742,818.11	620.12	703,288.92	265,417.46	660.04	623,598.78	603,687.91	751.13	2,511,420.24
Utility Fund Grants #0651	-	-	-	-	-	-	-	-	-	-	-
2004 W/WW Certificates of Obligation #0141	1.42	-	1.42	-	-	-	-	-	-	-	0.00
Subtotal	\$ 4,682,895.88	# \$ 3,764,527.47	\$ 3,980,719.99	\$ 1,362.46	\$ 2,964,534.98	\$ 2,733,202.02	\$ 1,441.75	\$ 4,655,864.45	\$ 3,682,504.58	\$ 1,548.76	\$ 5,671,396.19
TEXPOOL INVESTMENTS											
Utility Fund Operating Account #0001	2,069,811.33	3,360.25	-	3,360.25	2,858.28	-	2,858.28	2,860.94	-	2,860.94	2,078,890.80
Capital Improvement Fund #0002	9,228,106.83	6,223.12	5,394,871.59	6,223.12	5,242.00	46,789.30	5,242.00	5,227.96	14,969.08	5,227.96	3,788,169.94
General Fund Investments #0004	1,185,075.51	1,923.89	-	1,923.89	1,636.50	-	1,636.50	1,638.07	-	1,638.07	1,190,273.97
General Fund Emergency Reserve #0005	2,315,571.36	3,759.26	-	3,759.26	3,197.66	-	3,197.66	3,200.73	-	3,200.73	2,325,729.01
Subtotal	\$ 14,798,565.03	# \$ 15,266.52	\$ 5,394,871.59	\$ 15,266.52	\$ 12,934.44	\$ 46,789.30	\$ 12,934.44	\$ 12,927.70	\$ 14,969.08	\$ 12,927.70	\$ 9,383,063.72
Totals	\$ 19,481,460.91	\$ 3,779,793.99	\$ 9,375,591.58	\$ 16,628.98	\$ 2,977,469.42	\$ 2,779,991.32	\$ 14,376.19	\$ 4,668,792.15	\$ 3,697,473.66	\$ 14,476.46	\$ 15,054,459.91
Quarterly Interest Earned on Prosperity	\$ 4,352.97	0.076753%									
Quarterly Interest Earned on TexPool	\$ 41,128.66	0.438329%									
Total Interest earned 10/01 - 12/31:	\$ 45,481.63										

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

January 2, 2020

City of Athens  
508 E Tyler  
Athens, TX 75751

RE: Balance Confirmation

Please accept the following as confirmation of total deposit balances.

**\$5,671,396.19**

Please let me know if you need any additional information.

Sincerely,

**Prosperity Bank**  
Banking Officer  
Accounting - Treasury

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

# Pledge Security Listing

December 31, 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	61,103.96	61,220.76	61,482.26	261.49
2516	3138AXXQ9	FNMA #AJ6086	FHLB	x	3.00	12/01/2026		AAA	AA+	AAA	HTM	1,100,000	203,085.71	204,197.16	207,283.32	3,086.16
3544	31417DRU9	FNMA #AB6798	FHLB		2.00	11/01/2027		AAA	AA+	AAA	HTM	1,001,207	330,459.84	333,094.20	329,867.32	(3,226.88)
3546	31410LKN1	FNMA #890501	FHLB		2.00	11/01/2027		AAA	AA+	AAA	HTM	2,250,000	750,844.67	756,970.39	749,503.72	(7,466.68)
3607	3138EKLX1	FNMA #AL3041	FHLB		2.00	02/01/2028		AAA	AA+	AAA	HTM	2,210,781	764,444.45	769,724.12	762,990.21	(6,733.91)
3997	3138WAR66	FNMA #AS1408	FHLB		3.00	01/01/2029		AAA	AA+	AAA	HTM	1,009,042	318,352.33	322,858.18	325,721.21	2,863.03
3999	3128MMRT2	FHLMC #G18497	FHLB		3.00	01/01/2029		AAA	AA+	AAA	HTM	1,000,000	329,799.49	333,537.49	337,590.51	4,053.01
4002	31418A6C7	FNMA #MA1766	FHLB		2.50	01/01/2024		AAA	AA+	AAA	HTM	1,700,000	317,973.73	320,214.17	320,354.99	140.82
4189	3128MEBZ3	FHLMC #G15256	FHLB		2.50	12/01/2029		AAA	AA+	AAA	HTM	776,235	306,241.27	309,788.80	309,754.77	(34.02)
4238	3128MMTJ2	FHLMC #G18552	FHLB		3.00	05/01/2030		AAA	AA+	AAA	HTM	1,500,000	652,822.23	670,283.34	670,261.73	(21.61)
4259	3138WFAL0	FNMA #AS5410	FHLB		2.50	07/01/2030		AAA	AA+	AAA	HTM	517,750	253,955.74	255,058.71	255,542.97	484.26
4895	3138WJKU1	FNMA #AS8406	FHLB		2.50	11/01/2031		AAA	AA+	AAA	HTM	1,760,000	1,174,474.93	1,177,733.19	1,181,815.40	4,082.20
5023	3140J9ZS3	FNMA #BM5252	FHLB		3.00	02/01/2038		AAA	AA+	AAA	HTM	550,000	483,724.15	477,835.91	486,008.52	8,172.60
5027	3140JAHLS	FNMA #BM5634	FHLB		4.00	03/01/2034		AAA	AA+	AAA	HTM	1,100,000	836,960.92	862,971.70	868,572.58	5,600.88
Total for CITY OF ATHENS												18,182,179	6,784,243.42	6,855,488.12	6,866,749.51	11,261.35



## Monthly Newsletter: January 2020

### ANNOUNCEMENTS

**We welcome the following entities who joined TexPool in December 2019:**

#### **TexPool**

Harris County ESD 29

#### **Upcoming Events**

Jan 26, 2020 – Jan 30, 2020  
Austin  
TASA Mid-winter Conference

Feb 23, 2020 – Feb 26, 2020  
San Antonio  
GTOT Winter Seminar

Mar 02, 2020 – Mar 06, 2020  
Houston  
TASBO Annual 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: 2020 Outlook: Optimism and Opportunities**

January 1, 2020

The stereotype of trading in the liquidity markets is that it's a ho-hum job. No battling for deals like those in a stock exchange; just grab whatever offer that comes along. Well, not only is that unconditionally wrong, 2020 might force traders for money markets and the like to be as fierce as those in any sector.

With the Federal Reserve on hold, the yield curve relatively flat and the economy on a low-growth path, liquidity-market firms will contest for every basis point they can get. Relative outperformance will go to those best at identifying situations that can lead to an advantage. There will be periods when the yield curve offers a little more value, giving portfolio managers, analysts and traders opportunity to set them apart. We don't get to talk about our traders often enough. With an average of 16 years of experience and a variety of expertise, we have the utmost confidence in them.

Key to this is how much money flows into the sector. Perhaps it won't rise to the level of the tremendous growth of 2019 but liquidity products should experience solid inflows. There are plenty of people who are uncomfortable about the ebullience of the equity market right now or foresee volatility stemming from the presidential election. If they want to take some of their winnings off the table, the liquidity markets can provide a good home for them. In the current environment, they can offer a competitive return.

*(continued page 6)*

#### **Performance as of December 31, 2019**

	<b>TexPool</b>	<b>TexPool Prime</b>
Current Invested Balance	\$23,487,827,797.25	\$6,600,232,167.44
Weighted Average Maturity**	35	35
Weighted Average Life**	97	77
Net Asset Value	1.00007	1.00010
Total Number of Participants	2595	407
Management Fee on Invested Balance	0.0450%	0.0550%
Interest Distributed	\$30,268,522.39	\$9,278,039.91
Management Fee Collected	\$779,957.52	\$253,335.45
Standard & Poor's Current Rating	AAAm	AAAm

#### **Month Averages**

Average Invested Balance	\$22,302,584,505.58	\$6,177,572,103.24
Average Monthly Rate*	1.62%	1.83%
Average Weighted Average Maturity**	35	36
Average Weighted Average Life**	102	77

\*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.

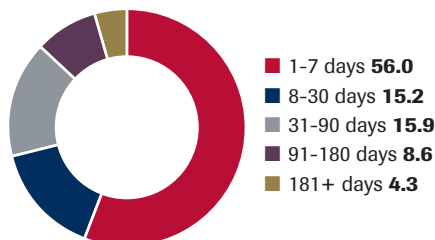
\*\*See page 2 for definitions.

Past performance is no guarantee of future results.



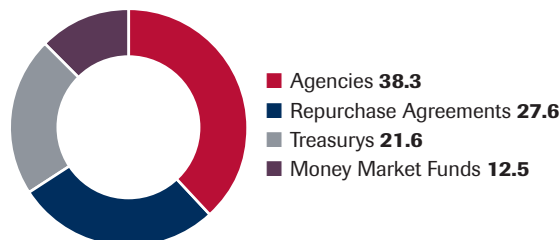
## Portfolio by Maturity (%)

As of December 31, 2019



## Portfolio by Type of Investment (%)

As of December 31, 2019



### Portfolio Asset Summary as of December 31, 2019

	Book Value	Market Value
Uninvested Balance	\$180.73	\$180.73
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	25,152,615.77	25,152,615.77
Interest and Management Fees Payable	-30,366,104.99	-30,366,104.99
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-27,024.55	-27,024.55
Repurchase Agreements	6,491,418,000.00	6,491,418,000.00
Mutual Fund Investments	2,944,074,000.00	2,944,074,000.00
Government Securities	8,975,486,761.86	8,975,276,753.18
U.S. Treasury Inflation Protected Securities	1,065,192,219.98	1,065,228,121.10
US Treasury Bills	2,457,567,349.61	2,458,392,524.90
US Treasury Notes	1,559,329,798.84	1,560,227,943.12
<b>Total</b>	<b>\$23,487,827,797.25</b>	<b>\$23,489,377,009.26</b>

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	597	\$7,645,463,366.65
Higher Education	59	\$1,073,552,402.20
Healthcare	86	\$964,441,108.84
Utility District	828	\$2,991,260,496.29
City	474	\$6,537,525,788.09
County	187	\$2,274,332,524.79
Other	364	\$2,001,024,325.88

### \*\*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
12/1	1.6818%	0.000046076	\$20,930,843,220.28	1.00007	36	108
12/2	1.6873%	0.000046228	\$21,048,767,962.58	1.00006	35	106
12/3	1.6526%	0.000045277	\$21,087,242,478.99	1.00007	35	107
12/4	1.6451%	0.000045072	\$21,178,068,609.72	1.00008	35	107
12/5	1.6383%	0.000044885	\$21,201,770,454.95	1.00008	34	106
12/6	1.6413%	0.000044967	\$21,280,351,036.98	1.00008	35	106
12/7	1.6413%	0.000044967	\$21,280,351,036.98	1.00008	35	106
12/8	1.6413%	0.000044967	\$21,280,351,036.98	1.00008	35	106
12/9	1.6397%	0.000044922	\$21,305,919,968.40	1.00008	33	104
12/10	1.6335%	0.000044754	\$21,283,258,288.77	1.00009	33	103
12/11	1.6281%	0.000044606	\$21,348,044,812.80	1.00009	32	103
12/12	1.6155%	0.000044259	\$21,351,449,428.70	1.00006	34	99
12/13	1.6056%	0.000043990	\$21,876,538,203.74	1.00007	35	101
12/14	1.6056%	0.000043990	\$21,876,538,203.74	1.00007	35	101
12/15	1.6056%	0.000043990	\$21,876,538,203.74	1.00007	35	101
12/16	1.6382%	0.000044881	\$22,795,084,126.05	1.00006	33	94
12/17	1.6265%	0.000044562	\$22,881,246,503.63	1.00005	35	101
12/18	1.6125%	0.000044177	\$22,920,402,748.42	1.00006	35	101
12/19	1.6055%	0.000043987	\$22,832,586,884.20	1.00006	36	102
12/20	1.6020%	0.000043891	\$23,066,584,018.88	1.00006	37	103
12/21	1.6020%	0.000043891	\$23,066,584,018.88	1.00006	37	103
12/22	1.6020%	0.000043891	\$23,066,584,018.88	1.00006	37	103
12/23	1.5980%	0.000043781	\$23,163,187,406.83	1.00006	35	100
12/24	1.5975%	0.000043766	\$23,366,168,216.78	1.00004	35	99
12/25	1.5975%	0.000043766	\$23,366,168,216.78	1.00004	35	99
12/26	1.6183%	0.000044336	\$23,404,663,554.18	1.00005	35	98
12/27	1.6055%	0.000043985	\$23,405,303,748.21	1.00005	37	100
12/28	1.6055%	0.000043985	\$23,405,303,748.21	1.00005	37	100
12/29	1.6055%	0.000043985	\$23,405,303,748.21	1.00005	37	100
12/30	1.6116%	0.000044153	\$23,541,087,970.13	1.00006	34	96
12/31	1.6104%	0.000044120	\$23,487,827,797.25	1.00007	35	97
<b>Average:</b>	<b>1.6226%</b>	<b>0.000044455</b>	<b>\$22,302,584,505.58</b>	<b>1.00006</b>	<b>35</b>	<b>102</b>



Participant Services  
1001 Texas Ave, Suite 1150  
Houston, TX 77002

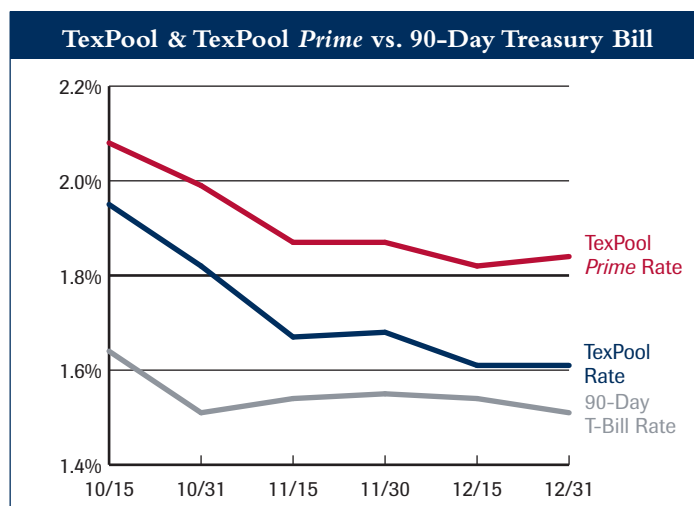
In this regard, 2020 should see liquidity products taking their traditional role of being an asset class that works in tandem with the equity and fixed-income portions of an investor's portfolio.

The Fed was able to ward off volatility in the repo market in the days spanning year-end. Some market participants were concerned rates might spike as they did in September. But through overnight and term operations, the Fed made almost \$500 billion available to primary dealers on Dec. 31. This move proved successful—dealers took down roughly half of it—and repo rates traded well within the federal funds target range.

But policymakers have much more work to do. They would like to avoid intervening daily and even periodically on stress dates such as corporate tax deadlines or quarter-ends and they have established that increasing bank reserves is the most effective means. We think the target is \$1.5 trillion in reserves. The Fed should reach that level in spring of 2020. Then policymakers have to make some more decisions.

Will they back away from being such a major force in the marketplace? Will they continue to cut back on Treasury bill purchases? Would they just end the program or pare the amount from \$60 billion a month to \$50 billion to \$40 billion? We don't think the Fed has worked out the plan yet. Obviously the decision will have enormous consequences for cash managers, especially on the level of supply.

We are optimistic about 2020, and frankly can't wait to do our best work for clients.



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.

The Treasury yield curve ended December with 1-month at 1.47%, 3-month at 1.55%, 6-month at 1.59%. Libor ended December with 1-month at 1.76%, 3-month at 1.91% and 6-month at 1.91%. The weighted average maturity (WAM) at month-end was 35 days for both TexPool and TexPool Prime.