



INVESTMENT REPORT

September 30, 2020

The Quarterly Investment Report for the City of Athens, Texas, for the quarter ended September 30, 2020 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. The General Fund Emergency Reserve, as designated by Council, is held in a TexPool account, General Operating funds and Utility Operating funds. The \$50,000 budgeted transfer for the designated Cain Center Capital Improvement Fund occurred in the month of March. The Series 2020 Debt Service Reserve Fund was established per the bond covenant and contains restricted funds to be held over the life of the City of Athens Series 2020 TWDB bonds.

Average monthly TexPool interest rates for the quarter were 0.21%, 0.18%, 0.15% with average weighted average maturity at 30, 27, and 38 days. Total TexPool interest earned was \$4,605.13. 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 \$8,776.04 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



PROSPERITY BANK[®]

October 1, 2020

City of Athens
508 E Tyler
Athens, TX 75751

RE: Balance Confirmation

Please accept the following as confirmation of total deposit balances.

\$5,511,782.28

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



Pledge Security Listing

September 30, 2020

EL CAMPO, TX

| 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 | | 3.00 | 10/01/2021 | | AAA | AA+ | AAA | HTM | 1,707,164 | 26,196.69 | 26,222.18 | 26,357.33 | 135.15 |
| 2516 | 3138AXXQ9 | FNMA #AJ6086 | FHLB | | 3.00 | 12/01/2026 | | AAA | AA+ | AAA | HTM | 1,100,000 | 156,916.60 | 157,691.53 | 162,530.07 | 4,838.54 |
| 3544 | 31417DRU9 | FNMA #AB6798 | FHLB | | 2.00 | 11/01/2027 | | AAA | AA+ | AAA | HTM | 2,002,414 | 540,359.81 | 544,301.26 | 550,755.36 | 6,454.09 |
| 3546 | 31410LKN1 | FNMA #890501 | FHLB | | 2.00 | 11/01/2027 | | AAA | AA+ | AAA | HTM | 2,250,000 | 611,302.34 | 615,868.91 | 622,672.65 | 6,803.73 |
| 3607 | 3138EKLX1 | FNMA #AL3041 | FHLB | | 2.00 | 02/01/2028 | | AAA | AA+ | AAA | HTM | 2,210,781 | 635,633.47 | 639,654.90 | 647,413.46 | 7,758.56 |
| 3997 | 3138WAR66 | FNMA #AS1408 | FHLB | | 3.00 | 01/01/2029 | | AAA | AA+ | AAA | HTM | 1,009,042 | 239,252.80 | 242,373.79 | 249,217.38 | 6,843.59 |
| 3999 | 3128MMRT2 | FHLMC #G18497 | FHLB | | 3.00 | 01/01/2029 | | AAA | AA+ | AAA | HTM | 1,000,000 | 267,891.64 | 270,718.03 | 279,204.71 | 8,486.68 |
| 4002 | 31418A6C7 | FNMA #MA1766 | FHLB | | 2.50 | 01/01/2024 | | AAA | AA+ | AAA | HTM | 1,700,000 | 216,683.80 | 217,937.16 | 219,784.84 | 1,847.69 |
| 4189 | 3128MEBZ3 | FHLMC #G15256 | FHLB | | 2.50 | 12/01/2029 | | AAA | AA+ | AAA | HTM | 776,235 | 249,713.56 | 252,424.15 | 257,761.15 | 5,337.00 |
| 4238 | 3128MMTJ2 | FHLMC #G18552 | FHLB | | 3.00 | 05/01/2030 | | AAA | AA+ | AAA | HTM | 1,500,000 | 533,915.31 | 547,347.66 | 558,472.47 | 11,124.81 |
| 4259 | 3138WFALO | FNMA #AS5410 | FHLB | | 2.50 | 07/01/2030 | | AAA | AA+ | AAA | HTM | 517,750 | 209,408.97 | 210,260.98 | 216,337.12 | 6,076.13 |
| 4895 | 3138WJKU1 | FNMA #AS8406 | FHLB | | 2.50 | 11/01/2031 | | AAA | AA+ | AAA | HTM | 1,760,000 | 986,813.29 | 989,398.26 | 1,029,369.61 | 39,971.35 |
| 5023 | 3140JZS3 | FNMA #BM5252 | FHLB | | 3.00 | 02/01/2038 | | AAA | AA+ | AAA | HTM | 550,000 | 392,311.88 | 387,700.55 | 406,173.87 | 18,473.32 |
| 5027 | 3140J AHL5 | FNMA #BM5634 | FHLB | | 4.00 | 03/01/2034 | | AAA | AA+ | AAA | HTM | 1,100,000 | 592,073.44 | 609,599.33 | 622,569.84 | 12,970.52 |
| 5474 | 3132D53T7 | FR #SB8010 | FHLB | | 2.50 | 10/01/2034 | | AAA | AA+ | AAA | HTM | 1,000,000 | 721,425.51 | 726,272.50 | 752,536.99 | 26,264.49 |
| Total for CITY OF ATHENS | | | | | | | | | | | | 20,183,386 | 6,379,899.11 | 6,437,771.19 | 6,601,156.85 | 163,385.65 |

Although the information in this report has been obtained from sources believed to be reliable, its accuracy cannot be guaranteed.

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Monthly Newsletter: October 2020

ANNOUNCEMENTS

We welcome the following entities who joined TexPool in September 2020:

TexPool

Culberson County Hospital District
Fort Bend County MUD 24

TexPool Prime

No New Participants

Upcoming Events

Oct 02, 2020 - Oct 04, 2020,
TASA/TASB Annual Conference
Virtual Conference

Oct 14, 2020 - Oct 16, 2020,
TML Annual Conference
Virtual Conference

Oct 20, 2020 - Oct 23, 2020,
TACA Conference
(TX Assoc of County Auditors)
Virtual Conference

Nov 04, 2020 - Nov 06, 2020,
GFOAT Fall Conference
Virtual 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: Viewing the forest

October 1, 2020

It's time for some perspective about the money markets. The historic upheaval in our health and the economy has driven the financial sphere to an almost absurd speed. On occasion the deliberate pace of liquidity products has moved in double time. This new course of business has most of the industry stressing out whenever a new issue arises. Of course, diligence is paramount. But looking up to survey the landscape also is warranted.

Lately it seems many in the financial industry have forgotten we are in a global pandemic, instead viewing troubling events as the acceleration of trends perceived before the coronavirus arrived. A few moves within the money markets, such as some fund closures or shifts, have caused concern about the entire space. But it is natural that the seismic shock would lead some firms to make decisions they hadn't considered pre-Covid.

The real story is how liquidity strategies such as TexPool and TexPool Prime showed their mettle in the dark days of March and that they have served participants well ever since. For all the worry about the prime space, industry assets are only down slightly this year. And a sizable portion of these outflows stem from typical activities, including investors moving excess cash they put on the sidelines for riskier bets or businesses withdrawing it for operations. Without prime funds, pools and the like, corporations and banks would have to find other funding sources, likely at a higher cost, and investors enjoy the

(continued page 6)

Performance as of September 30, 2020

| | TexPool | TexPool Prime |
|-------------------------------------|---------------------|--------------------|
| Current Invested Balance | \$22,880,991,421.60 | \$8,050,365,166.84 |
| Weighted Average Maturity** | 38 | 49 |
| Weighted Average Life** | 108 | 55 |
| Net Asset Value | 1.00032 | 1.00020 |
| Total Number of Participants | 2627 | 428 |
| Management Fee on Invested Balance | 0.0450% | 0.0550% |
| Interest Distributed | \$2,818,847.85 | \$1,675,279.20 |
| Management Fee Collected | \$727,392.54 | \$319,754.69 |
| Standard & Poor's Current Rating | AAAm | AAAm |
| Month Averages | | |
| Average Invested Balance | \$23,278,296,583.66 | \$7,786,820,030.79 |
| Average Monthly Rate* | 0.15% | 0.26% |
| Average Weighted Average Maturity** | 38 | 53 |
| Average Weighted Average Life** | 111 | 56 |

*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.

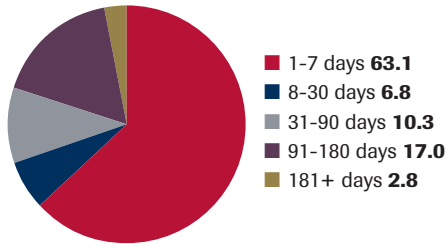
**See page 2 for definitions.

Past performance is no guarantee of future results.



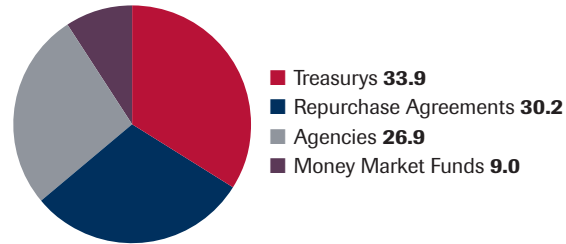
Portfolio by Maturity (%)

As of September 30, 2020



Portfolio by Type of Investment (%)

As of September 30, 2020



Portfolio Asset Summary as of September 30, 2020

| | Book Value | Market Value |
|--|----------------------------|----------------------------|
| Uninvested Balance | \$476,527.19 | \$476,527.19 |
| Receivable for Investments Sold | 0.00 | 0.00 |
| Accrual of Interest Income | 11,610,051.99 | 11,610,051.99 |
| Interest and Management Fees Payable | -2,819,016.31 | -2,819,016.31 |
| Payable for Investments Purchased | -424,868,069.14 | -424,868,069.14 |
| Accrued Expenses & Taxes | -24,068.99 | -24,068.99 |
| Repurchase Agreements | 7,027,660,093.00 | 7,027,660,093.00 |
| Mutual Fund Investments | 2,111,074,000.00 | 2,111,074,000.00 |
| Government Securities | 6,217,544,949.74 | 6,221,572,176.46 |
| U.S. Treasury Inflation Protected Securities | 1,183,190,067.42 | 1,183,865,931.16 |
| U.S. Treasury Bills | 5,631,065,244.12 | 5,631,424,708.36 |
| U.S. Treasury Notes | 1,126,081,642.58 | 1,128,068,171.54 |
| Total | \$22,880,991,421.60 | \$22,888,040,505.25 |

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 | 598 | \$6,141,415,259.25 |
| Higher Education | 59 | \$1,299,256,842.16 |
| Healthcare | 90 | \$1,259,345,391.84 |
| Utility District | 834 | \$2,927,838,224.27 |
| City | 481 | \$6,444,150,332.26 |
| County | 190 | \$2,411,058,390.42 |
| Other | 375 | \$2,397,608,146.78 |

**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 |
|-----------------|--------------------------------------|--------------------|-----------------------------|----------------|-----------|------------|
| 9/1 | 0.1554% | 0.000004258 | \$23,948,407,092.03 | 1.00026 | 34 | 107 |
| 9/2 | 0.1561% | 0.000004276 | \$23,866,832,720.82 | 1.00026 | 35 | 107 |
| 9/3 | 0.1521% | 0.000004167 | \$23,759,610,818.12 | 1.00026 | 36 | 110 |
| 9/4 | 0.1621% | 0.000004442 | \$23,647,567,748.37 | 1.00029 | 37 | 112 |
| 9/5 | 0.1621% | 0.000004442 | \$23,647,567,748.37 | 1.00029 | 37 | 112 |
| 9/6 | 0.1621% | 0.000004442 | \$23,647,567,748.37 | 1.00029 | 37 | 112 |
| 9/7 | 0.1621% | 0.000004442 | \$23,647,567,748.37 | 1.00029 | 37 | 112 |
| 9/8 | 0.1569% | 0.000004299 | \$23,570,876,762.92 | 1.00028 | 36 | 110 |
| 9/9 | 0.1575% | 0.000004315 | \$23,402,503,674.66 | 1.00029 | 37 | 111 |
| 9/10 | 0.1491% | 0.000004085 | \$23,514,644,765.88 | 1.00028 | 37 | 111 |
| 9/11 | 0.1453% | 0.000003980 | \$23,467,691,165.67 | 1.00028 | 38 | 111 |
| 9/12 | 0.1453% | 0.000003980 | \$23,467,691,165.67 | 1.00028 | 38 | 111 |
| 9/13 | 0.1453% | 0.000003980 | \$23,467,691,165.67 | 1.00028 | 38 | 111 |
| 9/14 | 0.1483% | 0.000004063 | \$23,442,662,167.22 | 1.00028 | 36 | 109 |
| 9/15 | 0.1473% | 0.000004035 | \$23,335,898,070.04 | 1.00028 | 37 | 110 |
| 9/16 | 0.1489% | 0.000004079 | \$23,259,628,548.05 | 1.00028 | 39 | 110 |
| 9/17 | 0.1492% | 0.000004087 | \$23,116,304,990.61 | 1.00029 | 39 | 112 |
| 9/18 | 0.1503% | 0.000004117 | \$22,866,144,998.83 | 1.00029 | 41 | 114 |
| 9/19 | 0.1503% | 0.000004117 | \$22,866,144,998.83 | 1.00029 | 41 | 114 |
| 9/20 | 0.1503% | 0.000004117 | \$22,866,144,998.83 | 1.00029 | 41 | 114 |
| 9/21 | 0.1448% | 0.000003967 | \$22,812,362,240.55 | 1.00030 | 39 | 112 |
| 9/22 | 0.1386% | 0.000003797 | \$22,763,815,414.82 | 1.00029 | 39 | 112 |
| 9/23 | 0.1333% | 0.000003652 | \$22,703,474,052.94 | 1.00029 | 39 | 112 |
| 9/24 | 0.1320% | 0.000003617 | \$22,596,054,144.01 | 1.00030 | 39 | 112 |
| 9/25 | 0.1351% | 0.000003701 | \$23,269,736,831.76 | 1.00028 | 39 | 109 |
| 9/26 | 0.1351% | 0.000003701 | \$23,269,736,831.76 | 1.00028 | 39 | 109 |
| 9/27 | 0.1351% | 0.000003701 | \$23,269,736,831.76 | 1.00028 | 39 | 109 |
| 9/28 | 0.1416% | 0.000003880 | \$23,026,691,854.65 | 1.00028 | 37 | 107 |
| 9/29 | 0.1361% | 0.000003728 | \$22,947,148,788.65 | 1.00033 | 38 | 108 |
| 9/30 | 0.1333% | 0.000003651 | \$22,880,991,421.60 | 1.00032 | 38 | 108 |
| Average: | 0.1474% | 0.000004037 | \$23,278,296,583.66 | 1.00029 | 38 | 111 |



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

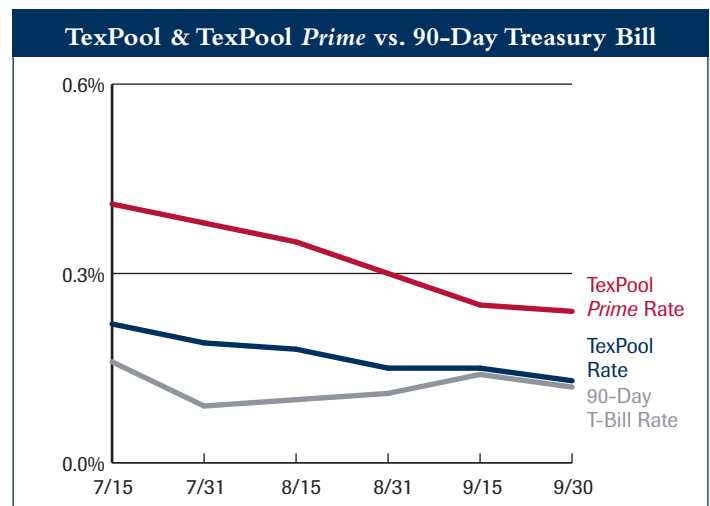
attractive yields relative to deposit products. Prime will remain a player. And yields in government pools should rise when Congress passes a stimulus package (which it will eventually) and when the pandemic's conclusion reverses the massive flight to safety.

The point is, short-term conclusions and long-term speculation are suspect at the moment. Many economic indicators lack credibility. Managers keep an eye on hospitalizations as much as, say, housing. We pay more attention to weekly and regional reports than we did before.

Inflation also should be seen as residing in this camp. The Federal Open Market Committee's projections released last month forecast that PCE inflation will remain below 2% until 2023. There is little question that the tragic job losses will keep consumer spending, and hence inflation, down in the near term. But the trade war was disrupting supply chains before the advent of the coronavirus, and it is possible a vaccine could lead to a swifter bounce-back than many expect. And exactly what is the Federal Reserve's definition of "some time" in its newly announced allowance of inflation to overshoot 2%? Even the deluge of policymaker speeches last month couldn't answer that.

Everyone should take a step back to see the bigger picture.

Treasury yields ended the month with 1-month at 0.08%, 3-month at 0.11%, 6-month at 0.11% and 12-month at 0.13%. Libor ended the month with 1-month at 0.15%, 3-month at



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.

0.23%, 6-month at 0.26% and 12-month at 0.36%. The weighted average maturity (WAM) at month-end was 38 days for TexPool and 49 days for TexPool Prime.



| | | | | | |
|---------------------------------|---|--|--|---|--|
| Deposit Reports | Withdrawal Report Scheduler | Transfer Report Access | Multi Transaction Statements Help / Contact Us | Vendor Payment Inquiry Update Profile | Maintenance Change Location Logout |
|---------------------------------|---|--|--|---|--|

TexPool Participant Services
 1001 Texas Ave, Ste 1150
 Houston, TX 77002

CITY OF ATHENS
ATTN MANDIE QUIGG
 500 E TYLER
 ATHENS TX 75751

Statement Period 09/01/2020 - 09/30/2020
Customer Services 1-866-TEX-POOL

UTILITY FUND OPERATING ACCT

| Pool Name | Beginning Balance | Total Deposit | Total Withdrawal | Total Interest | Current Balance | Average Balance |
|---------------------------|-----------------------|---------------|------------------|-----------------|-----------------------|-----------------|
| TexPool | \$2,835,091.42 | \$0.00 | \$0.00 | \$343.32 | \$2,835,434.74 | \$2,835,102.86 |
| Total Dollar Value | \$2,835,091.42 | \$0.00 | \$0.00 | \$343.32 | \$2,835,434.74 | |

CAPITAL IMPROVEMENT FUND

| Pool Name | Beginning Balance | Total Deposit | Total Withdrawal | Total Interest | Current Balance | Average Balance |
|---------------------------|-----------------------|---------------|----------------------|-----------------|-----------------------|-----------------|
| TexPool | \$3,154,072.18 | \$0.00 | -\$859,863.09 | \$375.58 | \$2,294,584.67 | \$3,067,392.32 |
| Total Dollar Value | \$3,154,072.18 | \$0.00 | -\$859,863.09 | \$375.58 | \$2,294,584.67 | |

GENERAL FUND INVESTMENTS

| Pool Name | Beginning Balance | Total Deposit | Total Withdrawal | Total Interest | Current Balance | Average Balance |
|---------------------------|-----------------------|---------------|------------------|-----------------|-----------------------|-----------------|
| TexPool | \$1,195,730.00 | \$0.00 | \$0.00 | \$144.82 | \$1,195,874.82 | \$1,195,734.83 |
| Total Dollar Value | \$1,195,730.00 | \$0.00 | \$0.00 | \$144.82 | \$1,195,874.82 | |

GENERAL FUND EMERGENCY RESERVE

| Pool Name | Beginning Balance | Total Deposit | Total Withdrawal | Total Interest | Current Balance | Average Balance |
|---------------------------|-----------------------|---------------|------------------|-----------------|-----------------------|-----------------|
| TexPool | \$2,782,599.30 | \$0.00 | \$0.00 | \$337.04 | \$2,782,936.34 | \$2,782,610.53 |
| Total Dollar Value | \$2,782,599.30 | \$0.00 | \$0.00 | \$337.04 | \$2,782,936.34 | |

CAIN CENTER CAPITAL IMPROV FUND

| Pool Name | Beginning Balance | Total Deposit | Total Withdrawal | Total Interest | Current Balance | Average Balance |
|---------------------------|--------------------|---------------|------------------|----------------|--------------------|-----------------|
| TexPool | \$50,065.17 | \$0.00 | \$0.00 | \$6.06 | \$50,071.23 | \$50,065.37 |
| Total Dollar Value | \$50,065.17 | \$0.00 | \$0.00 | \$6.06 | \$50,071.23 | |

SERIES 2020 DEBT SERVICE RESERVE

| Pool Name | Beginning Balance | Total Deposit | Total Withdrawal | Total Interest | Current Balance | Average Balance |
|---------------------------|--------------------|---------------|------------------|----------------|--------------------|-----------------|
| TexPool | \$88,910.32 | \$0.00 | \$0.00 | \$10.72 | \$88,921.04 | \$88,910.68 |
| Total Dollar Value | \$88,910.32 | \$0.00 | \$0.00 | \$10.72 | \$88,921.04 | |

Account Totals

| Pool Name | Beginning Balance | Total Deposit | Total Withdrawal | Total Interest | Current Balance |
|---------------------------|------------------------|---------------|----------------------|-------------------|-----------------------|
| TexPool | \$10,106,468.39 | \$0.00 | -\$859,863.09 | \$1,217.54 | \$9,247,822.84 |
| Total Dollar Value | \$10,106,468.39 | \$0.00 | -\$859,863.09 | \$1,217.54 | \$9,247,822.84 |