



## INVESTMENT REPORT

**June 30, 2018**

The Quarterly Investment Report for the City of Athens, Texas, for the quarter ended June 30, 2018 is hereby submitted.

The current depository bank for the City of Athens is Prosperity Bank. The City maintains 14 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 \$70,436.95 for the quarter.

TexPool average interest rate was 1.81% for the quarter with a weighted average maturity at 27 days. The total TexPool interest earned was \$66,302.43. 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 \$4,134.52 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.

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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 June 30, 2018

		Apr-18			May-18			Jun-18			
	Beginning Balance 4/1/2018	Deposits	Withdrawals	Interest Earned	Deposits	Withdrawals	Interest Earned	Deposits	Withdrawals	Interest Earned	Ending Balance 6/30/2018
<b>PROSPERITY BANK</b>											
<b>General Fund</b>											
General Fund-Operations	2,479,368.57	769,110.26	1,365,269.43	624.81	1,441,584.95	1,295,842.71	611.26	633,812.03	1,139,346.51	548.89	1,523,417.16
Payroll Clearing	185,856.20	510,760.10	527,978.31	54.83	739,493.91	803,891.31	57.08	513,270.15	475,235.30	40.24	142,275.44
Special Donations Fund	57,186.46	16.45	-	16.45	16.93	975.00	16.93	766.30	-	16.30	57,011.14
Accounts Payable Fund	401,281.68	1,373,126.59	1,367,555.07	60.14	1,800,089.34	1,622,459.42	83.36	972,349.70	1,318,453.44	80.48	238,379.38
AEDC Payroll Clearing	12,854.38	72,876.15	23,011.22	9.90	4,327.74	40,062.31	13.76	6.02	18,088.94	6.02	8,901.82
Airport Operations Fund	164,379.52	5,090.71	32,208.95	42.57	3,122.19	512.15	41.15	4,313.99	557.44	40.85	143,627.87
<b>Debt Service Fund</b>											
Interest and Sinking Fund	183,718.27	32,979.94	-	59.70	7,611.55	-	65.91	5,784.13	-	65.56	230,093.89
<b>Special Revenue Funds</b>											
Municipal Court Technology Fund	4,884.97	1.41	-	1.41	1.45	-	1.45	1.41	-	1.41	4,889.24
Forfeited Cash-Local	37,586.69	10.81	-	10.81	1,618.76	-	11.39	11.28	-	11.28	39,227.54
Hotel Motel Fund	736,159.13	34,466.21	23,376.35	213.68	22,800.32	231,381.33	208.67	17,739.09	42,728.51	148.95	513,678.56
<b>Utility Fund</b>	780,106.63	546,884.88	302,147.18	273.39	576,901.50	644,431.95	307.50	681,538.31	486,672.39	323.54	1,152,179.80
<b>Energy Grants Fund</b>	210.53	0.06	-	0.06	0.06	-	0.06	0.06	-	0.06	210.71
<b>2004 W/WW Certificates of Obligation</b>	36,019.54	10.36	-	10.36	10.71	-	10.71	10.37	-	10.37	36,050.98
<b>Downtown Capital Projects Fund</b>	64,107.42	18.44	-	18.44	14.76	64,033.00	14.76	0.03	-	0.03	107.65
<b>Subtotal</b>	<b>\$ 5,143,719.99</b>	<b>\$ 3,345,352.37</b>	<b>\$ 3,641,546.51</b>	<b>\$ 1,396.55</b>	<b>\$ 4,597,594.17</b>	<b>\$ 4,703,589.18</b>	<b>\$ 1,443.99</b>	<b>\$ 2,829,602.87</b>	<b>\$ 3,481,082.53</b>	<b>\$ 1,293.98</b>	<b>\$ 4,090,051.18</b>
<b>TEXPOOL INVESTMENTS</b>											
<b>Utility Fund Operating Account</b>	2,004,010.56	2,751.43	-	2,751.43	2,924.45	-	2,924.45	2,991.46	-	2,991.46	2,012,677.90
<b>Capital Improvement Fund</b>	10,642,559.42	14,475.23	198,826.30	14,475.23	14,889.32	264,892.72	14,889.32	15,166.19	80,462.10	15,166.19	10,142,909.04
<b>General Fund Investments</b>	1,201,909.62	1,650.19	-	1,650.19	1,753.94	-	1,753.94	1,794.09	-	1,794.09	1,207,107.84
<b>General Fund Emergency Reserve</b>	1,828,008.44	2,509.82	-	2,509.82	2,667.62	-	2,667.62	2,728.69	-	2,728.69	1,835,914.57
<b>Subtotal</b>	<b>\$ 15,676,488.04</b>	<b>\$ 21,386.67</b>	<b>\$ 198,826.30</b>	<b>\$ 21,386.67</b>	<b>\$ 22,235.33</b>	<b>\$ 264,892.72</b>	<b>\$ 22,235.33</b>	<b>\$ 22,680.43</b>	<b>\$ 80,462.10</b>	<b>\$ 22,680.43</b>	<b>\$ 15,198,609.35</b>
<b>Totals</b>	<b>\$ 20,820,208.03</b>	<b>\$ 3,366,739.04</b>	<b>\$ 3,840,372.81</b>	<b>\$ 22,783.22</b>	<b>\$ 4,619,829.50</b>	<b>\$ 4,968,481.90</b>	<b>\$ 23,679.32</b>	<b>\$ 2,852,283.30</b>	<b>\$ 3,561,544.63</b>	<b>\$ 23,974.41</b>	<b>\$ 19,288,660.53</b>
Quarterly Interest Earned on Prosperity	\$ 4,134.52	0.101087%									
Quarterly Interest Earned on TexPool	\$ 66,302.43	0.436240%									
<b>Total Interest earned 4/01 - 06/30:</b>	<b>\$ 70,436.95</b>										

**PROSPERITY BANK  
P O DRAWER G  
EL CAMPO, TX 77437  
979-541-4251 phone  
979-543-2971 fax**

June 30, 2018

City of Athens  
508 E Tyler  
Athens, TX 75751

RE: Balance Confirmation

Please accept the following as confirmation of total deposit balances.

\$4,090,051.18

Please let me know if you need any additional information. I can be reached at (979) 541-4251.

Sincerely,

***Jonathon Gormey***

**Prosperity Bank**  
Banking Officer  
1301 N. Mechanic  
P O Drawer G  
El Campo, TX 77437

# Pledge Security Listing

June 30, 2018

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	168,126.79	168,802.37	168,412.72	(389.65)
2516	3138AXXQ9	FNMA AJ6086	FHLB	x	3.00	12/01/2026		AAA	AA+	AAA	HTM	1,100,000	290,980.31	292,907.84	290,255.04	(2,652.79)
3544	31417DRU9	FNMA AB6798	FHLB		2.00	11/01/2027		AAA	AA+	AAA	HTM	1,001,207	452,692.16	456,741.96	436,477.68	(20,264.28)
3546	31410LKN1	FNMA 890501	FHLB		2.00	11/01/2027		AAA	AA+	AAA	HTM	2,250,000	1,030,566.26	1,040,284.52	993,357.81	(46,926.71)
3607	3138EKLX1	FNMA AL3041	FHLB		2.00	02/01/2028		AAA	AA+	AAA	HTM	2,210,781	1,035,708.67	1,043,938.82	997,428.11	(46,510.70)
3997	3138WAR66	FNMA AS1408	FHLB		3.00	01/01/2029		AAA	AA+	AAA	HTM	1,009,042	443,828.19	450,736.05	440,344.14	(10,391.91)
3999	3128MMRT2	FHLMC G18497	FHLB		3.00	01/01/2029		AAA	AA+	AAA	HTM	1,000,000	456,274.14	462,018.45	452,281.74	(9,736.71)
4002	31418A6C7	FNMA MA1766	FHLB		2.50	01/01/2024		AAA	AA+	AAA	HTM	1,700,000	554,576.40	559,867.65	548,708.35	(11,159.31)
4189	3128MEBZ3	FHLMC G15256	FHLB		2.50	12/01/2029		AAA	AA+	AAA	HTM	776,235	412,490.10	417,757.89	399,842.12	(17,915.77)
4238	3128MMTJ2	FHLMC G18552	FHLB		3.00	05/01/2030		AAA	AA+	AAA	HTM	1,500,000	876,236.34	901,932.08	868,569.27	(33,362.81)
4259	3138WFAL0	FNMA AS5410	FHLB		2.50	07/01/2030		AAA	AA+	AAA	HTM	517,750	331,293.19	332,859.48	321,466.21	(11,393.27)
4895	3138WJKU1	FNMA AS8406	FHLB		2.50	11/01/2031		AAA	AA+	AAA	HTM	1,760,000	1,478,499.05	1,483,129.86	1,434,181.04	(48,948.82)
<b>Total for CITY OF ATHENS</b>												<b>16,532,179</b>	<b>7,531,271.60</b>	<b>7,610,976.97</b>	<b>7,351,324.23</b>	<b>(259,652.73)</b>



## Monthly Newsletter: July 2018

### ANNOUNCEMENTS

#### We welcome the following entities who joined TexPool in June 2018:

##### **TexPool**

Travis County ESD 4  
KI Charter Academy  
Rowlett Housing Finance Corporation  
Harris County WCID 161  
City of Colleyville  
Dewitt County Drainage District No. 1  
Brazoria County ESD 2  
Shepherd ISD

##### **TexPool Prime**

Travis County ESD 4  
Rowlett Housing Finance Corporation  
Upper Brushy Creek WCID  
Winkler County  
Dewitt County Drainage District No. 1  
Florence ISD  
Shepherd ISD

#### Upcoming Events

Jul 08, 2018 - Jul 10, 2018, Gaylord Texan Resort & Convention Center, Grapevine  
2018 TASSCUBO Summer Conference

Aug 29, 2018 - Aug 31, 2018, Fairmont, Austin  
2018 TAC Legislative Conference

Sep 28, 2018 - Sep 30, 2018, Austin Convention Center, Austin  
2018 TASA/TASB Annual Convention

Oct 10, 2018 - Oct 12, 2018, Fort Worth Convention Center, Ft. Worth  
2018 Texas Municipal League Conference

#### TexPool Advisory Board Members

Jose Elizondo, Jr.	Vivian Wood
Belinda Weaver	Jerry Dale
Patrick Krishock	Sharon Matthews
Michele Tuttle	David Landeros

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: No more normal?

July 1, 2018

For the Federal Reserve over the last 2½ years, business as normal has been the business of normalizing policy. It looks as if the Fed has finally shifted to tightening.

In mid-June, it raised rates to a target range of 1.75-2%, closer than the Fed has been in more than a decade to its comfort zone. With its summary of economic projections now indicating two more hikes in 2018 (our house call, as well) and three in 2019, quantitative tapering (QT) set to expand to \$40 billion per month in July and Chair Jerome Powell's upbeat assessment of the economy, it appears expansionary policy will soon run its course. We likely are near a bona-fide tightening cycle.

In addition to gushing about the economy, Powell announced that starting in July, he would be holding press conferences after every Federal Open Market Committee meeting instead of every other one. This is the culmination of years of trying to make the Fed's decision-making transparent, a far cry from its tradition of keeping monetary policy a secret. Powell's reasoning is that the markets have stopped even considering rate action in meetings when he doesn't speak. That is true, but the extra pressers could result in occasional unintentional transmitting of information. Case in point: June's hike. While the committee simply indicated it expected

*(continued page 6)*

#### Performance as of June 30, 2018

	TexPool	TexPool Prime
Current Invested Balance	\$18,198,612,856.87	\$4,975,084,306.61
Weighted Average Maturity	24	35
Weighted Average Life	81	65
Net Asset Value	1.00000	1.00006
Total Number of Participants	2486	321
Management Fee on Invested Balance	0.0473%	0.0638%
Interest Distributed	\$27,562,003.66	\$8,971,476.92
Management Fee Collected	\$679,558.72	\$247,375.80
Standard & Poor's Current Rating	AAAm	AAAm

#### Month Averages

Average Invested Balance	\$18,541,382,394.06	\$5,197,744,473.26
Average Monthly Rate	1.81%	2.10%
Average Weighted Average Maturity	27	28
Average Weighted Average Life	81	57

\*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.

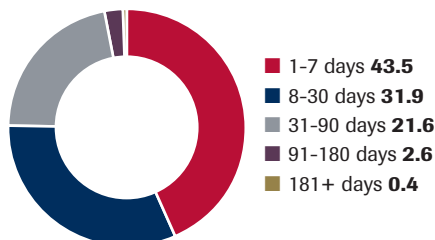
\*\*See page 2 for definitions.

Past performance is no guarantee of future results.



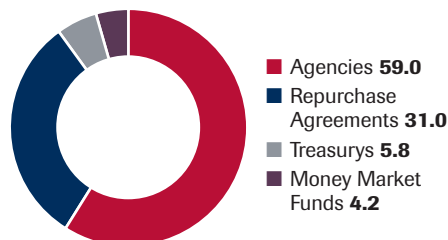
## Portfolio by Maturity (%)

As of June 30, 2018



## Portfolio by Type of Investment (%)

As of June 30, 2018



### Portfolio Asset Summary as of June 30, 2018

	Book Value	Market Value
Uninvested Balance	\$502,384.54	\$502,384.54
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	10,187,786.00	10,187,786.00
Interest and Management Fees Payable	-27,562,047.26	-27,562,047.26
Payable for Investments Purchased	-78,500,000.00	-78,500,000.00
Accrued Expenses & Taxes	-44,418.20	-44,418.20
Repurchase Agreements	5,671,101,000.00	5,671,101,000.00
Mutual Fund Investments	776,022,103.88	776,022,103.88
Government Securities	10,789,947,224.15	10,789,978,701.20
U.S. Treasury Inflation Protected Securities	79,993,367.43	79,985,714.40
US Treasury Bills	727,104,547.22	727,197,501.77
US Treasury Notes	249,860,909.11	249,708,672.00
<b>Total</b>	<b>\$18,198,612,856.87</b>	<b>\$18,198,577,398.33</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	586	\$5,971,145,027.66
Higher Education	57	\$787,903,102.82
Healthcare	82	\$648,473,644.69
Utility District	790	\$2,728,490,816.76
City	460	\$4,238,892,265.04
County	185	\$1,998,979,961.45
Other	326	\$1,824,448,001.72

### \*\*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

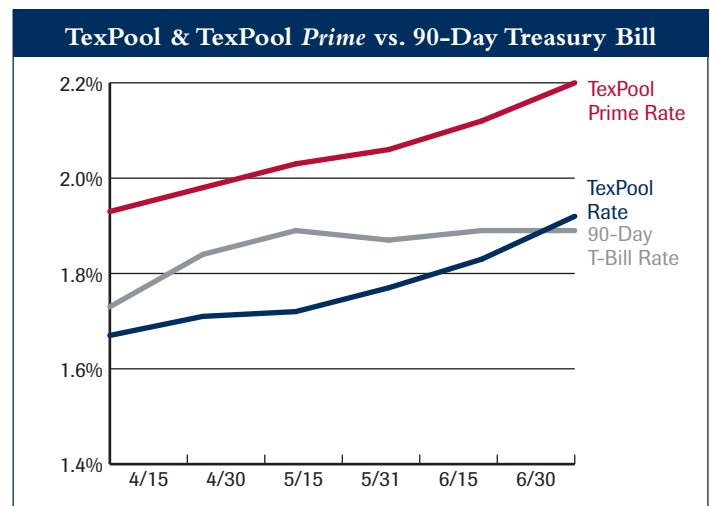
Date	Money Mkt. Fund Equiv. (SEC Std.)	Dividend Factor	TexPool Invested Balance	NAV	WAM Days	WAL Days
6/1	1.7671%	0.000048414	\$18,743,106,312.49	0.99994	30	84
6/2	1.7671%	0.000048414	\$18,743,106,312.49	0.99994	30	84
6/3	1.7671%	0.000048414	\$18,743,106,312.49	0.99994	30	84
6/4	1.7686%	0.000048454	\$18,749,308,172.42	0.99994	27	82
6/5	1.7542%	0.000048061	\$18,699,261,017.05	0.99994	28	81
6/6	1.7526%	0.000048016	\$18,686,145,432.81	0.99993	28	85
6/7	1.7535%	0.000048040	\$18,572,962,463.30	0.99995	28	85
6/8	1.7479%	0.000047887	\$18,737,471,846.41	0.99995	28	84
6/9	1.7479%	0.000047887	\$18,737,471,846.41	0.99995	28	84
6/10	1.7479%	0.000047887	\$18,737,471,846.41	0.99995	28	84
6/11	1.7464%	0.000047846	\$18,793,401,300.40	0.99995	26	81
6/12	1.7440%	0.000047781	\$18,788,749,727.87	0.99996	26	81
6/13	1.7561%	0.000048113	\$18,674,602,441.40	0.99995	26	80
6/14	1.8207%	0.000049881	\$18,574,912,382.02	0.99997	27	81
6/15	1.8295%	0.000050123	\$18,491,842,249.70	0.99997	29	83
6/16	1.8295%	0.000050123	\$18,491,842,249.70	0.99997	29	83
6/17	1.8295%	0.000050123	\$18,491,842,249.70	0.99997	29	83
6/18	1.8302%	0.000050142	\$18,492,040,345.51	0.99997	26	81
6/19	1.8387%	0.000050376	\$18,511,529,756.83	0.99996	27	80
6/20	1.8326%	0.000050208	\$18,490,812,253.91	0.99996	27	80
6/21	1.8338%	0.000050241	\$18,404,673,750.30	0.99996	27	80
6/22	1.8564%	0.000050859	\$18,327,229,408.47	0.99997	27	80
6/23	1.8564%	0.000050859	\$18,327,229,408.47	0.99997	27	80
6/24	1.8564%	0.000050859	\$18,327,229,408.47	0.99997	27	80
6/25	1.8593%	0.000050939	\$18,495,834,185.00	0.99997	25	77
6/26	1.8574%	0.000050888	\$18,454,355,360.38	0.99998	24	76
6/27	1.8672%	0.000051155	\$18,260,776,248.68	0.99998	25	80
6/28	1.8716%	0.000051277	\$18,295,931,819.01	0.99998	24	79
6/29	1.9206%	0.000052620	\$18,198,612,856.87	1.00000	24	81
6/30	1.9206%	0.000052620	\$18,198,612,856.87	1.00000	24	81
<b>Average</b>	<b>1.8110%</b>	<b>0.000049617</b>	<b>\$18,541,382,394.06</b>	<b>.99996</b>	<b>27</b>	<b>81</b>



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

to issue two more 25 basis-point increases this year, Powell painted that info a hawkish hue by using the word “great” to describe the economy when speaking to the press. As the Fed tightens, hikes will become more and more critical and Fed speak more and more scrutinized because too many hikes might precipitate a recession. The “plain-spoken” Powell will need to choose his words carefully.

In June, the 1-month London interbank offered rate (Libor) rose from 1.98% to 2.09%; 3-month increased from 2.31% to 2.34%; and 6-month rose from 2.47% to 2.50%. The bump in the short end made floating-rate securities attractive for cash managers. The prime space saw a substantial supply of these and other short-term instruments, such as commercial and bank paper, and even Treasuries fit because of their still attractive yields on elevated supply. The spread between 3-month Libor and the Overnight Index Swap (OIS) remained wide in the month, not due to poor bank credit but excess short-term Treasury issuance from the Treasury Department and supply coming from Fed QT.



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.