



## INVESTMENT REPORT

**June 30, 2017**

The Quarterly Investment Report for the City of Athens, Texas, for the quarter ended June 30, 2017 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%) to offset banking expenses for all accounts based on daily balance requirements. Interest bearing checking accounts are usually not considered an investment under the Public Funds Investment Act and not subject to the requirements of the act.

The City received \$12,175,837.20 of bond proceeds in January for the Series 2016 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 was \$36,479.65 for the quarter.

TexPool average interest rate was .8817% for the quarter. The total Texpool interest earned was \$29,038.74. 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 \$7,440.91 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 following the City of Athens' investment policy in regards to compliance and the City continues to look for ways to diversify all funds and reduce overall risk.

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Philip Rodriguez  
City Manager

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Marty Coursey, CGFO  
Investment Officer

**Cash in the Bank and Investments at June 30, 2017**

	Apr-17			May-17			Jun-17			Ending Balance	
<b>PROSPERITY BANK</b>	<b>Beginning Balance at 4/1/2017</b>	<b>Deposits</b>	<b>Withdrawals</b>	<b>Interest Earned</b>	<b>Deposits</b>	<b>Withdrawals</b>	<b>Interest Earned</b>	<b>Deposits</b>	<b>Withdrawals</b>	<b>Interest Earned</b>	<b>at 6/30/2017</b>
<b>General Fund</b>											
General Fund-Operations	4,202,504.64	1,276,945.00	844,562.40	1,222.94	768,633.62	1,009,163.99	1,360.63	769,138.70	1,221,848.56	1,242.46	3,945,473.04
Payroll Clearing	161,600.85	495,983.03	497,958.35	53.72	724,425.03	467,674.08	57.53	486,646.94	747,458.13	62.41	155,739.01
Special Donations Fund	67,624.03	-	-	39.46	3,281.02	1,341.37	19.98	10.00	557.75	20.02	69,095.39
Accounts Payable Fund	470,938.93	947,680.65	1,271,002.28	66.11	766,720.75	832,481.50	44.62	1,465,063.74	1,110,505.76	42.89	436,568.15
AEDC Payroll Clearing	32,903.25	53,873.52	14,959.17	20.29	-	19,337.34	18.37	-	22,066.16	12.70	30,465.46
Airport Operations Fund	201,561.75	15,512.98	3,915.05	60.79	2,829.83	16,995.08	61.06	3,356.17	4,723.00	56.96	197,806.41
<b>Debt Service Fund</b>											
Interest and Sinking Fund	501,976.33	5,749.88	20,452.22	143.05	7,964.19	6,172.12	145.23	7,402.10	34,732.32	139.25	462,163.37
<b>Special Revenue Funds</b>											
Municipal Court Technology Fund	589.71	-	-	0.17	-	-	0.18	-	-	0.17	590.23
Forfeited Cash-Local	36,674.69	-	-	10.55	-	-	10.91	-	-	10.56	36,706.71
Hotel/Motel Fund	535,104.90	28,017.37	11,862.25	156.79	28,035.39	17,538.60	166.70	29,209.12	15,934.31	164.43	575,519.54
<b>Utility Fund</b>	1,311,529.25	553,756.37	586,975.14	396.03	606,960.37	499,016.31	404.82	608,400.16	598,393.15	433.49	1,397,495.89
<b>Energy Grants Fund</b>	209.81	-	-	0.06	-	-	0.06	-	-	0.06	209.99
<b>Capital Projects Fund</b>											
2004 W/W Certificates of Obligation	806,605.26	-	-	232.04	-	-	239.84	-	-	232.17	807,309.31
Downtown Capital Projects Fund	111,798.85	-	1,000.00	31.91	-	14,900.00	31.95	-	1,965.00	27.55	94,025.26
<b>Subtotal</b>	<b>8,441,622.25</b>	<b>3,377,518.86</b>	<b>3,252,686.86</b>	<b>2,433.91</b>	<b>2,908,850.20</b>	<b>2,884,620.39</b>	<b>2,561.88</b>	<b>3,369,226.93</b>	<b>3,758,184.14</b>	<b>2,445.12</b>	<b>8,209,167.76</b>
<b>TEXPOOL INVESTMENTS</b>											
Utility Fund Operating Account	1,210,660.92	-	-	708.61	-	-	791.08	-	-	878.45	1,213,039.06
Capital Improvement Fund	12,133,861.61	-	70,755.57	7,072.36	-	-	7,882.26	-	160,679.94	8,733.58	11,926,114.30
General Fund Investments	5,367.22	-	-	3.15	-	-	3.49	-	-	3.91	5,377.77
General Fund Emergency Reserve	1,507,833.81	-	-	882.54	-	-	985.24	-	-	1,094.07	1,510,795.66
2004 W/S bond Capital Projects	-	-	-	-	-	-	-	-	-	-	-
<b>Subtotal</b>	<b>14,857,723.56</b>	<b>-</b>	<b>70,755.57</b>	<b>8,666.66</b>	<b>-</b>	<b>-</b>	<b>9,662.07</b>	<b>-</b>	<b>160,679.94</b>	<b>10,710.01</b>	<b>14,655,326.79</b>
<b>Totals</b>	<b>23,299,345.81</b>	<b>3,377,518.86</b>	<b>3,323,442.43</b>	<b>11,100.57</b>	<b>2,908,850.20</b>	<b>2,884,620.39</b>	<b>12,223.95</b>	<b>3,369,226.93</b>	<b>3,918,864.08</b>	<b>13,155.13</b>	<b>22,864,494.55</b>
Quarterly interest earned on Prosperity	7,440.91	0.090641%									
Quarterly interest earned on Pools	29,038.74	0.198145%									
<b>Total Interest earned for 06/30/2017</b>	<b>36,479.65</b>										



## Monthly Newsletter: July 2017

### ANNOUNCEMENTS

We welcome the following entities who joined TexPool in June 2017:

**TexPool**  
Williamson County ESD 2  
Texas Municipal League Intergovernmental Risk Pool  
Rankin Road West MUD  
Clay Road MUD  
West Central Texas Municipal Water District

**TexPool Prime**  
Texas Municipal League Intergovernmental Risk Pool  
Rankin Road West MUD  
City of Austin  
Clay Road MUD  
Victoria County Junior College District

#### Upcoming Events

Jul 09, 2017 - Jul 11, 2017  
TASSCUBO Summer Conference  
San Antonio

Aug 23, 2017 - Aug 25  
TAC Legislative Conference  
Austin

Sep 11, 2017 - Sep 14, 2017  
69th Annual County Treasurers' of Texas  
Annual Conference  
Dallas/Addison

Oct 03, 2017 - Oct 06, 2017  
TML Conference  
Houston

#### TexPool Advisory Board Members

Jose Elizondo, Jr.	Vivian Wood
Georgia Sanchez	Jerry Dale
Patrick Krushock	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: The quickening pace of rate hikes

July 1, 2017

After years of the same ultra-low rate of zero to 25 basis points, the three hikes the Federal Reserve (Fed) has made in the last six months seems like a stock car race. The conversation about monetary policy isn't whether more rate increases are coming, but how many and how fast.

We see the Fed continuing down the rate normalization track. June's 25 basis-point increase of the target fed funds rate range to 1-1.25%—the third such increase since mid-December 2016—had been priced into the markets. What was a bit of surprise was the specificity of the balance sheet reduction plan the Fed announced with the policy statement after the June Federal Open Market Committee meeting, which likely was done to appease the bond market and avoid a repeat of 2013's taper tantrum. The Fed said it will start removing \$6 billion of Treasury bills and \$4 billion of mortgage-backed securities (MBS) off its balance sheet each month, gradually raising the amount to \$30 billion of Treasuries and \$20 billion of MBS—\$50 billion total—over a six-month period. It didn't say when it will initiate the plan, but we wouldn't be surprised to see it come in the third quarter of this year, before the likely additional rate increase.

*(continued page 6)*

#### Performance as of June 30, 2017

	TexPool	TexPool Prime
Current Invested Balance	\$17,629,314,686.85	\$4,091,205,021.24
Weighted Average Maturity**	38 Days	37 Days
Weighted Average Life**	103 Days	58 Days
Net Asset Value	0.99999	1.00005
Total Number of Participants	2,422	269
Management Fee on Invested Balance	0.0473%	0.0636%
Interest Distributed	\$12,700,921.17	\$3,760,819.00
Management Fee Collected	\$664,101.73	\$175,167.96
Standard & Poor's Current Rating	AAA-m	AAA-m
<b>Month Averages</b>		
Average Invested Balance	\$17,537,246,240.03	\$4,023,846,472.32
Average Monthly Rate*	0.8817%	1.1371%
Average Weighted Average Maturity**	41	56
Average Weighted Average Life**	105	269

\*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.

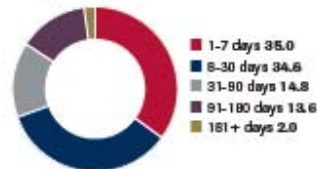
\*\*See page 2 for definitions.

Past performance is no guarantee of future results.



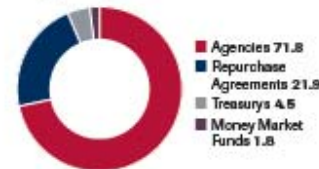
**Portfolio by Maturity (%)**

As of June 30, 2017



**Portfolio by Type of Investment (%)**

As of June 30, 2017



**Portfolio Asset Summary as of June 30, 2017**

	Book Value	Market Value
Uninvested Balance	\$6,008.89	\$6,008.89
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	6,272,108.74	6,272,108.74
Interest and Management Fees Payable	-127,00,934.31	-12,700,934.31
Payable for Investments Purchased	-200,000,000.00	-200,000,000.00
Accrued Expenses & Taxes	-22,206.34	-22,206.34
Repurchase Agreements	3,920,070,000.00	3,920,070,000.00
Mutual Fund Investments	315,022,103.88	315,022,103.88
Government Securities	12,837,094,057.05	12,837,094,057.05
U.S. Treasury Inflation Protected Securities	0.00	0.00
US Treasury Bills	174,456,843.75	174,416,475.00
US Treasury Notes	638,616,105.19	638,324,700.00
<b>Total</b>	<b>17,629,314,686.85</b>	<b>17,629,096,240.30</b>

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by Federal Investment Counseling and the assets are 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	582	\$5,406,886,244.60
Higher Education	57	\$1,314,480,191.65
Healthcare	81	\$832,016,322.88
Utility District	764	\$2,629,205,708.85
City	406	\$4,188,880,198.16
County	185	\$1,723,184,008.79
Other	297	\$1,704,095,417.17

**\*\*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	0.8106%	0.000022208	\$17,612,313,586.02	1.00003	42	105
6/2	0.8058%	0.000022079	\$17,508,050,093.63	1.00004	42	108
6/3	0.8058%	0.000022079	\$17,508,050,093.63	1.00004	42	108
6/4	0.8058%	0.000022079	\$17,508,050,093.63	1.00004	42	108
6/5	0.8075%	0.000022122	\$17,451,803,008.33	1.00004	40	105
6/6	0.8063%	0.000022144	\$17,430,864,200.38	1.00004	39	105
6/7	0.8268%	0.000022710	\$17,446,763,508.82	1.00003	40	105
6/8	0.8367%	0.000022923	\$17,429,623,151.80	1.00003	42	105
6/9	0.8417%	0.000023060	\$17,559,559,205.34	1.00002	42	107
6/10	0.8417%	0.000023060	\$17,559,559,205.34	1.00002	42	107
6/11	0.8417%	0.000023060	\$17,559,559,205.34	1.00002	42	107
6/12	0.8322%	0.000022801	\$17,550,928,114.00	1.00002	41	105
6/13	0.8334%	0.000022894	\$17,684,355,913.30	1.00001	41	104
6/14	0.8474%	0.000023216	\$17,489,717,626.80	1.00000	41	105
6/15	0.9088%	0.000024902	\$17,412,863,336.53	0.99999	40	103
6/16	0.9220%	0.000025261	\$17,340,043,583.13	1.00000	43	107
6/17	0.9220%	0.000025261	\$17,340,043,583.13	1.00000	43	107
6/18	0.9220%	0.000025261	\$17,340,043,583.13	1.00000	43	107
6/19	0.9268%	0.000025448	\$17,359,524,648.85	0.99999	40	104
6/20	0.9275%	0.000025410	\$17,301,038,286.41	0.99999	40	106
6/21	0.9279%	0.000025421	\$17,453,628,338.40	0.99999	40	105
6/22	0.9279%	0.000025422	\$17,482,563,581.52	0.99999	39	101
6/23	0.9300%	0.000025480	\$17,809,821,677.13	0.99999	39	102
6/24	0.9300%	0.000025480	\$17,809,821,677.13	0.99999	39	102
6/25	0.9300%	0.000025480	\$17,809,821,677.13	0.99999	39	102
6/26	0.9468%	0.000025939	\$17,614,455,832.30	1.00000	39	102
6/27	0.9388%	0.000025724	\$17,845,567,451.85	0.99997	39	102
6/28	0.9392%	0.000025732	\$17,602,429,308.84	0.99997	39	102
6/29	0.9450%	0.000025881	\$17,507,038,542.27	0.99997	38	103
6/30	0.9568%	0.000026207	\$17,629,314,886.85	0.99999	38	103
<b>Average:</b>	<b>0.8817%</b>	<b>0.000024156</b>	<b>\$17,537,248,240.93</b>	<b>1.00001</b>	<b>41</b>	<b>105</b>

