



INVESTMENT REPORT

September 30, 2019

The Quarterly Investment Report for the City of Athens, Texas, for the quarter ended September 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 \$86,881.35 for the quarter. 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 2.310% for the quarter with a weighted average maturity at 35 days. The total TexPool interest earned was \$82,123.11. 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 \$4,758.24 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 September 30, 2019

	Beginning Balance 07/01/2019	Jul-19			Aug-19			Sep-19			Ending Balance 09/30/2019
		Deposits	Withdrawals	Interest Earned	Deposits	Withdrawals	Interest Earned	Deposits	Withdrawals	Interest Earned	
PROSPERITY BANK											
General Fund											
General Fund #0061	2,612,927.61	707,281.74	935,350.66	745.74	1,073,412.89	1,135,894.23	697.22	632,516.89	1,492,479.17	555.22	1,462,415.07
Payroll Clearing #6471	60,412.45	510,419.66	509,850.32	16.96	489,591.12	492,388.71	17.20	503,823.19	561,934.98	18.25	72.41
Special Donations Fund #6551	50,917.35	15.00	1,671.32	15.00	14.64	-	14.64	14.18	-	14.18	49,289.85
Accounts Payable Fund #7011	256,132.59	1,912,344.43	1,619,992.03	100.53	1,155,645.45	1,449,516.12	90.32	1,174,919.53	912,083.65	66.46	517,450.20
AEDC Payroll Clearing #0861	23,248.98	75,770.82	21,774.42	20.82	20.97	9,455.24	20.97	1,559.83	744.13	19.67	68,626.81
Airport Fund											
Airport Operations Fund #0811	28,661.56	3,216.43	767.24	9.02	2,071.27	9,194.52	8.98	3,737.32	240.56	7.21	27,484.26
Airport Grants Fund #0926	4,333.01	1.29	-	1.29	1.29	-	1.29	1.25	-	1.25	4,336.84
Debt Service Fund											
Interest and Sinking Fund #6981	525,512.22	13,494.15	535,750.04	85.15	12,534.57	8,425.02	1.59	3,119.49	-	2.70	10,485.37
Special Revenue Funds											
Municipal Court Technology Fund #0221	9,605.05	2.86	-	2.86	2.86	-	2.86	2.76	-	2.76	9,613.53
Forfeited Cash-Local #0571	39,365.04	11.70	-	11.70	11.71	-	11.71	11.33	-	11.33	39,399.78
Forfeited Cash-Federal #6041	-	-	-	-	-	-	-	-	-	-	-
Hotel Motel Fund #7281	452,437.79	30,659.32	30,275.59	134.87	29,799.31	55,904.51	133.05	35,479.19	22,021.72	126.33	440,173.79
Energy Grants Fund (AO 11.01 GF Grants) #0491	6,180.12	1.84	-	1.84	1.84	-	1.84	1.43	2,020.00	1.43	4,165.23
Downtown Capital Projects Fund #6711	108.01	0.03	-	0.03	0.03	-	0.03	0.03	-	0.03	108.10
Utility Fund											
Utility Fund #6631	2,047,038.84	615,158.02	887,138.95	653.65	631,229.46	675,797.45	548.97	764,689.99	445,906.69	572.53	2,049,273.22
Utility Fund Grants #0651	-	-	-	-	-	-	-	-	-	-	-
2004 W/WW Certificates of Obligation #0141	12,333.12	3.67	-	3.67	3.67	-	3.67	1.42	12,340.46	1.42	1.42
Subtotal	\$ 6,129,213.74	\$ 3,868,380.96	\$ 4,542,570.57	\$ 1,803.13	\$ 3,394,341.08	\$ 3,836,575.80	\$ 1,554.34	\$ 3,119,877.83	\$ 3,449,771.36	\$ 1,400.77	\$ 4,682,895.88
TEXPOOL INVESTMENTS											
Utility Fund Operating Account #0001	2,058,160.20	4,173.67	-	4,173.67	3,803.46	-	3,803.46	3,674.00	-	3,674.00	2,069,811.33
Capital Improvement Fund #0002	9,400,843.86	19,007.84	43,849.12	19,007.84	17,174.95	142,266.83	17,174.95	16,399.42	39,203.29	16,399.42	9,228,106.83
General Fund Investments #0004	1,178,404.64	2,389.65	-	2,389.65	2,177.66	-	2,177.66	2,103.56	-	2,103.56	1,185,075.51
General Fund Emergency Reserve #0005	1,933,383.46	3,920.58	-	3,920.58	3,572.86	-	3,572.86	374,694.46	-	3,725.46	2,315,571.36
Subtotal	\$ 14,570,792.16	\$ 29,491.74	\$ 43,849.12	\$ 29,491.74	\$ 26,728.93	\$ 142,266.83	\$ 26,728.93	\$ 396,871.44	\$ 39,203.29	\$ 25,902.44	\$ 14,798,565.03
Totals	\$ 20,700,005.90	\$ 3,897,872.70	\$ 4,586,419.69	\$ 31,294.87	\$ 3,421,070.01	\$ 3,978,842.63	\$ 28,283.27	\$ 3,516,749.27	\$ 3,488,974.65	\$ 27,303.21	\$ 19,481,460.91
Quarterly Interest Earned on Prosperity	\$ 4,758.24	0.101609%									
Quarterly Interest Earned on TexPool	\$ 82,123.11	0.554940%									
Total Interest earned 07/01 - 09/30:	\$ 86,881.35										



Monthly Newsletter: October 2019

ANNOUNCEMENTS

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

TexPool

- Priddy ISD
- Winkler County Hospital District
- Corpus Christi B Corporation
- SpicewoodVFD-EMS Inc.
- Royalwood MUD

TexPool Prime

- SpicewoodVFD-EMS Inc.

Upcoming Events

Oct 09, 2019 - Oct 11, 2019,
Henry B. Gonzalez Convention Center,
San Antonio

TML Conference

Oct 15, 2019 - Oct 18, 2019,
Horseshoe Bay

TACA Conference

(TX Assoc of County Auditors)

Oct 28, 2019 - Oct 30, 2019,
San Antonio

Texas Charter Schools Conference

Nov 06, 2019 - Nov 08, 2019,
Arlington

GFOAT Fall 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: A September to remember

October 1, 2019

Investing has, and probably always will be, a mix of expectations and the unexpected. It's rare for cash managers to face the latter, but in mid-September repo rates for overnight transactions using Treasury and agency collateral vaulted far above the typical levels before the Federal Reserve injected the markets with additional reserves. It was not a credit event, and we were quick to broadcast that. By now, even investors who never pay attention to repo rates have gotten the message.

If you will allow a now-overused saying, it was a case of a perfect storm with corporate tax day for the quarter hitting just as the Treasury issued a large amount (in the \$50 billion range) of net new coupon supply, exacerbated by lower bank reserves parked at the Federal Reserve and by New York Fed staff frankly out of practice with doing daily operations. We are not blaming the Fed for this happening, but saying—and this is a good thing—that the liquidity space has been so stable there's been no need for intervention. Despite being late, the Fed's continuing action to support overnight trading has substantially reduced the risk of this occurring again, in our opinion. The important thing is that policymakers learn from this so that overnight trading works smoother the next time the market is flooded with supply.

There were two more twists in September, both announced at the Federal Open Market Committee (FOMC) meeting. The markets anticipated a quarter-point lowering of the target range to 1.75-2%, but found Chair Jerome Powell's press conference rhetoric less dovish than assumed. This caused the London interbank offered rates (Libor) in the

(continued page 6)

Performance as of September 30, 2019

	TexPool	TexPool Prime
Current Invested Balance	\$20,600,716,651.00	\$5,776,403,117.00
Weighted Average Maturity**	34	32
Weighted Average Life**	107	64
Net Asset Value	1.00007	1.00010
Total Number of Participants	2583	401
Management Fee on Invested Balance	0.0450%	0.0550%
Interest Distributed	\$36,322,542.15	\$10,951,210.35
Management Fee Collected	\$712,778.51	\$228,282.28
Standard & Poor's Current Rating	AAAm	AAAm
Month Averages		
Average Invested Balance	\$20,438,919,026.42	\$5,859,174,320.70
Average Monthly Rate*	2.16%	2.27%
Average Weighted Average Maturity**	36	33
Average Weighted Average Life**	111	63

*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.

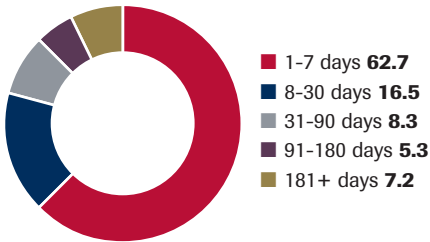
**See page 2 for definitions.

Past performance is no guarantee of future results.



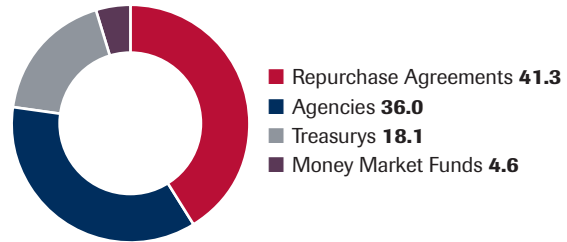
Portfolio by Maturity (%)

As of September 30, 2019



Portfolio by Type of Investment (%)

As of September 30, 2019



Portfolio Asset Summary as of September 30, 2019

	Book Value	Market Value
Uninvested Balance	-\$979,693.41	-\$979,693.41
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	24,278,082.24	24,278,082.24
Interest and Management Fees Payable	-36,322,720.89	-36,322,720.89
Payable for Investments Purchased	0.00	0.00
Accrued Expenses & Taxes	-23,538.67	-23,538.67
Repurchase Agreements	8,520,920,000.00	8,520,920,000.00
Mutual Fund Investments	939,074,000.00	939,074,000.00
Government Securities	7,421,384,804.32	7,422,148,726.78
U.S. Treasury Inflation Protected Securities	995,064,741.36	994,173,112.69
US Treasury Bills	1,428,467,134.40	1,429,155,309.44
US Treasury Notes	1,308,853,841.55	1,309,742,361.49
Total	\$20,600,716,650.90	\$20,602,165,639.67

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	596	\$6,262,052,947.85
Higher Education	59	\$959,234,351.45
Healthcare	86	\$880,876,112.55
Utility District	825	\$2,780,309,182.36
City	471	\$5,364,137,673.61
County	187	\$2,019,064,934.02
Other	359	\$2,332,761,247.33

**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	2.1624%	0.000059244	\$20,484,500,345.68	1.00011	38	113
9/2	2.1624%	0.000059244	\$20,484,500,345.68	1.00011	38	113
9/3	2.1638%	0.000059282	\$20,488,359,379.65	1.00009	35	110
9/4	2.1775%	0.000059658	\$20,427,838,990.26	1.00010	35	110
9/5	2.1784%	0.000059682	\$20,471,496,619.06	1.00009	34	110
9/6	2.1618%	0.000059227	\$20,420,161,368.40	1.00010	35	111
9/7	2.1618%	0.000059227	\$20,420,161,368.40	1.00010	35	111
9/8	2.1618%	0.000059227	\$20,420,161,368.40	1.00010	35	111
9/9	2.1299%	0.000058354	\$20,340,099,977.94	1.00009	34	109
9/10	2.1407%	0.000058648	\$20,347,359,798.90	1.00007	36	110
9/11	2.1470%	0.000058822	\$20,278,184,998.60	1.00008	36	110
9/12	2.1565%	0.000059082	\$20,307,959,170.16	1.00006	36	111
9/13	2.1626%	0.000059248	\$20,341,891,161.88	1.00004	37	111
9/14	2.1626%	0.000059248	\$20,341,891,161.88	1.00004	37	111
9/15	2.1626%	0.000059248	\$20,341,891,161.88	1.00004	37	111
9/16	2.2414%	0.000061408	\$20,361,525,745.40	1.00003	35	108
9/17	3.2992%	0.000090388	\$20,372,194,696.85	1.00002	37	110
9/18	2.6567%	0.000072787	\$20,354,641,268.40	1.00002	37	110
9/19	2.1279%	0.000058299	\$20,219,324,757.56	1.00001	38	113
9/20	2.0333%	0.000055707	\$20,254,365,330.08	1.00002	39	114
9/21	2.0333%	0.000055707	\$20,254,365,330.08	1.00002	39	114
9/22	2.0333%	0.000055707	\$20,254,365,330.08	1.00002	39	114
9/23	1.9982%	0.000054744	\$20,216,342,317.82	1.00004	37	112
9/24	2.0248%	0.000055473	\$20,165,889,792.05	1.00004	37	112
9/25	2.0334%	0.000055709	\$20,912,015,293.37	1.00003	36	108
9/26	1.9921%	0.000054579	\$20,876,873,261.85	1.00002	35	108
9/27	1.9675%	0.000053903	\$20,802,831,267.08	1.00004	36	109
9/28	1.9675%	0.000053903	\$20,802,831,267.08	1.00004	36	109
9/29	1.9675%	0.000053903	\$20,802,831,267.08	1.00004	36	109
9/30	2.1371%	0.000058552	\$20,600,716,651.00	1.00007	34	107
Average:	2.1635%	0.000059274	\$20,438,919,026.42	1.00006	36	111



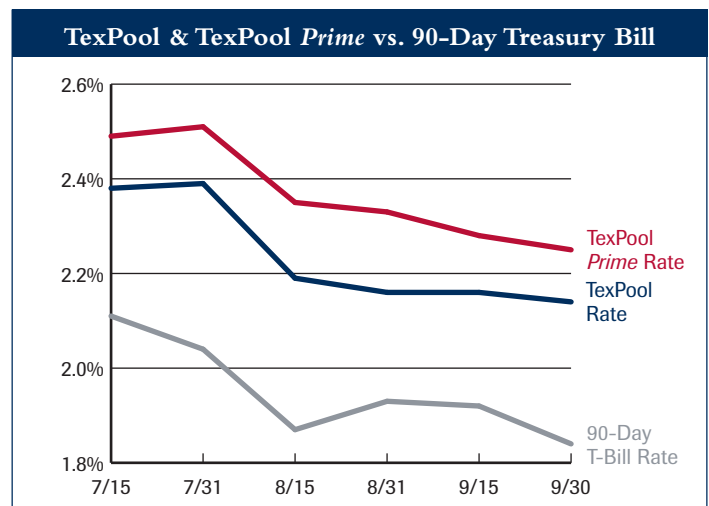
Participant Services
 1001 Texas Ave. Suite 1150
 Houston, TX 77002

6- to 12-month part of the curve to climb higher than before the cut, the futures market to suggest only one cut by year-end and the Libor curve to slope positively.

The latter shift was counterintuitive. A decrease in rates normally impacts the entire short-term curve, but that was not the case after the Fed's reduction in September. It was sort of a reverse of the December 2018 meeting, at which the Fed raised rates yet investors started doubting that quarterly hikes would continue. In any case, it was a pleasant surprise and gave us buying opportunities further out the curve.

The other twist was that the Fed lowered the reverse repo program (RRP) rate by 30 basis points. This facility is designed to give participants a safety net for overnight transactions. Since RRP started in 2016, this "floor" has equaled the low end of the fed funds rate range; now it is 1.70% and 5 basis points below the lower bound of that range. That is a bit of a headscratcher. Policymakers have been lowering interest paid on excess bank reserves parked at the Fed (IOER), so it would seem this is part of their attempt to control the process. They may need to buttress daily operations with new quantitative easing at some point: call it QE-light.

So where does that put us now? Despite certain domestic and global uncertainties, the U.S. economy is moderating but still growing. Consumer spending is strong, manufacturing is weakening but not contracting, the housing market is solid and employment outstanding. If policymakers reiterate at the October FOMC meeting that they are data dependent and some key issues such as trade are resolved, rates might stabilize in 2020. At present, the wait-and-see approach seems wiser than heady expectations.



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 September with 1-month at 1.9%, 3-month at 2.83%, 6-month at 1.83% and 12-month at 1.77%. Libor ended the month with 1-month at 2.03%, 3-month at 2.10%, 6-month at 2.06% and 12-month at 2.04%. The weighted average maturity (WAM) at month-end was 34 days for TexPool and 32 days for TexPool Prime.

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

October 1, 2019

City of Athens
508 E Tyler
Athens, TX 75751

RE: Balance Confirmation

Please accept the following as confirmation of total deposit balances.

\$4,682,895.88

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

September 30, 2019

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	x	3.00	10/01/2021		AAA	AA+	AAA	HTM	1,707,164	76,123.69	76,293.80	76,461.63	167.83
2516	3138AXXQ9	FNMA #AJ6086	FHLB	x	3.00	12/01/2026		AAA	AA+	AAA	HTM	1,100,000	217,458.13	218,689.78	222,189.45	3,499.67
3544	31417DRU9	FNMA #AB6798	FHLB		2.00	11/01/2027		AAA	AA+	AAA	HTM	1,001,207	353,834.20	356,730.23	353,533.23	(3,197.00)
3546	31410LKN1	FNMA #890501	FHLB		2.00	11/01/2027		AAA	AA+	AAA	HTM	2,250,000	795,849.68	802,537.75	795,238.18	(7,299.58)
3607	3138EKLX1	FNMA #AL3041	FHLB		2.00	02/01/2028		AAA	AA+	AAA	HTM	2,210,781	805,245.87	810,960.40	804,647.12	(6,313.28)
3997	3138WAR66	FNMA #AS1408	FHLB		3.00	01/01/2029		AAA	AA+	AAA	HTM	1,009,042	344,558.08	349,549.54	353,810.18	4,260.64
3999	3128MMRT2	FHLMC #G18497	FHLB		3.00	01/01/2029		AAA	AA+	AAA	HTM	1,000,000	350,746.55	354,819.92	360,357.81	5,537.89
4002	31418A6C7	FNMA #MA1766	FHLB		2.50	01/01/2024		AAA	AA+	AAA	HTM	1,700,000	356,083.51	358,751.70	357,823.22	(928.48)
4189	3128MEBZ3	FHLMC #G15256	FHLB		2.50	12/01/2029		AAA	AA+	AAA	HTM	776,235	323,325.60	327,155.13	327,265.64	110.52
4238	3128MMTJ2	FHLMC #G18552	FHLB		3.00	05/01/2030		AAA	AA+	AAA	HTM	1,500,000	689,893.88	708,724.95	704,554.12	(4,170.83)
4259	3138WFALO	FNMA #AS5410	FHLB		2.50	07/01/2030		AAA	AA+	AAA	HTM	517,750	266,490.05	267,673.99	268,155.61	481.62
4895	3138WJKU1	FNMA #AS8406	FHLB		2.50	11/01/2031		AAA	AA+	AAA	HTM	1,760,000	1,227,715.28	1,231,182.20	1,235,388.50	4,206.30
5023	3140JZS3	FNMA #BM5252	FHLB		3.00	02/01/2038		AAA	AA+	AAA	HTM	550,000	505,255.66	499,036.94	507,364.05	8,327.11
5027	3140J AHL5	FNMA #BM5634	FHLB		4.00	03/01/2034		AAA	AA+	AAA	HTM	1,100,000	938,790.93	968,380.40	973,159.43	4,779.03
Total for CITY OF ATHENS												18,182,179	7,251,371.11	7,330,486.73	7,339,948.17	9,461.44