



Legislation Text

File #: RPT 18-009, **Version:** 1

Acceptance of Quarterly Investment Report (October - December 2017).

Summary: Chapter 2, Administration, Article VII (Finance), All of Division 2 (Investment Policy), Section 2-274 Reporting, of the Code of Ordinances of the City of Deer Park, requires the Investment Officers to prepare and submit to City Council an investment report no less than on a quarterly basis. This requirement is in compliance with the Texas Public Funds Investment Act, V.T.C.A., Government Code Ch. 2256 as amended (the "Act"). The City's Investment Officers have worked with the Investment Advisor to prepare and have signed this report for the quarter ended December 31, 2017.

At December 31, 2017, all City funds were held in various depository accounts or in accounts at TexPool or TexSTAR, which are local government investment pools authorized by the Investment Policy. Both pools continue to maintain their AAAM rating by Standard & Poor's, which is the highest rating a local government investment pool can achieve.

Cash and investment activity included on the attached report is summarized below:

Cash in Wells Fargo (Depository Bank)	\$ 27,260,593
Money Market Accounts	14,166,466
Certificates of Deposit	24,190,555
TexPool	30,634,600
TexSTAR	29,517,267
Total Book Value	\$125,769,481

Working with the City's investment advisor, the City has diversified the portfolio during the past year with current investments of \$38,357,021 in various depository banks through money market accounts and certificates of deposit. These investments represent about 30 percent of the portfolio.

These depository investments are earning between 1.20% and 1.71%. Comparatively, rates in the investment pools averaged 1.0863% and 1.0980% for the quarter in TexPool and TexSTAR, respectively. The new depository investments have increased investment earnings, and the City continues to review and evaluate investment opportunities for safety, liquidity, and yield.

At the end of the first quarter of Fiscal Year 2017-2018, investments in TexPool totaled \$30,634,600, which is a net increase of \$83,754 from the previous quarter. This net increase represents interest earnings for the quarter. The TexPool funds earned an average 1.0863% for the quarter (October -

December) or 9.12 basis points higher than the average for the previous quarter (note: a basis point is equal to 1/100 of a percentage point so 0.01 equals 1 basis point). On December 31, 2017, TexPool was earning 1.2803%.

Investments in TexSTAR at the end of the first quarter of the fiscal year totaled \$29,517,267, which is a net increase of \$5,270,043 from the previous quarter. This increase represents the proceeds associated with the \$5,150,000 Certificates of Obligation, Series 2017-A issued as part of the 10-year capital improvement program for water and sewer projects and interest earnings for the quarter. The TexSTAR funds earned an average 1.0980% for the quarter or 7.95 basis points higher than the average for the previous quarter. On December 31, 2017, TexSTAR was earning 1.2938%.

The federal funds rate, still shown as a range, was last increased in December 2017 to 1.25% - 1.50% (from the previous 1.00% - 1.25%). As a result of market changes, the City continues to see higher interest earnings. The 1.03% weighted average yield for the first quarter ended December 31, 2017 is below the 1.23% rolling average yield of the three-month U.S. Treasury Bill for the quarter. The City's weighted average yield for the fiscal year-to-date at December 31, 2017 is 1.03%, which is 6.0 basis points higher than the previous quarter. Currently about 21.7 percent of the portfolio is in the City's depository bank.

Fiscal/Budgetary Impact:

N/A.

Accept the Investment Report for the Quarter Ended December 31, 2017.