



## Legislation Text

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**File #:** RPT 19-022, **Version:** 1

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Acceptance of Quarterly Investment Report for the quarter ended March 31, 2019.

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 March 31, 2019.

At March 31, 2019, all City funds were held in various depository accounts or in accounts at TexPool, TexSTAR, or Texas CLASS which are local government investment pools authorized by the Investment Policy. All three 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)	\$ 10,475,516
Money Market Accounts	2,077,645
Certificates of Deposit	43,497,518
TexPool	25,368,738
TexSTAR	23,747,800
Texas CLASS	6,395,595
Total Book Value	\$111,562,812

Working with the City's investment advisor, the City has diversified the portfolio during the last few years with current investments of \$45,575,163 in various depository banks through money market accounts and certificates of deposit. At the end of the quarter, these investments represent about 40.9 percent of the portfolio.

These depository investments are earning between 2.30% and 3.05%. Comparatively, rates in the investment pools averaged 2.4009%, 2.4112%, and 2.4195% for the quarter in TexPool, TexSTAR, and Texas Class, respectively. The City continues to review and evaluate investment opportunities for safety, liquidity, and yield.

At the end of the second quarter of Fiscal Year 2018-2019, investments in TexPool totaled \$25,368,738, which is a net increase of \$149,602 from the previous quarter. This increase represents interest earnings for the quarter. The TexPool funds earned an average 2.4009% for the quarter (January - March 2019) or 18.96 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 March 31, 2019, TexPool was earning 2.5026%.

Investments in TexSTAR at the end of the second quarter of the fiscal year totaled \$23,747,800, which is an increase of \$140,078 from the previous quarter. This increase represents interest earnings for the quarter. The TexSTAR funds earned an average 2.4112% for the quarter or 17.30 basis points higher than the average for the previous quarter. On March 31, 2019, TexSTAR was earning 2.4322%.

Investments in Texas CLASS at the end of the second quarter of the fiscal year totaled \$6,395,595, which is an increase of \$38,528 from the previous quarter. This increase represents interest earnings for the quarter. The Texas CLASS funds earned an average 2.4195% for the quarter or 8.16 basis points higher than the average for the previous quarter. On March 31, 2019, Texas CLASS was earning 2.4651%.

The federal funds rate, still shown as a range, was last increased on December 19, 2018 to 2.25% - 2.50% (from the previous 2.00% - 2.25%). At the most recent meeting of the Federal Open Market Committee (FOMC) on March 20, 2019, the FOMC did not change the federal funds rate, and current indications are that there will be no rate increases during the remainder of 2019. Market rates have been declining as a result. The 2.36% weighted average yield for the second quarter ended March 31, 2019 is slightly below the 2.37% rolling average yield of the three-month U.S. Treasury Bill for the quarter. The City's weighted average yield of 2.13% for the fiscal year-to-date at March 31, 2019 is 24.0 basis points higher than the previous quarter. Currently about 9.39 percent of the portfolio is in the City's depository bank as the City has worked to reallocate these monies into higher yielding investments.

Fiscal/Budgetary Impact:

N/A.

Accept the Investment Report for the Quarter Ended March 31, 2019.