



QUARTERLY INVESTMENT REPORT

For the Quarter Ended

December 31, 2015

Prepared by

Valley View Consulting, L.L.C.

The investment portfolio of the Edwards Aquifer Authority is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.

Felix Marquez, Executive Director - Administration & Financial Services

Shelly Hendrix, Controller - Administration & Financial Services

Disclaimer: These reports were compiled using information provided by the Edwards Aquifer Authority. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations, these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields and do not account for investment advisor fees.

**The Edwards Aquifer Authority
Annual Comparison of Portfolio Performance**

FYE Results by Investment Category:

December 31, 2015				December 31, 2014		
<u>Asset Type</u>	<u>Avg. Yield</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Avg. Yield</u>	<u>Book Value</u>	<u>Market Value</u>
DDA/MMA/NOW	0.30%	\$ 46,723,121	\$ 46,723,121	0.24%	\$ 41,590,506	\$ 41,590,506
Securities/CDs	0.71%	1,960,000	1,960,000	0.75%	1,616,500	1,616,500
Totals		\$ 48,683,121	\$ 48,683,121		\$ 43,207,006	\$ 43,207,006
				<u>2015</u>	<u>2014</u>	<u>Change</u>
Total Portfolio (1)				0.28%	0.25%	0.03%
Rolling Three Mo. Treas. Yield				0.05%	0.03%	0.02%
Rolling Six Mo. Treas. Yield				0.14%	0.07%	0.07%
Quarterly TexPool Yield				0.09%	0.03%	0.06%

(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

Summary

Quarter End Results by Investment Category:

<u>Asset Type</u>	<u>Avg. Yield</u>	<u>December 31, 2015</u>		<u>September 30, 2015</u>	
		<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
DDA/MMA/NOW	0.30%	\$ 46,723,121	\$ 46,723,121	\$ 44,824,786	\$ 44,824,786
Securities/CDs	0.71%	1,960,000	1,960,000	1,960,000	1,960,000
Totals		\$ 48,683,121	\$ 48,683,121	\$ 46,784,786	\$ 46,784,786

Average Yield (1)		Fiscal Year-to-Date Average Yield (2)	
Total Portfolio	0.32%	Total Portfolio	0.28%
Rolling Three Mo. Treas. Yield	0.13%	Rolling Three Mo. Treas. Yield	0.05%
Rolling Six Mo. Treas. Yield	0.25%	Rolling Six Mo. Treas. Yield	0.14%
		Quarterly TexPool Yield	0.09%

Quarterly Interest Income \$ 30,117 Approximate
Year-to-date Interest Income \$ 107,970 Approximate

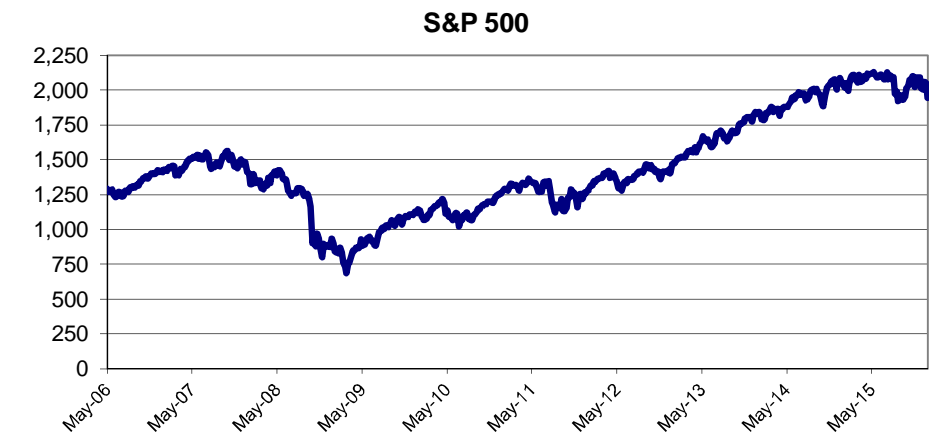
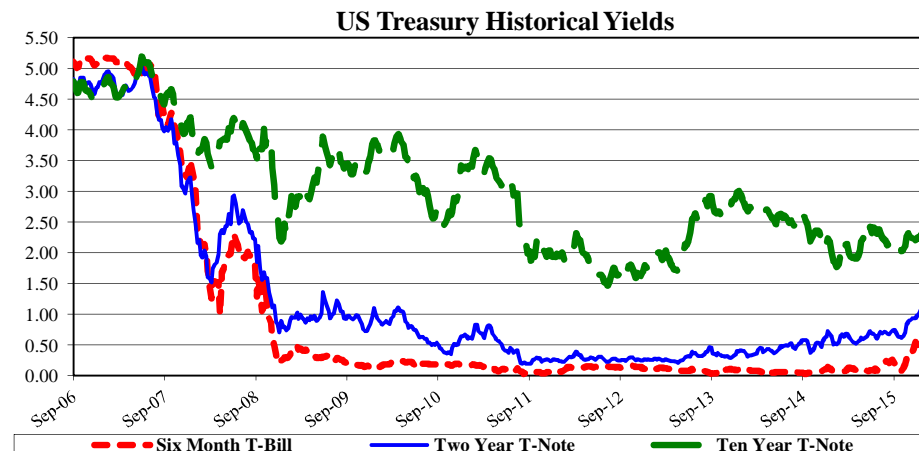
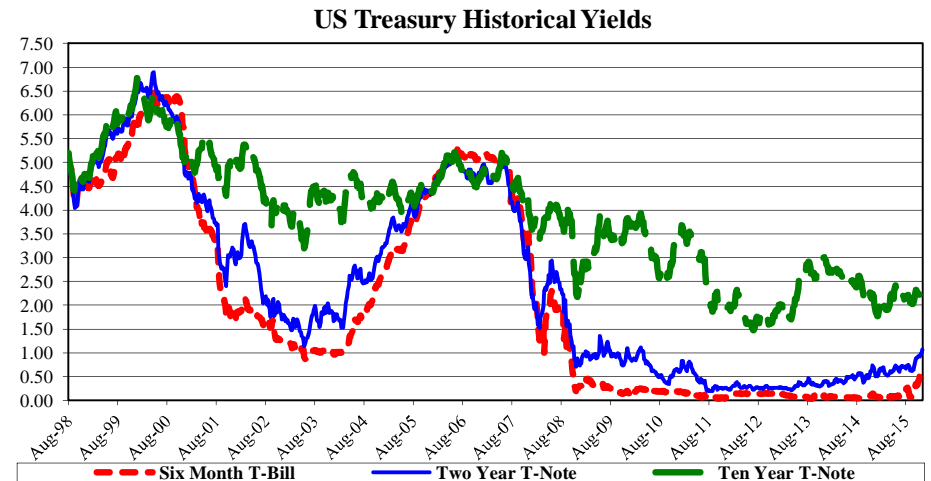
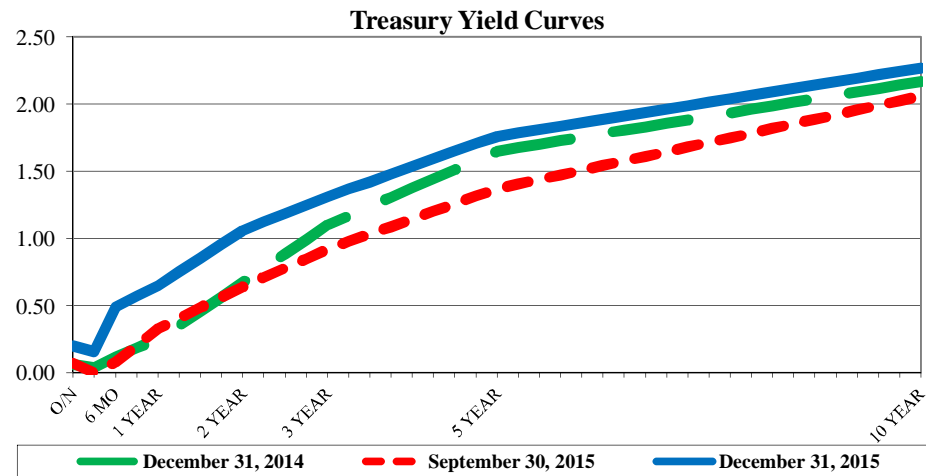
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(2) Fiscal Year-to-Date Average Yields calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees. First two quarters are estimated using staff-generated monthly reports

Economic Overview

12/31/2015

The Federal Open Market Committee (FOMC) raised the Fed Funds target range to 0.25% - 0.50% (actual Fed Funds traded +/-30 bps). The market reacted with higher short to medium term yields. Ten year and longer yields did not increase beyond the current trading range. The December new payroll numbers jumped +292k, with additional positive Oct/Nov adjustments. The Chinese economy and stock market turmoil grabbed international attention. US stock markets dropped in sympathy, but tried to stabilize. Broader international social and economic concerns continue, with the European Central Bank continuing its easing program. Treasury and Agency security yields are attractive for cash-flow based laddering. Although Bank CDs and municipal bonds may still offer the best interest earnings opportunity, if available.



Detail of Investment Holdings
December 31, 2015

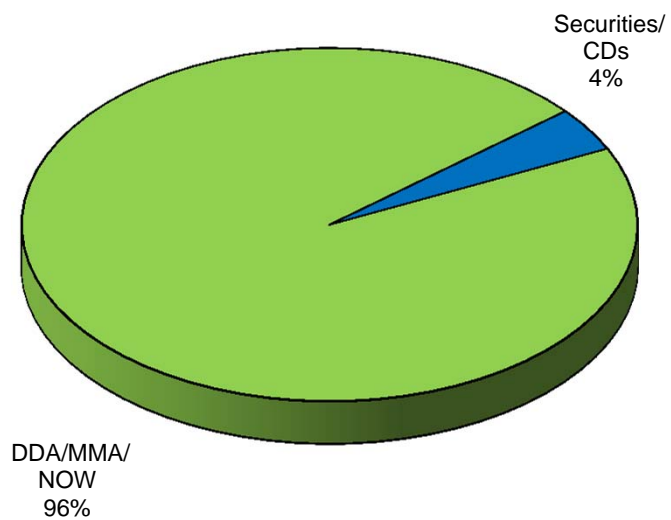
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Petty Cash		0.00%	01/01/16	12/31/15	\$ 561	\$ 561	1.00	\$ 561	1	0.00%
Southside Bank MMA (3)		0.38%	01/01/16	12/31/15	10,069,487	10,069,487	1.00	10,069,487	1	0.38%
BBVA Compass MMA		0.25%	01/01/16	12/31/15	26,651,980	26,651,980	1.00	26,651,980	1	0.25%
LegacyTexas MMA		0.35%	01/01/16	12/31/15	10,001,093	10,001,093	1.00	10,001,093	1	0.35%
American Bank - Comal		0.40%	03/25/16	03/25/15	245,000	245,000	100.00	245,000	85	0.40%
Origin Bank		1.00%	04/01/16	04/01/15	245,000	245,000	100.00	245,000	92	1.00%
Community National Bank - Medina		0.50%	09/04/16	09/04/15	245,000	245,000	100.00	245,000	248	0.50%
TexStar Bank - Comal		0.80%	10/29/16	10/29/14	245,000	245,000	100.00	245,000	303	0.80%
Castroville State Bank - Medina		0.90%	11/06/16	11/06/14	245,000	245,000	100.00	245,000	311	0.90%
Blanco National Bank - Hays		0.45%	11/09/16	11/07/15	245,000	245,000	100.00	245,000	314	0.45%
Vantage Bank - Medina		0.50%	12/27/16	12/27/15	245,000	245,000	100.00	245,000	362	0.50%
Hondo National Bank - Medina		1.10%	03/26/17	03/26/15	245,000	245,000	100.00	245,000	451	1.10%
					\$ 48,683,121	\$ 48,683,121				
									12	0.32%
									(1)	(2)

(1) **Weighted average life** - For purposes of calculating weighted average life, bank accounts, pools and money market mutual funds are assumed to have a one day maturity.

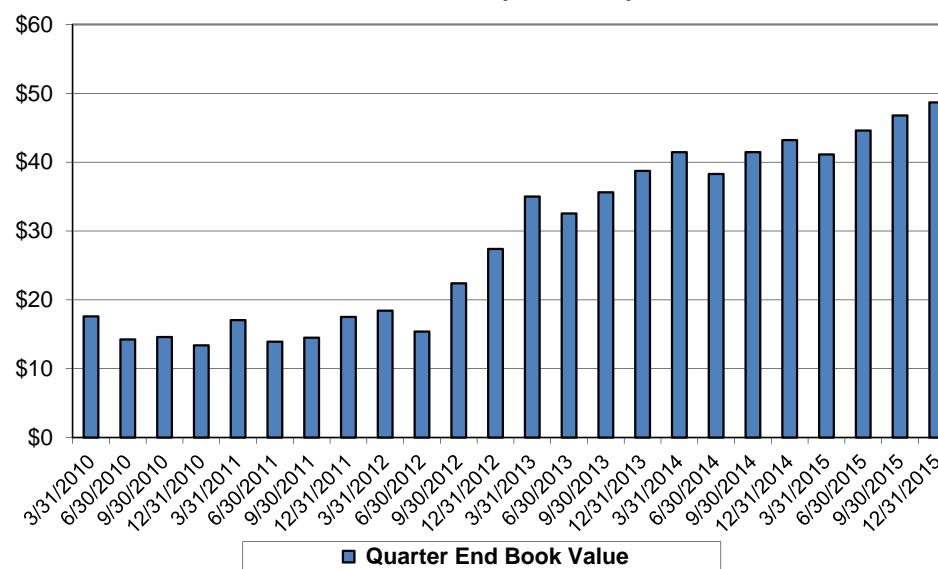
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank accounts, pools and money market mutual funds.

(3) **Yield Estimated** - based on average TexPool rate + 0.15%.

Portfolio Composition



Total Portfolio (Millions)



Book Value Comparison

Description	Coupon/ Discount	Maturity Date	September 30, 2015		Purchases/ Adjustments	Sales/Adjust/ Maturities	December 31, 2015	
			Par Value	Book Value			Par Value	Book Value
Petty Cash	0.00%	01/01/16	\$ 465	\$ 465	\$ 96	\$ —	\$ 561	\$ 561
Southside Bank MMA	0.38%	01/01/16	10,062,481	10,062,481	7,005		10,069,487	10,069,487
BBVA Compass MMA	0.25%	01/01/16	34,761,840	34,761,840		(8,109,859)	26,651,980	26,651,980
Legacy Texas MM	0.35%	01/01/16	—	—	10,001,093		10,001,093	10,001,093
Blanco National Bank - Hays	0.45%	11/07/15	245,000	245,000		(245,000)	—	—
Vantage Bank - Medina	0.85%	12/27/15	245,000	245,000		(245,000)	—	—
American Bank - Comal	0.40%	03/25/16	245,000	245,000			245,000	245,000
Origin Bank	1.00%	04/01/16	245,000	245,000			245,000	245,000
Community National Bank - Medina	0.50%	09/04/16	245,000	245,000			245,000	245,000
TexStar Bank - Comal	0.80%	10/29/16	245,000	245,000			245,000	245,000
Castroville State Bank - Medina	0.90%	11/06/16	245,000	245,000			245,000	245,000
Blanco National Bank - Hays	0.45%	11/09/16	—	—	245,000		245,000	245,000
Vantage Bank - Medina	0.50%	12/27/16	—	—	245,000		245,000	245,000
Hondo National Bank - Medina	1.10%	03/26/17	245,000	245,000			245,000	245,000
TOTAL			\$ 46,784,786	\$ 46,784,786	\$ 10,498,195	\$ (8,599,859)	\$ 48,683,121	\$ 48,683,121

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	September 30, 2015		Qtr to Qtr Change	December 31, 2015	
			Par Value	Market Value		Par Value	Market Value
Petty Cash	0.00%	01/01/16	\$ 465	\$ 465	\$ 96	\$ 561	\$ 561
Southside Bank MMA	0.38%	01/01/16	10,062,481	10,062,481	7,005	10,069,487	10,069,487
BBVA Compass MMA	0.25%	01/01/16	34,761,840	34,761,840	(8,109,859)	26,651,980	26,651,980
Legacy Texas MM	0.35%	01/01/16	—	—	10,001,093	10,001,093	10,001,093
Blanco National Bank - Hays	0.45%	11/07/15	245,000	245,000	(245,000)	—	—
Vantage Bank - Medina	0.85%	12/27/15	245,000	245,000	(245,000)	—	—
American Bank - Comal	0.40%	03/25/16	245,000	245,000		245,000	245,000
Origin Bank	1.00%	04/01/16	245,000	245,000		245,000	245,000
Community National Bank - Medina	0.50%	09/04/16	245,000	245,000		245,000	245,000
TexStar Bank - Comal	0.80%	10/29/16	245,000	245,000		245,000	245,000
Castroville State Bank - Medina	0.90%	11/06/16	245,000	245,000		245,000	245,000
Blanco National Bank - Hays	0.45%	11/09/16	—	—	245,000	245,000	245,000
Vantage Bank - Medina	0.50%	12/27/16	—	—	245,000	245,000	245,000
Hondo National Bank - Medina	1.10%	03/26/17	245,000	245,000		245,000	245,000
TOTAL			\$ 46,784,786	\$ 46,784,786	\$ 1,898,335	\$ 48,683,121	\$ 48,683,121

**Allocation by Fund
December 31, 2015
Book & Market Value**

	Investment Total	Pooled Cash	General Fund	Edwards Aquifer Habitat Conservation Plan
Petty Cash	\$ 561	\$ 561	\$ —	\$ —
Southside Bank MMA	10,069,487	5,034,770		5,034,717
BBVA Compass MMA	26,651,980	5,321,655		21,330,325
LegacyTexas MMA	10,001,093	10,001,093		
03/25/16	245,000		122,500	122,500
04/01/16	245,000		122,500	122,500
09/04/16	245,000		122,500	122,500
10/29/16	245,000		122,500	122,500
11/06/16	245,000		122,500	122,500
11/09/16	245,000		122,500	122,500
12/27/16	245,000		122,500	122,500
03/26/17	245,000		122,500	122,500
	\$ 48,683,121	\$ 20,358,079	\$ 980,000	\$ 27,345,042

**Allocation by Fund
September 30, 2015
Book & Market Value**

	Investment Total	Pooled Cash	General Fund	Edwards Aquifer Habitat Conservation Plan
Petty Cash	\$ 465	\$ 465	\$ —	\$ —
Southside Bank MMA	10,062,481	5,031,287		5,031,194
BBVA Compass MMA	34,761,840	3,847,545		30,914,295
11/07/15	245,000		122,500	122,500
12/27/15	245,000		122,500	122,500
03/25/16	245,000		122,500	122,500
04/01/16	245,000		122,500	122,500
09/04/16	245,000		122,500	122,500
10/29/16	245,000		122,500	122,500
11/06/16	245,000		122,500	122,500
03/26/17	245,000		122,500	122,500
	\$ 46,784,786	\$ 8,879,297	\$ 980,000	\$ 36,925,489