



# QUARTERLY INVESTMENT REPORT

**For the Quarter Ended**

**September 30, 2016**

**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.

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Felix Marquez, Executive Director - Administration & Financial Services

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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.

## Summary

### Quarter End Results by Investment Category:

<u>Asset Type</u>	<u>Avg. Yield</u>	<u>September 30, 2016</u>		<u>June 30, 2016</u>	
		<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
DDA/MMA/NOW	0.47%	\$ 42,651,430	\$ 42,651,430	\$ 45,877,907	\$ 45,877,907
Securities/CDs	0.75%	1,717,456	1,717,456	1,717,456	1,717,456
<b>Totals</b>		<b>\$ 44,368,886</b>	<b>\$ 44,368,886</b>	<b>\$ 47,595,363</b>	<b>\$ 47,595,363</b>

Average Yield (1)		Fiscal Year-to-Date Average Yield (2)	
Total Portfolio	0.48%	Total Portfolio	0.42%
Rolling Three Mo. Treas. Yield	0.29%	Rolling Three Mo. Treas. Yield	0.28%
Rolling Six Mo. Treas. Yield	0.42%	Rolling Six Mo. Treas. Yield	0.41%
		Quarterly TexPool Yield	0.36%

Quarterly Interest Income \$ 45,559 Approximate  
 Year-to-date Interest Income \$ 127,457 Approximate

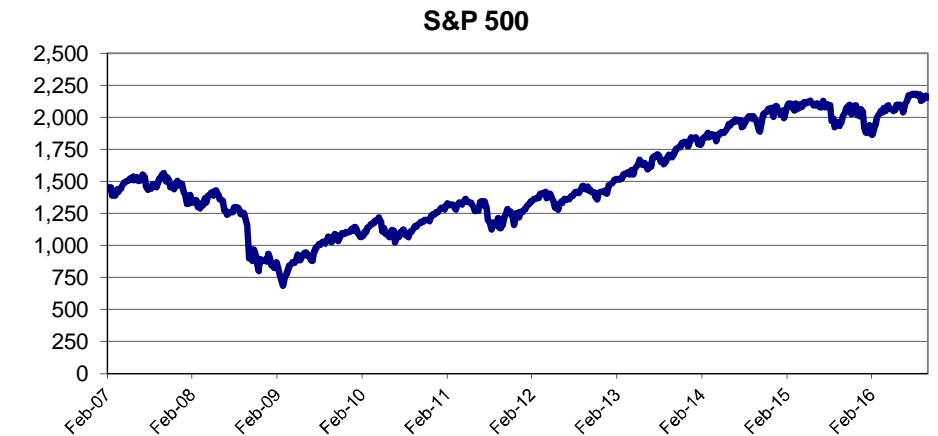
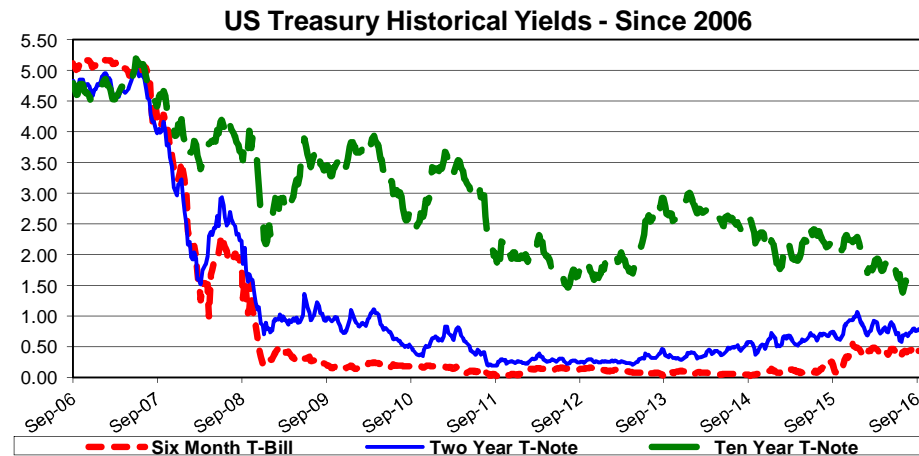
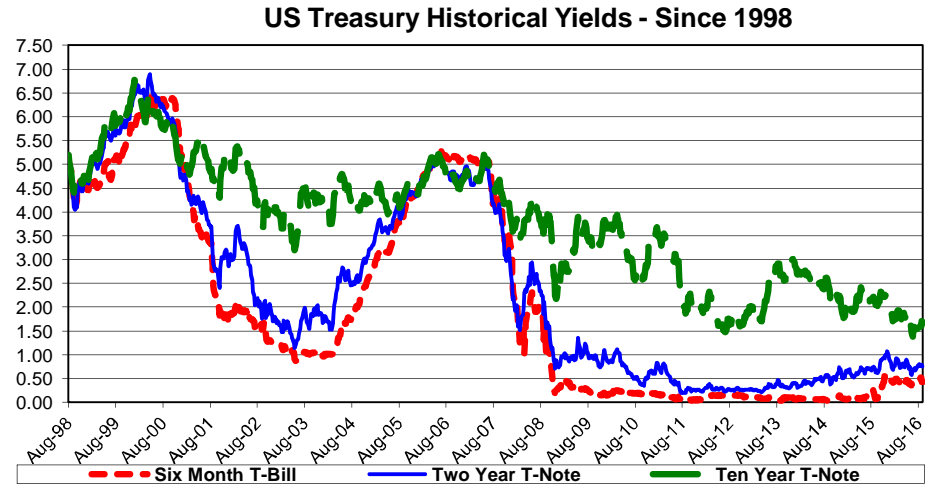
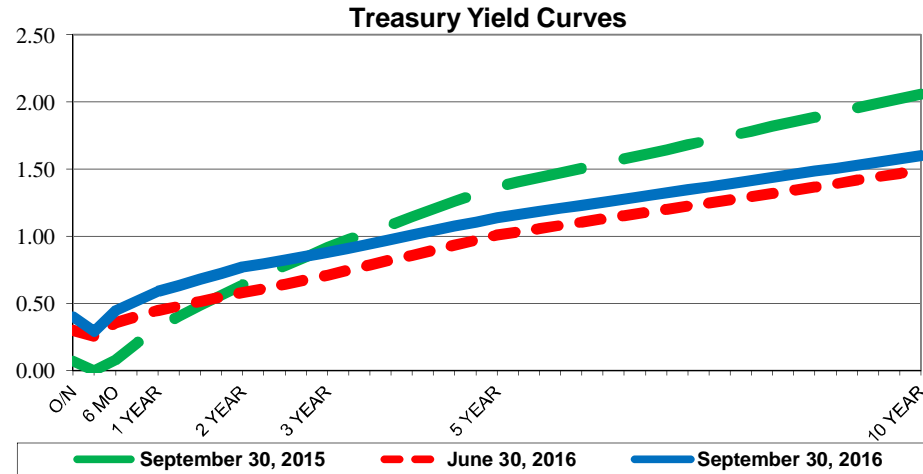
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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

9/30/2016

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range of 0.25% - 0.50% (actual Fed Funds traded +/-40 bps). The September FOMC meeting recorded dissenting votes for maintaining rates. More hawkish members wanted to raise the range by 0.25%. The current probability of a December FOMC meeting vote to raise the Fed Funds target is +/-60%. Second Quarter US GDP revised to 1.4% (from 1.1%, no more revision is expected). Other economic data reflected modest, yet inconsistent, growth. The US Stock markets have maintained higher levels. Treasury yields drifted slightly higher on tightening rumors. Taxable municipal bonds or CDs offer the best interest earnings opportunity, if available.



**Detail of Investment Holdings**  
**September 30, 2016**

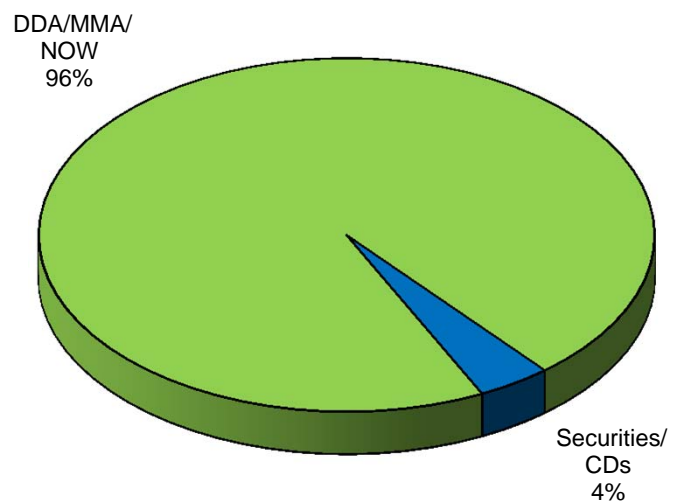
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Petty Cash		0.00%	10/01/16	09/30/16	\$ 648	\$ 648	1.00	\$ 648	1	0.00%
Southside Bank MMA (3)		0.53%	10/01/16	09/30/16	15,368,631	15,368,631	1.00	15,368,631	1	0.53%
BBVA Compass MMA		0.25%	10/01/16	09/30/16	7,247,514	7,247,514	1.00	7,247,514	1	0.25%
LegacyTexas MMA		0.35%	10/01/16	09/30/16	5,025,587	5,025,587	1.00	5,025,587	1	0.35%
Green Bank MMA		0.55%	10/01/16	09/30/16	15,009,050	15,009,050	1.00	15,009,050	1	0.55%
TexStar Bank CD - Comal		0.80%	10/29/16	10/29/14	245,000	245,000	100.00	245,000	29	0.80%
Castroville State Bank CD - Medina		0.90%	11/06/16	11/06/14	245,000	245,000	100.00	245,000	37	0.90%
Blanco National Bank CD - Hays		0.45%	11/09/16	11/07/15	245,000	245,000	100.00	245,000	40	0.45%
Vantage Bank CD - Medina		0.50%	12/27/16	12/27/15	245,000	245,000	100.00	245,000	88	0.50%
Hondo National Bank CD - Medina		1.10%	03/26/17	03/26/15	245,000	245,000	100.00	245,000	177	1.10%
Origin Bank CD		1.00%	04/01/17	04/01/16	247,456	247,456	100.00	247,456	183	1.00%
Community National Bank CD - Medina		0.50%	09/04/17	09/04/16	245,000	245,000	100.00	245,000	339	0.50%
					<b>\$ 44,368,886</b>	<b>\$ 44,368,886</b>				
									<b>6</b>	<b>0.48%</b>
									<b>(1)</b>	<b>(2)</b>

(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.

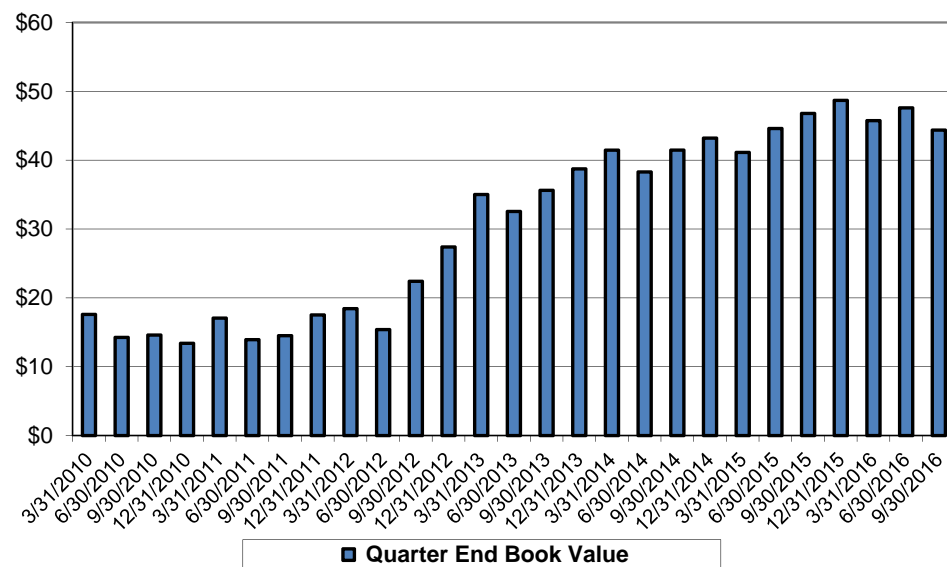
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank accounts, pools and money market mutual funds.

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

**Portfolio Composition**



**Total Portfolio (Millions)**



## Book Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2016		Purchases/ Adjustments	Sales/Adjust/ Maturities	September 30, 2016	
			Par Value	Book Value			Par Value	Book Value
Petty Cash	0.00%	10/01/16	\$ 218	\$ 218	\$ 430	\$ —	\$ 648	\$ 648
Southside Bank MMA	0.53%	10/01/16	15,348,413	15,348,413	20,218		15,368,631	15,368,631
BBVA Compass MMA	0.25%	10/01/16	15,514,220	15,514,220		(8,266,706)	7,247,514	7,247,514
LegacyTexas MMA	0.35%	10/01/16	10,018,512	10,018,512		(4,992,925)	5,025,587	5,025,587
Green Bank MMA	0.55%	10/01/16	4,996,545	4,996,545	10,012,506		15,009,050	15,009,050
Community National Bank CD - Medina	0.50%	09/04/16	245,000	245,000		(245,000)	—	—
TexStar Bank CD - Comal	0.80%	10/29/16	245,000	245,000			245,000	245,000
Castroville State Bank CD - Medina	0.90%	11/06/16	245,000	245,000			245,000	245,000
Blanco National Bank CD - Hays	0.45%	11/09/16	245,000	245,000			245,000	245,000
Vantage Bank CD - Medina	0.50%	12/27/16	245,000	245,000			245,000	245,000
Hondo National Bank CD - Medina	1.10%	03/26/17	245,000	245,000			245,000	245,000
Origin Bank CD	1.00%	04/01/17	247,456	247,456			247,456	247,456
Community National Bank CD - Medina	0.50%	09/04/17	—	—	245,000		245,000	245,000
<b>TOTAL</b>			<b>\$ 47,595,363</b>	<b>\$ 47,595,363</b>	<b>\$ 10,278,154</b>	<b>\$ (13,504,631)</b>	<b>\$ 44,368,886</b>	<b>\$ 44,368,886</b>

## Market Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2016		Qtr to Qtr Change	September 30, 2016	
			Par Value	Market Value		Par Value	Market Value
Petty Cash	0.00%	10/01/16	\$ 218	\$ 218	\$ 430	\$ 648	\$ 648
Southside Bank MMA	0.53%	10/01/16	15,348,413	15,348,413	20,218	15,368,631	15,368,631
BBVA Compass MMA	0.25%	10/01/16	15,514,220	15,514,220	(8,266,706)	7,247,514	7,247,514
LegacyTexas MMA	0.35%	10/01/16	10,018,512	10,018,512	(4,992,925)	5,025,587	5,025,587
Green Bank MMA	0.55%	10/01/16	4,996,545	4,996,545	10,012,506	15,009,050	15,009,050
Community National Bank CD - Medina	0.50%	09/04/16	245,000	245,000	(245,000)	—	—
TexStar Bank CD - Comal	0.80%	10/29/16	245,000	245,000		245,000	245,000
Castroville State Bank CD - Medina	0.90%	11/06/16	245,000	245,000		245,000	245,000
Blanco National Bank CD - Hays	0.45%	11/09/16	245,000	245,000		245,000	245,000
Vantage Bank CD - Medina	0.50%	12/27/16	245,000	245,000		245,000	245,000
Hondo National Bank CD - Medina	1.10%	03/26/17	245,000	245,000		245,000	245,000
Origin Bank CD	1.00%	04/01/17	247,456	247,456		247,456	247,456
Community National Bank CD - Medina	0.50%	09/04/17	—	—	245,000	245,000	245,000
<b>TOTAL</b>			<b>\$ 47,595,363</b>	<b>\$ 47,595,363</b>	<b>\$ (3,226,477)</b>	<b>\$ 44,368,886</b>	<b>\$ 44,368,886</b>

**Allocation by Fund  
September 30, 2016  
Book & Market Value**

	Investment Total	Pooled Cash	General Fund	Edwards Aquifer Habitat Conservation Plan
Petty Cash	\$ 648	\$ 648	\$ —	\$ —
Southside Bank MMA	15,368,631	2,873,373		12,495,258
BBVA Compass MMA	7,247,514	3,312,271		3,935,243
LegacyTexas MMA	5,025,587			5,025,587
Green Bank MMA	15,009,050			15,009,050
10/29/16–TexStar Bank CD - Comal	245,000		122,500	122,500
11/06/16–Castroville State Bank CD - Medina	245,000		122,500	122,500
11/09/16–Blanco National Bank CD - Hays	245,000		122,500	122,500
12/27/16–Vantage Bank CD - Medina	245,000		122,500	122,500
03/26/17–Hondo National Bank CD - Medina	245,000		122,500	122,500
04/01/17–Origin Bank CD	247,456		123,728	123,728
09/04/16–Community National Bank CD - Medina	245,000		122,500	122,500
	<b>\$ 44,368,886</b>	<b>\$ 6,186,292</b>	<b>\$ 858,728</b>	<b>\$ 37,323,866</b>

**Allocation by Fund**  
**June 30, 2016**  
**Book & Market Value**

	Investment Total	Pooled Cash	General Fund	Edwards Aquifer Habitat Conservation Plan
Petty Cash	\$ 218	\$ 218	\$ —	\$ —
Southside Bank MMA	15,348,413	5,169,171		10,179,241
BBVA Compass MMA	15,514,220	6,835,178		8,679,042
LegacyTexas MMA	10,018,512			10,018,512
Green Bank MMA	4,996,545			4,996,545
09/04/16—Community National Bank CD - Medina	245,000		122,500	122,500
10/29/16—TexStar Bank CD - Comal	245,000		122,500	122,500
11/06/16—Castroville State Bank CD - Medina	245,000		122,500	122,500
11/09/16—Blanco National Bank CD - Hays	245,000		122,500	122,500
12/27/16—Vantage Bank CD - Medina	245,000		122,500	122,500
03/26/17—Hondo National Bank CD - Medina	245,000		122,500	122,500
04/01/17—Origin Bank CD	247,456		123,728	123,728
	<b>\$ 47,595,363</b>	<b>\$ 12,004,567</b>	<b>\$ 858,728</b>	<b>\$ 34,732,068</b>