



QUARTERLY INVESTMENT REPORT

For the Quarter Ended

March 31, 2018

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.

Summary

Quarter End Results by Investment Category:

| <u>Asset Type</u> | <u>Avg. Yield</u> | <u>March 31, 2018</u> | | REVISED <u>December 31, 2017</u> | |
|-------------------|-------------------|-----------------------|----------------------|--|----------------------|
| | | <u>Book Value</u> | <u>Market Value</u> | <u>Book Value</u> | <u>Market Value</u> |
| DDA/MMA/NOW | 1.47% | \$ 32,658,303 | \$ 32,658,303 | \$ 40,317,070 | \$ 40,317,070 |
| Securities/CDs | 1.41% | 7,803,826 | 7,803,826 | 7,735,000 | 7,735,000 |
| Totals | | \$ 40,462,129 | \$ 40,462,129 | \$ 48,052,070 | \$ 48,052,070 |

| | | | |
|-------------------------------------|-------|---------------------------------------|-------|
| Average Yield - Current Quarter (1) | | Fiscal Year-to-Date Average Yield (2) | |
| Total Portfolio | 1.46% | Total Portfolio | 1.46% |
| Rolling Three Mo. Treas. Yield | 1.58% | Rolling Three Mo. Treas. Yield | 1.58% |
| Rolling Six Mo. Treas. Yield | 1.58% | Rolling Six Mo. Treas. Yield | 1.58% |
| | | Quarterly TexPool Yield | 1.52% |

Quarterly Interest Income \$ 191,704 Approximate
 Year-to-date Interest Income \$ 191,704 Approximate

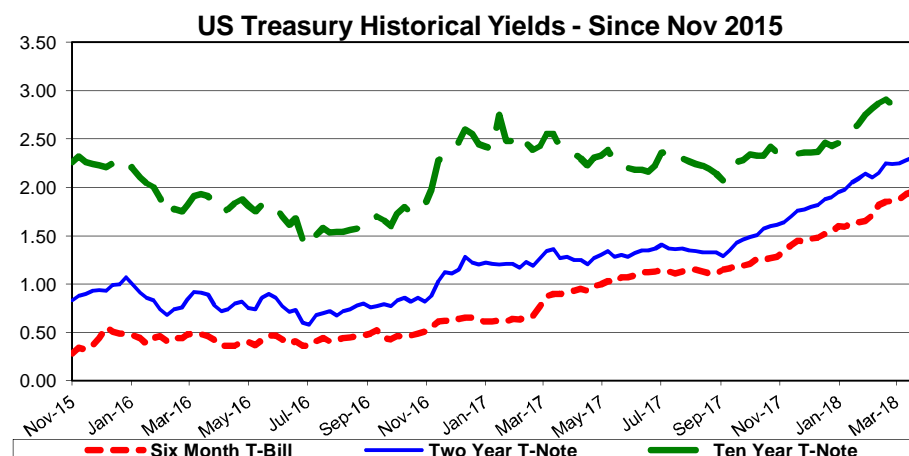
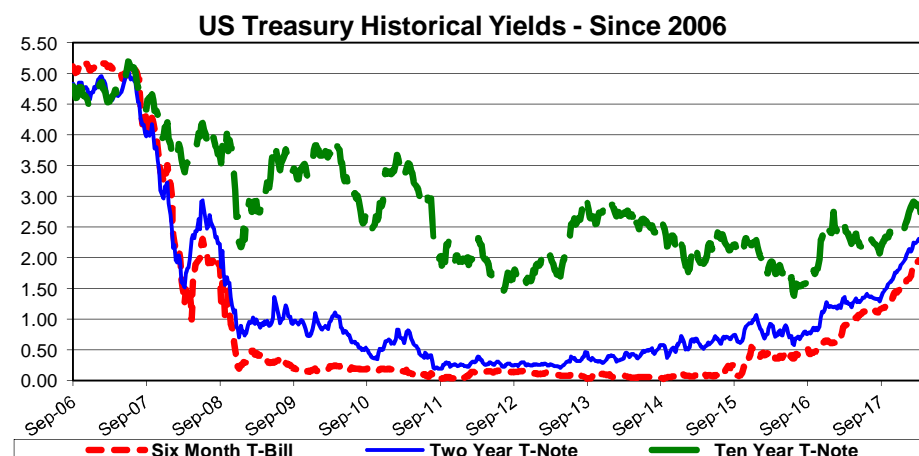
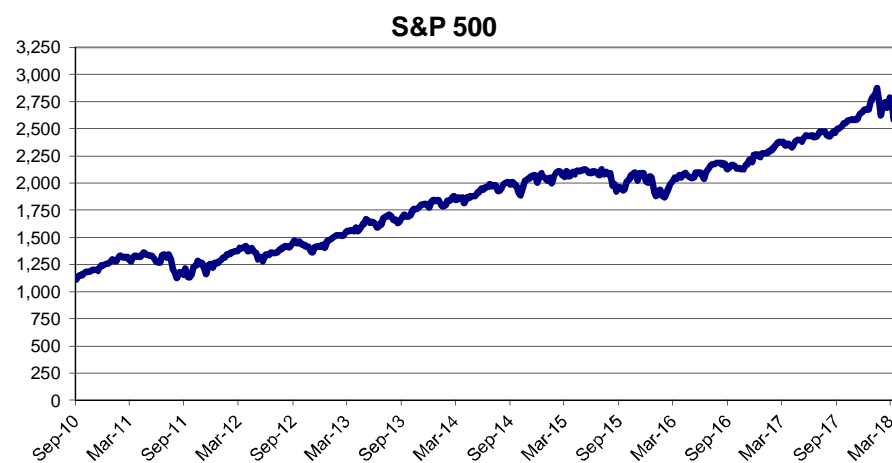
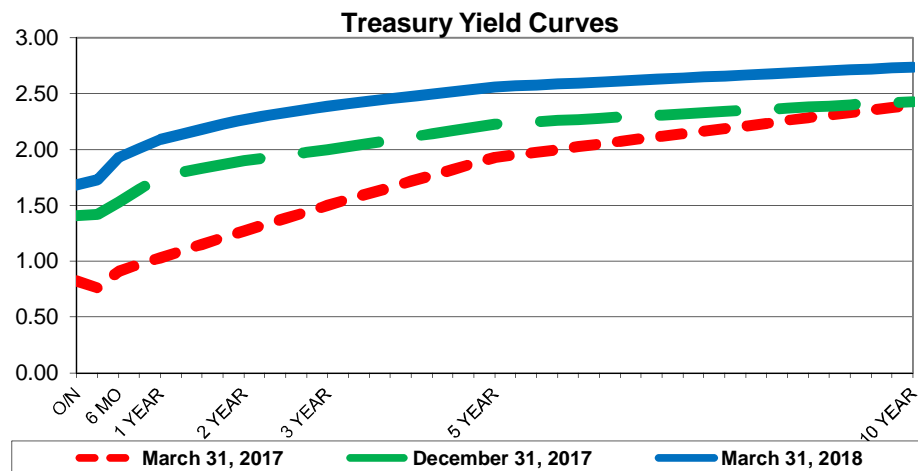
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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

3/31/2018

The Federal Open Market Committee (FOMC) increased the Fed Funds target range 0.25% to 1.50% - 1.75% (Effective Fed Funds are trading +/-1.68%). Two to three additional increases are projected for 2018 (although subject to economic activity). Gradual portfolio reduction continues by limiting reinvestment of maturing holdings. Fourth Quarter 2017 GDP measured 2.9% (third/final estimate). February Non Farm Payroll data jumped +313k (well above the expected +205k). The Three Month Average increased to +242k. World events raised some uncertainty (Korea, Russia, Middle East). WTI Crude oil maintained +/- \$65. The Stock Markets waffled 5% to 10% below recent highs. The post-FOMC meeting press release pointed to continuing and frequent rate increases.



Investment Holdings

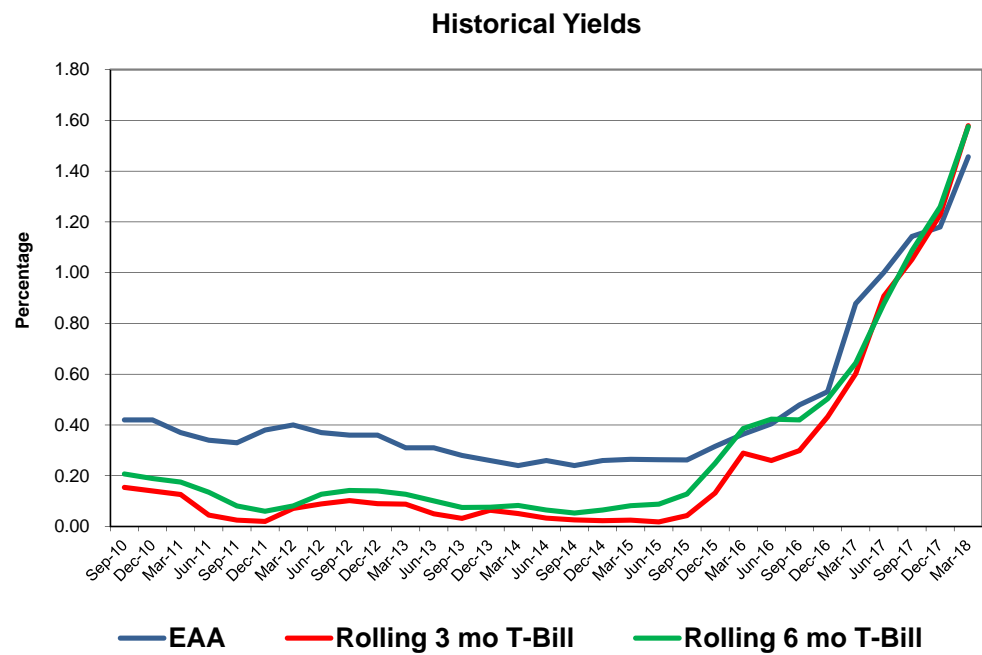
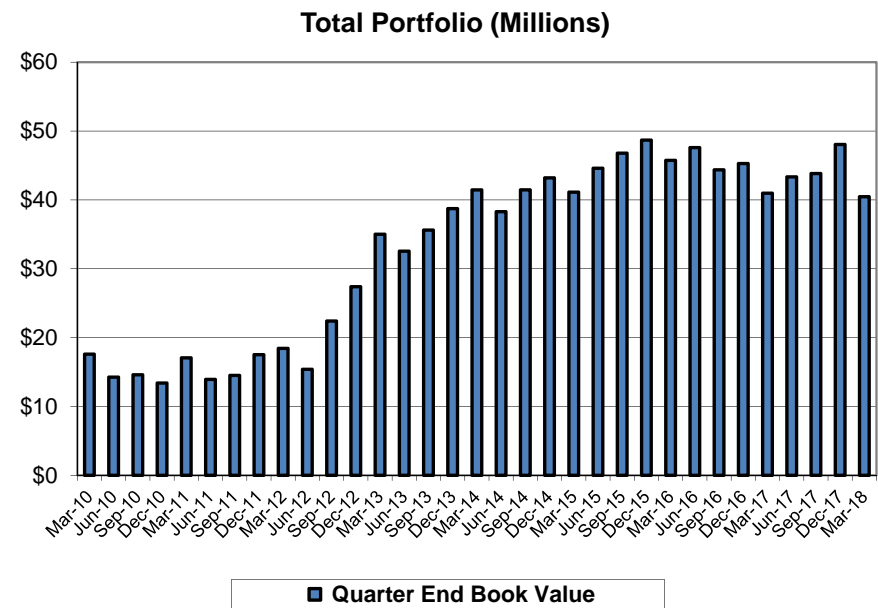
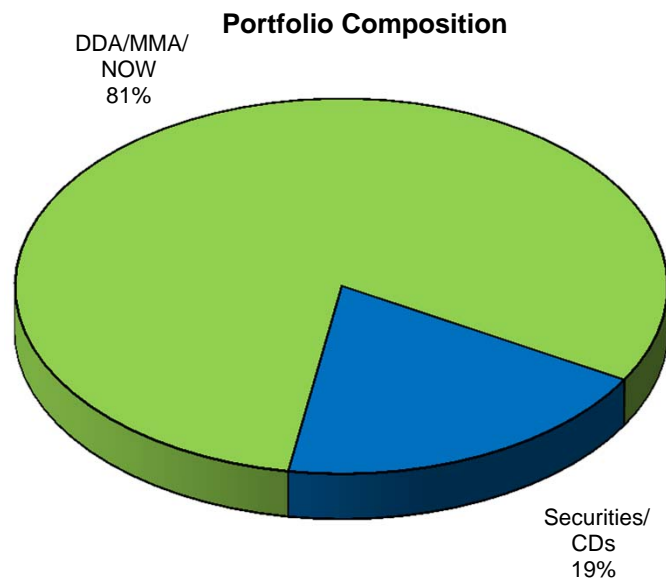
March 31, 2018

| Description | Ratings | Coupon/ Discount | Maturity Date | Settlement Date | Par Value | Book Value | Market Price | Market Value | Life (days) | Yield |
|------------------------------------|---------|---------------------|------------------|--------------------|----------------------|----------------------|-----------------|-----------------|----------------|--------------|
| Petty Cash | | 0.00% | 04/01/18 | 03/31/18 | \$ 719 | \$ 719 | 1.00 | \$ 719 | 1 | 0.00% |
| Southside Bank MMA (3) | | 1.64% | 04/01/18 | 03/31/18 | 205,639 | 205,639 | 1.00 | 205,639 | 1 | 1.64% |
| Southside Bank MMA #2 | | 1.64% | 04/01/18 | 03/31/18 | 2,615,224 | 2,615,224 | 1.00 | 2,615,224 | 1 | 1.64% |
| BBVA Compass MMA | | 0.70% | 04/01/18 | 03/31/18 | 4,450,631 | 4,450,631 | 1.00 | 4,450,631 | 1 | 0.70% |
| Green Bank MMA | | 1.43% | 04/01/18 | 03/31/18 | 15,244,774 | 15,244,774 | 1.00 | 15,244,774 | 1 | 1.43% |
| NexBank MMA | | 1.81% | 04/01/18 | 03/31/18 | 10,141,316 | 10,141,316 | 1.00 | 10,141,316 | 1 | 1.81% |
| Lubbock National Bank CD | | 1.25% | 07/26/18 | 01/30/17 | 1,014,619 | 1,014,619 | 100.00 | 1,014,619 | 117 | 1.25% |
| Lubbock National Bank CD | | 1.35% | 09/01/18 | 03/02/17 | 1,014,746 | 1,014,746 | 100.00 | 1,014,746 | 154 | 1.35% |
| Southside Bank CD | | 1.35% | 10/01/18 | 03/31/17 | 1,013,560 | 1,013,560 | 100.00 | 1,013,560 | 184 | 1.35% |
| TexStar Bank CD - Comal | | 0.80% | 10/29/18 | 10/28/16 | 245,000 | 245,000 | 100.00 | 245,000 | 212 | 0.80% |
| Castroville State Bank CD - Medina | | 0.90% | 11/06/18 | 11/07/16 | 247,946 | 247,946 | 100.00 | 247,946 | 220 | 0.90% |
| LegacyTexas Bank CD | | 1.35% | 11/12/18 | 05/12/16 | 1,011,301 | 1,011,301 | 100.00 | 1,011,301 | 226 | 1.35% |
| LegacyTexas Bank CD | | 1.55% | 12/26/18 | 06/26/16 | 1,011,654 | 1,011,654 | 100.00 | 1,011,654 | 270 | 1.55% |
| Green Bank CD | | 1.54% | 02/19/19 | 08/16/17 | 1,000,000 | 1,000,000 | 100.00 | 1,000,000 | 325 | 1.54% |
| Hondo National Bank CD - Medina | | 1.50% | 03/26/19 | 03/26/17 | 245,000 | 245,000 | 100.00 | 245,000 | 360 | 1.50% |
| Green Bank CD | | 1.76% | 05/30/19 | 11/30/17 | 1,000,000 | 1,000,000 | 100.00 | 1,000,000 | 425 | 1.76% |
| | | | | | \$ 40,462,129 | \$ 40,462,129 | | | | |
| | | | | | | | | | 48 | 1.46% |
| | | | | | | | | | (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%.



Book Value Comparison

| Description | Coupon/ Discount | Maturity Date | REVISED December 31, 2017 | | Purchases/ Adjustments | Sales/Adjust/ Maturities | March 31, 2018 | |
|------------------------------------|---------------------|------------------|------------------------------|----------------------|---------------------------|-----------------------------|----------------------|----------------------|
| | | | Par Value | Book Value | | | Par Value | Book Value |
| | | | | | | | | |
| Petty Cash | 0.00% | 04/01/18 | \$ 845 | \$ 845 | \$ — | \$ (126) | \$ 719 | \$ 719 |
| Southside Bank MMA | 1.64% | 04/01/18 | 1,855,362 | 1,855,362 | | (1,649,723) | 205,639 | 205,639 |
| Southside Bank MMA #2 | 1.64% | 04/01/18 | 2,605,463 | 2,605,463 | 9,761 | | 2,615,224 | 2,615,224 |
| BBVA Compass MMA | 0.70% | 04/01/18 | 10,566,138 | 10,566,138 | | (6,115,507) | 4,450,631 | 4,450,631 |
| Green Bank MMA | 1.43% | 04/01/18 | 15,191,413 | 15,191,413 | 53,361 | | 15,244,774 | 15,244,774 |
| NexBank MMA | 1.81% | 04/01/18 | 10,097,849 | 10,097,849 | 43,467 | | 10,141,316 | 10,141,316 |
| Lubbock National Bank CD | 1.25% | 07/26/18 | 1,000,000 | 1,000,000 | 14,619 | | 1,014,619 | 1,014,619 |
| Lubbock National Bank CD | 1.35% | 09/01/18 | 1,000,000 | 1,000,000 | 14,746 | | 1,014,746 | 1,014,746 |
| Southside Bank CD | 1.35% | 10/01/18 | 1,000,000 | 1,000,000 | 13,560 | | 1,013,560 | 1,013,560 |
| TexStar Bank CD - Comal | 0.80% | 10/29/18 | 245,000 | 245,000 | | | 245,000 | 245,000 |
| Castroville State Bank CD - Medina | 0.90% | 11/06/18 | 245,000 | 245,000 | 2,946 | | 247,946 | 247,946 |
| LegacyTexas Bank CD | 1.35% | 11/12/18 | 1,000,000 | 1,000,000 | 11,301 | | 1,011,301 | 1,011,301 |
| LegacyTexas Bank CD | 1.55% | 12/26/18 | 1,000,000 | 1,000,000 | 11,654 | | 1,011,654 | 1,011,654 |
| Green Bank CD | 1.54% | 02/19/19 | 1,000,000 | 1,000,000 | | | 1,000,000 | 1,000,000 |
| Hondo National Bank CD - Medina | 1.50% | 03/26/19 | 245,000 | 245,000 | | | 245,000 | 245,000 |
| Green Bank CD | 1.76% | 05/30/19 | 1,000,000 | 1,000,000 | | | 1,000,000 | 1,000,000 |
| TOTAL | | | \$ 48,052,070 | \$ 48,052,070 | \$ 175,415 | \$ (7,765,356) | \$ 40,462,129 | \$ 40,462,129 |

Market Value Comparison

| Description | Coupon/ Discount | Maturity Date | REVISED December 31, 2017 | | Qtr to Qtr Change | March 31, 2018 | |
|------------------------------------|---------------------|------------------|------------------------------|----------------------|-----------------------|----------------------|----------------------|
| | | | Par Value | Market Value | | Par Value | Market Value |
| | | | | | | | |
| Petty Cash | 0.00% | 04/01/18 | \$ 845 | \$ 845 | \$ (126) | \$ 719 | \$ 719 |
| Southside Bank MMA | 1.64% | 04/01/18 | 1,855,362 | 1,855,362 | (1,649,723) | 205,639 | 205,639 |
| Southside Bank MMA #2 | 1.64% | 04/01/18 | 2,605,463 | 2,605,463 | 9,761 | 2,615,224 | 2,615,224 |
| BBVA Compass MMA | 0.70% | 04/01/18 | 10,566,138 | 10,566,138 | (6,115,507) | 4,450,631 | 4,450,631 |
| Green Bank MMA | 1.43% | 04/01/18 | 15,191,413 | 15,191,413 | 53,361 | 15,244,774 | 15,244,774 |
| NexBank MMA | 1.81% | 04/01/18 | 10,097,849 | 10,097,849 | 43,467 | 10,141,316 | 10,141,316 |
| Lubbock National Bank CD | 1.25% | 07/26/18 | 1,000,000 | 1,000,000 | 14,619 | 1,014,619 | 1,014,619 |
| Lubbock National Bank CD | 1.35% | 09/01/18 | 1,000,000 | 1,000,000 | 14,746 | 1,014,746 | 1,014,746 |
| Southside Bank CD | 1.35% | 10/01/18 | 1,000,000 | 1,000,000 | 13,560 | 1,013,560 | 1,013,560 |
| TexStar Bank CD - Comal | 0.80% | 10/29/18 | 245,000 | 245,000 | | 245,000 | 245,000 |
| Castroville State Bank CD - Medina | 0.90% | 11/06/18 | 245,000 | 245,000 | 2,946 | 247,946 | 247,946 |
| LegacyTexas Bank CD | 1.35% | 11/12/18 | 1,000,000 | 1,000,000 | 11,301 | 1,011,301 | 1,011,301 |
| LegacyTexas Bank CD | 1.55% | 12/26/18 | 1,000,000 | 1,000,000 | 11,654 | 1,011,654 | 1,011,654 |
| Green Bank CD | 1.54% | 02/19/19 | 1,000,000 | 1,000,000 | | 1,000,000 | 1,000,000 |
| Hondo National Bank CD - Medina | 1.50% | 03/26/19 | 245,000 | 245,000 | | 245,000 | 245,000 |
| Green Bank CD | 1.76% | 05/30/19 | 1,000,000 | 1,000,000 | | 1,000,000 | 1,000,000 |
| TOTAL | | | \$ 48,052,070 | \$ 48,052,070 | \$ (7,589,941) | \$ 40,462,129 | \$ 40,462,129 |

**Allocation by Fund
March 31, 2018
Book & Market Value**

| | Investment Total | Pooled Cash | General Fund | Edwards Aquifer Habitat Conservation Plan |
|---|-------------------------|---------------------|---------------------|--|
| Petty Cash | \$ 719 | \$ 719 | \$ — | \$ — |
| Southside Bank MMA | 2,820,863 | 2,615,224 | | 205,639 |
| BBVA Compass MMA | 4,450,631 | 4,341,837 | | 108,794 |
| Green Bank MMA | 15,244,774 | | | 15,244,774 |
| NexBank MMA | 10,141,316 | | | 10,141,316 |
| 07/26/18—Lubbock National Bank CD | 1,014,619 | | | 1,014,619 |
| 09/01/18—Lubbock National Bank CD | 1,014,746 | | 507,373 | 507,373 |
| 10/01/18—Southside Bank CD | 1,013,560 | | 506,780 | 506,780 |
| 10/29/18—TexStar Bank CD - Comal | 245,000 | | 122,500 | 122,500 |
| 11/06/18—Castroville State Bank CD - Medina | 247,946 | | 123,973 | 123,973 |
| 11/12/18—LegacyTexas Bank CD | 1,011,301 | | 505,651 | 505,650 |
| 12/26/18—LegacyTexas Bank CD | 1,011,654 | | 505,827 | 505,827 |
| 02/19/19—Green Bank CD | 1,000,000 | | 500,000 | 500,000 |
| 03/26/19—Hondo National Bank CD - Medina | 245,000 | | 122,500 | 122,500 |
| 05/30/19—Green Bank CD | 1,000,000 | | 500,000 | 500,000 |
| | \$ 40,462,129 | \$ 6,957,780 | \$ 3,394,604 | \$ 30,109,745 |

Allocation by Fund - REVISED
December 31, 2017
Book & Market Value

| | Investment Total | Pooled Cash | General Fund | Edwards Aquifer Habitat Conservation Plan |
|---|----------------------|---------------------|---------------------|---|
| Petty Cash | \$ 845 | \$ 845 | \$ — | \$ — |
| Southside Bank MMA | 4,460,825 | 2,605,463 | | 1,855,362 |
| BBVA Compass MMA | 10,566,138 | 3,564,335 | | 7,001,803 |
| Green Bank MMA | 15,191,413 | | | 15,191,413 |
| NexBank MMA | 10,097,849 | | | 10,097,849 |
| 07/26/18—Lubbock National Bank CD | 1,000,000 | | | 1,000,000 |
| 09/01/18—Lubbock National Bank CD | 1,000,000 | | 500,000 | 500,000 |
| 10/01/18—Southside Bank CD | 1,000,000 | | 500,000 | 500,000 |
| 10/29/18—TexStar Bank CD - Comal | 245,000 | | 122,500 | 122,500 |
| 11/06/18—Castroville State Bank CD - Medina | 245,000 | | 122,500 | 122,500 |
| 11/12/18—LegacyTexas Bank CD | 1,000,000 | | 500,000 | 500,000 |
| 12/26/18—LegacyTexas Bank CD | 1,000,000 | | 500,000 | 500,000 |
| 02/19/19—Green Bank CD | 1,000,000 | | 500,000 | 500,000 |
| 03/26/19—Hondo National Bank CD - Medina | 245,000 | | 122,500 | 122,500 |
| 05/30/19—Green Bank CD | 1,000,000 | | 500,000 | 500,000 |
| | \$ 48,052,070 | \$ 6,170,643 | \$ 3,367,500 | \$ 38,513,927 |