



QUARTERLY INVESTMENT REPORT

For the Quarter Ended

September 30, 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>June 30, 2018</u>		<u>September 30, 2018</u>		
	<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Avg. Yield</u>
DDA/MMA/NOW	\$ 32,349,049	\$ 32,349,049	\$ 33,900,943	\$ 33,900,943	1.96%
Securities/CDs	9,828,705	9,828,705	10,323,677	10,323,677	1.90%
Totals	\$ 42,177,754	\$ 42,177,754	\$ 44,224,620	\$ 44,224,620	

Average Yield - Current Quarter (1)

Total Portfolio	1.94%
Rolling Three Mo. Treas. Yield	2.08%
Rolling Six Mo. Treas. Yield	2.15%

Fiscal Year-to-Date Average Yield (2)

Total Portfolio	1.74%
Rolling Three Mo. Treas. Yield	1.84%
Rolling Six Mo. Treas. Yield	1.88%
Quarterly TexPool Yield	1.77%

Interest Revenue

Quarterly Interest Income	\$ 183,569	Approximate
Year-to-date Interest Income	\$ 536,188	Approximate

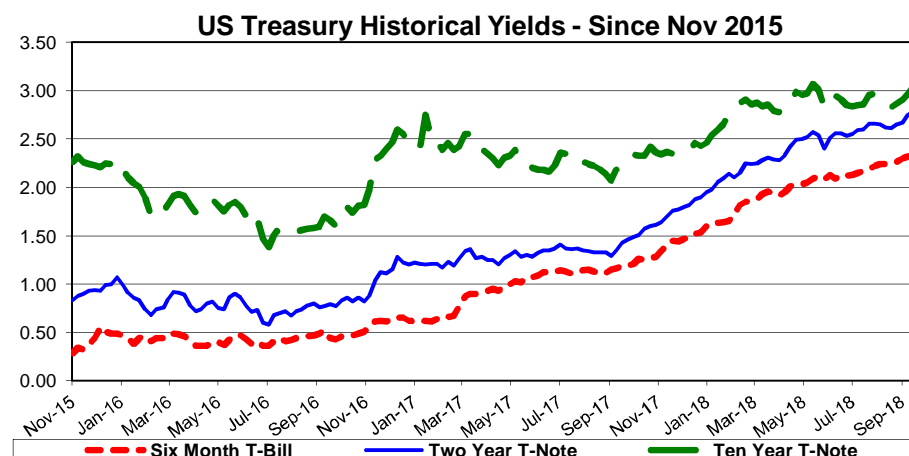
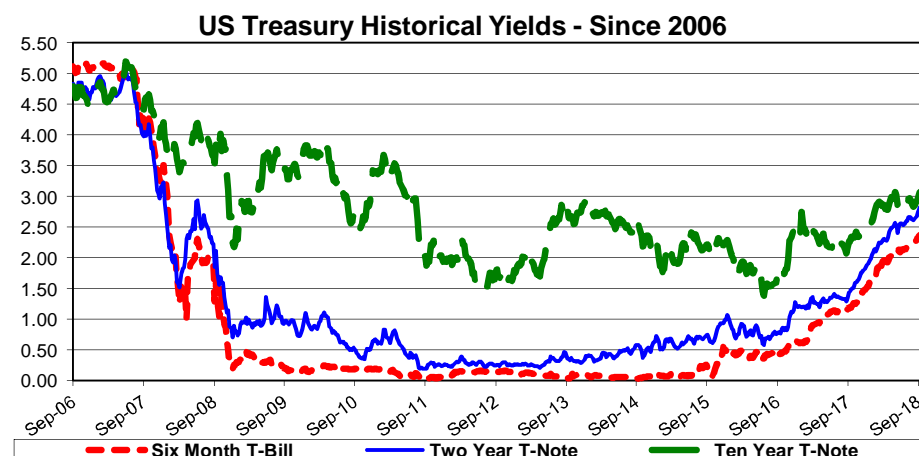
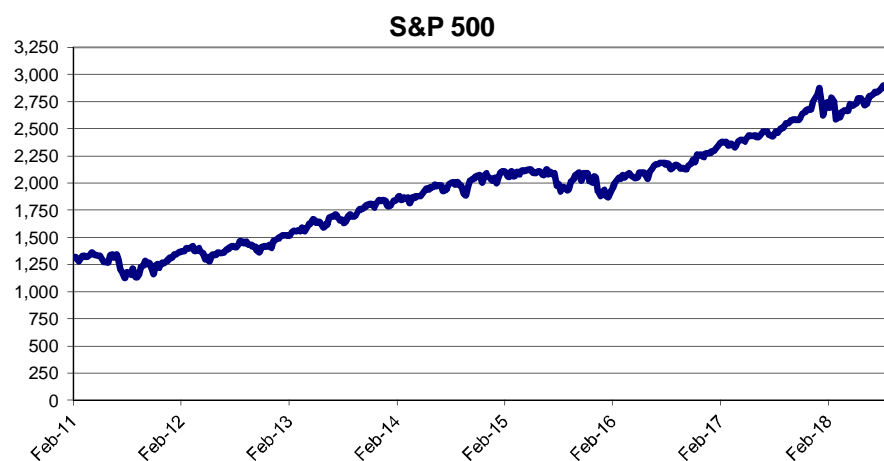
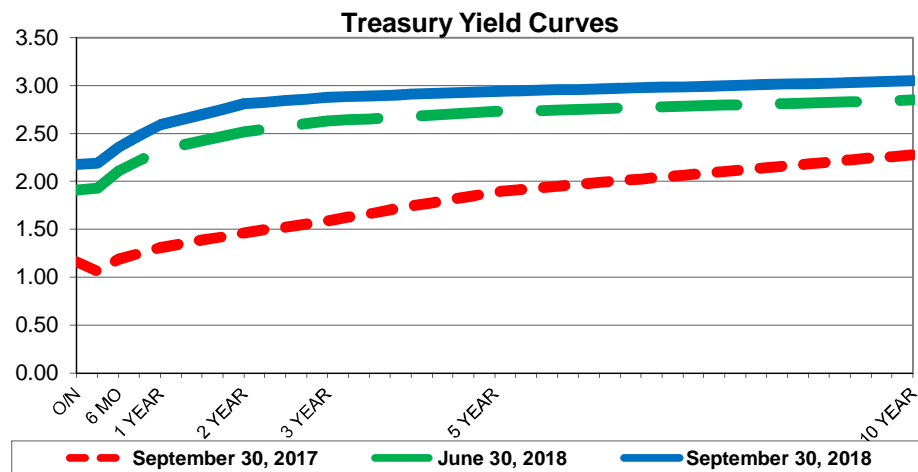
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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

9/30/2018

The Federal Open Market Committee (FOMC) increased the Fed Funds target range to 2.00% - 2.25% (Effective Fed Funds are trading +/-2.18%). Additional range increases are still projected for Dec 2018 and 2019. Gradual FRB portfolio reduction continues by limiting reinvestment of maturing holdings. Second Quarter grew 4.2% (final estimate). Employment/ Unemployment continues to strong levels. WTI Crude oil increased above +/- \$70. The Stock Markets reached new highs. Consumer Confidence is strong. Personal Income is improving. The flattening yield curve may or may not impact long range FOMC actions.



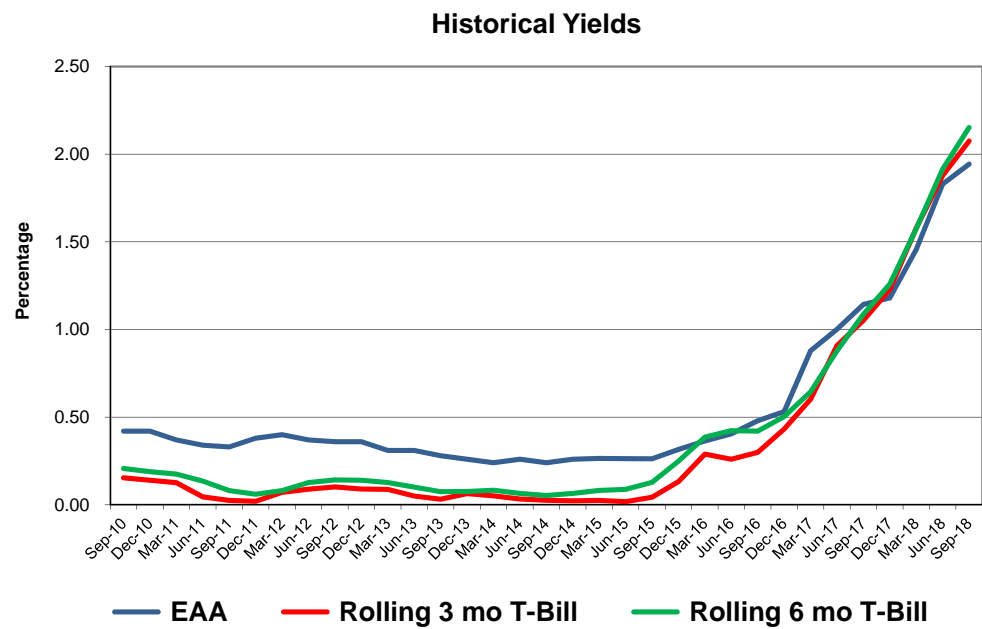
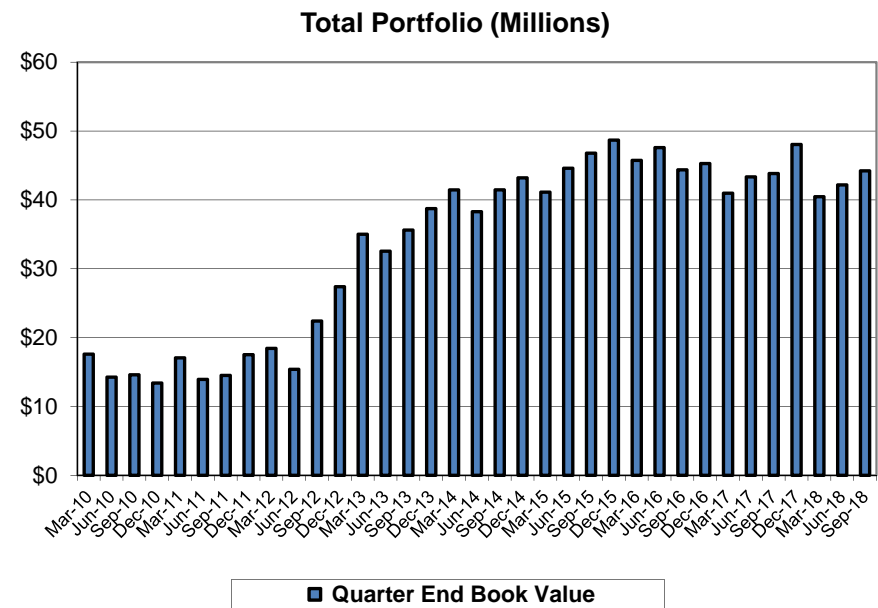
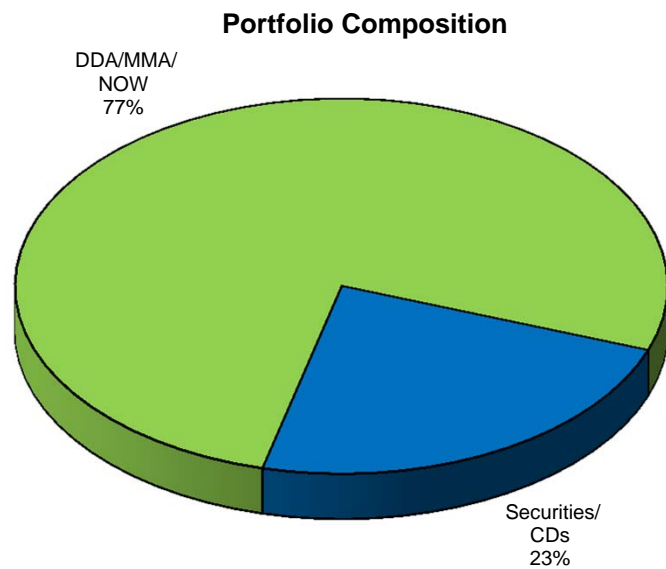
Investment Holdings
September 30, 2018

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Petty Cash		0.00%	10/01/18	09/30/18	\$ 837	\$ 837	1.00	\$ 837	1	0.00%
Southside Bank MMA (3)		2.14%	10/01/18	09/30/18	695,859	695,859	1.00	695,859	1	2.14%
Southside Bank MMA (3) #2		2.14%	10/01/18	09/30/18	2,153,000	2,153,000	1.00	2,153,000	1	2.14%
BBVA Compass MMA		1.81%	10/01/18	09/30/18	20,803,974	20,803,974	1.00	20,803,974	1	1.81%
NexBank MMA		2.22%	10/01/18	09/30/18	108,756	108,756	1.00	108,756	1	2.22%
NexBank ICS		2.20%	10/01/18	09/30/18	10,138,517	10,138,517	1.00	10,138,517	1	2.20%
Southside Bank CD		1.35%	10/01/18	03/31/17	1,020,466	1,020,466	100.00	1,020,466	1	1.35%
TexStar Bank CD - Comal		0.80%	10/29/18	10/28/16	245,000	245,000	100.00	245,000	29	0.80%
East West Bank CD		2.19%	11/04/18	05/04/18	2,018,081	2,018,081	100.00	2,018,081	35	2.19%
Castroville State Bank CD - Medina		0.90%	11/06/18	11/07/16	249,074	249,074	100.00	249,074	37	0.90%
LegacyTexas Bank CD		1.35%	11/12/18	05/12/16	1,018,203	1,018,203	100.00	1,018,203	43	1.35%
LegacyTexas Bank CD		1.55%	12/26/18	06/26/16	1,019,584	1,019,584	100.00	1,019,584	87	1.55%
Green Bank CD		1.54%	02/19/19	08/16/17	1,000,000	1,000,000	100.00	1,000,000	142	1.54%
Hondo National Bank CD - Medina		1.50%	03/26/19	03/26/17	245,000	245,000	100.00	245,000	177	1.50%
Green Bank CD		1.76%	05/30/19	11/30/17	1,000,000	1,000,000	100.00	1,000,000	242	1.76%
East West Bank		2.71%	07/29/19	07/27/18	1,507,259	1,507,259	100.00	1,507,259	302	2.71%
East West Bank		2.71%	09/04/19	09/04/18	1,001,011	1,001,011	100.00	1,001,011	339	2.71%
					\$ 44,224,620	\$ 44,224,620		\$ 44,224,620	33	1.94%
									(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	June 30, 2018		Purchases/ Adjustments	Sales/Adjust/ Maturities	September 30, 2018	
			Par Value	Book Value			Par Value	Book Value
Petty Cash	0.00%	10/01/18	\$ 953	\$ 953	\$ —	\$ (116)	\$ 837	\$ 837
Southside Bank MMA	2.14%	10/01/18	692,234	692,234	3,625		695,859	695,859
Southside Bank MMA #2	2.14%	10/01/18	2,141,787	2,141,787	11,213		2,153,000	2,153,000
BBVA Compass MMA	1.81%	10/01/18	19,322,548	19,322,548	1,481,426		20,803,974	20,803,974
NexBank MMA	2.22%	10/01/18	10,191,527	10,191,527		(10,082,771)	108,756	108,756
NexBank ICS	2.20%	10/01/18	—	—	10,138,517		10,138,517	10,138,517
Lubbock National Bank CD	1.25%	07/26/18	1,017,819	1,017,819		(1,017,819)	—	—
Lubbock National Bank CD	1.35%	09/01/18	1,018,165	1,018,165		(1,018,165)	—	—
Southside Bank CD	1.35%	10/01/18	1,017,009	1,017,009	3,457		1,020,466	1,020,466
TexStar Bank CD - Comal	0.80%	10/29/18	245,000	245,000			245,000	245,000
East West Bank CD	2.19%	11/04/18	2,006,846	2,006,846	11,235		2,018,081	2,018,081
Castroville State Bank CD - Medina	0.90%	11/06/18	248,509	248,509	564		249,074	249,074
LegacyTexas Bank CD	1.35%	11/12/18	1,014,746	1,014,746	3,457		1,018,203	1,018,203
LegacyTexas Bank CD	1.55%	12/26/18	1,015,611	1,015,611	3,973		1,019,584	1,019,584
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
East West Bank	2.71%	07/29/19	—	—	1,507,259		1,507,259	1,507,259
East West Bank	2.71%	09/04/19	—	—	1,001,011		1,001,011	1,001,011
TOTAL			\$ 42,177,754	\$ 42,177,754	\$ 14,165,736	\$ (12,118,871)	\$ 44,224,620	\$ 44,224,620

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2018		Qtr to Qtr Change	September 30, 2018	
			Par Value	Market Value		Par Value	Market Value
Petty Cash	0.00%	10/01/18	\$ 953	\$ 953	\$ (116)	\$ 837	\$ 837
Southside Bank MMA	2.14%	10/01/18	692,234	692,234	3,625	695,859	695,859
Southside Bank MMA #2	2.14%	10/01/18	2,141,787	2,141,787	11,213	2,153,000	2,153,000
BBVA Compass MMA	1.81%	10/01/18	19,322,548	19,322,548	1,481,426	20,803,974	20,803,974
NexBank MMA	2.22%	10/01/18	10,191,527	10,191,527	(10,082,771)	108,756	108,756
NexBank ICS	2.20%	10/01/18	—	—	10,138,517	10,138,517	10,138,517
Lubbock National Bank CD	1.25%	07/26/18	1,017,819	1,017,819	(1,017,819)	—	—
Lubbock National Bank CD	1.35%	09/01/18	1,018,165	1,018,165	(1,018,165)	—	—
Southside Bank CD	1.35%	10/01/18	1,017,009	1,017,009	3,457	1,020,466	1,020,466
TexStar Bank CD - Comal	0.80%	10/29/18	245,000	245,000		245,000	245,000
East West Bank CD	2.19%	11/04/18	2,006,846	2,006,846	11,235	2,018,081	2,018,081
Castroville State Bank CD - Medina	0.90%	11/06/18	248,509	248,509	564	249,074	249,074
LegacyTexas Bank CD	1.35%	11/12/18	1,014,746	1,014,746	3,457	1,018,203	1,018,203
LegacyTexas Bank CD	1.55%	12/26/18	1,015,611	1,015,611	3,973	1,019,584	1,019,584
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
East West Bank	2.71%	07/29/19	—	—	1,507,259	1,507,259	1,507,259
East West Bank	2.71%	09/04/19	—	—	1,001,011	1,001,011	1,001,011
TOTAL			\$ 42,177,754	\$ 42,177,754	\$ 2,046,865	\$ 44,224,620	\$ 44,224,620

Allocation by Fund
September 30, 2018
Book & Market Value

	Investment Total	Pooled Cash	General Fund	Edwards Aquifer Habitat Conservation Plan
Petty Cash	\$ 837	\$ 837	\$ –	\$ –
Southside Bank MMA	2,848,859	2,153,000		695,859
BBVA Compass MMA	20,803,974	3,252,303		17,551,671
NexBank MMA	108,756			108,756
NexBank ICS	10,138,517			10,138,517
10/01/18–Southside Bank CD	1,020,466		510,233	510,233
10/29/18–TexStar Bank CD - Comal	245,000		122,500	122,500
11/04/18–East West Bank CD	2,018,081		1,009,040	1,009,040
11/06/18–Castroville State Bank CD - Medina	249,074		124,537	124,537
11/12/18–LegacyTexas Bank CD	1,018,203		509,101	509,101
12/26/18–LegacyTexas Bank CD	1,019,584		509,792	509,792
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
07/29/19–East West Bank	1,507,259		502,420	1,004,839
09/04/19–East West Bank	1,001,011		501,011	500,000
	\$ 44,224,620	\$ 5,406,140	\$ 4,911,134	\$ 33,907,346

**Allocation by Fund
June 30, 2018
Book & Market Value**

	Investment Total	Pooled Cash	General Fund	Edwards Aquifer Habitat Conservation Plan
Petty Cash	\$ 953	\$ 953	\$ —	\$ —
Southside Bank MMA	2,834,021	2,141,787		692,234
BBVA Compass MMA	19,322,548	4,138,491		15,184,057
NexBank MMA	10,191,527			10,191,527
07/26/18–Lubbock National Bank CD	1,017,819			1,017,819
09/01/18–Lubbock National Bank CD	1,018,165		509,083	509,083
10/01/18–Southside Bank CD	1,017,009		508,505	508,505
10/29/18–TexStar Bank CD - Comal	245,000		122,500	122,500
11/04/18–East West Bank CD	2,006,846		1,003,423	1,003,423
11/06/18–Castroville State Bank CD - Medina	248,509		124,255	124,255
11/12/18–LegacyTexas Bank CD	1,014,746		507,373	507,373
12/26/18–LegacyTexas Bank CD	1,015,611		507,805	507,805
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
	\$ 42,177,754	\$ 6,281,231	\$ 4,405,443	\$ 31,491,080