



# QUARTERLY INVESTMENT REPORT

**For the Quarter Ended**

**September 30, 2019**

**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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**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, 2019</u>		<u>September 30, 2019</u>		
	<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Avg. Yield</u>
DDA/MMA/NOW	\$ 23,403,222	\$ 23,403,222	\$ 25,689,001	\$ 25,689,001	2.28%
Securities/CDs	19,253,286	19,253,286	19,323,458	19,323,458	2.48%
<b>Totals</b>	<b>\$ 42,656,508</b>	<b>\$ 42,656,508</b>	<b>\$ 45,012,459</b>	<b>\$ 45,012,459</b>	

<u>Average Yield - Current Quarter (1)</u>	
Total Portfolio	2.37%
Rolling Three Month Treasury	2.02%
Rolling Six Month Treasury	2.17%
TexPool	2.16%

<u>Fiscal Year-to-Date Average Yield (2)</u>	
Total Portfolio	2.52%
Rolling Three Month Treasury	2.27%
Rolling Six Month Treasury	2.37%
TexPool	2.32%

<u>Interest Revenue (Approximate)</u>	
Quarterly Interest Income	\$ 259,600
Year-to-date Interest Income	\$ 750,161

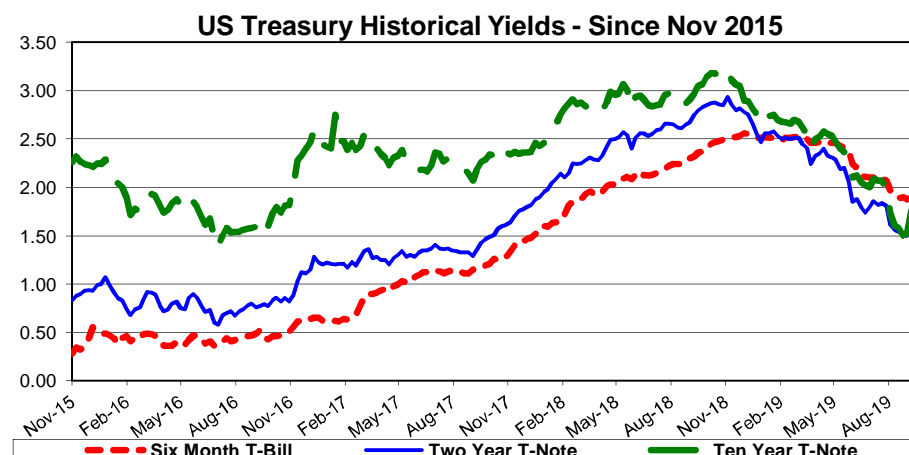
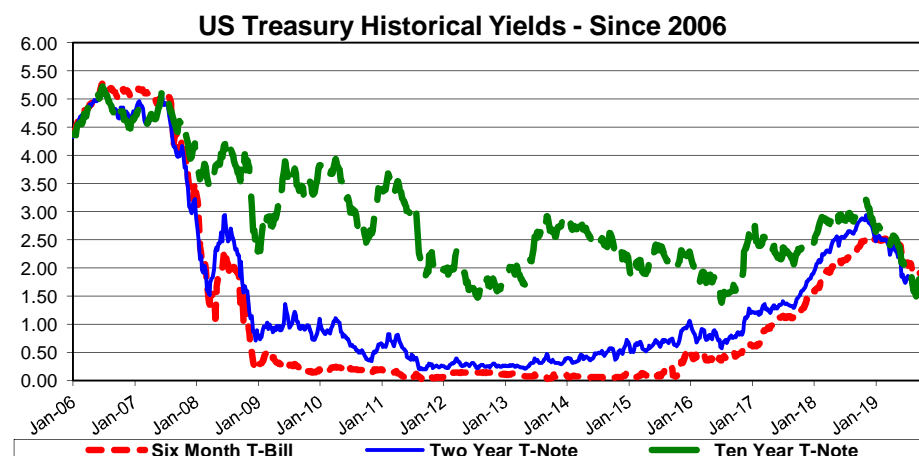
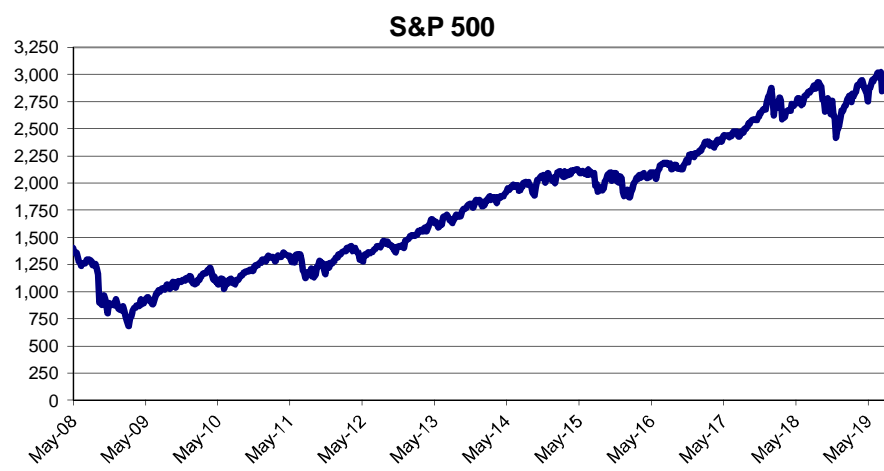
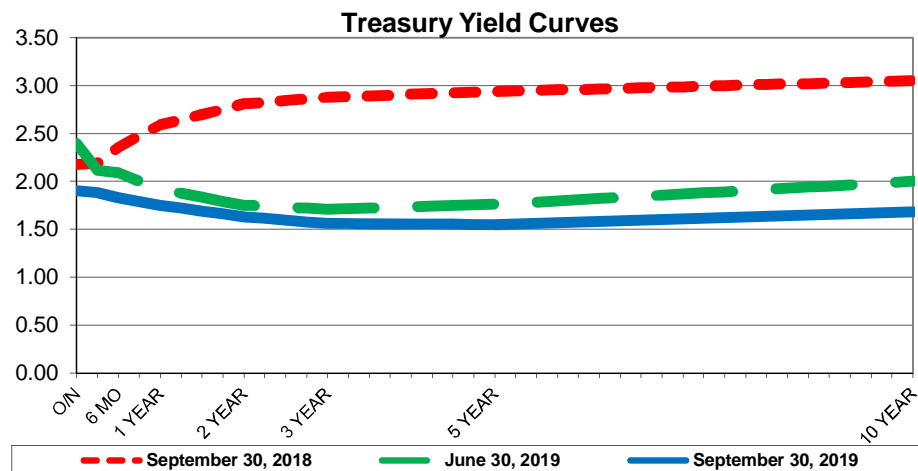
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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

9/30/2019

The Federal Open Market Committee (FOMC) reduced the Fed Funds target range to 1.75% - 2.00% (Effective Fed Funds are trading +/-1.83%). The Futures Market continues to project additional decreases. Gradual Federal Reserve Bank portfolio reduction ended. August Non Farm Payroll added 136,000 new jobs, with the rolling three month averaging 157,000. Crude oil settled back and trades +/- \$55. The Stock Markets waffled near the recent highs. Consumer spending continues albeit less robustly. Overall economic activity remains mostly positive with 2nd Quarter GDP recorded at 2.0%. Brexit, Chinese trade concerns, growth outlook, and other factors may weigh on US growth. The inverted Yield Curve persists with yields declining.



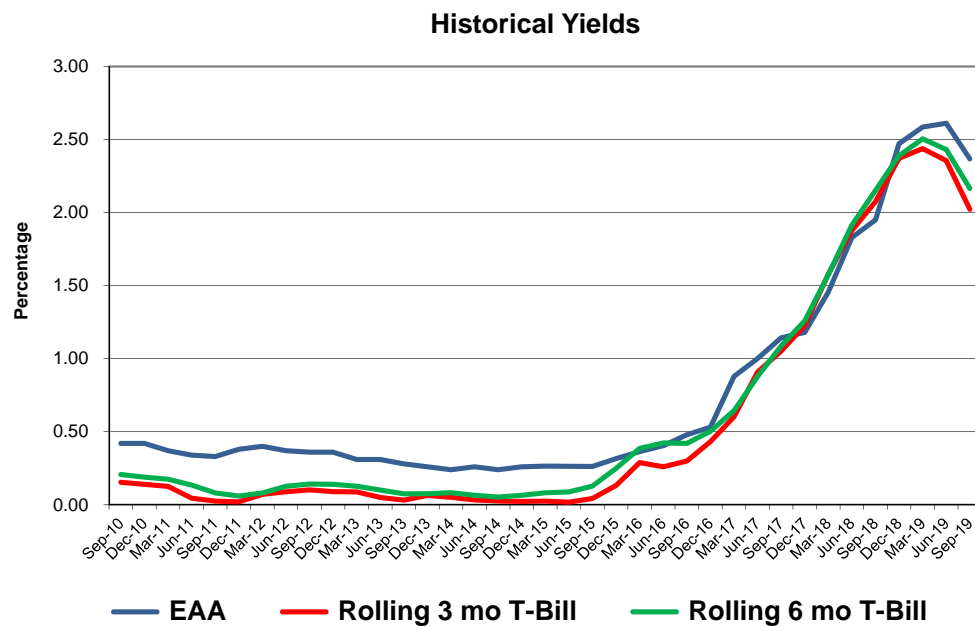
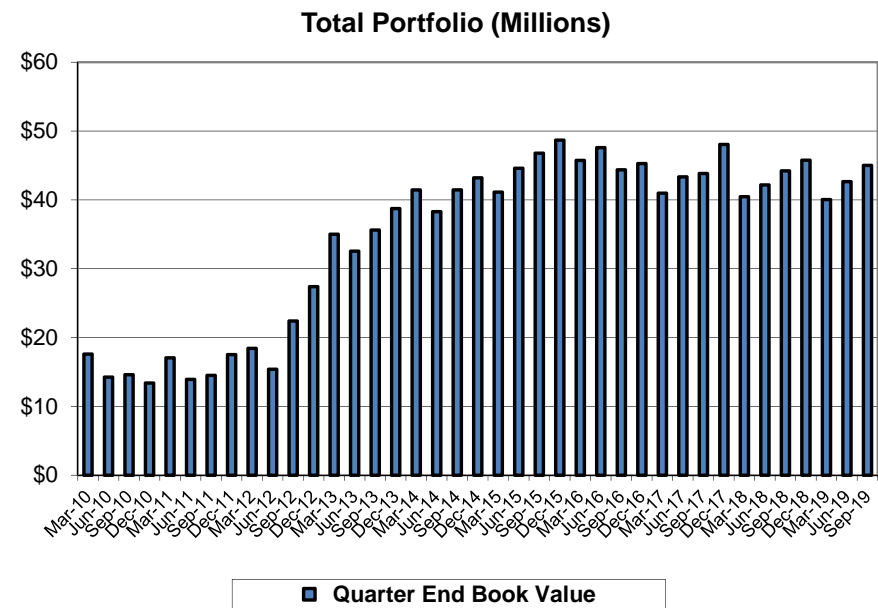
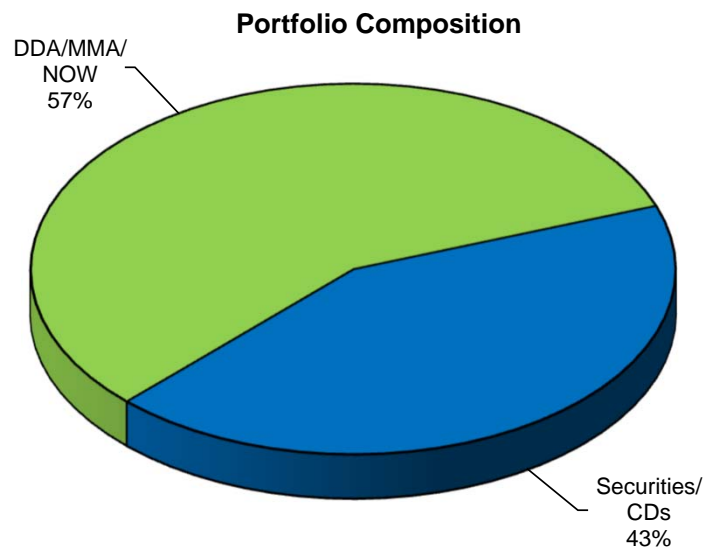
**Investment Holdings**  
**September 30, 2019**

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Petty Cash		0.00%	10/01/19	09/30/19	\$ 467	\$ 467	1.00	\$ 467	1	0.00%
Southside Bank MMA (3)		2.25%	10/01/19	09/30/19	832,055	832,055	1.00	832,055	1	2.25%
Southside Bank MMA (3) #2		2.25%	10/01/19	09/30/19	2,463,095	2,463,095	1.00	2,463,095	1	2.25%
BBVA Compass MMA		1.90%	10/01/19	09/30/19	3,392,750	3,392,750	1.00	3,392,750	1	1.90%
Origin Bank MMA		2.27%	10/01/19	09/30/19	2,004,934	2,004,934	1.00	2,004,934	1	2.27%
NexBank MMA		2.33%	10/01/19	09/30/19	111,565	111,565	1.00	111,565	1	2.33%
NexBank ICS		2.37%	10/01/19	09/30/19	16,884,135	16,884,135	1.00	16,884,135	1	2.37%
WallisBank CD		2.78%	10/02/19	10/02/18	1,020,968	1,020,968	100.00	1,020,968	2	2.81%
Dallas Capital Bank CD		2.92%	11/14/19	11/15/18	1,000,000	1,000,000	100.00	1,000,000	45	2.96%
East West Bank CD		2.74%	01/14/20	01/14/19	2,039,418	2,039,418	100.00	2,039,418	106	2.77%
Southside Bank CD		2.68%	02/19/20	02/19/19	1,013,334	1,013,334	100.00	1,013,334	142	2.70%
East West Bank CD		2.62%	03/27/20	03/27/19	5,574,722	5,574,722	100.00	5,574,722	179	2.65%
LegacyTexas Bank CD		2.48%	06/01/20	05/31/19	1,008,315	1,008,315	100.00	1,008,315	245	2.51%
Security State B&T CD		2.19%	07/10/20	07/10/19	1,000,000	1,000,000	100.00	1,000,000	284	2.06%
East West Bank CD		2.13%	07/29/20	07/29/19	1,546,579	1,546,579	100.00	1,546,579	303	2.15%
East West Bank CD		2.15%	08/05/20	08/05/19	2,071,510	2,071,510	100.00	2,071,510	310	2.17%
East West Bank CD		2.15%	08/06/20	08/06/19	2,048,613	2,048,613	100.00	2,048,613	311	2.17%
Security State B&T CD		2.04%	03/04/21	09/04/19	1,000,000	1,000,000	100.00	1,000,000	521	2.06%
					<b>\$ 45,012,459</b>	<b>\$ 45,012,459</b>		<b>\$ 45,012,459</b>	<b>94</b>	<b>2.37%</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%.



## Book Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2019		Purchases/ Adjustments	Sales/Adjust/ Maturities	September 30, 2019	
			Par Value	Book Value			Par Value	Book Value
Petty Cash	0.00%	10/01/19	\$ 613	\$ 613	\$ —	\$ (146)	\$ 467	\$ 467
Southside Bank MMA	2.25%	10/01/19	827,162	827,162	4,894		832,055	832,055
Southside Bank MMA #2	2.25%	10/01/19	1,446,713	1,446,713	1,016,382		2,463,095	2,463,095
BBVA Compass MMA	1.90%	10/01/19	4,238,412	4,238,412		(845,662)	3,392,750	3,392,750
Origin Bank MMA	2.27%	10/01/19	—	—	2,004,934		2,004,934	2,004,934
NexBank MMA	2.33%	10/01/19	110,880	110,880	685		111,565	111,565
NexBank ICS	2.37%	10/01/19	16,779,442	16,779,442	104,693		16,884,135	16,884,135
East West Bank CD	2.69%	07/01/19	1,013,548	1,013,548		(1,013,548)	—	—
East West Bank CD	2.67%	07/29/19	1,537,661	1,537,661		(1,537,661)	—	—
East West Bank CD	2.77%	08/04/19	2,059,213	2,059,213		(2,059,213)	—	—
East West Bank CD	2.77%	08/06/19	2,036,296	2,036,296		(2,036,296)	—	—
East West Bank CD	2.73%	09/04/19	1,022,691	1,022,691		(1,022,691)	—	—
WallisBank CD	2.78%	10/02/19	1,013,930	1,013,930	7,038		1,020,968	1,020,968
Dallas Capital Bank CD	2.92%	11/14/19	1,000,000	1,000,000			1,000,000	1,000,000
East West Bank CD	2.74%	01/14/20	2,025,382	2,025,382	14,036		2,039,418	2,039,418
Southside Bank CD	2.68%	02/19/20	1,006,535	1,006,535	6,799		1,013,334	1,013,334
East West Bank CD	2.62%	03/27/20	5,538,030	5,538,030	36,692		5,574,722	5,574,722
LegacyTexas Bank CD	2.48%	06/01/20	1,000,000	1,000,000	8,315		1,008,315	1,008,315
Security State B&T CD	2.19%	07/10/20	—	—	1,000,000		1,000,000	1,000,000
East West Bank CD	2.13%	07/29/20	—	—	1,546,579		1,546,579	1,546,579
East West Bank CD	2.15%	08/05/20	—	—	2,071,510		2,071,510	2,071,510
East West Bank CD	2.15%	08/06/20	—	—	2,048,613		2,048,613	2,048,613
Security State B&T CD	2.04%	03/04/21	—	—	1,000,000		1,000,000	1,000,000
<b>TOTAL</b>			<b>\$ 42,656,508</b>	<b>\$ 42,656,508</b>	<b>\$ 10,871,169</b>	<b>\$ (8,515,218)</b>	<b>\$ 45,012,459</b>	<b>\$ 45,012,459</b>

## Market Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2019		Qtr to Qtr Change	September 30, 2019	
			Par Value	Market Value		Par Value	Market Value
Petty Cash	0.00%	10/01/19	\$ 613	\$ 613	\$ (146)	\$ 467	\$ 467
Southside Bank MMA	2.25%	10/01/19	827,162	827,162	4,894	832,055	832,055
Southside Bank MMA #2	2.25%	10/01/19	1,446,713	1,446,713	1,016,382	2,463,095	2,463,095
BBVA Compass MMA	1.90%	10/01/19	4,238,412	4,238,412	(845,662)	3,392,750	3,392,750
Origin Bank MMA	2.27%	10/01/19	—	—	2,004,934	2,004,934	2,004,934
NexBank MMA	2.33%	10/01/19	110,880	110,880	685	111,565	111,565
NexBank ICS	2.37%	10/01/19	16,779,442	16,779,442	104,693	16,884,135	16,884,135
East West Bank CD	2.69%	07/01/19	1,013,548	1,013,548	(1,013,548)	—	—
East West Bank CD	2.67%	07/29/19	1,537,661	1,537,661	(1,537,661)	—	—
East West Bank CD	2.77%	08/04/19	2,059,213	2,059,213	(2,059,213)	—	—
East West Bank CD	2.77%	08/06/19	2,036,296	2,036,296	(2,036,296)	—	—
East West Bank CD	2.73%	09/04/19	1,022,691	1,022,691	(1,022,691)	—	—
WallisBank CD	2.78%	10/02/19	1,013,930	1,013,930	7,038	1,020,968	1,020,968
Dallas Capital Bank CD	2.92%	11/14/19	1,000,000	1,000,000		1,000,000	1,000,000
East West Bank CD	2.74%	01/14/20	2,025,382	2,025,382	14,036	2,039,418	2,039,418
Southside Bank CD	2.68%	02/19/20	1,006,535	1,006,535	6,799	1,013,334	1,013,334
East West Bank CD	2.62%	03/27/20	5,538,030	5,538,030	36,692	5,574,722	5,574,722
LegacyTexas Bank CD	2.48%	06/01/20	1,000,000	1,000,000	8,315	1,008,315	1,008,315
Security State B&T CD	2.19%	07/10/20	—	—	1,000,000	1,000,000	1,000,000
East West Bank CD	2.13%	07/29/20	—	—	1,546,579	1,546,579	1,546,579
East West Bank CD	2.15%	08/05/20	—	—	2,071,510	2,071,510	2,071,510
East West Bank CD	2.15%	08/06/20	—	—	2,048,613	2,048,613	2,048,613
Security State B&T CD	2.04%	03/04/21	—	—	1,000,000	1,000,000	1,000,000
<b>TOTAL</b>			<b>\$ 42,656,508</b>	<b>\$ 42,656,508</b>	<b>\$ 2,355,951</b>	<b>\$ 45,012,459</b>	<b>\$ 45,012,459</b>

**Allocation by Fund  
September 30, 2019  
Book & Market Value**

	Investment Total	Pooled Cash	General Fund	Edwards Aquifer Habitat Conservation Plan
Petty Cash	\$ 467	\$ 467	\$ —	\$ —
Southside Bank MMA	3,295,151	2,463,095	—	832,055
BBVA Compass MMA	3,392,750	1,691,154	—	1,701,596
Origin Bank MMA	2,004,934	1,002,467	—	1,002,467
NexBank MMA	111,565	—	—	111,565
NexBank ICS	16,884,135	—	—	16,884,135
10/02/19—WallisBank CD	1,020,968	—	510,484	510,484
11/14/19—Dallas Capital Bank CD	1,000,000	—	500,000	500,000
01/14/20—East West Bank CD	2,039,418	—	1,019,709	1,019,709
02/19/20—Southside Bank CD	1,013,334	—	506,667	506,667
03/27/20—East West Bank CD	5,574,722	—	760,189	4,814,532
06/01/20—LegacyTexas Bank CD	1,008,315	—	504,158	504,158
07/10/20—Security State B&T CD	1,000,000	—	500,000	500,000
07/29/20—East West Bank CD	1,546,579	—	515,526	1,031,052
08/05/20—East West Bank CD	2,071,510	—	2,071,510	—
08/06/20—East West Bank CD	2,048,613	—	—	2,048,613
03/04/21—Security State B&T CD	1,000,000	—	500,000	500,000
	<b>\$ 45,012,459</b>	<b>\$ 5,157,183</b>	<b>\$ 7,388,243</b>	<b>\$ 32,467,033</b>



**Allocation by Fund**  
**June 30, 2019**  
**Book & Market Value**

	<b>Investment Total</b>	<b>Pooled Cash</b>	<b>General Fund</b>	<b>Edwards Aquifer Habitat Conservation Plan</b>
<b>Petty Cash</b>	\$ 613	\$ 613	\$ —	\$ —
<b>Southside Bank MMA</b>	2,273,875	1,446,713	—	827,162
<b>BBVA Compass MMA</b>	4,238,412	3,909,636	—	328,776
<b>NexBank MMA</b>	110,880	—	—	110,880
<b>NexBank ICS</b>	16,779,442	—	—	16,779,442
<b>07/01/19—East West Bank CD</b>	1,013,548	—	506,774	506,774
<b>07/29/19—East West Bank CD</b>	1,537,661	—	512,554	1,025,107
<b>08/04/19—East West Bank CD</b>	2,059,213	—	1,029,607	1,029,607
<b>08/06/19—East West Bank CD</b>	2,036,296	—	1,018,148	1,018,148
<b>09/04/19—East West Bank CD</b>	1,022,691	—	511,346	511,346
<b>10/02/19—WallisBank CD</b>	1,013,930	—	506,965	506,965
<b>11/14/19—Dallas Capital Bank CD</b>	1,000,000	—	500,000	500,000
<b>01/14/20—East West Bank CD</b>	2,025,382	—	1,012,691	1,012,691
<b>02/19/20—Southside Bank CD</b>	1,006,535	—	503,267	503,267
<b>03/27/20—East West Bank CD</b>	5,538,030	—	755,186	4,782,844
<b>06/01/20—LegacyTexas Bank CD</b>	1,000,000	—	500,000	500,000
	<b>\$ 42,656,508</b>	<b>\$ 5,356,962</b>	<b>\$ 7,356,537</b>	<b>\$ 29,943,008</b>