



QUARTERLY INVESTMENT REPORT

For the Quarter Ended

December 31, 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.

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.

Annual Comparison of Portfolio Performance

FYE Results by Investment Category:

Asset Type	December 31, 2018			December 31, 2019		
	Avg. Yield	Book Value	Market Value	Avg. Yield	Book Value	Market Value
DDA/MMA/NOW	2.47%	\$ 34,000,389	\$ 34,000,389	1.80%	\$ 26,777,465	\$ 26,777,465
Securities/CDs	2.49%	11,767,201	11,767,201	2.38%	19,416,682	19,416,682
Totals		\$ 45,767,590	\$ 45,767,590		\$ 46,194,147	\$ 46,194,147

Fourth Quarter-End Yield	2.47%	2.04%
--------------------------	--------------	--------------

Average Quarter-End Yields (1):

	2018 Fiscal Year	2019 Fiscal Year
Edwards Aquifer Authority	1.93%	2.40%
Rolling Three Month Treasury	1.98%	2.10%
Rolling Six Month Treasury	2.01%	2.22%
TexPool	1.90%	2.15%
Fiscal YTD interest earnings	\$ 778,615	\$ 986,558

(1) AVERAGE **Quarter-End Yields** - 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, pool, and money market balances.

Summary

Quarter End Results by Investment Category:

<u>Asset Type</u>	<u>September 30, 2019</u>		<u>December 31, 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	\$ 25,689,001	\$ 25,689,001	\$ 26,777,465	\$ 26,777,465	1.80%
Securities/CDs	19,323,458	19,323,458	19,416,682	19,416,682	2.38%
Totals	\$ 45,012,459	\$ 45,012,459	\$ 46,194,147	\$ 46,194,147	

Average Yield - Current Quarter (1)

Total Portfolio	2.04%
Rolling Three Month Treasury	1.60%
Rolling Six Month Treasury	1.78%
TexPool	1.62%

Fiscal Year-to-Date Average Yield (2)

Total Portfolio	2.40%
Rolling Three Month Treasury	2.10%
Rolling Six Month Treasury	2.22%
TexPool	2.15%

Interest Revenue (Approximate)

Quarterly Interest Income	\$ 236,397
Year-to-date Interest Income	\$ 986,558

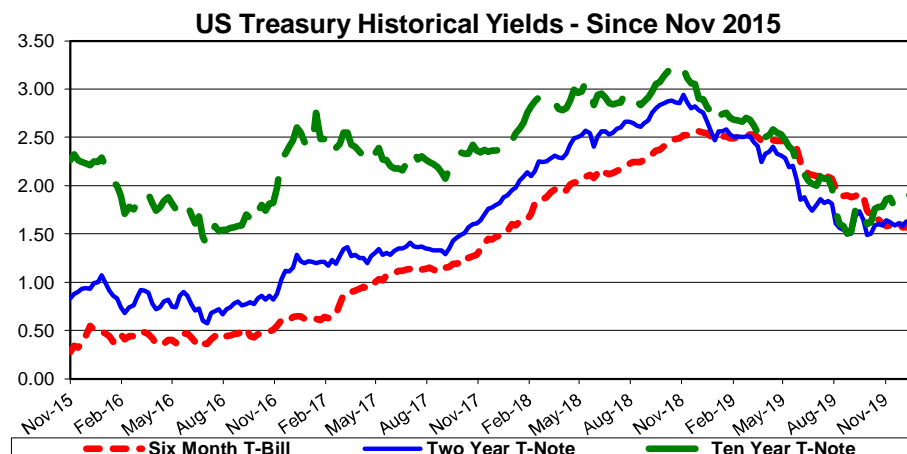
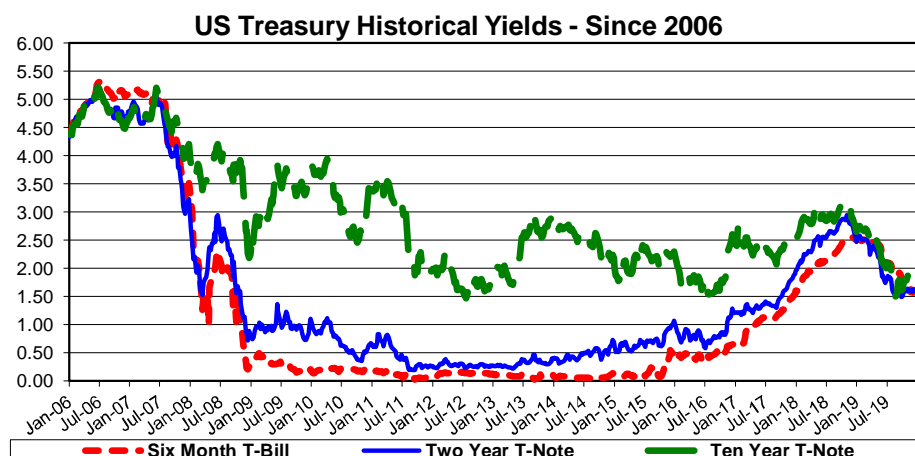
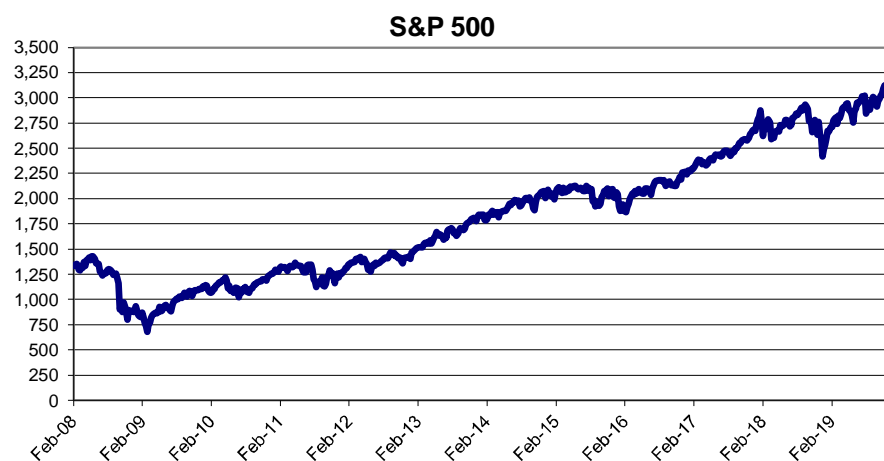
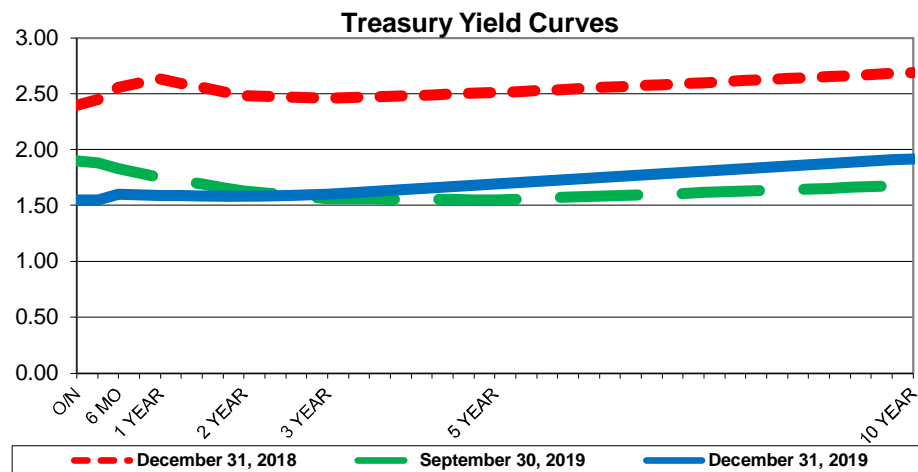
(1) **Current Quarter Average Yield** - based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank, pool, and money market balances.

(2) **Fiscal Year-to-Date Average Yields** calculated using quarter end report yields.

Economic Overview

12/31/2019

The Federal Open Market Committee (FOMC) held the Fed Funds target range at 1.50% - 1.75% (Effective Fed Funds are trading +/-1.55%). The Futures Market has reduced the probability of additional decreases until late summer/early fall 2020. Middle East turmoil had bumped crude oil over \$60, but it has retreated back below. December Non Farm Payroll rose 145,000 resulting in a three month moving average of 185,000. The Unemployed level remained at 3.5%. The Stock Markets remain at or near historic highs. Consumer spending has improved. Housing shows signs of growth. Overall economic activity remains positive, 3rd Quarter GDP was confirmed at 2.1%. The British are moving forward with Brexit. Several trade agreements are also progressing (China, North America, Japan). The Yield Curve shifted to slightly positive.



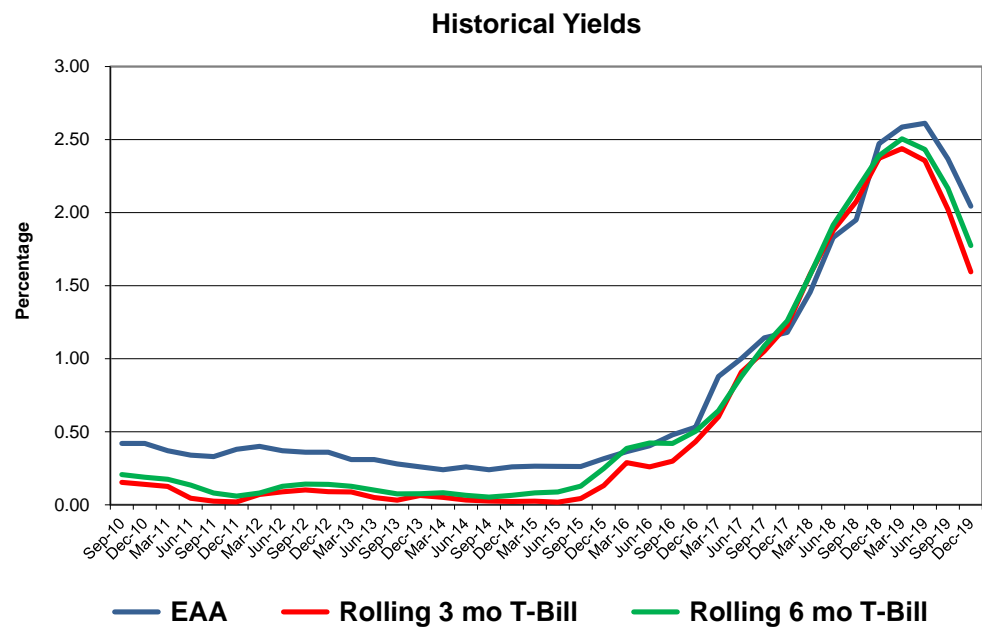
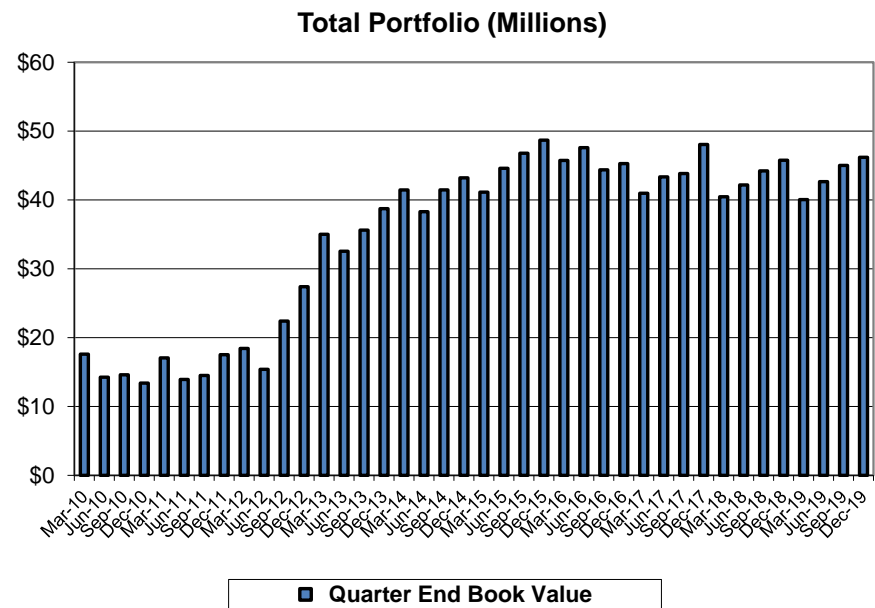
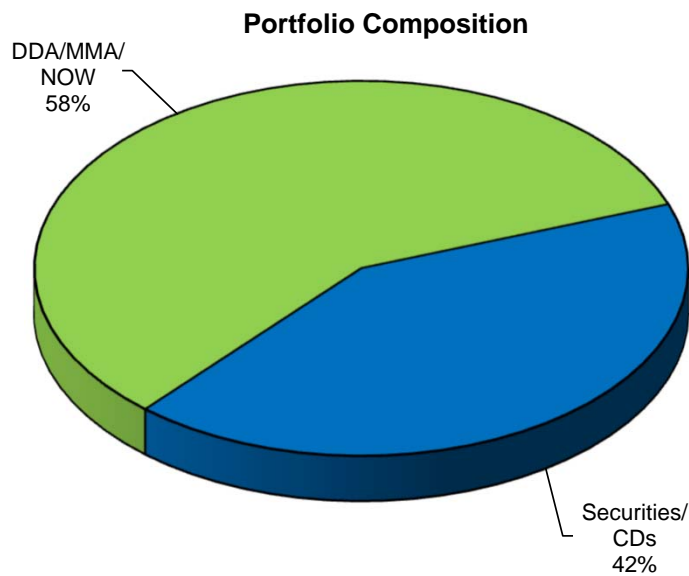
Investment Holdings
December 31, 2019

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Petty Cash		0.00%	01/01/20	12/31/19	\$ 605	\$ 605	1.00	\$ 605	1	0.00%
Southside Bank MMA (3)		1.75%	01/01/20	12/31/19	1,538,340	1,538,340	1.00	1,538,340	1	1.75%
Southside Bank MMA (3) #2		1.75%	01/01/20	12/31/19	1,772,250	1,772,250	1.00	1,772,250	1	1.75%
BBVA Compass MMA		1.56%	01/01/20	12/31/19	4,372,234	4,372,234	1.00	4,372,234	1	1.56%
Origin Bank MMA		2.27%	01/01/20	12/31/19	2,016,326	2,016,326	1.00	2,016,326	1	2.27%
NexBank MMA		1.82%	01/01/20	12/31/19	112,102	112,102	1.00	112,102	1	1.82%
NexBank MMA (ICS)		1.82%	01/01/20	12/31/19	16,965,607	16,965,607	1.00	16,965,607	1	1.82%
East West Bank CD		2.74%	01/14/20	01/14/19	2,053,551	2,053,551	100.00	2,053,551	14	2.77%
Southside Bank CD		2.68%	02/19/20	02/19/19	1,020,179	1,020,179	100.00	1,020,179	50	2.70%
East West Bank CD		2.62%	03/27/20	03/27/19	5,611,657	5,611,657	100.00	5,611,657	87	2.65%
LegacyTexas Bank CD		2.48%	06/01/20	05/31/19	1,014,631	1,014,631	100.00	1,014,631	153	2.51%
Security State B&T CD		2.19%	07/10/20	07/10/19	2,012,068	2,012,068	100.00	2,012,068	192	2.06%
East West Bank CD		2.13%	07/29/20	07/29/19	1,554,904	1,554,904	100.00	1,554,904	211	2.15%
East West Bank CD		2.15%	08/05/20	08/05/19	2,082,766	2,082,766	100.00	2,082,766	218	2.17%
East West Bank CD		2.15%	08/06/20	08/06/19	2,059,745	2,059,745	100.00	2,059,745	219	2.17%
East West Bank CD		1.74%	02/18/21	11/18/19	1,002,100	1,002,100	100.00	1,002,100	415	1.75%
Security State B&T CD		2.04%	03/04/21	09/04/19	1,005,082	1,005,082	100.00	1,005,082	429	2.06%
					\$ 46,194,147	\$ 46,194,147			70	2.04%
									(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	September 30, 2019		Purchases/ Adjustments	Sales/Adjust/ Maturities	December 31, 2019	
			Par Value	Book Value			Par Value	Book Value
Petty Cash	0.00%	01/01/20	\$ 467	\$ 467	\$ 138	\$ —	\$ 605	\$ 605
Southside Bank MMA	1.75%	01/01/20	832,055	832,055	706,285		1,538,340	1,538,340
Southside Bank MMA #2	1.75%	01/01/20	2,463,095	2,463,095		(690,845)	1,772,250	1,772,250
BBVA Compass MMA	1.56%	01/01/20	3,392,750	3,392,750	979,484		4,372,234	4,372,234
Origin Bank MMA	2.27%	01/01/20	2,004,934	2,004,934	11,392		2,016,326	2,016,326
NexBank MMA	1.82%	01/01/20	111,565	111,565	537		112,102	112,102
NexBank MMA (ICS)	1.82%	01/01/20	16,884,135	16,884,135	81,473		16,965,607	16,965,607
WallisBank CD	2.78%	10/02/19	1,020,968	1,020,968		(1,020,968)	—	—
Dallas Capital Bank CD	2.92%	11/14/19	1,000,000	1,000,000		(1,000,000)	—	—
East West Bank CD	2.74%	01/14/20	2,039,418	2,039,418	14,133		2,053,551	2,053,551
Southside Bank CD	2.68%	02/19/20	1,013,334	1,013,334	6,845		1,020,179	1,020,179
East West Bank CD	2.62%	03/27/20	5,574,722	5,574,722	36,935		5,611,657	5,611,657
LegacyTexas Bank CD	2.48%	06/01/20	1,008,315	1,008,315	6,316		1,014,631	1,014,631
Security State B&T CD	2.19%	07/10/20	1,000,000	1,000,000	1,012,068		2,012,068	2,012,068
East West Bank CD	2.13%	07/29/20	1,546,579	1,546,579	8,325		1,554,904	1,554,904
East West Bank CD	2.15%	08/05/20	2,071,510	2,071,510	11,256		2,082,766	2,082,766
East West Bank CD	2.15%	08/06/20	2,048,613	2,048,613	11,132		2,059,745	2,059,745
East West Bank CD	1.74%	02/18/21	—	—	1,002,100		1,002,100	1,002,100
Security State B&T CD	2.04%	03/04/21	1,000,000	1,000,000	5,082		1,005,082	1,005,082
TOTAL			\$ 45,012,459	\$ 45,012,459	\$ 3,893,501	\$ (2,711,813)	\$ 46,194,147	\$ 46,194,147

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	September 30, 2019		Qtr to Qtr Change	December 31, 2019	
			Par Value	Market Value		Par Value	Market Value
Petty Cash	0.00%	01/01/20	\$ 467	\$ 467	\$ 138	\$ 605	\$ 605
Southside Bank MMA	1.75%	01/01/20	832,055	832,055	706,285	1,538,340	1,538,340
Southside Bank MMA #2	1.75%	01/01/20	2,463,095	2,463,095	(690,845)	1,772,250	1,772,250
BBVA Compass MMA	1.56%	01/01/20	3,392,750	3,392,750	979,484	4,372,234	4,372,234
Origin Bank MMA	2.27%	01/01/20	2,004,934	2,004,934	11,392	2,016,326	2,016,326
NexBank MMA	1.82%	01/01/20	111,565	111,565	537	112,102	112,102
NexBank MMA (ICS)	1.82%	01/01/20	16,884,135	16,884,135	81,473	16,965,607	16,965,607
WallisBank CD	2.78%	10/02/19	1,020,968	1,020,968	(1,020,968)	—	—
Dallas Capital Bank CD	2.92%	11/14/19	1,000,000	1,000,000	(1,000,000)	—	—
East West Bank CD	2.74%	01/14/20	2,039,418	2,039,418	14,133	2,053,551	2,053,551
Southside Bank CD	2.68%	02/19/20	1,013,334	1,013,334	6,845	1,020,179	1,020,179
East West Bank CD	2.62%	03/27/20	5,574,722	5,574,722	36,935	5,611,657	5,611,657
LegacyTexas Bank CD	2.48%	06/01/20	1,008,315	1,008,315	6,316	1,014,631	1,014,631
Security State B&T CD	2.19%	07/10/20	1,000,000	1,000,000	1,012,068	2,012,068	2,012,068
East West Bank CD	2.13%	07/29/20	1,546,579	1,546,579	8,325	1,554,904	1,554,904
East West Bank CD	2.15%	08/05/20	2,071,510	2,071,510	11,256	2,082,766	2,082,766
East West Bank CD	2.15%	08/06/20	2,048,613	2,048,613	11,132	2,059,745	2,059,745
East West Bank CD	1.74%	02/18/21	—	—	1,002,100	1,002,100	1,002,100
Security State B&T CD	2.04%	03/04/21	1,000,000	1,000,000	5,082	1,005,082	1,005,082
TOTAL			\$ 45,012,459	\$ 45,012,459	\$ 1,181,688	\$ 46,194,147	\$ 46,194,147

**Allocation by Fund
December 31, 2019
Book & Market Value**

	Investment Total	Pooled Cash	General Fund	Edwards Aquifer Habitat Conservation Plan
Petty Cash	\$ 605	\$ 605	\$ —	\$ —
Southside Bank MMA	3,310,591	1,772,250	—	1,538,340
BBVA Compass MMA	4,372,234	1,600,318	—	2,771,916
Origin Bank MMA	2,016,326	1,008,163	—	1,008,163
NexBank MMA	112,102	—	—	112,102
NexBank MMA (ICS)	16,965,607	—	—	16,965,607
01/14/20—East West Bank CD	2,053,551	—	1,026,775	1,026,775
02/19/20—Southside Bank CD	1,020,179	—	510,090	510,090
03/27/20—East West Bank CD	5,611,657	—	765,226	4,846,431
06/01/20—LegacyTexas Bank CD	1,014,631	—	507,316	507,316
07/10/20—Security State B&T CD	2,012,068	—	1,006,034	1,006,034
07/29/20—East West Bank CD	1,554,904	—	518,301	1,036,603
08/05/20—East West Bank CD	2,082,766	—	2,082,766	—
08/06/20—East West Bank CD	2,059,745	—	—	2,059,745
02/18/21—East West Bank CD	1,002,100	—	501,050	501,050
03/04/21—Security State B&T CD	1,005,082	—	502,541	502,541
	\$ 46,194,147	\$ 4,381,336	\$ 7,420,099	\$ 34,392,712

**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 MMA (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
	\$ 45,012,459	\$ 5,157,183	\$ 7,388,243	\$ 32,467,033