

City of New Braunfels



For the Quarter Ended

March 31, 2020

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MARKET RECAP - MARCH 2020:

On February 24th the World Health Organization's director general told journalists that the COVID-19 virus was not yet a global pandemic and that "it is still possible to contain the virus." But within days, the reality could no longer be denied and on March 11th the WHO finally made it official. Financial markets had determined weeks earlier that the novel coronavirus was going to be a big problem and stocks around the world were hammered. The ensuing flight to safety rally sent U.S. Treasury yields to record lows. Meanwhile, other fixed income sectors came under enormous selling pressure as investors foresaw massive credit deterioration and companies worked to build up cash reserves to weather the storm. On March 3rd, in an emergency move, the Federal Reserve cut the fed funds target rate by 50 basis points, noting in typically understated fashion, "The coronavirus poses evolving risks to economic activity." At the time, many market participants saw the Fed's move as a panicked reaction and they responded by panicking themselves, sending stock markets tumbling. The hits kept coming: outbreaks of COVID-19 erupted in Seattle and New York and have now spread to most major metropolitan areas; sports leagues began suspending and then cancelling games, seasons, and tournaments; conference organizers around the nation cancelled events; schools sent students home; local governments started by ordering restaurants to close and banning public gatherings before eventually issuing mandatory "stay-at-home" orders for all non-essential activities." This list goes on and on.

With the economic engine switched to off, policy makers were forced to respond. On Sunday, March 15th, the Fed pulled out all the stops, slicing the fed funds rate by a full percentage point to a range of 0%-0.25%. The Fed also implemented massive quantitative easing, expanded repo operations, lowered the interest rate on excess reserves, and established a lending facility to support money market funds and the commercial paper market. There was more to come. By the third week of March, first time claims for unemployment benefits would skyrocket with nearly 3.3 million Americans filing for benefits. This would spur Congress to pass the Coronavirus Aid, Relief, and Economic Security Act, or "CARES Act", a massive \$2 trillion relief package intended to cushion the blow for both employees and employers, as well as provide support for the many companies buckling under the strain of the sudden stoppage of business. Central banks and governments around the world would join the U.S. in cutting interest rates and passing relief measures.

We won't bother recapping March's slate of economic data. Suffice it to say, in the weeks and months ahead we will bear witness to an abrupt economic downturn unlike anything we have ever seen. While the data will be terrible, the impact on lives and livelihoods will be worse. The major U.S. stock indexes suffered declines of more than 30% from the record highs reached in mid-February, clawing back three years of gains. A post-CARES Act rally in the final week of the month would briefly stem the slide. U.S. Treasury yields plummeted during March with the two-year note closing the month at 0.25% and the 10-year at 0.67%. At one point in late March, much of the curve inside of a year was trading at negative yields. It appears a deep (hopefully short-lived) recession is imminent. A zero rate environment is the new norm for the foreseeable future.

For the Quarter Ended
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This report is prepared for the **City of New Braunfels** (the "Entity") in accordance with Chapter 2256 of the Texas Public Funds Investment Act ("PFIA"). Section 2256.023(a) of the PFIA states that: "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period." This report is signed by the Entity's investment officers and includes the disclosures required in the PFIA. To the extent possible, market prices have been obtained from independent pricing sources.

The investment portfolio complied with the PFIA and the Entity's approved Investment Policy and Strategy throughout the period. All investment transactions made in the portfolio during this period were made on behalf of the Entity and were made in full compliance with the PFIA and the approved Investment Policy.

Officer Names and Titles:

Sandy Paulos

Name: Sandy Paulos

Title: Asst. Chief Financial Officer

Jared Werner

Name: Jared Werner

Title: Chief Financial Officer

Melinda Slusser

Name: Melinda Slusser

Title: Senior Accountant / Finance

Account Summary

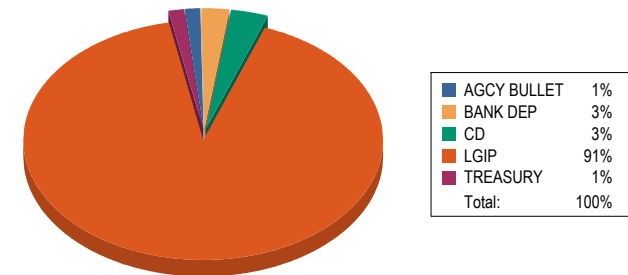
Allocation by Security Type

Beginning Values as of 12/31/19

Ending Values as of 03/31/20

Par Value	137,247,368.16	151,482,366.24
Market Value	137,288,996.16	151,560,910.64
Book Value	137,288,308.12	151,513,669.90
Unrealized Gain/(Loss)	688.04	47,240.74
Market Value %	100.00%	100.03%

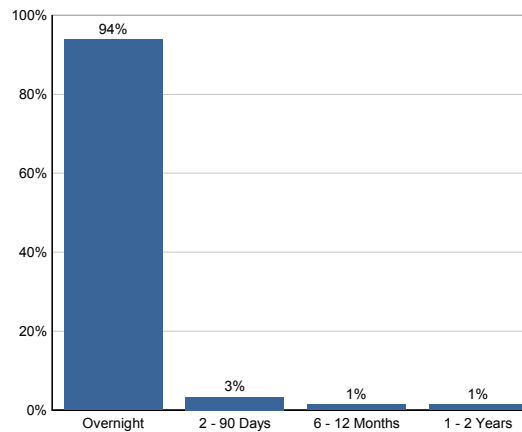
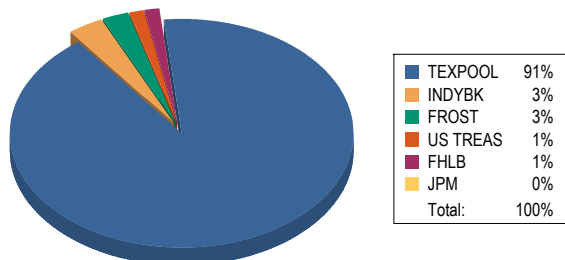
Weighted Avg. YTW	1.641%	1.074%
Weighted Avg. YTM	1.641%	1.074%



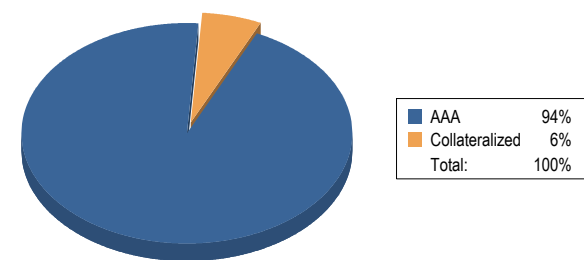
Allocation by Issuer

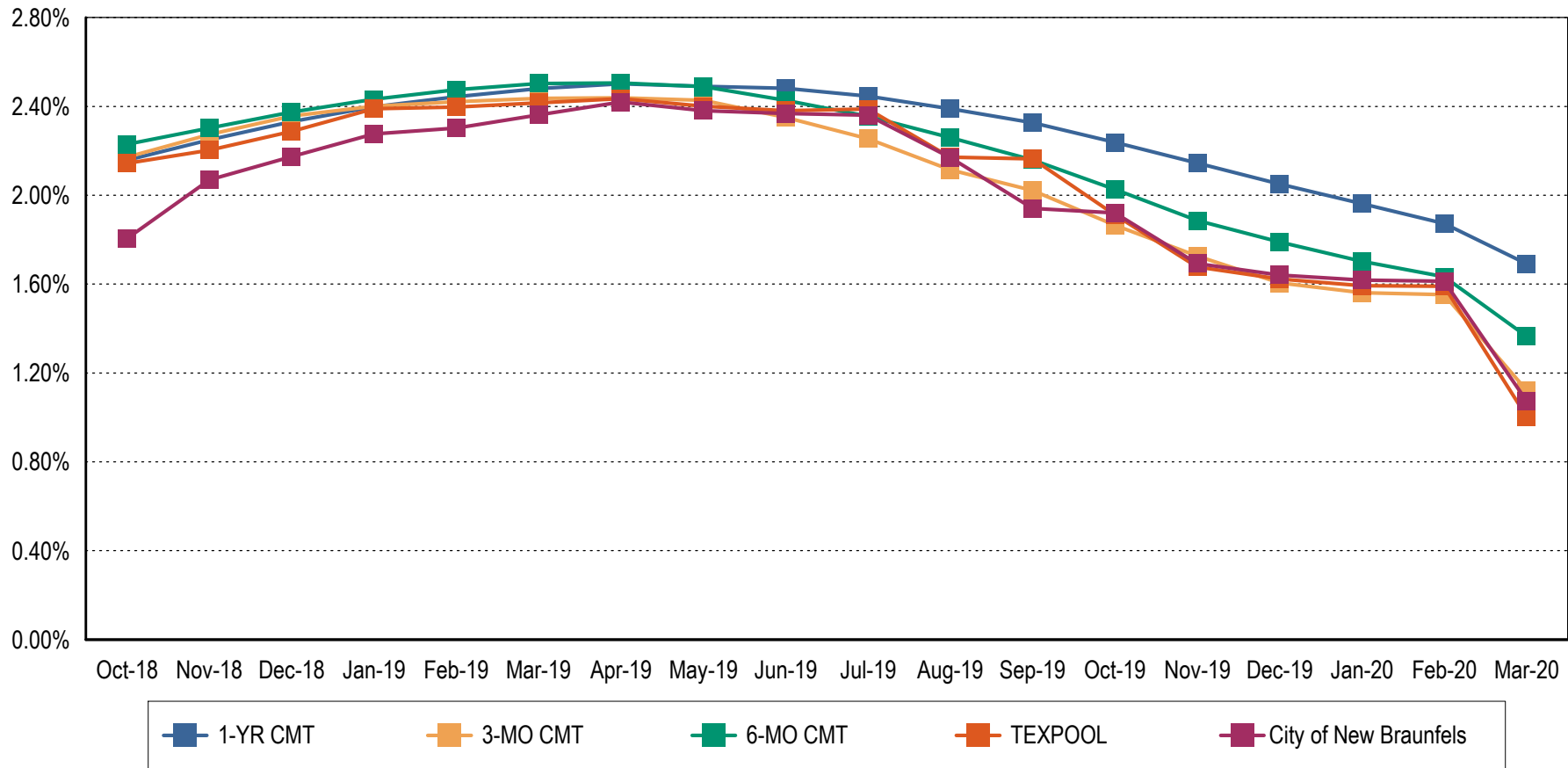
Maturity Distribution %

Credit Quality



Weighted Average Days to Maturity: 11





Note 1: CMT stands for Constant Maturity Treasury. This data is published in Federal Reserve Statistical Release H.15 and represents an average of all actively traded Treasury securities having that time remaining until maturity. This is a standard industry benchmark for Treasury securities. The CMT benchmarks are moving averages. The 3-month CMT is the daily average for the previous 3 months, the 6-month CMT is the daily average for the previous 6 months, and the 1-year and 2-year CMT's are the daily averages for the previous 12-months.

Note 2: Benchmark data for TexPool is the monthly average yield.

CUSIP	Settle Date	Sec. Type	Sec. Description	CPN	Mty Date	Next Call	Call Type	Par Value	Purch Price	Orig Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW
101 - General Fund																	
FROST-NBR		BANK DEP	Frost Bk					3,876,938.71	100.000	3,876,938.71	3,876,938.71	100.000	3,876,938.71	1		1.190	1.190
TEXPOOL		LGIP	TexPool					40,040,683.48	100.000	40,040,683.48	40,040,683.48	100.000	40,040,683.48	1		1.003	1.003
CD-7730	06/13/19	CD	Independent Bk CD	2.460	06/13/20			5,092,836.67	100.000	5,092,836.67	5,092,836.67	100.000	5,092,836.67	74		2.460	2.460
Total for 101 - General Fund								49,010,458.86	100.000	49,010,458.86	49,010,458.86	100.000	49,010,458.86	9		1.170	1.170
212 - NB Industrial Dev Corp																	
TEXPOOL		LGIP	TexPool					13,938,484.69	100.000	13,938,484.69	13,938,484.69	100.000	13,938,484.69	1		1.003	1.003
Total for 212 - NB Industrial Dev Corp								13,938,484.69	100.000	13,938,484.69	13,938,484.69	100.000	13,938,484.69	1		1.003	1.003
999 - Pooled Funds																	
TEXPOOL		LGIP	TexPool					84,533,422.69	100.000	84,533,422.69	84,533,422.69	100.000	84,533,422.69	1		1.003	1.003
3130AEWA4	11/22/19	AGCY BULET	FHLB	2.625	10/01/20			2,000,000.00	100.851	2,017,020.00	2,009,955.80	101.138	2,022,763.20	184		1.621	1.621
9128284P2	11/22/19	TREAS NOTE	U.S. Treasury	2.625	05/15/21			2,000,000.00	101.406	2,028,125.00	2,021,347.86	102.789	2,055,781.20	410		1.660	1.660
Total for 999 - Pooled Funds								88,533,422.69	100.051	88,578,567.69	88,564,726.35	100.089	88,611,967.09	14		1.032	1.032
Total for City of New Braunfels								151,482,366.24	100.030	151,527,511.24	151,513,669.90	100.052	151,560,910.64	11		1.074	1.074

CUSIP	Security Type	Security Description	12/31/19 Book Value	Cost of Purchases	Maturities / Calls / Sales	Amortization / Accretion	Realized Gain/(Loss)	03/31/20 Book Value	12/31/19 Market Value	03/31/20 Market Value	Change in Mkt Value
101 - General Fund											
FROST-NBR	BANK DEP	Frost Bk	4,152,044.27	1,262,575.17	(1,537,680.73)	0.00	0.00	3,876,938.71	4,152,044.27	3,876,938.71	(275,105.56)
JPM-NBRE	BANK DEP	JPM Chase Bk	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
JPM-NBRH	BANK DEP	JPM Chase Bk High Yield	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TEXPOOL	LGIP	TexPool	41,617,864.67	6,614,709.89	(8,191,891.08)	0.00	0.00	40,040,683.48	41,617,864.67	40,040,683.48	(1,577,181.19)
CD-7730	CD	Independent Bk CD 2.460 06/13/20	5,061,858.64	30,978.03	0.00	0.00	0.00	5,092,836.67	5,061,858.64	5,092,836.67	30,978.03
Total for 101 - General Fund			50,831,767.58	7,908,263.09	(9,729,571.81)	0.00	0.00	49,010,458.86	50,831,767.58	49,010,458.86	(1,821,308.72)
212 - NB Industrial Dev Corp											
TEXPOOL	LGIP	TexPool	13,890,970.44	47,514.25	0.00	0.00	0.00	13,938,484.69	13,890,970.44	13,938,484.69	47,514.25
Total for 212 - NB Industrial Dev Corp			13,890,970.44	47,514.25	0.00	0.00	0.00	13,938,484.69	13,890,970.44	13,938,484.69	47,514.25
999 - Pooled Funds											
TEXPOOL	LGIP	TexPool	68,524,630.14	16,008,792.55	0.00	0.00	0.00	84,533,422.69	68,524,630.14	84,533,422.69	16,008,792.55
3130AEWA4	AGCY BULET	FHLB 2.625 10/01/20	2,014,884.32	0.00	0.00	(4,928.52)	0.00	2,009,955.80	2,014,447.20	2,022,763.20	8,316.00
9128284P2	TREAS NOTE	U.S. Treasury 2.625 05/15/21	2,026,055.64	0.00	0.00	(4,707.78)	0.00	2,021,347.86	2,027,180.80	2,055,781.20	28,600.40
Total for 999 - Pooled Funds			72,565,570.10	16,008,792.55	0.00	(9,636.30)	0.00	88,564,726.35	72,566,258.14	88,611,967.09	16,045,708.95
Total for City of New Braunfels			137,288,308.12	23,964,569.89	(9,729,571.81)	(9,636.30)	0.00	151,513,669.90	137,288,996.16	151,560,910.64	14,271,914.48

CUSIP	Security Type	Security Description	Beg. Accrued	Interest Earned	Interest Rec'd / Sold / Matured	Interest Purchased	Ending Accrued	Disc Accr / Prem Amort	Net Income
101 - General Fund									
FROST-NBR	BANK DEP	Frost Bk	0.00	12,042.94	12,042.94	0.00	0.00	0.00	12,042.94
TEXPOOL	LGIP	TexPool	0.00	166,391.33	166,391.33	0.00	0.00	0.00	166,391.33
CD-7730	CD	Independent Bk CD 2.460 06/13/20	6,481.95	31,017.70	30,978.03	0.00	6,521.62	0.00	31,017.70
Total for 101 - General Fund			6,481.95	209,451.97	209,412.30	0.00	6,521.62	0.00	209,451.97
212 - NB Industrial Dev Corp									
TEXPOOL	LGIP	TexPool	0.00	47,512.05	47,512.05	0.00	0.00	0.00	47,512.05
Total for 212 - NB Industrial Dev Corp			0.00	47,512.05	47,512.05	0.00	0.00	0.00	47,512.05
999 - Pooled Funds									
TEXPOOL	LGIP	TexPool	0.00	256,624.81	256,624.81	0.00	0.00	0.00	256,624.81
3130AEWA4	AGCY BULET	FHLB 2.625 10/01/20	13,125.00	13,125.00	0.00	0.00	26,250.00	(4,928.52)	8,196.48
9128284P2	TREAS NOTE	U.S. Treasury 2.625 05/15/21	6,778.85	13,125.00	0.00	0.00	19,903.85	(4,707.78)	8,417.22
Total for 999 - Pooled Funds			19,903.85	282,874.81	256,624.81	0.00	46,153.85	(9,636.30)	273,238.51
Total for City of New Braunfels			26,385.80	539,838.83	513,549.16	0.00	52,675.47	(9,636.30)	530,202.53

Trade Date	Settle Date	CUSIP	Security Type	Security Description	Coupon	Mty Date	Call Date	Par Value	Price	Principal Amount	Int Purchased / Received	Total Amount	Realized Gain / Loss	YTM	YTW
101 - General Fund															
Income Payments															
03/13/20	03/13/20	CD-7730	CD	Independent Bk CD	2.460	06/13/20				0.00	30,978.03	30,978.03			
03/13/20	03/13/20	CD-7730	CD	Independent Bk CD	2.460	06/13/20				0.00	(30,978.03)	(30,978.03)			
03/13/20	03/13/20	CD-7730	CD	Independent Bk CD	2.460	06/13/20				0.00	30,978.03	30,978.03			
Total for: Income Payments										0.00	30,978.03	30,978.03			
Capitalized Interest															
03/13/20	03/13/20	CD-7730	CD	Independent Bk CD	2.460	06/13/20		30,978.03	100.000	30,978.03	0.00	30,978.03			
Total for: Capitalized Interest								30,978.03		30,978.03	0.00	30,978.03			

Trade Date	Settle Date	CUSIP	Security Type	Security Description	Coupon	Mty Date	Call Date	Par Value	Price	Principal Amount	Int Purchased / Received	Total Amount	Realized Gain / Loss	YTM	YTW
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Total for All Portfolios

Transaction Type	Quantity	Total Amount	Realized G/L	YTM	YTW
Total Income Payments	0.00	30,978.03			
Total Capitalized Interest	30,978.03	30,978.03			

CUSIP	Settle Date	Security Type	Security Description	Next Call Date	Purchase Qty	Orig Price	Original Cost	Amrt/Accr for Period	Total Amrt/Accr Since Purch	Remaining Disc / Prem	Book Value
101 - General Fund											
CD-7730	06/13/19	CD	Independent Bk CD 2.460 06/13/20		5,092,836.67	100.000	5,092,836.67	0.00	0.00	0.00	5,092,836.67
Total for 101 - General Fund					5,092,836.67		5,092,836.67	0.00	0.00	0.00	5,092,836.67
999 - Pooled Funds											
3130AEWA4	11/22/19	AGCY BULET	FHLB 2.625 10/01/20		2,000,000.00	100.851	2,017,020.00	(4,928.52)	(7,064.20)	(9,955.80)	2,009,955.80
9128284P2	11/22/19	TREAS NOTE	U.S. Treasury 2.625 05/15/21		2,000,000.00	101.406	2,028,125.00	(4,707.78)	(6,777.14)	(21,347.86)	2,021,347.86
Total for 999 - Pooled Funds					4,000,000.00		4,045,145.00	(9,636.30)	(13,841.34)	(31,303.66)	4,031,303.66
Total for City of New Braunfels					9,092,836.67		9,137,981.67	(9,636.30)	(13,841.34)	(31,303.66)	9,124,140.33

CUSIP	Security Type	Security Description	Pay Date	Interest	Principal	Total Amount
101 - General Fund						
CD-7730	CD	Independent Bk CD 2.460 06/13/20	06/13/20	31,320.94	5,092,836.67	5,124,157.61
Total for 101 - General Fund				31,320.94	5,092,836.67	5,124,157.61
999 - Pooled Funds						
3130AEWA4	AGCY BULET	FHLB 2.625 10/01/20	04/01/20	26,250.00	0.00	26,250.00
9128284P2	TREAS NOTE	U.S. Treasury 2.625 05/15/21	05/15/20	26,250.00	0.00	26,250.00
Total for 999 - Pooled Funds				52,500.00	0.00	52,500.00

CUSIP	Security Type	Security Description	Pay Date	Interest	Principal	Total Amount
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Total for All Portfolios

April 2020	26,250.00	0.00	26,250.00
May 2020	26,250.00	0.00	26,250.00
June 2020	31,320.94	5,092,836.67	5,124,157.61
Total Projected Cash Flows for City of New Braunfels			
	83,820.94	5,092,836.67	5,176,657.61