

City of New Braunfels



For the Quarter Ended

June 30, 2019

Report Name

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MARKET RECAP - JUNE 2019:

June started off on a sour note as trade tensions ramped up after the administration threatened tariffs on Mexican imports in an attempt to address issues with immigration and border security. A week later, it was announced the tariffs would not take effect as the Mexican government had agreed to step up their efforts at the border. The trade outlook with China dimmed after the President reiterated his firm stance on tariffs and China pledged to "fight to the end." All eyes were on the G-20 Summit in late June in hope of something resembling a resolution. The meeting ultimately resulted in a cease-fire and an agreement to restart negotiations, sending the S&P 500 to a new all-time high.

Factory managers are feeling the effects of tariffs, while their more domestically focused service sector counterparts appear better insulated. The ISM manufacturing index continued its descent in May, sliding to the lowest level since October 2016 at 52.1. In contrast, the ISM non-manufacturing index rose to 56.9 in May, its highest level since February, with the employment component reaching a two-year high. Nonfarm payrolls added just 75k jobs in May, falling well below the Bloomberg median forecast for 175k. Downward revisions to March and April subtracted a net 75k jobs, completely negating the May gains. Headline unemployment held steady at a five-decade low of 3.6%, but this was bit deceptive as the participation rate has retreated over the last three months and was back near a 40-year low. May retail sales rose by +0.5%, just below the median forecast, but the big surprise was a recalculation of April sales, revised significantly higher from -0.2% to +0.3%. The important "control group" figure used in GDP calculations climbed +0.5% in May, while April was revised upward from 0.0% to +0.4%. The Consumer Price Index showed less price pressure than expected as both headline and core CPI rose by just +0.1% during May. On a year-over-year basis, overall consumer inflation slowed from +2.0% to +1.8%, while core CPI slowed from +2.1% to +2.0%. Fed Chair Jerome Powell has said on a number of occasions that the lack of price pressures early in the year is transitory, suggesting that the Fed was willing to wait patiently for inflation to turn upward. The weak CPI report disputes this transitory idea and supports the market's belief that the Fed will cut the overnight rate this summer.

At its mid-June meeting, the FOMC voted to hold the fed funds target rate steady in a range from 2.25% to 2.50%. However, the decision was not unanimous as St. Louis Fed President James Bullard preferred an immediate 25 basis point cut. As expected, the committee altered its message, shifting dovishly and opening the door to rate cuts in the near future. Following the FOMC meeting, a wave of new rate forecasts were published, with many Wall Street economists completely shifting gears. Bloomberg unexpectedly released a mid-month update to its survey of economists because so many opinions had changed. The majority surveyed now expect between 25 and 75 basis points of easing this year, with the first rate cut expected at the end of July. Bond yields continued their slide with the two-year Treasury note closing the month at 1.76% and the 10-year at 2.00%.

For the Quarter Ended
June 30, 2019

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.

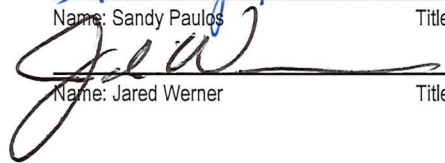
Officer Names and Titles:


Name: Robert Camareno

Title: City Manager


Name: Sandy Paulos

Title: Asst. Director of Finance


Name: Jared Werner

Title: Chief Financial Officer

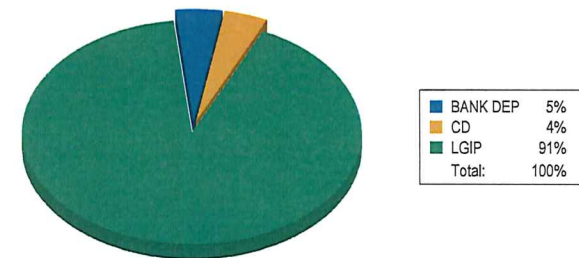
Account Summary

Beginning Values as of 03/31/19

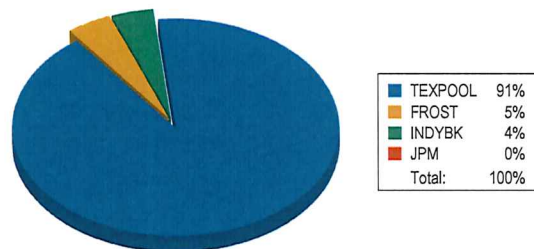
Ending Values as of 06/30/19

Par Value	130,196,085.14 ✓	123,180,337.82 ✓
Market Value	130,196,085.14 ✓	123,180,337.82 ✓
Book Value	130,196,085.14 ✓	123,180,337.82 ✓
Unrealized Gain /(Loss)	0.00	0.00
Market Value %	100.00% ✓	100.00%
Weighted Avg. YTW	2.362% ✓	2.368% ✓
Weighted Avg. YTM	2.362% ✓	2.368% ✓

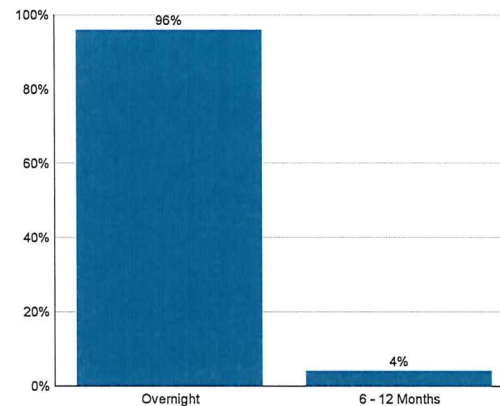
Allocation by Security Type



Allocation by Issuer

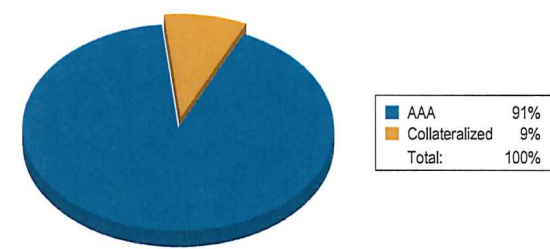


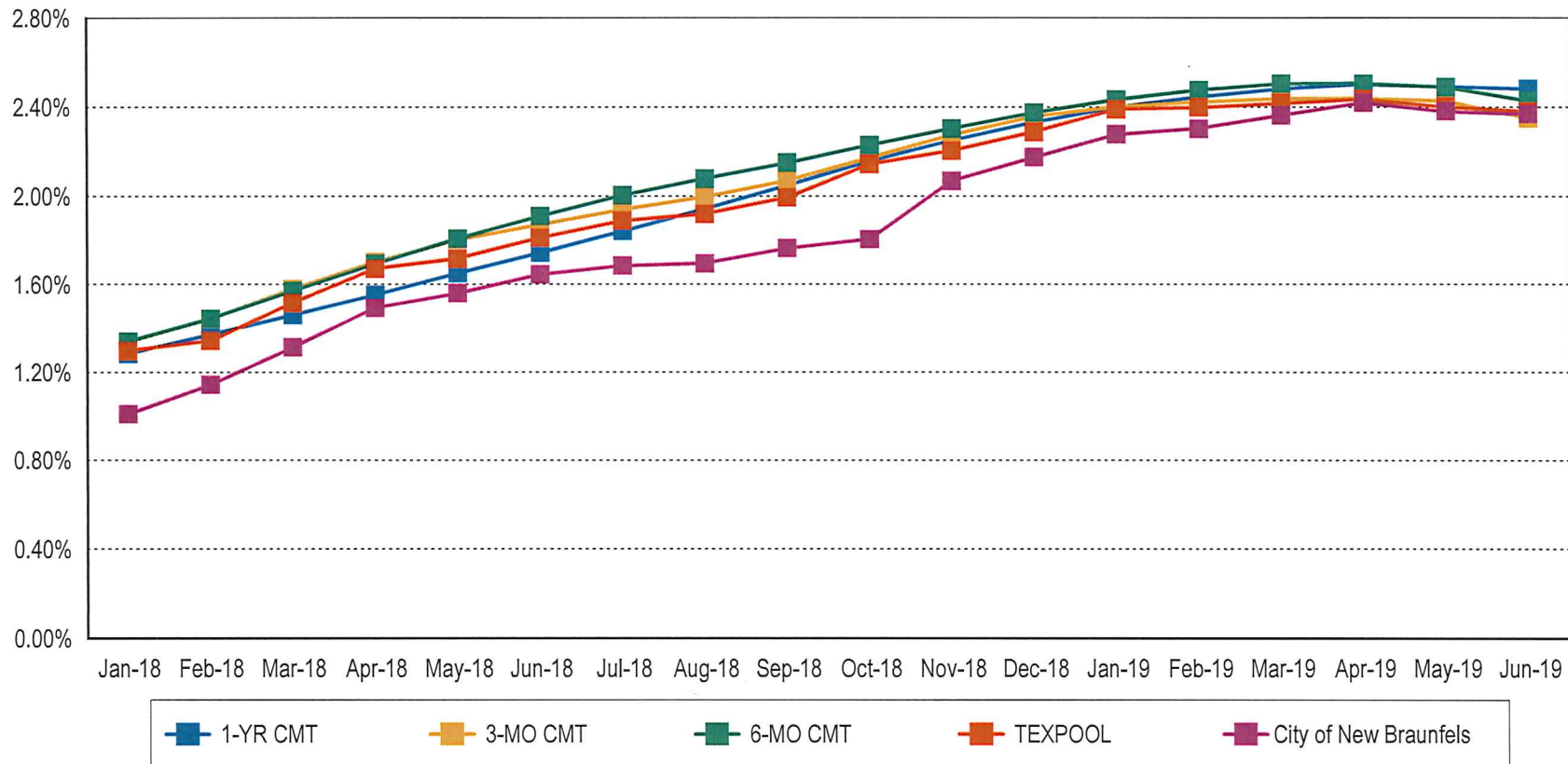
Maturity Distribution %



Weighted Average Days to Maturity: 15

Credit Quality





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.



City of New Braunfels
Detail of Security Holdings
 As of 06/30/2019

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					5,631,798.17	100.000	5,631,798.17	5,631,798.17	100.000	5,631,798.17	1		✓ 2.030	2.030
TEXPOOL		LGIP	TexPool					19,700,369.25	100.000	19,700,369.25	19,700,369.25	100.000	19,700,369.25	1		✓ 2.381	2.381
CD-7730	06/13/19	CD	Independent Bk CD	2.460	06/13/20			5,000,000.00	100.000	5,000,000.00	5,000,000.00	100.000	5,000,000.00	349		✓ 2.460	2.460
Total for 101 - General Fund								30,332,167.42	100.000	30,332,167.42	30,332,167.42	100.000	30,332,167.42	58		2.329	2.329
212 - NB Industrial Dev Corp																	
TEXPOOL		LGIP	TexPool					13,734,638.37	100.000	13,734,638.37	13,734,638.37	100.000	13,734,638.37	1		2.381	2.381
Total for 212 - NB Industrial Dev Corp								13,734,638.37	100.000	13,734,638.37	13,734,638.37	100.000	13,734,638.37	1		2.381	2.381
999 - Pooled Funds																	
TEXPOOL		LGIP	TexPool					79,113,532.03	100.000	79,113,532.03	79,113,532.03	100.000	79,113,532.03	1		2.381	2.381
Total for 999 - Pooled Funds								79,113,532.03	100.000	79,113,532.03	79,113,532.03	100.000	79,113,532.03	1		2.381	2.381
Total for City of New Braunfels								123,180,337.82	100.000	123,180,337.82	123,180,337.82	100.000	123,180,337.82	15		2.368	2.368

CUSIP	Security Type	Security Description	03/31/19 Book Value	Cost of Purchases	Maturities / Calls / Sales	Amortization / Accretion	Realized Gain/(Loss)	06/30/19 Book Value	03/31/19 Market Value	06/30/19 Market Value	Change in Mkt Value
101 - General Fund											
FROST-NBR	BANK DEP	Frost Bk	4,466,231.61	2,124,976.99	(959,410.43)	0.00	0.00	5,631,798.17 ✓	4,466,231.61	5,631,798.17	1,165,566.56
JPM-NBRE	BANK DEP	JPM Chase Bk	2,901,380.57	0.03	(2,901,380.60)	0.00	0.03	0.00	2,901,380.57	0.00	(2,901,380.57)
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	30,529,287.66	61,371.40 ✓	(10,890,289.81) ✓	0.00	0.00	19,700,369.25 ✓	30,529,287.66	19,700,369.25	(10,828,918.41)
CD-7730	CD	Independent Bk CD 2.460 06/13/20	0.00	5,000,000.00	0.00	0.00	0.00	5,000,000.00 ✓	0.00	5,000,000.00	5,000,000.00
Total for 101 - General Fund			37,896,899.84	7,186,348.42	(14,751,080.84)	0.00	0.03	30,332,167.42	37,896,899.84	30,332,167.42	(7,564,732.42)
212 - NB Industrial Dev Corp											
TEXPOOL	LGIP	TexPool	13,654,858.94	79,779.43 ✓	0.00	0.00	0.00	13,734,638.37 ✓	13,654,858.94	13,734,638.37	79,779.43
Total for 212 - NB Industrial Dev Corp			13,654,858.94	79,779.43	0.00	0.00	0.00	13,734,638.37	13,654,858.94	13,734,638.37	79,779.43
999 - Pooled Funds											
TEXPOOL	LGIP	TexPool	78,644,326.36	469,205.67 ✓	0.00	0.00	0.00	79,113,532.03 ✓	78,644,326.36	79,113,532.03	469,205.67
Total for 999 - Pooled Funds			78,644,326.36	469,205.67	0.00	0.00	0.00	79,113,532.03	78,644,326.36	79,113,532.03	469,205.67
Total for City of New Braunfels			130,196,085.14 ✓	7,735,333.52	(14,751,080.84)	0.00	0.03	123,180,337.82 ✓	130,196,085.14 ✓	123,180,337.82 ✓	(7,015,747.32) ✓

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	25,808.77	25,808.77	0.00	0.00	0.00	25,808.77
JPM-NBRE	BANK DEP	JPM Chase Bk	0.00	413.19	413.19	0.00	0.00	0.00	413.19
TEXPOOL	LGIP	TexPool	0.00	171,081.61	171,081.61	0.00	0.00	0.00	171,081.61
CD-7730	CD	Independent Bk CD 2.460 06/13/20	0.00	6,065.75	0.00	0.00	6,065.75	0.00	6,065.75
Total for 101 - General Fund			0.00	203,369.32	197,303.57	0.00	6,065.75	0.00	203,369.32
212 - NB Industrial Dev Corp									
TEXPOOL	LGIP	TexPool	0.00	79,779.42	79,779.42	0.00	0.00	0.00	79,779.42
Total for 212 - NB Industrial Dev Corp			0.00	79,779.42	79,779.42	0.00	0.00	0.00	79,779.42
999 - Pooled Funds									
TEXPOOL	LGIP	TexPool	0.00	469,205.66	469,205.66	0.00	0.00	0.00	469,205.66
Total for 999 - Pooled Funds			0.00	469,205.66	469,205.66	0.00	0.00	0.00	469,205.66
Total for City of New Braunfels			0.00	752,354.40	746,288.65	0.00	6,065.75	0.00	752,354.40

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															
Purchases															
06/13/19	06/13/19	CD-7730	CD	Independent Bk CD	2.460	06/13/20		5,000,000.00	100.000	5,000,000.00	0.00	5,000,000.00		2.460	2.460
Total for: Purchases								5,000,000.00		5,000,000.00	0.00	5,000,000.00		2.460	2.460

From 04/01/2019 to 06/30/2019

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 Purchases	5,000,000.00	5,000,000.00		2.460	2.460

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		5,000,000.00	100.000	5,000,000.00	0.00	0.00	0.00	5,000,000.00
Total for 101 - General Fund					5,000,000.00		5,000,000.00	0.00	0.00	0.00	5,000,000.00
Total for City of New Braunfels					5,000,000.00		5,000,000.00	0.00	0.00	0.00	5,000,000.00

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	09/13/19	30,750.00	0.00	30,750.00
CD-7730	CD	Independent Bk CD 2.460 06/13/20	12/13/19	30,750.00	0.00	30,750.00
Total for 101 - General Fund				61,500.00	0.00	61,500.00

CUSIP	Security Type	Security Description	Pay Date	Interest	Principal	Total Amount
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Total for All Portfolios						
			September 2019	30,750.00	0.00	30,750.00
			December 2019	30,750.00	0.00	30,750.00
Total Projected Cash Flows for City of New Braunfels				61,500.00	0.00	61,500.00