

Legislation Text

File #: 21-15, Version: 1

Presenter/Contact

*Sandy Paulos, Assistant Chief Financial Officer
(830) 221-4387 - spaulos@nbtexas.org*

SUBJECT:

Approval of the City of New Braunfels FY 2020 Fourth Quarter Investment Report.

BACKGROUND / RATIONALE:

State of Texas statutes require quarterly investment reports be presented to the governing body of a municipality. In addition, the Investment Policy adopted annually by the City Council requires quarterly reporting to the City Council. Attached for Council consideration is the FY 2020 Fourth Quarter Investment Report to meet these statutory requirements. As of September 30, 2020, the City had \$201,291,044 (market value) invested in different investment instruments including cash, as shown below. The portfolio increased by \$57,677,174 in the fourth fiscal quarter. This was due to the receipt of bond funds on September 30.

Investment Type:	Amount Invested (\$ in Millions)
Money Market/Cash	\$ 75
Pools	117
CD's	5
FHLB	2
US T-Note	2
Total Investments	\$ 201
Weighted Average Maturity of Portfolio	7 Days
Weighted Average Yield for Portfolio	0.13%
Earned Income QTR	\$ 87,622
Earned Income YTD	\$ 1,404,788

For the fourth quarter, the weighted average yield of the City's investments was 0.13 percent, a decrease of 0.13 percent when compared to the FY 2020 third quarter yield of 0.26 percent. Local Government Investment Pools (LGIP's) averaged a yield of 0.14 percent during the quarter. Since the majority of the City's funds are in LGIP's and interest earning cash accounts, these lower yields resulted in a decrease in the City's portfolio yield. The fourth quarter was also the first full quarter of

the much lower renewal rate of a CD in the portfolio.

The weighted average maturity of the City's portfolio decreased in comparison to the third quarter of FY 2020 due to the large deposit of bond funds into the cash account on September 30.

We continue to work on diversifying the City's portfolio in this challenging rate environment by taking steps such as moving funds into an additional LGIP and looking for other secure investment options, such as CD's. Council also approved an amendment to the City's Investment Policy in November that allows for the purchase of securities with maturities greater than two years, as long as the securities are callable. This gives the City another investment option that is secure but could allow for increased yields.

ADDRESSES A NEED/ISSUE IN A CITY PLAN OR COUNCIL PRIORITY:

<input checked="" type="checkbox"/>	Yes	City Plan/ Council Priority:	Strategic Priorities: 8 - Maintain fiscal stability of City operations
-------------------------------------	-----	-------------------------------------	--

FISCAL IMPACT:

N/A

COMMITTEE RECOMMENDATION:

N/A

STAFF RECOMMENDATION:

Staff recommends approval of the attached investment report.