

## Legislation Text

**File #:** 19-584, **Version:** 1

Presenter/Contact

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**SUBJECT:**

Approval of the City of New Braunfels FY 2018-19 Third 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 2018-19 Third Quarter Investment Report to meet these statutory requirements. As of June 30, 2019, the City had \$123,180,338 (market value) invested in different investment instruments including cash, as shown below. The portfolio decreased by \$7,015,747 in the third fiscal quarter. This was due, in part to debt service payments made in the month of June, along with capital project expenditures and vehicle purchases.

<b>Investment Type:</b>	<b>Amount Invested (\$ in Millions)</b>
Money Market/Cash	\$ 6
Pools	112
12 Month CD	5
	<b>Total Investments \$ 123</b>
<b>Weighted Average Maturity of Portfolio</b>	<b>15 Days</b>
<b>Weighted Average Yield for Portfolio</b>	<b>2.37%</b>
<b>Earned Income QTR</b>	<b>\$ 752,354</b>
<b>Earned Income YTD</b>	<b>\$ 2,018,690</b>

For the third quarter, the weighted average yield on the City’s investments was 2.37 percent, an increase of .01 percent when compared to the second quarter of FY 2018-19 earnings of 2.36 percent. While the average interest rate on TexPool investments actually decreased during the quarter, the purchase of a 12-month CD at a favorable rate helped keep the overall portfolio yield flat.

The weighted average maturity of the City’s portfolio increased in comparison to the second quarter of FY 2018-19 due to the purchase of a 12-month CD. The 2.46% yield on this CD is very favorable compared to short-term and long-term yields on the Treasury Curve (with the exception of the 30-

year yields). With yields on the short end of the Treasury Curve continuing to stay higher than the 1 and 2 year yields, it is beneficial for the City to keep its remaining funds in local government investment pools and money market accounts. Liquidity will continue to remain a high priority with the start of the 2019 bond projects.

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

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

N/A

**COMMITTEE RECOMMENDATION:**

N/A

**STAFF RECOMMENDATION:**

Staff recommends approval of the attached investment report.