

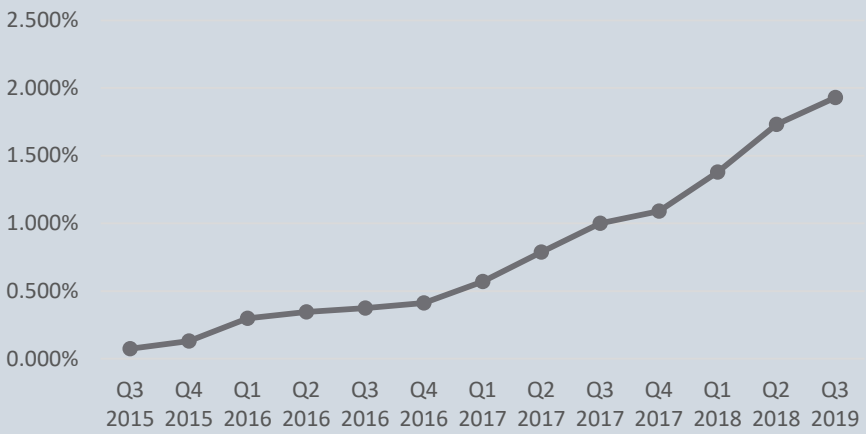
Q3 2018

QUARTERLY INVESTMENT REPORT

Key Points

- Interest earned on investments during Q3 2018 was \$46,936.
- Average Yield for Q3 2018 was 1.93% on our TexPool investments, which is trending in-line with increases in the 90-day T-bill for the same period. The increase in yield is expected given the climate for increased rates.
- The expectation is that interest rates and yields on the City’s investments will continue to rise in line with anticipated increases to the interest rate. As a public entity, the City is subject to investment activity regulation under the Public Funds Investment Act. These regulations restrict the City’s ability to invest in highly speculative or risky investments. The City’s portfolio is legally restricted to highly liquid and safe investments that protect the public’s funds.
- The Fed took no rate action in July or August, but did raise the rate on September 26 by 25 basis points to 2.25%. The Fed indicated that the economy is “strong”. There are indications of a fourth rate hike in December.

TexPool Quarterly Average Yields



Q3 2018 Investment Inventory

City of Fair Oaks Ranch Investment Inventory Report 07/01/2018 - 09/30/2018									
Governmental Fund Investments									
Security	Yield	Beg Bal	Transfers In/Out	Interest Earnings	Ending Bal	Ending Market	Weighted Avg Maturity	Maturity Date	Notes
Pool (Texpool 004) General	1.930%	7,374,602	(729,903)	33,688	6,678,387	6,678,387	27 days	-	
Pool (Texpool 006) 2015 CIP Bonds	1.930%	1,569,976	(616,293)	5,502	959,185	959,185	27 days	-	
Pool (Texpool 007) Debt Service	1.930%	70,036	(62,982)	147	7,201	7,201	27 days	-	
Certificate of Deposit (711) Gen	0.55%	62,507			62,507	62,507	-	10/9/2018	Interest is earned annually
Certificate of Deposit (254) Gen	0.55%	65,162			65,162	65,162	-	10/9/2018	Interest is earned annually
TOTAL		9,142,282	(1,409,177)	39,337	7,772,442	7,772,442	-		
Utility Fund Investments									
Security	Yield	Beg Bal	Transfers In/Out	Interest Earnings	Ending Bal	Ending Market	Weighted Avg Maturity	Maturity Date	Notes
Pool (Texpool 001) Utility	1.930%	1,086,124		5,304	1,091,429	1,091,429	27 days	-	
Pool (Texpool 002) Water Cap	1.930%	379,417	(203,964)	1,170	176,623	176,623	27 days	-	
Pool (Texpool 003) Sewer Cap	1.930%	229,728	(19,716)	1,088	211,100	211,100	27 days	-	
Pool (Texpool 005) 1997 CO	1.930%	7,696		38	7,733	7,733	27 days	-	
TOTAL		1,702,965	(223,680)	7,599	1,486,884	1,486,884	-		
This report is in compliance with the City's Investment Policy Section 9 and 11 and Texas Government Code Section 2256.023.									
*Weighted Average Maturity									
<i>Per the city's investment policy, the city will not directly invest in securities maturing more than 13 months from the date of purchase. Reserve funds may be invested in securities up to 2 years. The Weighted Average Maturity of these investments is in compliance with the city's policy.</i>									
* Transfers out of Texpool accounts represent vendor payments made, or funding of city operations by transferring funds into our city operating cash account.									
Transfers into Texpool accounts represent deposits of property tax revenue.									