



*Building on our legacy, illuminating innovation, succeeding beyond borders.  
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# 2019 Investment highlights

*PRIDE = Professional • Results • Innovation • Dedication • Ethical*



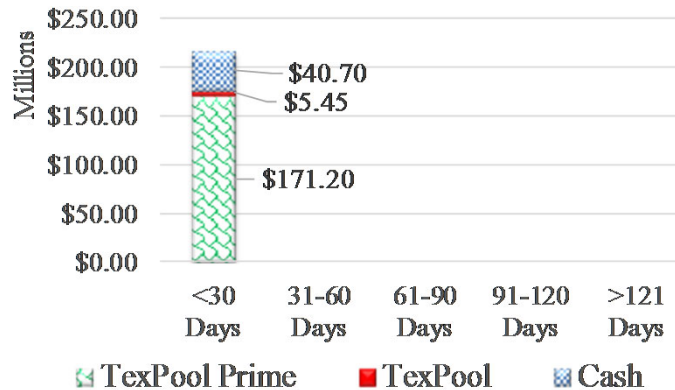
# Quarterly Investment Update

Directly linked to the County Strategic Plan

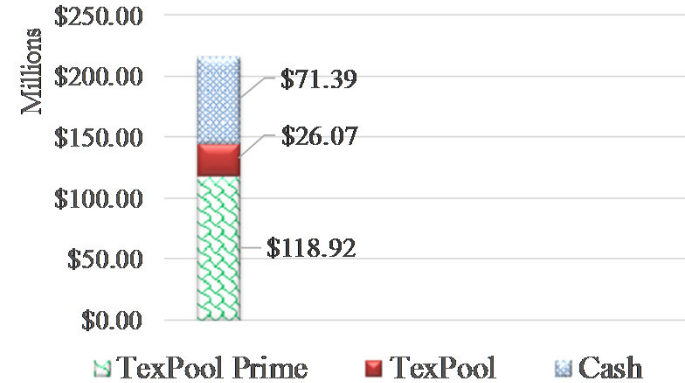
- Goal 1 - Financially Sound County Government
- Goal 2 - Investing funds on the principles of
  1. Safety
  2. Liquidity
  3. Diversification
- Goal 3 - Return on Investment



### Investment Maturity Summary December 31, 2018



### Investment Maturity Summary December 31, 2017



Although investments vehicles have remained the same for both years (cash, TexPool, and TexPool Prime) the percentages in each has changed. As of October 31, 2018 the percentages in cash, TexPool, and TexPool Prime were 18.72%, 2.51%, and 78.77%, respectively. The October 31, 2017, percentages in cash, TexPool, and TexPool Prime were 32.99%, 15.19% and 51.82%, respectively.

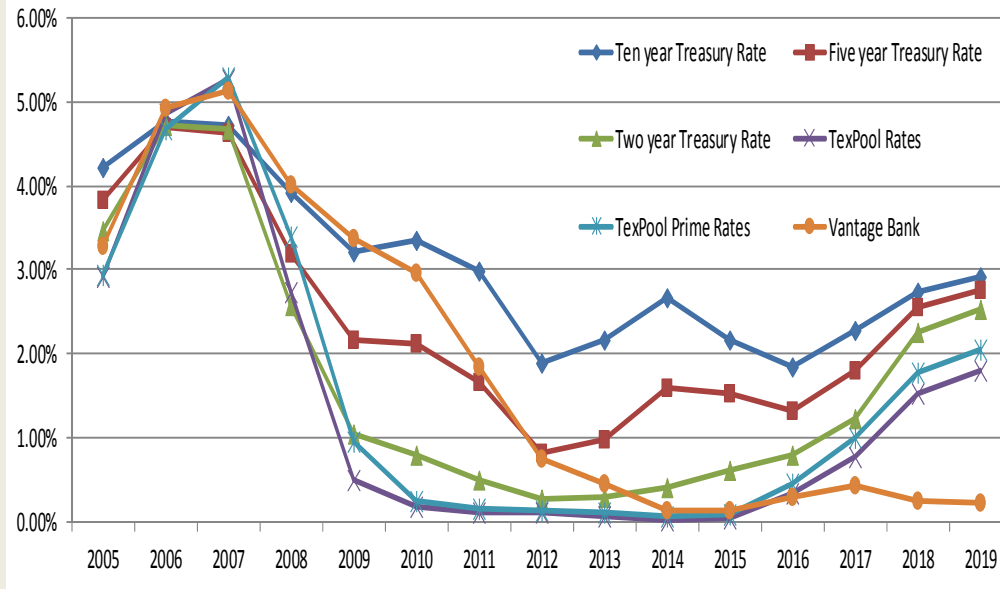
Total investments were \$217,341,641 for December 2018 compared to prior year of \$216,379,650, an increase of \$961,991 .

The interest earned so far this year was \$889,322 compared to last year of \$393,410 an increase of \$495,410 or 125.77%.



# Historical Market Environment

Key Interest Rates Averaged for the Fiscal Year



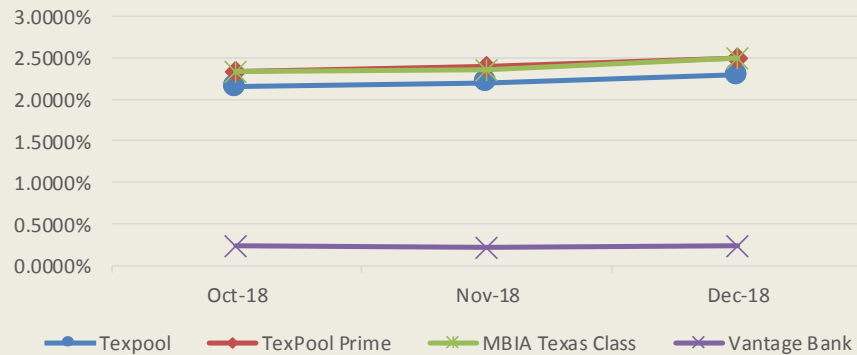
## Key Interest Rates Averaged for the Fiscal Year (averaged over ten years)

Ten Year Treasury	2.50%
Five Year Treasury	1.72%
Two Year Treasury	0.97%
TexPool	0.50%
TexPool Prime	0.61%
Vantage Bank	0.75%

On December 20, 2018, the Federal Open Markets Committee increased the Fed Funds Rate of 2.25 percent by 25 basis points to 2.50. This was the first increase in interest rates for this fiscal year.



Investment Yield Rates



Yields for December 2018

Texas Class (not currently invested in)	2.5045%
TexPool Prime	2.4927%
TexPool	2.2872%
Vantage Bank	0.2383%

Above is a comparison of interest rates for the investment pools and Vantage Bank. The two highest yielding pools are TexPool Prime and Texas Class. TexPool Prime and Texas Class both contain Commercial Paper consisting of approximately 37 and 97 percent, respectively of the pools investments.

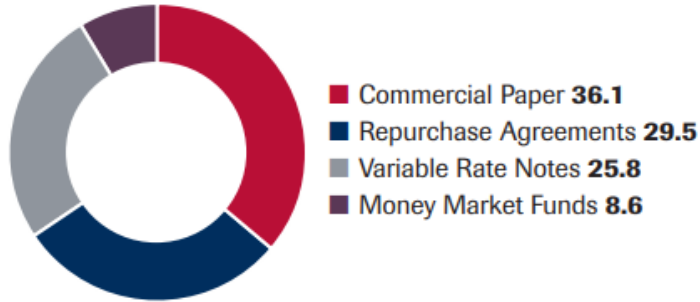


# Prime Investment Pools

## TexPool Prime

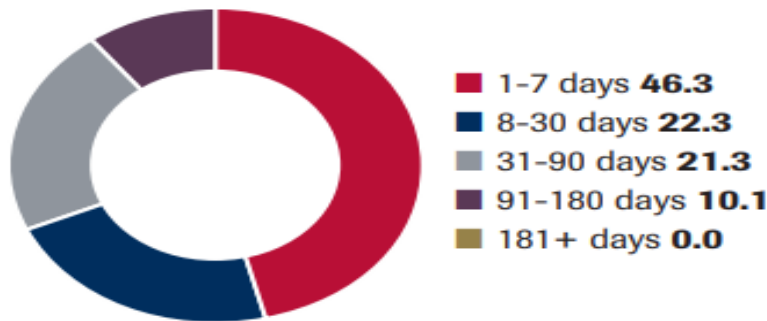
### Portfolio by Type of Investment (%)

As of December 31, 2018



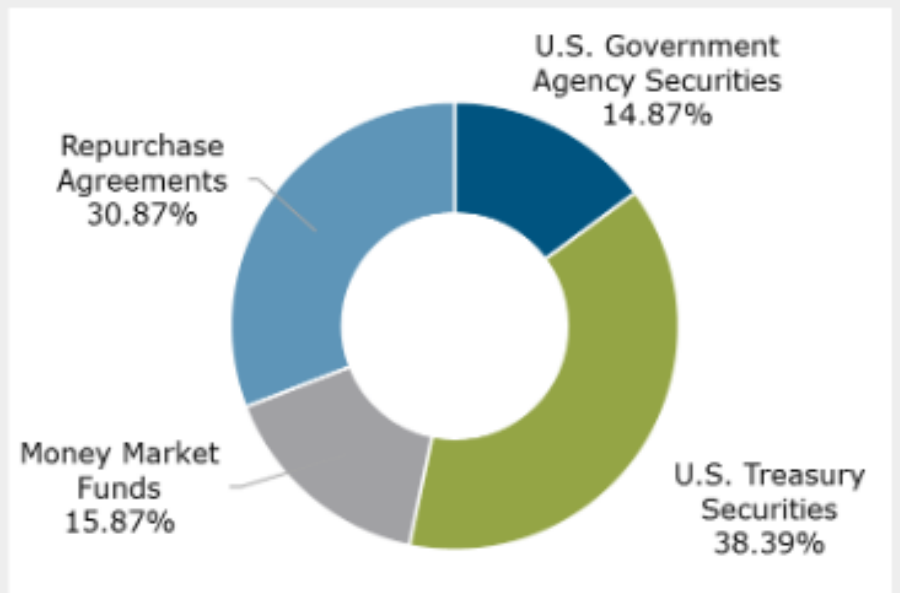
### Portfolio by Maturity (%)

As of December 31, 2018



Source: TexPool January 2019 Monthly Newsletter

## Texas Class



### Texas CLASS Government Portfolio Breakdown

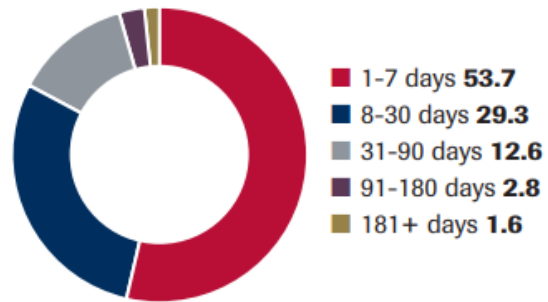
Source: Texas Class Website – Portfolio Characteristics as of December 31, 2018



# TexPool

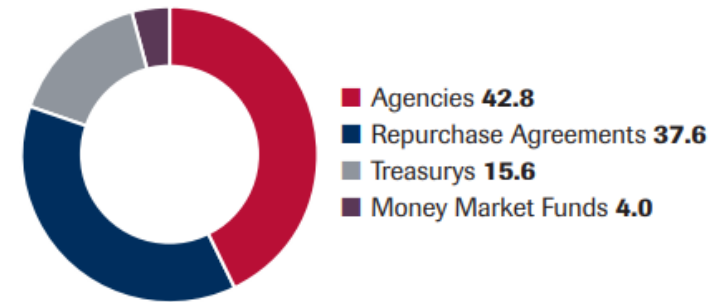
## Portfolio by Maturity (%)

As of December 31, 2018

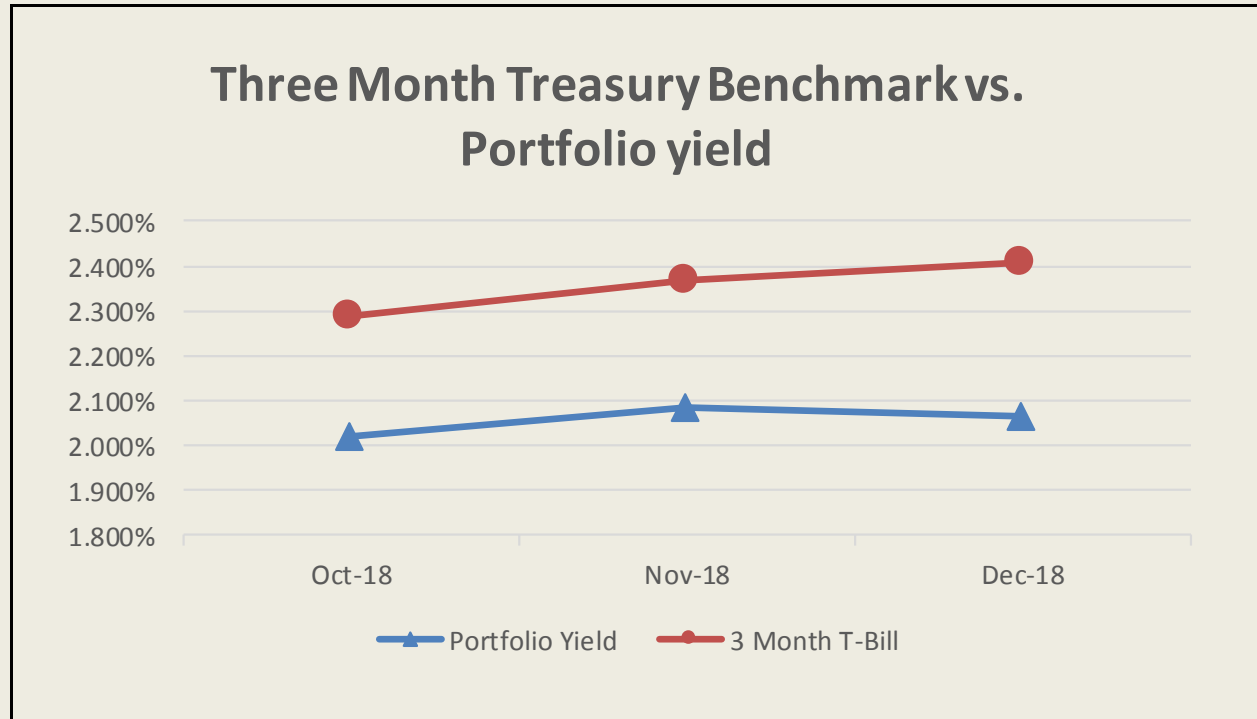


## Portfolio by Type of Investment (%)

As of December 31, 2018



Source: TexPool January 2019 Monthly Newsletter

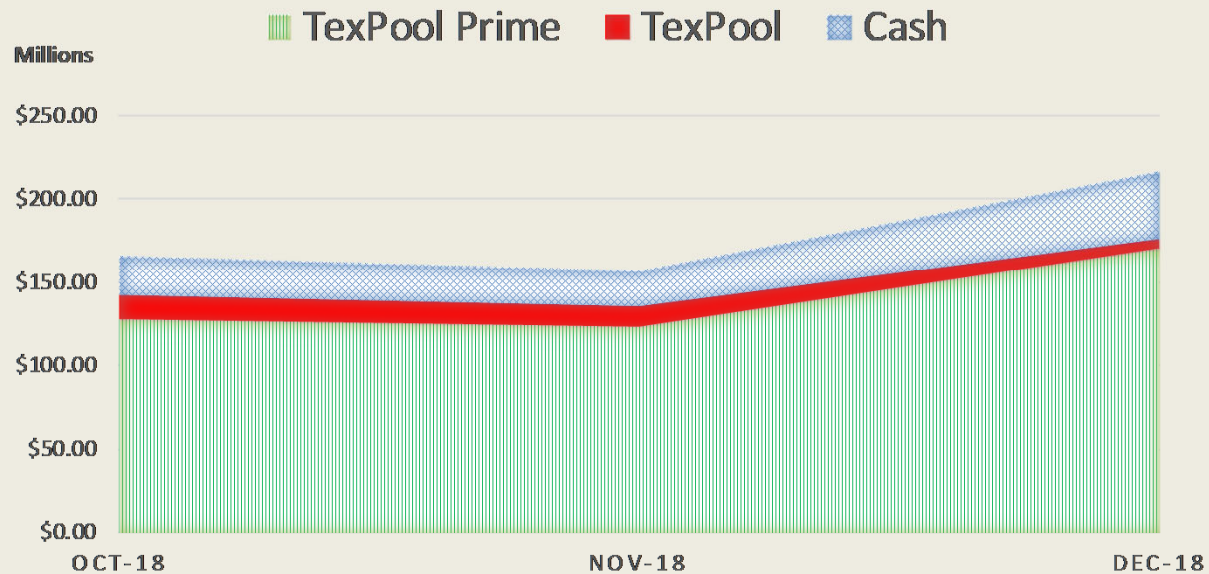


The County had an weighted average yield 2.065% as of December 31, 2018, to the 90-day treasury benchmark of 2.410% resulting the County being 34.46 basis points below the benchmark for the month, due to the low interest rate of 0.2383% in the bank.





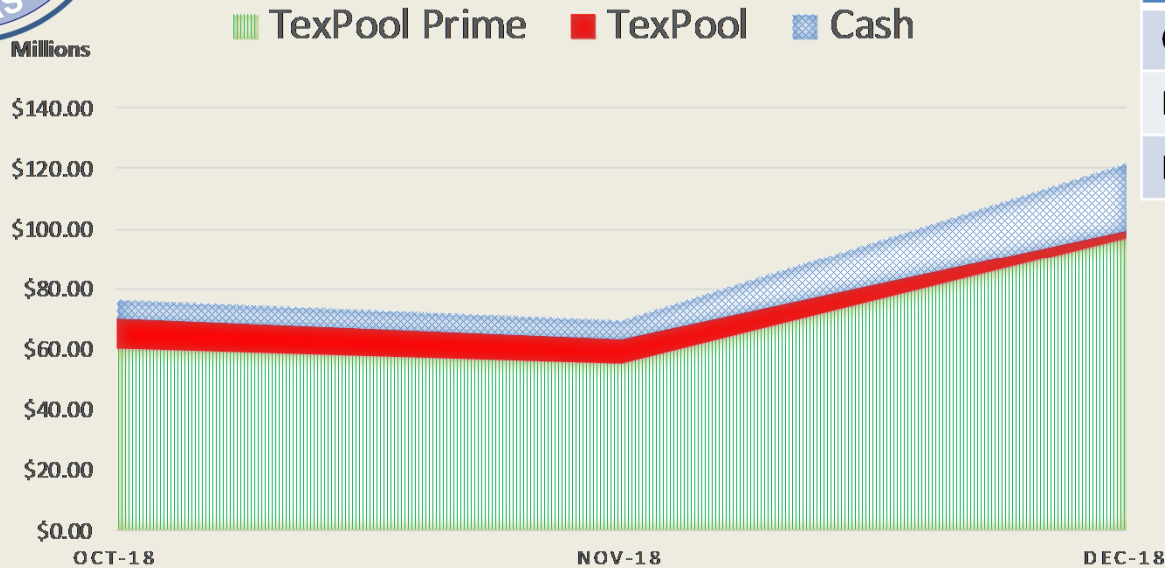
## COMBINED ALL FUNDS



The County's investable funds include the General Fund, Special Revenue Fund, Capital Projects, Internal Service, Enterprise Fund, Debt Service, and Agency Fund.



## GENERAL FUND

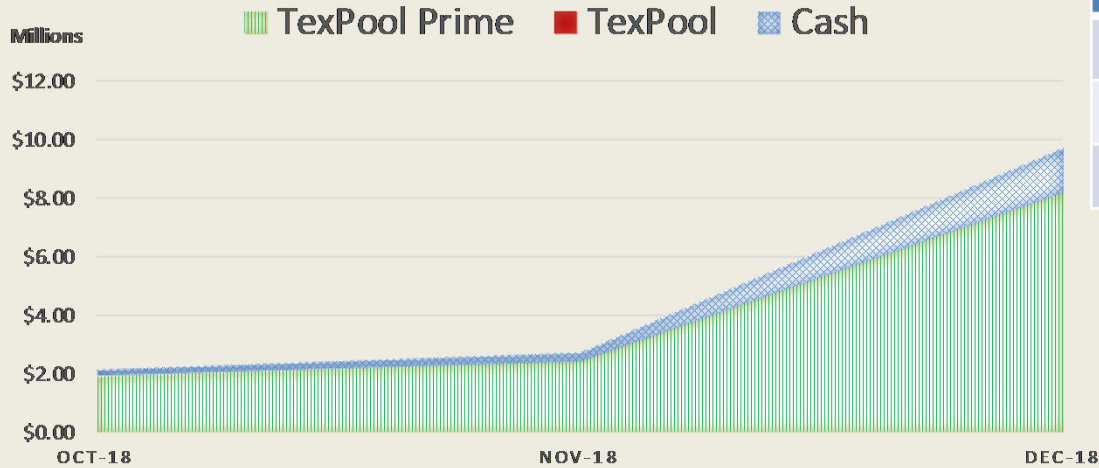


Date	Millions
October 31, 2018	\$76.7
November 30	\$69.5
December 31	\$121.6

- Investable funds reaches their lowest point in mid-December and increases from late December through mid-February.
- After reaching its peak for investable funds in February the general fund declines throughout the year until it reaches the low point in mid-December.



## DEBT SERVICE

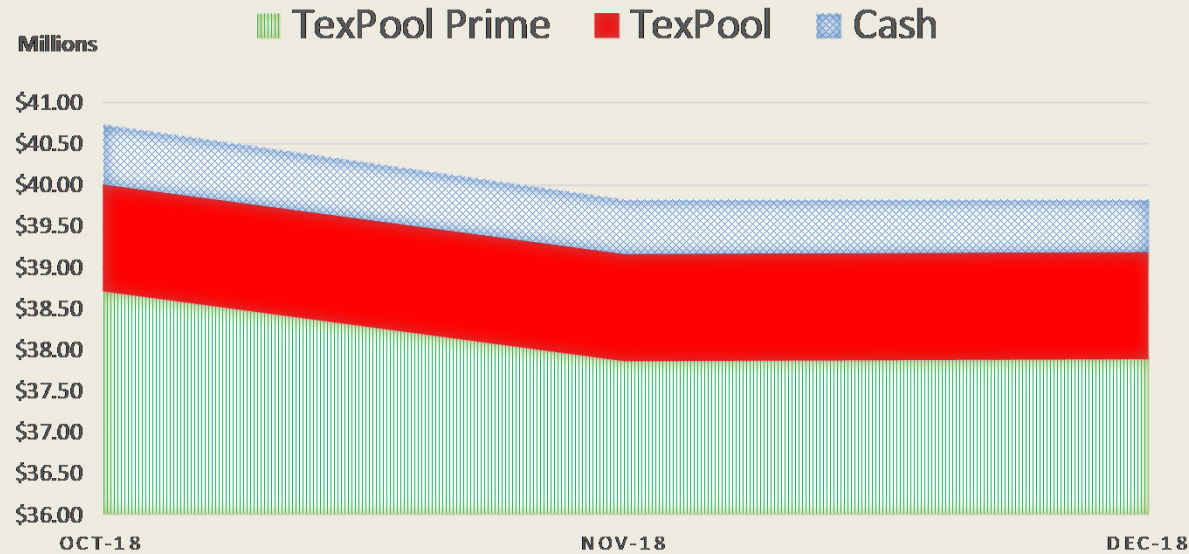


Date	Millions
October 31, 2018	\$2.1
November 30	\$2.7
December 31	\$9.7

- Debt Service follows the same cash inflow pattern as the General Fund.
- Disbursements occur in February, March, August, and September.
- The low point for the debt service fund is September 16<sup>th</sup> the day after our final interest payment for the fiscal year is made.



## CAPITAL PROJECTS

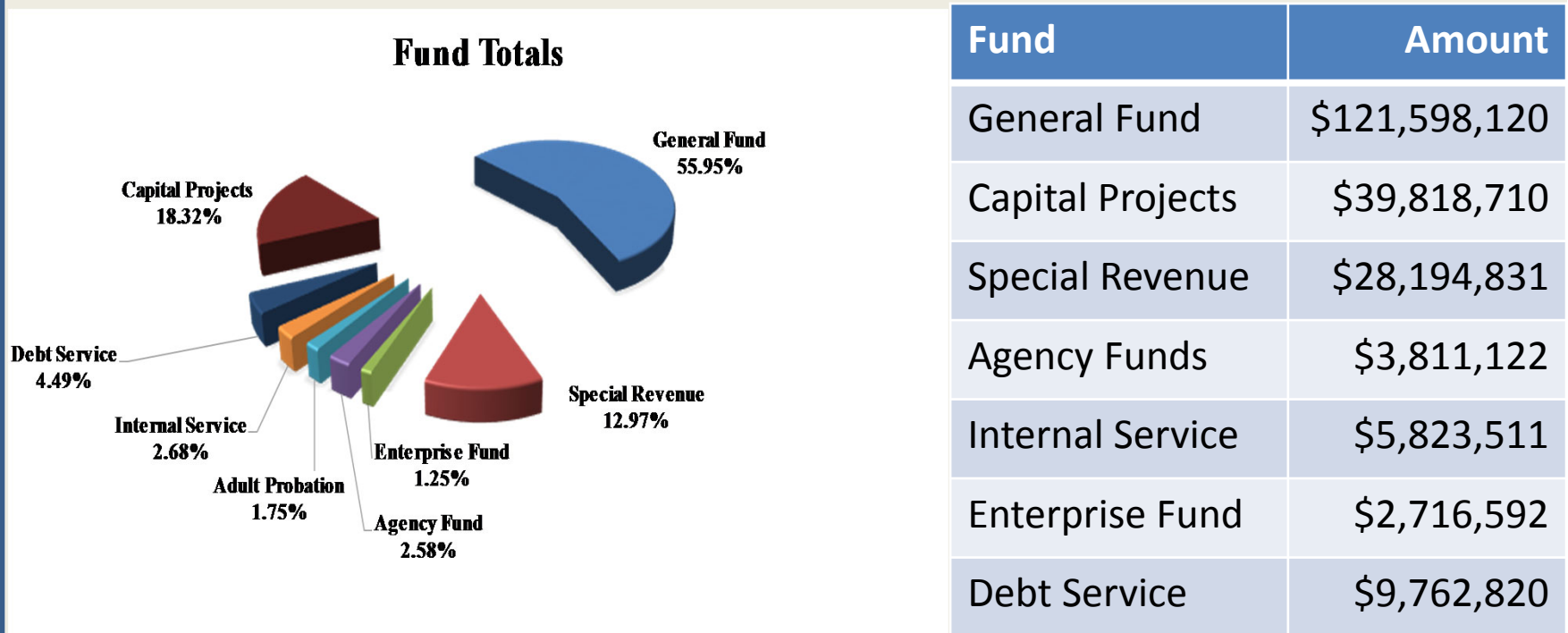


The primary funding sources for the Capital Projects Fund is bond proceeds and the one cent from the Maintenance and Operations portion of the Ad Valorem taxes which funds the Capital Improvement Fund.



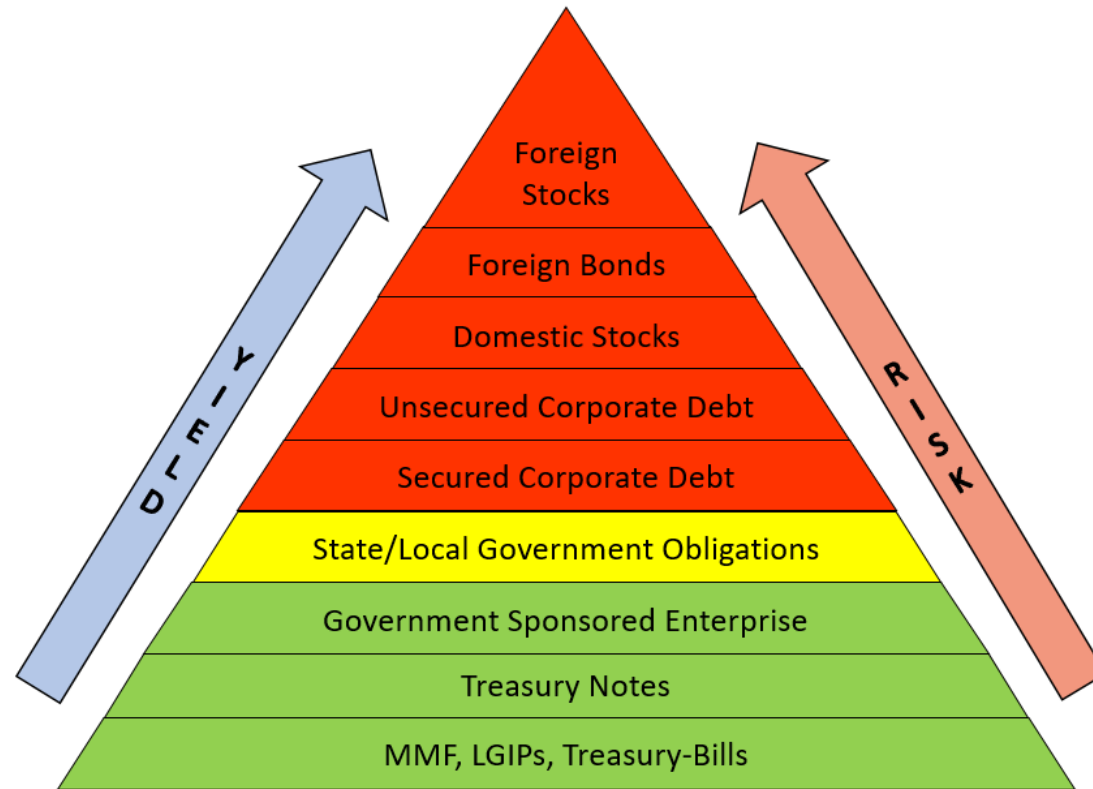
# Investments by Fund Type

- As of December 31, 2018, the fund balances were:





# Investment Risk



- Not allowed by Investment policy, except commercial paper through investment pools
- Restricted to State of Texas and local entities in Texas only, rated Aa or better
- Allowed under Investment policy



# Rate Comparison

## TREASURIES

TERM	RATE
3-Month	2.40
6-Month	2.46
1-Year	2.55
2-Year	2.49
3-Year	2.46
5-Year	2.46
10-Year	2.65

## BENCHMARK AGENCY BULLETS

TERM	RATE
2-Year	2.61
3-Year	2.62
5-Year	2.72
7-Year	2.86
10-Year	3.08

- **Texpool Prime : 2.59**
- **Texpool: 2.38**

As of January 31, 2019



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# Questions?

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