



# Quarterly Investment Report

## As of March 31, 2015

Tim Paulissen, Mayor

Geri Bentley, Mayor Pro Tem

Dan Becker, Councilmember

Tommy Cones, Councilmember

Heidi Hansing, Councilmember

Todd Kinsey, Councilmember

Nick Long, Councilmember

Keith Gross, Councilmember

R. Mark Rohr, City Manager

Rebecca Underhill, CPA, Finance Director



Compliance Certification

We certify that the Quarterly Investment Report represents the investment position of the City of League City as of March 31, 2015 and that all investments have been and are in compliance with the Texas Public Funds Investment Act and the City's Investment Policy as adopted by City Council on February 24, 2015.

R. Mark Rohr, City Manager

Rebecca Underhill, Finance Director

Lonna Stein, Controller

Quencelia Goins, Accounting Manager

Gabe Allen, Finance Committee

Nick Long, Finance Committee

Geri Bentley, Council Member

Juan Guerrero, Finance Committee

Edward Cantu, Finance Committee

Audrey Ayers, Finance Committee

Jean Kranz, Finance Committee Chair

Tom Dill, Finance Committee Vice Chair

## Introduction

Under the Public Funds Investment Act (PFIA), the City is required to have City Council approved investment policies, defining authorized investments which are limited to those allowed by the Act. Quarterly reports are to be presented to the City Council to disclose the book and market values of the investments and to demonstrate compliance with the approved policy.

The City of League City is in compliance with PFIA and adopted policy. All investments purchased meet the three basic tenets of the investment policy – investment safety is first, followed by liquidity and yield.

The day to day management of the City's cash and investment position is the responsibility of the Finance Director, Controller and the Accounting Manager, who have been designated as the City's investment officers.

The investment activity of the City is reviewed by the Finance Committee prior to presentation to the City Council.

## Quarterly Compliance Review

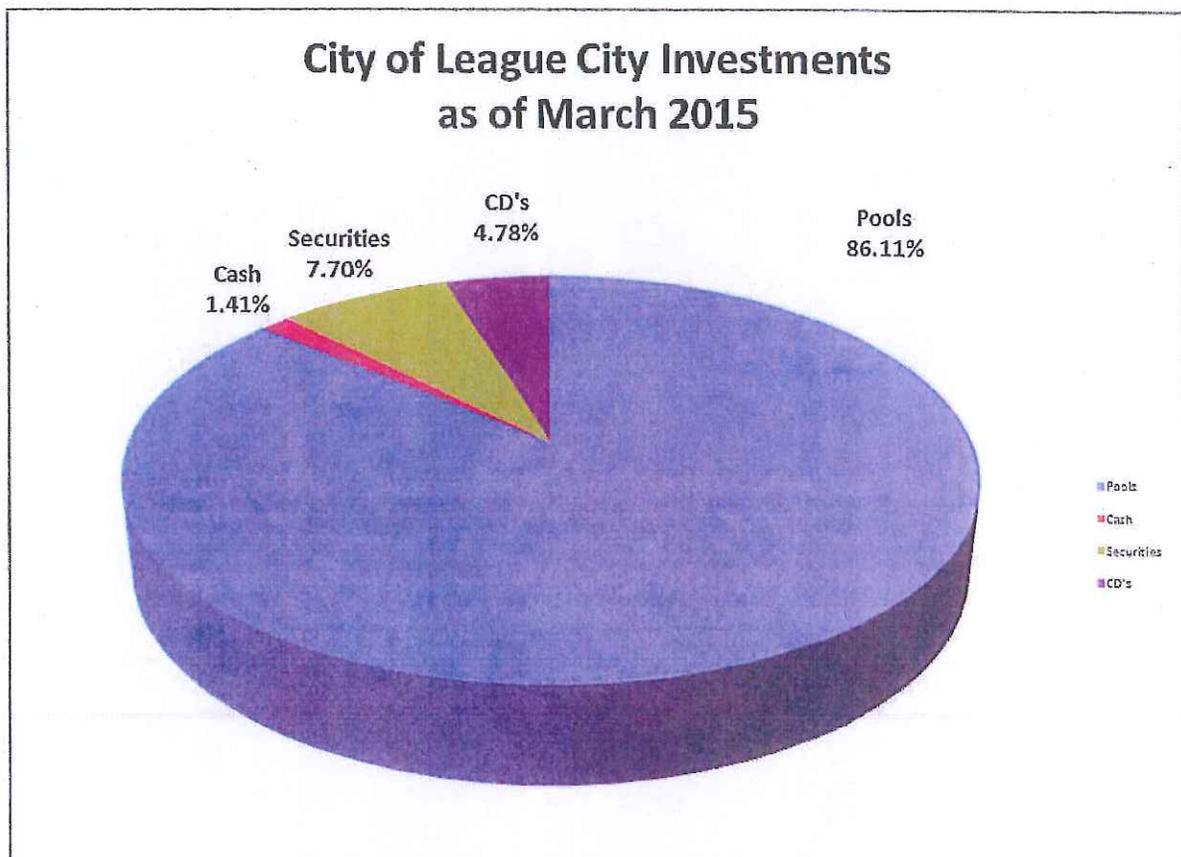
Investment Policy	Yes	Reviewed and Approved by Council 02/24/15
Distribution to brokers, entities	Yes	Distribution this year = 6
Returned Acknowledgements	Yes	Signed affidavits on file = 6
Investment Officers	Yes	Named by City Council - 2/24/15
Training	Yes	Investment officers completed 10 hours during FY 2014
Investments	Yes	As authorized by PFIA and COLC Policy
Collateral pledges	Yes	Minimum of 102% maintained
Ratings of Pools	Yes	AAAm - As required by PFIA and COLC Policy
Internal Reports	Yes	Quarterly reports reviewed by Finance Committee and City Council

## Investment Priorities and Compliance

**Safety** Ensuring the return of principle invested, credit risk is minimized by investing in highly rated investments as defined by the City of League City's investment policy and the Texas Public Funds Investment Act.

- Current Investments held
  - U.S. Agency Securities and Municipal Bonds are purchased directly by the City from investment brokerage firms approved to do business with the City. These securities are issued in the City's name, and held in safekeeping by JP Morgan Chase Bank.

- Certificates of Deposit are issued by commercial banks against funds deposited for specified periods and earn specified rates of interest. Funds in excess of \$250,000 FDIC coverage are collateralized by funds of the bank.
- Tex Pool is a public funds investment pool, rated AAAM and overseen by the State Comptroller's Office and administered and managed by Federated Investors.
- TexSTAR is a public funds investment pool, rated AAAM and administered by First Southwest Asset Management, Inc. and JP Morgan Fleming Investment Management, Inc.



**Liquidity** Ensuring funds are available to meet the cash flow needs of the City's operations.

- Due to the state of investment returns, it has been difficult to attract higher rates by extending maturities. Therefore, as of March 31, 2015, approximately 87.52% of the City's investment portfolio was entirely liquid, in cash or investment pools.

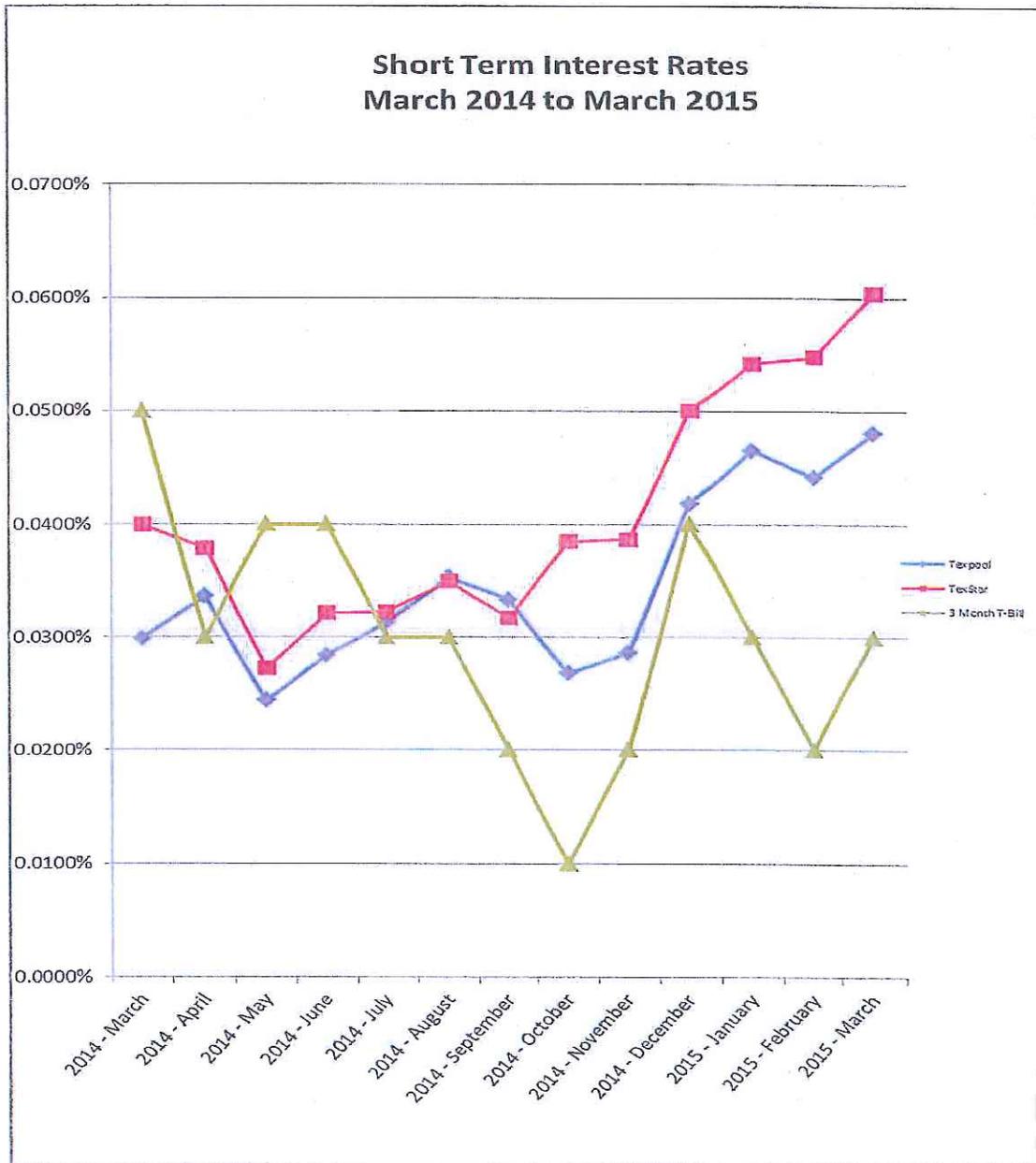
**Yield** Attaining a reasonable return without risking safety or liquidity needs.

- The yield outlook remains bleak, with the fed funds rate near 0%.
- As of March 31, 2015, the City has compared favorably to the benchmarks comparable to our investment strategy.

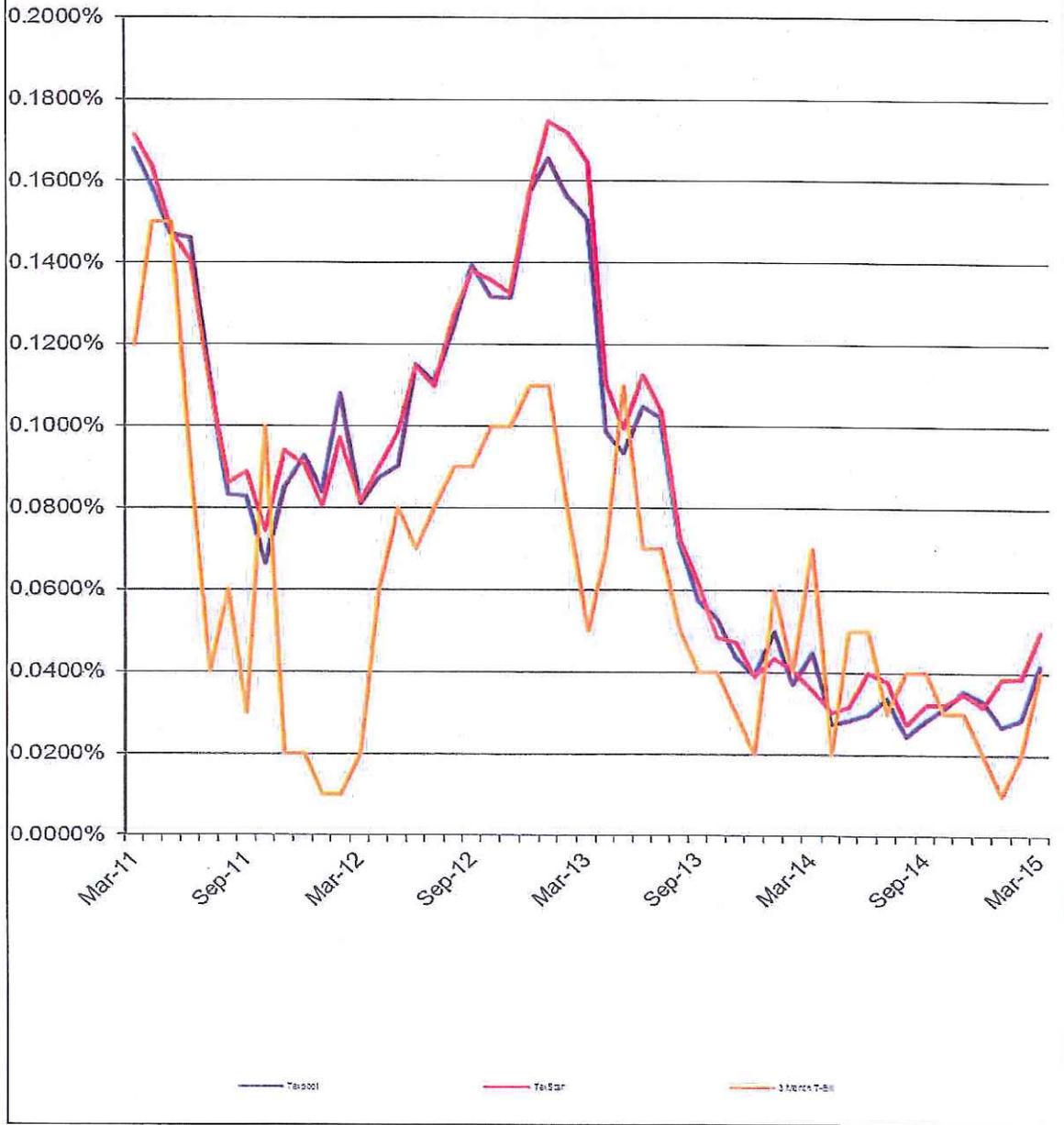
	<u>Mar-15</u>	<u>Dec-14</u>	<u>Sep-14</u>	<u>Jun-14</u>
Investment Earnings	\$ 35,007	\$ 17,728	\$ 24,202	\$ 24,706
City of League City Portfolio Return	0.1025%	0.0536%	0.0677%	0.0632%

**Benchmarks**

TexPool - avg monthly rate	0.0462%	0.0324%	0.0333%	0.0288%
TexSTAR - avg monthly rate	0.0565%	0.0424%	0.0330%	0.0325%
3 month T Bill - avg monthly rate	0.0267%	0.0233%	0.0267%	0.0367%



**City of League City  
Monthly Interest Rates  
Fiscal Year 2011 to Present**



Portfolio Activity for the Quarter

For the quarter, the total portfolio increased \$65,708. The change by fund type is as follows

	<u>3/31/2015</u>	<u>12/31/2014</u>	<u>Change</u>
Major Operating Funds	\$ 46,781,653	\$ 42,879,793	\$ 3,901,860
Special Revenue Funds	7,083,606	7,475,645	(392,039)
Capital Project Funds	71,192,314	75,256,132	(4,063,818)
Internal Service Funds	3,360,171	2,666,595	693,576
Component Units	4,101,902	4,175,773	(73,871)
	<u>\$ 132,519,646</u>	<u>\$ 132,453,938</u>	<u>\$ 65,708</u>

The major funds show an increase in balance due to the cash flow cycle of the general fund. Property taxes are collected in the first two quarters of the fiscal year. These funds finance the general fund operations through the remainder of the year.

The capital project funds are spending down, with a decrease of \$4 million, as projects continue to progress.

Security Purchases

FHLB	\$1,003,698
Purchase Date – 01-15-15	
Harris Co. Flood	\$1,000,620
Purchase Date – 01-20-15	
FHLB	\$1,000,000
Purchase Date – 01-27-15	
FHLMC	\$1,004,415
Purchase Date – 02-10-15	
FHLB	\$1,000,000
Purchase Date – 02-13-05	
FHLMC	\$1,000,000
Purchase Date – 02-24-15	
FFCB	\$ 999,950
Purchase Date – 03-23-15	
FFCB	\$1,000,415
Purchase Date – 03-23-15	
FHLB	\$1,000,000
Purchase Date – 03-30-15	

Security Maturities/Calls

Alief ISD	\$ 430,975
Call Date - 02-15-15	
Gregory Portland Tx	\$ 667,511
Call Date - 02-15-15	
Garland Rev Bond	\$ 541,194
Call Date - 03-01-15	

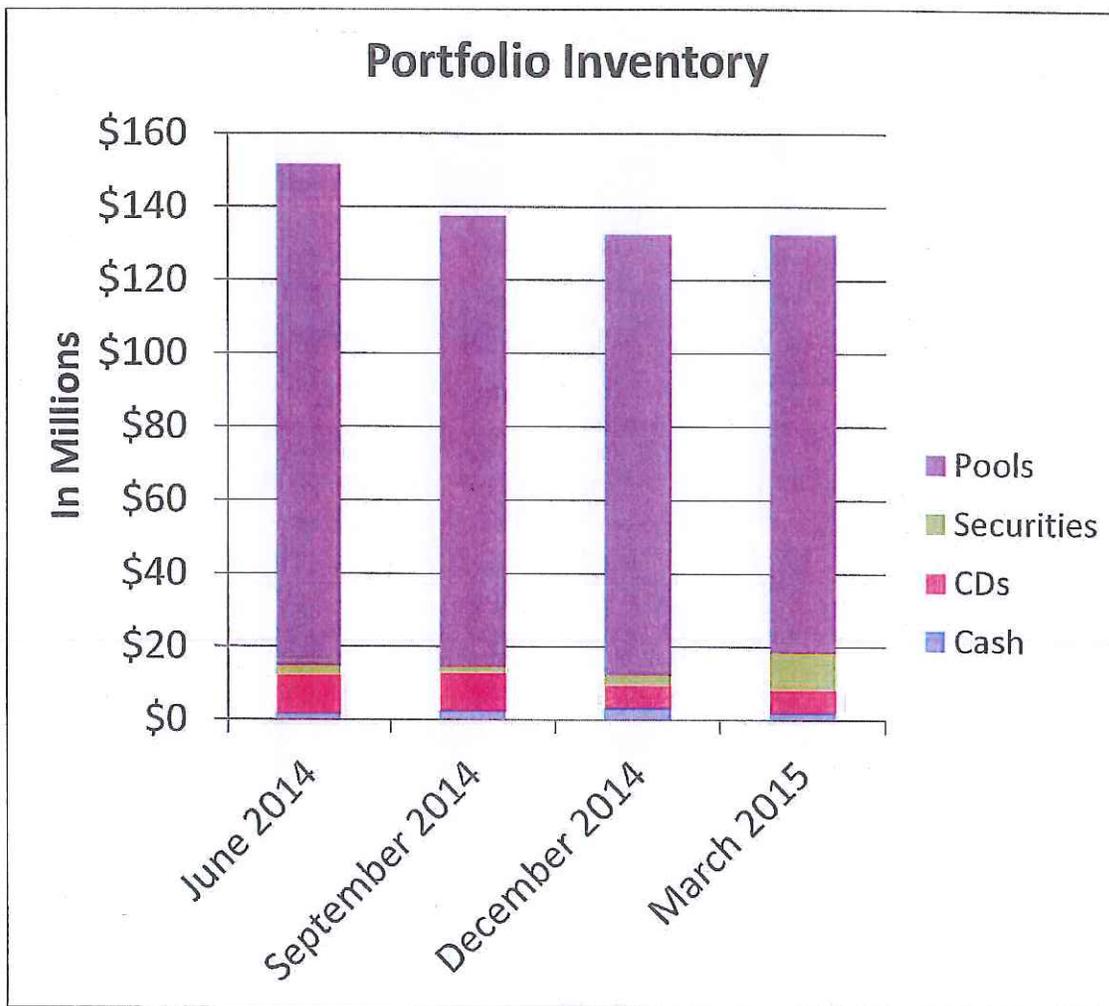
CD Renewals

Prosperity CD - Renewed	\$ 1,007,020
Renewal Date - 02-27-15	
Prosperity CD - Renewed	\$ 1,060,216
Renewal Date - 03-04-15	

Portfolio Inventory  
At March 31, 2015

Investment Type	Maturity Date	Book Value 12/31/14	Market Value 12/31/14	Book Value 03/31/15	Market Value 03/31/15	Interest Rate
<b>Cash</b>						
Cash	Open	\$ 3,052,150	\$ 3,052,150	\$ 1,864,445	\$ 1,864,445	0.0100%
<b>Pools</b>						
TexPool	Open	\$ 83,072,138	\$ 83,072,138	\$ 72,307,086	\$ 72,307,086	0.0480%
TexSTAR	Open	\$ 37,198,402	\$ 37,198,402	\$ 41,804,002	\$ 41,804,002	0.0604%
		\$ 120,270,540	\$ 120,270,540	\$ 114,111,088	\$ 114,111,088	
<b>Agencies</b>						
FHLB - 12/17/14 - 3130A2C61	06/10/2016	\$ 999,203	\$ 999,203	\$ 999,339	\$ 999,100	0.4306%
FHLB - 01/15/15 - 3130A3Q64	12/12/2016	\$ -	\$ -	\$ 1,003,295	\$ 1,000,840	0.5050%
FHLB - 01/27/15 - 3130A3US1	01/27/2017	\$ -	\$ -	\$ 1,000,000	\$ 994,790	0.8000%
FHLMC - 02/10/15 - 3137EADS5	10/14/2016	\$ -	\$ -	\$ 1,004,054	\$ 1,004,510	0.6100%
FHLB - 02/13/15 - 3130A46U1	02/13/2017	\$ -	\$ -	\$ 1,000,000	\$ 999,830	0.7200%
FHLMC - 02/24/15 - 3134G6FD0	02/24/2017	\$ -	\$ -	\$ 1,000,000	\$ 993,830	0.8000%
FFCB - 03/23/15 - 3133EEUS7	11/23/2016	\$ -	\$ -	\$ 1,000,409	\$ 1,000,409	0.6000%
FFCB - 03/23/15 - 3133EEUP3	03/23/2016	\$ -	\$ -	\$ 999,951	\$ 999,951	0.3350%
FHLB - 03/30/15 - 3130A4JR4	09/30/2016	\$ -	\$ -	\$ 1,000,000	\$ 1,000,000	0.6250%
		\$ 999,203	\$ 999,203	\$ 9,007,049	\$ 8,993,260	
<b>Municipal Bonds</b>						
Alief ISD GO - 06/05/13 016249JF2 Aa1	02/15/2015	\$ 420,797	\$ 420,764	\$ -	\$ -	0.4500%
Denton County GO - 08/01/13 248775L89 Aaa	04/15/2016	\$ 203,308	\$ 203,770	\$ 202,675	\$ 202,896	0.7000%
Garland Tx Rev Bond - 12/23/13 366168JS2 AA	03/01/2015	\$ 531,516	\$ 531,007	\$ -	\$ -	0.2200%
Gregory Portland Tx Ref Bond - 03/12/14 397586LH9 Aaa	02/15/2015	\$ 647,979	\$ 647,832	\$ -	\$ -	0.2210%
Harris County Flood Bond - 01/20/15 4140185H0 - Aaa	10/01/2016	\$ -	\$ -	\$ 1,000,549	\$ 978,660	0.6000%
		\$ 1,803,600	\$ 1,803,373	\$ 1,203,224	\$ 1,181,556	
<b>Certificates of Deposit</b>						
CD Prosperity - 03/04/15	09/04/2016	\$ 1,059,172	\$ 1,059,172	\$ 1,060,217	\$ 1,060,217	0.4000%
CD Prosperity - 02/27/15	02/27/2016	\$ 1,006,133	\$ 1,006,133	\$ 1,007,020	\$ 1,007,020	0.4000%
CD Prosperity - 09/17/14	09/17/2015	\$ 3,013,141	\$ 3,013,141	\$ 3,015,741	\$ 3,015,741	0.3500%
CD Prosperity - 12/16/14	12/16/2015	\$ 1,000,000	\$ 1,000,000	\$ 1,000,863	\$ 1,000,863	0.3500%
CD Wells Fargo-Town N. Bank - 08/26/13	08/26/2015	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	0.6000%
		\$ 6,328,446	\$ 6,328,446	\$ 6,333,841	\$ 6,333,841	
<b>Totals</b>		<u>\$ 132,453,938</u>	<u>\$ 132,453,712</u>	<u>\$ 132,519,646</u>	<u>\$ 132,484,190</u>	

Weighted Maturity Average (WAM) at 03/31/15 is 57.57 days.





CITY OF LEAGUE CITY  
MONTHLY INVESTMENT REPORT  
FOR THE MONTH ENDED FEBRUARY 28, 2015

Fund	Cash in Bank	Investment in TexPool	Investment in TexStar	Certificates of Deposit	(Book Value) Portfolio Investments	Total	Percent of Total Investments
<b>MAJOR FUNDS</b>							
General Fund	\$ 70,992	\$ 13,135,894	\$ 7,732,223	\$ 5,072,313	\$ 2,999,872	\$ 29,011,294	21.98%
Debt Service	25,199	3,718,236	3,457,419	250,000	-	7,448,854	5.64%
WWW Debt Service	19,496	3,767,580	185,625	1,007,020	3,537,737	8,517,458	6.45%
Water/Wastewater	5,601	957,118	139,820	-	-	1,102,539	0.84%
<b>Subtotal Major Funds</b>	<b>\$ 121,283</b>	<b>\$ 21,576,828</b>	<b>\$ 11,515,087</b>	<b>\$ 6,329,333</b>	<b>\$ 6,537,609</b>	<b>\$ 46,080,145</b>	<b>34.92%</b>
<b>SPECIAL REVENUE FUNDS</b>							
Police Activities Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.00%
Animal Control Donation Fund	13,086	34,038	-	-	-	47,124	0.04%
Library Gift Fund	10,787	3,125	-	-	-	13,912	0.01%
Tree Preservation Fund	30,835	-	-	-	-	30,835	0.02%
Mun. Court Bldg Security Fund	29,398	262	-	-	-	29,660	0.02%
Emergency Mgmt Response Fd	5,141	48,655	-	-	-	53,797	0.04%
Mun. Court Technology Fund	13,551	73	-	-	-	13,624	0.01%
Hotel/Motel Tax	16,295	499,997	205,834	-	-	722,126	0.65%
Park Facilities & Maintenance	16,308	1,759,440	668,090	-	-	2,463,838	1.87%
Sidewalk Fund	161	355	-	-	-	516	0.00%
Safelight Fund	1,462	-	-	-	-	1,462	0.00%
Public Access Channel Fund	29,517	841,750	-	-	-	871,267	0.66%
Right of Way Fund	18,658	729,873	-	-	-	748,531	0.57%
TDRA Disaster Recovery	4,673	-	-	-	-	4,673	0.00%
Technology Fund	97,776	1,082,075	-	-	-	1,119,851	0.85%
Public Safety Tech Fund	4,197	20,010	-	-	-	24,207	0.02%
EMS/Fire Donation	28,356	70,003	-	-	-	98,359	0.07%
Chapter 59 Seizure Fund	53,574	-	-	-	-	53,574	0.04%
Asset Forfeiture Fund	26,507	70,003	-	-	-	96,510	0.07%
Community Outreach Donation Fund	20,788	50,002	-	-	-	70,790	0.05%
4B Industrial Dev Park Maint & Ops	64,332	318,408	-	-	202,893	585,633	0.44%
<b>Subtotal Special Revenue Funds</b>	<b>\$ 424,802</b>	<b>\$ 5,528,070</b>	<b>\$ 893,924</b>	<b>\$ -</b>	<b>\$ 202,893</b>	<b>\$ 7,049,689</b>	<b>5.34%</b>
<b>CAPITAL PROJECT FUNDS</b>							
Water Capital Improvement	\$ 13,516	\$ 5,389,109	\$ 3,104,307	\$ -	\$ -	\$ 8,506,932	6.45%
Wastewater Capital Improvement	10,638	5,726,690	2,925,376	-	1,000,000	9,662,694	7.32%
Bayridge Utility District	4,750	3,250	-	-	-	8,010	0.01%
South Shore MUD #3	4,029	117,288	-	-	-	121,317	0.09%
South Shore MUD #2	8,938	990,521	-	-	-	999,459	0.76%
Galveston County MUD #2	19,341	40,002	-	-	-	59,343	0.04%
Misc Capital Project Fund	16,567	4,382,359	263,779	-	-	4,682,705	3.55%
WWW Capital Project Fund	11,213	4,823,227	1,013,518	-	-	5,847,958	4.43%
2008 Revenue Bonds	9,590	574,279	-	-	-	583,869	0.44%
2008 Certificates of Obligation	14,195	1,467,208	-	-	-	1,471,403	1.11%
2009 Revenue Bonds	7,596	3,101,243	45,476	-	-	3,154,315	2.39%
2009 Certificates of Obligation	11,057	4,088,992	-	-	-	4,100,049	3.11%
2011 Revenue Bond	20,217	-	3,748,516	-	-	3,768,733	2.86%
2011A Certificates of Obligation	25,620	5,200,165	-	-	-	5,225,785	3.96%
2012B Certificates of Obligation	11,959	-	17,447,045	-	-	17,459,005	13.23%
2011 Certificates of Obligation	8,349	186,889	-	-	-	195,238	0.15%
2012A Certificates of Obligation	10,908	5,140,332	-	-	-	5,151,240	3.90%
<b>Subtotal Capital Project Funds</b>	<b>\$ 208,463</b>	<b>\$ 41,221,554</b>	<b>\$ 28,568,018</b>	<b>\$ -</b>	<b>\$ 1,000,000</b>	<b>\$ 70,998,055</b>	<b>53.80%</b>
<b>INTERNAL SERVICE FUNDS</b>							
Motor Pool Fund	\$ 20,404	\$ 1,421,729	\$ 70,266	\$ -	\$ -	\$ 1,512,399	1.15%
Employee Benefit Fund	321,423	-	-	-	-	321,429	0.24%
Capital Replacement	23,890	1,475,122	-	-	-	1,499,012	1.14%
<b>Subtotal Internal Service Fund</b>	<b>\$ 365,713</b>	<b>\$ 2,896,851</b>	<b>\$ 70,266</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,332,830</b>	<b>2.53%</b>
<b>COMPONENT UNITS</b>							
TIF #1 Magnolia Creek	\$ 16,297	\$ 740,929	\$ 63,727	\$ -	\$ -	\$ 840,953	0.64%
PID #1 Magnolia Creek	26,760	665,734	-	-	-	692,494	0.45%
TIF #2 Victory Lakes	13,471	968,960	670,833	-	-	1,653,264	1.25%
PID #2 Victory Lakes	21,274	744,188	-	-	-	765,462	0.58%
TIF #3 Centerpointe	10,606	10,601	-	-	-	21,207	0.02%
PID #3 Centerpointe	6,615	212,622	-	-	-	219,237	0.17%
TIF #4 Westwood	3,756	1,334	-	-	-	5,090	0.00%
PID #5 Park on Clear Creek	22,942	393,173	-	-	-	416,115	0.32%
<b>Subtotal Component Units</b>	<b>\$ 121,721</b>	<b>\$ 3,837,541</b>	<b>\$ 754,660</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,513,822</b>	<b>3.42%</b>
<b>TOTAL</b>	<b>\$ 1,242,007</b>	<b>\$ 74,860,844</b>	<b>\$ 41,861,855</b>	<b>\$ 6,329,333</b>	<b>\$ 7,740,502</b>	<b>\$ 131,974,541</b>	<b>100.00%</b>
Portfolio Diversification Ratio	0.94%	56.72%	31.67%	4.80%	5.87%	100.0%	
TaxPool Average Yield Rate		0.0441%					
Taxpool Interest Earned		\$ 2,809					
TexSTAR Average Yield Rate		0.0548%					
TexSTAR Interest Earned		\$ 1,729					
JPMorgan Chase Bank Collateral							
Par Value of Collateral		\$ 4,800,000					
Market Value of Collateral		\$ 5,052,000					
FDIC Insured		\$ 250,000					
JPMorgan Chase Bank Sweep Account							
Bank Balance per Sweep Acct @0.01%		\$ 1,335,294					
Par Value of Collateral		\$ 1,352,641					
Market Value of Collateral		\$ 1,362,000					
				Total CD's		\$ 6,329,333	

