



Date: April 16, 2018

To: City Council
City Manager

From: Steve Groom

Subject: Quarterly Treasury Report

Our cash has increased \$2,440,215 from last quarter and our investment portfolio average yield is now 1.44%, up from 1.31% last quarter. This is primarily due to the time of year; Property Tax is received by the city mostly during December, January and February.

The City is taking advantage of rates continuing to rise. CDs matured earning 0.55% to 1.10%, matured and were reinvested at 2.30% to 2.70%.

Treasury Reports for the Quarter ended March 31, 2018 are attached. Cash in Bank accounts, Government Pools, and Investments totals \$15,973,420. Cash kept in checking accounts is minimized, to maximize what can be swept into TexStar to earn better short-term interest. A detail of all accounts and investments are on the attached report.

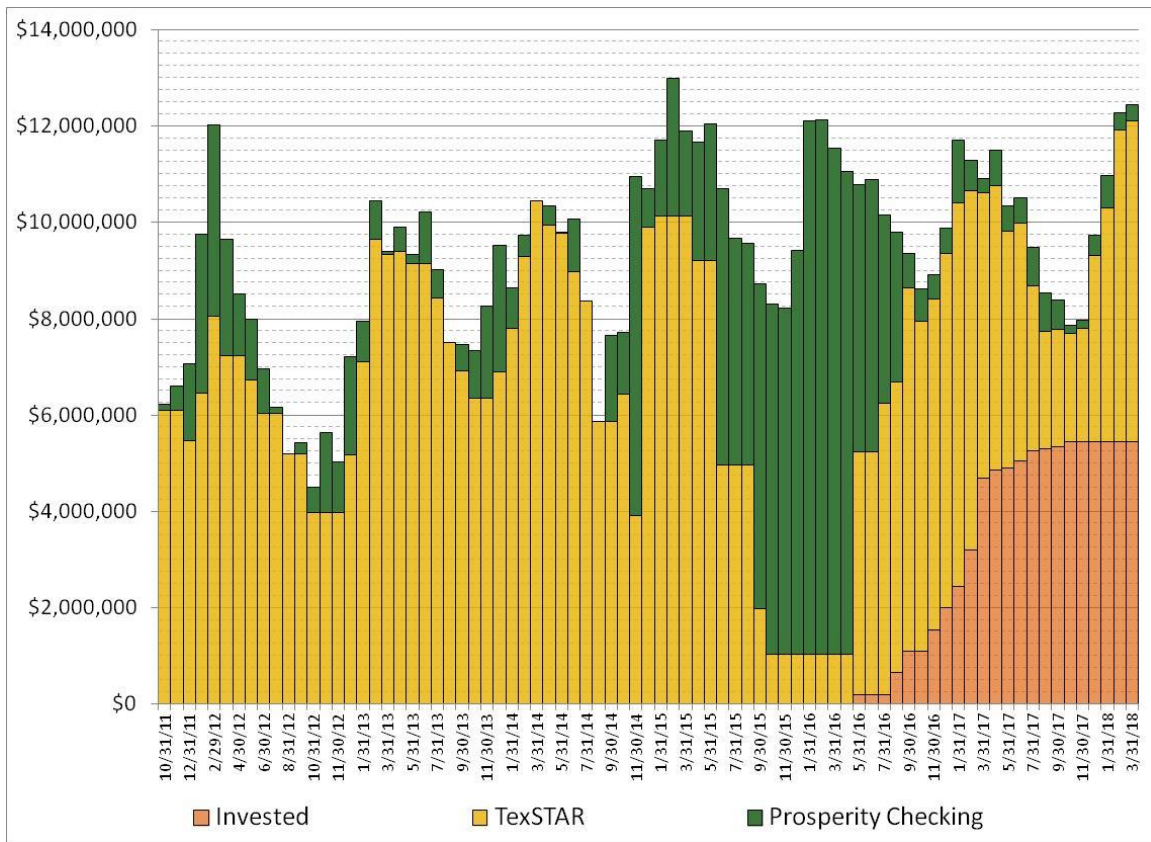
The City's CD/Agency portfolio remains at \$5,450,000, the average yield has increased to 1.44%, diversified across 36 different maturity dates, a weighted avg. maturity of 549 days. Our depository checking accounts at Prosperity Bank earn 0.25%, TexPool is at 1.49% (weighted avg. life of 89 days) and TexStar is at 1.50% (weighted avg. life of 77 days).

Interest rates continue to be expected to rise - the Fed has signaled a series of ¼ percent rate increases in the coming months. Laddering 3-year investments reduces the cost of holding investable funds at low interest rates while waiting for higher rates to lock into for the maximum 5 years our policy permits.

The City's investment policy earned recognition from the Government Treasurers' Organization of Texas, for clarity of communication and compliance with Texas Public Funds Investment Act. Our investment policy is posted on the city website's finance page as an example for our citizens to read any time and for other cities to use as a model.



As the following graph shows, the amount of cash invested is now stable at \$5,450,000. We minimize the amount in the city's general fund checking account and maximize the amount shifted to TexSTAR, a money market account earning more interest than checking.

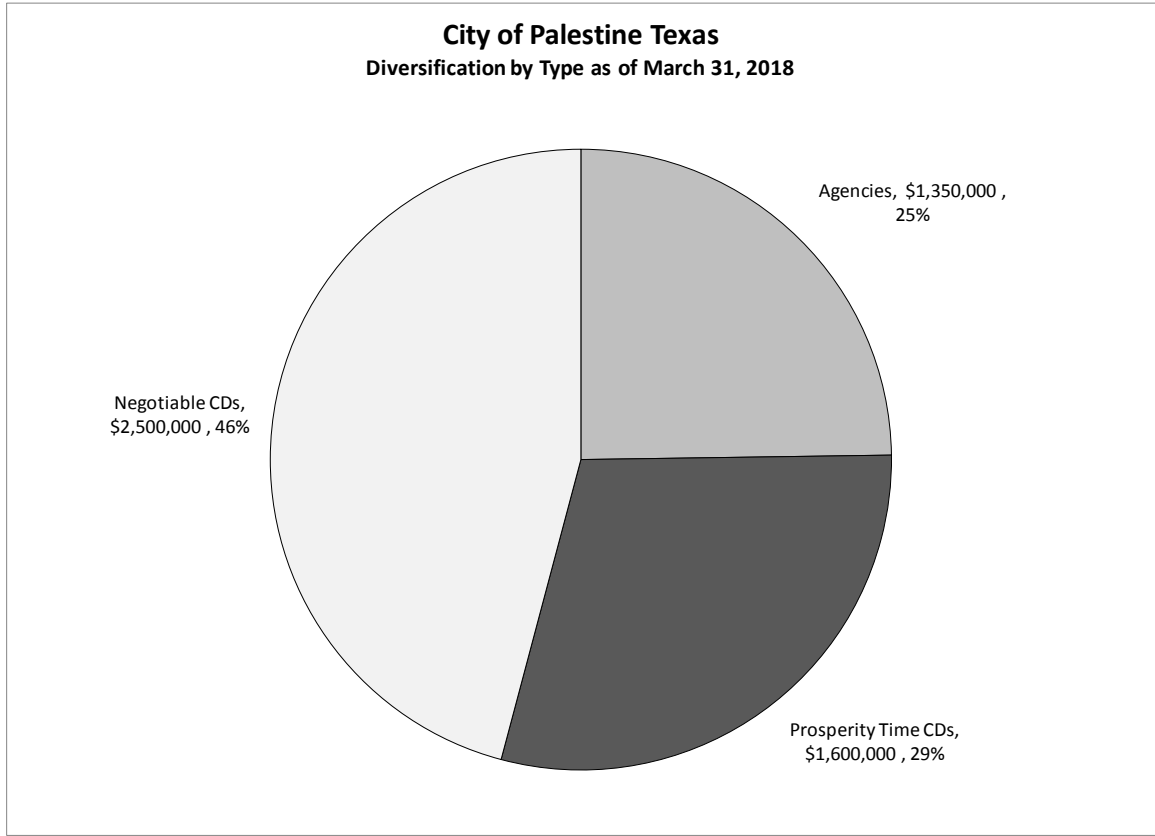
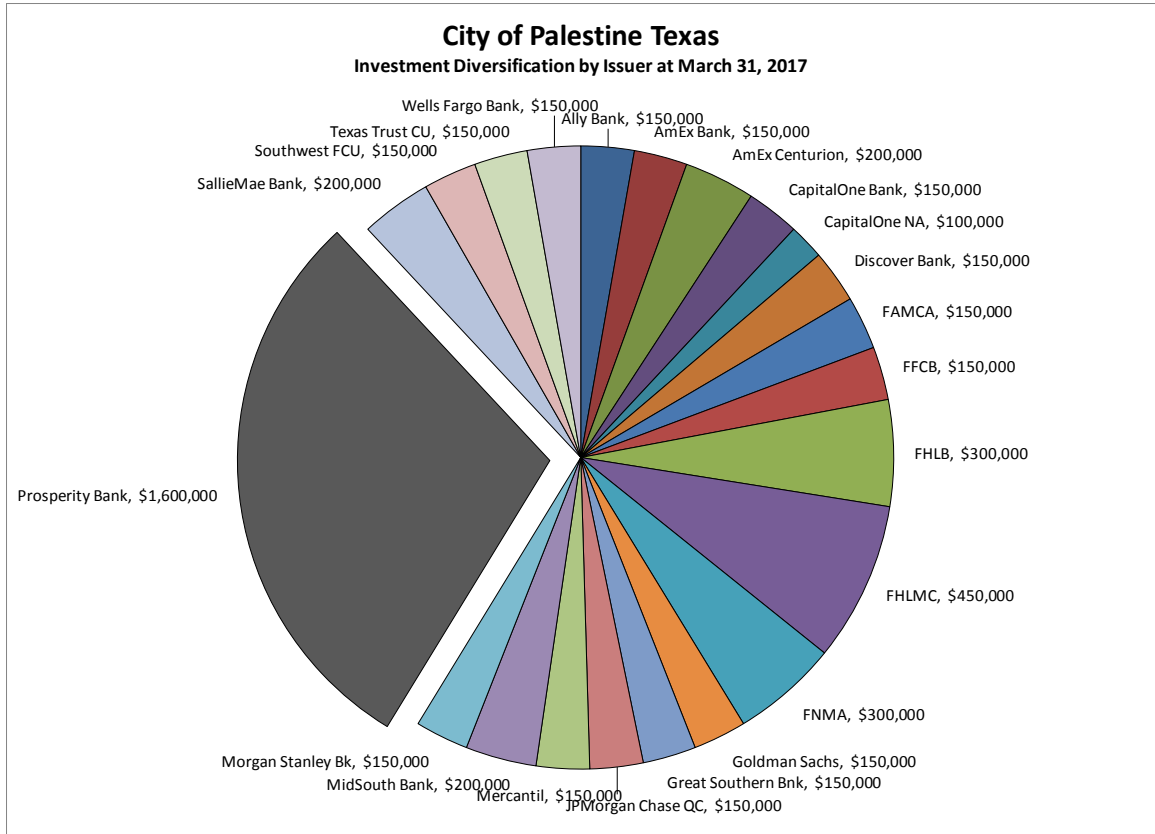


The following investments were **purchased** during the Quarter:

#	Bank/Issuer	Description	CUSIP	Maturity Date	Purchase Date	Settlement Date	Par Value	Purchased Value	Market Value	Yield	Annualized Yield	Monthly Yield
2018-001	Morgan Stanley Bar	Brokered CD	61747MF97	1/11/21	1/3/18	1/11/18	150,000	150,000	149,843	2.30%	3,450	288
2018-002	FFCB	Federal Agency	3133EJBL2	2/1/21	1/25/18	2/1/18	150,000	150,000	150,000	2.35%	3,525	294
2018-003	Wells Fargo Bank	Brokered CD	949763PF7	3/14/20	2/28/18	3/14/18	150,000	150,000	150,000	2.70%	4,050	338

The following investments **matured** during the Quarter:

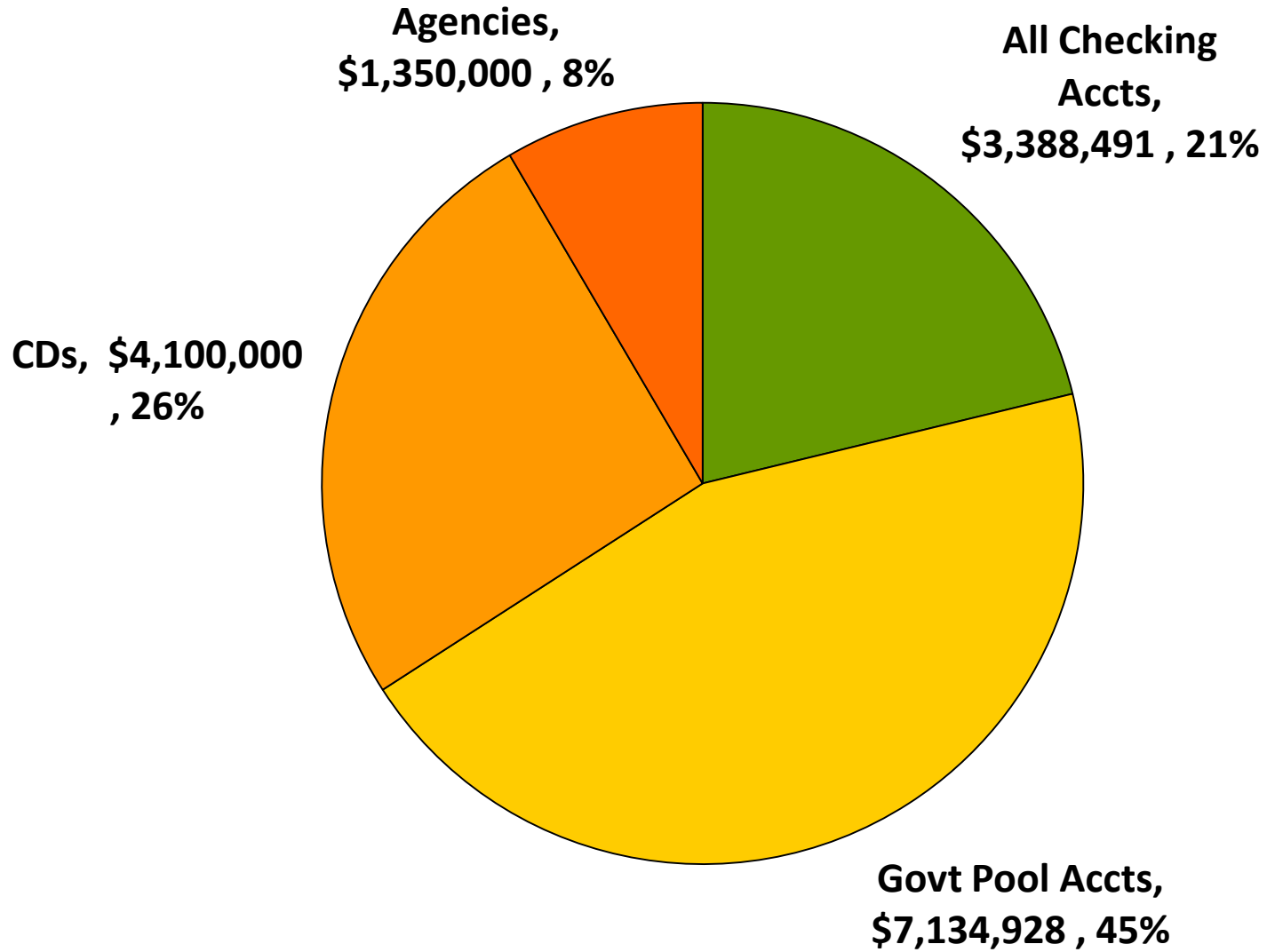
#	Bank/Issuer	Description	CUSIP	Maturity Date	Purchase Date	Settlement Date	Par Value	Purchased Value	Market Value	Yield	Annualized Yield	Monthly Yield
2017-001	Prosperity Bank	Time CD	182001555	1/24/18	1/24/17	1/24/17	150,000	150,000	150,618	0.55%	828	69
2017-018	FFCB	Federal Agency	3133EGAS4	2/16/18	3/16/17	3/17/17	150,000	149,756	149,967	1.00%	1,500	125
2017-006	Wells Fargo Bank	Brokered CD	949763EU6	3/15/18	2/1/17	2/15/17	150,000	150,000	149,957	1.10%	1,650	138



City of Palestine

Distribution of Cash and Investments

As of March 31, 2018



City of Palestine
 Treasury Report
 For the quarter ended March 31, 2018

Bank/Issuer	Account	Acct #	Prior Yr 9/30/17	Prior Qtr 12/31/17	Current 3/31/18
Prosperity Bank	City Accounts Payable	**** 686	712,928	427,360	336,587
Prosperity Bank	Economic Development	**** 822	1,565,211	1,606,988	1,606,022
Prosperity Bank	Debt Service	**** 695	60,059	384,341	442,922
Prosperity Bank	Health Insurance	**** 697	124,761	75,698	129,728
Prosperity Bank	Utility Fund	**** 693	115,596	115,207	10
Prosperity Bank	Home Grant	**** 994	113,969	113,969	113,939
Prosperity Bank	Project Fund Tx Exmpt	**** 111	84,003	6,193	6,197
Prosperity Bank	Library Project Fund	**** 031	66,310	53,985	54,018
Prosperity Bank	Workers Comp	**** 689	74,472	44,829	63,710
Prosperity Bank	Texas CDBG	**** 461	-	402,501	402,501
Prosperity Bank	Payroll	**** 698	17,046	15,113	15,251
Prosperity Bank	Tax Account	**** 687	2,818	293,614	0
Prosperity Bank	Fire Prevention Donation	**** 861	2,903	0	0
Prosperity Bank	City Federal Seizures	**** 690	8,452	0	0
BNY	Texas Water Board		1,030,615	228,827	217,606
			<u>3,979,143</u>	<u>3,768,625</u>	<u>3,388,491</u>
TexStar	General Account		7,549,011	3,859,610	6,678,405
TexStar	Debt Service		952,626	43,140	43,287
TexPool	General Account		716,645	318,628	319,719
TexPool	Workers Comp		91,124	92,009	92,324
FNC	Brokerage Account (Int)		5,404	-	121
Mutual Securities	Brokerage Account (Int)		1,073	-	1,073
			<u>9,315,883</u>	<u>4,313,387</u>	<u>7,134,928</u>

#	Bank/Issuer	Description	CUSIP	Maturity Date	Purchase Date	Settlement Date	Par Value	Purchased Value	Market Value	Yield	Remaining Life (days)	Annualized Yield
2016-002	Prosperity Bank	Time CD	182001528	5/25/18	5/25/16	5/25/16	100,000	100,000	101,235	0.65%	55	658
2016-004	Prosperity Bank	Time CD	182001536	8/23/18	8/23/16	8/23/16	150,000	150,000	151,585	0.70%	145	1,061
2016-007	Prosperity Bank	Time CD	182001540	9/20/18	9/20/16	9/20/16	150,000	150,000	151,577	0.70%	173	1,061
2016-010	Prosperity Bank	Time CD	182001544	11/14/18	11/9/16	11/9/16	150,000	150,000	151,319	0.70%	228	1,059
2016-013	Prosperity Bank	Time CD	182001554	12/13/18	12/13/16	12/13/16	150,000	150,000	151,313	0.70%	257	1,059
2017-002	Prosperity Bank	Time CD	182001556	1/24/19	1/24/17	1/24/17	150,000	150,000	151,053	0.70%	299	1,057
2016-005	Prosperity Bank	Time CD	182001537	8/23/19	8/23/16	8/23/16	150,000	150,000	151,813	0.80%	510	1,215
2016-008	Prosperity Bank	Time CD	182001541	9/20/19	9/20/16	9/20/16	150,000	150,000	151,803	0.80%	538	1,214
2016-011	Prosperity Bank	Time CD	182001545	11/14/19	11/9/16	11/9/16	150,000	150,000	151,508	0.80%	593	1,212
2016-014	Prosperity Bank	Time CD	182001553	12/13/19	12/13/16	12/13/16	150,000	150,000	151,502	0.80%	622	1,212
2017-003	Prosperity Bank	Time CD	182001557	1/24/20	1/24/17	1/24/17	150,000	150,000	151,204	0.80%	664	1,210
							<u>1,600,000</u>	<u>1,600,000</u>	<u>1,615,911</u>			
2017-007	Great Southern Bar	Brokered CD	39120VRX4	4/23/18	2/10/17	2/22/17	150,000	150,000	149,961	1.05%	23	1,575
2017-005	CapitalOne	Brokered CD	140420W22	2/8/19	2/1/17	2/8/17	150,000	150,000	149,435	1.55%	314	2,325
2017-012	Texas Trust CU	Brokered CD	88283MAR5	5/29/19	3/10/17	3/29/17	150,000	150,000	149,051	1.60%	424	2,400
2017-008	Southwest FCU	Brokered CD	84485EAC1	6/14/19	2/27/17	3/15/17	150,000	150,000	148,800	1.50%	440	2,250
2017-004	Mercantil Bank	Brokered CD	58733ADW6	2/10/20	2/1/17	2/10/17	150,000	150,000	148,140	1.80%	681	2,700
2017-009	JP Morgan Chase	Brokered CD	48126XD77	3/16/20	3/7/17	3/16/17	150,000	150,000	147,915	1.80%	716	2,700
2017-019	Ally Bank	Brokered CD	02006L2A0	4/13/20	4/12/17	4/13/17	150,000	150,000	147,786	1.80%	744	2,700
2017-020	Goldman Sachs	Brokered CD	381848PJQ1	5/3/20	4/24/17	5/3/17	150,000	150,000	147,857	1.85%	764	2,775
2017-021	American Express	Brokered CD	02587CFK1	6/1/20	5/25/17	6/1/17	150,000	150,000	147,441	1.90%	793	2,850
2017-022	MidSouth Bank	Brokered CD	59805FAA7	10/16/14	7/6/17	4/29/00	200,000	200,000	196,782	1.85%	(37,786)	3,700
2017-023	SallieMae Bank	Brokered CD	79545OB87	3/17/06	8/2/17	12/7/02	200,000	200,000	196,912	1.90%	(40,921)	3,800
2017-024	AmEx Centurion	Brokered CD	02587DY69	9/8/20	8/29/17	9/6/17	200,000	200,000	196,270	1.95%	892	3,900
2017-025	CapitalOneNA	Brokered CD	14042RJH5	10/12/20	10/4/17	10/12/17	100,000	100,000	98,529	2.00%	926	2,000
2017-026	Discover Bank	Brokered CD	254673GQ3	11/16/20	11/9/17	11/15/17	150,000	150,000	147,678	2.00%	961	3,000
2018-001	Morgan Stanley Bar	Brokered CD	61747MF97	1/11/21	1/3/18	1/11/18	150,000	150,000	148,680	2.30%	1,017	3,450
2018-003	Wells Fargo Bank	Brokered CD	949763PF7	3/14/20	2/28/18	3/14/18	150,000	150,000	150,224	2.70%	714	4,050
							<u>2,500,000</u>	<u>2,500,000</u>	<u>2,471,459</u>			
2017-016	FHLMC	Federal Agency	3134G66M0	6/22/18	3/14/17	3/16/17	150,000	150,775	149,798	1.07%	83	1,605
2017-017	FHLMC	Federal Agency	3134G9N60	7/27/18	3/14/17	3/16/17	150,000	149,798	149,579	1.20%	118	1,800
2017-015	FHLB	Federal Agency	3130AARE0	10/30/18	3/14/17	3/16/17	150,000	150,124	149,249	1.19%	213	1,785
2017-010	FAMCA	Federal Agency	3132X0QR5	3/19/19	3/9/17	3/19/17	150,000	150,000	148,971	1.43%	353	2,145
2017-013	FNMA	Federal Agency	3136G0V40	4/25/19	3/10/17	3/14/17	150,000	150,149	148,455	1.38%	390	2,063
2017-014	FNMA	Federal Agency	3136G3Q73	7/6/19	3/10/17	3/14/17	150,000	149,219	147,909	1.44%	462	2,160
2017-011	FHLMC	Federal Agency	3134G3N30	10/31/19	3/9/17	3/13/17	150,000	150,775	148,332	1.56%	579	2,340
2017-027	FHLB	Federal Agency	3130ACVY7	12/15/20	12/15/17	12/15/17	150,000	150,000	148,044	2.05%	990	3,075
2018-002	FFCB	Federal Agency	3133EJBL2	2/1/21	1/25/18	2/1/18	150,000	150,000	149,450	2.35%	1,038	3,525
							<u>1,350,000</u>	<u>1,350,840</u>	<u>1,339,785</u>			
Total							<u><u>5,450,000</u></u>	<u><u>5,450,840</u></u>	<u><u>5,427,155</u></u>			\$ 78,691
Weighted Avg. Maturity - City										1.444%	(2,401)	days
Benchmark Comparison - TexStar										1.500%	28	days

City of Palestine
Treasury Report
For the quarter ended March 31, 2018

Asset Type	Yield	Prior Yr 9/30/17	Prior Qtr 12/31/17	Current 3/31/18
Demand Deposit Accounts		3,979,143	3,768,625	3,388,491
Government Pools		9,315,883	4,313,387	7,134,928
Investments (Market Value)		1,100,000	5,450,000	5,450,000
		<u>14,395,026</u>	<u>13,532,012</u>	<u>15,973,420</u>

The investment portfolio of the City of Palestine is in compliance with the Public Funds Investment Act and the City of Palestine's investment policy.


Finance Director

4/16/2018