



Memorandum

February 2, 2017

TO: Town Manager, Mayor & Town Council

FROM: Jason B. Weeks, Chief Financial Officer
Brenda Bowman, Accounting Manager
Adam Wilbourn, Assistant to Town Manager

SUBJECT: Quarterly Investment Report – December 31, 2016

BACKGROUND: It is the objective of the Town of Fairview to invest public funds in a manner which will provide maximum security and the best commensurate yield while meeting the daily cash flow demands of the Town and conforming to all federal, state and local statutes, rules, and regulations governing the investment of public funds. In January 2017, the Town adopted an updated investment policy which serves to satisfy the statutory requirements of defining and adopting a formal investment policy. The investment policy states, “Not less than quarterly, the Chief Financial Officer shall submit to the Town Manager, Mayor and Town Council a written report of the Town’s investment transactions within ninety (90) days of the preceding reporting period.”

STATUS OF ISSUE: The current depository bank for the Town of Fairview is Wells Fargo Bank. The current agreement with Wells Fargo specifies the Town to maintain an amount of liquid funds in Wells Fargo to allow the Town to earn interest monthly, which one-day interest rate at December 31, 2016 was 0.23%. The Town invested the majority of the remaining funds in the public investment pool – TexPool and Lone Star, which one-day interest rate at December 31, 2016 was 0.46% and 0.77%, respectively. On December 12, 2016, the Town finalized the sale of the Noah’s Event Center, which the Town had issued Certificates of Obligation Bonds in 2012. The 2012B CO’s are “callable” in September 2017; therefore, the proceeds from the sale of Noah’s Event Center were placed into an escrow account until September 2017. These funds were invested in two U.S. Treasury Notes that were competitively bid by FirstSouthwest on December 13, 2016. All funds on deposit with Wells Fargo Bank, TexPool, Lone Star and U.S. Department of Treasury are fully secured and safeguarded. Total interest earned for the quarter ending December 31, 2016 was \$21,260, which includes \$6,505 of accrued interest from the two U.S. Treasury Notes. The

total cash and investments for the period ending September 30, 2016 was \$18,330,659 compared to \$22,784,709 on December 31, 2016, a net increase of \$4,464,050.

The attached Quarterly Investment Report for the Period Ending December 31, 2016 includes the following documents:

- Investment Officers' Certification
- Investment Portfolio Summary
- Detail of Security Holding
- Individual Fund Investment Portfolio

Approximately 88.3% of the Town's current portfolio has same day access, which is sufficient to cover normal and seasonal operation costs. It is the strategy of the Finance Department to maintain a high percentage of its idle funds invested in safe and secure investment securities and pooled investment types in accordance with the Public Funds Investment Act. As the economy slowly gains strength again, the Investment Officers will begin to explore other investment opportunities.

BUDGET: N/A

RECOMMENDATION: No action is necessary

INVESTMENT PORTFOLIO SUMMARY



**For the Quarter Ended
December 31, 2016**



**Town of Fairview
Investment Officers' Certification**

**For the Quarter Ended
December 31, 2016**

The Town of Fairview (the "Town") has prepared this report in accordance with Chapter 2256 of the Texas Public Funds Investment Act ("PFIA"). Section 2256.023(a) of the PFIA states that: "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period." This report is signed by the Town's investment officers and includes the disclosures required in the PFIA.

The investment portfolio complied with the PFIA and the Town's approved Investment Policy and Strategy throughout the period. All investment transactions made in the portfolio during this period were made on behalf of the Town and were made in full compliance with the PFIA and the approved Investment Policy.

Officer Names and Titles:


Name: Jason B. Weeks Title: Chief Financial Officer


Name: Brenda Bowman Title: Accounting Manager

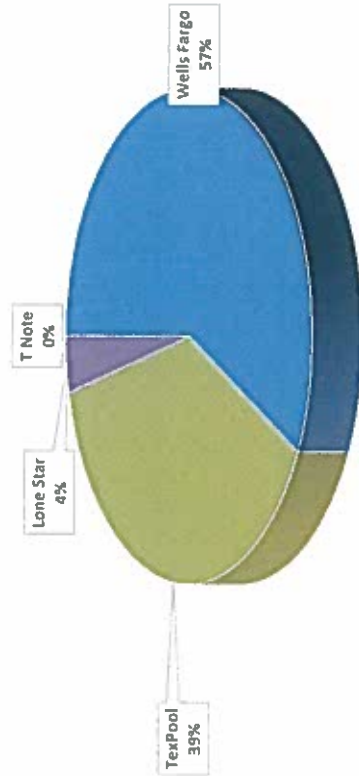

Name: Adam Wilboorn Title: Assistant to the Town Manager

**TOWN OF FAIRVIEW
INVESTMENT PORTFOLIO SUMMARY
FOR THE QUARTER ENDED DECEMBER 31, 2016**

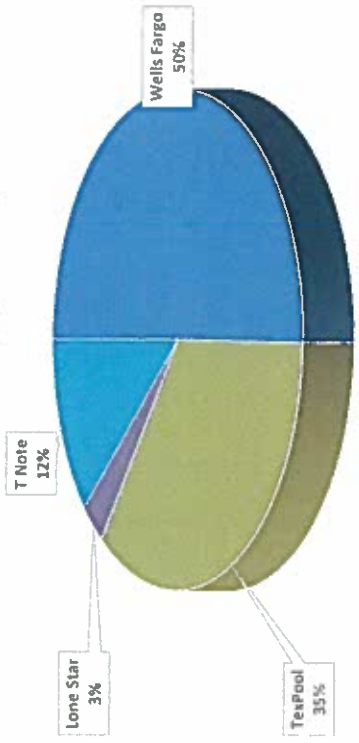
| Account | Balance as of 9/30/2016 | Deposits | Withdrawals | Interest Earned | Ending Balance as of 12/31/2016 |
|--|----------------------------|----------------------|----------------------|-----------------|------------------------------------|
| CASH: | | | | | |
| Wells Fargo - Operating | \$ 10,185,785 | \$ 8,279,332 | \$ 7,467,875 | \$ 5,763 | \$ 11,003,005 |
| Wells Fargo - CO 2012B Conf Center | 2,154 | 2,712,256 | 2,670,487 | 24 | 43,947 |
| Wells Fargo - CO 2012A/2013 Street Repairs | 298,371 | - | - | 169 | 298,540 |
| Wells Fargo - FV Twn Emp Benefit Trust | 82,668 | 166,051 | 162,072 | - | 86,647 |
| TOTAL CASH ACCOUNTS | \$ 10,568,978 | \$ 11,157,639 | \$ 10,300,434 | \$ 5,956 | \$ 11,432,139 |

| Account | Balance as of 9/30/2016 | Deposits | Withdrawals | Interest Earned | Ending Balance as of 12/31/2016 |
|---|----------------------------|---------------------|-------------------|------------------|------------------------------------|
| INVESTMENTS: | | | | | |
| TexPool - General Fund | \$ 598,216 | \$ - | \$ - | \$ 623 | \$ 598,839 |
| TexPool - Water System | 538,674 | - | - | 561 | 539,235 |
| TexPool - Interest & Sinking | 228 | 992,351 | - | 208 | 992,787 |
| TexPool - CDC | 864,499 | 191,976 | 232,200 | 888 | 825,163 |
| TexPool - EDC | 969,767 | 191,976 | 229,300 | 1,005 | 933,448 |
| TexPool - 2016 CO | 4,117,694 | - | - | 4,288 | 4,121,982 |
| Lone Star - General Fund | 672,603 | - | - | 1,226 | 673,829 |
| U.S. Treasury Note - CUSIP 912828D98 | - | 2,628,747 | - | 6,446 | 2,635,193 |
| U.S. Treasury Note - CUSIP 912828C32 | - | 32,035 | - | 59 | 32,094 |
| TOTAL INVESTMENT ACCOUNTS | \$ 7,761,681 | \$ 4,037,085 | \$ 461,500 | \$ 15,304 | \$ 11,352,570 |
| TOTAL CASH & INVESTMENTS AS OF DECEMBER 31, 2016 | | | | | \$ 22,784,708.62 |

BALANCE AS OF 9/30/2016



ENDING BALANCE AS OF 12/31/2016



Town of Fairview
Detail of Security Holding
December 31, 2016

| Security Description | Coupon | Maturity Date | Settlement Date | Par Value | Purchased Value | Adjusted Book Value | Market Price | Market Value | Life (mo) | Yield |
|--|--------|---------------|-----------------|-------------------------|-------------------------|-------------------------|--------------|-------------------------|-------------|----------------|
| Wells Fargo - Operating | 0.23% | 01/01/2017 | 12/31/2016 | \$ 11,003,004.69 | \$ 11,003,004.69 | \$ 11,003,004.69 | 100.00 | \$ 11,003,004.69 | 1.00 | 0.1111% |
| Wells Fargo - CO 2012B Conf Center | 0.23% | 01/01/2017 | 12/31/2016 | 43,946.86 | 43,946.86 | 43,946.86 | 100.00 | 43,946.86 | 1.00 | 0.0004% |
| Wells Fargo - CO 2012A/2013 Street Repairs | 0.23% | 01/01/2017 | 12/31/2016 | 298,540.26 | 298,540.26 | 298,540.26 | 100.00 | 298,540.26 | 1.00 | 0.0030% |
| Wells Fargo - FV Twn Emp Benefit Trust | 0.00% | 01/01/2017 | 12/31/2016 | 86,646.78 | 86,646.78 | 86,646.78 | 100.00 | 86,646.78 | 1.00 | 0.0000% |
| TexPool - General Fund | 0.46% | 01/01/2017 | 12/31/2016 | 598,838.90 | 598,838.90 | 598,838.90 | 100.00 | 598,838.90 | 1.00 | 0.0121% |
| TexPool - Water System | 0.46% | 01/01/2017 | 12/31/2016 | 539,234.92 | 539,234.92 | 539,234.92 | 100.00 | 539,234.92 | 1.00 | 0.0109% |
| TexPool - Interest & Sinking | 0.46% | 01/01/2017 | 12/31/2016 | 992,787.21 | 992,787.21 | 992,787.21 | 100.00 | 992,787.21 | 1.00 | 0.0200% |
| TexPool - CDC | 0.46% | 01/01/2017 | 12/31/2016 | 825,163.11 | 825,163.11 | 825,163.11 | 100.00 | 825,163.11 | 1.00 | 0.0167% |
| TexPool - EDC | 0.46% | 01/01/2017 | 12/31/2016 | 933,448.32 | 933,448.32 | 933,448.32 | 100.00 | 933,448.32 | 1.00 | 0.0188% |
| TexPool - CO 2016 | 0.46% | 01/01/2017 | 12/31/2016 | 4,121,981.68 | 4,121,981.68 | 4,121,981.68 | 100.00 | 4,121,981.68 | 1.00 | 0.0832% |
| Lone Star - General Fund | 0.77% | 01/01/2017 | 12/31/2016 | 673,828.89 | 673,828.89 | 673,828.89 | 100.00 | 673,828.89 | 1.00 | 0.0228% |
| U.S. Treasury Note | 1.00% | 09/15/2017 | 12/13/2016 | 2,622,000.00 | 2,628,746.73 | 2,635,193.08 | 100.26 | 2,635,193.08 | 1.00 | 0.1154% |
| U.S. Treasury Note | 0.75% | 03/15/2017 | 12/13/2016 | 32,000.00 | 32,034.91 | 32,093.92 | 100.11 | 32,093.92 | 1.00 | 0.0011% |
| TOTAL | | | | \$ 22,771,421.62 | \$ 22,778,203.26 | \$ 22,784,708.62 | | \$ 22,784,708.62 | 1.00 | 0.4155% |

(1) Weighted average life - For purposes of calculating weighted average life, pool, and money market investments are assumed to mature the next business day.

(2) Weighted average yield to maturity - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield is for this month only.

TOWN OF FAIRVIEW
GENERAL FUND
INVESTMENT PORTFOLIO
FOR THE QUARTER ENDED DECEMBER 31, 2016

| Account | Balance as of 9/30/2016 | Deposits | Withdrawals | Interest Earned | Ending Balance as of 12/31/2016 |
|---|----------------------------|-------------|-------------|--------------------|------------------------------------|
| INVESTMENTS: | | | | | |
| TexPool - General Fund | \$ 598,216.08 | \$ - | - | \$ 622.90 | \$ 598,838.98 |
| Lone Star - General Fund | 672,603.04 | - | - | 1,225.89 | 673,828.93 |
| TOTAL INVESTMENT ACCOUNTS | \$ 1,270,819.12 | \$ - | - | \$ 1,848.79 | \$ 1,272,667.91 |
| TOTAL GENERAL FUND INVESTMENT PORTFOLIO AS OF SEPTEMBER 30, 2016 | | | | | \$ 1,272,667.91 |

TOWN OF FAIRVIEW
DEBT SERVICE FUND
INVESTMENT PORTFOLIO
FOR THE QUARTER ENDED DECEMBER 31, 2016

| Account | Balance as of 9/30/2016 | Deposits | Withdrawals | Interest Earned | Ending Balance as of 12/31/2016 |
|---|----------------------------|----------------------|-------------|------------------|------------------------------------|
| INVESTMENTS: | | | | | |
| TexPool - Interest & Sinking | \$ 228.00 | \$ 992,351.19 | \$ - | \$ 208.02 | \$ 992,787.21 |
| TOTAL INVESTMENT ACCOUNTS | <u>\$ 228.00</u> | <u>\$ 992,351.19</u> | <u>\$ -</u> | <u>\$ 208.02</u> | <u>\$ 992,787.21</u> |
| TOTAL DEBT SERVICE FUND INVESTMENT PORTFOLIO AS OF DECEMBER 31, 2016 | | | | | <u>\$ 992,787.21</u> |

TOWN OF FAIRVIEW
WATER FUND
INVESTMENT PORTFOLIO
FOR THE QUARTER ENDED DECEMBER 31, 2016

| Account | Balance as of 9/30/2016 | Deposits | Withdrawals | Interest Earned | Ending Balance as of 12/31/2016 |
|--|----------------------------|-------------|-------------|------------------|------------------------------------|
| INVESTMENTS: | | | | | |
| TexPool - Water System | \$ 538,674.00 | \$ - | - | \$ 560.92 | \$ 539,234.92 |
| TOTAL INVESTMENT ACCOUNTS | <u>\$ 538,674.00</u> | <u>\$ -</u> | <u>-</u> | <u>\$ 560.92</u> | <u>\$ 539,234.92</u> |
| TOTAL WATER FUND INVESTMENT PORTFOLIO AS OF DECEMBER 31, 2016 | | | | | <u>\$ 539,234.92</u> |

TOWN OF FAIRVIEW
 CAPITAL PROJECT FUND
 INVESTMENT PORTFOLIO
 FOR THE QUARTER ENDED DECEMBER 31, 2016

| Account | Balance as of 9/30/2016 | Deposits | Withdrawals | Interest Earned | Ending Balance as of 12/31/2016 |
|--|----------------------------|------------------------|-------------|---------------------|------------------------------------|
| INVESTMENTS: | | | | | |
| TexPool - 2016 CO | \$ 4,117,694.00 | \$ - | - | \$ 4,287.68 | \$ 4,121,981.68 |
| U.S. Treasury Note - CUSIP 912828D98 | - | 2,628,746.73 | - | 6,446.35 | 2,635,193.08 |
| U.S. Treasury Note - CUSIP 912828C32 | - | 32,034.91 | - | 59.01 | 32,093.92 |
| TOTAL INVESTMENT ACCOUNTS | \$ 4,117,694.00 | \$ 2,660,781.64 | \$ - | \$ 10,793.04 | \$ 6,789,268.68 |
| TOTAL CAPITAL PROJECT FUND INVESTMENT PORTFOLIO AS OF DECEMBER 31, 2016 | | | | | \$ 6,789,268.68 |

TOWN OF FAIRVIEW
CDC FUND
INVESTMENT PORTFOLIO
FOR THE QUARTER ENDED DECEMBER 31, 2016

| Account | Balance as of 9/30/2016 | Deposits | Withdrawals | Interest Earned | Ending Balance as of 12/31/2016 |
|--|----------------------------|----------------------|----------------------|------------------|------------------------------------|
| INVESTMENTS: | | | | | |
| TexPool - CDC | \$ 864,499.00 | \$ 191,976.08 | \$ 232,200.00 | \$ 888.03 | \$ 825,163.11 |
| TOTAL INVESTMENT ACCOUNTS | \$ 864,499.00 | \$ 191,976.08 | \$ 232,200.00 | \$ 888.03 | \$ 825,163.11 |
| TOTAL CDC FUND INVESTMENT PORTFOLIO AS OF DECEMBER 31, 2016 | | | | | \$ 825,163.11 |

TOWN OF FAIRVIEW
 EDC FUND
 INVESTMENT PORTFOLIO
 FOR THE QUARTER ENDED DECEMBER 31, 2016

| Account | Balance as of 9/30/2016 | Deposits | Withdrawals | Interest Earned | Ending Balance as of 12/31/2016 |
|--|----------------------------|----------------------|----------------------|--------------------|------------------------------------|
| INVESTMENTS: | | | | | |
| TexPool - EDC | \$ 969,767.00 | \$ 191,976.08 | \$ 229,300.00 | \$ 1,005.24 | \$ 933,448.32 |
| TOTAL INVESTMENT ACCOUNTS | <u>\$ 969,767.00</u> | <u>\$ 191,976.08</u> | <u>\$ 229,300.00</u> | <u>\$ 1,005.24</u> | <u>\$ 933,448.32</u> |
| TOTAL EDC FUND INVESTMENT PORTFOLIO AS OF DECEMBER 31, 2016 | | | | | <u>\$ 933,448.32</u> |