

Laura Taylor Davis
Brazos County Treasurer
ldavis@co.brazos.tx.us

200 S. Texas Avenue, Ste 240
Bryan, Texas 77803
Tel: 979-361-4345

DATE: 10/16/2015

TO: Hon. Duane Peters, County Judge
Hon. Lloyd Wassermann, Commissioner
Hon. Sammy Catalina, Commissioner
Hon. Kenny Mallard, Commissioner
Hon. Irma Cauley, Commissioner
Candy Gallego, Administrative Assistant

FROM: Laura Taylor Davis, County Treasurer

RE: Quarter Ending 09/30/2015 Investment Report

This report is made in accordance with provisions of Gov.Code 2256, The Public Funds Investment Act, which requires quarterly reporting of investment transactions to the Commissioners' Court.

The Brazos County Investment portfolio earned an average yield of 0.0733% on the quarterly *average balance* of \$2,352,794.60 invested with TexPool for the period ending 09/30/2015. Investment interest deposited during the quarter was \$433.30. Total year to date interest deposited was \$1,216.62. Year to date average interest yield was 0.0525%. Actual ending balance invested at 09/30/2015 was \$2,352,951.88.

The average rate of interest earned on the depository checking account balances for the quarter ending 09/30/2015 was 0.25% netting \$54,057.71 for the quarter end on an *average depository investable balance* of \$85,681,051.38. Total year to date interest earned was \$221,878.65.

Total interest earned for quarter ending 09/30/2015 was \$54,491.01 for a total year- to - date of balance of \$223,095.27.

Investment Strategy

The Brazos County Investment Strategy will remain unchanged, keeping investments very short-termed & liquid. With the safety of principal as the foremost objective of the County's investment policy followed by liquidity and yield - it seems prudent to continue keeping the majority of available funds in the County's depository where all funds are 110% collateralized. With the Brazos County depository contract Brazos County earns a fixed rate of 0.25% on the funds held in the checking accounts for the term of the contract.

As a source of information on the market, attached to this report is a copy of the 09/21/2015 Funds Management Group, Inc. - Money Market Rate Review and commentary.

For diversification the County has an investment account with TexPool that provides the safety of an overnight market.

Summary of Portfolio Changes

The deposit of interest is the only portfolio change to balances at this time and the **Weighted Average Maturity** of investments remains at 1 day due to the liquidity of funds invested with TexPool and on deposit at Branch Banking & Trust.

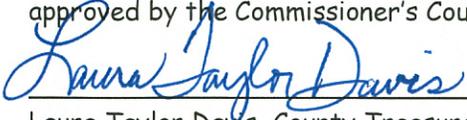
FY 2015 INTEREST RATES AND EARNINGS BY MONTH

	TexPool Interest	Interest Rate	Cking Acct Interest	Earnings Credit Rate
October 2014	53.46	0.0300	14,996.89	0.2500
November 2014	55.17	0.0300	14,394.82	0.2500
December 2014	83.48	0.0400	15,542.79	0.2500
Q/E 12/31/2014	192.11	0.0333	44,934.50	0.2500
January 2015	92.88	0.0500	20,689.36	0.2500
February 2015	79.54	0.0400	20,836.14	0.2500
March 2015	95.89	0.0500	21,915.49	0.2500
Q/E 03/31/2015	268.31	0.0467	63,440.99	0.2500
April 2015	101.29	0.0500	20,290.68	0.2500
May 2015	110.46	0.0600	20,358.88	0.2500
June 2015	111.15	0.0600	18,795.89	0.2500
Q/E 06/30/2015	322.90	0.0567	59,445.45	0.2500
July 2015	125.83	0.0600	19,766.47	0.2500
August 2015	143.08	0.0700	18,693.52	0.2500
September 2015	164.39	0.0900	15,597.72	0.2500
Q/E 09/30/2015	433.30	0.0733	54,057.71	0.2500
YTD TOTALS	1,216.62	0.0525	221,878.65	0.2500

Attached are the following reports:

- 1) Cost Amount Summary of Investments by Fund
- 2) TexPool Quarter End Activity Report
- 3) Investments by Fund Group and Strategy Type

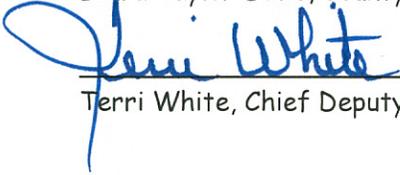
To the best of our knowledge the investment portfolio in this report conforms in all respects to the Investment Policy of Brazos County and is being managed under the investment strategy of said policy as approved by the Commissioner's Court of Brazos County.



Laura Taylor Davis, County Treasurer, CIO



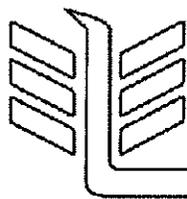
Date



Terri White, Chief Deputy Treasurer, CIO



Date



FUNDS MANAGEMENT

GROUP, INC.

4617 Montrose Blvd, Suite C202 * Houston, Texas 77006* (713) 626-5741 * 1-800-683-3644 * FAX (713) 626-5742

MONEY MARKET RATE REVIEW

7 DAY AVG WEEK ENDING	CAT	30-DAY	90-DAY	180-DAY	2 YEAR	FED	ON
	DWS Govt Cash * SIMPLE **	T BILL **	T BILL **	T BILL **	NOTE **	FUNDS **	REPOS **
09/18/15	0.04%	-0.009%	0.024%	0.193%	0.741%	0.140%	0.149%
09/11/15	0.04%	0.011%	0.026%	0.245%	0.730%	0.140%	0.160%
09/04/15	0.04%	0.000%	0.020%	0.242%	0.712%	0.131%	0.197%
08/28/15	0.04%	0.015%	0.020%	0.205%	0.651%	0.146%	0.149%
AVERAGE	0.04%	0.004%	0.023%	0.221%	0.709%	0.139%	0.164%

* Cash Account Trust Government Securities Portfolio – SEC Registered Money Market Fund for Public Funds – Past Performance does not indicate future results

** Rates as reported on Bloomberg

“THE FED: MUCH ADO ABOUT NOTHING”

The widely anticipated September meeting of the Federal Open Market Committee resulted in much verbiage to support no change. Expectations were fairly wide-spread that the FOMC would hike the Fed funds rate target by 0.25%, moving us out of this 0% rate environment for the first time in some seven years. Bond market yields, particularly in the short-end, had already pretty much “priced in” that expectation, with the two year Treasury note jumping above 0.80% before the meeting’s conclusion and press conference. As chair Yellen announced the meeting results, that yield dropped back down to 0.65% almost instantaneously.

In summary, the FOMC said that the U.S. economy was pretty much on course for improvement by virtually all measures; but potential further economic deterioration and market disruptions in China and emerging market countries argued for continued monetary policy accommodation – and a 0% rate environment – in the U.S.

Whether we agree with this posture or not, it is going to prevail for (probably) at least another three months. In this environment, liquidity portfolio managers must continue to concentrate on safety/security, liquidity, and yield – in that order. There remains no measurable reward for maturity extension or credit diminution in the portfolio. We conclude that FICA, our FDIC insured deposit program, still paying a 0.13% net rate to our clients, is an optimal portfolio component. For daily liquidity, our SEC registered money market fund, Cash Account Trust, is still paying 0.04%.

9/21/15

Bob Ross
Joan Alexander

COST AMOUNT SUMMARY OF INVESTMENTS BY FUNDS

General Fund

TexPool

\$ 2,352,951.88

Total Cost of all funds invested for the month of September 2015

\$ 2,352,951.88

Book Value is the same because all investments are with TexPool and the Share Price is maintained at \$1.00

TEXPOOL QUARTER ENDING 09/30/2015 ACTIVITY REPORT

FUND 1 - POOLED FUND GROUP

DATE	DESC.	GENERAL FUND	EXPO. COMPLEX	TOTAL
06/30/15	June Balance	\$ 2,352,518.58	\$ -	\$ 2,352,518.58
07/31/15	July Interest	\$ 125.83	\$ -	\$ 125.83
07/31/15	July Balance	\$ 2,352,644.41	\$ -	\$ 2,352,644.41
08/31/15	August Interest	\$ 143.08	\$ -	\$ 143.08
08/31/15	August Balance	\$ 2,352,787.49	\$ -	\$ 2,352,787.49
09/30/15	September Interest	\$ 164.39	\$ -	\$ 164.39
09/30/15	September Balance	\$ 2,352,951.88	\$ -	\$ 2,352,951.88

INVESTMENTS BY FUND GROUP AND STRATEGY TYPE

FUND 1 - POOLED FUND GROUP		
General Fund		\$ 2,352,951.88
Health Endowment Fund		\$ -
State Lateral Road		\$ -
Courthouse Security		\$ -
Strategy Type:	OPERATING FUNDS	\$ 2,352,951.88
General Obligation Debt Svc.		\$ -
Strategy Type:	DEBT SERVICE FUNDS	\$ -
General Permanent Impv.		\$ -
Exposition Center Fund		\$ -
Strategy Type:	SPECIAL PROJ. & PERM.IMPV.DEBT	\$ -
Fund 1 - Group Total		\$ 2,352,951.88

BOOK VALUE OF ALL INVESTED FUNDS AS OF September 2015 \$ 2,352,951.88