

City of Lakeway, Texas
Quarterly Investment Report
April 1, 2014 – June 30, 2014

July 21, 2014

Honorable Mayor DeOme and City Council Members:

The Quarterly Investment Report for the City of Lakeway, Texas, for the quarter ended June 30, 2014, is hereby submitted.

The current depository bank for the City of Lakeway is Prosperity Bank. The City's depository agreement with the bank guarantees an interest rate of 0.50%. While this rate may seem low, it is currently higher than interest rates received through TexPool. Throughout the quarter, TexPool's interest rate ranged from 0.0244% - 0.0336%. For this reason, the City kept most of the General Fund cash in the depository bank which earned interest in the amount of \$7,042 for the quarter. The Capital Projects Fund – Flintrock Road earned interest from Prosperity Bank totaling \$4,321 for the quarter. Interest-bearing checking accounts are not considered an investment and, as a result, are not included in the accompanying schedules.

There were three CD maturities this quarter. The first CD was a 15-month CD in the amount of \$247,447.64 matured on 5/07/2014 from Independent Bank with an annual percentage yield of 0.80%. Total interest earned on this CD was \$2,447.64. The second CD was a 16-month CD in the amount of \$247,123.57 matured on 6/07/2014 from American Bank with an annual percentage yield of 0.65%. Total interest earned on this CD was \$2,123.57. The final CD was a 12-month CD in the amount of \$227,145.21 matured on 6/29/2014 from Plains Capital Bank with an annual percentage yield of 0.95%. Total interest earned on this CD was \$2,145.21. Due to unfavorable market conditions each of these CDs was not allowed to roll into a new CD since interest rates available would be lower than the City's depository account. Subsequent to quarter end, the City reinvested these funds when favorable CD interest rates were found, and the City's investment policy was modified to allow for CD maturities up to 24 months. Each CD invested was in the amount of \$245,000. Terms and interest rates for the CDs are 16-months at 0.65%, 18-months at 1.15%, and 24-months at 1.00%. These CDs are held by American Bank, BBVA Compass and Anthem Bank, respectively.

The bank account and the CDs are insured by a combination of FDIC insurance and pledged securities which are maintained at the Federal Reserve Bank in Dallas, Texas. TexPool's liquid asset portfolio seeks to maintain a net asset value of \$1.00 per unit invested to preserve the principal of all pool participants.

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This report is in full compliance with the investment strategies as established by the City of Lakeway's investment policy, the Public Funds Investment Act, and generally accepted accounting principles.

Steve Jones
City Manager

Al Tyson
City Treasurer

Julie Oakley
Finance Director