

STRATEGIC HOUSING
FINANCE CORPORATION

of TRAVIS COUNTY

**SHFC Action Item V.G
November 21, 2019**

Resolution No. SHFC-2019-28:

To Authorize the Strategic Finance Housing Corporation (SHFC) to participate in the Tex Pool Investment Pools and designate an authorized representative.

WHEREAS, SHFC is a local government and is empowered to delegate to the public funds investment pools the authority to invest funds and to act as custodian of investments purchased with local investment funds; and

WHEREAS, it is in best interest of SHFC to invest excess funds in investments that provide for the preservation and safety of principal, liquidity, and yield consistent with the Public Funds Investment Act; and

WHEREAS, Board members reached consensus at its open public meeting of November 21, 2019.

NOW, THEREFORE, BE IT RESOLVED THAT THE BOARD OF DIRECTOR OF SHFC HEREBY:

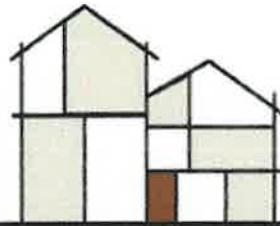
1. Approves Resolution No. SHFC-2019-28; and
2. Authorizes the Executive Vice President to execute all necessary documents and extensions.

Passed and approved the 21ST day of November 2019.

Eddie Karam, *President, Board of Directors*

Attested and approved as to form:

Patrick B. Howard, *Executive Vice President*



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To Authorize the Strategic Finance Housing Corporation (SHFC) to participate in the Tex Pool Investment Pools and designate an authorized representative.

Background Information:

This request is to authorize SHFC to participate in the TexPool Investment Pools administered by the Texas Controller's Office. This involves SHFC opening an account with TexPool. Funds and investments are liquid and can be transferred in/out at any time. The rate of return is almost a percentage point higher than offered by a depository account at commercial banks.

Recommended Action:

Consideration and take appropriate action regarding Resolution No. SHFC-2019-28: To authorize SHFC participation in the TexPool Investment Pools and designating authorized representatives.

Alternate Option:

The Board of Commissioners could elect to Not Authorize the Participation in TexPool Investment Pools.

Fiscal Impact:

N/A

Attachments:

A. Texpool Highlights & November 2019 Graphs

Prepared by:

Subra Narayanaier, *Director of Finance & Administration*

Approval:

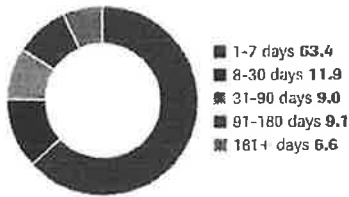
Patrick B. Howard

Patrick B. Howard, *Executive Vice President*



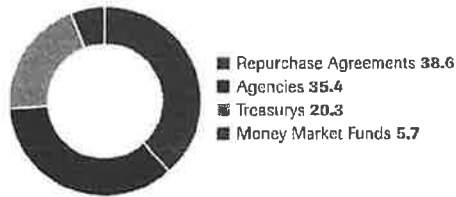
Portfolio by Maturity (%)

As of October 31, 2019



Portfolio by Type of Investment (%)

As of October 31, 2019



Portfolio Asset Summary as of October 31, 2019

	Book Value	Market Value
Uninvested Balance	-\$728,175.26	-\$728,175.26
Receivable for Investments Sold	0.00	0.00
Accrual of Interest Income	21,019,800.54	21,019,800.54
Interest and Management Fees Payable	-33,842,530.65	-33,842,530.65
Payable for Investments Purchased	-274,569,888.88	-274,569,888.88
Accrued Expenses & Taxes	-23,006.35	-23,006.35
Repurchase Agreements	8,279,857,000.00	8,279,857,000.00
Mutual Fund Investments	1,230,074,000.00	1,230,074,000.00
Government Securities	7,601,284,620.64	7,600,758,843.13
U.S. Treasury Inflation Protected Securities	1,030,094,859.47	1,029,417,568.08
US Treasury Bills	1,664,665,252.32	1,666,120,177.70
US Treasury Notes	1,673,910,822.35	1,675,784,343.61
Total	\$21,191,942,554.18	\$21,194,068,131.90

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by Fidelity Investment Consulting and the assets are safe kept in a separate custodial account at State Street Bank in the name of TexPool. The only source of payment to the Participants is the assets of TexPool. There is no secondary source of payment for the pool such as insurance or State guarantee. Should you require a copy of the portfolio, please contact TexPool Participant Services.

Participant Summary

	Number of Participants	Balance
School District	596	\$6,352,882,165.24
Higher Education	59	\$902,583,026.33
Healthcare	86	\$863,515,195.95
Utility District	828	\$2,789,528,337.04
City	474	\$6,824,242,134.80
County	187	\$2,002,227,358.24
Other	350	\$2,438,849,259.19

**Definition of Weighted Average Maturity and Weighted Average Life

WAM is the mean average of the periods of time remaining until the securities held in TexPool (a) are scheduled to be repaid, (b) would be repaid upon a demand by TexPool, or (c) are scheduled to have their interest rate readjusted to reflect current market rates. Securities with adjustable rates payable upon demand are treated as maturing on the earlier of the two dates set forth in (b) and (c) if their scheduled maturity is 397 days or less; and the later of the two dates set forth in (b) and (c) if their scheduled maturity is more than 397 days. The mean is weighted based on the percentage of the amount of the portfolio invested in each period.

WAL is calculated in the same manner as WAM, but is based solely on the periods of time remaining until the securities held in TexPool (a) are scheduled to be repaid or (b) would be repaid upon a demand by TexPool, without reference to when interest rates of securities within TexPool are scheduled to be readjusted.



TexPool Highlights

What is TexPool?

Organized in 1989, TexPool is the largest and oldest local government investment pool in the State of Texas. TexPool currently provides investment services to over 2000 communities throughout Texas.

How is TexPool organized?

The State Comptroller of Public Accounts oversees TexPool. Federated Investors is the full service provider to the pools managing the assets, providing Participant Services, and arranging for all custody and other functions in support of the pools operations under a contract with the Comptroller.

What is TexPool's investment philosophy?

TexPool and TexPool Prime are managed conservatively to provide a safe, efficient, and liquid investment alternative to Texas governments. The pools seek to maintain a \$1.00 value per share as required by the Texas Public Funds Investment Act. TexPool investments consist exclusively of U. S. Government securities, repurchase agreements collateralized by U. S. Government securities, and AAA-rated no-load money market mutual funds. TexPool Prime invests in the above plus, commercial paper and certificates of deposits. TexPool and TexPool Prime are each rated AAAM by Standard & Poor's, the highest rating a local government investment pool can achieve. The weighted average maturities of the pools cannot exceed 60 days, with the maximum maturity of any investment limited to 13 months. TexPool and TexPool Prime, like its participants, are governed by the Texas Public Funds Investment Act, and are in full compliance with the Act.

How are deposits and withdrawals to TexPool / TexPool Prime made?

Deposits and withdrawals to TexPool / TexPool Prime can be made on any business day of the week. Four methods of completing transactions are available. Deposits, withdrawals, and transfers may be made using our TexConnect Online system, our TexConnect VRU, EDGEnet, or by contacting a Participant Services Representative directly. Transactions can be requested up to 90 business days in advance in the TexConnect systems.

Are TexPool participants required to keep minimum balances?

There are no minimum balance requirements for TexPool or TexPool Prime participants, and there is no limit on the number of accounts a participant can have.

What are TexPool and TexPool Prime's fees?

TexPool's fee is 0.045% annually, and TexPool Prime's fee is 0.055% annually, calculated daily on the fund balance of each respective pool. The fees are deducted from the interest earnings of the pools. There is no direct reduction to the participant's account, and all TexPool and TexPool Prime rates are quoted net of fees. These fees will remain fixed throughout the term of the management contract with Federated Investors.

How is interest paid to the TexPool participant?

Interest is accrued daily and paid monthly. Interest may either be left in the participant's account or withdrawn.

59854

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TexPool Participant Services
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