

**CITY OF BRYAN  
INVESTMENT COMMITTEE AGENDA  
April 26, 2017 at 4:00 PM  
Room 305, Municipal Office Building**

- A. Welcome.
- B. Review minutes from January 25, 2017 Investment Committee meeting.
- C. Review BTU and City of Bryan March 31, 2017 Investment Reports and supplemental information.
- D. Other new business.
- E. Schedule next quarterly meeting. (Currently scheduled for Wednesday, July 26, 2017)
- F. Adjourn.

CITY OF BRYAN, TEXAS  
INVESTMENT COMMITTEE MEETING MINUTES  
January 25, 2017

The committee met on Wednesday, January 25, 2017 with committee members Flynn Adcock, Aliza Dirden and Joe Salvato and staff members Joe Hegwood, and Carol Carey in attendance. The meeting was called to order by Joe Hegwood at 3:31 p.m.

Minutes from the previous meeting, October 26, 2016, were reviewed and approved.

Led by Joe Hegwood, committee members then reviewed the following:

Both the BTU and City of Bryan quarterly investment report dated December 31, 2016

Reviewed Ethics and Conflict of Interest Declaration for Joe Hegwood and Carol Carey.

The next quarterly meeting was scheduled for April 26, 2017 at 4 p.m.

There being no other business, the meeting adjourned at 3:55 p.m.

# MEMO

**TO:** City of Bryan Investment Committee

**FROM:** Joe Hegwood - Chief Financial Officer



**SUBJECT:** Investment Report at 3/31/17

**DATE:** April 26, 2017

---

Attached are the City of Bryan and the BTU City and Rural Investment Reports for the quarter ended March 31, 2017. This report is submitted in compliance with the City of Bryan's Investment Policy. It is the policy of the City of Bryan to invest public funds in a manner that will ensure the preservation of capital, meet daily cash flow demands, conform to all applicable State and Local statutes governing the investment of public funds and provide reasonable investment returns. Included along with the Investment Report is supplemental information comprised of an Investment Safekeeping Report, a Depository Collateralization Summary and Cash Flow Projections.

During the quarter, the City of Bryan's investment balance increased by \$6.2 million due to Ad Valorem Tax collections. The City's weighted average maturity is 397 days and yield to maturity on investments is approximately 1.032%.

During the quarter, BTU's investment balance decreased by \$1.0 million as lower weather driven sales occurred in the 1<sup>st</sup> quarter. BTU's weighted average maturity is 299 days for BTU-City and 25 days for BTU-Rural. Yield-to-maturity on investments is approximately 0.920% for BTU-City and 0.540% for BTU-Rural. Rates are up from last quarter due to the movement of funds out of BB&T's Money Market Account into short term Treasuries and Agency investments during the current quarter. These investments have seen notable movement since the March 15, 2017 Fed Funds increase from 0.75% to 1.00%.

**City of Bryan**

**Investment Report  
As of March 31, 2017**



**CITY OF BRYAN**  
*The Good Life, Texas Style.™*

Unaudited

City of Bryan Portfolio  
Quarterly Summary

Total Portfolio Summary				
		Current Month 3/31/2017	Prior Quarter 12/31/2016	Change From Prior
Book Value	\$	119,412,330	\$ 113,173,401	\$ 6,238,929
Market Value		119,357,022	113,064,804	6,292,218
Market Value%		99.95%	99.90%	0.050%
Weighted Average Maturity - Days		397 days	280 days	117 Days
Weighted Average Yield		1.032%	0.761%	0.271%
6 month Treasury Bill		0.910%	0.610%	0.300%
Fed Funds Target Rate		0.75%-1.00%	0.5%-0.750%	0.250%

Type Breakdown:	Book Value	Percent	Weighted Average Maturity	Weighted Average Yield
Pooled	\$ 20,068,377	16.806%	1	0.625%
Agency	84,885,558	71.086%	558	1.094%
Operating	3,770,026	3.157%	1	0.000%
IMMA	10,688,369	8.951%	1	0.470%
	<b>\$ 119,412,330</b>	<b>100.000%</b>	<b>397</b>	<b>1.032%</b>

Issuer Breakdown:	Book Value	Percent	Weighted Average Maturity	Weighted Average Yield
FNMA	\$ 11,997,887	10.047%	813	1.513%
FHLB	17,007,410	14.243%	556	1.147%
FFCB	4,008,254	3.357%	755	1.004%
FHLMC	11,960,002	10.016%	1185	1.823%
Treasury	39,912,005	33.424%	274	1.055%
BB&T Operating	3,770,026	3.157%	1	0.000%
BB&T IMMA	10,688,369	8.951%	1	0.470%
TexSTAR	12,535,357	10.498%	1	0.627%
TexPool	7,533,020	6.308%	1	0.622%
	<b>\$ 119,412,330</b>	<b>100.000%</b>	<b>397</b>	<b>1.032%</b>

Maturity Breakdown:	Book Value	Percent
Less Than 90 Days	\$ 47,526,302	39.800%
90 to 180 Days	-	0.000%
181 to 365 Days	42,897,213	35.924%
More Than 365 Days	28,988,815	24.276%
	<b>\$ 119,412,330</b>	<b>100.000%</b>

Call Breakdown:	Book Value	Percent
Less Than 90 Days	-	0.000%
90 to 180 Days	-	0.000%
181 to 365 Days	5,000,000	100.000%
More Than 365 Days	-	0.000%
	<b>\$ 5,000,000</b>	<b>100.000%</b>

City of Bryan Portfolio  
Detailed Holdings as of  
March 31, 2017

Description	Type	CUSIP	Cpn	Settle Date	Maturity Date	Call Date	Par Value	Purch Price	Purch Cost	Book Value	Mkt Price	Mkt Value	Days to Mat	YTM	Days to Call
FHLMC	Agency	3134GBBE1	2.250%	03/29/17	12/29/21	9/29/2017	5,000,000	100.000	5,000,000	5,000,000	100.306	5,015,289	1734	2.250%	182.00
FHLMC	Agency	3137EADP1	0.875%	03/26/14	03/07/18		3,000,000	97.915	2,937,449	2,985,208	99.822	2,994,665	341	1.420%	-
FHLMC	Agency	3137EADR7	1.375%	05/22/15	05/01/20		4,000,000	98.990	3,959,607	3,974,793	99.387	3,975,470	1127	1.588%	-
FNMA	Agency	3135G0G72	1.125%	03/31/16	12/14/18		2,000,000	100.586	2,011,716	2,007,388	99.794	1,995,873	623	0.905%	-
FNMA	Agency	3135G0ZB2	0.750%	03/26/14	04/20/17		3,000,000	99.235	2,977,050	2,999,591	99.995	2,999,859	20	1.004%	-
FNMA	Agency	3135G0ZA4	1.875%	03/26/14	02/19/19		3,000,000	100.261	3,007,830	3,003,017	101.029	3,030,875	690	1.819%	-
FNMA	Agency	3135G0N82	1.875%	09/21/16	08/14/21		4,000,000	99.550	3,986,444	3,987,892	97.205	3,888,198	1597	1.972%	-
Treasury	Agency	912828T59	0.625%	03/16/17	09/30/17		20,000,000	99.820	19,964,063	19,966,785	99.852	19,970,390	183	0.959%	-
Treasury	Agency	912828Q45	0.875%	03/16/17	03/31/18		20,000,000	99.715	19,942,969	19,945,220	99.789	19,957,812	365	1.151%	-
FFCB	Agency	3133EFW52	1.150%	04/01/16	07/01/19		3,000,000	100.351	3,010,530	3,007,298	99.393	2,981,788	822	1.040%	-
FFCB	Agency	3133EFX69	0.960%	04/05/16	10/05/18		1,000,000	100.158	1,001,579	1,000,956	99.527	995,273	553	0.896%	-
FHLB	Agency	313378J77	1.875%	03/06/15	03/13/20		4,000,000	100.845	4,033,800	4,019,867	100.846	4,033,827	1078	1.699%	-
FHLB	Agency	3130A7P25	0.625%	04/04/16	04/04/17		10,000,000	99.945	9,994,500	9,999,940	99.995	9,999,523	4	0.680%	-
FHLB	Agency	3130AABG2	1.875%	12/15/16	11/29/21		3,000,000	99.561	2,986,832	2,987,603	99.714	2,991,410	1704	1.968%	-
TexSTAR - Depository	Investment Pool						12,535,357		12,535,357	12,535,357		12,535,357	1	0.627%	-
TexPool - Depository	Investment Pool						7,533,020		7,533,020	7,533,020		7,533,020	1	0.622%	-
BB&T - Money Market	Insured Money Market Acct (IMMA)						10,688,369		10,688,369	10,688,369		10,688,369	1	0.470%	-
BB&T - Depository	Operating Account						3,770,026		3,770,026	3,770,026		3,770,026	1	0.000%	-
							\$ 119,526,772		\$ 119,341,140	\$ 119,412,330		\$ 119,357,022	397	1.032%	

City of Bryan Portfolio Details  
 Maturing Items FY17

3/31/2017

Issuer	Type	CUSIP	Cpn	Settle Date	Maturity Date	Call Date	Par Value	Purch Price	Purch Cost	Book Value	Mkt Price	Mkt Value
FHLMC	Agency	3137EADC0	0.01000	3/31/2016	3/8/2017		5,000,000.00	100.3260	5,016,301.28	5,000,000.00	100.008	5,000,422.00
							\$ 5,000,000		\$ 5,016,301			

City of Bryan Portfolio Details  
Purchased Items FY17

3/31/2017

Fund	Issuer	Type	CUSIP	Cpn	Settle Date	Maturity Date	Call Date	Par Value	Purch Price	Purchase Cost
Pooled	FHLB	Agency	3130AABG2	1.875%	12/15/2016	11/29/2021	NA	3,000,000	99.561	2,986,832.250
Pooled	FHLMC	Agency	3134GBBE1	2.250%	3/29/2017	12/29/2021	9/29/2017	5,000,000	100.000	5,000,000
Pooled	Pooled	Treasury	912828TS9	0.625%	3/16/2017	3/16/2017	NA	20,000,000	100.107	20,021,411
Pooled	Pooled	Treasury	912828Q45	0.875%	3/16/2017	3/16/2017	NA	20,000,000	100.116	20,023,257
								\$ 48,000,000	\$ 48,031,501	

City of Bryan Portfolio Details  
 Called Items FY17

3/31/2017

Fund	Issuer	Type	CUSIP	Cpn	Settle Date	Maturity Date	Call Date	Par Value	Purch Price	Purch Cost
Pooled	FHLMC	Agency	3134G8WK1	1.700%	4/28/2016	1/28/2021	10/28/2016	3,000,000.00	100.0000	3,000,000.00

---



---

\$ 3,000,000                      \$ 3,000,000

City of Bryan Portfolio Details

Investment Accretion/Amortization Schedule

This schedule reports the most recent months amortization of premiums and discounts on investments.

Amortization and Accretion is recorded ratably over the life of the investment.

Issuer	CUSIP	Settle Date	YTM	Maturity Date	Par Value/Orig Face	Purch Price	Prin + Int Purch Price	Beginning BV	Accretion/ (Ammortization)	Ending BV
FHLMC	3134GBBE1	03/29/17	2.250%	12/29/21	5,000,000	100	5,000,000	5,000,000	-	5,000,000
FHLB	3130A7P25	04/04/16	0.680%	04/04/17	10,000,000	100	9,994,500	9,999,473	(467)	9,999,940
FHLB	3130AABG2	12/15/16	1.968%	11/29/21	3,000,000	100	2,986,832	2,987,378	(226)	2,987,603
FNMA	3135G0G72	03/31/16	0.905%	12/14/18	2,000,000	101	2,011,716	2,007,755	368	2,007,388
FNMA	3135G0ZB2	03/26/14	1.004%	04/20/17	3,000,000	99	2,977,050	2,998,956	(635)	2,999,591
FNMA	3135G0ZA4	03/26/14	1.819%	02/19/19	3,000,000	100	3,007,830	3,003,152	136	3,003,017
FHLMC	3137EADP1	03/26/14	1.420%	03/07/18	3,000,000	98	2,937,449	2,983,864	(1,345)	2,985,208
FFCB	3133EFX69	04/05/16	0.896%	10/05/18	1,000,000	100	1,001,579	1,001,010	54	1,000,956
FFCB	3133EFW52	04/01/16	1.040%	07/01/19	3,000,000	100	3,010,530	3,007,573	275	3,007,298
FHLB	313378J77	03/06/15	1.699%	03/13/20	4,000,000	101	4,033,800	4,020,438	571	4,019,867
FHLMC	3137EADR7	05/22/15	1.588%	05/01/20	4,000,000	99	3,959,607	3,974,100	(693)	3,974,793
FNMA	3135G0N82	09/21/16	1.972%	08/14/21	4,000,000	100	3,986,444	3,987,657	(235)	3,987,892
Treasury	912828TS9	03/16/17	0.959%	09/30/17	20,000,000	100	19,964,063	19,961,158	(5,627)	19,966,785
Treasury	912828Q45	03/16/17	1.151%	03/31/18	20,000,000	100	19,942,969	19,940,567	(4,653)	19,945,220
					\$ 85,000,000		\$ 84,814,368	\$ 84,873,082	\$ (12,476)	\$ 84,885,558

**Investment Policy Compliance Checklist**  
**City of Bryan**  
**March 31, 2017**

Compliant:	Investment Limits
<input type="checkbox"/> Yes	At all times, maintain at least ten (10) percent of its total portfolio in investments maturing in 90 days or less. (see pg 1)
<input type="checkbox"/> Yes	Investment in any single money market fund or investment pool shall never exceed fifteen (15) percent of the total assets of the money market fund or pool. (see pg 1)
<input type="checkbox"/> Yes	No more than twenty (20) percent of monthly average balance may be invested in money market mutual funds. (n/a)
<input type="checkbox"/> Yes	Agencies and Instrumentalities shall not constitute more than seventy (70) percent of the portfolios of total available funds and no single agency or instrumentality shall account for more than twenty (20) per cent of the portfolio of total available funds. (see pg 1)
<input type="checkbox"/> Yes	Certificates of deposit shall not make up more than twenty (20) percent of total available funds. (n/a)
<input type="checkbox"/> Yes	Repurchase agreements shall not make up more than twenty (20) percent of total available funds. (n/a)
<input type="checkbox"/> Yes	Commercial paper shall not make up more than twenty (20) percent of total available funds. (n/a)
<input type="checkbox"/> Yes	Collateralized Mortgage Obligations (CMOs) and other derivatives such as inverse floaters and other mortgage backed securities that pay only the interest (IO) or principal (PO) portion of the mortgage payment are strictly prohibited as both direct investments and collateral. (n/a)
<input type="checkbox"/> Yes	The weighted average maturity of all securities and CD's in the investment portfolios at any given time including cash or demand deposits shall not exceed three years. (see pg 1)
<input type="checkbox"/> Yes	Any Certificate of Deposit or Repurchase Agreements exceeding FDIC insurance limits shall be collateralized at 102% of face amount. (n/a)

**Bryan Texas Utilities**

**Investment Report  
As of March 31, 2017**



BTU City Portfolio  
Quarterly Summary

Total Portfolio Summary			
	Current Month 3/31/2017	Prior Quarter 12/31/2016	Change
Book Value	\$ 145,030,985	\$ 144,248,838	\$ 782,147
Market Value	145,083,584	144,302,850	\$ 780,734
Market Value%	100.04%	100.04%	0.00%
Weighted Average Maturity - Days	299 days	210 days	89
Weighted Average Yield	0.92%	0.70%	0.22%
6 Month Treasury Bill	0.91%	0.62%	
Fed Funds Target Rate	0.75% - 1.00%	0.5% - 0.75%	

Type Breakdown:	Book Value	Percent	Weighted Average Maturity	Weighted Average Yield
Bank Deposit	\$ 8,548,451	5.89%	1	0.239%
Money Market Account	23,492,172	16.20%	1	0.470%
Investment Pool	23,070,194	15.91%	1	0.627%
Agency	89,920,168	62.00%	481	1.178%
	<b>\$ 145,030,985</b>	<b>100.00%</b>	<b>299</b>	<b>0.92%</b>

Issuer Breakdown:	Book Value	Percent	Weighted Average Maturity	Weighted Average Yield
BB&T - Depository	\$ 8,548,451	5.89%	1	0.24%
BB&T - Money Market	23,492,172	16.20%	1	0.47%
TexSTAR - Depository	23,070,194	15.91%	1	0.63%
FNMA Note	14,970,183	10.32%	460	1.35%
FHLB Note	24,988,394	17.23%	632	1.28%
FHLMC Note	24,977,654	17.22%	423	1.05%
FFCB Note	5,001,912	3.45%	1033	1.46%
Treasury Note Fixed	19,982,025	13.78%	244	1.01%
	<b>\$ 145,030,985</b>	<b>100.00%</b>	<b>299</b>	<b>0.92%</b>

Maturity Breakdown:	Book Value	Percent
Less Than 90 Days	\$ 77,074,165	53.14%
90 to 180 Days	-	0.00%
181 to 365 Days	36,958,368	25.48%
More Than 365 Days	30,998,452	21.37%
	<b>\$ 145,030,985</b>	<b>100.00%</b>

Call Breakdown:	Book Value	Percent
Less Than 90 Days	1,999,852.74	1.38%
90 to 180 Days	-	0.00%
181 to 365 Days	6,000,000.00	4.14%
More Than 365 Days	-	0.00%
	<b>7,999,852.74</b>	<b>5.52%</b>

**BTU Rural Portfolio  
Quarterly Summary**

<b>Total Portfolio Summary</b>			
	<b>Current Month 3/31/2017</b>	<b>Prior Quarter 12/31/2016</b>	<b>Change</b>
Book Value	\$ 15,150,619	\$ 16,923,266	\$ (1,772,647)
Market Value	15,153,837	16,927,360	(1,773,523)
Market Value%	100.02%	100.02%	0.00%
Weighted Average Maturity - Days	25 days	33 days	(8)
Weighted Average Yield	0.54%	0.54%	0.00%
6 Month Treasury Bill	0.91%	0.62%	
Fed Funds Target Rate	0.75% - 1.00%	0.5% - 0.75%	

<b>Type Breakdown:</b>	<b>Book Value</b>	<b>Percent</b>	<b>Weighted Average Maturity</b>	<b>Weighted Average Yield</b>
Bank Deposit	\$ 1,192,552	7.87%	1	0.13%
Money Market Account	11,963,110	78.96%	1	0.47%
Agency	1,994,956	13.17%	180	1.21%
	<b>\$ 15,150,619</b>	<b>100.00%</b>	<b>25</b>	<b>0.54%</b>

<b>Issuer Breakdown:</b>	<b>Book Value</b>	<b>Percent</b>	<b>Weighted Average Maturity</b>	<b>Weighted Average Yield</b>
BB&T - Depository	\$ 1,192,552	7.87%	1	0.13%
BB&T - Money Market	11,963,110	78.96%	1	0.47%
FNMA Note	999,872	6.60%	20	1.00%
FHLMC Note	995,084	6.57%	341	1.42%
	<b>\$ 15,150,619</b>	<b>100.00%</b>	<b>25</b>	<b>0.54%</b>

<b>Maturity Breakdown:</b>	<b>Book Value</b>	<b>Percent</b>
Less Than 90 Days	\$ 14,155,535	93.43%
90 to 180 Days	-	0.00%
181 to 365 Days	995,084	6.57%
More Than 365 Days	-	0.00%
	<b>\$ 15,150,619</b>	<b>100.00%</b>

<b>Call Breakdown:</b>	<b>Book Value</b>	<b>Percent</b>
Less Than 90 Days	-	0.00%
90 to 180 Days	-	0.00%
181 to 365 Days	-	0.00%
More Than 365 Days	-	0.00%
	<b>-</b>	<b>0.00%</b>

BTU Portfolio Details  
Detailed Holdings as of  
March 31, 2017

BTU City

Description	Type	CUSIP	Coupon	Settlement Date	Maturity Date	Call Date	Par Value	Purch Price	Purch Cost	Book Value	Mkt Price	Mkt Value	Days to Maturity	Yield to Maturity	Days to Call
<b>Investments</b>															
FHLB Note	Agency	313383PN5	1.125%	7/15/2013	6/9/2017		2,000,000	99.850	1,997,000	1,999,854.74	100.023	2,000,457	70	1.164%	-
FNMA Note	Agency	3135G0RT2	0.875%	7/15/2013	12/20/2017		2,000,000	97.745	1,954,900	1,992,673.69	99.830	1,996,599	264	1.402%	-
FNMA Note	Agency	3135G0WJ8	0.875%	3/26/2014	5/21/2018		3,000,000	97.530	2,925,900	2,979,728.74	99.716	2,991,470	416	1.490%	-
FHLB Note	Agency	313373UU4	2.750%	7/15/2013	6/8/2018		2,000,000	105.783	2,115,656	2,027,992.76	102.030	2,040,596	434	1.520%	-
FNMA Note	Agency	3135G0ZA4	1.875%	3/26/2014	2/19/2019		3,000,000	100.256	3,007,680	3,002,954.51	101.029	3,030,875	690	1.820%	-
FHLB Note	Agency	313378J77	1.875%	3/6/2015	3/13/2020		4,000,000	100.845	4,033,800	4,019,848.75	100.846	4,033,827	1078	1.699%	-
FHLB Note	Agency	3137EADR7	1.375%	5/20/2015	5/1/2020		4,000,000	98.990	3,959,607	3,974,843.43	99.387	3,975,470	1127	1.588%	-
FNMA Note	Agency	3135G0G72	1.125%	3/31/2016	12/14/2018		2,000,000	100.586	2,011,716	2,007,375.64	99.794	1,995,873	623	0.905%	-
FFCB Note	Agency	3133EFX69	0.960%	4/5/2016	10/5/2018		2,000,000	100.158	2,003,157	2,001,912.45	99.527	1,990,546	553	0.896%	1.00
FHLMC Note	Agency	3134G8W39	1.375%	4/28/2016	10/28/2019		2,000,000	99.990	1,999,800	1,999,852.74	99.815	1,996,308	941	1.378%	2.00
FFCB Note	Agency	3133EGU37	1.830%	12/14/2016	12/14/2020		3,000,000	100.000	3,000,000	3,000,000.00	99.772	2,993,146	1354	1.830%	3.00
FHLB Note	Agency	3130AABG2	1.875%	12/14/2016	11/29/2021		3,000,000	99.431	2,982,935	2,983,943.10	99.714	2,991,410	1704	1.996%	4.00
FHLB Note	Agency	313385HK5	0.000%	3/16/2017	6/27/2017		10,000,000	99.788	9,978,828	9,981,911.11	99.773	9,977,300	88	0.750%	5.00
FHLMC Note	Agency	3134GBBE1	2.250%	3/29/2017	12/29/2021		3,000,000	100.000	3,000,000	3,000,000.00	100.306	3,009,173	1734	2.250%	6.00
FHLMC Note	Agency	313397HL8	0.000%	3/16/2017	6/28/2017		10,000,000	99.785	9,978,478	9,981,581.95	99.771	9,977,100	89	0.755%	7.00
FHLMC Note	Agency	3137EADK4	0.875%	3/16/2017	12/15/2017		10,000,000	99.960	9,996,000	9,996,218.98	99.948	9,994,793	259	0.928%	8.00
FNMA Note	Agency	3135G0J61	0.875%	3/16/2017	3/28/2018		5,000,000	99.739	4,986,930	4,987,450.03	99.850	4,992,512	362	1.130%	9.00
Treasury Note Fixed	Agency	912828M72	0.875%	3/16/2017	11/30/2017		20,000,000	99.905	19,980,920	19,982,025.02	99.927	19,985,312	244	1.010%	10.00

**Demand Deposits**

BB&T - Depository	Bank Deposit						8,548,451	100.000	8,548,451	8,548,451	100.000	8,548,451	1	0.239%	
BB&T - Money Market	Insured Money Market Account (IMMA)						23,492,172	100.000	23,492,172	23,492,172	100.000	23,492,172	1	0.470%	
TexSTAR - Depository	Investment Pool						23,070,194	100.000	23,070,194	23,070,194	100.000	23,070,194	1	0.627%	

Total BTU City **\$ 145,110,818      \$ 145,024,123      \$ 145,030,985      \$ 145,083,584      299      0.921%**

BTU Rural

Description	Type	CUSIP	Coupon	Settlement Date	Maturity Date	Call Date	Par Value	Purch Price	Purch Cost	Book Value	Mkt Price	Mkt Value	Days to Maturity	Yield to Maturity	Days to Call
<b>Investments</b>															
FNMA Note	Agency	3135G0ZB2	0.750%	3/26/2014	4/20/2017		\$ 1,000,000	\$ 99	\$ 992,469	\$ 999,872	\$ 100	\$ 999,953	20	1.000%	-
FHLMC Note	Agency	3137EADP1	0.875%	3/26/2014	3/7/2018		1,000,000	97.915	979,149	995,084	99.822	998,222	341	1.420%	-

**Demand Deposits**

BB&T - Depository	Bank Deposit						1,192,552	100.000	1,192,552	1,192,552	100.000	1,192,552	1	0.127%	
BB&T - Money Market	Insured Money Market Account (IMMA)						11,963,110	100.000	11,963,110	11,963,110	100.000	11,963,110	1	0.470%	

Total BTU Rural **\$ 15,155,663      \$ 15,127,281      \$ 15,150,619      \$ 15,153,837      25      0.541%**

BTU Portfolio Details  
 Maturing Items  
 FY2017

BTU City System

Description	Type	CUSIP	Coupon	Settlement Date	Maturity Date	Call Date	Par Value	Purch Price	Purch Cost
BTU - City FHLB Note	Agency	313371PV2	1.000%	7/15/2013	12/6/2016	12/9/2016	2,000,000	102.500	2,050,000
BTU - City FHLB Note	Agency	3137EADC0	1.625%	3/26/2014	3/8/2017	3/8/2017	3,000,000	100.232	3,006,966
							\$ 5,000,000	\$	5,056,966

BTU Rural System

Description	Type	CUSIP	Coupon	Settlement Date	Maturity Date	Call Date	Par Value	Purch Price	Purch Cost
							\$ -	\$	-

BTU Portfolio Details  
Purchased Items  
FY2017

BTU City System

Description	Type	CUSIP	Coupon	Settlement Date	Maturity Date	Call Date	Par Value	Purch Price	Purch Cost
BTU - City FFCB Note	Agency	3133EGU37	1.830%	12/14/2016	12/14/2020		3,000,000	100.000	3,000,000.00
BTU - City FHLB Note	Agency	3130AABG2	1.875%	12/14/2016	11/29/2021		3,000,000	99.431	2,982,934.83
BTU - City FHLB Discount Note	Agency	313385HK5	0.000%	3/16/2017	6/27/2017		10,000,000	99.788	9,978,827.78
BTU - City FHLMC Note Callable	Agency	3134GBBE1	2.250%	3/29/2017	12/29/2021		3,000,000	100.000	3,000,000.00
BTU - City FHLMC Note	Agency	313397HL8	0.000%	3/16/2017	6/28/2017		10,000,000	99.785	9,978,477.78
BTU - City FHLMC Note	Agency	3137EADX4	0.875%	3/16/2017	12/15/2017		10,000,000	99.960	9,996,000.00
BTU - City FNMA Note	Agency	3135G0J61	0.875%	3/16/2017	3/28/2018		5,000,000	99.739	4,986,930.00
BTU - City Treasury Note Fixed	Agency	912828M72	0.875%	3/16/2017	11/30/2017		20,000,000	99.905	19,980,920.00
							\$ 64,000,000	\$ 63,904,090.39	

BTU Rural System

Description	Type	CUSIP	Coupon	Settlement Date	Maturity Date	Call Date	Par Value	Purch Price	Purch Cost
							\$ -	\$ -	

BTU Portfolio Details  
 Called Items  
 FY2017

BTU City System

Description	Type	CUSIP	Coupon	Settlement Date	Maturity Date	Call Date	Par Value	Purch Price	Purch Cost
BTU - City FHLMC Note	Agency	3134G8WK1	1.700%	4/28/2016	1/28/2021	10/28/2016	4,000,000	100.000	4,000,000
							<b>4,000,000</b>		<b>4,000,000</b>

BTU Rural System

Description	Type	CUSIP	Coupon	Settlement Date	Maturity Date	Call Date	Par Value	Purch Price	Purch Cost
							-		-

BTU Portfolio Details  
Investment Accretion/Amortization Schedule  
March 31, 2017

BTU City System

Description	Type	CUSIP	Settlement Date	YTM	Maturity Date	Par Value	Purch Price	Purch Cost	Beginning Book Value	Amortization/ (Accretion)	Ending Book Value
FHLMC Note	Agency	3137EADC0	3/26/2014	0.920%	3/8/2017	3,000,000	100.23	3,006,966	3,000,045	45	3,000,000
FHLB Note	Agency	313383PN5	7/15/2013	1.164%	6/9/2017	2,000,000	99.85	1,997,000	1,999,789	(65)	1,999,855
FNMA Note	Agency	3135G0RT2	7/15/2013	1.402%	12/20/2017	2,000,000	97.75	1,954,900	1,991,810	(864)	1,992,674
FNMA Note	Agency	3135G0WJ8	3/26/2014	1.490%	5/21/2018	3,000,000	97.53	2,925,900	2,978,215	(1,514)	2,979,729
FHLB Note	Agency	313373UU4	7/15/2013	1.520%	6/8/2018	2,000,000	105.78	2,115,656	2,029,997	2,004	2,027,993
FNMA Note	Agency	3135G0ZA4	3/26/2014	1.820%	2/19/2019	3,000,000	100.26	3,007,680	3,003,087	133	3,002,955
FHLB Note	Agency	313378J77	3/6/2015	1.699%	3/13/2020	4,000,000	100.85	4,033,800	4,020,420	571	4,019,849
FHLB Note	Agency	3137EADR7	5/20/2015	1.588%	5/1/2020	4,000,000	98.99	3,959,607	3,974,151	(693)	3,974,843
FNMA Note	Agency	3135G0G72	3/31/2016	0.905%	12/14/2018	2,000,000	100.59	2,011,716	2,007,743	368	2,007,376
FFCB Note	Agency	3133EFX69	4/5/2016	0.896%	10/5/2018	2,000,000	100.16	2,003,157	2,002,020	107	2,001,912
FHLMC Note	Agency	3134G8W39	4/28/2016	1.378%	10/28/2019	2,000,000	99.99	1,999,800	1,999,848	(5)	1,999,853
FFCB Note	Agency	3133EGU37	12/14/2016	1.830%	12/14/2020	3,000,000	100.00	3,000,000	3,000,000	-	3,000,000
FHLB Note	Agency	3130AABG2	12/14/2016	1.996%	11/29/2021	3,000,000	99.43	2,982,935	2,983,651	(292)	2,983,943
FHLB Discount Notes	Agency	313385HK5	3/16/2017	0.750%	6/27/2017	10,000,000	99.788	9,978,827.78	9,978,828	(3,083)	9,981,911
FHLMC Note Callable	Agency	3134GBBE1	3/29/2017	2.250%	12/29/2021	3,000,000	100.000	3,000,000.00	3,000,000	-	3,000,000
FHLMC Note	Agency	313397HL8	3/16/2017	0.755%	6/28/2017	10,000,000	99.785	9,978,477.78	9,978,478	(3,104)	9,981,582
FHLMC Note	Agency	3137EADX4	3/16/2017	0.928%	12/15/2017	10,000,000	99.960	9,996,000.00	9,996,000	(219)	9,996,219
FNMA Note	Agency	3135G0J61	3/16/2017	1.130%	3/28/2018	5,000,000	99.739	4,986,930.00	4,986,930	(520)	4,987,450
Treasury Note Fixed	Agency	912828M72	3/16/2017	1.010%	11/30/2017	20,000,000	99.905	19,980,920.00	19,980,920	(1,105)	19,982,025
						\$ 93,000,000		\$ 92,920,272	\$ 92,911,932	\$ (8,236)	\$ 92,920,168

BTU Rural System

Description	Type	CUSIP	Settlement Date	YTM	Maturity Date	Par Value	Purch Price	Purch Cost	Beginning Book Value	Amortization/ (Accretion)	Ending Book Value
FNMA Note	Agency	3135G0ZB2	3/26/2014	1.000%	4/20/2017	\$ 1,000,000	\$ 99.25	\$ 992,469	\$ 999,664	\$ (208)	\$ 999,872
FHLMC Note	Agency	3137EADP1	3/26/2014	1.420%	3/7/2018	1,000,000	97.91	979,149	994,635	(448)	995,084
						\$ 2,000,000		\$ 1,971,618	\$ 1,994,300	\$ (657)	\$ 1,994,956

This schedule reports the most recent months amortization of premiums and discounts on investments. Amortization and Accretion is recorded ratably over the life of the investment

**Investment Policy Compliance Checklist**  
**Bryan Texas Utilities**  
**March 31, 2017**

Compliant?	
BTU City	BTU Rural

**Investment Limits**

---

Yes	Yes
-----	-----

At all times, maintain at least ten (10) percent of its total portfolio in investments maturing in 90 days or less.

Yes	Yes
-----	-----

Investment in any single money market fund or investment pool shall never exceed fifteen (15) percent of the total assets of the money market fund or pool.

Yes	Yes
-----	-----

No more than twenty (20) percent of monthly average balance may be invested in money market mutual funds.

Yes	Yes
-----	-----

Agencies and Instrumentalities shall not constitute more than seventy (70) percent of the portfolios of total available funds and no single agency or instrumentality shall account for more than twenty (20) per cent of the portfolio of total available funds.

Yes	Yes
-----	-----

Certificates of deposit shall not make up more than twenty (20) percent of total available funds.

Yes	Yes
-----	-----

Repurchase agreements shall not make up more than twenty (20) percent of total available funds.

Yes	Yes
-----	-----

Commercial paper shall not make up more than twenty (20) percent of total available funds.

Yes	Yes
-----	-----

Collateralized Mortgage Obligations (CMOs) and other derivatives such as inverse floaters and other mortgage backed securities that pay only the interest (IO) or principal. (PO) portion of the mortgage payment are strictly prohibited as both direct investments and collateral.

Yes	Yes
-----	-----

The weighted average maturity of all securities and Certificates of Deposit in the investment portfolios at any given time including cash or demand deposits shall not exceed three years.

Yes	Yes
-----	-----

Any Certificate of Deposit or Repurchase Agreements exceeding FDIC insurance limits shall be collateralized at 102% of face amount.

## Supplemental Information

- Investment Safekeeping Report – JP Morgan
- COB TexSTAR statement
- COB Texpool statement
- BTU TexSTAR statement
- Historical Yields
- COB Verification of BB&T Collateral Balances
- BTU Verification of BB&T Collateral Balances
- First Southwest Relative Value Report
- GTOT Portfolio Survey
- Dallas Federal Reserve Economic Updates

## Priced Positions Summary As Of: 31-Mar-2017

**Custody**

**Priced Positions**

**Account: P 31361 CITY OF BRYAN**

Security ID ISIN Country OCC ID	Security Name Coupon Rate Maturity Date Pool Number	Awaiting Receipt Awaiting Delivery	Market Price Price Date Exchange Rate	Settled Units Settled Market Value (Local) Settled Market Value (Base)	Total Units Total Market Value (Local) Total Market Value (Base)
3133EFX69 US3133EFX699 US	FEDERAL FARM CREDIT BANKS BOND FIXED .96% 05/OCT/2018 USD 1000 0.960000 05-Oct-2018	0.000000 0.000000	99.5272000 31-Mar-2017 1.0000000	3,000,000.0000000 2,985,818.70 USD 2,985,818.70 USD	3,000,000.0000000 2,985,818.70 USD 2,985,818.70 USD
3133EFW52 US3133EFW527 US	FEDERAL FARM CREDIT BANKS BOND FIXED 1.15% 01/JUL/2019 USD 1000 1.150000 01-Jul-2019	0.000000 0.000000	99.3929000 31-Mar-2017 1.0000000	3,000,000.0000000 2,981,788.20 USD 2,981,788.20 USD	3,000,000.0000000 2,981,788.20 USD 2,981,788.20 USD
3133EGU37 US3133EGU370 US	FEDERAL FARM CREDIT BANKS CALLABLE BOND FIXED 1.83% 14/DEC/2020 USD 1000 1.830000 14-Dec-2020	0.000000 0.000000	99.7715000 31-Mar-2017 1.0000000	3,000,000.0000000 2,993,146.20 USD 2,993,146.20 USD	3,000,000.0000000 2,993,146.20 USD 2,993,146.20 USD
3130A7P25 US3130A7P256 US	FEDERAL HOME LOAN BANKS BOND FIXED .625% 04/APR/2017 USD 5000 0.625000 04-Apr-2017	0.000000 0.000000	99.9952000 31-Mar-2017 1.0000000	10,000,000.0000000 9,999,523.00 USD 9,999,523.00 USD	10,000,000.0000000 9,999,523.00 USD 9,999,523.00 USD
313383PN5 US313383PN59 US	FEDERAL HOME LOAN BANKS BOND FIXED 1.125% 09/JUN/2017 USD 5000 1.125000 09-Jun-2017	0.000000 0.000000	100.0228000 31-Mar-2017 1.0000000	2,000,000.0000000 2,000,457.20 USD 2,000,457.20 USD	2,000,000.0000000 2,000,457.20 USD 2,000,457.20 USD
313378J77 US313378J778 US	FEDERAL HOME LOAN BANKS BOND FIXED 1.875% 13/MAR/2020 USD 5000 1.875000 13-Mar-2020	0.000000 0.000000	100.8456000 31-Mar-2017 1.0000000	8,000,000.0000000 8,067,653.60 USD 8,067,653.60 USD	8,000,000.0000000 8,067,653.60 USD 8,067,653.60 USD
3130AABG2 US3130AABG20 US	FEDERAL HOME LOAN BANKS BOND FIXED 1.875% 29/NOV/2021 USD 5000 1.875000 29-Nov-2021	0.000000 0.000000	99.7136000 31-Mar-2017 1.0000000	6,000,000.0000000 5,982,820.80 USD 5,982,820.80 USD	6,000,000.0000000 5,982,820.80 USD 5,982,820.80 USD
313373UU4 US313373UU48 US	FEDERAL HOME LOAN BANKS BOND FIXED 2.75% 08/JUN/2018 USD 5000 2.750000 08-Jun-2018	0.000000 0.000000	102.0297000 31-Mar-2017 1.0000000	2,000,000.0000000 2,040,595.80 USD 2,040,595.80 USD	2,000,000.0000000 2,040,595.80 USD 2,040,595.80 USD
313385HK5 US313385HK50 US	FEDERAL HOME LOAN BANKS DISCOUNT NOTES ZERO CPN 27/JUN/2017 USD 1000 27-Jun-2017	0.000000 0.000000	99.7730000 31-Mar-2017 1.0000000	10,000,000.0000000 9,977,300.00 USD 9,977,300.00 USD	10,000,000.0000000 9,977,300.00 USD 9,977,300.00 USD
3134G8W39 US3134G8W391 US	FEDERAL HOME LOAN MORTGAGE CORP CALLABLE MEDIUM TERM NOTE FIXED 1.375% 28/OCT/2019 USD 1000 1.375000 28-Oct-2019	0.000000 0.000000	99.8154000 31-Mar-2017 1.0000000	2,000,000.0000000 1,996,308.00 USD 1,996,308.00 USD	2,000,000.0000000 1,996,308.00 USD 1,996,308.00 USD
3134GBBE1 US3134GBBE13 US	FEDERAL HOME LOAN MORTGAGE CORP CALLABLE MEDIUM TERM NOTE FIXED 2.25% 29/DEC/2021 USD 1000 2.250000 29-Dec-2021	0.000000 0.000000	100.3057000 31-Mar-2017 1.0000000	8,000,000.0000000 8,024,461.60 USD 8,024,461.60 USD	8,000,000.0000000 8,024,461.60 USD 8,024,461.60 USD

(\*) Settled Units includes positions that are In Transit, At Registrar, Pledged and/or On Loan.

(b) There are shares Blocked for Proxy for this security.

"DGSD Eligible – Deposit Guarantee Scheme Directive eligible".

Please refer to the disclaimer page at the end of this report for further information.

## Priced Positions Summary As Of: 31-Mar-2017

**Custody** **Priced Positions**

**Account: P 31361 CITY OF BRYAN**

Security ID ISIN Country OCC ID	Security Name Coupon Rate Maturity Date Pool Number	Awaiting Receipt Awaiting Delivery	Market Price Price Date Exchange Rate	Settled Units Settled Market Value (Local) Settled Market Value (Base)	Total Units Total Market Value (Local) Total Market Value (Base)
313397HL8 US313397HL89 US	FEDERAL HOME LOAN MORTGAGE CORP DISCOUNT NOTES ZERO CPN 28/JUN/2017 USD 1000 28-Jun-2017	0.000000 0.000000	99.7710000 31-Mar-2017 1.0000000	10,000,000.0000000 9,977,100.00 USD 9,977,100.00 USD	10,000,000.0000000 9,977,100.00 USD 9,977,100.00 USD
3137EADP1 US3137EADP18 US	FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 0.875% 07/MAR/2018 USD 1000 0.875000 07-Mar-2018	0.000000 0.000000	99.8221000 31-Mar-2017 1.0000000	4,000,000.0000000 3,992,886.00 USD 3,992,886.00 USD	4,000,000.0000000 3,992,886.00 USD 3,992,886.00 USD
3137EADX4 US3137EADX42 US	FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 1% 15/DEC/2017 USD 1000 1.000000 15-Dec-2017	0.000000 0.000000	99.9479000 31-Mar-2017 1.0000000	10,000,000.0000000 9,994,793.00 USD 9,994,793.00 USD	10,000,000.0000000 9,994,793.00 USD 9,994,793.00 USD
3137EADR7 US3137EADR73 US	FEDERAL HOME LOAN MORTGAGE CORP NOTES FIXED 1.375% 01/MAY/2020 USD 1000 1.375000 01-May-2020	0.000000 0.000000	99.3867000 31-Mar-2017 1.0000000	8,000,000.0000000 7,950,940.00 USD 7,950,940.00 USD	8,000,000.0000000 7,950,940.00 USD 7,950,940.00 USD
3135G0RT2 US3135G0RT27 US	FEDERAL NATIONAL MORTGAGE ASSOCIATION BOND FIXED .875% 20/DEC/2017 USD 1000 0.875000 20-Dec-2017	0.000000 0.000000	99.8299000 31-Mar-2017 1.0000000	2,000,000.0000000 1,996,599.00 USD 1,996,599.00 USD	2,000,000.0000000 1,996,599.00 USD 1,996,599.00 USD
3135G0ZB2 US3135G0ZB27 US	FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED .75% 20/APR/2017 USD 1000 0.750000 20-Apr-2017	0.000000 0.000000	99.9952000 31-Mar-2017 1.0000000	4,000,000.0000000 3,999,811.60 USD 3,999,811.60 USD	4,000,000.0000000 3,999,811.60 USD 3,999,811.60 USD
3135G0WJ8 US3135G0WJ89 US	FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED .875% 21/MAY/2018 USD 1000 0.875000 21-May-2018	0.000000 0.000000	99.7156000 31-Mar-2017 1.0000000	3,000,000.0000000 2,991,469.50 USD 2,991,469.50 USD	3,000,000.0000000 2,991,469.50 USD 2,991,469.50 USD
3135G0J61 US3135G0J618 US	FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED .875% 28/MAR/2018 USD 1000 0.875000 28-Mar-2018	0.000000 0.000000	99.8502000 31-Mar-2017 1.0000000	5,000,000.0000000 4,992,512.00 USD 4,992,512.00 USD	5,000,000.0000000 4,992,512.00 USD 4,992,512.00 USD
3135G0G72 US3135G0G721 US	FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED 1.125% 14/DEC/2018 USD 1000 1.125000 14-Dec-2018	0.000000 0.000000	99.7936000 31-Mar-2017 1.0000000	4,000,000.0000000 3,991,746.00 USD 3,991,746.00 USD	4,000,000.0000000 3,991,746.00 USD 3,991,746.00 USD
3135G0N82 US3135G0N826 US	FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED 1.25% 17/AUG/2021 USD 1000 1.250000 17-Aug-2021	0.000000 0.000000	97.2049000 31-Mar-2017 1.0000000	4,000,000.0000000 3,888,197.60 USD 3,888,197.60 USD	4,000,000.0000000 3,888,197.60 USD 3,888,197.60 USD

(\*) Settled Units includes positions that are In Transit, At Registrar, Pledged and/or On Loan.

(b) There are shares Blocked for Proxy for this security.

"DGSD Eligible - Deposit Guarantee Scheme Directive eligible".

Please refer to the disclaimer page at the end of this report for further information.

## Priced Positions Summary As Of: 31-Mar-2017

**Custody**

**Priced Positions**

**Account: P 31361 CITY OF BRYAN**

Security ID ISIN Country OCC ID	Security Name Coupon Rate Maturity Date Pool Number	Awaiting Receipt Awaiting Delivery	Market Price Price Date Exchange Rate	Settled Units Settled Market Value (Local) Settled Market Value (Base)		Total Units Total Market Value (Local) Total Market Value (Base)	
3135G0ZA4 US3135G0ZA44 US	FEDERAL NATIONAL MORTGAGE ASSOCIATION NOTES FIXED 1.875% 19/FEB/2019 USD 1000 1.875000 19-Feb-2019	0.000000 0.000000	101.0291000 31-Mar-2017 1.0000000	6,000,000.0000000 6,061,750.20 6,061,750.20	USD USD	6,000,000.0000000 6,061,750.20 6,061,750.20	USD USD
912828TS9 US912828TS94 US	UNITED STATES OF AMERICA NOTES FIXED .625% 30/SEP/2017 USD 100 0.625000 30-Sep-2017	0.000000 0.000000	99.8519000 31-Mar-2017 1.0000000	20,000,000.0000000 19,970,390.00 19,970,390.00	USD USD	20,000,000.0000000 19,970,390.00 19,970,390.00	USD USD
912828M72 US912828M722 US	UNITED STATES OF AMERICA NOTES FIXED .875% 30/NOV/2017 USD 100 0.875000 30-Nov-2017	0.000000 0.000000	99.9265000 31-Mar-2017 1.0000000	20,000,000.0000000 19,985,312.00 19,985,312.00	USD USD	20,000,000.0000000 19,985,312.00 19,985,312.00	USD USD
912828Q45 US912828Q459 US	UNITED STATES OF AMERICA NOTES FIXED .875% 31/MAR/2018 USD 100 0.875000 31-Mar-2018	0.000000 0.000000	99.7890000 31-Mar-2017 1.0000000	20,000,000.0000000 19,957,812.00 19,957,812.00	USD USD	20,000,000.0000000 19,957,812.00 19,957,812.00	USD USD

**Market Value Totals - (Base): 176,801,192.00 USD 176,801,192.00 USD**

Branch Code	Branch Name	Cash Account	Cash Account Name	DGSD Eligible	Cash Balance	Local CCY	Exchange Rate	Cash Balance Equivalent	Base CCY
TN4	JPMCBNA	0728131361	US DOLLAR DDA		150,000.00	USD	1.0000000	150,000.00	USD

**Cash Balance Equivalent Total - (Base): 150,000.00 USD**

**Settled Market Value - Base (Assets And Cash): 176,951,192.00 USD**  
**Total Market Value - Base (Assets And Cash): 176,951,192.00 USD**

(\*) Settled Units includes positions that are In Transit, At Registrar, Pledged and/or On Loan.

(b) There are shares Blocked for Proxy for this security.

"DGSD Eligible – Deposit Guarantee Scheme Directive eligible".

Please refer to the disclaimer page at the end of this report for further information.

## Priced Positions As Of: 31-Mar-2017

Custody

Priced Positions

Parameter	Value
Account Number List	All Accounts
As of Date	31-Mar-2017
Report Format	SUMMARY_ONLY
Asset Classification	SECURITIES AND CASH
Include Zero Closing Balance Cash Accounts	No
Use Latest Available factor for Current Month Reports	No
Account with NO data	NONE

## End of Report

### Disclaimer

Market values and exchange rates were obtained from sources which J.P. Morgan believes to be reliable but have not been verified and are for the exclusive use of the customer. J.P. Morgan makes no statement or warranty, expressed or implied, that any quoted values reflect the proceeds which may be received on the sale of a security.

Reports generated intraday are subject to change until end of day processing is complete. J.P. Morgan will not be liable for any loss or damage arising out of the inaccuracy of any such information or customer's reliance thereon.

Assets reflected as "held elsewhere", "memo", "memorandum" or "blue sheet" are not held in custody by J.P. Morgan and may not be subject to J.P. Morgan's control. As such, customers may have no securities entitlement or other right against J.P. Morgan with respect to these positions, and J.P. Morgan will not be liable with respect to these assets. Assets reported as "Sealed Envelope Said to Contain" reflect an arrangement whereby J.P. Morgan's sole responsibility is to hold the sealed envelopes received from Customer in J.P. Morgan's possession. J.P. Morgan does not open any sealed envelope. In addition, J.P. Morgan does not verify or assess, nor does it make any representation or warranty as to, the value, validity or transferability of the purported content of any sealed envelope.

In the below markets, the cash accounts are held by you directly with the Sub-Custodian and your credit risk is with the Sub-Custodian. The markets include China Onshore (CNY Onshore), Colombia (COP), India (INR), Kuwait (KWD), Malawi (MWK), Pakistan (PKR), South Korea (KRW), Taiwan (TWD) Tanzania (TZS), Ukraine (UAH), Venezuela (VEF), Vietnam (VND) and WAEMU (XOF). Note that in India and Taiwan, the balances are held at J.P. Morgan affiliates. Clients should contact their Relationship Manager for any questions related to this.

Reports customized or edited by customers may not reflect all assets or transactions.

WHERE CASS PROTECTED IS REPORTED IN THIS STATEMENT THE FOLLOWING APPLIES:

Assets balances identified as 'CASS PROTECTED' denote that the assets balances are held in accordance to the UK's Financial Conduct Authority Client Assets Rules. Please refer to your agreements for further information.

Where an account is marked "DGSD eligible Y", such accounts contain eligible deposits covered either by one of the following deposit guarantee schemes:

- United Kingdom's Financial Services Compensation Scheme (FSCS) which applies to deposits held with;
  - o J.P. Morgan Chase Bank N.A. (JPMCBNALB or JPMCBNA)
  - o J.P. Morgan Europe Limited (UK), Copenhagen Branch, Filial af J.P. Morgan Europe Limited, Storbritannien (JPMELCopen)
  - o J.P. Morgan Europe Limited, Helsingin Sivuliik (JPMELHels)
  - o J.P. Morgan Europe Limited, Oslo Branch (JPMELOslo)
  - o J.P. Morgan Europe Limited (UK), Stockholm Bankfilial (JPMELStock)
- Entschädigungseinrichtung deutscher Banken GmbH (EdB) which applies to deposits held with;
  - o J.P. Morgan AG (JPMAG)

## Priced Positions

As Of: 31-Mar-2017

Custody

Priced Positions

- Deposit Guarantee Scheme for Ireland which applies to deposits held with;
  - J.P. Morgan Bank (Ireland) Plc (JPMBI)
- Fonds de Garantie des Dépôts Luxembourg (FGDL) which applies to deposits held with:
  - J.P. Morgan Bank Luxembourg S.A.

Further information on the deposit guarantee schemes, including (where applicable) the relevant Client Information Sheets and details of exclusions from compensation, is available at the J.P. Morgan website [www.jpmorgan.com/pages/deposit-guarantee-scheme-directive](http://www.jpmorgan.com/pages/deposit-guarantee-scheme-directive)

For further information about the compensation provided by the FSCS, refer to the FSCS website at [www.FSCS.org.uk](http://www.FSCS.org.uk).

For further information about the statutory compensation provided by the Entschädigungseinrichtung deutscher Banken GmbH, refer to the EdB website at [www.edb-banken.de](http://www.edb-banken.de).

For further information about the compensation provided by the Irish Deposit Guarantee Scheme, refer to the website at [www.centralbank.ie](http://www.centralbank.ie).

For further information about the compensation provided by the Fonds de Garantie des Dépôts Luxembourg, please refer to the FGDL website at [www.fgdl.lu](http://www.fgdl.lu).

JPMorgan Chase and its affiliates do not provide tax, legal or accounting advice. This material has been prepared for informational purposes only, and is not intended to provide, and should not be relied on as the basis for making an investment decision nor as tax, legal or accounting advice. You should consult your own tax, legal and accounting advisors before engaging in any transaction or making any tax declarations or signing any tax forms.

Copyright J.P. Morgan Chase & Co. 2017. All rights reserved



CITY OF BRYAN  
 ATTN JOE HEGWOOD  
 PO BOX 1000  
 BRYAN TX 77805-1000

**MONTHLY STATEMENT OF ACCOUNT**

**ACCOUNT:** 0210011110

**ACCOUNT NAME:** GENERAL ACCOUNT

**STATEMENT PERIOD:** 03/01/2017 - 03/31/2017

TEXSTAR MONTHLY SUMMARY: THE AVERAGE MONTHLY RATE WAS 0.6269%. THE AVERAGE WEIGHTED AVERAGE MATURITY WAS 42 DAYS AND THE NET ASSET VALUE FOR 3/31/17 WAS 1.000064.

**MONTHLY ACTIVITY DETAIL**

TRANSACTION DATE	DESCRIPTION	CONFIRMATION NUMBER	TRANSACTION AMOUNT	BALANCE
	BEGINNING BALANCE			32,524,303.31
03/15/2017	WIRE WITHDRAWAL	6094136	20,000,000.00 -	12,524,303.31
03/31/2017	MONTHLY POSTING	9999888	11,053.32	12,535,356.63
	ENDING BALANCE			12,535,356.63

**MONTHLY ACCOUNT SUMMARY**

BEGINNING BALANCE	32,524,303.31
TOTAL DEPOSITS	0.00
TOTAL WITHDRAWALS	20,000,000.00
TOTAL INTEREST	11,053.32
ENDING BALANCE	12,535,356.63
AVERAGE BALANCE	21,556,561.37

**ACTIVITY SUMMARY (YEAR-TO-DATE)**

ACCOUNT NAME	DEPOSITS	WITHDRAWALS	INTEREST
GENERAL ACCOUNT	30,000,000.00	20,000,000.00	21,952.53

TSL: \*50110\*.2037212004.00991.00991.CNSTSL01.....TL.....JT.....000001457



TexPool Participant Services  
 C/O Federated Investors Inc.  
 1001 Texas Avenue, Suite 1400  
 Houston, TX 77002



CITY OF BRYAN  
 GENERAL FUND  
 ATTN JOE HEGWOOD  
 PO BOX 1000  
 BRYAN TX 77805-1000

# Participant Statement

**Statement Period 03/01/2017 - 03/31/2017**

Customer Service 1-866-TEX-POOL  
 Location ID 000077179  
 Investor ID 000004179

## TexPool Update

Is your connection to TexConnect as secure as it could be? Check to be sure you are utilizing the most current version of your internet browser. If not, update it today!

TexPool Summary						
Pool Name	Beginning Balance	Total Deposits	Total Withdrawals	Total Interest	Current Balance	Average Balance
Texas Local Government Investment Pool	\$32,522,309.04	\$0.00	\$25,000,000.00	\$10,711.07	\$7,533,020.11	\$21,071,041.66
<b>Total Dollar Value</b>	<b>\$32,522,309.04</b>	<b>\$0.00</b>	<b>\$25,000,000.00</b>	<b>\$10,711.07</b>	<b>\$7,533,020.11</b>	

## Portfolio Value

Pool Name	Pool/Account	Market Value (03/01/2017)	Share Price (03/31/2017)	Shares Owned (03/31/2017)	Market Value (03/31/2017)
Texas Local Government Investment Pool	449/210200005	\$32,522,309.04	\$1.00	7,533,020.110	\$7,533,020.11
<b>Total Dollar Value</b>		<b>\$32,522,309.04</b>			<b>\$7,533,020.11</b>

## Interest Summary

Pool Name	Pool/Account	Month-to-Date Interest	Year-to-Date Interest
Texas Local Government Investment Pool	449/210200005	\$10,711.07	\$21,693.23
<b>Total</b>		<b>\$10,711.07</b>	<b>\$21,693.23</b>

## Transaction Detail

**Texas Local Government Investment Pool**

Participant: CITY OF BRYAN

Pool/Account: 449/210200005

Transaction Date	Settlement Date	Transaction Description	Transaction Dollar Amount	Share Price	Shares This Transaction	Shares Owned
03/01/2017	03/01/2017	BEGINNING BALANCE	\$32,522,309.04	\$1.00		32,522,309.040
03/15/2017	03/15/2017	WITHDRAWAL	\$20,000,000.00-	\$1.00	20,000,000.000-	12,522,309.040
03/29/2017	03/29/2017	WITHDRAWAL	\$5,000,000.00-	\$1.00	5,000,000.000-	7,522,309.040
03/31/2017	03/31/2017	MONTHLY POSTING	\$10,711.07	\$1.00	10,711.070	7,533,020.110
Account Value as of 03/31/2017			\$7,533,020.11	\$1.00		7,533,020.110



BRYAN TEXAS UTILITIES  
 ATTN JOE HEGWOOD  
 PO BOX 1000  
 BRYAN TX 77805-1000

**MONTHLY STATEMENT OF ACCOUNT**

**ACCOUNT:** 0210415750

**ACCOUNT NAME:** CITY REVENUE ACCOUNT

**STATEMENT PERIOD:** 03/01/2017 - 03/31/2017

TEXSTAR MONTHLY SUMMARY: THE AVERAGE MONTHLY RATE WAS 0.6269%. THE AVERAGE WEIGHTED AVERAGE MATURITY WAS 42 DAYS AND THE NET ASSET VALUE FOR 3/31/17 WAS 1.000064.

**MONTHLY ACTIVITY DETAIL**

TRANSACTION DATE	DESCRIPTION	CONFIRMATION NUMBER	TRANSACTION AMOUNT	BALANCE
	BEGINNING BALANCE			78,045,864.86
03/15/2017	WIRE WITHDRAWAL	6094135	55,000,000.00 -	23,045,864.86
03/31/2017	MONTHLY POSTING	9999888	24,329.06	23,070,193.92
	ENDING BALANCE			23,070,193.92

**MONTHLY ACCOUNT SUMMARY**

BEGINNING BALANCE	78,045,864.86
TOTAL DEPOSITS	0.00
TOTAL WITHDRAWALS	55,000,000.00
TOTAL INTEREST	24,329.06
ENDING BALANCE	23,070,193.92
AVERAGE BALANCE	47,884,574.54

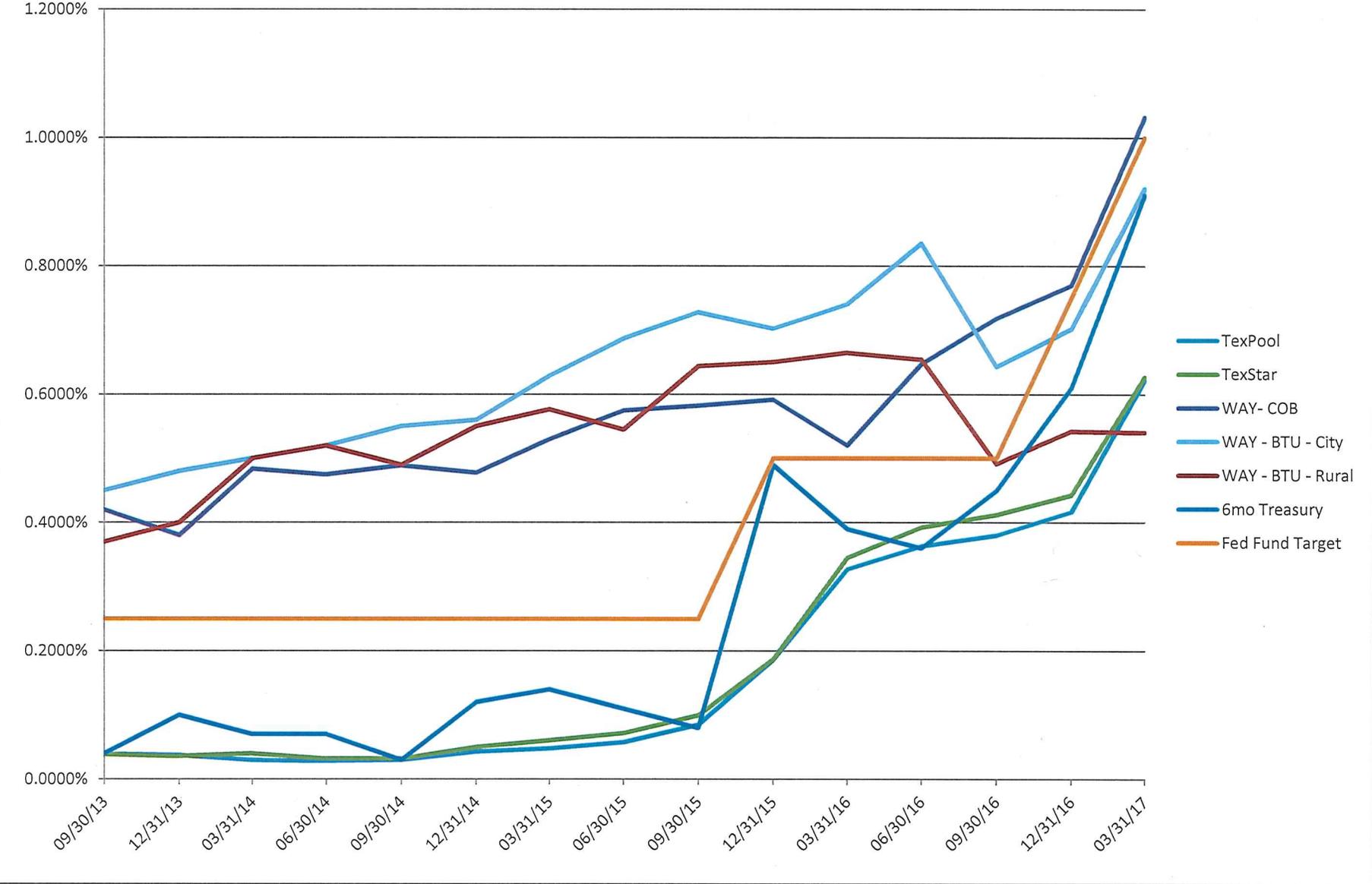
**ACTIVITY SUMMARY (YEAR-TO-DATE)**

ACCOUNT NAME	DEPOSITS	WITHDRAWALS	INTEREST
CITY REVENUE ACCOUNT	75,000,000.00	55,000,000.00	48,681.34

TSL...49110...2037212004...00990.CNSTS.L01...T...JL...000001456



# CITY OF BRYAN HISTORICAL YIELDS BY QUARTER



**City of Bryan**  
**Verification of BB&T Collateral Balances**  
**31-Mar-17**

Account	Account Balance	FDIC Insurance	Uninsured
Bond Reserve	2,227,771.36		2,227,771.36
IMMA	10,688,368.95		10,688,368.95
Central Disbursements	3,770,025.95		3,770,025.95
Flex	19,529.03		19,529.03
HMAP	19,967.33		19,967.33
Payroll	6,539.63		6,539.63
Self Insurance	78,741.39		78,741.39
		250,000.00	(250,000.00)
<b>Total</b>	<b>16,810,943.64</b>	<b>250,000.00</b>	<b>16,560,943.64</b>
Minimum Contract Collateral = 105%			17,388,990.82
Actual Collateral			<b>65,089,252.00</b>
<b>Over/(Under) collateralized - per minimum contract</b>			<b>47,700,261.18</b>

393%

\*Balances eligible for collateral must be collected.

\*\*EOD (End-Of-Day Collected balances are collateralized the next day (first thing).

\*\*\*The Account Balances are EOD ledger balances which includes all the current day's activity.

**Bryan Texas Utilities**  
**Verification of BB&T Collateral Balances**  
**30-Mar-17**

Account	Account Balance	FDIC Insurance	Uninsured
Rural Operation	-	-	-
Rural Revenue	1,176,558.90	-	1,176,558.90
City Operating	3,681,936.85	-	3,681,936.85
City Revenue	1,346,112.52	-	1,346,112.52
Primary Clearing	1,311,207.42	-	1,311,207.42
IMMA City	25,483,348.99	-	25,483,348.99
IMMA Rural	11,957,540.75	-	11,957,540.75
		250,000.00	(250,000.00)
<b>Total</b>	<b>44,956,705.43</b>	<b>250,000.00</b>	<b>44,706,705.43</b>
Minimum Contract Collateral = 105%			46,942,040.70
Actual Collateral		2/28/2017	<b>52,960,974.51</b>
<b>Over/(Under) collateralized - per minimum contract</b>			<b>6,018,933.81</b>

**118%**

\*Balances eligible for collateral must be collected.

\*\*EOD (End-Of-Day Collected) balances are collateralized the next day (first thing).

\*\*\*BB&T collateralizes at 105% for all public fund relationships.

\*\*\*\*The Account Balances are EOD ledger balances which includes all the current day's activity.

**Relative Value Report**

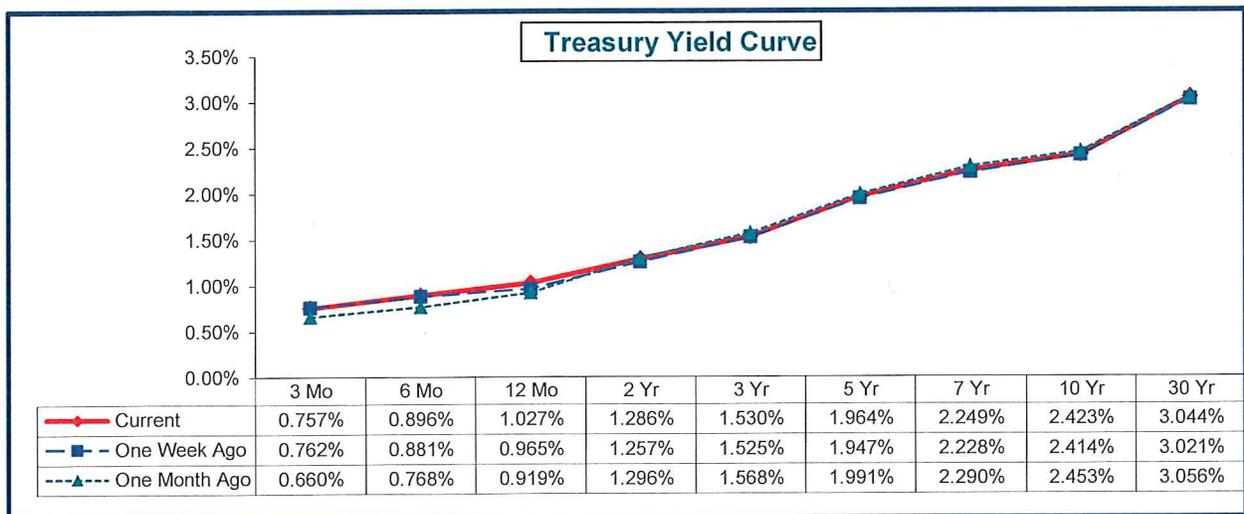
Today's Date: 31-Mar-17  
 Settlement Date: 3-Apr-17

**DISCLAIMER:** Securities listed here represent the best market offers as of early morning on this date. All information is subject to change at any time without notice. This report is intended for informational purposes only, and is in no way a solicitation or offer to sell any securities or services. This information has been obtained from sources believed to be reliable, but we do not warrant or guarantee the accuracy or timeliness of this information. There are no warranties, expressed or implied, as to accuracy, completeness, or results obtained from this information.

MATURITY DATE	SECURITY TYPE	DISCOUNT/SPREAD	YIELD
<b>Agency Discount Notes</b>			
28-Apr-17	FHLB	0.740%	0.753%
26-May-17	FHLB	0.750%	0.763%
30-Jun-17	FHLB	0.780%	0.795%
31-Jul-17	FHLB	0.810%	0.826%
30-Aug-17	FHLB	0.850%	0.867%
29-Sep-17	FHLB	0.910%	0.929%
31-Oct-17	FHLMC	0.880%	0.899%
1-Dec-17	FHLMC	0.930%	0.950%
29-Dec-17	FHLMC	0.950%	0.971%
16-Jan-18	FHLMC	1.000%	1.023%
15-Feb-18	FFCB	1.070%	1.096%
29-Mar-18	FFCB	1.100%	1.128%
<b>Commercial Paper</b>			
3-May-17	Nestle Finance	0.790%	0.804%
2-Jun-17	Nestle Finance	0.870%	0.886%
3-Jul-17	Nestle Finance	0.910%	0.927%
31-Jul-17	Nestle Finance	0.980%	1.000%
31-Aug-17	Nestle Finance	1.030%	1.052%
30-Sep-17	JPMorgan Securites	1.320%	1.351%
29-Dec-17	JPMorgan Securites	1.460%	1.497%
<b>Agency Bullets (Non-Callable)</b>			
3-Apr-18	FHLB 1.125	-18.5	1.101%
8-Jun-18	FHLB 1.250	-11.5	1.171%
14-Sep-18	FHLB 1.125	-4.0	1.246%
17-Jan-19	FFCB 1.250	+5.5	1.341%
8-Mar-19	FHLB 1.500	+9.0	1.376%
7-Oct-19	FHLB 1.500	+22.0	1.506%
13-Mar-20	FHLB 1.875***	+8.5	1.615%

\*\*\* Spread versus 3-Year Treasury (All others vs 2-Year)

Investment Pool Yields:		TexPool	TexSTAR
Previous Day:		0.676%	0.694%
7 Day Moving Avg:		0.676%	0.683%
<b>Agency Discount Note Yields</b>			
	Current	Week Ago	Month Ago
1 Mo	0.753%	0.763%	0.509%
2 Mo	0.763%	0.779%	0.580%
3 Mo	0.795%	0.794%	0.662%
6 Mo	0.929%	0.929%	0.786%
9 Mo	0.971%	0.992%	0.817%
12 Mo	1.128%	1.045%	0.911%
<b>Commercial Paper Yields</b>			
	Current	Week Ago	Month Ago
1 Mo	0.804%	0.946%	0.743%
2 Mo	0.886%	NQ	0.927%
3 Mo	0.927%	1.070%	1.050%
4 Mo	1.000%	1.000%	1.143%
5 Mo	1.052%	1.011%	1.226%
6 Mo	1.351%	NQ	1.217%
9 Mo	1.497%	NQ	1.383%
<b>Agency Bullet Yields</b>			
	Current	Week Ago	Month Ago
1 Yr	1.101%	1.082%	0.991%
1.5 Yr	1.246%	1.197%	1.216%
2 Yr	1.376%	1.387%	1.406%
2.5 Yr	1.506%	1.492%	1.486%
3 Yr	1.615%	1.605%	1.668%



# PORTFOLIO SURVEY

GTOT Board members were asked to report on their operating or pooled portfolio book value and weighted average maturity as of Dec. 31, 2016. Results are listed below and compared to the previous survey. Survey participants: City of Arlington, City of Plano, City of West University Place, DART, and Town of Flower Mound

<b>SECURITY TYPE</b>	<b>AVERAGE POSITION 9/30/16</b>	<b>AVERAGE POSITION 12/31/16</b>	<b>CHANGE IN POSITION</b>
Local Government Investment Pools	17.75%	32.46%	14.71%
Money Market Mutual Funds	0.56%	0.00%	-0.56%
Mutual Funds	0.00%	0.00%	0.00%
Repurchase Agreements	0.00%	0.00%	0.00%
Certificates of Deposit	1.93%	2.93%	1.00%
Commercial Paper	5.67%	1.97%	-3.70%
Banker's Acceptances	0.00%	0.00%	0.00%
Treasury Bills and Notes	3.03%	3.07%	0.04%
Treasury Strips	0.00%	0.00%	0.00%
Agency Discount Notes	0.12%	0.77%	0.65%
Agency Coupon Notes, non-callable	21.46%	26.56%	5.10%
Agency Coupon Notes, callable	24.43%	20.38%	-4.05%
Taxable Municipal Bonds	11.41%	11.87%	0.46%
Average WAM (days)	369	366	(3)

## Inflation Ticks Higher Amid Moderate Growth in Early 2017

March 17, 2017

Economic indicators released in February and March have been mostly positive, with the 2017 consensus outlook for output and inflation improving slightly since January’s Federal Open Market Committee (FOMC) meeting.

The second revision for real (inflation-adjusted) gross domestic product (GDP) growth in fourth quarter 2016 was unchanged at 1.9 percent, with a shift from investment to consumption. Other indicators such as the Institute for Supply Management (ISM) Manufacturing Index suggest improving business investment in 2017. Core inflation measures are converging toward the Federal Reserve’s target rate of 2 percent, while unemployment and broader measures of utilization are converging toward their natural rates. Growth and inflation forecasts for 2017 and 2018 have improved slightly.

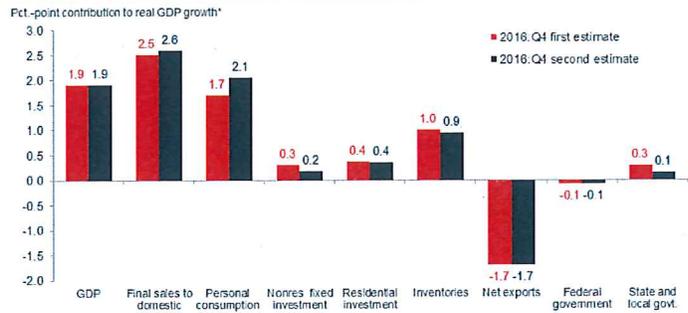
### Key Indicators Remain Mostly Positive

Real GDP remained unchanged at 1.9 percent for fourth quarter 2016 (*Chart 1*). Between the first and second estimates for fourth-quarter GDP, personal consumption expenditures’ percentage contribution to growth expanded, from 1.7 percent to 2.1 percent, while nonresidential fixed investment contracted slightly, from 0.3 percent to 0.2 percent. Net exports remain a drag on the economy, and government spending, which has slowed since 2015, contributed almost no growth in the fourth quarter.

Business fixed-investment remains uneven, mainly due to low oil prices and an appreciating dollar. New factory orders rose 1.2 percent in January, and core capital goods orders fell 0.1 percent, with neither sustaining December’s slightly higher gains. However, surveys point to greater optimism. The ISM manufacturing index reached 57.7 in February, and the ISM non-manufacturing index came in at 57.6. These numbers are the highest for both indicators since early 2015. A reading above 50 indicates a generally expanding economy.

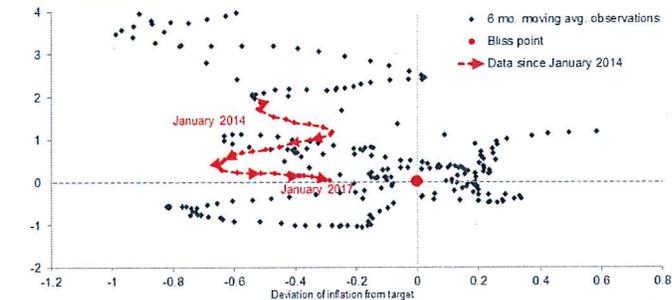
Consumer sentiment is high despite uncertainty regarding future fiscal policy. The University of Michigan’s index of consumer sentiment reached 96.3 in February, slightly down from January’s reading of 98.5 but a 5 percentage-point increase from February 2016. The previous three months’ readings combined were the highest since 2004.

**Chart 1**  
Consumption Leads Contributions to Fourth-Quarter Growth



\*Seasonally adjusted, annualized rate.  
SOURCE: Bureau of Economic Analysis.

**Chart 2**  
Core PCE Inflation and Unemployment Move Toward Fed Targets



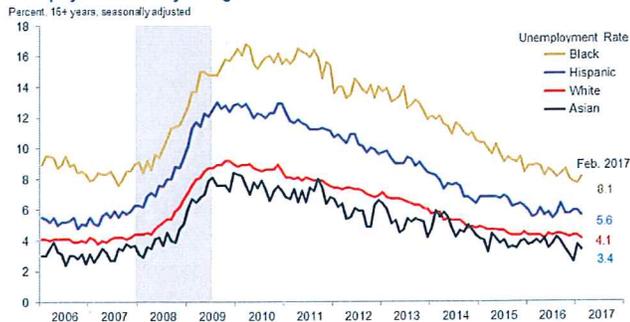
NOTES: Inflation rate used is core personal consumption expenditures (PCE) inflation. The Federal Reserve’s target inflation rate is 2.0 percent. The target unemployment rate is the short-term natural rate of unemployment. Data start in 1994. The “bliss point” occurs when the deviation is zero. SOURCE: Bureau of Economic Analysis; Congressional Budget Office; author’s calculations.

### Inflation Inches Closer to Fed Target

Core personal consumption expenditures (PCE) inflation—PCE inflation excluding food and energy—reached 1.7 percent in January on a year-ago basis. Both the headline PCE inflation rate and the Federal Reserve Bank of Dallas’ Trimmed Mean PCE inflation measure stood at 1.9 percent, approaching the FOMC’s 2 percent target rate. Core Consumer Price Index (CPI) inflation reached 2.2 percent on a year-ago basis in February, also confirming movement toward the target.

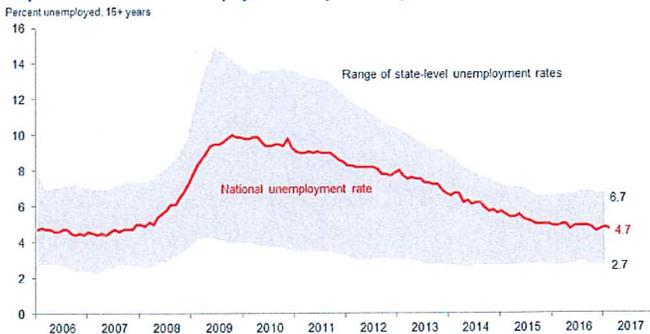
The Federal Reserve in recent years has made considerable progress in achieving its dual mandate: to promote full employment and price stability. Chart 2 shows the path of monthly core PCE inflation and unemployment, indicating that the economy is approaching the “bliss point,” where the difference between unemployment and the natural rate of unemployment is zero and where the difference between the core PCE inflation rate and the target inflation rate is also zero.

**Chart 3**  
Unemployment Gradually Falling to Pre-Recession Levels



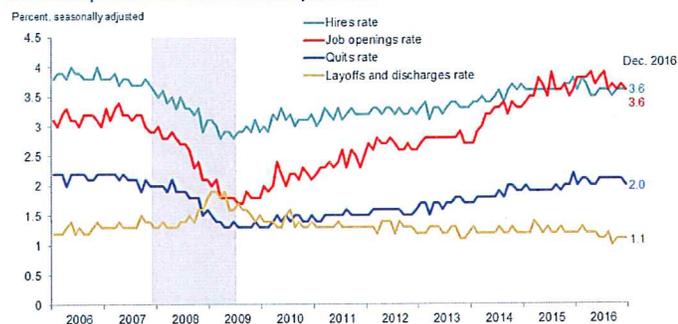
NOTE: Shaded area indicates recession  
SOURCE: Bureau of Labor Statistics

**Chart 4**  
Dispersion of State-Level Unemployment Slowly Narrowing



SOURCE: Bureau of Labor Statistics; author's calculations.

**Chart 5**  
JOLTS Components Show Labor Market Improvement



NOTE: Shaded area indicates recession  
SOURCE: Bureau of Labor Statistics

## Labor Market Returning to Pre-Great-Recession Levels

Unexpected payroll growth of 235,000 jobs in February helped drop the unemployment rate to 4.7 percent from 4.8 percent in January and boosted the labor force participation rate to 63 percent from 62.9 percent in January. Chart 3 shows the national unemployment rate by race, with a gradual return to 2006 unemployment rates for all groups. However, a large unemployment gap between groups persists, an occurrence that predates the Great Recession.

Chart 4 depicts the national unemployment rate relative to the range of rates in all 50 states. The dispersion of state-level unemployment rates is narrowing and is also comparable to the range before the Great Recession. Together, Charts 3 and 4 show that the labor market is improving, regardless of racial or regional divides.

The most recent Job Openings and Labor Turnover Survey (JOLTS) release, in December 2016, indicates that headline JOLTS indicators are also returning to pre-Great-Recession levels (Chart 5). The quits rate (the number of job quits during a month as a percent of total employment) rose, indicating that workers are more optimistic about labor conditions and finding new employment. Job opening and hire rates have stabilized and are close to 2006–07 levels.

## Expectations for Future Inflation, Growth Remain Positive

Long-term inflation expectations have changed little, though they have marginally moved toward the target inflation rate (Chart 6). The Survey of Professional Forecasters' 5- and 10-year-ahead CPI inflation expectations are both at 2.3 percent, while the University of Michigan's survey expectations for 1- and 5-year-ahead CPI inflation are both at 2.6 percent.

The most recent Survey of Professional Forecasters report, released Feb. 10, indicates a slightly improved outlook for growth and inflation since the last release in November. The survey projects year-over-year real GDP growth of 2.3 percent for 2017 and 2.4 percent for 2018, an increase of 0.1 percent and 0.3 percent, respectively, from November's projections.

—Daniel Chapman

## About the Author

Chapman is a research assistant in the Research Department at the Federal Reserve Bank of Dallas.

## Texas Economy Expands Broadly

March 20, 2017

Economic growth continues to accelerate in Texas across sectors and metropolitan areas. Respondents to the Federal Reserve Bank of Dallas' [Texas Business Outlook Surveys \(TBOS\)](#) indicate strengthening activity in 2017. Employment surged 4.9 percent in January.

The [Dallas Fed's 2017 Texas job growth forecast](#) stands at 2.7 percent, higher than the state's long-run 2.1 percent average and the 1.7 percent expansion in 2016. Downside risks for the state economy include an appreciating dollar, which makes exports more expensive, and potential new U.S. trade policies disrupting economic ties with Mexico.

### Economic Activity Exceeds Recent Levels

TBOS headline indexes indicate robust expansion in February. The three-month moving averages of the three indexes are well above the average levels of the past two years (*Chart 1*). The [Texas Service Sector Outlook Survey \(TSSOS\)](#) revenue index remained elevated in February, and the [Texas Retail Outlook Survey \(TROS\)](#) sales index has remained positive since November 2016, suggesting upward momentum. The [Texas Manufacturing Outlook Survey \(TMOS\)](#) production index pushed higher in February to near 2014 levels, when manufacturing boomed with high oil prices and a thriving state economy.

The Texas manufacturing sector's return to growth, which began late last year, mirrors trends seen across the nation. Federal Reserve and Institute for Supply Management manufacturing surveys' new orders indexes indicate a recent rebound following uneven performances in 2015 and 2016 (*Chart 2*).

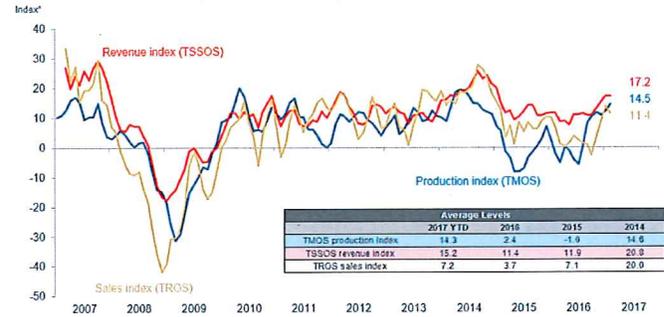
### Year Begins with Broad-Based Employment Gains

Texas' annualized employment growth rate of 4.9 percent in January was the highest since October 2014 (*Chart 3*). The expansion was broad based, covering every sector except information. The goods sector's recent rebound into positive territory—which began in fourth quarter 2016 after seven consecutive quarters of decline—reached an annualized 5.6 percent job growth rate in January. Oil and gas employment grew 9.0 percent in January but remained more than 30 percent below its pre-oil-bust peak. Service sector growth was led by professional and business services (8.0 percent), government (7.1 percent) and financial activities (5.9 percent).

The January job expansion was also geographically broad based, with Texas' major metros all improving. Gains were strongest in Dallas-Fort Worth and weakest in Houston.

Looking ahead, TBOS respondents expressed more optimism about hiring plans than they had in recent years. Forty-seven percent of TMOS and TSSOS respondents said they plan to increase employment in the next six to

**Chart 1**  
Texas Business Outlook Surveys' Headline Indexes Up in 2017



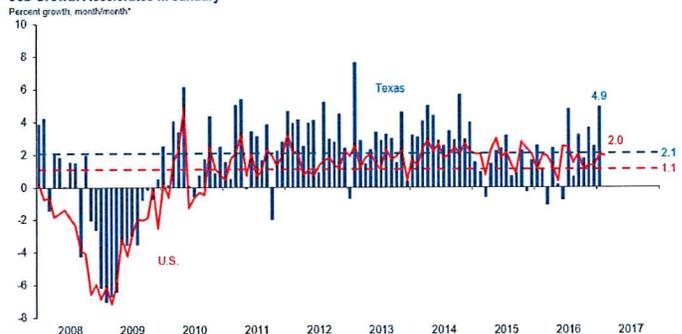
\*Seasonally adjusted, three-month moving average.  
NOTE: The last data point is February 2017.  
SOURCES: Federal Reserve Bank of Dallas' Texas Manufacturing Outlook Survey (TMOS), Texas Service Sector Outlook Survey (TSSOS) and Texas Retail Outlook Survey (TROS).

**Chart 2**  
Other Surveys Show Strength in Manufacturing Across Nation



\*Seasonally adjusted, three-month moving average.  
NOTES: Average series include all Federal Reserve Bank surveys with new orders indexes. Data are through February 2017.  
SOURCES: Federal Reserve Bank of Dallas; Federal Reserve Bank of New York; Federal Reserve Bank of Kansas City; Federal Reserve Bank of Philadelphia; Federal Reserve Bank of Richmond; Institute for Supply Management.

**Chart 3**  
Job Growth Accelerates in January



\*Seasonally adjusted, annualized rate.  
NOTES: Data are through February 2017 for U.S. and January 2017 for Texas. Dotted lines represent the annual average growth rate from 1950 to 2015.  
SOURCES: Bureau of Labor Statistics, Texas Workforce Commission, seasonal and other adjustments by the Federal Reserve Bank of Dallas.

12 months—8 percentage points more than a year ago. Manufacturers were particularly bullish, with 57 percent of firms expecting head-count additions this year. This share equals or exceeds figures in 2011, 2012 and 2014, when state manufacturing employment expanded well above a healthy 2.0 percent.

Recent headline unemployment rates of 4.8 percent in Texas and 4.7 percent in the U.S. are slightly below prerecession levels. However, a broader unemployment measure that includes discouraged, marginally attached and part-time workers seeking full-time work remains above prerecession levels in Texas and the U.S.

Average hourly wages ticked up 1.2 percent in Texas in January, exceeding the 2016 monthly trend rate of 0.2 percent. Additionally, some manufacturing and staffing services contacts reported instances of upward wage pressure in February.

### Energy Production Expands Beyond Permian to Eagle Ford

While the Texas rig count began rising in mid-2016, the increases have been largely confined to the Permian Basin. Eagle Ford rig counts have increased monthly since November, with the largest jump occurring in February. Dallas Fed energy industry contacts indicate that growing oil

production in the U.S. and heightened uncertainty cloud the outlook for oil prices. Additionally, even as the rig count rises in Texas, oil patch employment likely will not return to pre-bust levels because of higher operational efficiency and increased automation.

### Exports Increase, Remain Below 2014 Level

Texas exports rose 2.9 percent in the fourth quarter, finishing the year at a level similar to the end of 2015 but still well below 2014 levels (*Chart 4*)—before the value of the dollar began its dramatic rise. Monthly data show a 5.7 percent rise in exports in January. Exports to Mexico, Latin America and the European Union were largely unchanged from fourth quarter 2015. Exports to Asia surged 17.0 percent (including a sharp rise in exports to China), while exports to Canada declined 8.4 percent.

### Housing Affordability Slips, Construction Contract Values Fall

**Housing affordability**—the share of homes sold that were affordable to a median-income family in the area—has fallen in most major Texas metros (*Chart 5*). Houston is an exception, the result of the oil bust slowing home appreciation.

Apartment demand and occupancy rates generally remain high. Contacts expect rent growth to moderate this year. Austin and DFW office markets remain strong, and industrial availability is tight in most major metros. Again, Houston is an exception, experiencing apartment oversupply and a relatively weak office market.

Nominal Texas construction contract values (aggregated as five-month moving averages) fell 1.4 percent year over year in January but remained 1 percent above their five-year average.

### Household Debt-to-Income Ratio Increase Reflects Oil-Bust Impact

The debt-to-income ratio began rising in Texas in second quarter 2015, while it has trended lower nationally. Texas consumer debt has increased, driven largely by higher mortgage debt from a still-booming housing market—home sales and valuations are both rising faster than they are nationally (*Chart 6*). Also, high-wage **energy and manufacturing jobs** declined precipitously during the oil bust, damping income growth in Texas as income continued rising in the U.S.

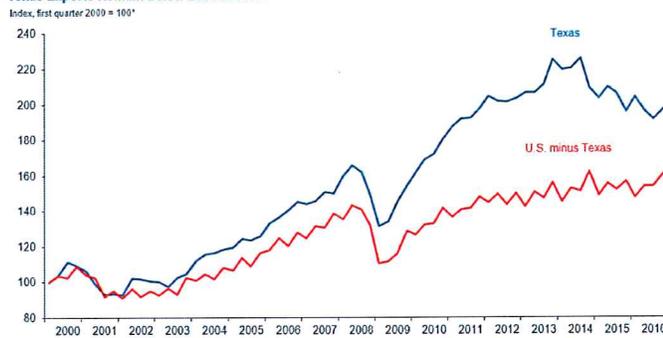
Texas also has the highest auto loan balance of any state, accounting for 11.8 percent of U.S. auto loans in fourth quarter 2016. Additionally, 8.6 percent of Texas auto loans were 30 or more days past due (including severe derogatory), the seventh-highest percentage among the states. Dallas Fed contacts noted in January that, as a result of increased delinquencies, auto companies are easing away from the subprime market. This could affect auto sales, which have already weakened this year.

—Stephanie Gullo, Alex Abraham and Emily Kerr

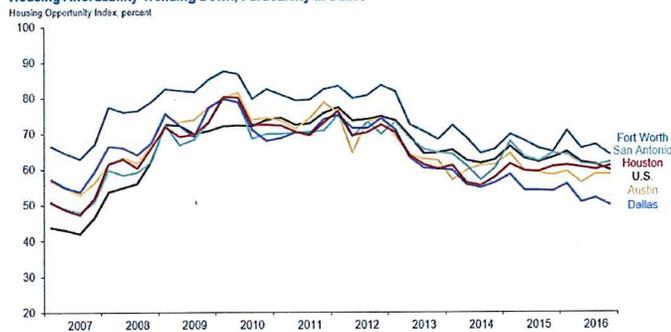
### About the Authors

Gullo and Abraham are research assistants and Kerr is a business economist in the Research Department at the Federal Reserve Bank of Dallas.

**Chart 4**  
Texas Exports Remain Below 2014 Levels



**Chart 5**  
Housing Affordability Trending Down, Particularly in Dallas



**Chart 6**  
Texas Income Growth Flattens, Debt Increases

