



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: January 12, 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 12/31/2014 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 0.0333% on the quarterly *average balance* of \$2,351,853.33 invested with TexPool for the period ending 12/31/2014. Investment interest deposited during the quarter was \$192.11. Actual ending balance for December 31, 2014 was \$2,351,927.37.

The average rate of interest earned on the depository checking account balances for the quarter ending 12/31/2014 was 0.25% netting \$44,934.50 on an *average depository investable balance* of \$71,295,638.08.

Total Quarter ending 12/31/2014 interest earned: \$45,126.61

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.

As a source of information on the market and the Brazos County Investment Strategy attached to this report is a copy of the 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 CitiBank of Texas

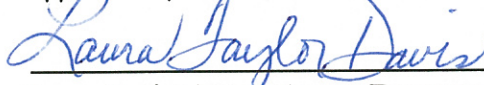
FY 2015 INTEREST RATES AND EARNINGS BY MONTH

	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

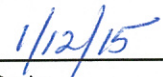
Attached are the following reports:

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

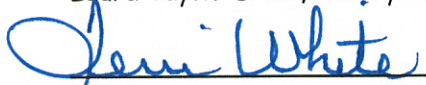
To the best of our knowledge the investment portfolio in this report conforms in all respects to the Investment Policy of Brazos County and is being managed under the investment strategy of said policy as approved by the Commissioner's Court of Brazos County.



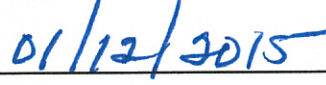
Laura Taylor Davis, County Treasurer, CIO



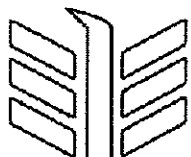
Date



Terri White, Chief Deputy Treasurer, CIO



Date



FUNDS MANAGEMENT

GROUP, INC.

4900 Woodway, Suite 545 * Houston, Texas 77056 * (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 **
12/12/14	0.03%	0.021%	0.022%	0.094%	0.591%	0.120%	0.155%
12/05/14	0.03%	0.016%	0.013%	0.074%	0.556%	0.110%	0.200%
11/28/14	0.03%	0.039%	0.013%	0.067%	0.505%	0.097%	0.143%
11/21/14	0.03%	0.028%	0.007%	0.064%	0.510%	0.100%	0.125%
AVERAGE	0.03%	0.026%	0.014%	0.075%	0.541%	0.107%	0.156%

* 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

“MARKETS CAN REMAIN IRRATIONAL LONGER THAN YOU CAN REMAIN SOLVENT.”

JOHN MAYNARD KEYNES

The recent significant sell-off in the U.S. stock market has been widely attributed to the precipitous decline in the price of crude oil. West Texas Intermediate Crude has dropped over 35%, from a high of \$92.78 to yesterday’s low of \$55.91 in less than 90 days. During that same period, the Dow Jones Index posted a low of 16,117 from a high of 17,958, with some major daily swings. Throughout this time span, the U.S. economy has shown continued and improving strength by virtually all indicators.

Simple logic argues that cheaper energy prices act as a stimulus to economic growth: It costs less to produce/manufacture goods; it is cheaper to deliver them; and consumers have more disposable income with lower gasoline prices. Additionally, the disinflationary effect of declining crude prices may delay implementation of the Fed’s anticipated hike in short-term interest rates.

The only sector of the stock market that should obviously be negatively impacted by this drop in crude prices should be certain segments of the energy industry – production, exploration and oil field services companies. Lower energy prices provide economic stimulus; economic growth produces increased corporate earnings and expanded consumption expenditures. The stock market, as measured by the broad indices, should exhibit a positive reflection.

The fixed-income bond markets maintain their boring support of this economic growth scenario, with short-term, high-grade yields still hovering just marginally above 0%. Portfolios with “uninvested” cash positions continue to suffer the absence of available earnings, but market irrationality is keeping options open.

12/17/14

*Bob Ross
Joan Alexander*

COST AMOUNT SUMMARY OF INVESTMENTS BY FUNDS

General Fund
TexPool

\$ 2,351,927.37

Total Cost of all funds invested for the month of December 2014 \$ 2,351,927.37

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

TEXPOOL QUARTER ENDING 12/31/2014 ACTIVITY REPORT

FUND 1 - POOLED FUND GROUP

DATE	DESC.	GENERAL FUND		TOTAL
09/30/14	BALANCE	\$ 2,351,735.26	\$ -	\$ 2,351,735.26
10/31/14	October Interest	\$ 53.46	\$ -	\$ 53.46
10/31/14	October Balance	\$ 2,351,788.72	\$ -	\$ 2,351,788.72
11/30/14	November Interest	\$ 55.17	\$ -	\$ 55.17
11/30/14	November Balance	\$ 2,351,843.89	\$ -	\$ 2,351,843.89
12/31/14	December Interest	\$ 83.48	\$ -	\$ 83.48
12/31/14	December Balance	\$ 2,351,927.37	\$ -	\$ 2,351,927.37

INVESTMENTS BY FUND GROUP AND STRATEGY TYPE

FUND 1 - POOLED FUND GROUP		
General Fund		\$ 2,351,927.37
Health Endowment Fund		\$ -
State Lateral Road		\$ -
Courthouse Security		\$ -
Strategy Type: OPERATING FUNDS		\$ 2,351,927.37
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		\$ 2,351,927.37

BOOK VALUE OF ALL INVESTED FUNDS AS OF DECEMBER 2014 \$ 2,351,927.37