



## INVESTMENT PORTFOLIO SUMMARY

For the Quarter Ended

December 31, 2016

Prepared by

Valley View Consulting, L.L.C.

The investment portfolio of the City of Lufkin is in compliance with the Public Funds Investment Act and the City of Lufkin Investment Policy and Strategies.

[Redacted]

City Manager

[Redacted]

Assistant City Manager

[Redacted]

Director of Finance

[Redacted]

Senior Accountant

Disclaimer: These reports were compiled using information provided by the City. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields, and do not account for investment advisor fees.

## Summary

### Quarter End Results by Investment Category:

Asset Type	Ave. Yield	December 31, 2016		September 30, 2016	
		Book Value	Market Value	Book Value	Market Value
DDA/MMA/Pools	0.44%	\$ 11,208,079	\$ 11,208,079	\$ 7,177,014	\$ 7,177,014
Securities/CDs	0.96%	29,988,501	29,988,501	31,988,501	31,988,501
<b>Totals</b>		<b>\$ 41,196,580</b>	<b>\$ 41,196,580</b>	<b>\$ 39,165,515</b>	<b>\$ 39,165,515</b>

#### Current Quarter Average Yield (1)

Total Portfolio	0.82%
Rolling Three Mo. Treas. Yield	0.43%
Rolling Six Mo. Treas. Yield	0.50%

#### Fiscal Year-to-Date Average Yield (2)

Total Portfolio	0.82%
Rolling Three Mo. Treas. Yield	0.43%
Rolling Six Mo. Treas. Yield	0.50%
Quarterly TexPool Yield	0.46%

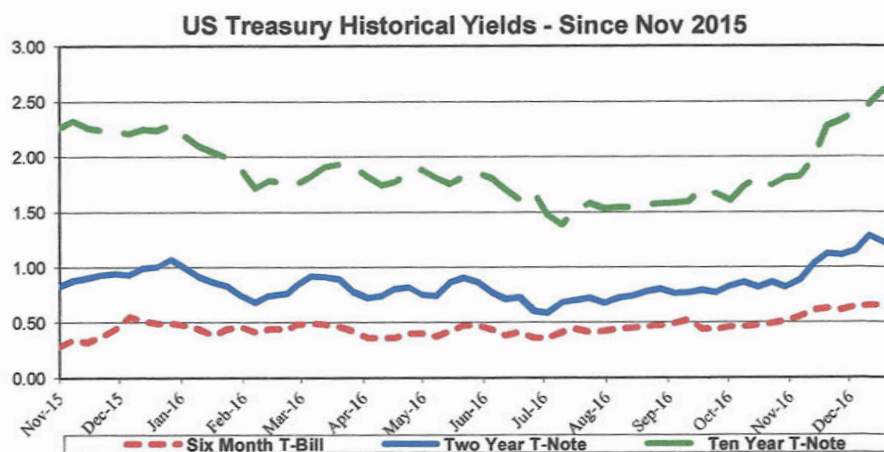
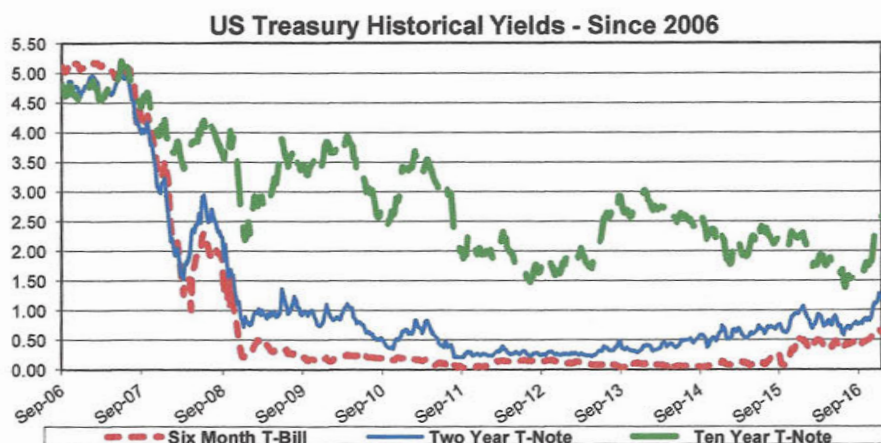
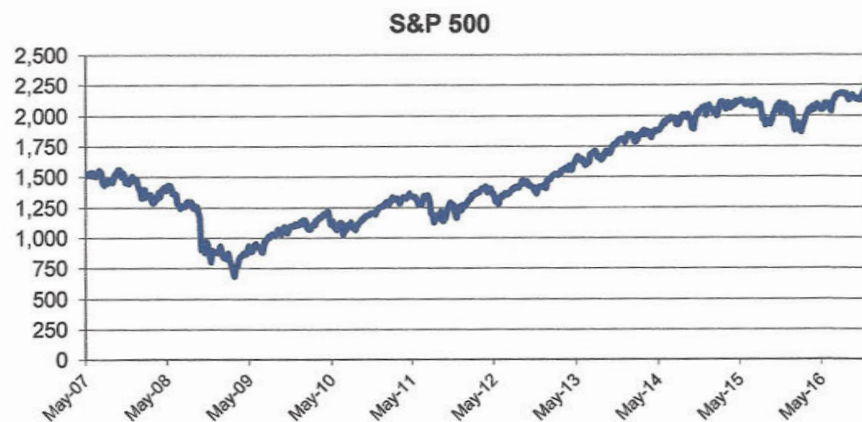
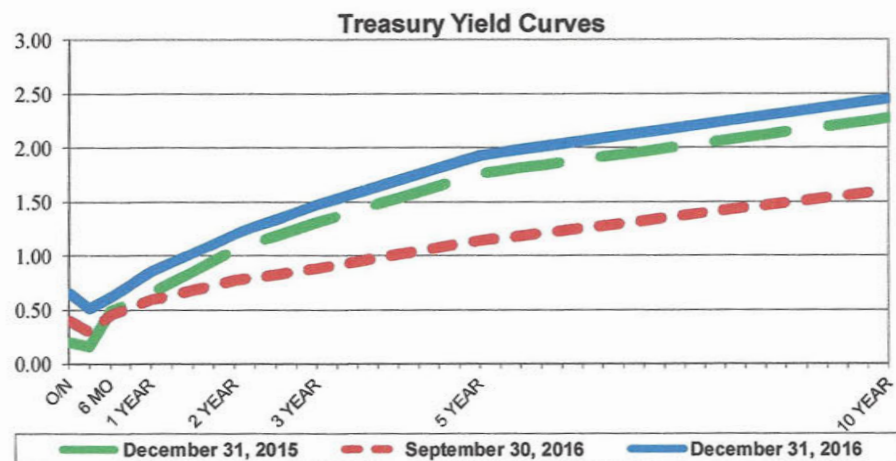
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(2) Fiscal Year-to-Date Average Yields calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

## Economic Overview

12/31/2016

The Federal Open Market Committee (FOMC) raised the Fed Funds target range to 0.50% - 0.75% (actual Fed Funds currently trading +/-65 bps). The FOMC also projected the possibility of three additional increases during 2017. Third Quarter US GDP revised up to 3.5%. Other economic data recorded mixed results. December Non Farm Payroll Employment provided 156,000 new jobs. The US Stock markets recorded record highs. Treasury yields peaked and settled slightly lower. When available, CD and Taxable Municipal yields generally exceed government securities. The banks' reactions to recent market movements will determine if MMAs and CDs continue to be attractive.





# Investment Holdings

December 31, 2016

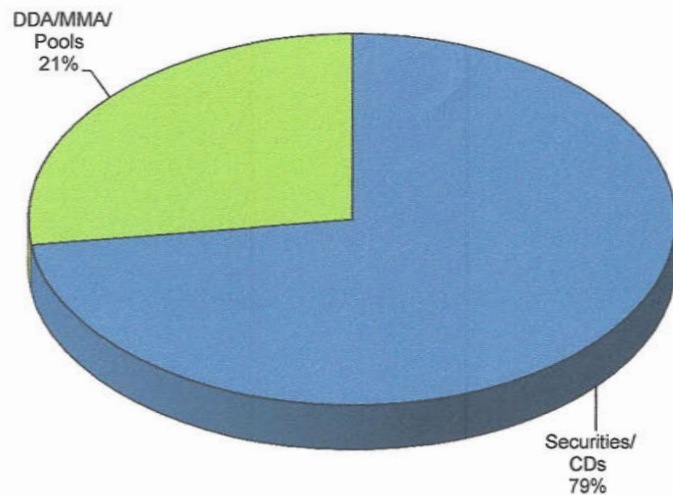
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Purchased Value	Book Value	Market Price	Market Value	Life (days)	Yield
TexPool	AAAm	0.46%	01/01/17	12/31/16	\$ 3,658,248	\$ 3,658,248	\$ 3,658,248	1	\$ 3,658,248	1	0.46%
TexSTAR	AAAm	0.48%	01/01/17	12/31/16	147,811	147,811	147,811	1	147,811	1	0.48%
SSB MMA		0.60%	01/01/17	12/31/16	95,206	95,206	95,206	1	95,206	1	0.60%
BTH Bank MMA		0.92%	01/01/17	12/31/16	2,506,431	2,506,431	2,506,431	1	2,506,431	1	0.92%
DDA Debit Card		0.00%	01/01/17	12/31/16	102,219	102,219	102,219	1	102,219	1	0.00%
DDA (3)		0.17%	01/01/17	12/31/16	4,698,165	4,698,165	4,698,165	1	4,698,165	1	0.17%
Comerica Bank CD		0.80%	02/19/17	02/19/15	2,000,000	2,000,000	2,000,000	100	2,000,000	50	0.80%
Comerica Bank CD		0.83%	03/13/17	03/14/15	2,000,000	2,000,000	2,000,000	100	2,000,000	72	0.83%
Comerica Bank CD		0.70%	05/03/17	05/06/15	2,000,000	2,000,000	2,000,000	100	2,000,000	123	0.70%
Comerica Bank CD		0.67%	05/21/17	05/21/15	2,000,000	2,000,000	2,000,000	100	2,000,000	141	0.67%
Comerica Bank CD		0.74%	06/17/17	06/17/15	2,000,000	2,000,000	2,000,000	100	2,000,000	168	0.74%
LegacyTexas Bank CD		0.90%	07/17/17	06/15/16	1,000,000	1,000,000	1,000,000	100	1,000,000	198	0.90%
Texas Bank CD		1.00%	07/28/17	01/28/16	245,000	245,000	245,000	100	245,000	209	1.00%
LegacyTexas Bank CD		0.95%	08/17/17	06/15/16	1,000,000	1,000,000	1,000,000	100	1,000,000	229	0.95%
BTH Bank CD		1.10%	09/17/17	09/17/15	2,000,000	2,000,000	2,000,000	100	2,000,000	260	1.10%
Citizens St Bank CD		0.65%	10/21/17	10/21/15	243,501	243,501	243,501	100	243,501	294	0.65%
Wallis State Bank CDARS		1.00%	11/30/17	11/30/15	1,000,000	1,000,000	1,000,000	100	1,000,000	334	1.00%
Southside Bank CD		0.97%	11/30/17	11/30/15	1,000,000	1,000,000	1,000,000	100	1,000,000	334	0.97%
Southside Bank CD		1.10%	12/16/17	12/16/15	2,000,000	2,000,000	2,000,000	100	2,000,000	350	1.10%
BTH Bank CDARS		1.10%	01/25/18	01/25/16	1,500,000	1,500,000	1,500,000	100	1,500,000	390	1.10%
BTH Bank CD		1.10%	03/17/18	03/17/16	2,000,000	2,000,000	2,000,000	100	2,000,000	441	1.10%
BTH Bank CD		1.05%	04/21/18	04/21/16	2,000,000	2,000,000	2,000,000	100	2,000,000	476	1.05%
LegacyTexas Bank CD		1.10%	05/20/18	05/20/16	2,000,000	2,000,000	2,000,000	100	2,000,000	505	1.10%
BTH Bank CD		1.11%	09/17/18	09/19/16	2,000,000	2,000,000	2,000,000	100	2,000,000	625	1.11%
Herring Bank CDARS		1.20%	12/08/18	12/08/16	2,000,000	2,000,000	2,000,000	100	2,000,000	707	1.20%
					<b>\$ 41,196,580</b>	<b>\$ 41,196,580</b>	<b>\$ 41,196,580</b>				
								<b>\$ 41,196,580</b>	<b>234</b>	<b>0.82%</b>	
									(1)	(2)	

(1) **Weighted average life** - For purposes of calculating weighted average life, TexPool, TexSTAR, and Money Market investments are assumed to have a one day maturity.

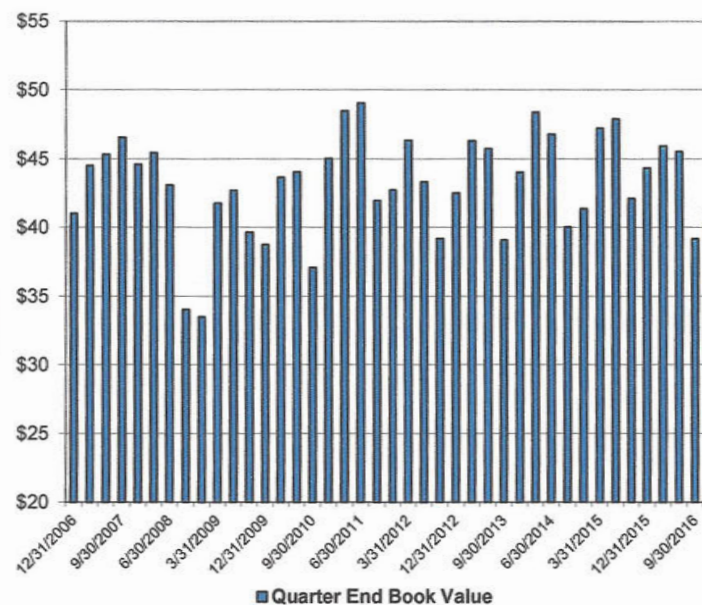
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for TexPool, TexSTAR, and Money Market investments.

(3) **Earnings Credit Rate** - The City's DDA accrues earnings credit to offset service charges and fees. Rate estimated.

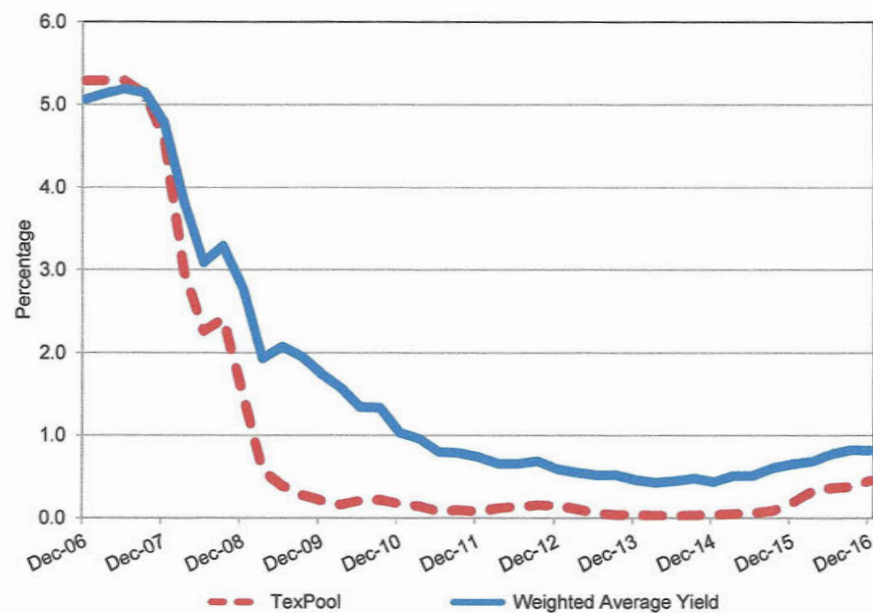
Portfolio Composition



Total Portfolio (Millions)



Total Portfolio Performance



# Book Value Comparison

Investment Description	Coupon/ Discount	Maturity Date	September 30, 2016		Purchases/ Adjustments	Sales/Adjust/ Maturities	December 31, 2016	
			Par Value	Book Value			Par Value	Book Value
TexPool	0.46%	01/01/17	\$ 2,469,176	\$ 2,469,176	\$ 1,189,072	\$ —	\$ 3,658,248	\$ 3,658,248
TexSTAR	0.48%	01/01/17	147,647	147,647	163		147,811	147,811
SSB MMA	0.60%	01/01/17	95,072	95,072	134		95,206	95,206
BTH Bank MMA	0.92%	01/01/17	2,500,526	2,500,526	5,905		2,506,431	2,506,431
DDA Debit Card	0.00%	01/01/17	99,159	99,159	3,060		102,219	102,219
DDA	0.17%	01/01/17	1,865,434	1,865,434	2,832,730		4,698,165	4,698,165
Comerica Bank CD	0.57%	11/26/16	2,000,000	2,000,000		(2,000,000)	—	—
Comerica Bank CD	0.57%	12/22/16	2,000,000	2,000,000		(2,000,000)	—	—
Comerica Bank CD	0.80%	02/19/17	2,000,000	2,000,000			2,000,000	2,000,000
Comerica Bank CD	0.83%	03/13/17	2,000,000	2,000,000			2,000,000	2,000,000
Comerica Bank CD	0.70%	05/03/17	2,000,000	2,000,000			2,000,000	2,000,000
Comerica Bank CD	0.67%	05/21/17	2,000,000	2,000,000			2,000,000	2,000,000
Comerica Bank CD	0.74%	06/17/17	2,000,000	2,000,000			2,000,000	2,000,000
LegacyTexas Bank CD	0.90%	07/17/17	1,000,000	1,000,000			1,000,000	1,000,000
Texas Bank CD	1.00%	07/28/17	245,000	245,000			245,000	245,000
LegacyTexas Bank CD	0.95%	08/17/17	1,000,000	1,000,000			1,000,000	1,000,000
BTH Bank CD	1.10%	09/17/17	2,000,000	2,000,000			2,000,000	2,000,000
Citizens St Bank CD	0.65%	10/21/17	243,501	243,501			243,501	243,501
Wallis State Bank CDARS	1.00%	11/30/17	1,000,000	1,000,000			1,000,000	1,000,000
Southside Bank CD	0.97%	11/30/17	1,000,000	1,000,000			1,000,000	1,000,000
Southside Bank CD	1.10%	12/16/17	2,000,000	2,000,000			2,000,000	2,000,000
BTH Bank CDARS	1.10%	01/25/18	1,500,000	1,500,000			1,500,000	1,500,000
BTH Bank CD	1.10%	03/17/18	2,000,000	2,000,000			2,000,000	2,000,000
BTH Bank CD	1.05%	04/21/18	2,000,000	2,000,000			2,000,000	2,000,000
LegacyTexas Bank CD	1.10%	05/20/18	2,000,000	2,000,000			2,000,000	2,000,000
BTH Bank CD	1.11%	09/17/18	2,000,000	2,000,000			2,000,000	2,000,000
Herring Bank CDARS	1.20%	12/08/18	—	—	2,000,000		2,000,000	2,000,000
<b>TOTAL</b>			<b>\$ 39,165,515</b>	<b>\$ 39,165,515</b>	<b>\$ 6,031,065</b>	<b>\$ (4,000,000)</b>	<b>\$ 41,196,580</b>	<b>\$ 41,196,580</b>



## Market Value Comparison

Investment Description	Coupon/Discount	Maturity Date	September 30, 2016		Qtr to Qtr Change	December 31, 2016	
			Par Value	Market Value		Par Value	Market Value
TexPool	0.46%	01/01/17	\$ 2,469,176	\$ 2,469,176	\$ 1,189,072	\$ 3,658,248	\$ 3,658,248
TexSTAR	0.48%	01/01/17	147,647	147,647	163	147,811	147,811
SSB MMA	0.60%	01/01/17	95,072	95,072	134	95,206	95,206
BTH Bank MMA	0.92%	01/01/17	2,500,526	2,500,526	5,905	2,506,431	2,506,431
DDA Debit Card	0.00%	01/01/17	99,159	99,159	3,060	102,219	102,219
DDA	0.17%	01/01/17	1,865,434	1,865,434	2,832,730	4,698,165	4,698,165
Comerica Bank CD	0.57%	11/26/16	2,000,000	2,000,000	(2,000,000)	—	—
Comerica Bank CD	0.57%	12/22/16	2,000,000	2,000,000	(2,000,000)	—	—
Comerica Bank CD	0.80%	02/19/17	2,000,000	2,000,000		2,000,000	2,000,000
Comerica Bank CD	0.83%	03/13/17	2,000,000	2,000,000		2,000,000	2,000,000
Comerica Bank CD	0.70%	05/03/17	2,000,000	2,000,000		2,000,000	2,000,000
Comerica Bank CD	0.67%	05/21/17	2,000,000	2,000,000		2,000,000	2,000,000
Comerica Bank CD	0.74%	06/17/17	2,000,000	2,000,000		2,000,000	2,000,000
LegacyTexas Bank CD	0.90%	07/17/17	1,000,000	1,000,000		1,000,000	1,000,000
Texas Bank CD	1.00%	07/28/17	245,000	245,000		245,000	245,000
LegacyTexas Bank CD	0.95%	08/17/17	1,000,000	1,000,000		1,000,000	1,000,000
BTH Bank CD	1.10%	09/17/17	2,000,000	2,000,000		2,000,000	2,000,000
Citizens St Bank CD	0.65%	10/21/17	243,501	243,501		243,501	243,501
Wallis State Bank CDARS	1.00%	11/30/17	1,000,000	1,000,000		1,000,000	1,000,000
Southside Bank CD	0.97%	11/30/17	1,000,000	1,000,000		1,000,000	1,000,000
Southside Bank CD	1.10%	12/16/17	2,000,000	2,000,000		2,000,000	2,000,000
BTH Bank CDARS	1.10%	01/25/18	1,500,000	1,500,000		1,500,000	1,500,000
BTH Bank CD	1.10%	03/17/18	2,000,000	2,000,000		2,000,000	2,000,000
BTH Bank CD	1.05%	04/21/18	2,000,000	2,000,000		2,000,000	2,000,000
LegacyTexas Bank CD	1.10%	05/20/18	2,000,000	2,000,000		2,000,000	2,000,000
BTH Bank CD	1.11%	09/17/18	2,000,000	2,000,000		2,000,000	2,000,000
Herring Bank CDARS	1.20%	12/08/18	—	—	2,000,000	2,000,000	2,000,000
<b>TOTAL</b>			<b>\$ 39,165,515</b>	<b>\$ 39,165,515</b>	<b>\$ 2,031,065</b>	<b>\$ 41,196,580</b>	<b>\$ 41,196,580</b>

# FUND EQUITY IN POOLED CASH AND INVESTMENTS

FUND NO	FUND NAME	9/30/2016	12/31/2016
101	GENERAL FUND	\$ 10,369,087	\$ 10,684,256
206	CIVIC CENTER FUND	(130,363)	(131,588)
217	PROPERTY INSURANCE LOSS FUND	(43,429)	(3,507)
221	SPECIAL RECREATION FUND	99,680	92,267
225	PINES THEATER SPECIAL EVENTS FUND	(12,750)	(33,649)
226	ELLEN TROUT ZOO FUND	1,419,563	1,394,173
227	POLICE SEIZED FUND	135,970	581,071
228	COURT SECURITY/TECHNOLOGY FUND	2,586	(4,560)
230	POLICE DARE CONTRIBUTION FUND	109	109
232	DRAINAGE MITIGATION	18,499	18,534
234	HERITAGE FESTIVAL CONTRIBUTIONS	27,933	23,080
241	ANIMAL CONTROL - KURTH GRANT	105,443	69,375
242	ANIMAL'S ATTIC GIFT SHOP	38,759	41,418
250	POLICE GRANTS	2,020	(11,437)
251	FIRE GRANTS	(407)	(407)
252	FEMA FUNDED GRANTS	24,309	24,349
290	ECONOMIC DEVELOPMENT	3,154,142	2,312,629
295	LCVB FUND	250,802	268,865
300	GF STREET CONSTRUCTION FUND	988,021	697,355
308	CONVENTION CENTER - EDI	94,467	94,489
313	2010 CAPITAL IMPROVEMENTS FUND	(212,513)	(233,131)
314	2012 CAPITAL IMPROVEMENTS FUND	446,297	348,573
340	TEXAS CAPITAL GRANT FUND	53	53
348	SOLID WASTE DEPRECIATION	776,375	776,552
357	2009 WATER/SEWER CO'S	524,936	512,926
358	2013 WWATER/SEWER CO'S	1,500,636	1,419,161
380	WATER & SEWER DEPRECIATION	5,194,136	5,496,129
401	GENERAL OBLIGATION DEBT SERVICE	1,406,145	3,305,003
451	REVENUE BOND DEBT SERVICE	1,294,247	1,296,689
501	WATER/WASTEWATER FUND	2,754,037	2,793,803
548	SOLID WASTE DISPOSAL FUND	4,252,977	4,310,275
615	GROUP HOSPITALIZATION FUND	3,410,113	3,492,058
616	RETIREEES PENSION FUND	411,287	282,109
641	EQUIPMENT ACQ & REPLACEMENT FUND	866,448	1,283,530
747	MEDICAL SAVINGS FUND	(4,099)	(3,970)
TOTAL POOLED CASH & INVESTMENTS		<u>\$ 39,165,515</u>	<u>\$ 41,196,580</u>