



INVESTMENT PORTFOLIO SUMMARY

For the Quarter Ended

March 31, 2017

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]

[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	March 31, 2017		December 31, 2016	
		Book Value	Market Value	Book Value	Market Value
DDA/MMA/Pools	0.63%	\$ 10,756,480	\$ 10,756,480	\$ 11,208,079	\$ 11,208,079
Securities/CDs	1.07%	33,988,501	33,988,501	29,988,501	29,988,501
Totals		\$ 44,744,981	\$ 44,744,981	\$ 41,196,580	\$ 41,196,580

Current Quarter Average Yield (1)

Total Portfolio	0.97%
Rolling Three Mo. Treas. Yield	0.60%
Rolling Six Mo. Treas. Yield	0.64%

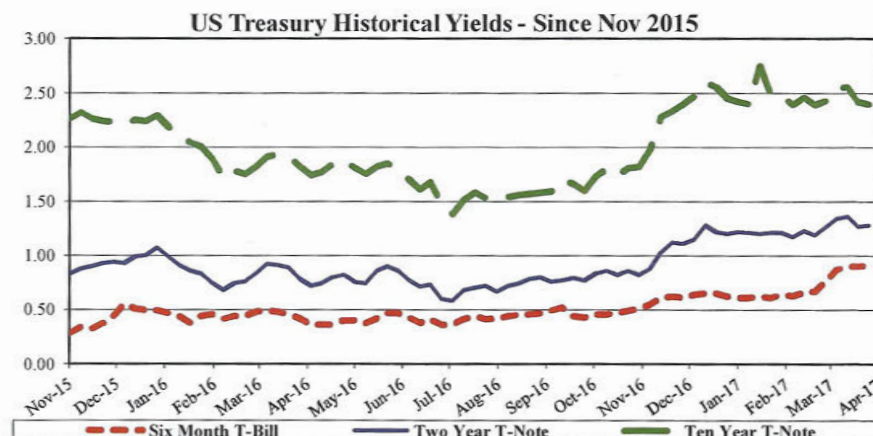
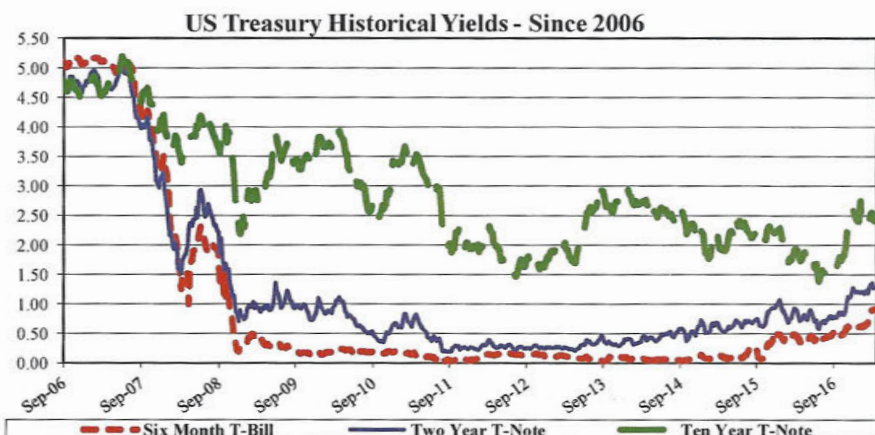
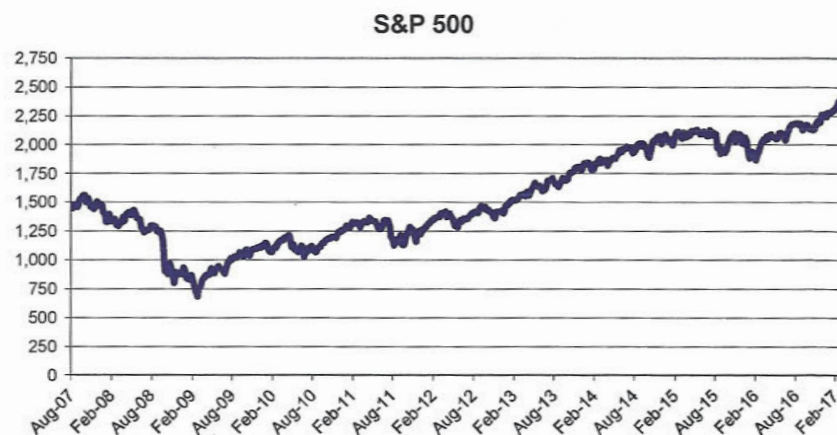
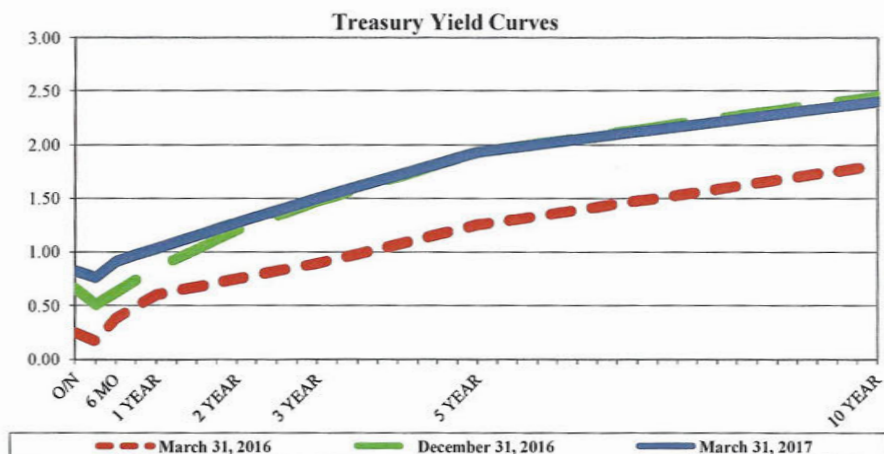
Fiscal Year-to-Date Average Yield (2)

Total Portfolio	0.89%
Rolling Three Mo. Treas. Yield	0.52%
Rolling Six Mo. Treas. Yield	0.57%
Quarterly TexPool Yield	0.54%

(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.

The Federal Open Market Committee (FOMC) raised the Fed Funds target range of 0.75% - 1.00% (actual Fed Funds are trading +/-90 bps). There are mixed anticipations for additional FOMC actions this year. Some look for another rise as early as the June FOMC meeting. Final revision 4th Quarter 2016 GDP increased to 2.1%. US data reflects continuing modest to moderate economic growth. The Stock Markets recorded new highs. Financial Institution deposits (MMAs and CDs) generally offer the best interest earnings opportunity.



Investment Holdings

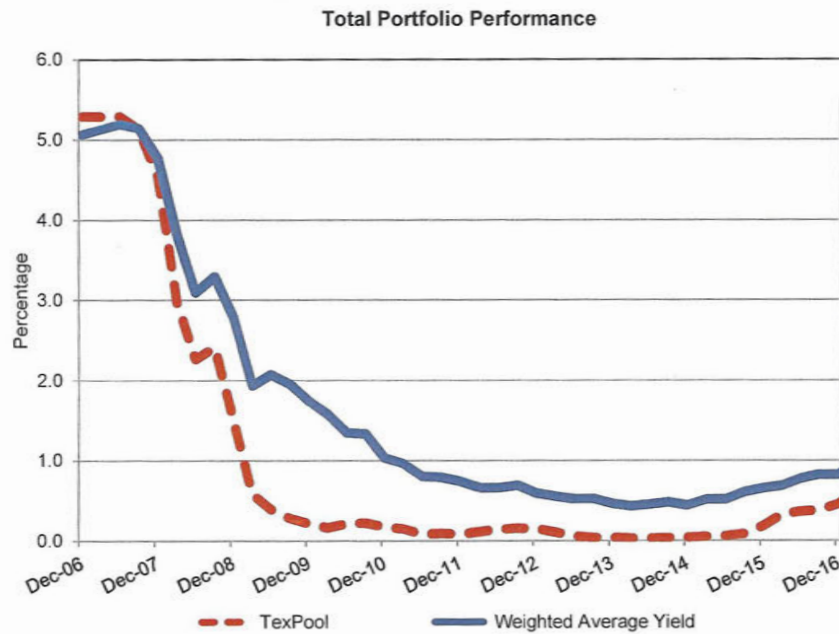
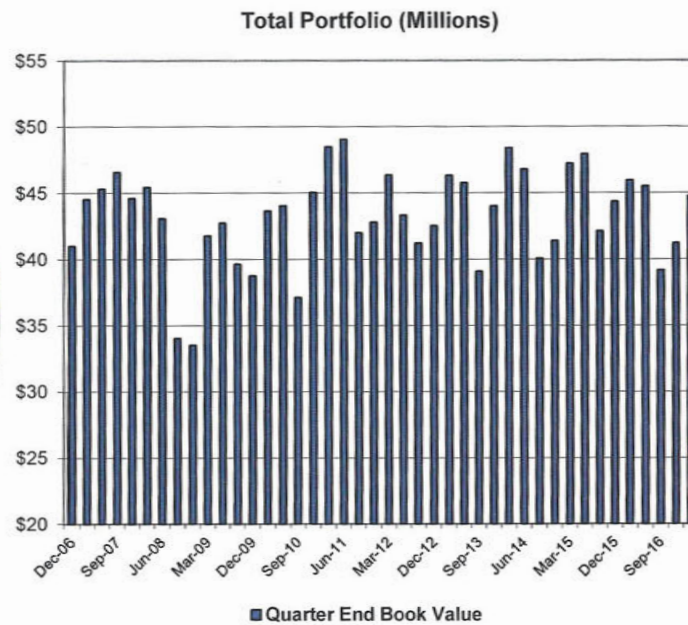
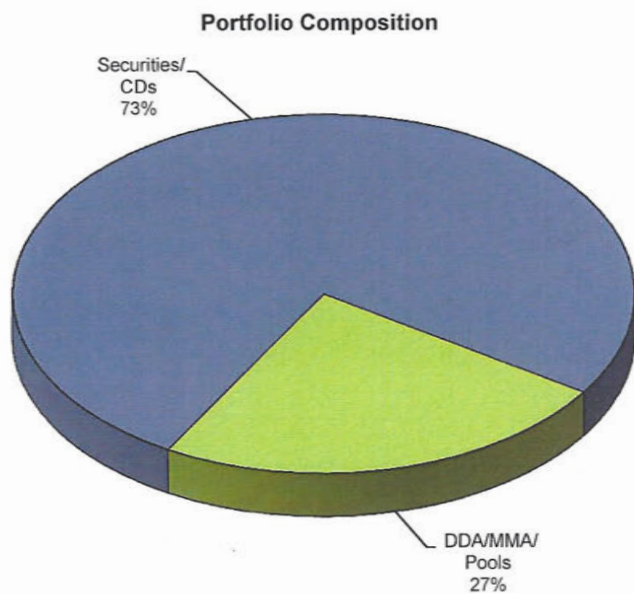
March 31, 2017

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Purchased Value	Book Value	Market Price	Market Value	Life (days)	Yield
TexPool	AAAm	0.62%	04/01/17	03/31/17	\$ 5,442,674	\$ 5,442,674	\$ 5,442,674	1	\$ 5,442,674	1	0.62%
TexSTAR	AAAm	0.63%	04/01/17	03/31/17	148,021	148,021	148,021	1	148,021	1	0.63%
SSB MMA		0.76%	04/01/17	03/31/17	95,374	95,374	95,374	1	95,374	1	0.76%
BTH Bank MMA		1.14%	04/01/17	03/31/17	2,513,289	2,513,289	2,513,289	1	2,513,289	1	1.14%
DDA Debit Card		0.00%	04/01/17	03/31/17	99,018	99,018	99,018	1	99,018	1	0.00%
DDA (3)		0.17%	04/01/17	03/31/17	2,458,104	2,458,104	2,458,104	1	2,458,104	1	0.17%
Comerica Bank CD		0.70%	05/03/17	05/06/15	2,000,000	2,000,000	2,000,000	100	2,000,000	33	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	51	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	78	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	108	0.90%
Texas Bank CD		1.00%	07/28/17	01/28/16	245,000	245,000	245,000	100	245,000	119	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	139	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	170	1.10%
Citizens St Bank CD		0.65%	10/21/17	10/21/15	243,501	243,501	243,501	100	243,501	204	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	244	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	244	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	260	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	300	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	351	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	386	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	415	1.10%
Wallis State Bank CD		1.22%	08/08/18	02/20/17	2,000,000	2,000,000	2,000,000	100	2,000,000	495	1.22%
Wallis State Bank CD		1.26%	08/10/18	01/05/17	2,000,000	2,000,000	2,000,000	100	2,000,000	497	1.26%
BTH Bank CD		1.11%	09/17/18	09/19/16	2,000,000	2,000,000	2,000,000	100	2,000,000	535	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	617	1.20%
Wallis State Bank CD		1.40%	02/25/19	02/23/17	2,000,000	2,000,000	2,000,000	100	2,000,000	696	1.40%
Wallis State Bank CD		1.55%	03/13/19	03/13/17	2,000,000	2,000,000	2,000,000	100	2,000,000	712	1.55%
					\$ 44,744,981	\$ 44,744,981	\$ 44,744,981				
								\$ 44,744,981	265	0.97%	
									(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.



Book Value Comparison

Investment Description	Coupon/ Discount	Maturity Date	December 31, 2016		Purchases/ Adjustments	Sales/Adjust/ Maturities	March 31, 2017	
			Par Value	Book Value			Par Value	Book Value
TexPool	0.62%	04/01/17	\$ 3,658,248	\$ 3,658,248	\$ 1,784,426	\$ —	\$ 5,442,674	\$ 5,442,674
TexSTAR	0.63%	04/01/17	147,811	147,811	210		148,021	148,021
SSB MMA	0.76%	04/01/17	95,206	95,206	168		95,374	95,374
BTH Bank MMA	1.14%	04/01/17	2,506,431	2,506,431	6,858		2,513,289	2,513,289
DDA Debit Card	0.00%	04/01/17	102,219	102,219		(3,201)	99,018	99,018
DDA	0.17%	04/01/17	4,698,165	4,698,165		(2,240,060)	2,458,104	2,458,104
Comerica Bank CD	0.80%	02/19/17	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)	—	—
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
Wallis State Bank CD	1.22%	08/08/18	—	—	2,000,000		2,000,000	2,000,000
Wallis State Bank CD	1.26%	08/10/18	—	—	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	2,000,000
Wallis State Bank CD	1.40%	02/25/19	—	—	2,000,000		2,000,000	2,000,000
Wallis State Bank CD	1.55%	03/13/19	—	—	2,000,000		2,000,000	2,000,000
TOTAL			\$ 41,196,580	\$ 41,196,580	\$ 9,791,662	\$ (6,243,261)	\$ 44,744,981	\$ 44,744,981

Market Value Comparison

Investment Description	Coupon/ Discount	Maturity Date	December 31, 2016		Qtr to Qtr Change	March 31, 2017	
			Par Value	Market Value		Par Value	Market Value
TexPool	0.62%	04/01/17	\$ 3,658,248	\$ 3,658,248	\$ 1,784,426	\$ 5,442,674	\$ 5,442,674
TexSTAR	0.63%	04/01/17	147,811	147,811	210	148,021	148,021
SSB MMA	0.76%	04/01/17	95,206	95,206	168	95,374	95,374
BTH Bank MMA	1.14%	04/01/17	2,506,431	2,506,431	6,858	2,513,289	2,513,289
DDA Debit Card	0.00%	04/01/17	102,219	102,219	(3,201)	99,018	99,018
DDA	0.17%	04/01/17	4,698,165	4,698,165	(2,240,060)	2,458,104	2,458,104
Comerica Bank CD	0.80%	02/19/17	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)	—	—
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
Wallis State Bank CD	1.22%	08/08/18	—	—	2,000,000	2,000,000	2,000,000
Wallis State Bank CD	1.26%	08/10/18	—	—	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	2,000,000
Wallis State Bank CD	1.40%	02/25/19	—	—	2,000,000	2,000,000	2,000,000
Wallis State Bank CD	1.55%	03/13/19	—	—	2,000,000	2,000,000	2,000,000
TOTAL			\$ 41,196,580	\$ 41,196,580	\$ 3,548,401	\$ 44,744,981	\$ 44,744,981

FUND EQUITY IN POOLED CASH AND INVESTMENTS

FUND NO	FUND NAME	12/31/2016	3/31/2017
101	GENERAL FUND	\$ 10,684,256	\$ 13,830,047
206	CONVENTION CENTER -HOTEL/MOTEL TAX FUND	(131,588)	(35,392)
217	PROPERTY INSURANCE LOSS FUND	(3,507)	38,890
221	SPECIAL RECREATION FUND	92,267	116,804
225	PINES THEATER SPECIAL EVENTS FUND	(33,649)	(13,051)
226	ELLEN TROUT ZOO FUND	1,394,173	1,466,122
227	POLICE FORFEITURE FUND	581,071	586,655
228	COURT SECURITY/TECHNOLOGY FUND	(4,560)	4,725
230	POLICE DARE CONTRIBUTION FUND	109	109
232	DRAINAGE MITIGATION	18,534	18,571
234	COMMUNITY DEV/DWNTWN IMPROVEMENT	23,080	31,150
241	ANIMAL CONTROL - KURTH GRANT	69,375	79,276
242	ANIMAL'S ATTIC GIFT SHOP	41,418	44,865
250	POLICE GRANTS & PROPERTY	(11,437)	698
251	FIRE GRANTS	(407)	(407)
252	FEMA FUNDED GRANTS	24,349	24,391
290	ECONOMIC DEVELOPMENT	2,312,629	2,207,628
295	LCVB FUND	268,865	270,292
300	GF STREET CONSTRUCTION FUND	697,355	283,109
308	CONVENTION CENTER - EDI	94,489	94,520
313	2010 CAPITAL IMPROVEMENTS FUND	(233,131)	(249,819)
314	2012 CAPITAL IMPROVEMENTS FUND	348,573	270,478
340	TEXAS CAPITAL GRANT FUND	53	53
348	SOLID WASTE DEPRECIATION	776,552	776,807
357	2009 WATER/SEWER CO'S	512,926	438,263
358	2013 WWATER/SEWER CO'S	1,419,161	1,382,856
380	WATER & WASTEWATER DEPRECIATION	5,496,129	5,644,463
401	GENERAL OBLIGATION DEBT SERVICE	3,305,003	4,265,757
451	REVENUE BOND DEBT SERVICE	1,296,689	1,291,637
501	WATER/WASTEWATER FUND	2,793,803	2,755,014
548	SOLID WASTE DISPOSAL FUND	4,310,275	4,342,251
615	HEALTH INSURANCE - ACTIVE	3,492,058	3,395,453
616	RETIREEES HEALTH INSURANCE FUND	282,109	180,098
641	EQUIPMENT ACQ & REPLACEMENT FUND	1,283,530	1,205,232
747	MEDICAL SAVINGS FUND	(3,970)	(2,563)
TOTAL POOLED CASH & INVESTMENTS		<u>\$ 41,196,580</u>	<u>\$ 44,744,981</u>