



INVESTMENT PORTFOLIO SUMMARY

For the Quarter Ended

June 30, 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]

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 | June 30, 2017 | | March 31, 2017 | |
|----------------|------------|----------------------|----------------------|----------------------|----------------------|
| | | Book Value | Market Value | Book Value | Market Value |
| DDA/MMA/Pools | 0.74% | \$ 9,637,974 | \$ 9,637,974 | \$ 10,756,480 | \$ 10,756,480 |
| Securities/CDs | 1.21% | 35,748,501 | 35,748,501 | 33,988,501 | 33,988,501 |
| Totals | | \$ 45,386,476 | \$ 45,386,476 | \$ 44,744,981 | \$ 44,744,981 |

Current Quarter Average Yield (1)

| | |
|--------------------------------|-------|
| Total Portfolio | 1.11% |
| Rolling Three Mo. Treas. Yield | 0.91% |
| Rolling Six Mo. Treas. Yield | 0.88% |

Fiscal Year-to-Date Average Yield (2)

| | |
|--------------------------------|-------|
| Total Portfolio | 0.97% |
| Rolling Three Mo. Treas. Yield | 0.65% |
| Rolling Six Mo. Treas. Yield | 0.68% |
| Quarterly TexPool Yield | 0.65% |

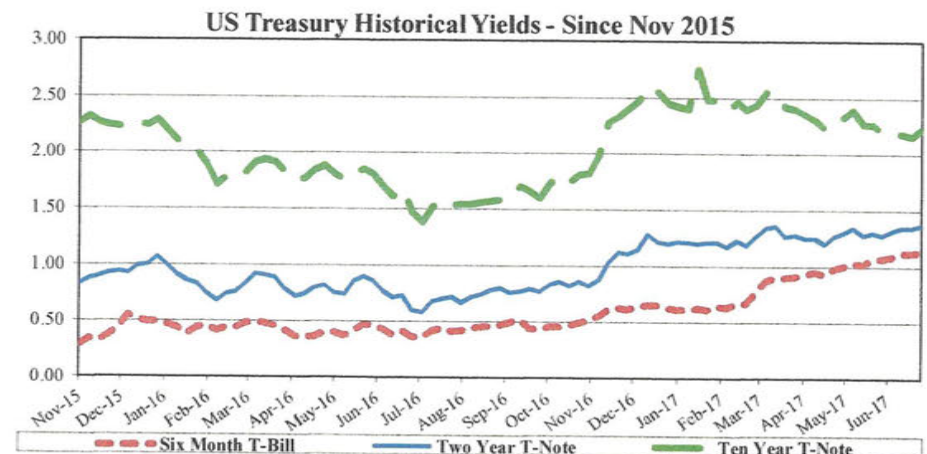
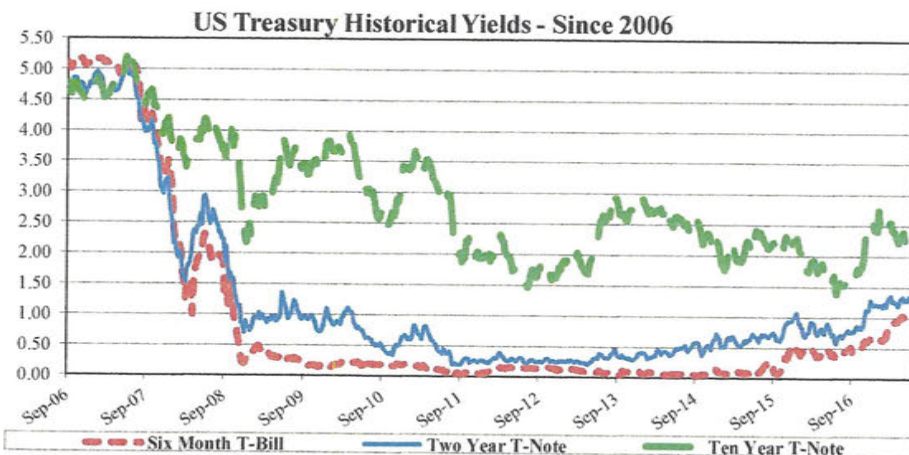
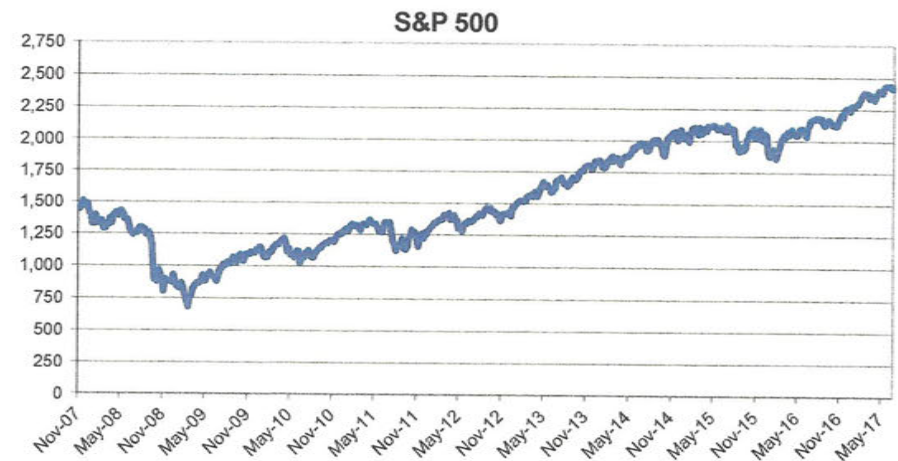
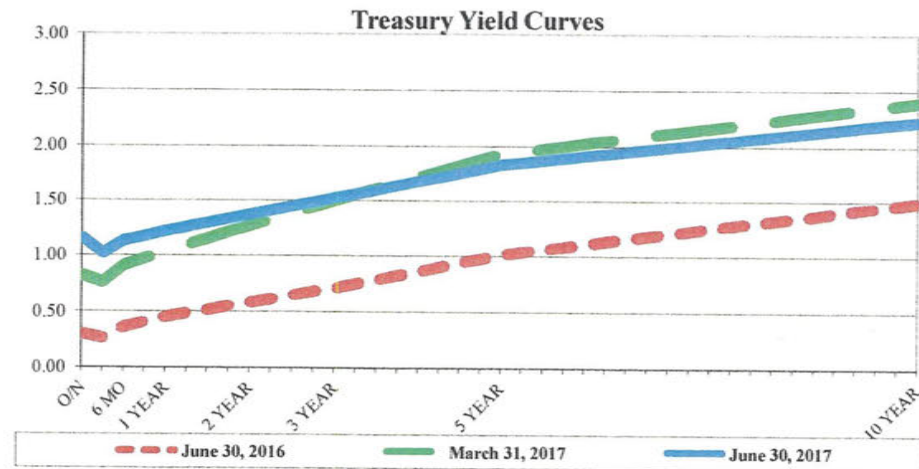
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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

6/30/2017

The Federal Open Market Committee (FOMC) raised the Fed Funds target range to 1.00% - 1.25% (Effective Fed Funds are trading +/-1.16%) at the June FOMC meeting. The market is not confident additional increases will occur during 2017. The Fed anticipates gradually reducing its government bond holdings. Third revision 1st Quarter 2017 GDP was increased to 1.4%. June Non-Farm Payroll increased 222k, with +47k adjustment to Apr/May. Other US data remained volatile with some negative numbers. The Stock Markets remain high. Monitoring estimated balances and needs will determine laddering opportunities.



Investment Holdings

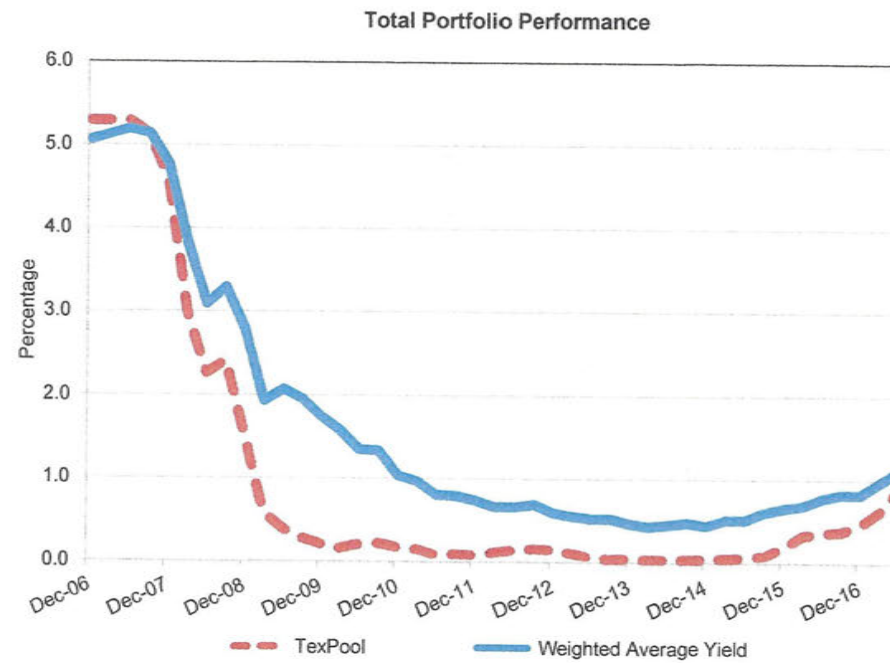
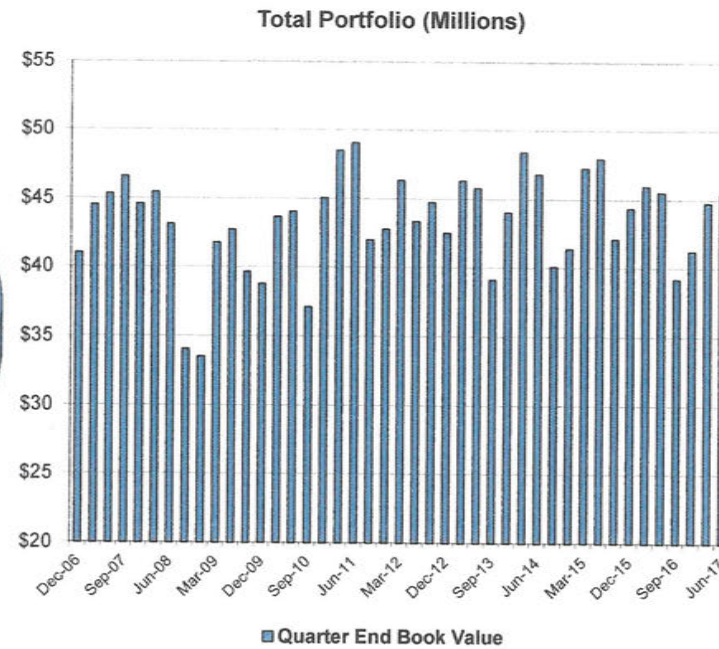
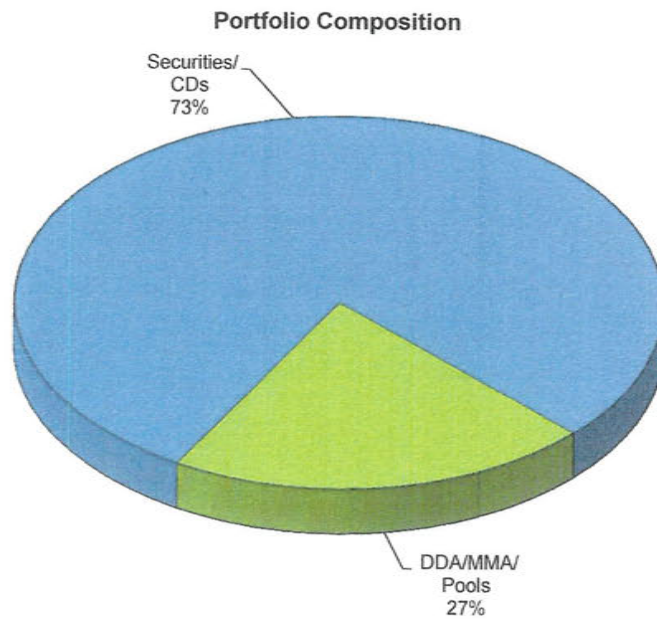
June 30, 2017

| Description | Ratings | Coupon/ Discount | Maturity Date | Settlement Date | Par Value | Purchased Value | Book Value | Market Price | Market Value | Life (days) | Yield |
|-------------------------|---------|---------------------|------------------|--------------------|----------------------|----------------------|----------------------|-----------------|----------------------|----------------|--------------|
| TexPool | AAAm | 0.88% | 07/01/17 | 06/30/17 | \$ 3,062,705 | \$ 3,062,705 | \$ 3,062,705 | 1 | \$ 3,062,705 | 1 | 0.88% |
| TexSTAR | AAAm | 0.86% | 07/01/17 | 06/30/17 | 148,307 | 148,307 | 148,307 | 1 | 148,307 | 1 | 0.86% |
| SSB MMA | | 1.02% | 07/01/17 | 06/30/17 | 95,593 | 95,593 | 95,593 | 1 | 95,593 | 1 | 1.02% |
| BTH Bank MMA | | 1.43% | 07/01/17 | 06/30/17 | 2,526,522 | 2,526,522 | 2,526,522 | 1 | 2,526,522 | 1 | 1.43% |
| DDA Debit Card | | 0.00% | 07/01/17 | 06/30/17 | 101,749 | 101,749 | 101,749 | 1 | 101,749 | 1 | 0.00% |
| DDA (3) | | 0.17% | 07/01/17 | 06/30/17 | 3,703,098 | 3,703,098 | 3,703,098 | 1 | 3,703,098 | 1 | 0.17% |
| LegacyTexas Bank CD | | 0.90% | 07/17/17 | 06/15/16 | 1,000,000 | 1,000,000 | 1,000,000 | 100 | 1,000,000 | 17 | 0.90% |
| Texas Bank CD | | 1.00% | 07/28/17 | 01/28/16 | 245,000 | 245,000 | 245,000 | 100 | 245,000 | 28 | 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 | 48 | 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 | 79 | 1.10% |
| Citizens St Bank CD | | 0.65% | 10/21/17 | 10/21/15 | 243,501 | 243,501 | 243,501 | 100 | 243,501 | 113 | 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 | 153 | 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 | 153 | 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 | 169 | 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 | 209 | 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 | 260 | 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 | 295 | 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 | 324 | 1.10% |
| Landmark Bank CD | | 1.27% | 07/18/18 | 05/18/17 | 2,000,000 | 2,000,000 | 2,000,000 | 100 | 2,000,000 | 383 | 1.27% |
| 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 | 404 | 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 | 406 | 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 | 444 | 1.11% |
| Southside Bank CD | | 1.32% | 10/31/18 | 04/28/17 | 2,000,000 | 2,000,000 | 2,000,000 | 100 | 2,000,000 | 488 | 1.32% |
| Herring Bank CDARS | | 1.20% | 12/08/18 | 12/08/16 | 1,760,000 | 1,760,000 | 1,760,000 | 100 | 1,760,000 | 526 | 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 | 605 | 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 | 621 | 1.55% |
| Southside Bank CD | | 1.48% | 04/30/19 | 04/28/17 | 2,000,000 | 2,000,000 | 2,000,000 | 100 | 2,000,000 | 669 | 1.48% |
| Texas Security Bank CD | | 1.55% | 05/31/19 | 05/31/17 | 2,000,000 | 2,000,000 | 2,000,000 | 100 | 2,000,000 | 700 | 1.55% |
| | | | | | <u>\$ 45,386,476</u> | <u>\$ 45,386,476</u> | <u>\$ 45,386,476</u> | | <u>\$ 45,386,476</u> | <u>294</u> | <u>1.11%</u> |
| | | | | | | | | | | | (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 | March 31, 2017 | | Purchases/ Adjustments | Sales/Adjust/ Maturities | June 30, 2017 | |
|---------------------------|---------------------|------------------|----------------------|----------------------|---------------------------|-----------------------------|----------------------|----------------------|
| | | | Par Value | Book Value | | | Par Value | Book Value |
| TexPool | 0.88% | 07/01/17 | \$ 5,442,674 | \$ 5,442,674 | \$ — | \$ (2,379,970) | \$ 3,062,705 | \$ 3,062,705 |
| TexSTAR | 0.86% | 07/01/17 | 148,021 | 148,021 | 287 | | 148,307 | 148,307 |
| SSB MMA | 1.02% | 07/01/17 | 95,374 | 95,374 | 220 | | 95,593 | 95,593 |
| BTH Bank MMA | 1.43% | 07/01/17 | 2,513,289 | 2,513,289 | 13,233 | | 2,526,522 | 2,526,522 |
| DDA Debit Card | 0.00% | 07/01/17 | 99,018 | 99,018 | 2,731 | | 101,749 | 101,749 |
| DDA | 0.17% | 07/01/17 | 2,458,104 | 2,458,104 | 1,244,993 | | 3,703,098 | 3,703,098 |
| Comerica Bank CD | 0.70% | 05/03/17 | 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) | — | — |
| Comerica Bank CD | 0.74% | 06/17/17 | 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 |
| Landmark Bank CD | 1.27% | 07/18/18 | — | — | 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 | 2,000,000 |
| Wallis State Bank CD | 1.26% | 08/10/18 | 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 |
| Southside Bank CD | 1.32% | 10/31/18 | — | — | 2,000,000 | | 2,000,000 | 2,000,000 |
| Herring Bank CDARS | 1.20% | 12/08/18 | 2,000,000 | 2,000,000 | | (240,000) | 1,760,000 | 1,760,000 |
| Wallis State Bank CD | 1.40% | 02/25/19 | 2,000,000 | 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 | 2,000,000 |
| Southside Bank CD | 1.48% | 04/30/19 | — | — | 2,000,000 | | 2,000,000 | 2,000,000 |
| Texas Security Bank CD | 1.55% | 05/31/19 | — | — | 2,000,000 | | 2,000,000 | 2,000,000 |
| TOTAL | | | \$ 44,744,981 | \$ 44,744,981 | \$ 9,261,464 | \$ (8,619,970) | \$ 45,386,476 | \$ 45,386,476 |

Market Value Comparison

| Investment Description | Coupon/ Discount | Maturity Date | March 31, 2017 | | Qtr to Qtr Change | June 30, 2017 | |
|---------------------------|---------------------|------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | | | Par Value | Market Value | | Par Value | Market Value |
| TexPool | 0.88% | 07/01/17 | \$ 5,442,674 | \$ 5,442,674 | \$ (2,379,970) | \$ 3,062,705 | \$ 3,062,705 |
| TexSTAR | 0.86% | 07/01/17 | 148,021 | 148,021 | 287 | 148,307 | 148,307 |
| SSB MMA | 1.02% | 07/01/17 | 95,374 | 95,374 | 220 | 95,593 | 95,593 |
| BTH Bank MMA | 1.43% | 07/01/17 | 2,513,289 | 2,513,289 | 13,233 | 2,526,522 | 2,526,522 |
| DDA Debit Card | 0.00% | 07/01/17 | 99,018 | 99,018 | 2,731 | 101,749 | 101,749 |
| DDA | 0.17% | 07/01/17 | 2,458,104 | 2,458,104 | 1,244,993 | 3,703,098 | 3,703,098 |
| Comerica Bank CD | 0.70% | 05/03/17 | 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) | — | — |
| Comerica Bank CD | 0.74% | 06/17/17 | 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 |
| Landmark Bank CD | 1.27% | 07/18/18 | — | — | 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 | 2,000,000 |
| Wallis State Bank CD | 1.26% | 08/10/18 | 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 |
| Southside Bank CD | 1.32% | 10/31/18 | — | — | 2,000,000 | 2,000,000 | 2,000,000 |
| Herring Bank CDARS | 1.20% | 12/08/18 | 2,000,000 | 2,000,000 | (240,000) | 1,760,000 | 1,760,000 |
| Wallis State Bank CD | 1.40% | 02/25/19 | 2,000,000 | 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 | 2,000,000 |
| Southside Bank CD | 1.48% | 04/30/19 | — | — | 2,000,000 | 2,000,000 | 2,000,000 |
| Texas Security Bank CD | 1.55% | 05/31/19 | — | — | 2,000,000 | 2,000,000 | 2,000,000 |
| TOTAL | | | \$ 44,744,981 | \$ 44,744,981 | \$ 641,494 | \$ 45,386,476 | \$ 45,386,476 |

FUND EQUITY IN POOLED CASH AND INVESTMENTS

| FUND NO | FUND NAME | 3/31/2017 | 6/30/2017 |
|---------------------------------|---|---------------|---------------|
| 101 | GENERAL FUND | \$ 13,830,047 | \$ 13,479,951 |
| 206 | CONVENTION CENTER -HOTEL/MOTEL TAX FUND | (35,392) | (10,880) |
| 217 | PROPERTY INSURANCE LOSS FUND | 38,890 | 88,204 |
| 221 | SPECIAL RECREATION FUND | 116,804 | 135,490 |
| 225 | PINES THEATER SPECIAL EVENTS FUND | (13,051) | (14,673) |
| 226 | ELLEN TROUT ZOO FUND | 1,466,122 | 1,569,796 |
| 227 | POLICE FORFEITURE FUND | 586,655 | 321,257 |
| 228 | COURT SECURITY/TECHNOLOGY FUND | 4,725 | 14,678 |
| 230 | POLICE DARE CONTRIBUTION FUND | 109 | 109 |
| 232 | DRAINAGE MITIGATION | 18,571 | 18,619 |
| 234 | COMMUNITY DEV/DWNTWN IMPROVEMENT | 31,150 | 35,628 |
| 241 | ANIMAL CONTROL - KURTH GRANT | 79,276 | 64,478 |
| 242 | ANIMAL'S ATTIC GIFT SHOP | 44,865 | 42,087 |
| 250 | POLICE GRANTS & PROPERTY | 698 | 19,230 |
| 251 | FIRE GRANTS | (407) | (407) |
| 252 | FEMA FUNDED GRANTS | 24,391 | 24,444 |
| 290 | ECONOMIC DEVELOPMENT | 2,207,628 | 1,968,576 |
| 295 | LCVB FUND | 270,292 | 301,477 |
| 300 | GF STREET CONSTRUCTION FUND | 283,109 | (464) |
| 308 | CONVENTION CENTER - EDI | 94,520 | 94,554 |
| 313 | 2010 CAPITAL IMPROVEMENTS FUND | (249,819) | (249,819) |
| 314 | 2012 CAPITAL IMPROVEMENTS FUND | 270,478 | 172,128 |
| 340 | TEXAS CAPITAL GRANT FUND | 53 | 53 |
| 348 | SOLID WASTE DEPRECIATION | 776,807 | 648,185 |
| 357 | 2009 WATER/SEWER CO'S | 438,263 | 259,648 |
| 358 | 2013 WWATER/SEWER CO'S | 1,382,856 | 1,517,634 |
| 380 | WATER & WASTEWATER DEPRECIATION | 5,644,463 | 6,253,812 |
| 401 | GENERAL OBLIGATION DEBT SERVICE | 4,265,757 | 5,207,087 |
| 451 | REVENUE BOND DEBT SERVICE | 1,291,637 | 1,295,000 |
| 501 | WATER/WASTEWATER FUND | 2,755,014 | 2,769,922 |
| 548 | SOLID WASTE DISPOSAL FUND | 4,342,251 | 4,492,410 |
| 615 | HEALTH INSURANCE - ACTIVE | 3,395,453 | 3,892,464 |
| 616 | RETIRES HEALTH INSURANCE FUND | 180,098 | 111,856 |
| 641 | EQUIPMENT ACQ & REPLACEMENT FUND | 1,205,232 | 867,190 |
| 747 | MEDICAL SAVINGS FUND | (2,563) | (3,249) |
| TOTAL POOLED CASH & INVESTMENTS | | \$ 44,744,981 | \$ 45,386,476 |