



## INVESTMENT PORTFOLIO SUMMARY

For the Quarter Ended

September 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]

Deputy 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.

## Annual Comparison of Portfolio Performance

### FYE Results by Investment Category:

Asset Type	September 30, 2017			September 30, 2016		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
DDA/MMA/Pools	0.80%	\$ 5,860,950	\$ 5,860,950	0.49%	\$ 7,177,014	\$ 7,177,014
Securities/CDs	1.25%	32,748,501	32,748,501	0.90%	\$ 31,988,501	\$ 31,988,501
<b>Totals</b>		<b>\$ 38,609,451</b>	<b>\$ 38,609,451</b>		<b>\$ 39,165,515</b>	<b>\$ 39,165,515</b>
Fourth Quarter-End Yield	1.17%			0.82%		
<b>Average Quarter-End Yields - Fiscal Year (1):</b>						
Lufkin	1.02%			0.73%		
Rolling Three Mo. Treas. Yield	0.75%			0.25%		
Rolling Six Mo. Treas. Yield	0.78%			0.37%		
Quarterly TexPool Yield	0.74%			0.31%		

(1) Average Quarterly Yield calculated using quarter-end report average yield and adjusted book value.

## Summary

### Quarter End Results by Investment Category:

Asset Type	Ave. Yield	September 30, 2017		June 30, 2017	
		Book Value	Market Value	Book Value	Market Value
DDA/MMA/Pools	0.80%	\$ 5,860,950	\$ 5,860,950	\$ 9,637,974	\$ 9,637,974
Securities/CDs	1.25%	32,748,501	32,748,501	35,748,501	35,748,501
<b>Totals</b>		<b>\$ 38,609,451</b>	<b>\$ 38,609,451</b>	<b>\$ 45,386,476</b>	<b>\$ 45,386,476</b>

#### Current Quarter Average Yield (1)

Total Portfolio 1.17%

Rolling Three Mo. Treas. Yield 1.05%

Rolling Six Mo. Treas. Yield 1.09%

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

Total Portfolio 1.02%

Rolling Three Mo. Treas. Yield 0.75%

Rolling Six Mo. Treas. Yield 0.78%

Quarterly TexPool Yield 0.74%

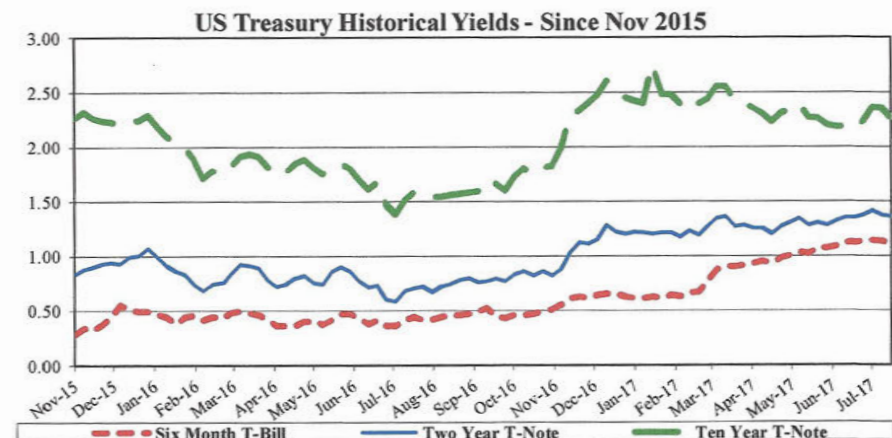
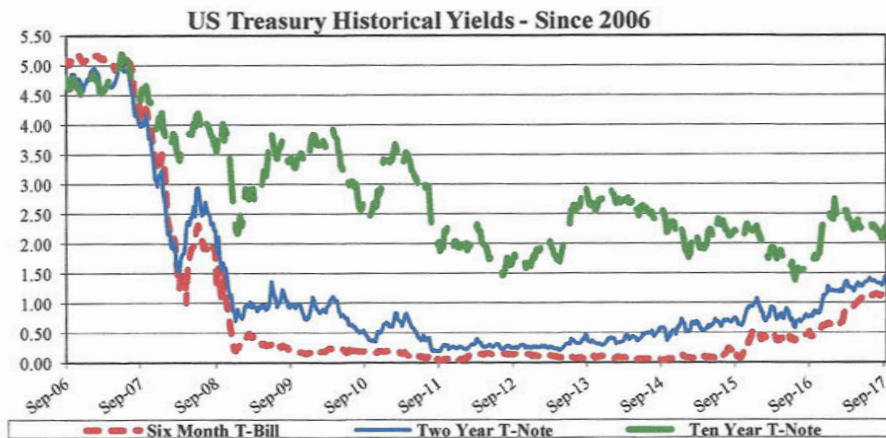
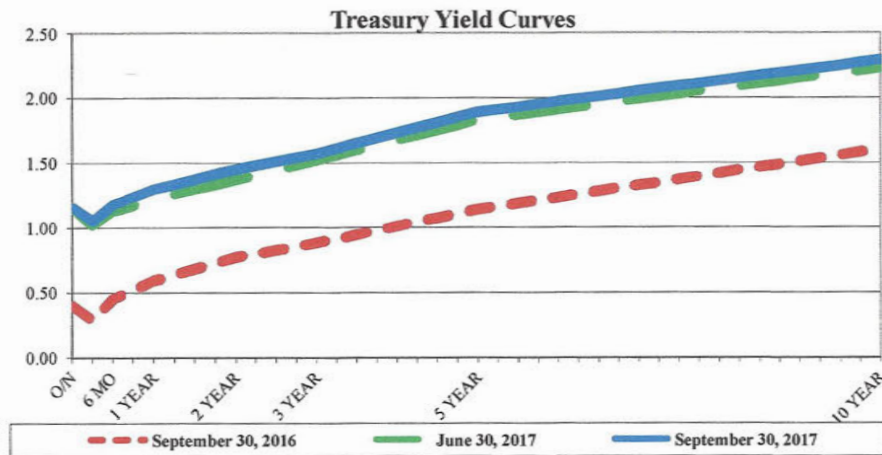
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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

9/30/2017

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range of 1.00% - 1.25% (Effective Fed Funds are trading +/-1.16%) since the June FOMC meeting. Recent announcements have increased the probability of a December rate increase. The FOMC announced a gradual portfolio reduction by limiting reinvestment of maturing holdings. Second Quarter 2017 GDP was revised to 3.1%. September Non Farm Payroll data was a storm influenced negative 33k, with downward revisions to August and July. Other US data generally showed positive with a few negative numbers. The Stock Markets achieved new highs. Monitoring estimated balances and needs will determine laddering opportunities.





**Investment Holdings**  
**September 30, 2017**

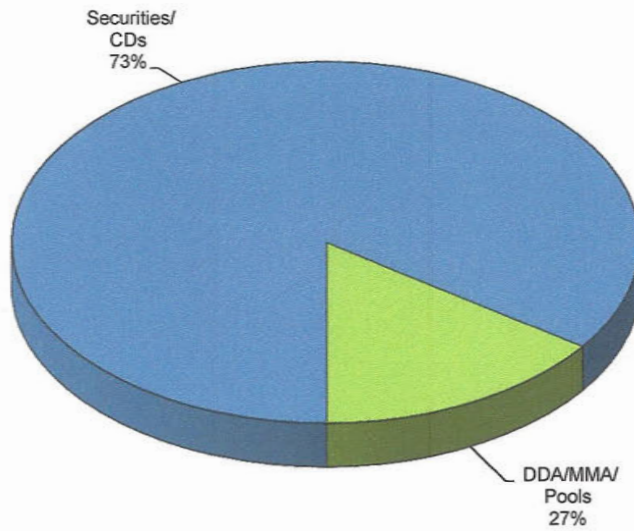
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Purchased Value	Book Value	Market Price	Market Value	Life (days)	Yield
DDA (3)		0.19%	10/01/17	09/30/17	\$ 2,874,212	\$ 2,874,212	\$ 2,874,212	1	\$ 2,874,212	1	0.19%
DDA Debit Card		0.00%	10/01/17	09/30/17	100,539	100,539	100,539	1	100,539	1	0.00%
TexPool	AAAm	1.02%	10/01/17	09/30/17	105,666	105,666	105,666	1	105,666	1	1.02%
TexSTAR	AAAm	1.04%	10/01/17	09/30/17	148,688	148,688	148,688	1	148,688	1	1.04%
SSB MMA		1.17%	10/01/17	09/30/17	95,869	95,869	95,869	1	95,869	1	1.17%
BTH Bank MMA		1.49%	10/01/17	09/30/17	2,535,976	2,535,976	2,535,976	1	2,535,976	1	1.49%
Citizens St Bank CD		0.65%	10/21/17	10/21/15	243,501	243,501	243,501	100	243,501	21	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	61	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	61	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	77	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	117	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	168	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	203	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	232	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	291	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	312	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	314	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	352	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	396	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	434	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	513	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	529	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	577	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	608	1.55%
LegacyTexas Bank CD		1.70%	07/17/19	07/17/17	1,000,000	1,000,000	1,000,000	100	1,000,000	655	1.70%
Texas Bank CD		1.10%	07/28/19	07/28/17	245,000	245,000	245,000	100	245,000	666	1.10%
					<b>\$ 38,609,451</b>	<b>\$ 38,609,451</b>	<b>\$ 38,609,451</b>		<b>\$ 38,609,451</b>	<b>286</b>	<b>1.17%</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.

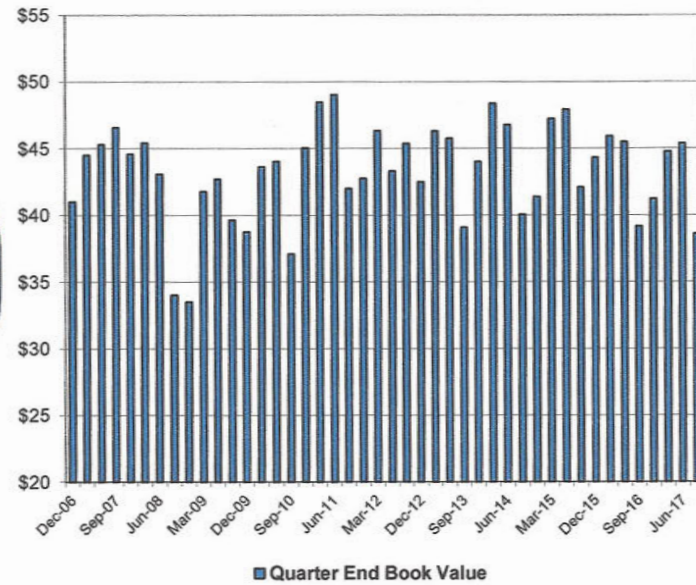
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for TexPool, TexSTAR, and Money Market investments.

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

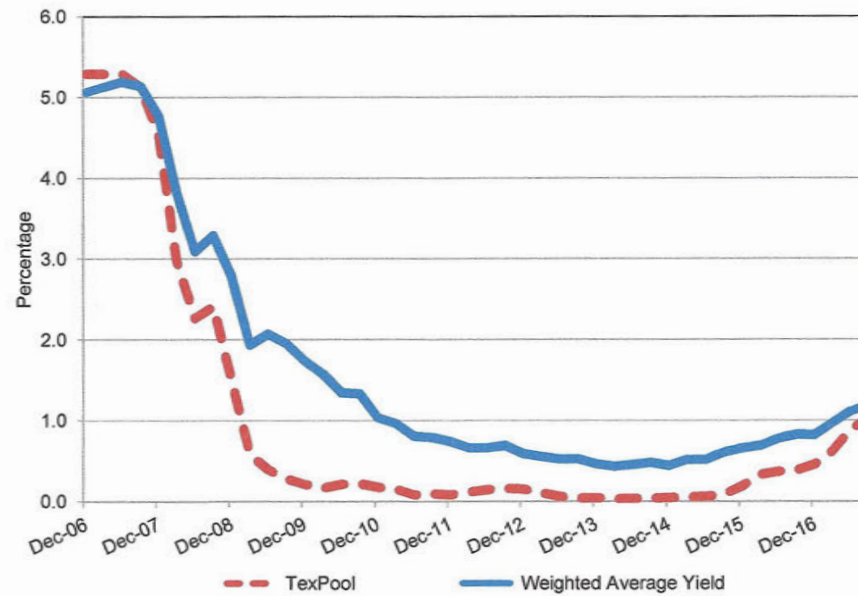
**Portfolio Composition**



**Total Portfolio (Millions)**



**Total Portfolio Performance**



## Book Value Comparison

Investment Description	Coupon/Discount	Maturity Date	June 30, 2017		Purchases/Adjustments	Sales/Adjust/Maturities	September 30, 2017	
			Par Value	Book Value			Par Value	Book Value
DDA	0.19%	10/01/17	\$ 3,703,098	\$ 3,703,098	\$ —	\$ (828,886)	\$ 2,874,212	\$ 2,874,212
DDA Debit Card	0.00%	10/01/17	101,749	101,749		(1,210)	100,539	100,539
TexPool	1.02%	10/01/17	3,062,705	3,062,705		(2,957,039)	105,666	105,666
TexSTAR	1.04%	10/01/17	148,307	148,307	381		148,688	148,688
SSB MMA	1.17%	10/01/17	95,593	95,593	275		95,869	95,869
BTH Bank MMA	1.49%	10/01/17	2,526,522	2,526,522	9,453		2,535,976	2,535,976
LegacyTexas Bank CD	0.90%	07/17/17	1,000,000	1,000,000		(1,000,000)	—	—
Texas Bank CD	1.00%	07/28/17	245,000	245,000		(245,000)	—	—
LegacyTexas Bank CD	0.95%	08/17/17	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)	—	—
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	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	2,000,000
Herring Bank CDARS	1.20%	12/08/18	1,760,000	1,760,000			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	2,000,000
Texas Security Bank CD	1.55%	05/31/19	2,000,000	2,000,000			2,000,000	2,000,000
LegacyTexas Bank CD	1.70%	07/17/19	—	—	1,000,000		1,000,000	1,000,000
Texas Bank CD	1.10%	07/28/19	—	—	245,000		245,000	245,000
<b>TOTAL</b>			<b>\$ 45,386,476</b>	<b>\$ 45,386,476</b>	<b>\$ 1,255,109</b>	<b>\$ (8,032,134)</b>	<b>\$ 38,609,451</b>	<b>\$ 38,609,451</b>



## Market Value Comparison

Investment Description	Coupon/Discount	Maturity Date	June 30, 2017		Qtr to Qtr Change	September 30, 2017	
			Par Value	Market Value		Par Value	Market Value
DDA	0.19%	10/01/17	\$ 3,703,098	\$ 3,703,098	\$ (828,886)	\$ 2,874,212	\$ 2,874,212
DDA Debit Card	0.00%	10/01/17	101,749	101,749	(1,210)	100,539	100,539
TexPool	1.02%	10/01/17	3,062,705	3,062,705	(2,957,039)	105,666	105,666
TexSTAR	1.04%	10/01/17	148,307	148,307	381	148,688	148,688
SSB MMA	1.17%	10/01/17	95,593	95,593	275	95,869	95,869
BTH Bank MMA	1.49%	10/01/17	2,526,522	2,526,522	9,453	2,535,976	2,535,976
LegacyTexas Bank CD	0.90%	07/17/17	1,000,000	1,000,000	(1,000,000)	—	—
Texas Bank CD	1.00%	07/28/17	245,000	245,000	(245,000)	—	—
LegacyTexas Bank CD	0.95%	08/17/17	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)	—	—
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	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	2,000,000
Herring Bank CDARS	1.20%	12/08/18	1,760,000	1,760,000		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	2,000,000
Texas Security Bank CD	1.55%	05/31/19	2,000,000	2,000,000		2,000,000	2,000,000
LegacyTexas Bank CD	1.70%	07/17/19	—	—	1,000,000	1,000,000	1,000,000
Texas Bank CD	1.10%	07/28/19	—	—	245,000	245,000	245,000
<b>TOTAL</b>			<b>\$ 45,386,476</b>	<b>\$ 45,386,476</b>	<b>\$ (6,777,025)</b>	<b>\$ 38,609,451</b>	<b>\$ 38,609,451</b>



### FUND EQUITY IN POOLED CASH AND INVESTMENTS

FUND NO	FUND NAME	6/30/2017	9/30/2017
101	GENERAL FUND	\$ 13,479,951	\$ 10,466,583
206	CONVENTION CENTER -HOTEL/MOTEL TAX FUND	(10,880)	(39,676)
217	PROPERTY INSURANCE LOSS FUND	88,204	71,856
221	SPECIAL RECREATION FUND	135,490	110,345
225	PINES THEATER SPECIAL EVENTS FUND	(14,673)	(16,783)
226	ELLEN TROUT ZOO FUND	1,569,796	1,617,715
227	POLICE FORFEITURE FUND	321,257	326,229
228	COURT SECURITY/TECHNOLOGY FUND	14,678	20,850
230	POLICE DARE CONTRIBUTION FUND	109	109
232	DRAINAGE MITIGATION	18,619	18,656
234	COMMUNITY DEV/DWNTWN IMPROVEMENT	35,628	34,646
241	ANIMAL CONTROL - KURTH GRANT	64,478	57,911
242	ANIMAL'S ATTIC GIFT SHOP	42,087	43,479
250	POLICE GRANTS & PROPERTY	19,230	53,859
251	FIRE GRANTS	(407)	(407)
252	FEMA FUNDED GRANTS	24,444	24,483
290	ECONOMIC DEVELOPMENT	1,968,576	1,679,062
295	LCVB FUND	301,477	296,322
300	GF STREET CONSTRUCTION FUND	(464)	146,971
308	CONVENTION CENTER - EDI	94,554	94,588
313	2010 CAPITAL IMPROVEMENTS FUND	(249,819)	(249,819)
314	2012 CAPITAL IMPROVEMENTS FUND	172,128	127,630
340	TEXAS CAPITAL GRANT FUND	53	53
348	SOLID WASTE DEPRECIATION	648,185	632,788
357	2009 WATER/SEWER CO'S	259,648	260,396
358	2013 WWATER/SEWER CO'S	1,517,634	1,371,679
380	WATER & WASTEWATER DEPRECIATION	6,253,812	7,232,267
401	GENERAL OBLIGATION DEBT SERVICE	5,207,087	1,822,809
451	REVENUE BOND DEBT SERVICE	1,295,000	1,512
501	WATER/WASTEWATER FUND	2,769,922	2,385,768
548	SOLID WASTE DISPOSAL FUND	4,492,410	4,526,131
615	HEALTH INSURANCE - ACTIVE	3,892,464	3,857,958
616	RETIREE'S HEALTH INSURANCE FUND	111,856	78,929
641	EQUIPMENT ACQ & REPLACEMENT FUND	867,190	1,558,039
747	MEDICAL SAVINGS FUND	(3,249)	(3,488)
<b>TOTAL POOLED CASH &amp; INVESTMENTS</b>		<b>\$ 45,386,476</b>	<b>\$ 38,609,451</b>