



## INVESTMENT PORTFOLIO SUMMARY

**For the Quarter Ended**

**September 30, 2018**

**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, 2018		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
DDA/MMA/Pools	0.80%	\$ 5,860,950	\$ 5,860,950	1.66%	\$ 6,499,569	\$ 6,499,569
Securities/CDs	1.25%	32,748,501	32,748,501	2.09%	33,005,000	33,005,000
<b>Totals</b>		<b>\$ 38,609,451</b>	<b>\$ 38,609,451</b>		<b>\$ 39,504,569</b>	<b>\$ 39,504,569</b>

Fourth Quarter-End Yield	1.17%	2.02%
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### Average Quarter-End Yields (1):

	2017 Fiscal Year	2018 Fiscal Year
Lufkin	1.02%	1.63%
Rolling Three Mo. Treas. Yield	0.75%	1.69%
Rolling Six Mo. Treas. Yield	0.78%	1.73%
Quarterly TexPool Yield	0.74%	1.62%

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

## Summary

### Quarter End Results by Investment Category:

Asset Type	June 30, 2018		September 30, 2018		
	Book Value	Market Value	Book Value	Market Value	Ave. Yield
DDA/MMA/Pools	\$ 10,005,864	\$ 10,005,864	\$ 6,499,569	\$ 6,499,569	1.66%
Securities/CDs	37,005,000	37,005,000	33,005,000	33,005,000	2.09%
<b>Totals</b>	<b>\$ 47,010,864</b>	<b>\$ 47,010,864</b>	<b>\$ 39,504,569</b>	<b>\$ 39,504,569</b>	

#### Current Quarter Average Yield (1)

Total Portfolio	2.02%
Rolling Three Mo. Treas. Yield	2.08%
Rolling Six Mo. Treas. Yield	2.15%

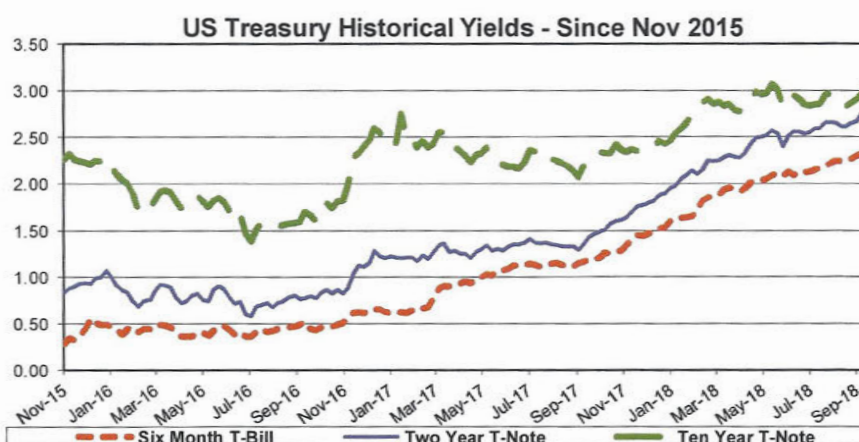
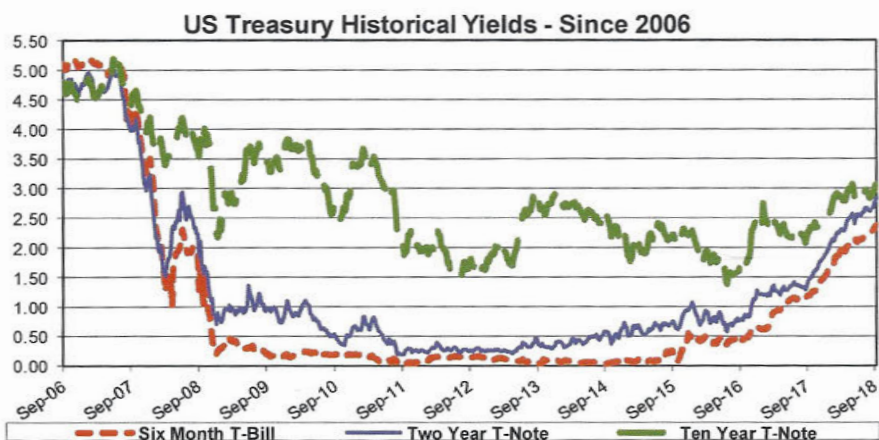
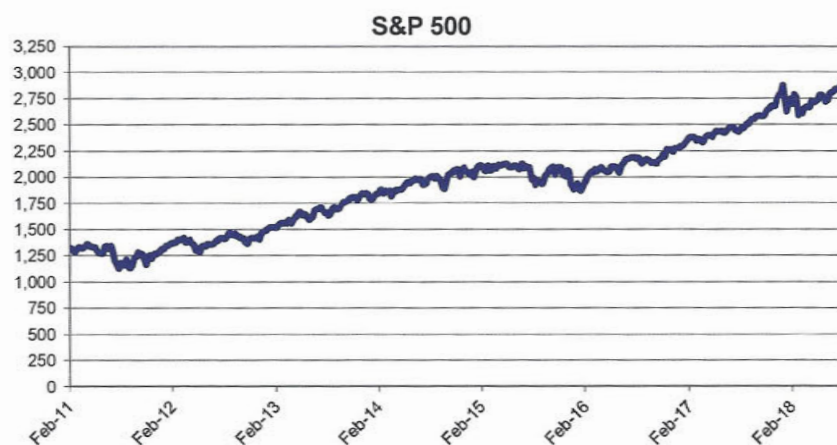
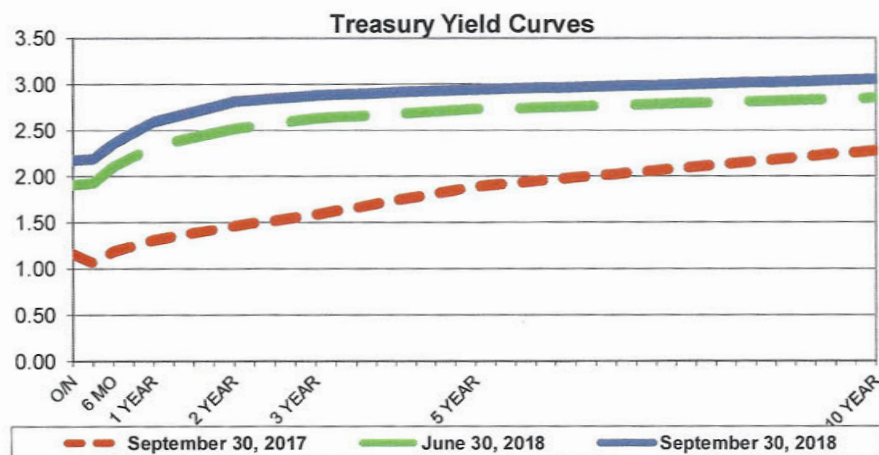
#### Fiscal Year-to-Date Average Yield (2)

Total Portfolio	1.63%
Rolling Three Mo. Treas. Yield	1.69%
Rolling Six Mo. Treas. Yield	1.73%
Quarterly TexPool Yield	1.62%

(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) increased the Fed Funds target range to 2.00% - 2.25% (Effective Fed Funds are trading +/-2.18%). Additional range increases are still projected for Dec 2018 and 2019. Gradual FRB portfolio reduction continues by limiting reinvestment of maturing holdings. Second Quarter grew 4.2% (final estimate). Employment/ Unemployment continues to strong levels. WTI Crude oil increased above +/\$70. The Stock Markets reached new highs. Consumer Confidence is strong. Personal Income is improving. The flattening yield curve may or may not impact long range FOMC actions.





**Investment Holdings**  
**September 30, 2018**

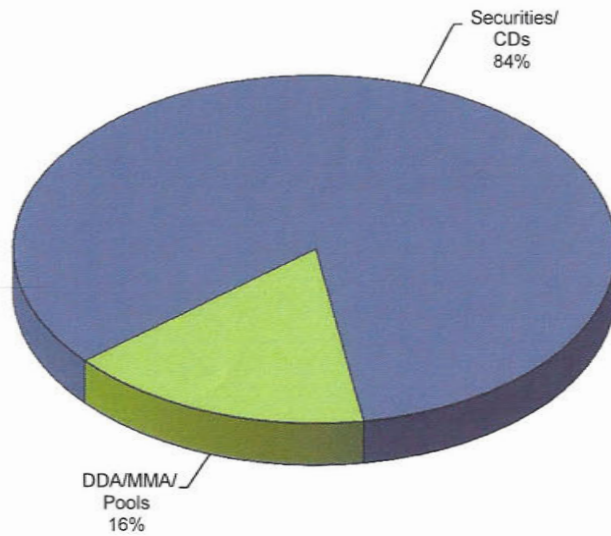
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Purchased Value	Book Value	Market Price	Market Value	Life (days)	Yield
DDA (3)		0.41%	10/01/18	09/30/18	\$ 1,520,845	\$ 1,520,845	\$ 1,520,845	1	\$ 1,520,845	1	0.41%
DDA Debit Card		0.00%	10/01/18	09/30/18	99,376	99,376	99,376	1	99,376	1	0.00%
TexPool	AAAm	2.00%	10/01/18	09/30/18	1,479,025	1,479,025	1,479,025	1	1,479,025	1	2.00%
TexSTAR	AAAm	2.00%	10/01/18	09/30/18	150,990	150,990	150,990	1	150,990	1	2.00%
Southside Bank MMA		2.14%	10/01/18	09/30/18	2,171,158	2,171,158	2,171,158	1	2,171,158	1	2.14%
BTH Bank MMA		2.08%	10/01/18	09/30/18	1,078,176	1,078,176	1,078,176	1	1,078,176	1	2.08%
Southside Bank CD		1.32%	10/31/18	04/28/17	2,000,000	2,000,000	2,000,000	100	2,000,000	31	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	69	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	148	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	164	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	212	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	243	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	290	1.70%
Texas Bank CD		1.10%	07/28/19	07/28/17	245,000	245,000	245,000	100	245,000	301	1.10%
East West Bank CD		2.28%	08/20/19	03/20/18	2,000,000	2,000,000	2,000,000	100	2,000,000	324	2.28%
East West Bank CD		2.39%	11/20/19	03/20/18	2,000,000	2,000,000	2,000,000	100	2,000,000	416	2.39%
Origin Bank CD		1.94%	12/05/19	12/05/17	2,000,000	2,000,000	2,000,000	100	2,000,000	431	1.94%
LegacyTexas Bank CD		2.33%	01/20/20	01/31/18	2,000,000	2,000,000	2,000,000	100	2,000,000	477	2.33%
LegacyTexas Bank CD		2.33%	02/03/20	02/02/18	2,000,000	2,000,000	2,000,000	100	2,000,000	491	2.33%
East West Bank CD		2.45%	03/20/20	03/30/18	2,000,000	2,000,000	2,000,000	100	2,000,000	537	2.45%
Veritex Comm. Bank CD		2.62%	04/20/20	04/24/18	2,000,000	2,000,000	2,000,000	100	2,000,000	568	2.62%
Landmark Bank CD		2.79%	05/24/20	05/24/18	2,000,000	2,000,000	2,000,000	100	2,000,000	602	2.79%
Texas Bank Financial CDARS		3.03%	07/23/20	07/16/18	2,000,000	2,000,000	2,000,000	100	2,000,000	662	3.03%
Texas Bank Financial CDARS		2.98%	08/06/20	08/09/18	2,000,000	2,000,000	2,000,000	100	2,000,000	676	2.98%
					<b>\$ 39,504,569</b>	<b>\$ 39,504,569</b>	<b>\$ 39,504,569</b>		<b>\$ 39,504,569</b>	<b>315</b>	<b>2.02%</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.

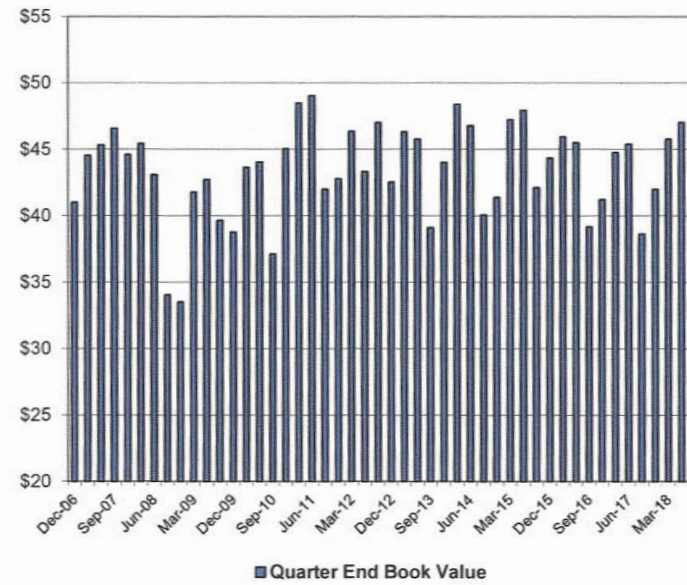
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for TexPool, TexSTAR, and Money Market investments.

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

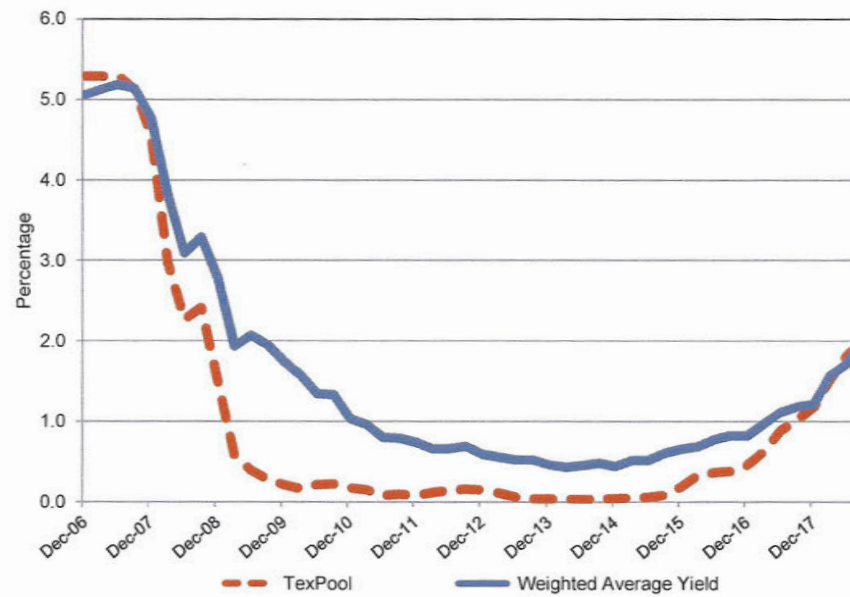
Portfolio Composition



Total Portfolio (Millions)



Total Portfolio Performance



# Book Value Comparison

Investment Description	Coupon/ Discount	Maturity Date	June 30, 2018		Purchases/ Adjustments	Sales/Adjust/ Maturities	September 30, 2018	
			Par Value	Book Value			Par Value	Book Value
DDA	0.41%	10/01/18	\$ 2,785,445	\$ 2,785,445	\$ —	\$ (1,264,600)	\$ 1,520,845	\$ 1,520,845
DDA Debit Card	0.00%	10/01/18	99,226	99,226	150		99,376	99,376
TexPool	2.00%	10/01/18	2,241,853	2,241,853		(762,828)	1,479,025	1,479,025
TexSTAR	2.00%	10/01/18	150,254	150,254	735		150,990	150,990
Southside Bank MMA	2.14%	10/01/18	2,159,850	2,159,850	11,308		2,171,158	2,171,158
BTH Bank MMA	2.08%	10/01/18	2,569,235	2,569,235		(1,491,059)	1,078,176	1,078,176
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)	—	—
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)	—	—
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	1,000,000
Texas Bank CD	1.10%	07/28/19	245,000	245,000			245,000	245,000
East West Bank CD	2.28%	08/20/19	2,000,000	2,000,000			2,000,000	2,000,000
East West Bank CD	2.39%	11/20/19	2,000,000	2,000,000			2,000,000	2,000,000
Origin Bank CD	1.94%	12/05/19	2,000,000	2,000,000			2,000,000	2,000,000
LegacyTexas Bank CD	2.33%	01/20/20	2,000,000	2,000,000			2,000,000	2,000,000
LegacyTexas Bank CD	2.33%	02/03/20	2,000,000	2,000,000			2,000,000	2,000,000
East West Bank CD	2.45%	03/20/20	2,000,000	2,000,000			2,000,000	2,000,000
Veritex Comm. Bank CD	2.62%	04/20/20	2,000,000	2,000,000			2,000,000	2,000,000
Landmark Bank CD	2.79%	05/24/20	2,000,000	2,000,000			2,000,000	2,000,000
Texas Bank Financial CDARS	3.03%	07/23/20	—	—	2,000,000		2,000,000	2,000,000
Texas Bank Financial CDARS	2.98%	08/06/20	—	—	2,000,000		2,000,000	2,000,000
<b>TOTAL</b>			<b>\$ 47,010,864</b>	<b>\$ 47,010,864</b>	<b>\$ 4,012,193</b>	<b>\$ (11,518,488)</b>	<b>\$ 39,504,569</b>	<b>\$ 39,504,569</b>



## Market Value Comparison

Investment Description	Coupon/Discount	Maturity Date	June 30, 2018		Qtr to Qtr Change	September 30, 2018	
			Par Value	Market Value		Par Value	Market Value
DDA	0.41%	10/01/18	\$ 2,785,445	\$ 2,785,445	\$ (1,264,600)	\$ 1,520,845	\$ 1,520,845
DDA Debit Card	0.00%	10/01/18	99,226	99,226	150	99,376	99,376
TexPool	2.00%	10/01/18	2,241,853	2,241,853	(762,828)	1,479,025	1,479,025
TexSTAR	2.00%	10/01/18	150,254	150,254	735	150,990	150,990
Southside Bank MMA	2.14%	10/01/18	2,159,850	2,159,850	11,308	2,171,158	2,171,158
BTH Bank MMA	2.08%	10/01/18	2,569,235	2,569,235	(1,491,059)	1,078,176	1,078,176
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)	—	—
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)	—	—
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	1,000,000
Texas Bank CD	1.10%	07/28/19	245,000	245,000		245,000	245,000
East West Bank CD	2.28%	08/20/19	2,000,000	2,000,000		2,000,000	2,000,000
East West Bank CD	2.39%	11/20/19	2,000,000	2,000,000		2,000,000	2,000,000
Origin Bank CD	1.94%	12/05/19	2,000,000	2,000,000		2,000,000	2,000,000
LegacyTexas Bank CD	2.33%	01/20/20	2,000,000	2,000,000		2,000,000	2,000,000
LegacyTexas Bank CD	2.33%	02/03/20	2,000,000	2,000,000		2,000,000	2,000,000
East West Bank CD	2.45%	03/20/20	2,000,000	2,000,000		2,000,000	2,000,000
Veritex Comm. Bank CD	2.62%	04/20/20	2,000,000	2,000,000		2,000,000	2,000,000
Landmark Bank CD	2.79%	05/24/20	2,000,000	2,000,000		2,000,000	2,000,000
Texas Bank Financial CDARS	3.03%	07/23/20	—	—	2,000,000	2,000,000	2,000,000
Texas Bank Financial CDARS	2.98%	08/06/20	—	—	2,000,000	2,000,000	2,000,000
<b>TOTAL</b>			<b>\$ 47,010,864</b>	<b>\$ 47,010,864</b>	<b>\$ (7,506,295)</b>	<b>\$ 39,504,569</b>	<b>\$ 39,504,569</b>



# FUND EQUITY IN POOLED CASH AND INVESTMENTS

FUND NO	FUND NAME	6/30/2018	9/30/2018
101	GENERAL FUND	\$ 13,525,616	\$ 10,401,229
206	CONVENTION CENTER -HOTEL/MOTEL TAX FUND	18,119	153,647
217	PROPERTY INSURANCE LOSS FUND	(2,219)	(94,339)
221	SPECIAL RECREATION FUND	133,226	104,885
225	PINES THEATER SPECIAL EVENTS FUND	(25,924)	(26,005)
226	ELLEN TROUT ZOO FUND	1,693,791	1,708,372
227	POLICE FORFEITURE FUND	285,027	242,300
228	COURT SECURITY/TECHNOLOGY FUND	27,635	35,329
230	POLICE DARE CONTRIBUTION FUND	109	109
232	DRAINAGE MITIGATION	18,812	18,893
234	COMMUNITY DEV/DWNTWN IMPROVEMENT	43,310	43,290
241	ANIMAL CONTROL - KURTH GRANT	62,727	60,454
242	ANIMAL'S ATTIC GIFT SHOP	44,559	35,569
250	POLICE GRANTS & PROPERTY	(85,124)	(109,003)
251	FIRE GRANTS	(1,669)	102,395
252	FEMA FUNDED GRANTS	24,653	24,750
290	ECONOMIC DEVELOPMENT	1,629,827	1,096,578
295	LCVB FUND	373,104	292,681
300	GF STREET CONSTRUCTION FUND	9,685	(148,285)
308	CONVENTION CENTER - EDI	94,765	94,840
313	2010 CAPITAL IMPROVEMENTS FUND	52,907	53,059
314	2012 CAPITAL IMPROVEMENTS FUND	128,727	129,285
340	TEXAS CAPITAL GRANT FUND	53	53
348	SOLID WASTE DEPRECIATION	540,616	656,531
357	2009 WATER/SEWER CO'S	262,619	263,757
358	2013 WWATER/SEWER CO'S	1,287,341	1,145,169
380	WATER & WASTEWATER DEPRECIATION	8,263,707	8,506,603
401	GENERAL OBLIGATION DEBT SERVICE	5,925,748	1,830,590
451	REVENUE BOND DEBT SERVICE	1,642	1,649
501	WATER/WASTEWATER FUND	2,798,772	3,039,620
548	SOLID WASTE DISPOSAL FUND	4,729,119	4,458,199
615	HEALTH INSURANCE - ACTIVE	3,752,587	3,757,142
616	RETIREEES HEALTH INSURANCE FUND	44,746	(3,529)
641	EQUIPMENT ACQ & REPLACEMENT FUND	1,355,509	1,624,146
747	MEDICAL SAVINGS FUND	(3,258)	4,606
TOTAL POOLED CASH & INVESTMENTS		<u>\$ 47,010,864</u>	<u>\$ 39,504,569</u>