



# **INVESTMENT PORTFOLIO SUMMARY**

**For the Quarter Ended**

**June 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.

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City Manager

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Deputy City Manager

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Director of Finance

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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, 2018		March 31, 2018	
		Book Value	Market Value	Book Value	Market Value
DDA/MMA/Pools	1.34%	\$ 10,005,864	\$ 10,005,864	\$ 8,753,517	\$ 8,753,517
Securities/CDs	1.80%	37,005,000	37,005,000	37,005,000	37,005,000
<b>Totals</b>		<b>\$ 47,010,864</b>	<b>\$ 47,010,864</b>	<b>\$ 45,758,517</b>	<b>\$ 45,758,517</b>

#### Current Quarter Average Yield (1)

Total Portfolio	1.70%
Rolling Three Mo. Treas. Yield	1.88%
Rolling Six Mo. Treas. Yield	1.92%

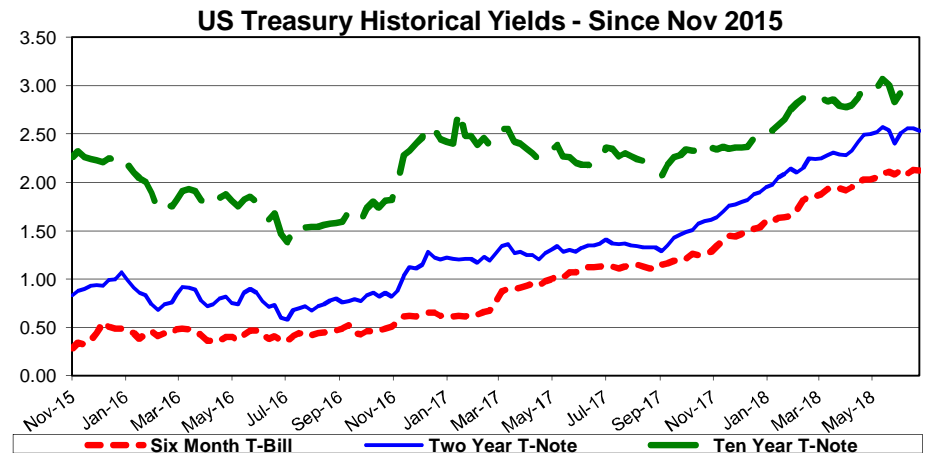
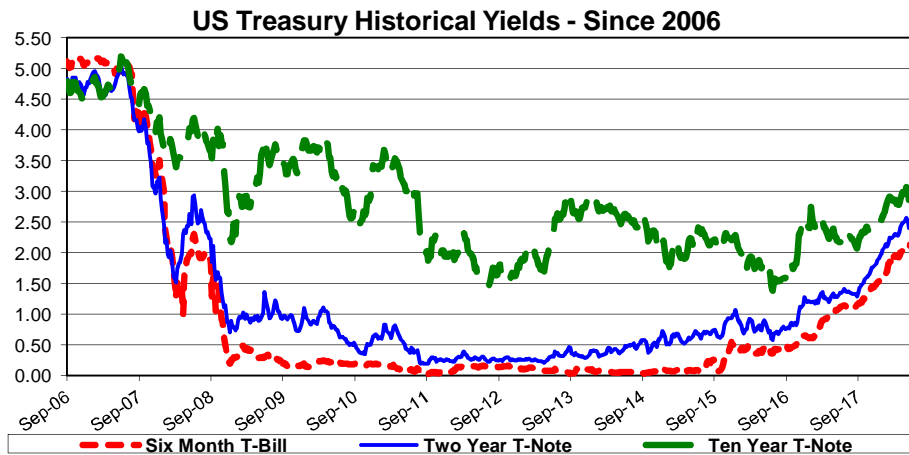
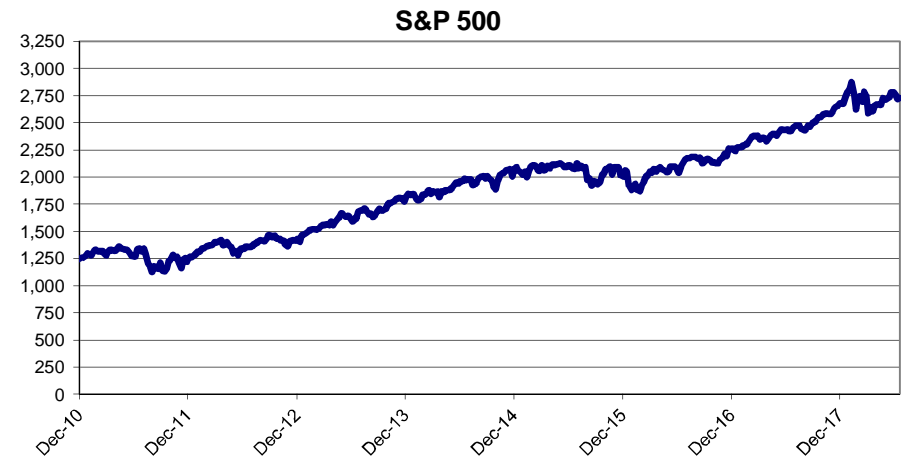
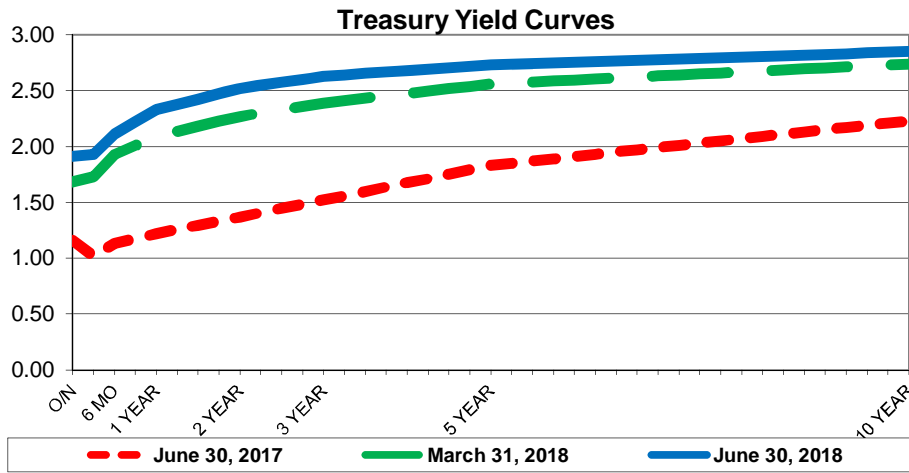
#### Fiscal Year-to-Date Average Yield (2)

Total Portfolio	1.49%
Rolling Three Mo. Treas. Yield	1.56%
Rolling Six Mo. Treas. Yield	1.58%
Quarterly TexPool Yield	1.50%

(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 1.75% - 2.00% (Effective Fed Funds are trading +/-1.91%). Additional range increases are expected this calendar year (one or two) although subject to economic activity. Gradual portfolio reduction continues by limiting reinvestment of maturing holdings. The ultimate size of the balance sheet is under discussion. First Quarter 2018 GDP measured 2.0% (final estimate). Second Quarter is expected to be substantially higher. Employment/Unemployment continued to record levels. Trade war uncertainty dominated world markets. WTI Crude oil hovers at +/- \$73. The Stock Markets wiggled higher but still below recent highs.



## Investment Holdings

June 30, 2018

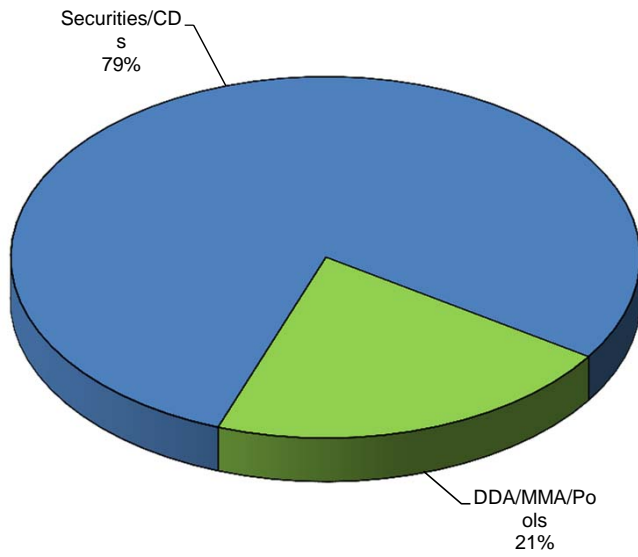
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Purchased Value	Book Value	Market Price	Market Value	Life (days)	Yield
DDA (3)		0.32%	07/01/18	06/30/18	\$ 2,785,445	\$ 2,785,445	\$ 2,785,445	1	\$ 2,785,445	1	0.32%
DDA Debit Card		0.00%	07/01/18	06/30/18	99,226	99,226	99,226	1	99,226	1	0.00%
TexPool	AAAm	1.81%	07/01/18	06/30/18	2,241,853	2,241,853	2,241,853	1	2,241,853	1	1.81%
TexSTAR	AAAm	1.83%	07/01/18	06/30/18	150,254	150,254	150,254	1	150,254	1	1.83%
Southside Bank MMA		1.93%	07/01/18	06/30/18	2,159,850	2,159,850	2,159,850	1	2,159,850	1	1.93%
BTH Bank MMA		1.57%	07/01/18	06/30/18	2,569,235	2,569,235	2,569,235	1	2,569,235	1	1.57%
Landmark Bank CD		1.27%	07/18/18	05/18/17	2,000,000	2,000,000	2,000,000	100	2,000,000	18	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	39	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	41	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	79	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	123	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	161	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	240	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	256	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	304	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	335	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	382	1.70%
Texas Bank CD		1.10%	07/28/19	07/28/17	245,000	245,000	245,000	100	245,000	393	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	416	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	508	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	523	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	569	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	583	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	629	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	660	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	694	2.79%
					<b>\$ 47,010,864</b>	<b>\$ 47,010,864</b>	<b>\$ 47,010,864</b>		<b>\$ 47,010,864</b>	<b>272</b>	<b>1.70%</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.

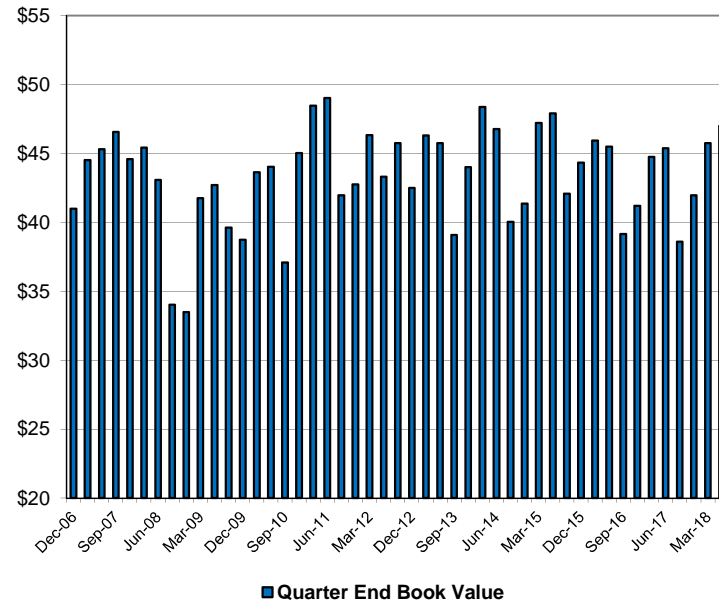
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for TexPool, TexSTAR, and Money Market investments.

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

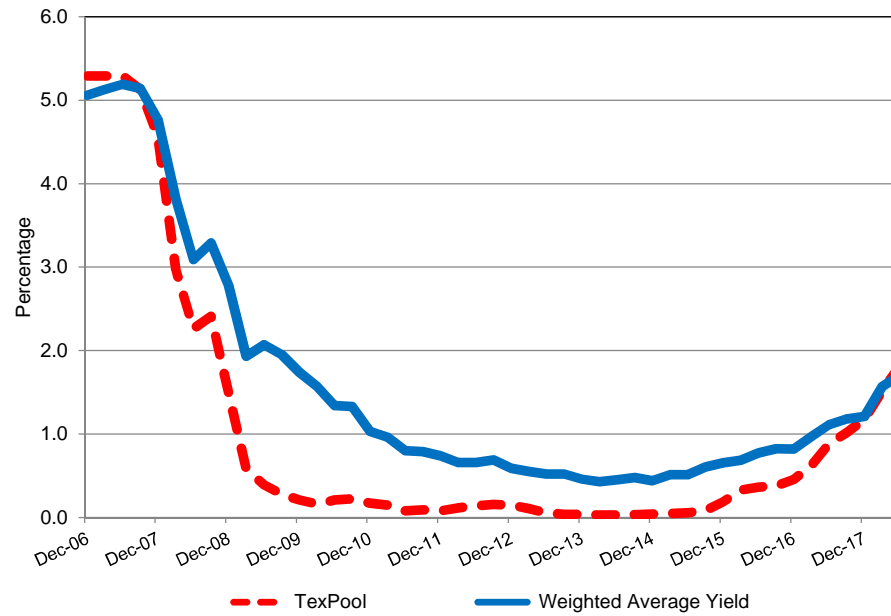
**Portfolio Composition**



**Total Portfolio (Millions)**



**Total Portfolio Performance**



## Book Value Comparison

Investment Description	Coupon/ Discount	Maturity Date	March 31, 2018		Purchases/ Adjustments	Sales/Adjust/ Maturities	June 30, 2018	
			Par Value	Book Value			Par Value	Book Value
DDA	0.32%	07/01/18	\$ 2,245,536	\$ 2,245,536	\$ 539,909	\$ -	\$ 2,785,445	\$ 2,785,445
DDA Debit Card	0.00%	07/01/18	99,262	99,262		(35)	99,226	99,226
TexPool	1.81%	07/01/18	1,549,581	1,549,581	692,272		2,241,853	2,241,853
TexSTAR	1.83%	07/01/18	149,609	149,609	646		150,254	150,254
Southside Bank MMA	1.93%	07/01/18	2,149,822	2,149,822	10,028		2,159,850	2,159,850
BTH Bank MMA	1.57%	07/01/18	2,559,707	2,559,707	9,528		2,569,235	2,569,235
BTH Bank CD	1.05%	04/21/18	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)	-	-
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	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
Landmark Bank CD	2.79%	05/24/20	-	-	2,000,000		2,000,000	2,000,000
<b>TOTAL</b>			<b>\$ 45,758,517</b>	<b>\$ 45,758,517</b>	<b>\$ 5,252,383</b>	<b>\$ (4,000,035)</b>	<b>\$ 47,010,864</b>	<b>\$ 47,010,864</b>

## Market Value Comparison

Investment Description	Coupon/Discount	Maturity Date	March 31, 2018		Qtr to Qtr Change	June 30, 2018	
			Par Value	Market Value		Par Value	Market Value
DDA	0.32%	07/01/18	\$ 2,245,536	\$ 2,245,536	\$ 539,909	\$ 2,785,445	\$ 2,785,445
DDA Debit Card	0.00%	07/01/18	99,262	99,262	(35)	99,226	99,226
TexPool	1.81%	07/01/18	1,549,581	1,549,581	692,272	2,241,853	2,241,853
TexSTAR	1.83%	07/01/18	149,609	149,609	646	150,254	150,254
Southside Bank MMA	1.93%	07/01/18	2,149,822	2,149,822	10,028	2,159,850	2,159,850
BTH Bank MMA	1.57%	07/01/18	2,559,707	2,559,707	9,528	2,569,235	2,569,235
BTH Bank CD	1.05%	04/21/18	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)	—	—
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	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
Landmark Bank CD	2.79%	05/24/20	—	—	2,000,000	2,000,000	2,000,000
<b>TOTAL</b>			<b>\$ 45,758,517</b>	<b>\$ 45,758,517</b>	<b>\$ 1,252,348</b>	<b>\$ 47,010,864</b>	<b>\$ 47,010,864</b>

**FUND EQUITY IN POOLED CASH AND INVESTMENTS**

<b>FUND NO</b>	<b>FUND NAME</b>	<b>3/31/2018</b>	<b>6/30/2018</b>
101	GENERAL FUND	\$ 13,592,681	\$ 13,525,616
206	CONVENTION CENTER -HOTEL/MOTEL TAX FUND	12,816	18,119
217	PROPERTY INSURANCE LOSS FUND	69,994	(2,219)
221	SPECIAL RECREATION FUND	130,725	133,226
225	PINES THEATER SPECIAL EVENTS FUND	(23,120)	(25,924)
226	ELLEN TROUT ZOO FUND	1,603,405	1,693,791
227	POLICE FORFEITURE FUND	270,567	285,027
228	COURT SECURITY/TECHNOLOGY FUND	20,726	27,635
230	POLICE DARE CONTRIBUTION FUND	109	109
232	DRAINAGE MITIGATION	18,759	18,812
234	COMMUNITY DEV/DWNTWN IMPROVEMENT	41,767	43,310
241	ANIMAL CONTROL - KURTH GRANT	57,534	62,727
242	ANIMAL'S ATTIC GIFT SHOP	48,770	44,559
250	POLICE GRANTS & PROPERTY	133,282	(85,124)
251	FIRE GRANTS	(846)	(1,669)
252	FEMA FUNDED GRANTS	24,595	24,653
290	ECONOMIC DEVELOPMENT	1,403,780	1,629,827
295	LCVB FUND	350,477	373,104
300	GF STREET CONSTRUCTION FUND	133,718	9,685
308	CONVENTION CENTER - EDI	94,697	94,765
313	2010 CAPITAL IMPROVEMENTS FUND	52,825	52,907
314	2012 CAPITAL IMPROVEMENTS FUND	128,364	128,727
340	TEXAS CAPITAL GRANT FUND	53	53
348	SOLID WASTE DEPRECIATION	603,463	540,616
357	2009 WATER/SEWER CO'S	261,878	262,619
358	2013 WWATER/SEWER CO'S	1,306,810	1,287,341
380	WATER & WASTEWATER DEPRECIATION	8,016,283	8,263,707
401	GENERAL OBLIGATION DEBT SERVICE	4,916,949	5,925,748
451	REVENUE BOND DEBT SERVICE	1,638	1,642
501	WATER/WASTEWATER FUND	2,589,744	2,798,772
548	SOLID WASTE DISPOSAL FUND	4,569,858	4,729,119
615	HEALTH INSURANCE - ACTIVE	3,878,792	3,752,587
616	RETIREEES HEALTH INSURANCE FUND	59,850	44,746
641	EQUIPMENT ACQ & REPLACEMENT FUND	1,389,470	1,355,509
747	MEDICAL SAVINGS FUND	(1,893)	(3,258)
	<b>TOTAL POOLED CASH &amp; INVESTMENTS</b>	<b>\$ 45,758,517</b>	<b>\$ 47,010,864</b>