



## INVESTMENT PORTFOLIO SUMMARY

For the Quarter Ended

December 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]  
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.

## Summary

### Quarter End Results by Investment Category:

Asset Type	Ave. Yield	December 31, 2017		September 30, 2017	
		Book Value	Market Value	Book Value	Market Value
DDA/MMA/Pools	0.91%	\$ 11,465,354	\$ 11,465,354	\$ 5,860,950	\$ 5,860,950
Securities/CDs	1.33%	30,505,000	30,505,000	32,748,501	32,748,501
<b>Totals</b>		<b>\$ 41,970,354</b>	<b>\$ 41,970,354</b>	<b>\$ 38,609,451</b>	<b>\$ 38,609,451</b>

#### Current Quarter Average Yield (1)

Total Portfolio	1.21%
Rolling Three Mo. Treas. Yield	1.23%
Rolling Six Mo. Treas. Yield	1.26%

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

Total Portfolio	1.21%
Rolling Three Mo. Treas. Yield	1.23%
Rolling Six Mo. Treas. Yield	1.26%
Quarterly TexPool Yield	1.18%

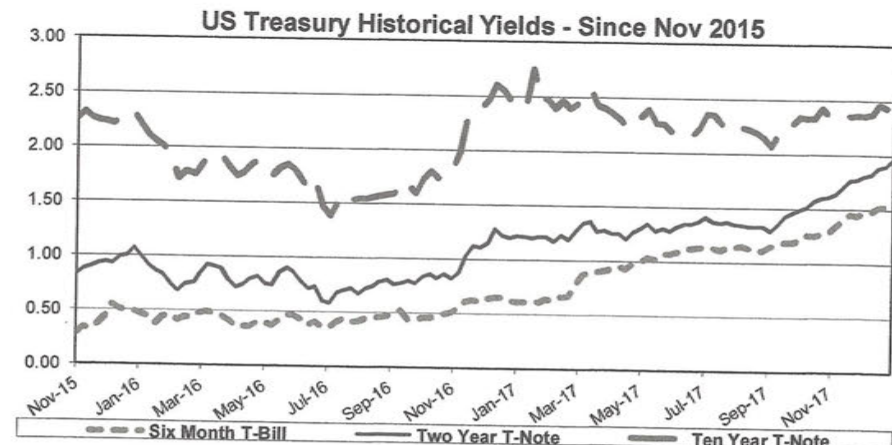
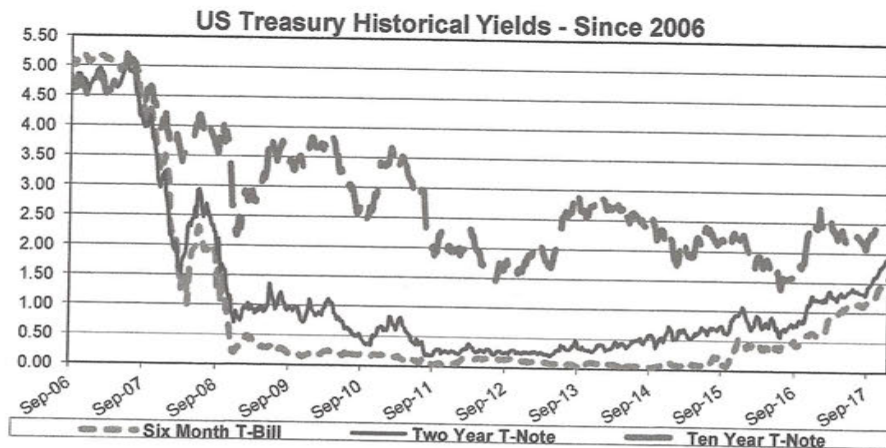
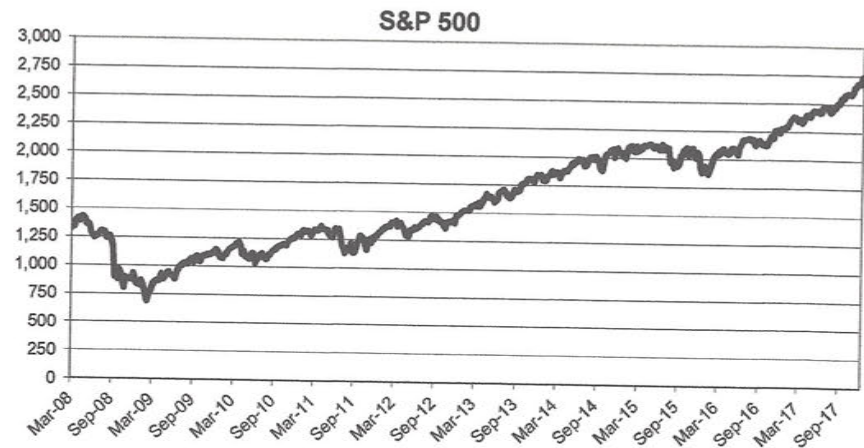
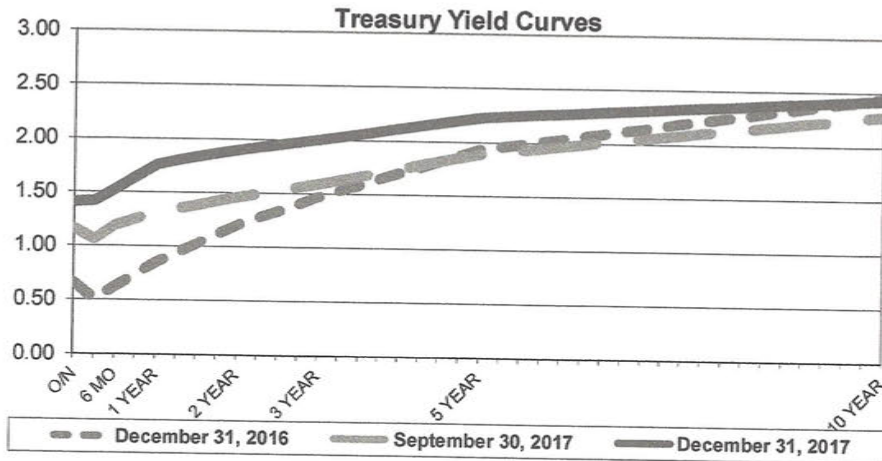
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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

12/31/2017

The Federal Open Market Committee (FOMC) increased the Fed Funds target range to 1.25% - 1.50% (Effective Fed Funds are trading +/-1.41%) at the Dec FOMC meeting. Two to three additional increases are projected for 2018 (although subject to economic activity). Gradual portfolio reduction continues by limiting reinvestment of maturing holdings. Third Quarter 2017 GDP measured 3.2%. December Non Farm Payroll data recorded a weaker than expected +148k. US economic data continues positive trend. Washington passed an extensive tax cut. Crude oil trading +/- \$60 on Middle Eastern turmoil. The Stock Markets once again achieved new highs. Jerome Powell will replace Fed Chair Janet Yellen.



# Investment Holdings

December 31, 2017

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Purchased Value	Book Value	Market Price	Market Value	Life (days)	Yield
DDA (3)		0.12%	01/01/18	12/31/17	\$ 4,845,337	\$ 4,845,337	\$ 4,845,337	1	\$ 4,845,337	1	0.12%
DDA Debit Card		0.00%	01/01/18	12/31/17	100,539	100,539	100,539	1	100,539	1	0.00%
TexPool	AAAm	1.18%	01/01/18	12/31/17	1,681,699	1,681,699	1,681,699	1	1,681,699	1	1.18%
TexSTAR	AAAm	1.18%	01/01/18	12/31/17	149,100	149,100	149,100	1	149,100	1	1.18%
Southside Bank MMA		1.36%	01/01/18	12/31/17	2,141,798	2,141,798	2,141,798	1	2,141,798	1	1.36%
BTH Bank MMA		1.87%	01/01/18	12/31/17	2,546,882	2,546,882	2,546,882	1	2,546,882	1	1.87%
BTH Bank CDARS		1.10%	01/25/18	01/25/16	1,500,000	1,500,000	1,500,000	100	1,500,000	25	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	76	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	111	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	140	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	199	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	220	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	222	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	260	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	304	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	342	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	421	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	437	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	485	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	516	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	563	1.70%
Texas Bank CD		1.10%	07/28/19	07/28/17	245,000	245,000	245,000	100	245,000	574	1.10%
Origin Bank CD		1.94%	12/05/19	12/05/17	2,000,000	2,000,000	2,000,000	100	2,000,000	704	1.94%
					<b>\$ 41,970,354</b>	<b>\$ 41,970,354</b>	<b>\$ 41,970,354</b>				
										<b>227</b>	<b>1.21%</b>
										(1)	(2)

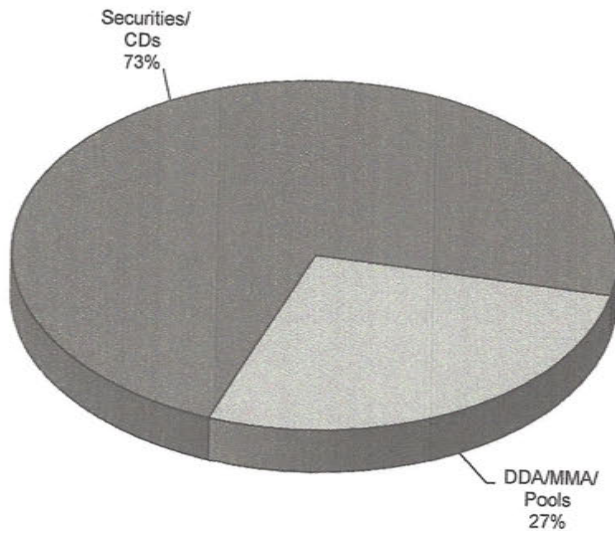
(1) **Weighted average life** - For purposes of calculating weighted average life, TexPool, TexSTAR, and Money Market investments are assumed to have a one day maturity.

(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.

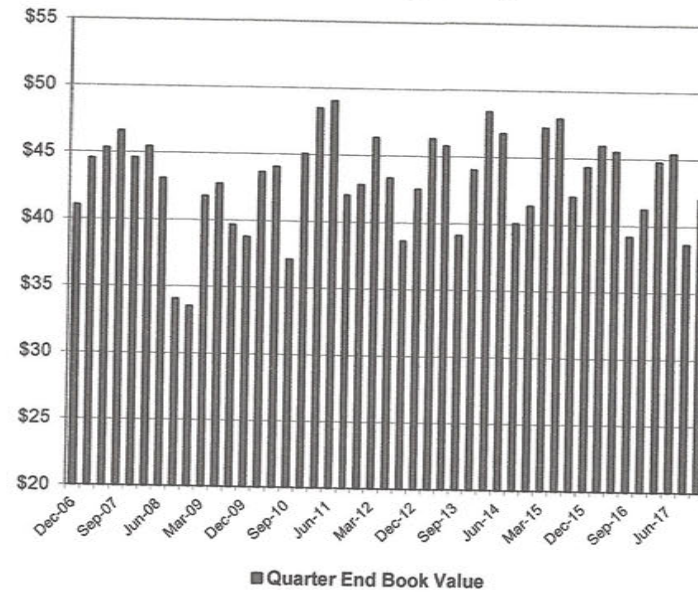
(3) **Earnings Credit Rate** - The City's DDA accrues earnings credit to offset service charges and fees. Rate estimated.



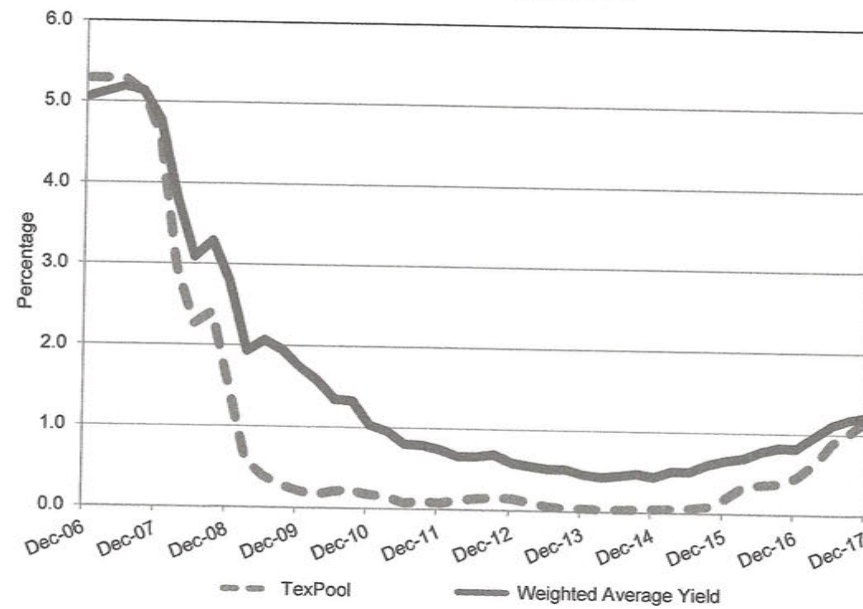
**Portfolio Composition**



**Total Portfolio (Millions)**



**Total Portfolio Performance**



# Book Value Comparison

Investment Description	Coupon/ Discount	Maturity Date	September 30, 2017		Purchases/ Adjustments	Sales/Adjust/ Maturities	December 31, 2017	
			Par Value	Book Value			Par Value	Book Value
DDA	0.12%	01/01/18	\$ 2,874,212	\$ 2,874,212	\$ 1,971,125	\$ —	\$ 4,845,337	\$ 4,845,337
DDA Debit Card	0.00%	01/01/18	100,539	100,539			100,539	100,539
TexPool	1.18%	01/01/18	105,666	105,666	1,576,032		1,681,699	1,681,699
TexSTAR	1.18%	01/01/18	148,688	148,688	412		149,100	149,100
Southside Bank MMA	1.36%	01/01/18	95,869	95,869	2,045,929		2,141,798	2,141,798
BTH Bank MMA	1.87%	01/01/18	2,535,976	2,535,976	10,906		2,546,882	2,546,882
Citizens St Bank CD	0.65%	10/21/17	243,501	243,501		(243,501)	—	—
Wallis State Bank CDARS	1.00%	11/30/17	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)	—	—
Southside Bank CD	1.10%	12/16/17	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	1,000,000
Texas Bank CD	1.10%	07/28/19	245,000	245,000			245,000	245,000
Origin Bank CD	1.94%	12/05/19	—	—	2,000,000		2,000,000	2,000,000
<b>TOTAL</b>			<b>\$ 38,609,451</b>	<b>\$ 38,609,451</b>	<b>\$ 7,604,404</b>	<b>\$ (4,243,501)</b>	<b>\$ 41,970,354</b>	<b>\$ 41,970,354</b>

### Market Value Comparison

Investment Description	Coupon/ Discount	Maturity Date	September 30, 2017	
			Par Value	Market Value
DDA	0.12%	01/01/18	\$ 2,874,212	\$ 2,874,212
DDA Debit Card	0.00%	01/01/18	100,539	100,539
TexPool	1.18%	01/01/18	105,666	105,666
TexSTAR	1.18%	01/01/18	148,688	148,688
Southside Bank MMA	1.36%	01/01/18	95,869	95,869
BTH Bank MMA	1.87%	01/01/18	2,535,976	2,535,976
Citizens St Bank CD	0.65%	10/21/17	243,501	243,501
Wallis State Bank CDARS	1.00%	11/30/17	1,000,000	1,000,000
Southside Bank CD	0.97%	11/30/17	1,000,000	1,000,000
Southside Bank CD	1.10%	12/16/17	2,000,000	2,000,000
BTH Bank CDARS	1.10%	01/25/18	1,500,000	1,500,000
BTH Bank CD	1.10%	03/17/18	2,000,000	2,000,000
BTH Bank CD	1.05%	04/21/18	2,000,000	2,000,000
LegacyTexas Bank CD	1.10%	05/20/18	2,000,000	2,000,000
Landmark Bank CD	1.27%	07/18/18	2,000,000	2,000,000
Wallis State Bank CD	1.22%	08/08/18	2,000,000	2,000,000
Wallis State Bank CD	1.26%	08/10/18	2,000,000	2,000,000
BTH Bank CD	1.11%	09/17/18	2,000,000	2,000,000
Southside Bank CD	1.32%	10/31/18	2,000,000	2,000,000
Herring Bank CDARS	1.20%	12/08/18	1,760,000	1,760,000
Wallis State Bank CD	1.40%	02/25/19	2,000,000	2,000,000
Wallis State Bank CD	1.55%	03/13/19	2,000,000	2,000,000
Southside Bank CD	1.48%	04/30/19	2,000,000	2,000,000
Texas Security Bank CD	1.55%	05/31/19	2,000,000	2,000,000
LegacyTexas Bank CD	1.70%	07/17/19	1,000,000	1,000,000
Texas Bank CD	1.10%	07/28/19	245,000	245,000
Origin Bank CD	1.94%	12/05/19	—	—
<b>TOTAL</b>			<b>\$ 38,609,451</b>	<b>\$ 38,609,451</b>

		<b>December 31, 2017</b>	
<b>Qtr to Qtr Change</b>		<b>Par Value</b>	<b>Market Value</b>
\$ 1,971,125	\$	4,845,337	\$ 4,845,337
		100,539	100,539
1,576,032		1,681,699	1,681,699
412		149,100	149,100
2,045,929		2,141,798	2,141,798
10,906		2,546,882	2,546,882
(243,501)		-	-
(1,000,000)		-	-
(1,000,000)		-	-
(2,000,000)		-	-
		1,500,000	1,500,000
		2,000,000	2,000,000
		2,000,000	2,000,000
		2,000,000	2,000,000
		2,000,000	2,000,000
		2,000,000	2,000,000
		2,000,000	2,000,000
		2,000,000	2,000,000
		2,000,000	2,000,000
		2,000,000	2,000,000
		2,000,000	2,000,000
		1,760,000	1,760,000
		2,000,000	2,000,000
		2,000,000	2,000,000
		2,000,000	2,000,000
		2,000,000	2,000,000
		2,000,000	2,000,000
		1,000,000	1,000,000
		245,000	245,000
2,000,000		2,000,000	2,000,000
<b>\$ 3,360,903</b>	<b>\$</b>	<b>41,970,354</b>	<b>\$ 41,970,354</b>



# FUND EQUITY IN POOLED CASH AND INVESTMENTS

FUND NO	FUND NAME	9/30/2017	12/31/2017
101	GENERAL FUND	\$ 10,466,583	\$ 10,422,520
206	CONVENTION CENTER -HOTEL/MOTEL TAX FUND	(39,676)	1,679
217	PROPERTY INSURANCE LOSS FUND	71,856	103,810
221	SPECIAL RECREATION FUND	110,345	100,273
225	PINES THEATER SPECIAL EVENTS FUND	(16,783)	(34,920)
226	ELLEN TROUT ZOO FUND	1,617,715	1,591,764
227	POLICE FORFEITURE FUND	326,229	235,679
228	COURT SECURITY/TECHNOLOGY FUND	20,850	13,463
230	POLICE DARE CONTRIBUTION FUND	109	109
232	DRAINAGE MITIGATION	18,656	18,685
234	COMMUNITY DEV/DWNTWN IMPROVEMENT	34,646	34,812
241	ANIMAL CONTROL - KURTH GRANT	57,911	57,726
242	ANIMAL'S ATTIC GIFT SHOP	43,479	43,505
250	POLICE GRANTS & PROPERTY	53,859	101,354
251	FIRE GRANTS	(407)	(407)
252	FEMA FUNDED GRANTS	24,483	24,512
290	ECONOMIC DEVELOPMENT	1,679,062	1,910,599
295	LCVB FUND	296,322	327,035
300	GF STREET CONSTRUCTION FUND	146,971	142,324
308	CONVENTION CENTER - EDI	94,588	94,627
313	2010 CAPITAL IMPROVEMENTS FUND	(249,819)	50,981
314	2012 CAPITAL IMPROVEMENTS FUND	127,630	127,856
340	TEXAS CAPITAL GRANT FUND	53	53
348	SOLID WASTE DEPRECIATION	632,788	603,019
357	2009 WATER/SEWER CO'S	260,396	260,841
358	2013 WWATER/SEWER CO'S	1,371,679	1,354,168
380	WATER & WASTEWATER DEPRECIATION	7,232,267	7,708,575
401	GENERAL OBLIGATION DEBT SERVICE	1,822,809	3,659,132
451	REVENUE BOND DEBT SERVICE	1,512	1,632
501	WATER/WASTEWATER FUND	2,385,768	2,504,313
548	SOLID WASTE DISPOSAL FUND	4,526,131	4,568,941
615	HEALTH INSURANCE - ACTIVE	3,857,958	3,897,308
616	RETIREEES HEALTH INSURANCE FUND	78,929	90,676
641	EQUIPMENT ACQ & REPLACEMENT FUND	1,558,039	1,957,241
747	MEDICAL SAVINGS FUND	(3,488)	(3,529)
TOTAL POOLED CASH & INVESTMENTS		\$ 38,609,451	\$ 41,970,354