



## INVESTMENT PORTFOLIO SUMMARY

For the Quarter Ended

September 30, 2019

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 signature]

City Manager

[Redacted signature]

Director of Finance

[Redacted signature]

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, 2018			September 30, 2019		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
DDA/MMA/Pools	1.66%	\$ 6,499,569	\$ 6,499,569	1.34%	\$ 2,927,048	\$ 2,927,048
Securities/CDs	2.09%	33,005,000	33,005,000	2.55%	34,245,000	34,245,000
<b>Totals</b>		<b>\$ 39,504,569</b>	<b>\$ 39,504,569</b>		<b>\$ 37,172,048</b>	<b>\$ 37,172,048</b>
Fourth Quarter-End Yield	<b>2.02%</b>			<b>2.46%</b>		

### Average Quarter-End Yields (1):

	2018 Fiscal Year	2019 Fiscal Year
Lufkin	1.63%	2.29%
Rolling Three Month Treasury	1.69%	2.30%
Rolling Six Month Treasury	1.73%	2.37%
TexPool	1.62%	2.31%

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

## Summary

### Quarter End Results by Investment Category:

Asset Type	June 30, 2019		September 30, 2019		
	Book Value	Market Value	Book Value	Market Value	Ave. Yield
DDA/MMA/Pools	\$ 10,230,180	\$ 10,230,180	\$ 2,927,048	\$ 2,927,048	1.34%
Securities/CDs	35,245,000	35,245,000	34,245,000	34,245,000	2.55%
<b>Totals</b>	<b>\$ 45,475,180</b>	<b>\$ 45,475,180</b>	<b>\$ 37,172,048</b>	<b>\$ 37,172,048</b>	

#### Current Quarter Average Yield (1)

Total Portfolio	2.46%
Rolling Three Month Treasury	2.02%
Rolling Six Month Treasury	2.17%
TexPool	2.16%

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

Total Portfolio	2.29%
Rolling Three Month Treasury	2.30%
Rolling Six Month Treasury	2.37%
TexPool	2.31%

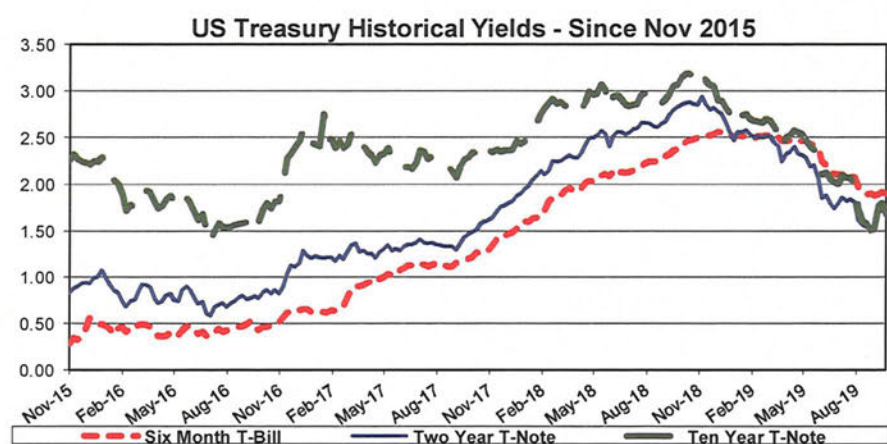
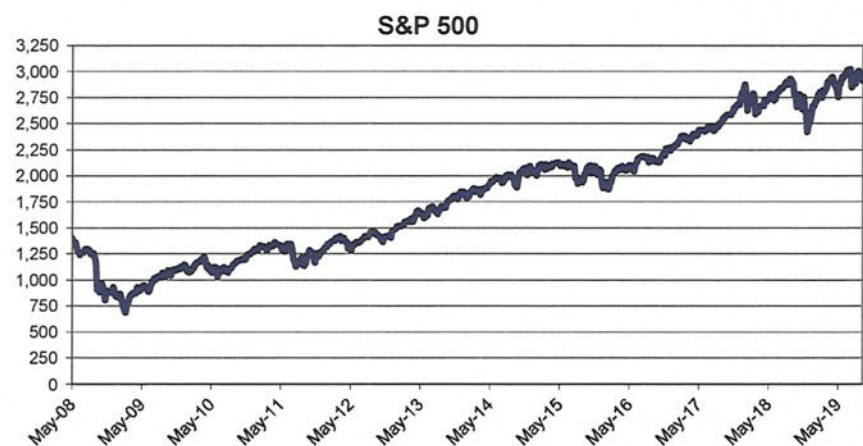
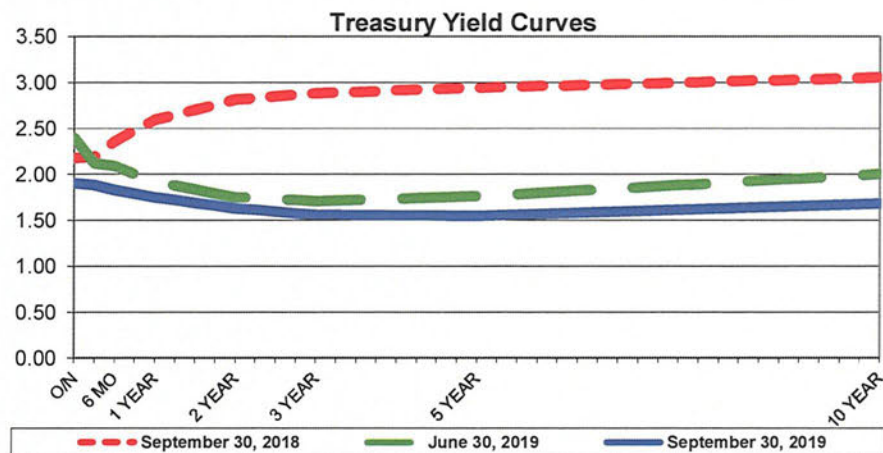
(1) **Current Quarter Average Yield** - based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank, pool, and money market balances.

(2) Fiscal Year-to-Date Average Yields calculated using quarter end report yields.

## Economic Overview

9/30/2019

The Federal Open Market Committee (FOMC) reduced the Fed Funds target range to 1.75% - 2.00% (Effective Fed Funds are trading +/-1.83%). The Futures Market continues to project additional decreases. Gradual Federal Reserve Bank portfolio reduction ended. August Non Farm Payroll added 136,000 new jobs, with the rolling three month averaging 157,000. Crude oil settled back and trades +/- \$55. The Stock Markets waffled near the recent highs. Consumer spending continues albeit less robustly. Overall economic activity remains mostly positive with 2nd Quarter GDP recorded at 2.0%. Brexit, Chinese trade concerns, growth outlook, and other factors may weigh on US growth. The inverted Yield Curve persists with yields declining.



**Investment Holdings**  
**September 30, 2019**

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
DDA (3)		0.31%	10/01/19	09/30/19	\$ 1,284,017	\$ 1,284,017	1	\$ 1,284,017	1	0.31%
DDA Debit Card		0.00%	10/01/19	09/30/19	100,064	100,064	1	100,064	1	0.00%
TexPool	AAAm	2.16%	10/01/19	09/30/19	51,497	51,497	1	51,497	1	2.16%
TexSTAR	AAAm	2.11%	10/01/19	09/30/19	154,514	154,514	1	154,514	1	2.11%
Southside Bank MMA		2.31%	10/01/19	09/30/19	231,713	231,713	1	231,713	1	2.31%
BTH Bank MMA / ICS		2.30%	10/01/19	09/30/19	1,105,243	1,105,243	1	1,105,243	1	2.30%
East West Bank CD		2.39%	11/20/19	03/20/18	2,000,000	2,000,000	100	2,000,000	51	2.39%
Origin Bank CD		1.94%	12/05/19	12/05/17	2,000,000	2,000,000	100	2,000,000	66	1.94%
LegacyTexas Bank CD		2.33%	01/20/20	01/31/18	2,000,000	2,000,000	100	2,000,000	112	2.33%
LegacyTexas Bank CD		2.33%	02/03/20	02/02/18	2,000,000	2,000,000	100	2,000,000	126	2.33%
East West Bank CD		2.45%	03/20/20	03/30/18	2,000,000	2,000,000	100	2,000,000	172	2.45%
Southside Bank CD		2.61%	04/01/20	04/01/19	2,000,000	2,000,000	100	2,000,000	184	2.63%
Veritex Comm. Bank CD		2.62%	04/20/20	04/24/18	2,000,000	2,000,000	100	2,000,000	203	2.62%
Landmark Bank CD		2.79%	05/24/20	05/24/18	2,000,000	2,000,000	100	2,000,000	237	2.79%
Texas Bank Financial CDARS		3.03%	07/23/20	07/26/18	2,000,000	2,000,000	100	2,000,000	297	3.07%
Texas Bank CD		1.70%	07/28/20	07/28/17	245,000	245,000	100	245,000	302	1.70%
Texas Bank Financial CDARS		2.98%	08/06/20	08/09/18	2,000,000	2,000,000	100	2,000,000	311	3.02%
BankOZK CDARS		2.07%	09/05/20	09/05/19	2,000,000	2,000,000	100	2,000,000	341	2.09%
BTH Bank, NA CD		2.72%	11/18/20	03/05/19	2,000,000	2,000,000	100	2,000,000	415	2.75%
Southside Bank CD		2.84%	12/20/20	12/10/18	2,000,000	2,000,000	100	2,000,000	447	2.86%
BTH Bank, NA CD		2.78%	03/05/21	03/05/19	2,000,000	2,000,000	100	2,000,000	522	2.82%
CapTex Bank CD		2.50%	05/09/21	05/09/19	2,000,000	2,000,000	100	2,000,000	587	2.53%
BankOZK CDARS		2.45%	05/09/21	05/09/19	2,000,000	2,000,000	100	2,000,000	587	2.45%
LegacyTexas Bank CD		2.38%	06/07/21	06/07/19	2,000,000	2,000,000	100	2,000,000	616	2.41%
					<b>\$ 37,172,048</b>	<b>\$ 37,172,048</b>		<b>\$ 37,172,048</b>	<b>286</b>	<b>2.46%</b>
									(1)	(2)

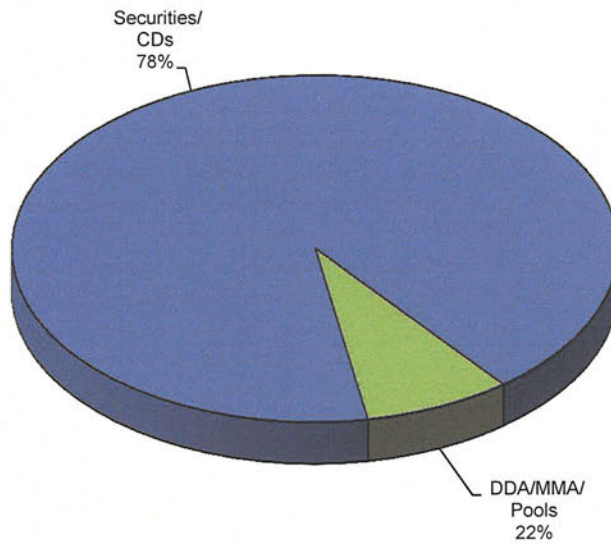
(1) **Weighted average life** - For purposes of calculating weighted average life, TexPool, TexSTAR, and Money Market investments are assumed to have a one day maturity.

(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.

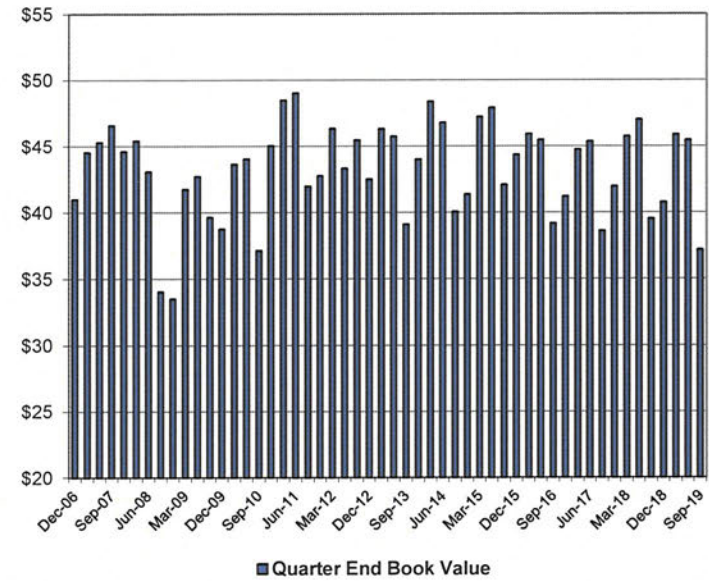
(3) **Earnings Credit Rate** - The City's DDA accrues earnings credit to offset service charges and fees. Rate estimated.



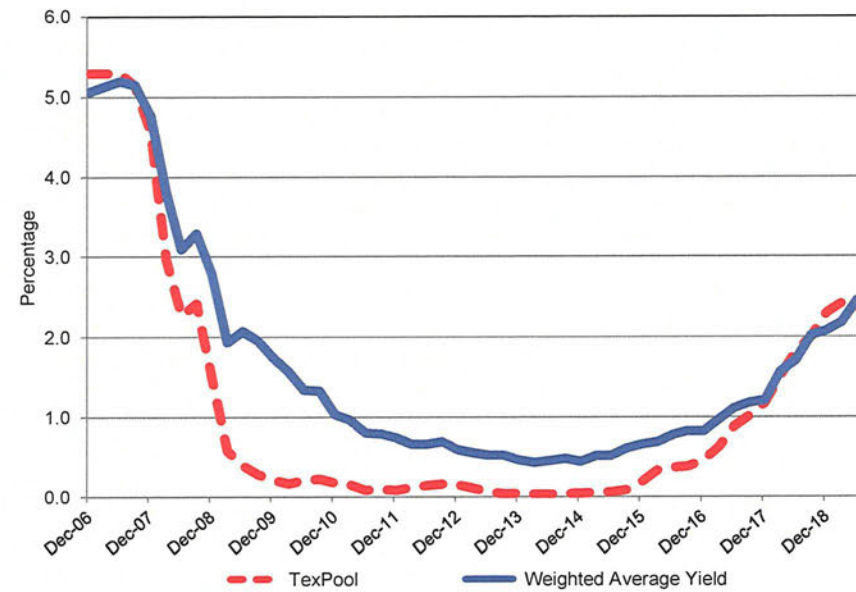
Portfolio Composition



Total Portfolio (Millions)



Total Portfolio Performance



## Book Value Comparison

Investment Description	Coupon/ Discount	Maturity Date	June 30, 2019		Purchases/ Adjustments	Sales/Adjust/ Maturities	September 30, 2019	
			Par Value	Book Value			Par Value	Book Value
DDA	0.31%	10/01/19	\$ 1,461,571	\$ 1,461,571	\$ —	\$ (177,554)	\$ 1,284,017	\$ 1,284,017
DDA Debit Card	0.00%	10/01/19	99,892	99,892	171		100,064	100,064
TexPool	2.16%	10/01/19	4,695,863	4,695,863		(4,644,366)	51,497	51,497
TexSTAR	2.11%	10/01/19	153,657	153,657	857		154,514	154,514
Southside Bank MMA	2.31%	10/01/19	2,720,707	2,720,707		(2,488,994)	231,713	231,713
BTH Bank MMA / ICS	2.30%	10/01/19	1,098,490	1,098,490	6,753		1,105,243	1,105,243
LegacyTexas Bank CD	1.70%	07/17/19	1,000,000	1,000,000		(1,000,000)	—	—
East West Bank CD	2.28%	08/20/19	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
Southside Bank CD	2.61%	04/01/20	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	2,000,000
Texas Bank CD	1.70%	07/28/20	245,000	245,000			245,000	245,000
Texas Bank Financial CDARS	2.98%	08/06/20	2,000,000	2,000,000			2,000,000	2,000,000
BankOZK CDARS	2.07%	09/05/20	—	—	2,000,000		2,000,000	2,000,000
BTH Bank, NA CD	2.72%	11/18/20	2,000,000	2,000,000			2,000,000	2,000,000
Southside Bank CD	2.84%	12/20/20	2,000,000	2,000,000			2,000,000	2,000,000
BTH Bank, NA CD	2.78%	03/05/21	2,000,000	2,000,000			2,000,000	2,000,000
CapTex Bank CD	2.50%	05/09/21	2,000,000	2,000,000			2,000,000	2,000,000
BankOZK CDARS	2.45%	05/09/21	2,000,000	2,000,000			2,000,000	2,000,000
LegacyTexas Bank CD	2.38%	06/07/21	2,000,000	2,000,000			2,000,000	2,000,000
<b>TOTAL</b>			<b>\$ 45,475,180</b>	<b>\$ 45,475,180</b>	<b>\$ 2,007,782</b>	<b>\$ (10,310,913)</b>	<b>\$ 37,172,048</b>	<b>\$ 37,172,048</b>

## Market Value Comparison

Investment Description	Coupon/ Discount	Maturity Date	June 30, 2019		Qtr to Qtr Change	September 30, 2019	
			Par Value	Market Value		Par Value	Market Value
DDA	0.31%	10/01/19	\$ 1,461,571	\$ 1,461,571	\$ (177,554)	\$ 1,284,017	\$ 1,284,017
DDA Debit Card	0.00%	10/01/19	99,892	99,892	171	100,064	100,064
TexPool	2.16%	10/01/19	4,695,863	4,695,863	(4,644,366)	51,497	51,497
TexSTAR	2.11%	10/01/19	153,657	153,657	857	154,514	154,514
Southside Bank MMA	2.31%	10/01/19	2,720,707	2,720,707	(2,488,994)	231,713	231,713
BTH Bank MMA / ICS	2.30%	10/01/19	1,098,490	1,098,490	6,753	1,105,243	1,105,243
LegacyTexas Bank CD	1.70%	07/17/19	1,000,000	1,000,000	(1,000,000)	—	—
East West Bank CD	2.28%	08/20/19	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
Southside Bank CD	2.61%	04/01/20	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	2,000,000
Texas Bank CD	1.70%	07/28/20	245,000	245,000		245,000	245,000
Texas Bank Financial CDARS	2.98%	08/06/20	2,000,000	2,000,000		2,000,000	2,000,000
BankOZK CDARS	2.07%	09/05/20	—	—	2,000,000	2,000,000	2,000,000
BTH Bank, NA CD	2.72%	11/18/20	2,000,000	2,000,000		2,000,000	2,000,000
Southside Bank CD	2.84%	12/20/20	2,000,000	2,000,000		2,000,000	2,000,000
BTH Bank, NA CD	2.78%	03/05/21	2,000,000	2,000,000		2,000,000	2,000,000
CapTex Bank CD	2.50%	05/09/21	2,000,000	2,000,000		2,000,000	2,000,000
BankOZK CDARS	2.45%	05/09/21	2,000,000	2,000,000		2,000,000	2,000,000
LegacyTexas Bank CD	2.38%	06/07/21	2,000,000	2,000,000		2,000,000	2,000,000
<b>TOTAL</b>			<b>\$ 45,475,180</b>	<b>\$ 45,475,180</b>	<b>\$ (8,303,132)</b>	<b>\$ 37,172,048</b>	<b>\$ 37,172,048</b>



### FUND EQUITY IN POOLED CASH AND INVESTMENTS

FUND NO	FUND NAME	6/30/2019	9/30/2019
101	GENERAL FUND	\$ 13,991,195	\$ 10,875,424
206	CONVENTION CENTER-HOTEL/MOTEL TAX FUND	98,118	107,796
217	PROPERTY INSURANCE LOSS FUND	(45,757)	(60,332)
221	SPECIAL RECREATION FUND	121,396	115,941
225	PINES THEATER SPECIAL EVENTS FUND	(76,109)	(74,109)
226	ELLEN TROUT ZOO FUND	1,782,174	1,846,173
227	POLICE FORFEITURE FUND	172,576	173,214
228	COURT SECURITY/TECHNOLOGY FUND	54,685	60,277
230	POLICE DARE CONTRIBUTION FUND	109	109
232	DRAINAGE MITIGATION	19,137	19,199
234	COMMUNITY DEV/DWNTWN IMPROVEMENT	53,365	39,251
241	ANIMAL CONTROL - KURTH GRANT	19,550	40,526
242	ANIMAL'S ATTIC GIFT SHOP	29,794	31,872
250	POLICE GRANTS & PROPERTY	22,974	6,804
251	FIRE GRANTS	123,020	123,020
252	FEMA FUNDED GRANTS	25,019	25,088
290	ECONOMIC DEVELOPMENT	(47,817)	4,820
295	LCVB FUND	599,942	652,910
300	GF STREET CONSTRUCTION FUND	(168,123)	(124,870)
308	CONVENTION CENTER - EDI	29,684	29,710
313	2010 CAPITAL IMPROVEMENTS FUND	53,750	53,925
314	2012 CAPITAL IMPROVEMENTS FUND	130,970	131,395
315	2020 CAPITAL IMPROVEMENTS FUND	-	(49,441)
340	TEXAS CAPITAL GRANT FUND	53	53
341	ECONOMIC DEVELOPMENT PROJECTS/GRANTS	(311,226)	(898,888)
348	SOLID WASTE DEPRECIATION	667,464	653,612
357	2009 WATER/SEWER CO'S	267,196	268,063
358	2013 WWATER/SEWER CO'S	1,110,119	1,005,495
380	WATER & WASTEWATER DEPRECIATION	8,922,444	7,427,530
401	GENERAL OBLIGATION DEBT SERVICE	6,163,361	2,162,151
451	REVENUE BOND DEBT SERVICE	1,670	1,674
501	WATER/WASTEWATER FUND	3,546,843	3,810,715
548	SOLID WASTE DISPOSAL FUND	4,482,110	4,408,151
615	HEALTH INSURANCE - ACTIVE	2,556,718	2,626,886
616	RETIREEES HEALTH INSURANCE FUND	(249,560)	(339,922)
641	EQUIPMENT ACQ & REPLACEMENT FUND	1,338,732	2,028,512
747	MEDICAL SAVINGS FUND	(10,393)	(10,686)
<b>TOTAL POOLED CASH &amp; INVESTMENTS</b>		<b>\$ 45,475,180</b>	<b>\$ 37,172,048</b>

**Investment Holdings - EDC**  
**September 30, 2019**

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
TexPool - EDC	AAAm	2.16%	10/01/19	09/30/19	\$ 2,197,393	\$ 2,197,393	1.00	\$ 2,197,393	1	2.16%
					<u>\$ 2,197,393</u>	<u>\$ 2,197,393</u>		<u>\$ 2,197,393</u>	<u>1</u>	<u>2.16%</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.