



INVESTMENT PORTFOLIO SUMMARY

For the Quarter Ended

December 31, 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.

City Manager

Director of Finance

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	September 30, 2018		December 31, 2018		
	Book Value	Market Value	Book Value	Market Value	Ave. Yield
DDA/MMA/Pools	\$ 6,499,569	\$ 6,499,569	\$ 9,514,310	\$ 9,514,310	1.51%
Securities/CDs	33,005,000	33,005,000	31,245,000	31,245,000	2.24%
Totals	\$ 39,504,569	\$ 39,504,569	\$ 40,759,310	\$ 40,759,310	

Current Quarter Average Yield (1)

Total Portfolio	2.07%
Rolling Three Month Treasury	2.37%
Rolling Six Month Treasury	2.39%

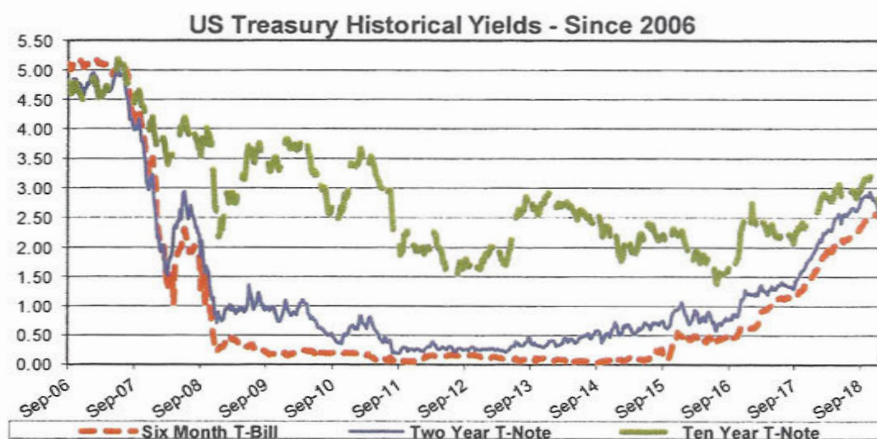
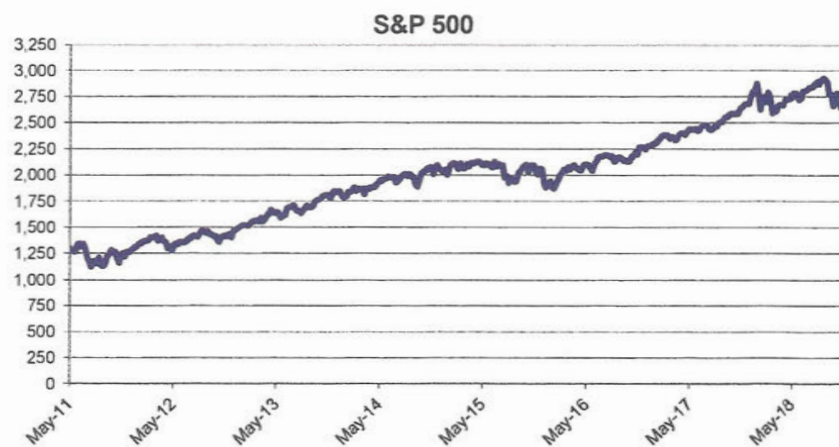
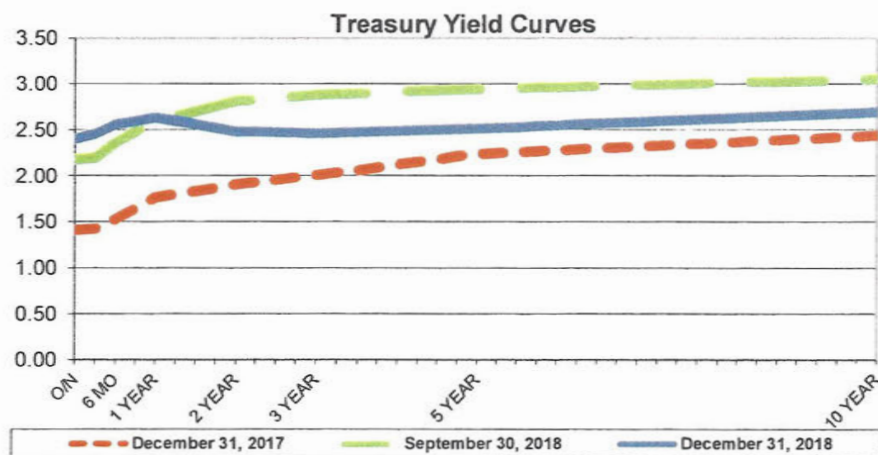
Fiscal Year-to-Date Average Yield (2)

Total Portfolio	2.07%
Rolling Three Month Treasury	2.37%
Rolling Six Month Treasury	2.39%
TexPool	2.29%

(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 2.25% - 2.50% (Effective Fed Funds are trading +/-2.40%). The official outlook calls for two additional increases during 2019. However, the market is currently projecting zero 2019 increases. Gradual FRB portfolio reduction continues by limiting reinvestment of maturing holdings. Third Quarter GDP grew 3.4% (final). Employment/ Unemployment remain solid with December adding 312k new jobs and a 254k three month average. Crude oil decreased below +/- \$50. The Stock Markets drifted slightly higher than recent lows. Housing continues to weaken. The mid-maturity yield curve flattened.



Investment Holdings

December 31, 2018

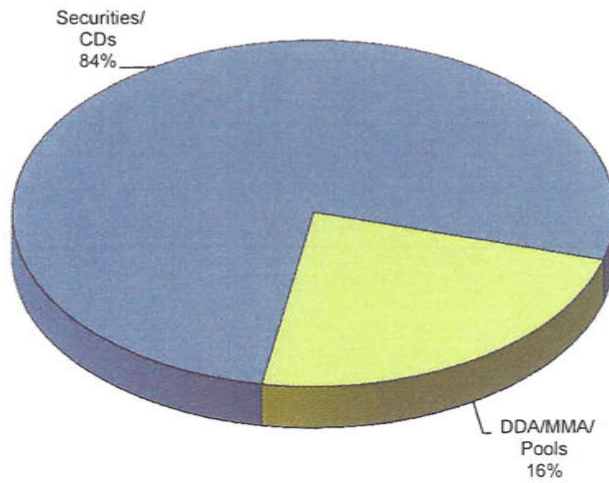
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
DDA (3)		0.41%	01/01/19	12/31/18	\$ 4,055,599	\$ 4,055,599	1	\$ 4,055,599	1	0.41%
DDA Debit Card		0.00%	01/01/19	12/31/18	99,529	99,529	1	99,529	1	0.00%
TexPool	AAAm	2.29%	01/01/19	12/31/18	1,938,924	1,938,924	1	1,938,924	1	2.29%
TexSTAR	AAAm	2.31%	01/01/19	12/31/18	151,840	151,840	1	151,840	1	2.31%
Southside Bank MMA		2.44%	01/01/19	12/31/18	2,184,032	2,184,032	1	2,184,032	1	2.44%
BTH Bank MMA / ICS		2.37%	01/01/19	12/31/18	1,084,387	1,084,387	1	1,084,387	1	2.37%
Wallis State Bank CD		1.40%	02/25/19	02/23/17	2,000,000	2,000,000	100	2,000,000	56	1.41%
Wallis State Bank CD		1.55%	03/13/19	03/13/17	2,000,000	2,000,000	100	2,000,000	72	1.55%
Southside Bank CD		1.48%	04/30/19	04/28/17	2,000,000	2,000,000	100	2,000,000	120	1.48%
Texas Security Bank CD		1.55%	05/31/19	05/31/17	2,000,000	2,000,000	100	2,000,000	151	1.55%
LegacyTexas Bank CD		1.70%	07/17/19	07/17/17	1,000,000	1,000,000	100	1,000,000	198	1.70%
Texas Bank CD		1.10%	07/28/19	07/28/17	245,000	245,000	100	245,000	209	1.10%
East West Bank CD		2.28%	08/20/19	03/20/18	2,000,000	2,000,000	100	2,000,000	232	2.28%
East West Bank CD		2.39%	11/20/19	03/20/18	2,000,000	2,000,000	100	2,000,000	324	2.39%
Origin Bank CD		1.94%	12/05/19	12/05/17	2,000,000	2,000,000	100	2,000,000	339	1.94%
LegacyTexas Bank CD		2.33%	01/20/20	01/31/18	2,000,000	2,000,000	100	2,000,000	385	2.33%
LegacyTexas Bank CD		2.33%	02/03/20	02/02/18	2,000,000	2,000,000	100	2,000,000	399	2.33%
East West Bank CD		2.45%	03/20/20	03/30/18	2,000,000	2,000,000	100	2,000,000	445	2.45%
Veritex Comm. Bank CD		2.62%	04/20/20	04/24/18	2,000,000	2,000,000	100	2,000,000	476	2.62%
Landmark Bank CD		2.76%	05/24/20	05/24/18	2,000,000	2,000,000	100	2,000,000	510	2.79%
Texas Bank Financial CDARS		3.03%	07/23/20	07/16/18	2,000,000	2,000,000	100	2,000,000	570	3.07%
Texas Bank Financial CDARS		2.98%	08/06/20	08/09/18	2,000,000	2,000,000	100	2,000,000	584	3.02%
Southside Bank CD		2.84%	12/20/20	12/10/18	2,000,000	2,000,000	100	2,000,000	720	2.86%
					<u>\$ 40,759,310</u>	<u>\$ 40,759,310</u>		<u>\$ 40,759,310</u>	<u>270</u>	<u>2.07%</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.

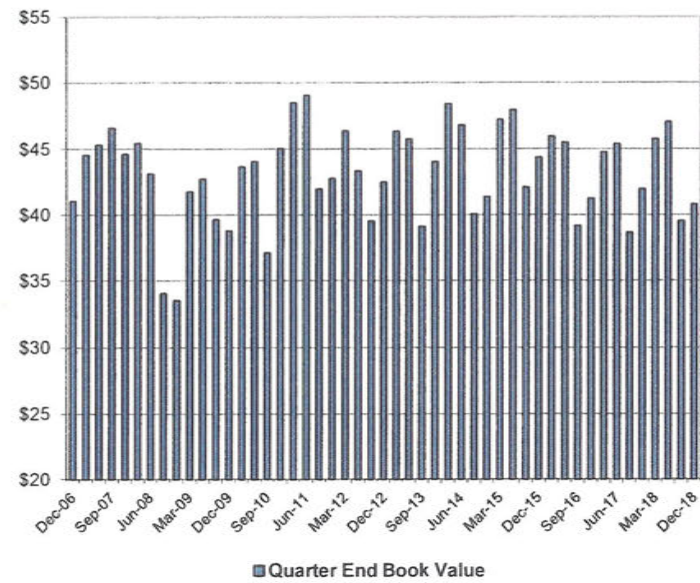
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for TexPool, TexSTAR, and Money Market investments.

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

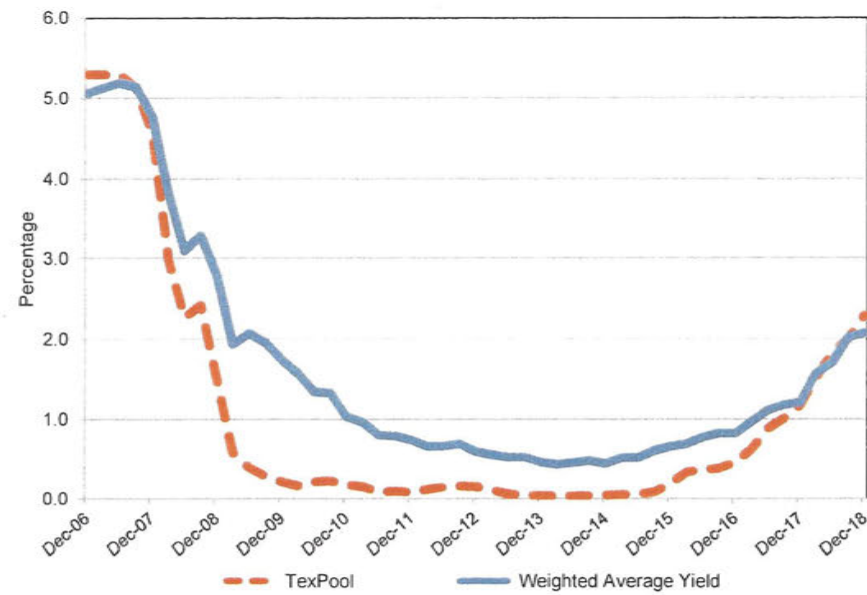
Portfolio Composition



Total Portfolio (Millions)



Total Portfolio Performance



Book Value Comparison

Investment Description	Coupon/ Discount	Maturity Date	September 30, 2018		Purchases/ Adjustments	Sales/Adjust/ Maturities	December 31, 2018	
			Par Value	Book Value			Par Value	Book Value
DDA	0.41%	01/01/19	\$ 1,520,845	\$ 1,520,845	\$ 2,534,755	\$ —	\$ 4,055,599	\$ 4,055,599
DDA Debit Card	0.00%	01/01/19	99,376	99,376	153		99,529	99,529
TexPool	2.29%	01/01/19	1,479,025	1,479,025	459,899		1,938,924	1,938,924
TexSTAR	2.31%	01/01/19	150,990	150,990	850		151,840	151,840
Southside Bank MMA	2.44%	01/01/19	2,171,158	2,171,158	12,874		2,184,032	2,184,032
BTH Bank MMA / ICS	2.37%	01/01/19	1,078,176	1,078,176	6,211		1,084,387	1,084,387
Southside Bank CD	1.32%	10/31/18	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)	—	—
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	2.76%	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 Financial CDARS	2.98%	08/06/20	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
TOTAL			\$ 39,504,569	\$ 39,504,569	\$ 5,014,740	\$ (3,760,000)	\$ 40,759,310	\$ 40,759,310

Market Value Comparison

Investment Description	Coupon/ Discount	Maturity Date	September 30, 2018		Qtr to Qtr Change	December 31, 2018	
			Par Value	Market Value		Par Value	Market Value
DDA	0.41%	01/01/19	\$ 1,520,845	\$ 1,520,845	\$ 2,534,755	\$ 4,055,599	\$ 4,055,599
DDA Debit Card	0.00%	01/01/19	99,376	99,376	153	99,529	99,529
TexPool	2.29%	01/01/19	1,479,025	1,479,025	459,899	1,938,924	1,938,924
TexSTAR	2.31%	01/01/19	150,990	150,990	850	151,840	151,840
Southside Bank MMA	2.44%	01/01/19	2,171,158	2,171,158	12,874	2,184,032	2,184,032
BTH Bank MMA / ICS	2.37%	01/01/19	1,078,176	1,078,176	6,211	1,084,387	1,084,387
Southside Bank CD	1.32%	10/31/18	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)	—	—
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	2.76%	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 Financial CDARS	2.98%	08/06/20	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
TOTAL			\$ 39,504,569	\$ 39,504,569	\$ 1,254,740	\$ 40,759,310	\$ 40,759,310

FUND EQUITY IN POOLED CASH AND INVESTMENTS

FUND NO	FUND NAME	9/30/2018	12/31/2018
101	GENERAL FUND	\$ 10,401,229	\$ 10,196,010
206	CONVENTION CENTER -HOTEL/MOTEL TAX FUND	153,647	214,551
217	PROPERTY INSURANCE LOSS FUND	(94,339)	(68,949)
221	SPECIAL RECREATION FUND	104,885	84,383
225	PINES THEATER SPECIAL EVENTS FUND	(26,005)	(81,001)
226	ELLEN TROUT ZOO FUND	1,708,372	1,712,564
227	POLICE FORFEITURE FUND	242,300	244,192
228	COURT SECURITY/TECHNOLOGY FUND	35,329	40,809
230	POLICE DARE CONTRIBUTION FUND	109	109
232	DRAINAGE MITIGATION	18,893	18,951
234	COMMUNITY DEV/DWNTWN IMPROVEMENT	43,290	43,107
241	ANIMAL CONTROL - KURTH GRANT	60,454	38,131
242	ANIMAL'S ATTIC GIFT SHOP	35,569	32,675
250	POLICE GRANTS & PROPERTY	(109,003)	(105,558)
251	FIRE GRANTS	102,395	102,308
252	FEMA FUNDED GRANTS	24,750	24,815
290	ECONOMIC DEVELOPMENT	1,096,578	(689)
295	LCVB FUND	292,681	370,145
300	GF STREET CONSTRUCTION FUND	(148,285)	(123,374)
308	CONVENTION CENTER - EDI	94,840	94,930
313	2010 CAPITAL IMPROVEMENTS FUND	53,059	53,225
314	2012 CAPITAL IMPROVEMENTS FUND	129,285	129,691
340	TEXAS CAPITAL GRANT FUND	53	53
348	SOLID WASTE DEPRECIATION	656,531	657,160
357	2009 WATER/SEWER CO'S	263,757	264,585
358	2013 WWATER/SEWER CO'S	1,145,169	1,117,928
380	WATER & WASTEWATER DEPRECIATION	8,506,603	8,760,067
401	GENERAL OBLIGATION DEBT SERVICE	1,830,590	3,517,657
451	REVENUE BOND DEBT SERVICE	1,649	1,655
501	WATER/WASTEWATER FUND	3,039,620	3,551,565
548	SOLID WASTE DISPOSAL FUND	4,458,199	4,477,863
615	HEALTH INSURANCE - ACTIVE	3,757,142	3,347,453
616	RETIREEES HEALTH INSURANCE FUND	(3,529)	(57,345)
641	EQUIPMENT ACQ & REPLACEMENT FUND	1,624,146	2,105,005
747	MEDICAL SAVINGS FUND	4,606	(5,361)
TOTAL POOLED CASH & INVESTMENTS		\$ 39,504,569	\$ 40,759,310