



INVESTMENT PORTFOLIO SUMMARY

For the Quarter Ended

June 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.

Summary

Quarter End Results by Investment Category:

Asset Type	March 31, 2019		June 30, 2019		
	Book Value	Market Value	Book Value	Market Value	Ave. Yield
DDA/MMA/Pools	\$ 14,646,827	\$ 14,646,827	\$ 10,230,180	\$ 10,230,180	2.14%
Securities/CDs	31,245,000	31,245,000	35,245,000	35,245,000	2.54%
Totals	\$ 45,891,827	\$ 45,891,827	\$ 45,475,180	\$ 45,475,180	

Current Quarter Average Yield (1)

Total Portfolio	2.45%
Rolling Three Month Treasury	2.36%
Rolling Six Month Treasury	2.43%

Fiscal Year-to-Date Average Yield (2)

Total Portfolio	2.23%
Rolling Three Month Treasury	2.39%
Rolling Six Month Treasury	2.44%
TexPool	2.36%

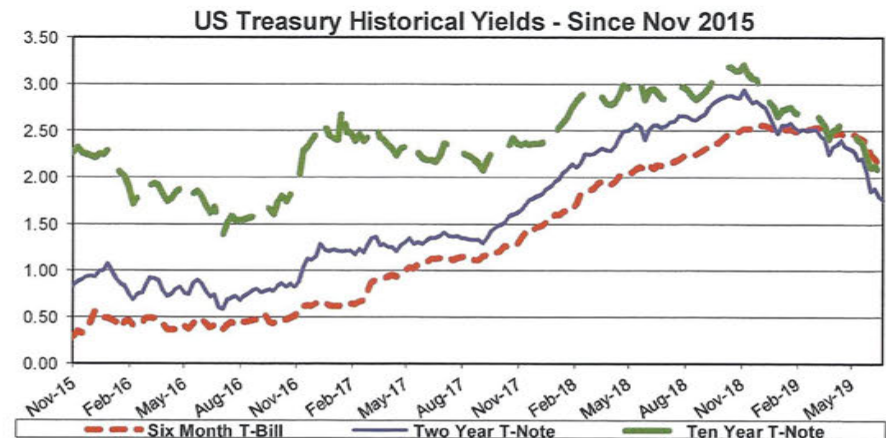
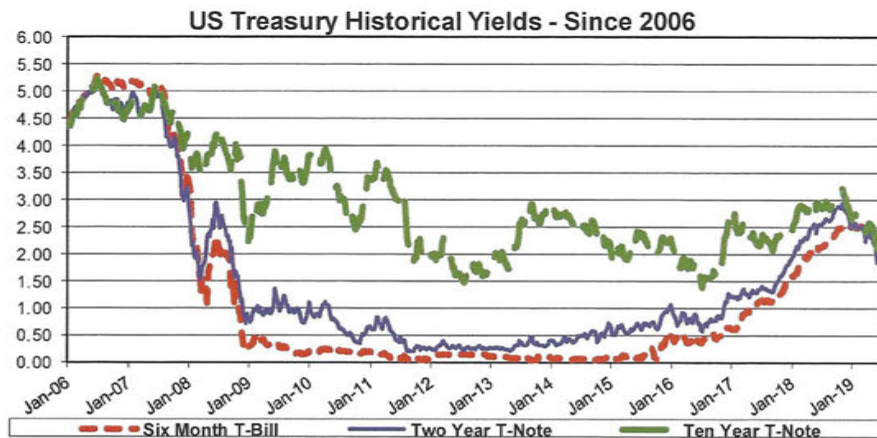
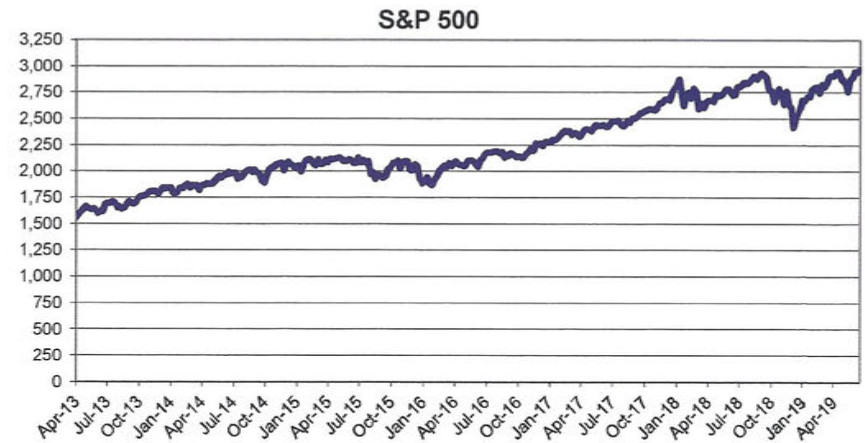
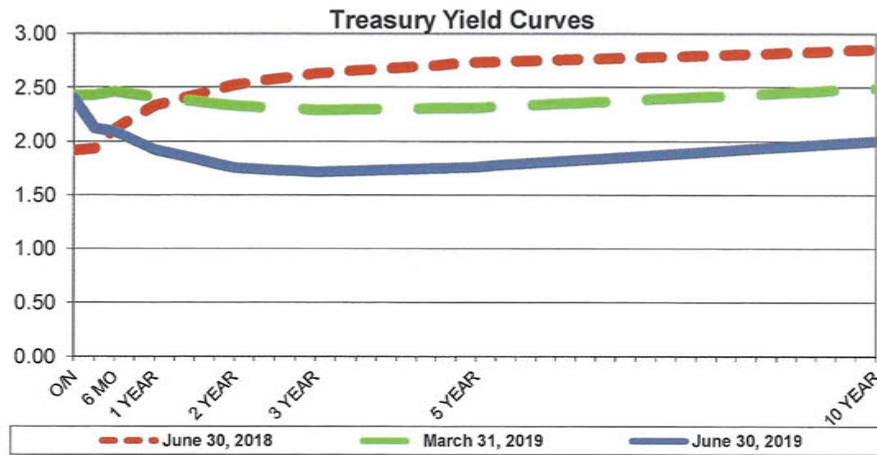
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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

6/30/2019

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range 2.25% - 2.50% (Effective Fed Funds are trading +/-2.40%). The Futures Market projects multiple decreases beginning later this summer. Gradual FRB portfolio reduction continues by limiting reinvestment of maturing holdings, but that strategy will end this summer. May Non Farm Payroll only generated 75,000 new jobs, lowering the three month rolling average to 151k. Crude oil bounced up and down this spring around +/- \$60. The Stock Markets reached new highs. Overall economic activity, including housing, remains mostly favorable but mixed. The inverted Yield Curve continues towards lower yields.



Investment Holdings

June 30, 2019

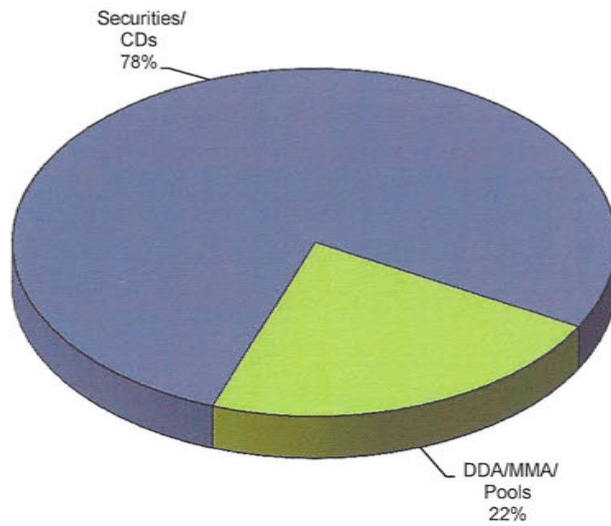
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
DDA (3)		0.37%	07/01/19	06/30/19	\$ 1,461,571	\$ 1,461,571	1	\$ 1,461,571	1	0.37%
DDA Debit Card		0.00%	07/01/19	06/30/19	99,892	99,892	1	99,892	1	0.00%
TexPool	AAAm	2.38%	07/01/19	06/30/19	4,695,863	4,695,863	1	4,695,863	1	2.38%
TexSTAR	AAAm	2.38%	07/01/19	06/30/19	153,657	153,657	1	153,657	1	2.38%
Southside Bank MMA		2.56%	07/01/19	06/30/19	2,720,707	2,720,707	1	2,720,707	1	2.56%
BTH Bank MMA / ICS		2.57%	07/01/19	06/30/19	1,098,490	1,098,490	1	1,098,490	1	2.57%
LegacyTexas Bank CD		1.70%	07/17/19	07/17/17	1,000,000	1,000,000	100	1,000,000	17	1.70%
East West Bank CD		2.28%	08/20/19	03/20/18	2,000,000	2,000,000	100	2,000,000	51	2.28%
East West Bank CD		2.39%	11/20/19	03/20/18	2,000,000	2,000,000	100	2,000,000	143	2.39%
Origin Bank CD		1.94%	12/05/19	12/05/17	2,000,000	2,000,000	100	2,000,000	158	1.94%
LegacyTexas Bank CD		2.33%	01/20/20	01/31/18	2,000,000	2,000,000	100	2,000,000	204	2.33%
LegacyTexas Bank CD		2.33%	02/03/20	02/02/18	2,000,000	2,000,000	100	2,000,000	218	2.33%
East West Bank CD		2.45%	03/20/20	03/30/18	2,000,000	2,000,000	100	2,000,000	264	2.45%
Southside Bank CD		2.61%	04/01/20	04/01/19	2,000,000	2,000,000	100	2,000,000	276	2.63%
Veritex Comm. Bank CD		2.62%	04/20/20	04/24/18	2,000,000	2,000,000	100	2,000,000	295	2.62%
Landmark Bank CD		2.79%	05/24/20	05/24/18	2,000,000	2,000,000	100	2,000,000	329	2.79%
Texas Bank Financial CDARS		3.03%	07/23/20	07/26/18	2,000,000	2,000,000	100	2,000,000	389	3.07%
Texas Bank CD		1.70%	07/28/20	07/28/17	245,000	245,000	100	245,000	394	1.70%
Texas Bank Financial CDARS		2.98%	08/06/20	08/09/18	2,000,000	2,000,000	100	2,000,000	403	3.02%
BTH Bank, NA CD		2.72%	11/18/20	03/05/19	2,000,000	2,000,000	100	2,000,000	507	2.75%
Southside Bank CD		2.84%	12/20/20	12/10/18	2,000,000	2,000,000	100	2,000,000	539	2.86%
BTH Bank, NA CD		2.78%	03/05/21	03/05/19	2,000,000	2,000,000	100	2,000,000	614	2.82%
CapTex Bank CD		2.50%	05/09/21	05/09/19	2,000,000	2,000,000	100	2,000,000	679	2.53%
BankOZK CDARS		2.45%	05/09/21	05/09/19	2,000,000	2,000,000	100	2,000,000	679	2.45%
LegacyTexas Bank CD		2.38%	06/07/21	06/07/19	2,000,000	2,000,000	100	2,000,000	708	2.41%
					\$ 45,475,180	\$ 45,475,180		\$ 45,475,180	287	2.45%
									(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.

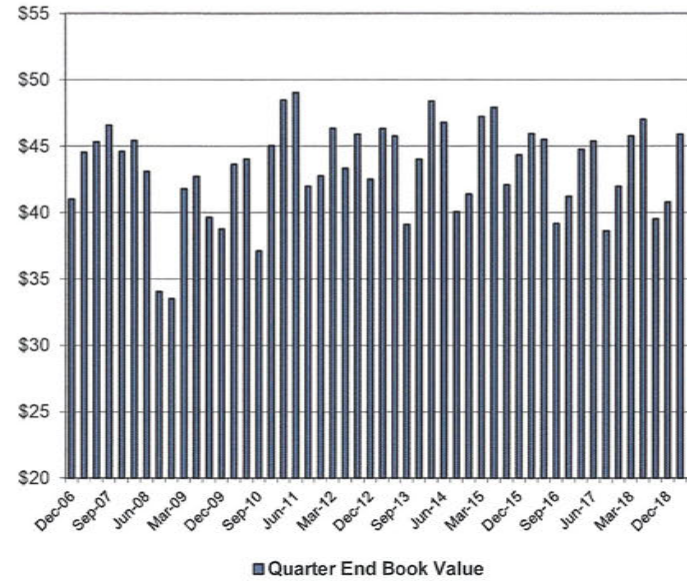
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for TexPool, TexSTAR, and Money Market investments.

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

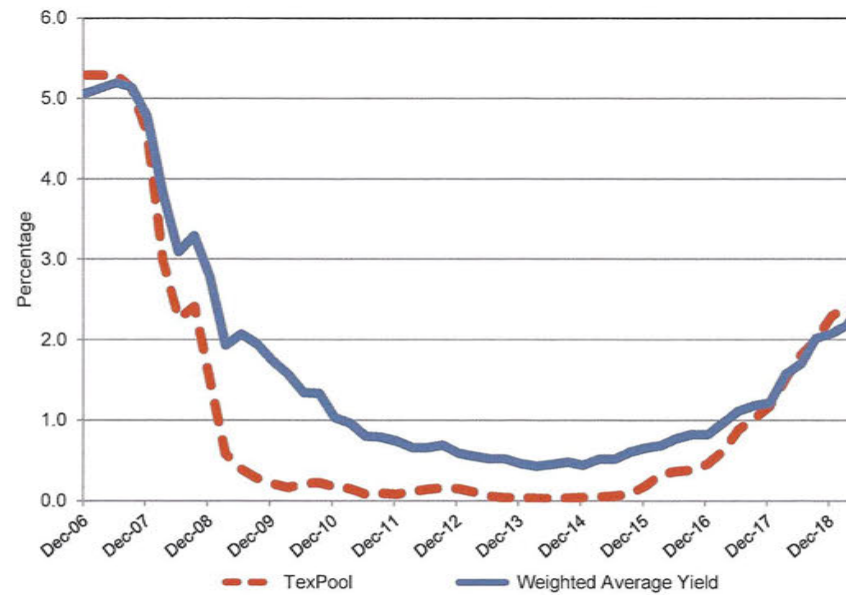
Portfolio Composition



Total Portfolio (Millions)



Total Portfolio Performance



Book Value Comparison

Investment Description	Coupon/ Discount	Maturity Date	March 31, 2019		Purchases/ Adjustments	Sales/Adjust/ Maturities	June 30, 2019	
			Par Value	Book Value			Par Value	Book Value
DDA	0.37%	07/01/19	\$ 5,005,199	\$ 5,005,199	\$ —	\$ (3,543,628)	\$ 1,461,571	\$ 1,461,571
DDA Debit Card	0.00%	07/01/19	99,723	99,723	169		99,892	99,892
TexPool	2.38%	07/01/19	5,594,335	5,594,335		(898,472)	4,695,863	4,695,863
TexSTAR	2.38%	07/01/19	152,741	152,741	917		153,657	153,657
Southside Bank MMA	2.56%	07/01/19	2,703,411	2,703,411	17,295		2,720,707	2,720,707
BTH Bank MMA / ICS	2.57%	07/01/19	1,091,418	1,091,418	7,072		1,098,490	1,098,490
Southside Bank CD	1.48%	04/30/19	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)	—	—
LegacyTexas Bank CD	1.70%	07/17/19	1,000,000	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	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
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
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
BankOZK CDARS	2.45%	05/09/21	—	—	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
TOTAL			\$ 45,891,827	\$ 45,891,827	\$ 8,025,453	\$ (8,442,100)	\$ 45,475,180	\$ 45,475,180

Market Value Comparison

Investment Description	Coupon/ Discount	Maturity Date	March 31, 2019		Qtr to Qtr Change	June 30, 2019	
			Par Value	Market Value		Par Value	Market Value
DDA	0.37%	07/01/19	\$ 5,005,199	\$ 5,005,199	\$ (3,543,628)	\$ 1,461,571	\$ 1,461,571
DDA Debit Card	0.00%	07/01/19	99,723	99,723	169	99,892	99,892
TexPool	2.38%	07/01/19	5,594,335	5,594,335	(898,472)	4,695,863	4,695,863
TexSTAR	2.38%	07/01/19	152,741	152,741	917	153,657	153,657
Southside Bank MMA	2.56%	07/01/19	2,703,411	2,703,411	17,295	2,720,707	2,720,707
BTH Bank MMA / ICS	2.57%	07/01/19	1,091,418	1,091,418	7,072	1,098,490	1,098,490
Southside Bank CD	1.48%	04/30/19	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)	—	—
LegacyTexas Bank CD	1.70%	07/17/19	1,000,000	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	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
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
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
BankOZK CDARS	2.45%	05/09/21	—	—	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
TOTAL			\$ 45,891,827	\$ 45,891,827	\$ (416,647)	\$ 45,475,180	\$ 45,475,180

FUND EQUITY IN POOLED CASH AND INVESTMENTS

FUND NO	FUND NAME	3/31/2019	6/30/2019
101	GENERAL FUND	\$ 13,867,653	\$ 13,991,195
206	CONVENTION CENTER -HOTEL/MOTEL TAX FUND	84,546	98,118
217	PROPERTY INSURANCE LOSS FUND	(59,408)	(45,757)
221	SPECIAL RECREATION FUND	110,456	121,396
225	PINES THEATER SPECIAL EVENTS FUND	(86,061)	(76,109)
226	ELLEN TROUT ZOO FUND	1,692,661	1,782,174
227	POLICE FORFEITURE FUND	172,123	172,576
228	COURT SECURITY/TECHNOLOGY FUND	48,901	54,685
230	POLICE DARE CONTRIBUTION FUND	109	109
232	DRAINAGE MITIGATION	19,034	19,137
234	COMMUNITY DEV/DWNTWN IMPROVEMENT	48,234	53,365
241	ANIMAL CONTROL - KURTH GRANT	41,833	19,550
242	ANIMAL'S ATTIC GIFT SHOP	31,409	29,794
250	POLICE GRANTS & PROPERTY	29,813	22,974
251	FIRE GRANTS	123,595	123,020
252	FEMA FUNDED GRANTS	24,906	25,019
290	ECONOMIC DEVELOPMENT	87,103	(47,817)
295	LCVB FUND	543,907	599,942
300	GF STREET CONSTRUCTION FUND	(130,260)	(168,123)
308	CONVENTION CENTER - EDI	156,375	29,684
313	2010 CAPITAL IMPROVEMENTS FUND	53,458	53,750
314	2012 CAPITAL IMPROVEMENTS FUND	130,259	130,970
340	TEXAS CAPITAL GRANT FUND	(7,806)	53
341	ECONOMIC DEVELOPMENT PROJECTS/GRANTS	-	(311,226)
348	SOLID WASTE DEPRECIATION	674,215	667,464
357	2009 WATER/SEWER CO'S	265,745	267,196
358	2013 WWATER/SEWER CO'S	1,110,119	1,110,119
380	WATER & WASTEWATER DEPRECIATION	9,048,560	8,922,444
401	GENERAL OBLIGATION DEBT SERVICE	5,088,632	6,163,361
451	REVENUE BOND DEBT SERVICE	1,662	1,670
501	WATER/WASTEWATER FUND	3,522,829	3,546,843
548	SOLID WASTE DISPOSAL FUND	4,419,923	4,482,110
615	HEALTH INSURANCE - ACTIVE	3,035,896	2,556,718
616	RETIREEES HEALTH INSURANCE FUND	(171,295)	(249,560)
641	EQUIPMENT ACQ & REPLACEMENT FUND	1,921,937	1,338,732
747	MEDICAL SAVINGS FUND	(9,237)	(10,393)
TOTAL POOLED CASH & INVESTMENTS		\$ 45,891,827	\$ 45,475,180

Investment Holdings - EDC
June 30, 2019

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
TexPool - EDC	AAAm	2.38%	07/01/19	06/30/19	\$ 1,724,710	\$ 1,724,710	1.00	\$ 1,724,710	1	2.38%
					<u>\$ 1,724,710</u>	<u>\$ 1,724,710</u>		<u>\$ 1,724,710</u>	<u>1</u>	<u>2.38%</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.