



## INVESTMENT PORTFOLIO SUMMARY

**For the Quarter Ended**

**September 30, 2020**

**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, 2019			September 30, 2020		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
DDA/MMA/Pools	1.34%	\$ 2,927,048	\$ 2,927,048	0.27%	\$ 15,962,643	\$ 15,962,643
Securities/CDs	2.55%	34,245,000	34,245,000	1.77%	26,245,000	26,245,000
<b>Totals</b>		<b>\$ 37,172,048</b>	<b>\$ 37,172,048</b>		<b>\$ 42,207,643</b>	<b>\$ 42,207,643</b>
Fourth Quarter-End Yield	<b>2.46%</b>			<b>1.21%</b>		

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

	2019 Fiscal Year	2020 Fiscal Year
Lufkin	2.29%	1.71%
Rolling Three Month Treasury	2.30%	0.76%
Rolling Six Month Treasury	2.37%	0.99%
TexPool	2.31%	0.75%

(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, 2020		September 30, 2020		
	Book Value	Market Value	Book Value	Market Value	Ave. Yield
DDA/MMA/Pools	\$ 16,681,559	\$ 16,681,559	\$ 15,962,643	\$ 15,962,643	0.27%
Securities/CDs	26,245,000	26,245,000	26,245,000	26,245,000	1.77%
<b>Totals</b>	<b>\$ 42,926,559</b>	<b>\$ 42,926,559</b>	<b>\$ 42,207,643</b>	<b>\$ 42,207,643</b>	<b>1.21%</b>

#### Current Quarter Average Yield (1)

Total Portfolio	1.21%
Rolling Three Month Treasury	0.12%
Rolling Six Month Treasury	0.15%
TexPool	0.15%

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

Total Portfolio	1.71%
Rolling Three Month Treasury	0.76%
Rolling Six Month Treasury	0.99%
TexPool	0.75%

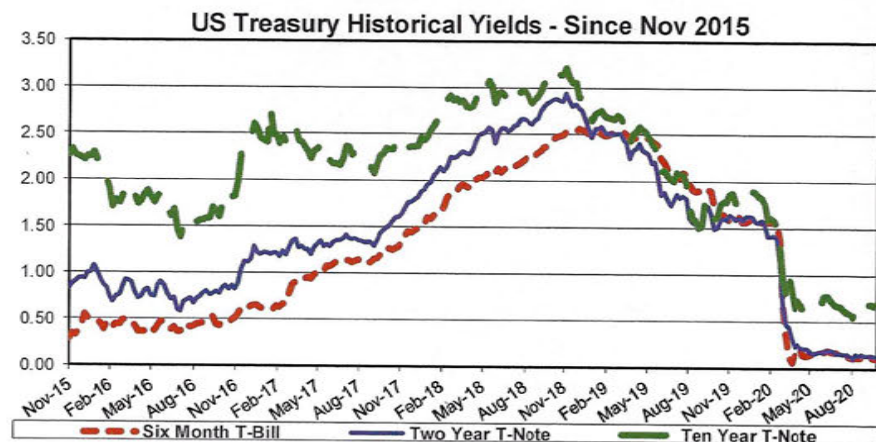
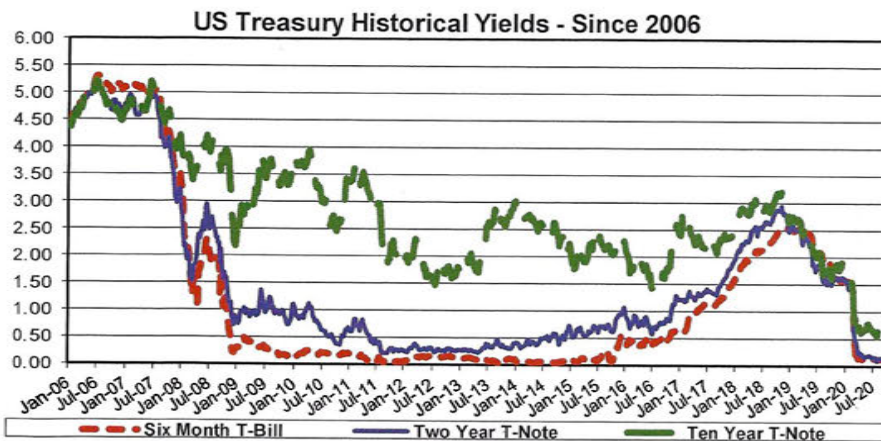
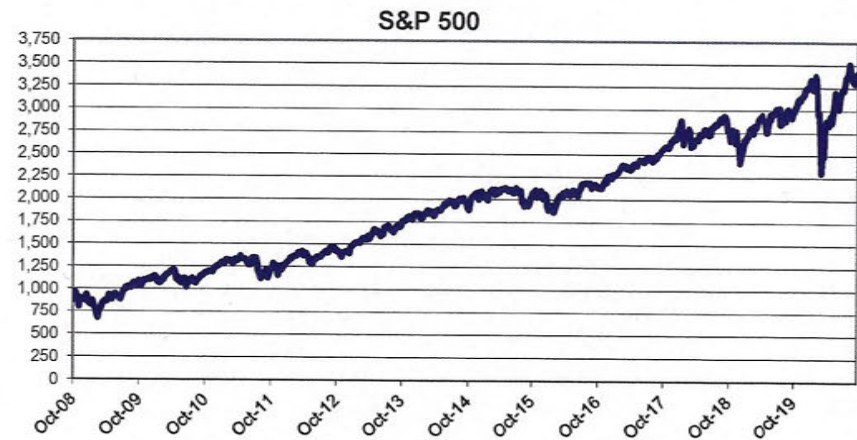
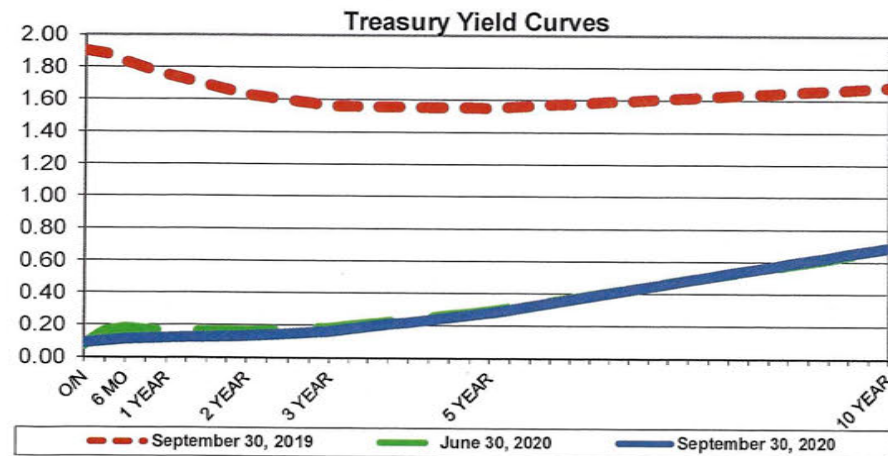
(1) **Current Quarter Average Yield** - based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank, pool, and money market balances.

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

9/30/2020

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range at 0.00% to 0.25% (Effective Fed Funds are trading +/-0.10%), and projected that reduced rates could remain through 2024. Final estimate of Second Quarter GDP revised to down 31.4% (from down 31.9%). The Yield Curve remained stable. Crude oil slid to below \$40 per barrel. September Non Farm Payroll added 661k workers. Business added over 800k, but governments shed 200+k. The Stock Markets retreated slightly from all-time highs. Housing strengthened due to low mortgage rates. Additional federal economic assistance remained stalled in Congress.





**Investment Holdings**  
**September 30, 2020**

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
DDA (3)		0.41%	10/01/20	09/30/20	\$ 5,016,216	\$ 5,016,216	1	\$ 5,016,216	1	0.41%
DDA Debit Card		0.00%	10/01/20	09/30/20	100,374	100,374	1	100,374	1	0.00%
Southside Bank MMA		0.30%	10/01/20	09/30/20	4,385,499	4,385,499	1	4,385,499	1	0.30%
BTH Bank MMA / ICS		0.16%	10/01/20	09/30/20	107,673	107,673	1	107,673	1	0.16%
TexPool	AAAm	0.15%	10/01/20	09/30/20	6,197,009	6,197,009	1	6,197,009	1	0.15%
TexSTAR	AAAm	0.13%	10/01/20	09/30/20	155,873	155,873	1	155,873	1	0.13%
BTH Bank, NA CD		2.72%	11/18/20	03/05/19	2,000,000	2,000,000	100	2,000,000	49	2.75%
Southside Bank CD		2.84%	12/20/20	12/10/18	2,000,000	2,000,000	100	2,000,000	81	2.86%
Southside Bank CD		1.68%	02/19/21	01/21/20	2,000,000	2,000,000	100	2,000,000	142	1.69%
BTH Bank, NA CD		2.78%	03/05/21	03/05/19	2,000,000	2,000,000	100	2,000,000	156	2.82%
Bank OZK CD		1.72%	04/14/21	02/14/20	2,000,000	2,000,000	100	2,000,000	196	1.73%
CapTex Bank CD		2.50%	05/09/21	05/09/19	2,000,000	2,000,000	100	2,000,000	221	2.53%
Bank OZK CDARS		2.45%	05/09/21	05/09/19	2,000,000	2,000,000	100	2,000,000	221	2.45%
Prosperity Bank CD		2.38%	06/07/21	06/07/19	2,000,000	2,000,000	100	2,000,000	250	2.41%
Texas Bank Financial CDARS		1.00%	07/29/21	07/30/20	2,000,000	2,000,000	100	2,000,000	302	1.00%
Texas Bank Financial CDARS		1.00%	08/06/21	08/06/20	2,000,000	2,000,000	100	2,000,000	310	1.00%
Bank OZK CD		0.85%	11/05/21	05/05/20	2,000,000	2,000,000	100	2,000,000	401	0.85%
Texas Bank CD		0.90%	01/28/22	07/28/20	245,000	245,000	100	245,000	485	0.90%
Bank OZK CD		0.67%	05/29/22	05/29/20	2,000,000	2,000,000	100	2,000,000	606	0.67%
Bank OZK CD		0.40%	09/05/22	09/04/20	2,000,000	2,000,000	100	2,000,000	705	0.40%
					<b>\$ 42,207,643</b>	<b>\$ 42,207,643</b>		<b>\$ 42,207,643</b>	<b>176</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.

# Book and Value Comparison

Issuer/Description	Yield	Maturity Date	Book Value 06/30/20	Increases	Decreases	Book Value 09/30/20	Market Value 06/30/20	Change in Market Value	Market Value 09/30/20
DDA	0.41%	10/01/20	\$ 2,736,028	\$ 2,280,189	\$ -	\$ 5,016,216	\$ 2,736,028	\$ 2,280,189	\$ 5,016,216
DDA Debit Card	0.00%	10/01/20	100,397	-	(24)	100,374	100,397	(24)	100,374
Southside Bank MMA	0.30%	10/01/20	4,381,838	3,660	-	4,385,499	4,381,838	3,660	4,385,499
BTH Bank MMA / ICS	0.16%	10/01/20	107,622	51	-	107,673	107,622	51	107,673
TexPool	0.15%	10/01/20	9,199,866	-	(3,002,857)	6,197,009	9,199,866	(3,002,857)	6,197,009
TexSTAR	0.13%	10/01/20	155,807	65	-	155,873	155,807	65	155,873
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)	-
Bank OZK CDARS	2.07%	09/05/20	2,000,000	-	(2,000,000)	-	2,000,000	(2,000,000)	-
BTH Bank, NA CD	2.75%	11/18/20	2,000,000	-	-	2,000,000	2,000,000	-	2,000,000
Southside Bank CD	2.86%	12/20/20	2,000,000	-	-	2,000,000	2,000,000	-	2,000,000
Southside Bank CD	1.69%	02/19/21	2,000,000	-	-	2,000,000	2,000,000	-	2,000,000
BTH Bank, NA CD	2.82%	03/05/21	2,000,000	-	-	2,000,000	2,000,000	-	2,000,000
Bank OZK CD	1.73%	04/14/21	2,000,000	-	-	2,000,000	2,000,000	-	2,000,000
CapTex Bank CD	2.53%	05/09/21	2,000,000	-	-	2,000,000	2,000,000	-	2,000,000
Bank OZK CDARS	2.45%	05/09/21	2,000,000	-	-	2,000,000	2,000,000	-	2,000,000
Prosperity Bank CD	2.41%	06/07/21	2,000,000	-	-	2,000,000	2,000,000	-	2,000,000
Texas Bank Financial CDARS	1.00%	07/29/21	-	2,000,000	-	2,000,000	-	2,000,000	2,000,000
Texas Bank Financial CDARS	1.00%	08/06/21	-	2,000,000	-	2,000,000	-	2,000,000	2,000,000
Bank OZK CD	0.85%	11/05/21	2,000,000	-	-	2,000,000	2,000,000	-	2,000,000
Texas Bank CD	0.90%	01/28/22	-	245,000	-	245,000	-	245,000	245,000
Bank OZK CD	0.67%	05/29/22	2,000,000	-	-	2,000,000	2,000,000	-	2,000,000
Bank OZK CD	0.40%	09/05/22	-	2,000,000	-	2,000,000	-	2,000,000	2,000,000
<b>TOTAL / AVERAGE</b>	<b>1.21%</b>		<b>\$ 42,926,559</b>	<b>\$ 8,528,965</b>	<b>\$ (9,247,880)</b>	<b>\$ 42,207,643</b>	<b>\$ 42,926,559</b>	<b>\$ (718,915)</b>	<b>\$ 42,207,643</b>

# FUND EQUITY IN POOLED CASH AND INVESTMENTS

FUND NO	FUND NAME	6/30/2020	9/30/2020
101	GENERAL FUND	\$ 13,851,645	\$ 12,178,709
206	CONVENTION CENTER-HOTEL/MOTEL TAX FUND	218,301	229,050
217	PROPERTY INSURANCE LOSS FUND	(90,704)	(79,819)
221	SPECIAL RECREATION FUND	54,448	46,016
225	PINES THEATER SPECIAL EVENTS FUND	(70,848)	(66,235)
226	ELLEN TROUT ZOO FUND	1,866,724	1,902,890
227	POLICE FORFEITURE FUND	224,532	226,460
228	COURT SECURITY/TECHNOLOGY FUND	74,878	79,074
230	POLICE DARE CONTRIBUTION FUND	109	109
232	DRAINAGE MITIGATION	27,142	27,285
234	COMMUNITY DEV/DWNTWN IMPROVEMENT	39,315	35,283
241	ANIMAL CONTROL - KURTH GRANT	94,916	87,692
242	ANIMAL'S ATTIC GIFT SHOP	48,335	46,114
250	POLICE GRANTS & PROPERTY	7,789	629
251	FIRE GRANTS	(70,705)	13,683
252	FEMA FUNDED GRANTS	25,570	25,721
253	CARES Act FUND	-	(115,504)
290	ECONOMIC DEVELOPMENT	157,687	877,324
295	LCVB FUND	668,992	607,030
300	GF STREET CONSTRUCTION FUND	(170,271)	40,985
308	CONVENTION CENTER - EDI	29,757	29,767
313	2010 CAPITAL IMPROVEMENTS FUND	54,999	55,329
314	2012 CAPITAL IMPROVEMENTS FUND	21,563	16,058
315	2020 CAPITAL IMPROVEMENTS FUND	104,962	4,131,323
340	TEXAS CAPITAL GRANT FUND	53	53
341	ECONOMIC DEVELOPMENT PROJECTS/GRANTS	(2,368,676)	(1,353,403)
348	SOLID WASTE DEPRECIATION	691,938	704,693
357	2009 WATER/SEWER CO'S	273,407	275,047
358	2013 WWATER/SEWER CO'S	975,721	772,614
380	WATER & WASTEWATER DEPRECIATION	6,988,284	7,712,857
401	GENERAL OBLIGATION DEBT SERVICE	7,047,381	2,297,465
451	REVENUE BOND DEBT SERVICE	1,707	1,717
501	WATER/WASTEWATER FUND	4,024,829	4,202,074
548	SOLID WASTE DISPOSAL FUND	3,270,587	1,907,555
615	HEALTH INSURANCE - ACTIVE	2,669,189	2,810,793
616	RETIREEES HEALTH INSURANCE FUND	23,344	24,358
641	EQUIPMENT ACQ & REPLACEMENT FUND	2,172,136	2,471,070
747	MEDICAL SAVINGS FUND	(12,478)	(14,221)
TOTAL POOLED CASH & INVESTMENTS		<u>\$ 42,926,559</u>	<u>\$ 42,207,643</u>



**Investment Holdings - EDC**  
**September 30, 2020**

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
TexPool - EDC	AAAm	0.15%	10/01/20	09/30/20	\$ 3,446,617	\$ 3,446,617	1.00	\$ 3,446,617	1	0.15%
					<u>\$ 3,446,617</u>	<u>\$ 3,446,617</u>		<u>\$ 3,446,617</u>	<u>1</u>	<u>0.15%</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.