



INVESTMENT PORTFOLIO SUMMARY

For the Quarter Ended

December 31, 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.

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, 2019		December 31, 2019		
	Book Value	Market Value	Book Value	Market Value	Ave. Yield
DDA/MMA/Pools	\$ 2,927,048	\$ 2,927,048	\$ 8,757,800	\$ 8,757,800	1.11%
Securities/CDs	34,245,000	34,245,000	30,245,000	30,245,000	2.60%
Totals	\$ 37,172,048	\$ 37,172,048	\$ 39,002,800	\$ 39,002,800	

Current Quarter Average Yield (1)

Total Portfolio	2.27%
Rolling Three Month Treasury	1.60%
Rolling Six Month Treasury	1.78%
TexPool	1.62%

Fiscal Year-to-Date Average Yield (2)

Total Portfolio	2.27%
Rolling Three Month Treasury	1.60%
Rolling Six Month Treasury	1.78%
TexPool	1.62%

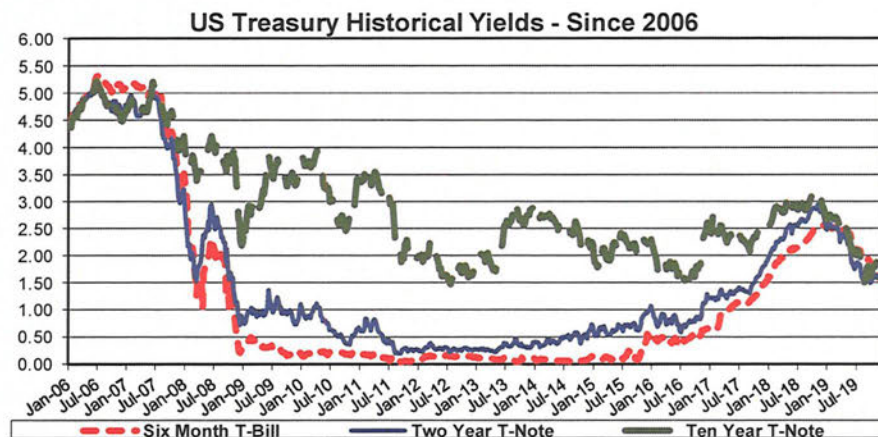
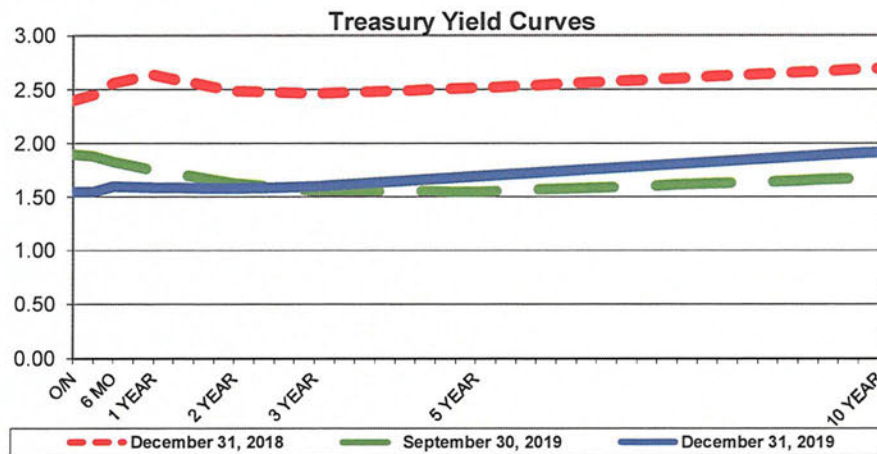
(1) **Current Quarter Average Yield** - based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank, pool, and money market balances.

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

Economic Overview

12/31/2019

The Federal Open Market Committee (FOMC) held the Fed Funds target range at 1.50% - 1.75% (Effective Fed Funds are trading +/-1.55%). The Futures Market has reduced the probability of additional decreases until late summer/early fall 2020. Middle East turmoil had bumped crude oil over \$60, but it has retreated back below. December Non Farm Payroll rose 145,000 resulting in a three month moving average of 185,000. The Unemployed level remained at 3.5%. The Stock Markets remain at or near historic highs. Consumer spending has improved. Housing shows signs of growth. Overall economic activity remains positive, 3rd Quarter GDP was confirmed at 2.1%. The British are moving forward with Brexit. Several trade agreements are also progressing (China, North America, Japan). The Yield Curve shifted to slightly positive.



Investment Holdings
December 31, 2019

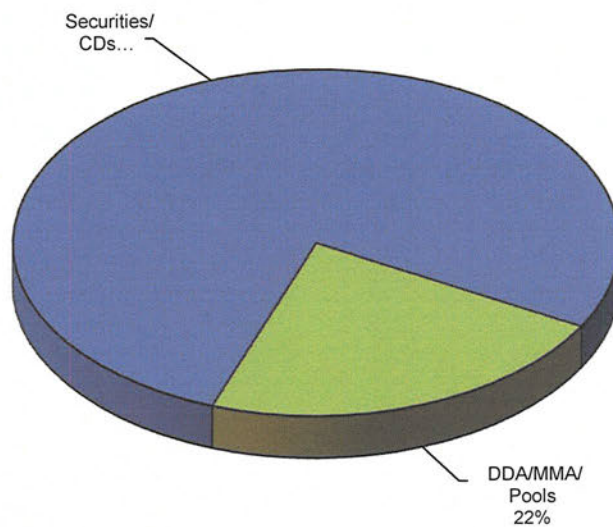
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
DDA (3)		0.28%	01/01/20	12/31/19	\$ 3,525,698	\$ 3,525,698	1	\$ 3,525,698	1	0.28%
DDA Debit Card		0.00%	01/01/20	12/31/19	94,820	94,820	1	94,820	1	0.00%
TexPool	AAAm	1.62%	01/01/20	12/31/19	2,560,567	2,560,567	1	2,560,567	1	1.62%
TexSTAR	AAAm	1.56%	01/01/20	12/31/19	155,169	155,169	1	155,169	1	1.56%
Southside Bank MMA		1.79%	01/01/20	12/31/19	2,314,455	2,314,455	1	2,314,455	1	1.79%
BTH Bank MMA / ICS		1.68%	01/01/20	12/31/19	107,091	107,091	1	107,091	1	1.68%
LegacyTexas Bank CD		2.33%	01/20/20	01/31/18	2,000,000	2,000,000	100	2,000,000	20	2.33%
LegacyTexas Bank CD		2.33%	02/03/20	02/02/18	2,000,000	2,000,000	100	2,000,000	34	2.33%
East West Bank CD		2.45%	03/20/20	03/30/18	2,000,000	2,000,000	100	2,000,000	80	2.45%
Southside Bank CD		2.61%	04/01/20	04/01/19	2,000,000	2,000,000	100	2,000,000	92	2.63%
Veritex Comm. Bank CD		2.62%	04/20/20	04/24/18	2,000,000	2,000,000	100	2,000,000	111	2.62%
Landmark Bank CD		2.79%	05/24/20	05/24/18	2,000,000	2,000,000	100	2,000,000	145	2.79%
Texas Bank Financial CDARS		3.03%	07/23/20	07/26/18	2,000,000	2,000,000	100	2,000,000	205	3.07%
Texas Bank CD		1.70%	07/28/20	07/28/17	245,000	245,000	100	245,000	210	1.70%
Texas Bank Financial CDARS		2.98%	08/06/20	08/09/18	2,000,000	2,000,000	100	2,000,000	219	3.02%
BankOZK CDARS		2.07%	09/05/20	09/05/19	2,000,000	2,000,000	100	2,000,000	249	2.09%
BTH Bank, NA CD		2.72%	11/18/20	03/05/19	2,000,000	2,000,000	100	2,000,000	323	2.75%
Southside Bank CD		2.84%	12/20/20	12/10/18	2,000,000	2,000,000	100	2,000,000	355	2.86%
BTH Bank, NA CD		2.78%	03/05/21	03/05/19	2,000,000	2,000,000	100	2,000,000	430	2.82%
CapTex Bank CD		2.50%	05/09/21	05/09/19	2,000,000	2,000,000	100	2,000,000	495	2.53%
BankOZK CDARS		2.45%	05/09/21	05/09/19	2,000,000	2,000,000	100	2,000,000	495	2.45%
LegacyTexas Bank CD		2.38%	06/07/21	06/07/19	2,000,000	2,000,000	100	2,000,000	524	2.41%
					\$ 39,002,800	\$ 39,002,800		\$ 39,002,800	195	2.27%
									(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.

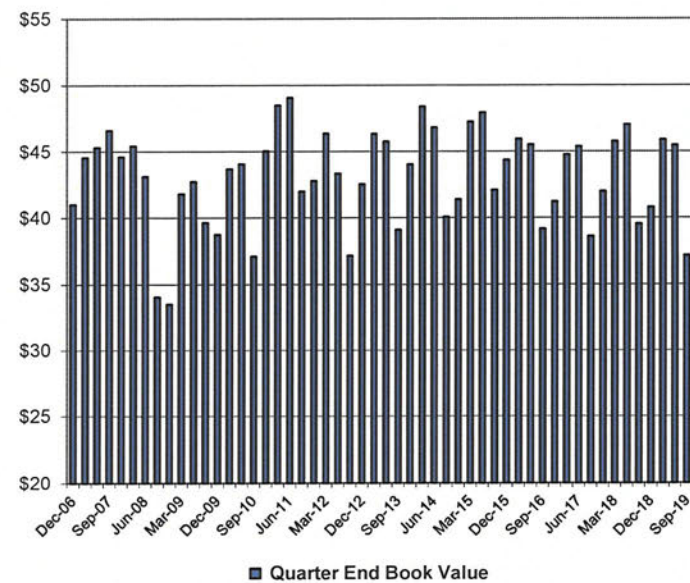
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for TexPool, TexSTAR, and Money Market investments.

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

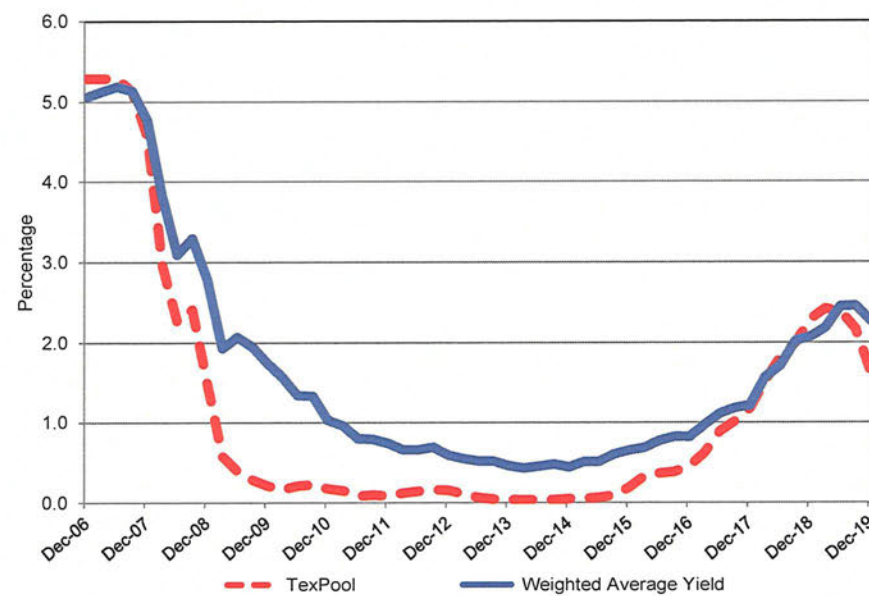
Portfolio Composition



Total Portfolio (Millions)



Total Portfolio Performance



Book Value Comparison

Investment Description	Coupon/ Discount	Maturity Date	September 30, 2019		Purchases/ Adjustments	Sales/Adjust/ Maturities	December 31, 2019	
			Par Value	Book Value			Par Value	Book Value
DDA	0.28%	01/01/20	\$ 1,284,017	\$ 1,284,017	\$ 2,241,681	\$ —	\$ 3,525,698	\$ 3,525,698
DDA Debit Card	0.00%	01/01/20	100,064	100,064		(5,244)	94,820	94,820
TexPool	1.62%	01/01/20	51,497	51,497	2,509,070		2,560,567	2,560,567
TexSTAR	1.56%	01/01/20	154,514	154,514	655		155,169	155,169
Southside Bank MMA	1.79%	01/01/20	231,713	231,713	2,082,742		2,314,455	2,314,455
BTH Bank MMA / ICS	1.68%	01/01/20	1,105,243	1,105,243		(998,152)	107,091	107,091
East West Bank CD	2.39%	11/20/19	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)	—	—
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	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
TOTAL			\$ 37,172,048	\$ 37,172,048	\$ 6,834,147	\$ (5,003,396)	\$ 39,002,800	\$ 39,002,800

Market Value Comparison

Investment Description	Coupon/ Discount	Maturity Date	September 30, 2019		Qtr to Qtr Change	December 31, 2019	
			Par Value	Market Value		Par Value	Market Value
DDA	0.28%	01/01/20	\$ 1,284,017	\$ 1,284,017	\$ 2,241,681	\$ 3,525,698	\$ 3,525,698
DDA Debit Card	0.00%	01/01/20	100,064	100,064	(5,244)	94,820	94,820
TexPool	1.62%	01/01/20	51,497	51,497	2,509,070	2,560,567	2,560,567
TexSTAR	1.56%	01/01/20	154,514	154,514	655	155,169	155,169
Southside Bank MMA	1.79%	01/01/20	231,713	231,713	2,082,742	2,314,455	2,314,455
BTH Bank MMA / ICS	1.68%	01/01/20	1,105,243	1,105,243	(998,152)	107,091	107,091
East West Bank CD	2.39%	11/20/19	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)	—	—
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	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
TOTAL			\$ 37,172,048	\$ 37,172,048	\$ 1,830,751	\$ 39,002,800	\$ 39,002,800

FUND EQUITY IN POOLED CASH AND INVESTMENTS

FUND NO	FUND NAME	9/30/2019	12/31/2019
101	GENERAL FUND	\$ 10,875,424	\$ 11,410,768
206	CONVENTION CENTER-HOTEL/MOTEL TAX FUND	107,796	169,815
217	PROPERTY INSURANCE LOSS FUND	(60,332)	(79,816)
221	SPECIAL RECREATION FUND	115,941	90,294
225	PINES THEATER SPECIAL EVENTS FUND	(74,109)	(91,316)
226	ELLEN TROUT ZOO FUND	1,846,173	1,809,166
227	POLICE FORFEITURE FUND	173,214	174,030
228	COURT SECURITY/TECHNOLOGY FUND	60,277	65,318
230	POLICE DARE CONTRIBUTION FUND	109	109
232	DRAINAGE MITIGATION	19,199	19,289
234	COMMUNITY DEV/DWNTWN IMPROVEMENT	39,251	37,241
241	ANIMAL CONTROL - KURTH GRANT	40,526	35,269
242	ANIMAL'S ATTIC GIFT SHOP	31,872	43,966
250	POLICE GRANTS & PROPERTY	6,804	6,834
251	FIRE GRANTS	123,020	128,560
252	FEMA FUNDED GRANTS	25,088	25,201
290	ECONOMIC DEVELOPMENT	4,820	(194,578)
295	LCVB FUND	652,910	738,676
300	GF STREET CONSTRUCTION FUND	(124,870)	(125,330)
308	CONVENTION CENTER - EDI	29,710	29,723
313	2010 CAPITAL IMPROVEMENTS FUND	53,925	54,179
314	2012 CAPITAL IMPROVEMENTS FUND	131,395	132,014
315	2020 CAPITAL IMPROVEMENTS FUND	(49,441)	(63,938)
340	TEXAS CAPITAL GRANT FUND	53	53
341	ECONOMIC DEVELOPMENT PROJECTS/GRANTS	(898,888)	(1,839,992)
348	SOLID WASTE DEPRECIATION	653,612	666,174
357	2009 WATER/SEWER CO'S	268,063	269,326
358	2013 WWATER/SEWER CO'S	1,005,495	976,770
380	WATER & WASTEWATER DEPRECIATION	7,427,530	7,354,487
401	GENERAL OBLIGATION DEBT SERVICE	2,162,151	4,006,243
451	REVENUE BOND DEBT SERVICE	1,674	1,682
501	WATER/WASTEWATER FUND	3,810,715	4,138,011
548	SOLID WASTE DISPOSAL FUND	4,408,151	4,470,295
615	HEALTH INSURANCE - ACTIVE	2,626,886	2,526,085
616	RETIREEES HEALTH INSURANCE FUND	(339,922)	(397,600)
641	EQUIPMENT ACQ & REPLACEMENT FUND	2,028,512	2,426,276
747	MEDICAL SAVINGS FUND	(10,686)	(10,483)
TOTAL POOLED CASH & INVESTMENTS		\$ 37,172,048	\$ 39,002,800

Investment Holdings - EDC
December 31, 2019

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
TexPool - EDC	AAAm	1.62%	01/01/20	12/31/19	\$ 2,534,461	\$ 2,534,461	1.00	\$ 2,534,461	1	1.62%
					<u>\$ 2,534,461</u>	<u>\$ 2,534,461</u>		<u>\$ 2,534,461</u>	<u>1</u>	<u>1.62%</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.