



# City of Killeen

## QUARTERLY INVESTMENT REPORT

For the Quarter Ended

September 30, 2015

Prepared by

Valley View Consulting, L.L.C.

The investment portfolio of the City of Killeen is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.

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Executive Director of Finance

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Assistant Director of Finance

**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

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range between 0.00% and 0.25% (actual Fed Funds traded +/- 10 bps). Although the domestic employment and economic conditions reflect moderate growth, longer term uncertainty and international conditions influenced the FOMC to delay "lift-off." The US stock markets retrenched from their peaks, but seem to have stabilized. International military conflicts require ongoing concern. Financial institution deposits and laddering targeted cash flows still provide the best interest earnings opportunity.

### FYE Results by Investment Category:

<u>Asset Type</u>	<u>September 30, 2014</u>			<u>September 30, 2015</u>		
	<u>Ave. Yield</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Ave. Yield</u>	<u>Book Value</u>	<u>Market Value</u>
Demand Accounts	0.83%	\$ 4,146,597	\$ 4,146,597	0.45%	\$ 9,930,938	\$ 9,930,938
Pools/MMA	0.12%	89,120,171	89,120,171	0.15%	65,057,376	65,057,376
Securities/CDs	0.50%	36,119,444	36,119,444	0.70%	22,598,192	22,598,192
<b>Totals</b>		<b>\$ 129,386,212</b>	<b>\$ 129,386,212</b>		<b>\$ 97,586,506</b>	<b>\$ 97,586,506</b>

	<u>2014</u>	<u>2015</u>	<u>Change</u>
Total Portfolio (1)	0.19%	0.26%	0.07%
Rolling Three Mo. Treas. Yield	0.04%	0.03%	-0.02%
Rolling Six Mo. Treas. Yield	0.07%	0.10%	0.03%
Quarterly TexPool Yield	0.03%	0.06%	0.03%

(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.

## Summary

### Quarter End Results by Investment Category:

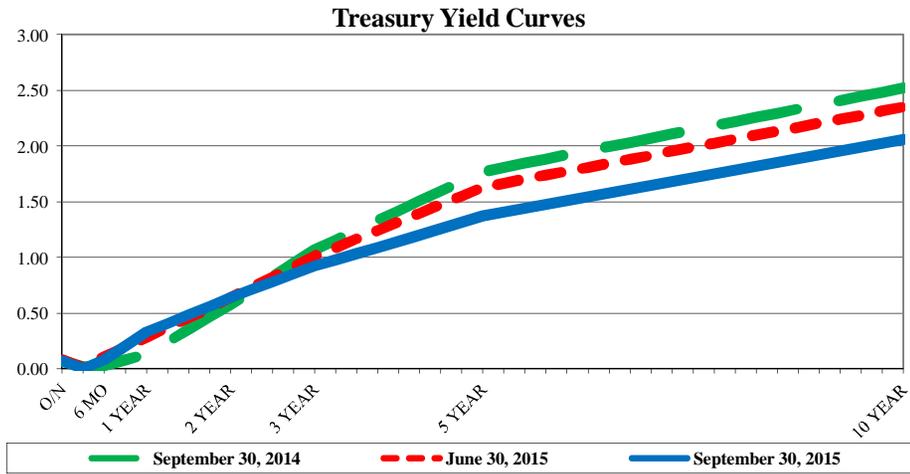
<u>Asset Type</u>	<u>Ave. Yield</u>	<u>September 30, 2015</u>		<u>June 30, 2015</u>	
		<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
Demand Accounts	0.45%	\$ 9,930,938	\$ 9,930,938	\$ 10,659,212	\$ 10,659,212
Pools/MMA	0.15%	65,057,376	65,057,376	86,732,802	86,732,802
Securities/CDs	0.70%	22,598,192	22,598,192	30,611,407	30,611,407
<b>Totals</b>		<b>\$ 97,586,506</b>	<b>\$ 97,586,506</b>	<b>\$ 128,003,421</b>	<b>\$ 128,003,421</b>

Average Yield (1)		Fiscal Year-to-Date Average Yield (2)	
Total Portfolio	0.31%	Total Portfolio	0.26%
Rolling Three Mo. Treas. Yield	0.04%	Rolling Three Mo. Treas. Yield	0.03%
Rolling Six Mo. Treas. Yield	0.13%	Rolling Six Mo. Treas. Yield	0.09%
		Quarterly TexPool Yield	0.06%
		Interest Income	Bank Fees Offset
	Quarterly \$	70,390	\$ 8,883
	Year-to-date \$	294,373	\$ 33,744

(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) maintained the Fed Funds target range between 0.00% and 0.25% (actual Fed Funds traded +/-10 bps). The FOMC met 9/16 & 17 and chose to delay "lift-off" citing global economic concerns for the first time. The September new payroll numbers were a disappointing +142k and included downward Aug and July revisions. The overall unemployment rate remained 5.1%. US stock markets experienced volatility, but did stem the decline and advanced slightly. Chinese stock market and economic concerns continue. Continuing to ladder provides strategic advantage. Municipal bonds and financial institution deposits generally provide the best interest earnings opportunity, if available. Short to medium term US Government security yields fell on the non-FOMC action and, then again, on the September payroll weakness.



**Detail of Holdings**  
**September 30, 2015**

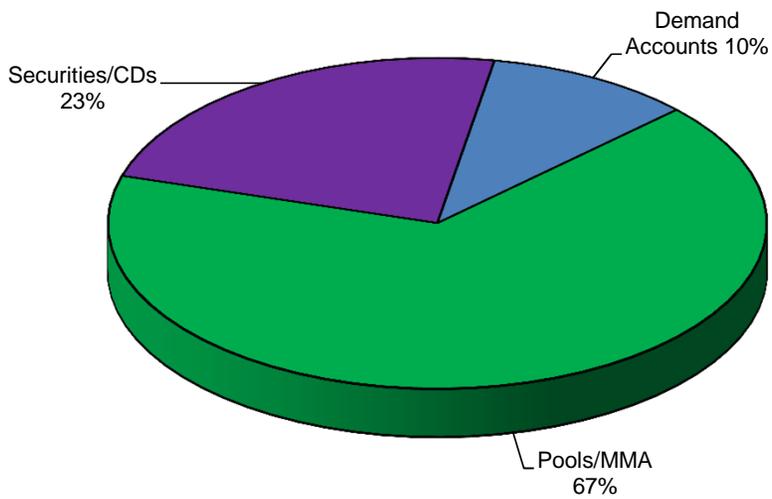
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (Days)	Yield
BBVA Demand Account (3)		0.45%	10/01/15	09/30/15	9,919,844	\$ 9,919,844	1.00	\$ 9,919,844	1	0.45%
Union State Bank		0.15%	10/01/15	09/30/15	11,095	11,095	1.00	11,095	1	0.15%
BBVA Compass MMA 3		0.15%	10/01/15	09/30/15	5,026,953	5,026,953	1.00	5,026,953	1	0.15%
BBVA Compass MMA 4		0.15%	10/01/15	09/30/15	7,591,177	7,591,177	1.00	7,591,177	1	0.15%
FILA (IDP)		0.21%	10/01/15	09/30/15	10,023,588	10,023,588	1.00	10,023,588	1	0.21%
FILA (IDP) 2		0.21%	10/01/15	09/30/15	8,018,748	8,018,748	1.00	8,018,748	1	0.21%
Comerica MMA		0.15%	10/01/15	09/30/15	354,156	354,156	1.00	354,156	1	0.15%
Southside Bank MMA		0.22%	10/01/15	09/30/15	7,585,817	7,585,817	1.00	7,585,817	1	0.22%
TexasTerm	AAAm	0.10%	10/01/15	09/30/15	394,336	394,336	1.00	394,336	1	0.10%
TexPool	AAAm	0.09%	10/01/15	09/30/15	22,416,140	22,416,140	1.00	22,416,140	1	0.09%
TexStar	AAAm	0.10%	10/01/15	09/30/15	3,646,462	3,646,462	1.00	3,646,462	1	0.10%
Independent Bank CD		0.55%	12/12/15	09/12/14	3,016,534	3,016,534	100.00	3,016,534	73	0.55%
Independent Bank CD		0.35%	03/04/16	03/04/15	1,502,648	1,502,648	100.00	1,502,648	156	0.35%
Central National Bank CD		0.74%	03/05/16	09/05/14	2,014,841	2,014,841	100.00	2,014,841	157	0.74%
Southside Bank CD		0.60%	03/08/16	09/08/14	1,006,014	1,006,014	100.00	1,006,014	160	0.60%
Central National Bank CD		0.55%	05/06/16	05/06/15	2,503,466	2,503,466	100.00	2,503,466	219	0.55%
Independent Bank CD		0.55%	06/04/16	03/04/15	2,506,936	2,506,936	100.00	2,506,936	248	0.55%
Southside Bank CD		0.70%	09/08/16	09/08/14	1,007,018	1,007,018	100.00	1,007,018	344	0.70%
Comerica Bank CD		0.72%	09/08/16	09/08/14	2,014,448	2,014,448	100.00	2,014,448	344	0.72%
Comerica Bank CD		0.80%	03/02/17	03/02/15	2,008,079	2,008,079	100.00	2,008,079	519	0.80%
Central National Bank CD		1.01%	03/09/17	09/09/15	3,000,000	3,000,000	100.00	3,000,000	526	1.01%
Central National Bank CD		0.95%	04/26/17	04/26/15	2,018,208	2,018,208	100.00	2,018,208	574	0.95%
						<b>\$ 97,586,506</b>	<b>\$ 97,586,506</b>	<b>\$ 97,586,506</b>	<b>72</b>	<b>0.31%</b>
									<b>(1)</b>	<b>(2)</b>

(1) **Weighted average life** - For purposes of calculating weighted average life, cash equivalent investments are assumed to have a one day maturity.

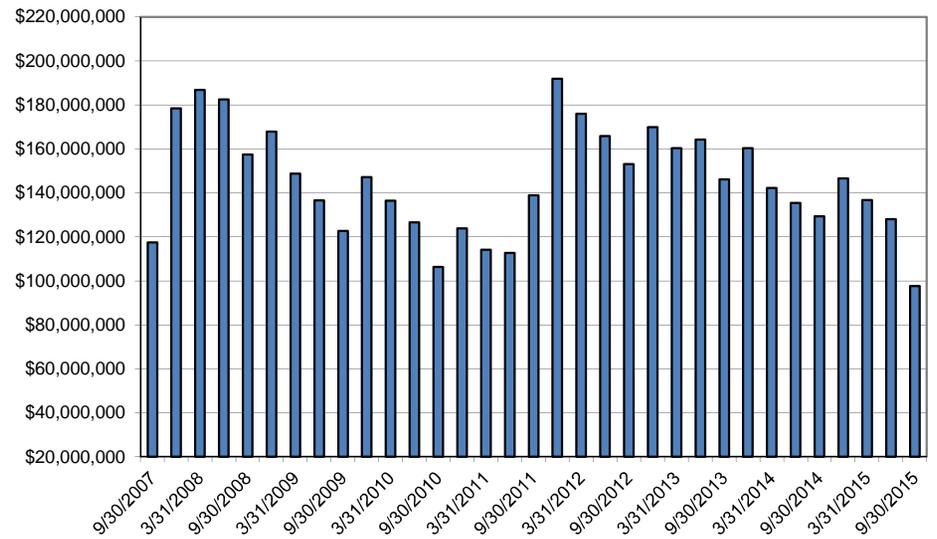
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for cash equivalent investments.

(3) **Bank Fees Offset Equivalent Yield** - Compensating balance in bank operating account yielded a blended equivalent investment yield as a result of Bank fees offset.

**Portfolio Composition**



**Total Portfolio**



## Book Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2015		Purchases/ Adjustments	Sales/Adjust/ Maturities	September 30, 2015	
			Par Value	Book Value			Par Value	Book Value
BBVA Demand Account	0.45%	10/01/15	\$ 10,648,121	\$ 10,648,121	\$ -	\$ (728,277)	\$ 9,919,844	\$ 9,919,844
Union State Bank	0.15%	10/01/15	11,091	11,091	4		11,095	11,095
BBVA Compass MMA 3	0.15%	10/01/15	5,025,305	5,025,305	1,647		5,026,953	5,026,953
BBVA Compass MMA 4	0.15%	10/01/15	14,585,774	14,585,774		(6,994,597)	7,591,177	7,591,177
FILA (IDP)	0.21%	10/01/15	7,012,032	7,012,032	3,011,557		10,023,588	10,023,588
FILA (IDP) 2	0.21%	10/01/15	12,020,551	12,020,551		(4,001,803)	8,018,748	8,018,748
Comerica MMA	0.15%	10/01/15	3,153,888	3,153,888		(2,799,732)	354,156	354,156
Southside Bank MMA	0.22%	10/01/15	7,082,178	7,082,178	503,639		7,585,817	7,585,817
TexasTerm	0.10%	10/01/15	394,223	394,223	112		394,336	394,336
TexPool	0.09%	10/01/15	33,813,166	33,813,166		(11,397,025)	22,416,140	22,416,140
TexStar	0.10%	10/01/15	3,645,686	3,645,686	776		3,646,462	3,646,462
Central National Bank CD	0.61%	09/05/15	2,009,139	2,009,139		(2,009,139)		
Independent Bank CD	0.38%	09/09/15	3,008,535	3,008,535		(3,008,535)		
Independent Bank CD	0.38%	09/09/15	3,008,535	3,008,535		(3,008,535)		
Independent Bank CD	0.37%	09/17/15	3,018,952	3,018,952		(3,018,952)		
Independent Bank CD	0.55%	12/12/15	3,012,358	3,012,358	4,176		3,016,534	3,016,534
Independent Bank CD	0.35%	03/04/16	1,501,323	1,501,323	1,324		1,502,648	1,502,648
Central National Bank CD	0.74%	03/05/16	2,011,090	2,011,090	3,751		2,014,841	2,014,841
Southside Bank CD	0.60%	03/08/16	1,004,494	1,004,494	1,519		1,006,014	1,006,014
Central National Bank CD	0.55%	05/06/16	2,500,000	2,500,000	3,466		2,503,466	2,503,466
Independent Bank CD	0.55%	06/04/16	2,503,466	2,503,466	3,471		2,506,936	2,506,936
Southside Bank CD	0.70%	09/08/16	1,005,245	1,005,245	1,774		1,007,018	1,007,018
Comerica Bank CD	0.72%	09/08/16	2,010,796	2,010,796	3,651		2,014,448	2,014,448
Comerica Bank CD	0.80%	03/02/17	2,004,036	2,004,036	4,044		2,008,079	2,008,079
Central National Bank CD	1.01%	03/09/17			3,000,000		3,000,000	3,000,000
Central National Bank CD	0.95%	04/26/17	2,013,439	2,013,439	4,769		2,018,208	2,018,208
<b>TOTAL</b>			<b>\$ 128,003,421</b>	<b>\$ 128,003,421</b>	<b>\$ 6,549,680</b>	<b>\$ (36,966,595)</b>	<b>\$ 97,586,506</b>	<b>\$ 97,586,506</b>

## Market Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2015		Qtr to Qtr Change	September 30, 2015	
			Par Value	Market Value		Par Value	Market Value
BBVA Demand Account	0.45%	10/01/15	\$ 10,648,121	\$ 10,648,121	\$ (728,277)	\$ 9,919,844	\$ 9,919,844
Union State Bank	0.15%	10/01/15	11,091	11,091	4	11,095	11,095
BBVA Compass MMA 3	0.15%	10/01/15	5,025,305	5,025,305	1,647	5,026,953	5,026,953
BBVA Compass MMA 4	0.15%	10/01/15	14,585,774	14,585,774	(6,994,597)	7,591,177	7,591,177
FILA (IDP)	0.21%	10/01/15	7,012,032	7,012,032	3,011,557	10,023,588	10,023,588
FILA (IDP) 2	0.21%	10/01/15	12,020,551	12,020,551	(4,001,803)	8,018,748	8,018,748
Comerica MMA	0.15%	10/01/15	3,153,888	3,153,888	(2,799,732)	354,156	354,156
Southside Bank MMA	0.22%	10/01/15	7,082,178	7,082,178	503,639	7,585,817	7,585,817
TexasTerm	0.10%	10/01/15	394,223	394,223	112	394,336	394,336
TexPool	0.09%	10/01/15	33,813,166	33,813,166	(11,397,025)	22,416,140	22,416,140
TexStar	0.10%	10/01/15	3,645,686	3,645,686	776	3,646,462	3,646,462
Central National Bank CD	0.61%	09/05/15	2,009,139	2,009,139	(2,009,139)		
Independent Bank CD	0.38%	09/09/15	3,008,535	3,008,535	(3,008,535)		
Independent Bank CD	0.38%	09/09/15	3,008,535	3,008,535	(3,008,535)		
Independent Bank CD	0.37%	09/17/15	3,018,952	3,018,952	(3,018,952)		
Independent Bank CD	0.55%	12/12/15	3,012,358	3,012,358	4,176	3,016,534	3,016,534
Independent Bank CD	0.35%	03/04/16	1,501,323	1,501,323	1,324	1,502,648	1,502,648
Central National Bank CD	0.74%	03/05/16	2,011,090	2,011,090	3,751	2,014,841	2,014,841
Southside Bank CD	0.60%	03/08/16	1,004,494	1,004,494	1,519	1,006,014	1,006,014
Central National Bank CD	0.55%	05/06/16	2,500,000	2,500,000	3,466	2,503,466	2,503,466
Independent Bank CD	0.55%	06/04/16	2,503,466	2,503,466	3,471	2,506,936	2,506,936
Southside Bank CD	0.70%	09/08/16	1,005,245	1,005,245	1,774	1,007,018	1,007,018
Comerica Bank CD	0.72%	09/08/16	2,010,796	2,010,796	3,651	2,014,448	2,014,448
Comerica Bank CD	0.80%	03/02/17	2,004,036	2,004,036	4,044	2,008,079	2,008,079
Central National Bank CD	1.01%	03/09/17			3,000,000	3,000,000	3,000,000
Central National Bank CD	0.95%	04/26/17	2,013,439	2,013,439	4,769	2,018,208	2,018,208
<b>TOTAL</b>			<b>\$ 128,003,421</b>	<b>\$ 128,003,421</b>	<b>\$ (30,416,914)</b>	<b>\$ 97,586,506</b>	<b>\$ 97,586,506</b>

**Allocation**

**September 30, 2015**

<b>Book &amp; Market Value</b>	<b>Maturity Date</b>	<b>Total</b>	<b>General Operating</b>	<b>Special Revenue</b>	<b>Interest &amp; Sinking</b>	<b>Enterprise Funds</b>	<b>Capital Projects</b>	<b>KEDC</b>
BBVA Demand Account	10/01/15	\$ 9,919,844	\$ 1,931,645	\$ 2,604,670	\$ 2,475,154	\$ 1,606,674	\$ 1,067,950	\$ 233,751
Union State Bank	10/01/15	11,095					11,095	
BBVA Compass MMA 3	10/01/15	5,026,953				1,507,990	3,518,962	
BBVA Compass MMA 4	10/01/15	7,591,177	6,583,041				1,008,136	
FILA (IDP)	10/01/15	10,023,588	1,003,509			4,008,167	5,011,913	
FILA (IDP) 2	10/01/15	8,018,748				5,012,623	3,006,125	
Comerica MMA	10/01/15	354,156	220,743				133,413	
Southside Bank MMA	10/01/15	7,585,817					7,585,817	
TexasTerm	10/01/15	394,336	52,418			52,375	289,543	
TexPool	10/01/15	22,416,140	337,895	721,307	602,252	4,639,272	11,252,008	4,863,406
TexStar	10/01/15	3,646,462	2,430,974			1,215,487		
Independent Bank CD	12/12/15	3,016,534					3,016,534	
Independent Bank CD	03/04/16	1,502,648				1,502,648		
Central National Bank CD	03/05/16	2,014,841					2,014,841	
Southside Bank CD	03/08/16	1,006,014				1,006,014		
Central National Bank CD	05/06/16	2,503,466					2,503,466	
Independent Bank CD	06/04/16	2,506,936					2,506,936	
Southside Bank CD	09/08/16	1,007,018				1,007,018		
Comerica Bank CD	09/08/16	2,014,448				2,014,448		
Comerica Bank CD	03/02/17	2,008,079	2,008,079					
Central National Bank CD	03/09/17	3,000,000					3,000,000	
Central National Bank CD	04/26/17	2,018,208					2,018,208	
<b>Totals</b>		<b>\$ 97,586,506</b>	<b>\$ 14,568,303</b>	<b>\$ 3,325,977</b>	<b>\$ 3,077,406</b>	<b>\$ 23,572,716</b>	<b>\$ 47,944,947</b>	<b>\$ 5,097,157</b>

**Allocation**

**June 30, 2015**

<b>Book &amp; Market Value</b>	<b>Maturity Date</b>	<b>Total</b>	<b>General Operating</b>	<b>Special Revenue</b>	<b>Interest &amp; Sinking</b>	<b>Enterprise Funds</b>	<b>Capital Projects</b>	<b>KEDC</b>
BBVA Demand Account	07/01/15	\$ 10,648,121	\$ 1,715,930	\$ 2,384,662	\$ 4,338,682	\$ (181,376)	\$ 2,326,116	\$ 64,108
Union State Bank	07/01/15	11,091					11,091	
BBVA Compass MMA 3	07/01/15	5,025,305	2,010,157			1,507,580	1,507,569	
BBVA Compass MMA 4	07/01/15	14,585,774	13,577,967				1,007,807	
FILA (IDP)	07/01/15	7,012,032	2,002,770				5,009,261	
FILA (IDP) 2	07/01/15	12,020,551				9,016,016	3,004,534	
Comerica MMA	07/01/15	3,153,888	3,020,525				133,362	
Southside Bank MMA	07/01/15	7,082,178					7,082,178	
TexasTerm	07/01/15	394,223	52,403			52,360	289,461	
TexPool	07/01/15	33,813,166	175,742	707,811	13,428,265	5,636,032	9,282,782	4,582,533
TexStar	07/01/15	3,645,686	2,430,457			1,215,229		
Central National Bank CD	09/05/15	2,009,139					2,009,139	
Independent Bank CD	09/09/15	3,008,535					3,008,535	
Independent Bank CD	09/09/15	3,008,535					3,008,535	
Independent Bank CD	09/17/15	3,018,952					3,018,952	
Independent Bank CD	12/12/15	3,012,358					3,012,358	
Independent Bank CD	03/04/16	1,501,323				1,501,323		
Central National Bank CD	03/05/16	2,011,090					2,011,090	
Southside Bank CD	03/08/16	1,004,494				1,004,494		
Central National Bank CD	05/06/16	2,500,000					2,500,000	
Independent Bank CD	06/04/16	2,503,466					2,503,466	
Southside Bank CD	09/08/16	1,005,245				1,005,245		
Comerica Bank CD	09/08/16	2,010,796				2,010,796		
Comerica Bank CD	03/02/17	2,004,036	2,004,036					
Central National Bank CD	04/26/17	2,013,439					2,013,439	
<b>Totals</b>		<b>\$ 128,003,421</b>	<b>\$ 26,989,986</b>	<b>\$ 3,092,472</b>	<b>\$ 17,766,947</b>	<b>\$ 22,767,700</b>	<b>\$ 52,739,674</b>	<b>\$ 4,646,641</b>