



# City of Killeen

## QUARTERLY INVESTMENT REPORT

For the Quarter Ended

March 31, 2016

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.

## Summary

### Quarter End Results by Investment Category:

Asset Type	Ave. Yield	March 31, 2016		December 31, 2015	
		Book Value	Market Value	Book Value	Market Value
Demand Accounts	0.38%	\$ 11,166,518	\$ 11,166,518	\$ 10,695,331	\$ 10,695,331
Pools/MMA	0.35%	64,984,932	64,984,932	88,868,637	88,868,637
Securities/CDs	0.70%	33,624,610	33,624,610	21,116,962	21,116,962
<b>Totals</b>		<b>\$ 109,776,060</b>	<b>\$ 109,776,060</b>	<b>\$ 120,680,930</b>	<b>\$ 120,680,930</b>
Average Yield (1)		Fiscal Year-to-Date Average Yield (2)			
Total Portfolio	0.46%			Total Portfolio	0.40%
Rolling Three Mo. Treas. Yield	0.29%			Rolling Three Mo. Treas. Yield	0.21%
Rolling Six Mo. Treas. Yield	0.39%			Rolling Six Mo. Treas. Yield	0.32%
				Quarterly TexPool Yield	0.26%
		Interest Income	Bank Fees Offset		
		Quarterly \$	105,174	\$	10,646
		Year-to-date \$	182,621	\$	21,321

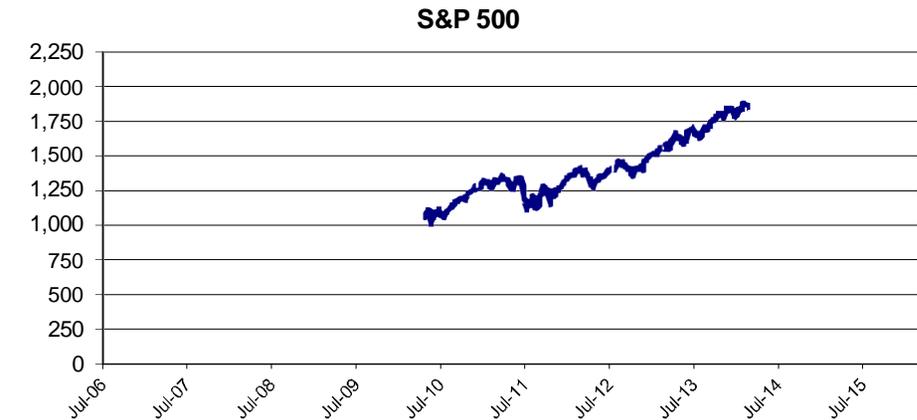
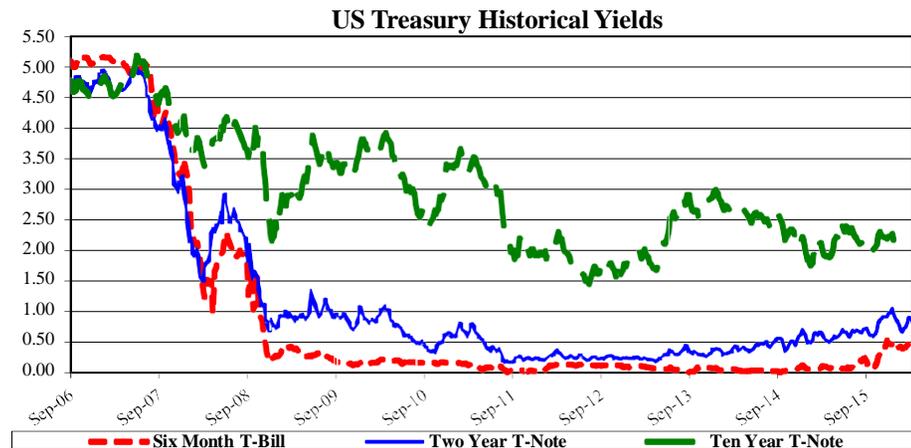
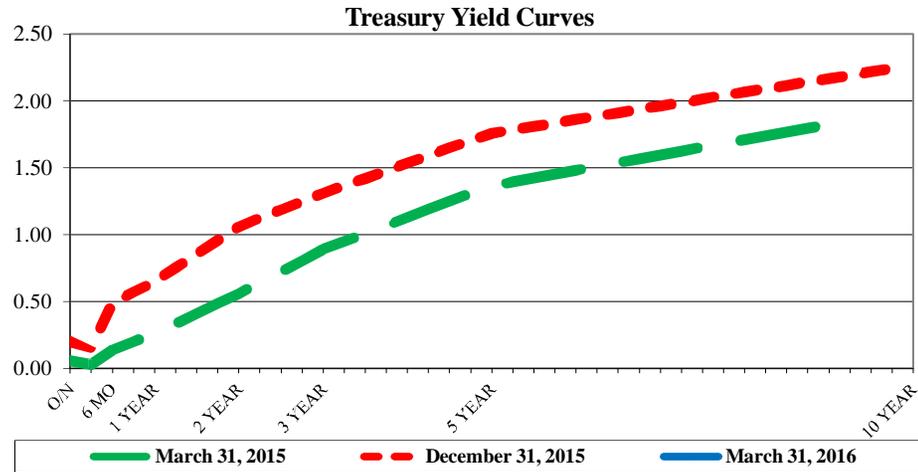
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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

3/31/2016

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range of 0.25% - 0.50% (actual Fed Funds are trading +/-37 bps). The March FOMC Meeting Statement (and subsequent releases) indicated concerns about economic growth prospects and reported lower projections than previously set. The futures market anticipates limited probability of additional rate increases prior to December. International concerns dominate the uncertainty. US data reflects continuing, modest US growth. The Yield Curve flattened due to the longer-term, lackluster worldwide expansion outlook. Taxable municipal bonds or CDs offer the best interest earnings opportunity, if available.



## Investment Holdings

March 31, 2016

Description	Ratings	Coupon/	Maturity	Settlement	Par Value	Book	Market	Market	Life	Yield
		Discount	Date	Date		Value	Price	Value	(Days)	
BBVA Demand Account (3)		0.38%	04/01/16	03/31/16	\$ 11,144,135	\$ 11,144,135	1.00	\$ 11,144,135	1	0.38%
Cash on Hand		0.00%	04/01/16	03/31/16	11,280	11,280	1.00	11,280	1	0.00%
Union State Bank		0.15%	04/01/16	03/31/16	11,103	11,103	1.00	11,103	1	0.15%
FILA (IDP)		0.30%	04/01/16	03/31/16	17,064,535	17,064,535	1.00	17,064,535	1	0.30%
Southside Bank MMA		0.48%	04/01/16	03/31/16	4,597,277	4,597,277	1.00	4,597,277	1	0.48%
LegacyTexas Bank MMA		0.40%	04/01/16	03/31/16	12,636,644	12,636,644	1.00	12,636,644	1	0.40%
TexasTerm	AAAm	0.40%	04/01/16	03/31/16	5,370,852	5,370,852	1.00	5,370,852	1	0.40%
TexPool	AAAm	0.33%	04/01/16	03/31/16	24,882,995	24,882,995	1.00	24,882,995	1	0.33%
TexSTAR	AAAm	0.35%	04/01/16	03/31/16	432,629	432,629	1.00	432,629	1	0.35%
Central National Bank CD		0.55%	05/06/16	05/06/15	2,510,412	2,510,412	100.00	2,510,412	36	0.55%
Independent Bank CD		0.55%	06/04/16	03/04/15	2,513,816	2,513,816	100.00	2,513,816	65	0.55%
LegacyTexas Bank CD		0.60%	06/21/16	12/21/15	1,502,192	1,502,192	100.00	1,502,192	82	0.60%
LegacyTexas Bank CD		0.60%	08/01/16	01/29/16	4,003,810	4,003,810	100.00	4,003,810	123	0.60%
LegacyTexas Bank CD		0.60%	08/01/16	01/29/16	1,000,952	1,000,952	100.00	1,000,952	123	0.60%
LegacyTexas Bank CD		0.60%	08/01/16	01/29/16	1,000,952	1,000,952	100.00	1,000,952	123	0.60%
LegacyTexas Bank CD		0.63%	09/01/16	02/02/16	1,000,000	1,000,000	100.00	1,000,000	154	0.63%
LegacyTexas Bank CD		0.63%	09/01/16	02/02/16	1,000,000	1,000,000	100.00	1,000,000	154	0.63%
Southside Bank CD		0.70%	09/08/16	09/08/14	1,010,536	1,010,536	100.00	1,010,536	161	0.70%
Comerica Bank CD		0.72%	09/08/16	09/08/14	2,021,691	2,021,691	100.00	2,021,691	161	0.72%
Central National Bank CD		0.56%	09/30/16	03/07/16	1,000,000	1,000,000	100.00	1,000,000	183	0.56%
LegacyTexas Bank CD		0.65%	10/03/16	01/29/16	1,001,032	1,001,032	100.00	1,001,032	186	0.65%
Central National Bank CD		0.61%	10/31/16	03/07/16	2,000,000	2,000,000	100.00	2,000,000	214	0.61%
Wallis State Bank CD		0.70%	11/01/16	02/02/16	1,000,000	1,000,000	100.00	1,000,000	215	0.70%
Wallis State Bank CD		0.71%	12/01/16	02/02/16	1,000,000	1,000,000	100.00	1,000,000	245	0.71%
Central National Bank CD		0.71%	12/29/16	03/07/16	1,000,000	1,000,000	100.00	1,000,000	273	0.71%
Central National Bank CD		0.80%	01/03/17	02/01/16	1,000,000	1,000,000	100.00	1,000,000	278	0.80%
Central National Bank CD		0.85%	02/01/17	02/01/16	1,000,000	1,000,000	100.00	1,000,000	307	0.85%
Comerica Bank CD		0.80%	03/02/17	03/02/15	2,016,103	2,016,103	100.00	2,016,103	336	0.80%
Central National Bank CD		1.01%	03/09/17	09/09/15	3,007,564	3,007,564	100.00	3,007,564	343	1.01%
Central National Bank CD		0.95%	04/26/17	04/26/15	2,035,550	2,035,550	100.00	2,035,550	391	0.95%
<b>\$109,776,060</b>						<b>\$109,776,060</b>		<b>\$109,776,060</b>	<b>60</b>	<b>0.46%</b>
									<b>(1)</b>	<b>(2)</b>

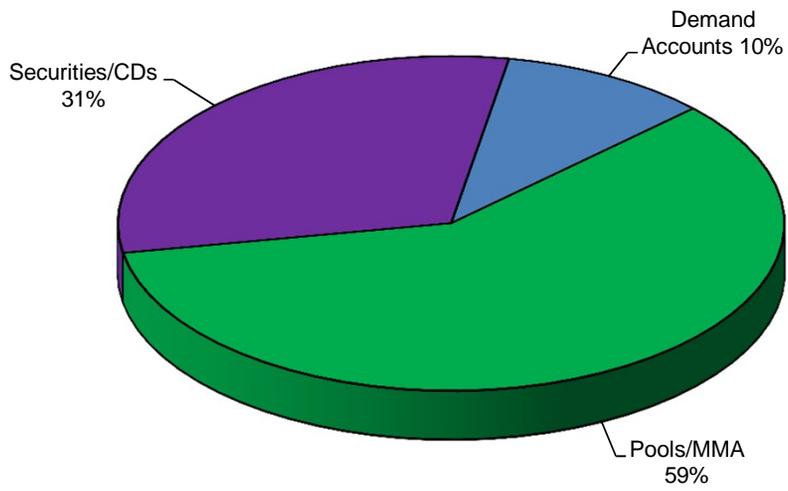
(1) **Weighted average life** - For purposes of calculating weighted average life, cash equivalent investments are assumed to have a one day maturity.

(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.

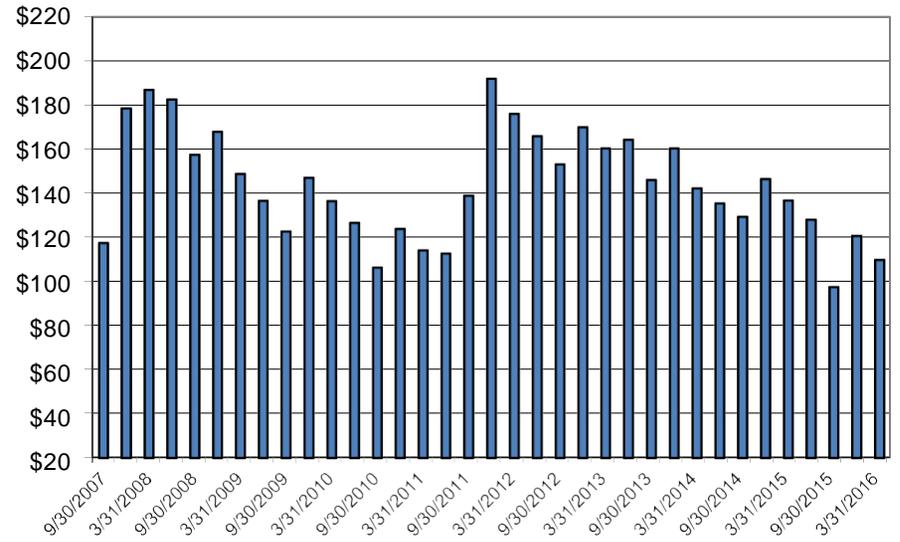
(3) **Bank Fees Offset Equivalent Yield** - Compensating balance in bank operating account yielded a blended equivalent investment yield as a result of Bank fees offset.

Valley View Consulting, L.L.C.

**Portfolio Composition**



**Total Portfolio (Millions)**



## Book Value Comparison

December 31, 2015

March 31, 2016

Description	Coupon/ Discount	Maturity Date	December 31, 2015		Purchases/ Adjustments	Sales/Adjust/ Maturities	March 31, 2016	
			Par Value	Book Value			Par Value	Book Value
BBVA Demand Account	0.38%	04/01/16	\$ 10,684,232	\$ 10,684,232	\$ 459,903	\$ —	\$ 11,144,135	\$ 11,144,135
Cash on Hand	0.00%	04/01/16	—	—	11,280		11,280	11,280
Union State Bank	0.15%	04/01/16	11,099	11,099	4		11,103	11,103
FILA (IDP)	0.30%	04/01/16	17,051,778	17,051,778	12,757		17,064,535	17,064,535
Comerica MMA	0.00%	04/01/16	354,323	354,323		(354,323)	—	—
Southside Bank MMA	0.48%	04/01/16	7,591,075	7,591,075		(2,993,798)	4,597,277	4,597,277
LegacyTexas Bank MMA	0.40%	04/01/16	12,624,085	12,624,085	12,559		12,636,644	12,636,644
TexasTerm	0.40%	04/01/16	394,509	394,509	4,976,343		5,370,852	5,370,852
TexPool	0.33%	04/01/16	47,205,141	47,205,141		(22,322,147)	24,882,995	24,882,995
TexSTAR	0.35%	04/01/16	3,647,727	3,647,727		(3,215,098)	432,629	432,629
Independent Bank CD	0.35%	03/04/16	1,503,959	1,503,959		(1,503,959)	—	—
Central National Bank CD	0.74%	03/05/16	2,018,558	2,018,558		(2,018,558)	—	—
Southside Bank CD	0.60%	03/08/16	1,007,518	1,007,518		(1,007,518)	—	—
Central National Bank CD	0.55%	05/06/16	2,506,936	2,506,936	3,475		2,510,412	2,510,412
Independent Bank CD	0.55%	06/04/16	2,510,374	2,510,374	3,442		2,513,816	2,513,816
LegacyTexas Bank CD	0.60%	06/21/16	1,500,000	1,500,000	2,192		1,502,192	1,502,192
LegacyTexas Bank CD	0.60%	08/01/16	—	—	4,003,810		4,003,810	4,003,810
LegacyTexas Bank CD	0.60%	08/01/16	—	—	1,000,952		1,000,952	1,000,952
LegacyTexas Bank CD	0.60%	08/01/16	—	—	1,000,952		1,000,952	1,000,952
LegacyTexas Bank CD	0.63%	09/01/16	—	—	1,000,000		1,000,000	1,000,000
LegacyTexas Bank CD	0.63%	09/01/16	—	—	1,000,000		1,000,000	1,000,000
Southside Bank CD	0.70%	09/08/16	1,008,776	1,008,776	1,761		1,010,536	1,010,536
Comerica Bank CD	0.72%	09/08/16	2,018,066	2,018,066	3,625		2,021,691	2,021,691
Central National Bank CD	0.56%	09/30/16	—	—	1,000,000		1,000,000	1,000,000
LegacyTexas Bank CD	0.65%	10/03/16	—	—	1,001,032		1,001,032	1,001,032
Central National Bank CD	0.61%	10/31/16	—	—	2,000,000		2,000,000	2,000,000
Wallis State Bank CD	0.70%	11/01/16	—	—	1,000,000		1,000,000	1,000,000
Wallis State Bank CD	0.71%	12/01/16	—	—	1,000,000		1,000,000	1,000,000
Central National Bank CD	0.71%	12/29/16	—	—	1,000,000		1,000,000	1,000,000
Central National Bank CD	0.80%	01/03/17	—	—	1,000,000		1,000,000	1,000,000
Central National Bank CD	0.85%	02/01/17	—	—	1,000,000		1,000,000	1,000,000
Comerica Bank CD	0.80%	03/02/17	2,012,087	2,012,087	4,016		2,016,103	2,016,103
Central National Bank CD	1.01%	03/09/17	3,000,000	3,000,000	7,564		3,007,564	3,007,564
Central National Bank CD	0.95%	04/26/17	2,030,688	2,030,688	4,863		2,035,550	2,035,550
<b>TOTAL</b>			<b>\$ 120,680,930</b>	<b>\$ 120,680,930</b>	<b>\$ 22,510,530</b>	<b>\$ (33,415,400)</b>	<b>\$ 109,776,060</b>	<b>\$ 109,776,060</b>

## Market Value Comparison

December 31, 2015

March 31, 2016

Description	Coupon/ Discount	Maturity Date	December 31, 2015		Qtr to Qtr Change	March 31, 2016	
			Par Value	Market Value		Par Value	Market Value
BBVA Demand Account	0.38%	04/01/16	\$ 10,684,232	\$ 10,684,232	\$ 459,903	\$ 11,144,135	\$ 11,144,135
Cash on Hand	0.00%	04/01/16	–	–	11,280	11,280	11,280
Union State Bank	0.15%	04/01/16	11,099	11,099	4	11,103	11,103
FILA (IDP)	0.30%	04/01/16	17,051,778	17,051,778	12,757	17,064,535	17,064,535
Comerica MMA	0.00%	04/01/16	354,323	354,323	(354,323)	–	–
Southside Bank MMA	0.48%	04/01/16	7,591,075	7,591,075	(2,993,798)	4,597,277	4,597,277
LegacyTexas Bank MMA	0.40%	04/01/16	12,624,085	12,624,085	12,559	12,636,644	12,636,644
TexasTerm	0.40%	04/01/16	394,509	394,509	4,976,343	5,370,852	5,370,852
TexPool	0.33%	04/01/16	47,205,141	47,205,141	(22,322,147)	24,882,995	24,882,995
TexSTAR	0.35%	04/01/16	3,647,727	3,647,727	(3,215,098)	432,629	432,629
Independent Bank CD	0.35%	03/04/16	1,503,959	1,503,959	(1,503,959)	–	–
Central National Bank CD	0.74%	03/05/16	2,018,558	2,018,558	(2,018,558)	–	–
Southside Bank CD	0.60%	03/08/16	1,007,518	1,007,518	(1,007,518)	–	–
Central National Bank CD	0.55%	05/06/16	2,506,936	2,506,936	3,475	2,510,412	2,510,412
Independent Bank CD	0.55%	06/04/16	2,510,374	2,510,374	3,442	2,513,816	2,513,816
LegacyTexas Bank CD	0.60%	06/21/16	1,500,000	1,500,000	2,192	1,502,192	1,502,192
LegacyTexas Bank CD	0.60%	08/01/16	–	–	4,003,810	4,003,810	4,003,810
LegacyTexas Bank CD	0.60%	08/01/16	–	–	1,000,952	1,000,952	1,000,952
LegacyTexas Bank CD	0.60%	08/01/16	–	–	1,000,952	1,000,952	1,000,952
LegacyTexas Bank CD	0.63%	09/01/16	–	–	1,000,000	1,000,000	1,000,000
LegacyTexas Bank CD	0.63%	09/01/16	–	–	1,000,000	1,000,000	1,000,000
Southside Bank CD	0.70%	09/08/16	1,008,776	1,008,776	1,761	1,010,536	1,010,536
Comerica Bank CD	0.72%	09/08/16	2,018,066	2,018,066	3,625	2,021,691	2,021,691
Central National Bank CD	0.56%	09/30/16	–	–	1,000,000	1,000,000	1,000,000
LegacyTexas Bank CD	0.65%	10/03/16	–	–	1,001,032	1,001,032	1,001,032
Central National Bank CD	0.61%	10/31/16	–	–	2,000,000	2,000,000	2,000,000
Wallis State Bank CD	0.70%	11/01/16	–	–	1,000,000	1,000,000	1,000,000
Wallis State Bank CD	0.71%	12/01/16	–	–	1,000,000	1,000,000	1,000,000
Central National Bank CD	0.71%	12/29/16	–	–	1,000,000	1,000,000	1,000,000
Central National Bank CD	0.80%	01/03/17	–	–	1,000,000	1,000,000	1,000,000
Central National Bank CD	0.85%	02/01/17	–	–	1,000,000	1,000,000	1,000,000
Comerica Bank CD	0.80%	03/02/17	2,012,087	2,012,087	4,016	2,016,103	2,016,103
Central National Bank CD	1.01%	03/09/17	3,000,000	3,000,000	7,564	3,007,564	3,007,564
Central National Bank CD	0.95%	04/26/17	2,030,688	2,030,688	4,863	2,035,550	2,035,550
<b>TOTAL</b>			<b>\$ 120,680,930</b>	<b>\$ 120,680,930</b>	<b>\$ (10,904,871)</b>	<b>\$ 109,776,060</b>	<b>\$ 109,776,060</b>

**Allocation**

**March 31, 2016**

<b>Book &amp; Market Value</b>	<b>Maturity Date</b>	<b>Total</b>	<b>Pooled Investments</b>	<b>General Fund</b>	<b>Special Revenue</b>	<b>Interest &amp; Sinking</b>	<b>Enterprise Funds</b>	<b>Capital Projects</b>	<b>KEDC</b>	<b>Employee Benefit Trust</b>
BBVA Demand Account	04/01/16	\$ 11,144,135	\$ 10,380,271	\$ -	\$ 439,240	\$ -	\$ 116,383	\$ 122,159	\$ -	\$ 86,082
Cash on Hand	04/01/16	11,280		5,080	2,000		4,200			
Union State Bank	04/01/16	11,103						11,103		
FILA (IDP)	04/01/16	17,064,535	17,064,535							
Southside Bank MMA	04/01/16	4,597,277	4,597,277							
LegacyTexas MMA	04/01/16	12,636,644	12,636,644							
TexasTerm	04/01/16	5,370,852	5,370,852							
TexPool	04/01/16	24,882,995	20,404,887						4,478,107	
TexSTAR	04/01/16	432,629	432,629							
Central National Bank CD	05/06/16	2,510,412						2,510,412		
Independent Bank CD	06/04/16	2,513,816						2,513,816		
LegacyTexas Bank CD	06/21/16	1,502,192						1,502,192		
LegacyTexas Bank CD	08/01/16	4,003,810				4,003,810				
LegacyTexas Bank CD	08/01/16	1,000,952		1,000,952						
LegacyTexas Bank CD	08/01/16	1,000,952					1,000,952			
LegacyTexas Bank CD	09/01/16	1,000,000		1,000,000						
LegacyTexas Bank CD	09/01/16	1,000,000					1,000,000			
Southside Bank CD	09/08/16	1,010,536					1,010,536			
Comerica Bank CD	09/08/16	2,021,691					2,021,691			
Central National Bank CD	09/30/16	1,000,000	1,000,000							
LegacyTexas Bank CD	10/03/16	1,001,032		1,001,032						
Central National Bank CD	10/31/16	2,000,000	2,000,000							
Wallis State Bank CD	11/01/16	1,000,000		1,000,000						
Wallis State Bank CD	12/01/16	1,000,000		1,000,000						
Central National Bank CD	12/29/16	1,000,000	1,000,000							
Central National Bank CD	01/03/17	1,000,000		1,000,000						
Central National Bank CD	02/01/17	1,000,000		1,000,000						
Comerica Bank CD	03/02/17	2,016,103		2,016,103						
Central National Bank CD	03/09/17	3,007,564						3,007,564		
Central National Bank CD	04/26/17	2,035,550						2,035,550		
<b>Totals</b>		<b>\$ 109,776,060</b>	<b>\$ 74,887,095</b>	<b>\$ 9,023,167</b>	<b>\$ 441,240</b>	<b>\$ 4,003,810</b>	<b>\$ 5,153,762</b>	<b>\$ 11,702,796</b>	<b>\$ 4,478,107</b>	<b>\$ 86,082</b>

<b>Allocation</b>		<b>December 31, 2015</b>						
<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	01/01/16	\$ 10,684,232	\$ 5,554,528	\$ 2,760,025	\$ 491,097	\$ 2,402,996	\$ (524,415)	\$ -
Union State Bank	01/01/16	11,099					11,099	
FILA (IDP)	01/01/16	17,051,778	1,004,065			8,025,225	8,022,487	
Comerica MMA	01/01/16	354,323	220,860				133,463	
Southside Bank MMA	01/01/16	7,591,075					7,591,075	
LegacyTexas MMA	01/01/16	12,624,085	6,587,175			1,507,727	4,529,183	
TexasTerm	01/01/16	394,509	52,441			52,398	289,670	
TexPool	01/01/16	47,205,141	10,967,983	697,625	12,644,780	7,140,938	11,279,039	4,474,776
TexSTAR	01/01/16	3,647,727	2,431,818			1,215,909		
Independent Bank CD	03/04/16	1,503,959				1,503,959		
Central National Bank CD	03/05/16	2,018,558					2,018,558	
Southside Bank CD	03/08/16	1,007,518				1,007,518		
Central National Bank CD	05/06/16	2,506,936					2,506,936	
Independent Bank CD	06/04/16	2,510,374					2,510,374	
LegacyTexaS Bank CD	06/21/16	1,500,000					1,500,000	
Southside Bank CD	09/08/16	1,008,776				1,008,776		
Comerica Bank CD	09/08/16	2,018,066				2,018,066		
Comerica Bank CD	03/02/17	2,012,087	2,012,087					
Central National Bank CD	03/09/17	3,000,000					3,000,000	
Central National Bank CD	04/26/17	2,030,688					2,030,688	
<b>Totals</b>		<b>\$ 120,680,930</b>	<b>\$28,830,956</b>	<b>\$ 3,457,650</b>	<b>\$13,135,877</b>	<b>\$ 25,883,512</b>	<b>\$ 44,898,159</b>	<b>\$4,474,776</b>