



City of Killeen

QUARTERLY INVESTMENT REPORT

For the Quarter Ended

June 30, 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.

Executive Director of Finance

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	June 30, 2016		March 31, 2016	
		Book Value	Market Value	Book Value	Market Value
Demand Accounts	0.32%	\$ 11,305,826	\$ 11,305,826	\$ 11,166,518	\$ 11,166,518
Pools/MMA	0.44%	48,998,463	48,998,463	64,984,932	64,984,932
Securities/CDs	0.74%	32,143,425	32,143,425	33,624,610	33,624,610
Totals		\$ 92,447,715	\$ 92,447,715	\$ 109,776,060	\$ 109,776,060
Current Quarter Average Yield (1)		Fiscal Year-to-Date Average Yield (2)			
Total Portfolio	0.53%			Total Portfolio	0.44%
Rolling Three Mo. Treas. Yield	0.26%			Rolling Three Mo. Treas. Yield	0.23%
Rolling Six Mo. Treas. Yield	0.42%			Rolling Six Mo. Treas. Yield	0.35%
				Quarterly TexPool Yield	0.29%
		Interest Income	Bank Fees Offset		
		Quarterly \$ 117,241	\$ 11,192		
		Year-to-date \$ 306,181	\$ 32,513		

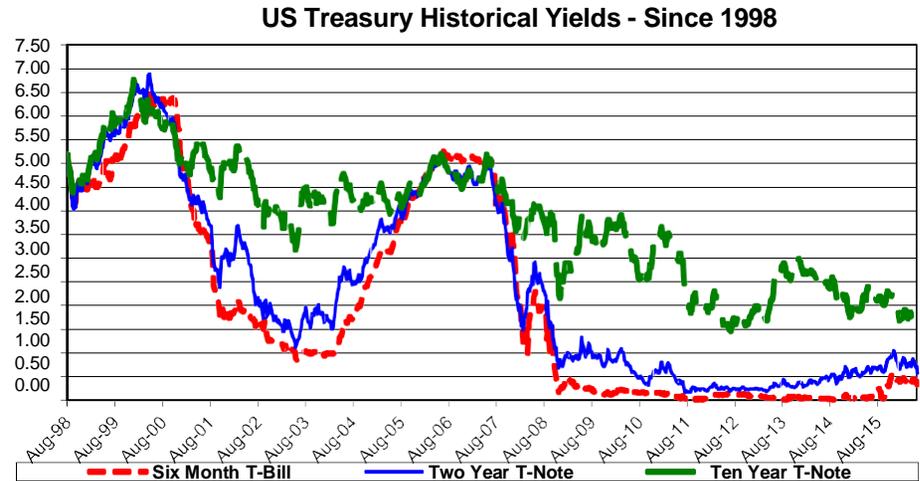
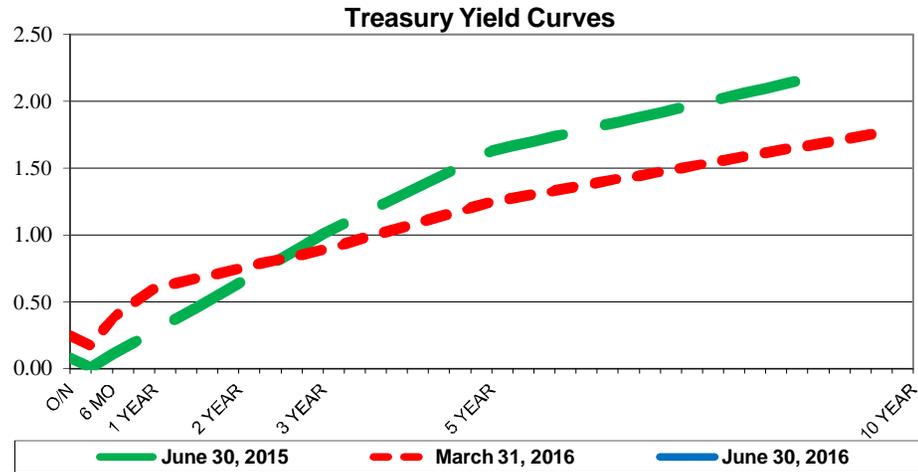
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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

6/30/2016

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range of 0.25% - 0.50% (actual Fed Funds trading +/-35 to 40 bps). The June FOMC meeting expressed concerns over reduced economic expectation. First Quarter US GDP was revised up to +1.1% (final revision). The June Non-Farm Payroll surged 287k new jobs, although other unemployment data remained modest. The British "Brexit" vote to leave the European Union Global jolted the markets. The US Stock markets plunged, then recovered. Treasury yields dove on the flight to quality. Taxable municipal bonds or CDs offer the best interest earnings opportunity, if available.



Investment Holdings

June 30, 2016

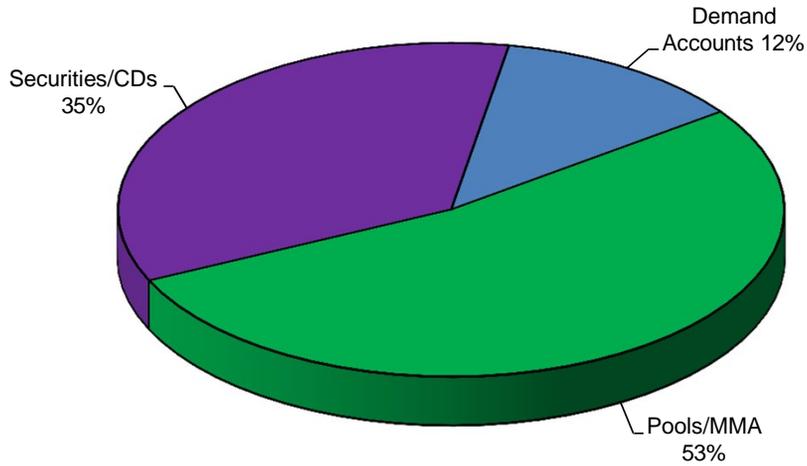
Description	Ratings	Coupon/	Maturity	Settlement	Par Value	Book	Market	Market	Life	Yield
		Discount	Date	Date		Value	Price	Value	(Days)	
BBVA Demand Account (3)		0.32%	07/01/16	06/30/16	\$ 11,283,440	\$ 11,283,440	1.00	\$ 11,283,440	1	0.32%
Cash on Hand		0.00%	07/01/16	06/30/16	11,280	11,280	1.00	11,280	1	0.00%
Union State Bank		0.00%	07/01/16	06/30/16	11,106	11,106	1.00	11,106	1	0.00%
FILA (IDP)		0.45%	07/01/16	06/30/16	6,072,781	6,072,781	1.00	6,072,781	1	0.45%
Southside Bank MMA		0.51%	07/01/16	06/30/16	4,602,951	4,602,951	1.00	4,602,951	1	0.51%
LegacyTexas Bank MMA		0.40%	07/01/16	06/30/16	12,649,216	12,649,216	1.00	12,649,216	1	0.40%
Green Bank MMA		0.55%	07/01/16	06/30/16	9,011,668	9,011,668	1.00	9,011,668	1	0.55%
TexasDaily	AAAm	0.44%	07/01/16	06/30/16	4,777,038	4,777,038	1.00	4,777,038	1	0.44%
TexPool	AAAm	0.36%	07/01/16	06/30/16	6,449,113	6,449,113	1.00	6,449,113	1	0.36%
TexSTAR	AAAm	0.39%	07/01/16	06/30/16	5,435,697	5,435,697	1.00	5,435,697	1	0.39%
LegacyTexas Bank CD		0.60%	08/01/16	01/29/16	4,009,802	4,009,802	100.00	4,009,802	32	0.60%
LegacyTexas Bank CD		0.60%	08/01/16	01/29/16	1,002,451	1,002,451	100.00	1,002,451	32	0.60%
LegacyTexas Bank CD		0.60%	08/01/16	01/29/16	1,002,451	1,002,451	100.00	1,002,451	32	0.60%
Wallis State Bank CD		0.63%	09/01/16	02/02/16	1,001,553	1,001,553	100.00	1,001,553	63	0.63%
Wallis State Bank CD		0.63%	09/01/16	02/02/16	1,001,553	1,001,553	100.00	1,001,553	63	0.63%
Southside Bank CD		0.70%	09/08/16	09/08/14	1,012,319	1,012,319	100.00	1,012,319	70	0.70%
Comerica Bank CD		0.72%	09/08/16	09/08/14	2,025,362	2,025,362	100.00	2,025,362	70	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	92	0.56%
LegacyTexas Bank CD		0.65%	10/03/16	01/29/16	1,002,655	1,002,655	100.00	1,002,655	95	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	123	0.61%
Wallis State Bank CD		0.70%	11/01/16	02/02/16	1,001,726	1,001,726	100.00	1,001,726	124	0.70%
Wallis State Bank CD		0.71%	12/01/16	02/02/16	1,001,751	1,001,751	100.00	1,001,751	154	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	182	0.71%
Central National Bank CD		0.80%	01/03/17	02/01/16	1,001,973	1,001,973	100.00	1,001,973	187	0.80%
Central National Bank CD		0.85%	02/01/17	02/01/16	1,002,096	1,002,096	100.00	1,002,096	216	0.85%
Comerica Bank CD		0.80%	03/02/17	03/02/15	2,020,171	2,020,171	100.00	2,020,171	245	0.80%
Central National Bank CD		1.01%	03/09/17	09/09/15	3,015,230	3,015,230	100.00	3,015,230	252	1.01%
Central National Bank CD		0.95%	04/26/17	04/26/15	2,040,371	2,040,371	100.00	2,040,371	300	0.95%
LegacyTexas Bank CD		0.75%	05/01/17	05/06/16	1,000,637	1,000,637	100.00	1,000,637	305	0.75%
LegacyTexas Bank CD		0.86%	05/01/17	06/21/16	1,000,000	1,000,000	100.00	1,000,000	305	0.86%
LegacyTexas Bank CD		0.77%	06/01/17	05/06/16	1,000,654	1,000,654	100.00	1,000,654	336	0.77%
LegacyTexas Bank CD		0.90%	06/01/17	06/21/16	1,000,000	1,000,000	100.00	1,000,000	336	0.90%
LegacyTexas Bank CD		0.79%	07/03/17	05/06/16	1,000,671	1,000,671	100.00	1,000,671	368	0.79%
						\$ 92,447,715	\$ 92,447,715	\$ 92,447,715	58	0.53%
									(1)	(2)

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

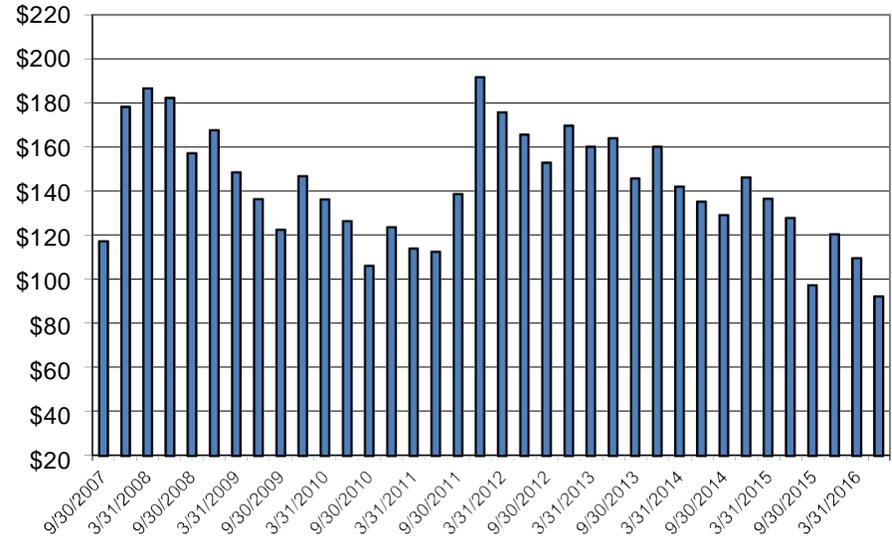
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for cash equivalent investments.

(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.

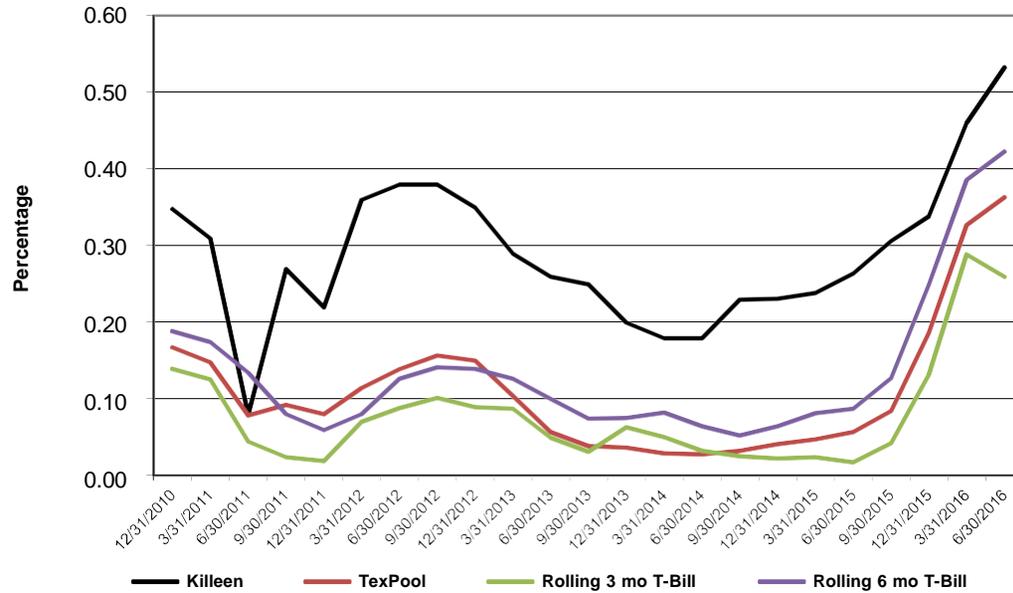
Portfolio Composition



Total Portfolio (Millions)



Total Portfolio Performance



Book Value Comparison

March 31, 2016

June 30, 2016

Description	Coupon/ Discount	Maturity Date	March 31, 2016		Purchases/ Adjustments	Sales/Adjust/ Maturities	June 30, 2016	
			Par Value	Book Value			Par Value	Book Value
BBVA Demand Account	0.32%	07/01/16	\$ 11,144,135	\$ 11,144,135	\$ 139,306	\$ -	\$ 11,283,440	\$ 11,283,440
Cash on Hand	0.00%	07/01/16	11,280	11,280			11,280	11,280
Union State Bank	0.00%	07/01/16	11,103	11,103	3		11,106	11,106
FILA (IDP)	0.45%	07/01/16	17,064,535	17,064,535		(10,991,754)	6,072,781	6,072,781
Southside Bank MMA	0.51%	07/01/16	4,597,277	4,597,277	5,673		4,602,951	4,602,951
LegacyTexas Bank MMA	0.40%	07/01/16	12,636,644	12,636,644	12,572		12,649,216	12,649,216
Green Bank MMA	0.55%	07/01/16	-	-	9,011,668		9,011,668	9,011,668
TexasDaily	0.44%	07/01/16	5,370,852	5,370,852		(593,814)	4,777,038	4,777,038
TexPool	0.36%	07/01/16	24,882,995	24,882,995		(18,433,882)	6,449,113	6,449,113
TexSTAR	0.39%	07/01/16	432,629	432,629	5,003,068		5,435,697	5,435,697
Central National Bank CD	0.55%	05/06/16	2,510,412	2,510,412		(2,510,412)	-	-
Independent Bank CD	0.55%	06/04/16	2,513,816	2,513,816		(2,513,816)	-	-
LegacyTexas Bank CD	0.60%	06/21/16	1,502,192	1,502,192		(1,502,192)	-	-
LegacyTexas Bank CD	0.60%	08/01/16	4,003,810	4,003,810	5,992		4,009,802	4,009,802
LegacyTexas Bank CD	0.60%	08/01/16	1,000,952	1,000,952	1,498		1,002,451	1,002,451
LegacyTexas Bank CD	0.60%	08/01/16	1,000,952	1,000,952	1,498		1,002,451	1,002,451
Wallis State Bank CD	0.63%	09/01/16	1,000,000	1,000,000	1,553		1,001,553	1,001,553
Wallis State Bank CD	0.63%	09/01/16	1,000,000	1,000,000	1,553		1,001,553	1,001,553
Southside Bank CD	0.70%	09/08/16	1,010,536	1,010,536	1,783		1,012,319	1,012,319
Comerica Bank CD	0.72%	09/08/16	2,021,691	2,021,691	3,671		2,025,362	2,025,362
Central National Bank CD	0.56%	09/30/16	1,000,000	1,000,000			1,000,000	1,000,000
LegacyTexas Bank CD	0.65%	10/03/16	1,001,032	1,001,032	1,623		1,002,655	1,002,655
Central National Bank CD	0.61%	10/31/16	2,000,000	2,000,000			2,000,000	2,000,000
Wallis State Bank CD	0.70%	11/01/16	1,000,000	1,000,000	1,726		1,001,726	1,001,726
Wallis State Bank CD	0.71%	12/01/16	1,000,000	1,000,000	1,751		1,001,751	1,001,751
Central National Bank CD	0.71%	12/29/16	1,000,000	1,000,000			1,000,000	1,000,000
Central National Bank CD	0.80%	01/03/17	1,000,000	1,000,000	1,973		1,001,973	1,001,973
Central National Bank CD	0.85%	02/01/17	1,000,000	1,000,000	2,096		1,002,096	1,002,096
Comerica Bank CD	0.80%	03/02/17	2,016,103	2,016,103	4,068		2,020,171	2,020,171
Central National Bank CD	1.01%	03/09/17	3,007,564	3,007,564	7,666		3,015,230	3,015,230
Central National Bank CD	0.95%	04/26/17	2,035,550	2,035,550	4,821		2,040,371	2,040,371
LegacyTexas Bank CD	0.75%	05/01/17	-	-	1,000,637		1,000,637	1,000,637
LegacyTexas Bank CD	0.86%	05/01/17	-	-	1,000,000		1,000,000	1,000,000
LegacyTexas Bank CD	0.77%	06/01/17	-	-	1,000,654		1,000,654	1,000,654
LegacyTexas Bank CD	0.90%	06/01/17	-	-	1,000,000		1,000,000	1,000,000
LegacyTexas Bank CD	0.79%	07/03/17	-	-	1,000,671		1,000,671	1,000,671
TOTAL			\$ 109,776,060	\$ 109,776,060	\$ 19,217,525	\$ (36,545,870)	\$ 92,447,715	\$ 92,447,715

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2016		Qtr to Qtr Change	June 30, 2016	
			Par Value	Market Value		Par Value	Market Value
BBVA Demand Account	0.32%	07/01/16	\$ 11,144,135	\$ 11,144,135	\$ 139,306	\$ 11,283,440	\$ 11,283,440
Cash on Hand	0.00%	07/01/16	11,280	11,280		11,280	11,280
Union State Bank	0.00%	07/01/16	11,103	11,103	3	11,106	11,106
FILA (IDP)	0.45%	07/01/16	17,064,535	17,064,535	(10,991,754)	6,072,781	6,072,781
Southside Bank MMA	0.51%	07/01/16	4,597,277	4,597,277	5,673	4,602,951	4,602,951
LegacyTexas Bank MMA	0.40%	07/01/16	12,636,644	12,636,644	12,572	12,649,216	12,649,216
Green Bank MMA	0.55%	07/01/16	-	-	9,011,668	9,011,668	9,011,668
TexasDaily	0.44%	07/01/16	5,370,852	5,370,852	(593,814)	4,777,038	4,777,038
TexPool	0.36%	07/01/16	24,882,995	24,882,995	(18,433,882)	6,449,113	6,449,113
TexSTAR	0.39%	07/01/16	432,629	432,629	5,003,068	5,435,697	5,435,697
Central National Bank CD	0.55%	05/06/16	2,510,412	2,510,412	(2,510,412)	-	-
Independent Bank CD	0.55%	06/04/16	2,513,816	2,513,816	(2,513,816)	-	-
LegacyTexas Bank CD	0.60%	06/21/16	1,502,192	1,502,192	(1,502,192)	-	-
LegacyTexas Bank CD	0.60%	08/01/16	4,003,810	4,003,810	5,992	4,009,802	4,009,802
LegacyTexas Bank CD	0.60%	08/01/16	1,000,952	1,000,952	1,498	1,002,451	1,002,451
LegacyTexas Bank CD	0.60%	08/01/16	1,000,952	1,000,952	1,498	1,002,451	1,002,451
Wallis State Bank CD	0.63%	09/01/16	1,000,000	1,000,000	1,553	1,001,553	1,001,553
Wallis State Bank CD	0.63%	09/01/16	1,000,000	1,000,000	1,553	1,001,553	1,001,553
Southside Bank CD	0.70%	09/08/16	1,010,536	1,010,536	1,783	1,012,319	1,012,319
Comerica Bank CD	0.72%	09/08/16	2,021,691	2,021,691	3,671	2,025,362	2,025,362
Central National Bank CD	0.56%	09/30/16	1,000,000	1,000,000		1,000,000	1,000,000
LegacyTexas Bank CD	0.65%	10/03/16	1,001,032	1,001,032	1,623	1,002,655	1,002,655
Central National Bank CD	0.61%	10/31/16	2,000,000	2,000,000		2,000,000	2,000,000
Wallis State Bank CD	0.70%	11/01/16	1,000,000	1,000,000	1,726	1,001,726	1,001,726
Wallis State Bank CD	0.71%	12/01/16	1,000,000	1,000,000	1,751	1,001,751	1,001,751
Central National Bank CD	0.71%	12/29/16	1,000,000	1,000,000		1,000,000	1,000,000
Central National Bank CD	0.80%	01/03/17	1,000,000	1,000,000	1,973	1,001,973	1,001,973
Central National Bank CD	0.85%	02/01/17	1,000,000	1,000,000	2,096	1,002,096	1,002,096
Comerica Bank CD	0.80%	03/02/17	2,016,103	2,016,103	4,068	2,020,171	2,020,171
Central National Bank CD	1.01%	03/09/17	3,007,564	3,007,564	7,666	3,015,230	3,015,230
Central National Bank CD	0.95%	04/26/17	2,035,550	2,035,550	4,821	2,040,371	2,040,371
LegacyTexas Bank CD	0.75%	05/01/17	-	-	1,000,637	1,000,637	1,000,637
LegacyTexas Bank CD	0.86%	05/01/17	-	-	1,000,000	1,000,000	1,000,000
LegacyTexas Bank CD	0.77%	06/01/17	-	-	1,000,654	1,000,654	1,000,654
LegacyTexas Bank CD	0.90%	06/01/17	-	-	1,000,000	1,000,000	1,000,000
LegacyTexas Bank CD	0.79%	07/03/17	-	-	1,000,671	1,000,671	1,000,671
TOTAL			\$ 109,776,060	\$ 109,776,060	\$ (17,328,345)	\$ 92,447,715	\$ 92,447,715

**Allocation
Book & Market
Value**

June 30, 2016

	Maturity Date	Total	Pooled Investments	General Fund	Special Revenue	Interest & Sinking	Enterpris e Funds	Capital Projects Trust	KEDC	Employee Benefit
BBVA Demand Account	07/01/16	\$ 11,283,440	\$ 10,308,236	\$ -	\$ 364,729	\$ -	\$ 301,165	\$ 261,190	\$ -	\$ 48,120
Cash on Hand	07/01/16	11,280		5,080	2,000		4,200			
Union State Bank	07/01/16	11,106						11,106		
FILA (IDP)	07/01/16	6,072,781	6,072,781							
Southside Bank MMA	07/01/16	4,602,951	4,602,951							
LegacyTexas MMA	07/01/16	12,649,216	12,649,216							
Green Bank MMA	07/01/16	9,011,668	9,011,668							
TexasDaily	07/01/16	4,777,038	4,777,038							
TexPool	07/01/16	6,449,113	6,449,113							
TexSTAR	07/01/16	5,435,697	5,435,697							
LegacyTexas Bank CD	08/01/16	4,009,802				4,009,802				
LegacyTexas Bank CD	08/01/16	1,002,451		1,002,451						
LegacyTexas Bank CD	08/01/16	1,002,451					1,002,451			
Wallis State Bank CD	09/01/16	1,001,553		1,001,553						
Wallis State Bank CD	09/01/16	1,001,553					1,001,553			
Southside Bank CD	09/08/16	1,012,319					1,012,319			
Comerica Bank CD	09/08/16	2,025,362					2,025,362			
Central National Bank CD	09/30/16	1,000,000	1,000,000							
LegacyTexas Bank CD	10/03/16	1,002,655		1,002,655						
Central National Bank CD	10/31/16	2,000,000	2,000,000							
Wallis State Bank CD	11/01/16	1,001,726		1,001,726						
Wallis State Bank CD	12/01/16	1,001,751		1,001,751						
Central National Bank CD	12/29/16	1,000,000	1,000,000							
Central National Bank CD	01/03/17	1,001,973		1,001,973						
Central National Bank CD	02/01/17	1,002,096		1,002,096						
Comerica Bank CD	03/02/17	2,020,171		2,020,171						
Central National Bank CD	03/09/17	3,015,230						3,015,230		
Central National Bank CD	04/26/17	2,040,371						2,040,371		
LegacyTexas Bank CD	05/01/17	1,000,637	1,000,637							
LegacyTexas Bank CD	05/01/17	1,000,000	1,000,000							
LegacyTexas Bank CD	06/01/17	1,000,654	1,000,654							
LegacyTexas Bank CD	06/01/17	1,000,000	1,000,000							
LegacyTexas Bank CD	07/03/17	1,000,671	1,000,671							
Totals		\$ 92,447,715	\$ 68,308,661	\$ 9,039,455	\$ 366,729	\$ 4,009,802	\$ 5,347,050	\$ 5,327,897	-	\$ 48,120

Allocation

March 31, 2016

Book & Market Value	Maturity Date	Total	Pooled Investments	General Fund	Special Revenue	Interest & Sinking	Enterprise Funds	Capital Projects	KEDC	Employee Benefit Trust
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							
TexasDaily	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		
Totals		\$ 109,776,060	\$ 74,887,095	\$ 9,023,167	\$ 441,240	\$ 4,003,810	\$ 5,153,762	\$ 11,702,796	\$ 4,478,107	\$ 86,082