



# City of Killeen

## QUARTERLY INVESTMENT REPORT

For the Quarter Ended

December 31, 2017

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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Jonathan Locke, Executive Director of Finance

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Karen Evans, 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	December 31, 2017		September 30, 2017	
		Book Value	Market Value	Book Value	Market Value
Demand Accounts	0.32%	\$ 11,189,309	\$ 11,189,309	\$ 10,972,068	\$ 10,972,068
Pools/MMA	1.32%	33,846,762	33,846,762	22,517,583	22,517,583
Securities/CDs	1.56%	57,540,905	57,540,905	33,911,726	33,911,726
<b>Totals</b>		<b>\$ 102,576,976</b>	<b>\$ 102,576,976</b>	<b>\$ 67,401,377</b>	<b>\$ 67,401,377</b>

#### Current Quarter Average Yield (1)

Total Portfolio 1.35%

Rolling Three Mo. Treas. Yield 1.23%

Rolling Six Mo. Treas. Yield 1.26%

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

Total Portfolio 1.35%

Rolling Three Mo. Treas. Yield 1.23%

Rolling Six Mo. Treas. Yield 1.26%

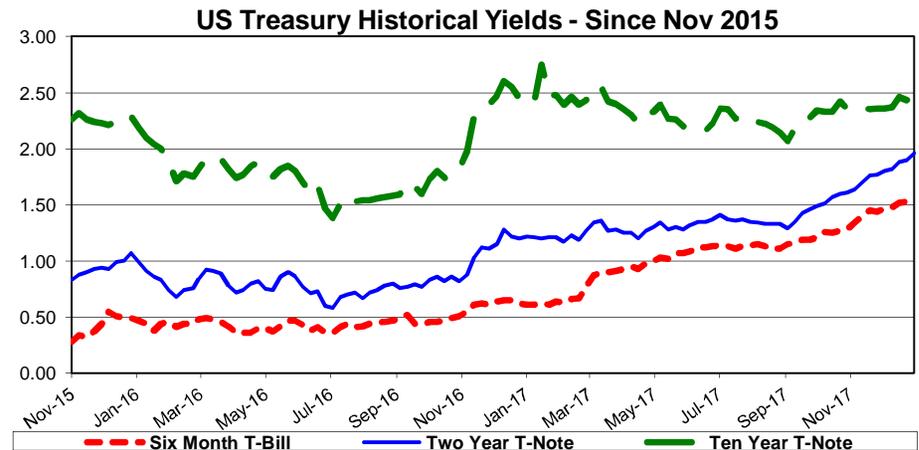
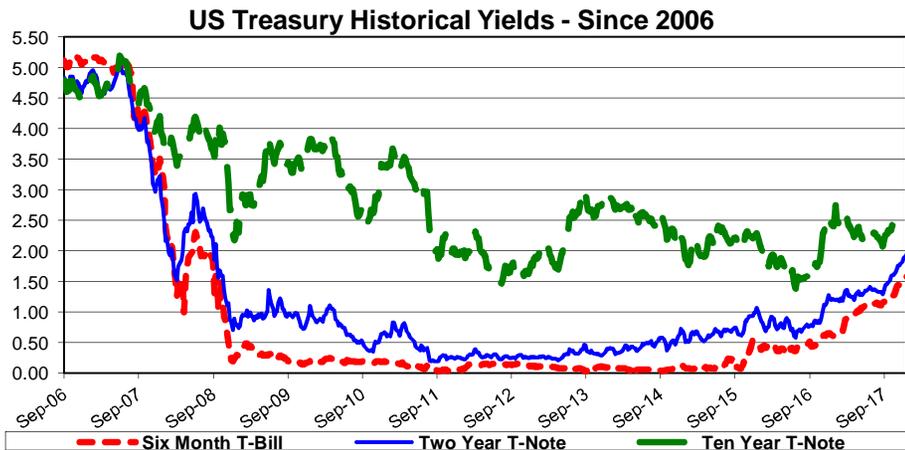
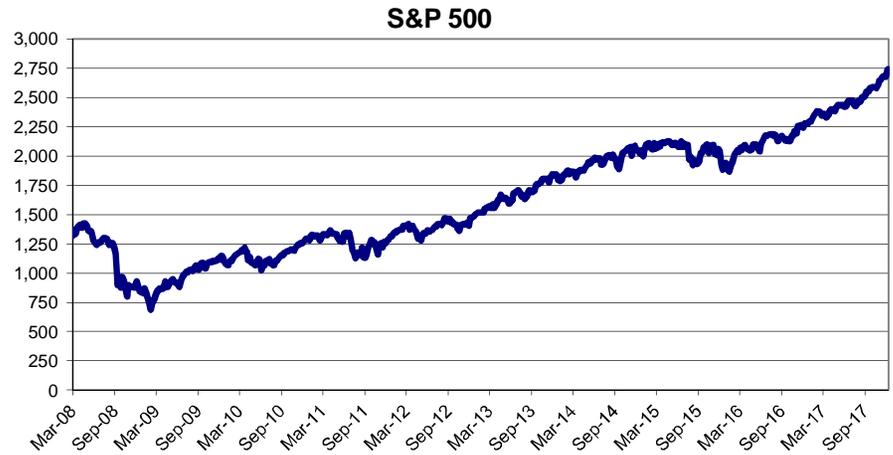
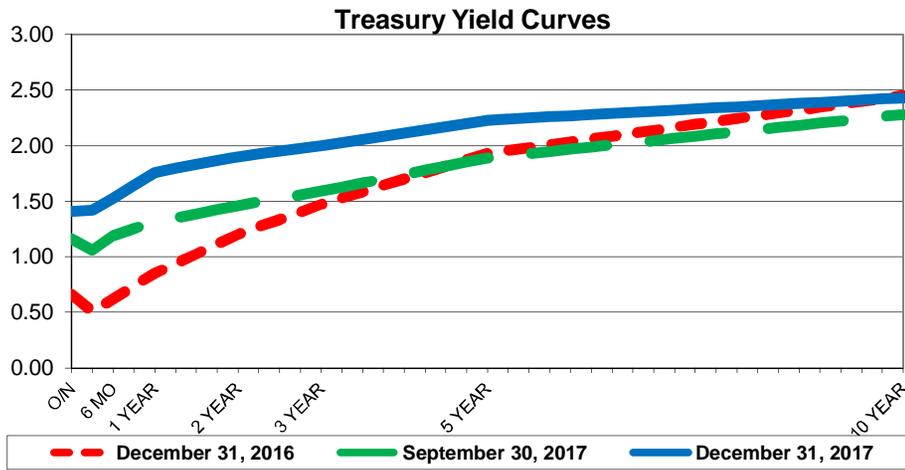
Quarterly TexPool Yield 1.18%

	Interest Income	Bank Fees Offset
Quarterly	\$ 253,019	\$ 10,071
Year-to-date	\$ 253,019	\$ 10,071

(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) increased the Fed Funds target range to 1.25% - 1.50% (Effective Fed Funds are trading +/-1.41%) at the Dec FOMC meeting. Two to three additional increases are projected for 2018 (although subject to economic activity). Gradual portfolio reduction continues by limiting reinvestment of maturing holdings. Third Quarter 2017 GDP measured 3.2%. December Non Farm Payroll data recorded a weaker than expected +148k. US economic data continues positive trend. Washington passed an extensive tax cut. Crude oil trading +/- \$60 on Middle Eastern turmoil. The Stock Markets once again achieved new highs. Jerome Powell will replace Fed Chair Janet Yellen.



## Investment Holdings

December 31, 2017

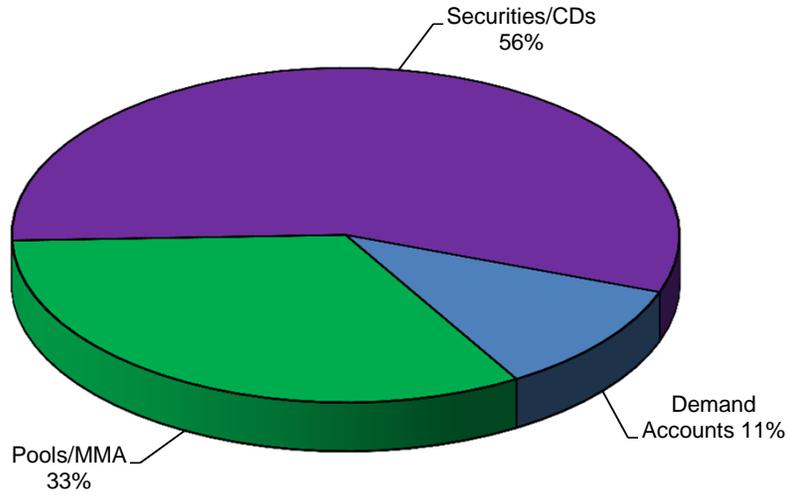
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (Days)	Yield
BBVA Demand Account (3)		0.33%	01/01/18	12/31/17	\$ 10,980,839	\$ 10,980,839	1.00	\$ 10,980,839	1	0.33%
Cash on Hand		0.00%	01/01/18	12/31/17	10,495	10,495	1.00	10,495	1	0.00%
Hometown Cash on Hand		0.00%	01/01/18	12/31/17	197,975	197,975	1.00	197,975	1	0.00%
Southside Bank MMA		1.29%	01/01/18	12/31/17	4,661,934	4,661,934	1.00	4,661,934	1	1.29%
LegacyTexas MMA		1.22%	01/01/18	12/31/17	21,454	21,454	1.00	21,454	1	1.22%
Green Bank MMA		1.32%	01/01/18	12/31/17	9,161,023	9,161,023	1.00	9,161,023	1	1.32%
NexBank MMA		1.62%	01/01/18	12/31/17	7,183,942	7,183,942	1.00	7,183,942	1	1.62%
TexSTAR	AAAm	1.18%	01/01/18	12/31/17	12,818,410	12,818,410	1.00	12,818,410	1	1.18%
Origin Bank CD		1.25%	01/02/18	12/02/16	245,000	245,000	100.00	245,000	2	1.25%
Southside Bank CD		0.97%	01/03/18	12/02/16	4,038,941	4,038,941	100.00	4,038,941	3	0.97%
Lubbock National Bank CD		1.20%	03/01/18	03/14/17	2,522,694	2,522,694	100.00	2,522,694	60	1.20%
Lubbock National Bank CD		1.25%	04/02/18	03/14/17	2,018,915	2,018,915	100.00	2,018,915	92	1.25%
Lubbock National Bank CD		1.25%	05/01/18	03/14/17	1,009,457	1,009,457	100.00	1,009,457	121	1.25%
LegacyTexas Bank CD		1.20%	06/01/18	12/29/16	3,036,199	3,036,199	100.00	3,036,199	152	1.20%
Central National Bank CD		1.51%	07/03/18	05/01/17	5,038,133	5,038,133	100.00	5,038,133	184	1.51%
BBVA Compass Bank CD		1.30%	07/03/18	04/13/17	5,551,483	5,551,483	100.00	5,551,483	184	1.30%
LegacyTexas Bank CD		1.48%	08/01/18	09/01/17	6,022,166	6,022,166	100.00	6,022,166	213	1.48%
BBVA Compass Bank CD		1.40%	09/18/18	04/13/17	2,525,207	2,525,207	100.00	2,525,207	261	1.40%
Third Coast Bank SSB CD		1.85%	12/15/18	12/15/17	4,000,000	4,000,000	100.00	4,000,000	349	1.85%
LegacyTexas Bank CD		1.50%	01/03/19	06/01/17	2,015,088	2,015,088	100.00	2,015,088	368	1.50%
Third Coast Bank SSB CD		1.90%	03/15/19	12/15/17	5,000,000	5,000,000	100.00	5,000,000	439	1.90%
BBVA Compass Bank CD		1.92%	06/08/19	12/08/17	12,014,518	12,014,518	100.00	12,014,518	524	1.92%
BBVA Compass Bank CD		1.97%	09/08/19	12/08/17	2,503,103	2,503,103	100.00	2,503,103	616	1.97%
<b>\$102,576,976</b>						<b>\$102,576,976</b>		<b>\$102,576,976</b>	<b>166</b>	<b>1.35%</b>
									(1)	(2)

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

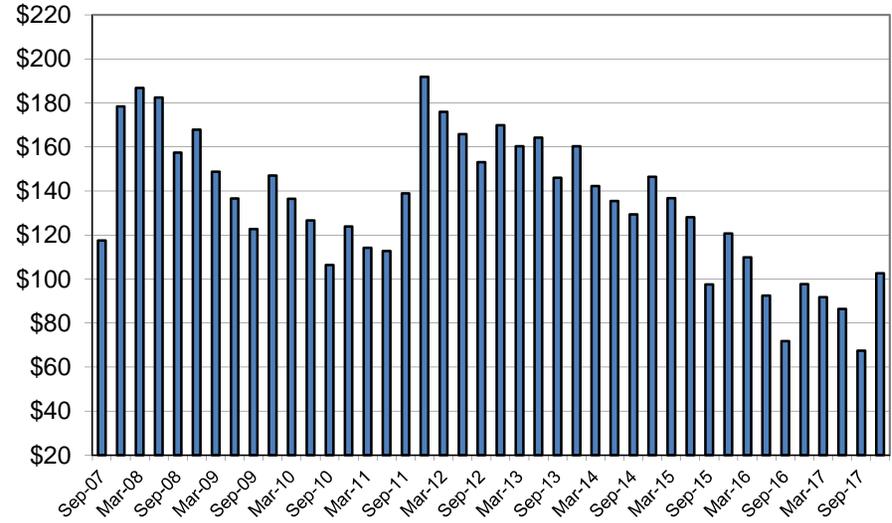
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for cash equivalent investments.

(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.

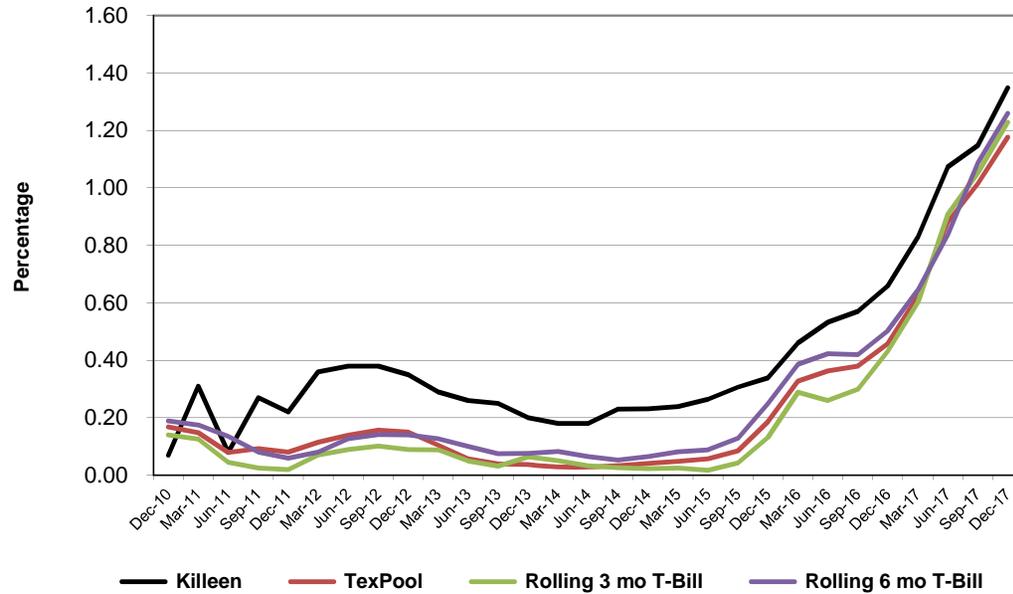
**Portfolio Composition**



**Total Portfolio (Millions)**



**Total Portfolio Performance**



## Book Value Comparison

Description	Coupon/ Discount	Maturity Date	September 30, 2017			December 31, 2017		
			Par Value	Book Value	Purchases/ Adjustments	Sales/Adjust/ Maturities	Par Value	Book Value
BBVA Demand Account	0.33%	01/01/18	\$ 10,845,667	\$ 10,845,667	\$ 135,172	\$ –	\$ 10,980,839	\$ 10,980,839
Cash on Hand	0.00%	01/01/18	10,495	10,495			10,495	10,495
Hometown Cash on Hand	0.00%	01/01/18	115,906	115,906	82,068		197,975	197,975
Southside Bank MMA	1.29%	01/01/18	4,647,626	4,647,626	14,308		4,661,934	4,661,934
LegacyTexas MMA	1.22%	01/01/18	21,393	21,393	61		21,454	21,454
Green Bank MMA	1.32%	01/01/18	9,132,820	9,132,820	28,203		9,161,023	9,161,023
NexBank MMA	1.62%	01/01/18	7,156,686	7,156,686	27,255		7,183,942	7,183,942
TexSTAR	1.18%	01/01/18	1,559,058	1,559,058	11,259,352		12,818,410	12,818,410
Origin Bank CD	1.25%	01/02/18	245,000	245,000			245,000	245,000
Southside Bank CD	0.97%	01/03/18	4,029,197	4,029,197	9,744		4,038,941	4,038,941
Lubbock National Bank CD	1.20%	03/01/18	2,515,161	2,515,161	7,532		2,522,694	2,522,694
Lubbock National Bank CD	1.25%	04/02/18	2,012,636	2,012,636	6,279		2,018,915	2,018,915
Lubbock National Bank CD	1.25%	05/01/18	1,006,318	1,006,318	3,139		1,009,457	1,009,457
LegacyTexas Bank CD	1.20%	06/01/18	3,027,133	3,027,133	9,066		3,036,199	3,036,199
Central National Bank CD	1.51%	07/03/18	5,019,030	5,019,030	19,103		5,038,133	5,038,133
BBVA Compass Bank CD	1.30%	07/03/18	5,533,351	5,533,351	18,131		5,551,483	5,551,483
LegacyTexas Bank CD	1.48%	08/01/18	6,000,000	6,000,000	22,166		6,022,166	6,022,166
BBVA Compass Bank CD	1.40%	09/18/18	2,516,328	2,516,328	8,880		2,525,207	2,525,207
Third Coast Bank SSB CD	1.85%	12/15/18	–	–	4,000,000		4,000,000	4,000,000
LegacyTexas Bank CD	1.50%	01/03/19	2,007,571	2,007,571	7,517		2,015,088	2,015,088
Third Coast Bank SSB CD	1.90%	03/15/19	–	–	5,000,000		5,000,000	5,000,000
BBVA Compass Bank CD	1.92%	06/08/19	–	–	12,014,518		12,014,518	12,014,518
BBVA Compass Bank CD	1.97%	09/08/19	–	–	2,503,103		2,503,103	2,503,103
<b>TOTAL</b>			<b>\$ 67,401,377</b>	<b>\$ 67,401,377</b>	<b>\$ 35,175,599</b>	<b>\$ –</b>	<b>\$ 102,576,976</b>	<b>\$ 102,576,976</b>

## Market Value Comparison

Description	Coupon/ Discount	Maturity Date	September 30, 2017		Qtr to Qtr Change	December 31, 2017	
			Par Value	Market Value		Par Value	Market Value
BBVA Demand Account	0.33%	01/01/18	\$ 10,845,667	\$ 10,845,667	\$ 135,172	\$ 10,980,839	\$ 10,980,839
Cash on Hand	0.00%	01/01/18	10,495	10,495		10,495	10,495
Hometown Cash on Hand	0.00%	01/01/18	115,906	115,906	82,068	197,975	197,975
Southside Bank MMA	1.29%	01/01/18	4,647,626	4,647,626	14,308	4,661,934	4,661,934
LegacyTexas MMA	1.22%	01/01/18	21,393	21,393	61	21,454	21,454
Green Bank MMA	1.32%	01/01/18	9,132,820	9,132,820	28,203	9,161,023	9,161,023
NexBank MMA	1.62%	01/01/18	7,156,686	7,156,686	27,255	7,183,942	7,183,942
TexSTAR	1.18%	01/01/18	1,559,058	1,559,058	11,259,352	12,818,410	12,818,410
Origin Bank CD	1.25%	01/02/18	245,000	245,000		245,000	245,000
Southside Bank CD	0.97%	01/03/18	4,029,197	4,029,197	9,744	4,038,941	4,038,941
Lubbock National Bank CD	1.20%	03/01/18	2,515,161	2,515,161	7,532	2,522,694	2,522,694
Lubbock National Bank CD	1.25%	04/02/18	2,012,636	2,012,636	6,279	2,018,915	2,018,915
Lubbock National Bank CD	1.25%	05/01/18	1,006,318	1,006,318	3,139	1,009,457	1,009,457
LegacyTexas Bank CD	1.20%	06/01/18	3,027,133	3,027,133	9,066	3,036,199	3,036,199
Central National Bank CD	1.51%	07/03/18	5,019,030	5,019,030	19,103	5,038,133	5,038,133
BBVA Compass Bank CD	1.30%	07/03/18	5,533,351	5,533,351	18,131	5,551,483	5,551,483
LegacyTexas Bank CD	1.48%	08/01/18	6,000,000	6,000,000	22,166	6,022,166	6,022,166
BBVA Compass Bank CD	1.40%	09/18/18	2,516,328	2,516,328	8,880	2,525,207	2,525,207
Third Coast Bank SSB CD	1.85%	12/15/18	-	-	4,000,000	4,000,000	4,000,000
LegacyTexas Bank CD	1.50%	01/03/19	2,007,571	2,007,571	7,517	2,015,088	2,015,088
Third Coast Bank SSB CD	1.90%	03/15/19	-	-	5,000,000	5,000,000	5,000,000
BBVA Compass Bank CD	1.92%	06/08/19	-	-	12,014,518	12,014,518	12,014,518
BBVA Compass Bank CD	1.97%	09/08/19	-	-	2,503,103	2,503,103	2,503,103
<b>TOTAL</b>			<b>\$ 67,401,377</b>	<b>\$ 67,401,377</b>	<b>\$ 35,175,599</b>	<b>\$ 102,576,976</b>	<b>\$ 102,576,976</b>

**Allocation**

**December 31, 2017**

<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>Enterprise Funds</b>	<b>Employee Benefit Trust</b>
BBVA Demand Account	01/01/18	\$ 10,980,839	\$ 9,776,356	\$ -	\$ 72,146	\$ 1,077,092	\$ 55,245
Cash on Hand	01/01/18	10,495		4,395	2,000	4,100	
Hometown Cash on Hand	01/01/18	197,975		197,975			
Southside Bank MMA	01/01/18	4,661,934	4,661,934				
LegacyTexas MMA	01/01/18	21,454	21,454				
Green Bank MMA	01/01/18	9,161,023	9,161,023				
NexBank MMA	01/01/18	7,183,942	7,183,942				
TexSTAR	01/01/18	12,818,410	12,818,410				
Origin Bank CD	01/02/18	245,000	245,000				
Southside Bank CD	01/03/18	4,038,941	4,038,941				
Lubbock National Bank CD	03/01/18	2,522,694	2,522,694				
Lubbock National Bank CD	04/02/18	2,018,915	2,018,915				
Lubbock National Bank CD	05/01/18	1,009,457	1,009,457				
LegacyTexas Bank CD	06/01/18	3,036,199	3,036,199				
Central National Bank CD	07/03/18	5,038,133	5,038,133				
BBVA Compass Bank CD	07/03/18	5,551,483	5,551,483				
LegacyTexas Bank CD	08/01/18	6,022,166	6,022,166				
BBVA Compass Bank CD	09/18/18	2,525,207	2,525,207				
Third Coast Bank SSB CD	12/15/18	4,000,000	4,000,000				
LegacyTexas Bank CD	01/03/19	2,015,088	2,015,088				
Third Coast Bank SSB CD	03/15/19	5,000,000	5,000,000				
BBVA Compass Bank CD	06/08/19	12,014,518	12,014,518				
BBVA Compass Bank CD	09/08/19	2,503,103	2,503,103				
<b>Totals</b>		<b>\$ 102,576,976</b>	<b>\$ 101,164,023</b>	<b>\$ 202,370</b>	<b>\$ 74,146</b>	<b>\$ 1,081,192</b>	<b>\$ 55,245</b>

**Allocation**

**September 30, 2017**

<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>Enterprise Funds</b>	<b>Employee Benefit Trust</b>
BBVA Demand Account	10/01/17	\$ 10,845,667	\$ 9,805,383	\$ -	\$ 54,626	\$ 939,646	\$ 46,012
Cash on Hand	10/01/17	10,495		4,395	2,000	4,100	
Hometown Cash on Hand	10/01/17	115,906		115,906			
Southside Bank MMA	10/01/17	4,647,626	4,647,626				
LegacyTexas MMA	10/01/17	21,393	21,393				
Green Bank MMA	10/01/17	9,132,820	9,132,820				
NexBank MMA	10/01/17	7,156,686	7,156,686				
TexSTAR	10/01/17	1,559,058	1,559,058				
Origin Bank CD	01/02/18	245,000	245,000				
Southside Bank CD	01/03/18	4,029,197	4,029,197				
Lubbock National Bank CD	03/01/18	2,515,161	2,515,161				
Lubbock National Bank CD	04/02/18	2,012,636	2,012,636				
Lubbock National Bank CD	05/01/18	1,006,318	1,006,318				
LegacyTexas Bank CD	06/01/18	3,027,133	3,027,133				
Central National Bank CD	07/03/18	5,019,030	5,019,030				
BBVA Compass Bank CD	07/03/18	5,533,351	5,533,351				
LegacyTexas Bank CD	08/01/18	6,000,000	6,000,000				
BBVA Compass Bank CD	09/18/18	2,516,328	2,516,328				
LegacyTexas Bank CD	01/03/19	2,007,571	2,007,571				
<b>Totals</b>		<b>\$ 67,401,377</b>	<b>\$ 66,234,692</b>	<b>\$ 120,301</b>	<b>\$ 56,626</b>	<b>\$ 943,746</b>	<b>\$ 46,012</b>