



# City of Killeen

## QUARTERLY INVESTMENT REPORT

For the Quarter Ended

March 31, 2018

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	March 31, 2018		December 31, 2017	
		Book Value	Market Value	Book Value	Market Value
Demand Accounts	0.34%	\$ 13,257,630	\$ 13,257,630	\$ 11,189,309	\$ 11,189,309
Pools/MMA	1.65%	21,916,622	21,916,622	33,846,762	33,846,762
Securities/CDs	1.75%	65,938,469	65,938,469	57,540,905	57,540,905
<b>Totals</b>		<b>\$ 101,112,721</b>	<b>\$ 101,112,721</b>	<b>\$ 102,576,976</b>	<b>\$ 102,576,976</b>

#### Current Quarter Average Yield (1)

Total Portfolio 1.54%

Rolling Three Mo. Treas. Yield 1.58%

Rolling Six Mo. Treas. Yield 1.58%

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

Total Portfolio 1.45%

Rolling Three Mo. Treas. Yield 1.40%

Rolling Six Mo. Treas. Yield 1.42%

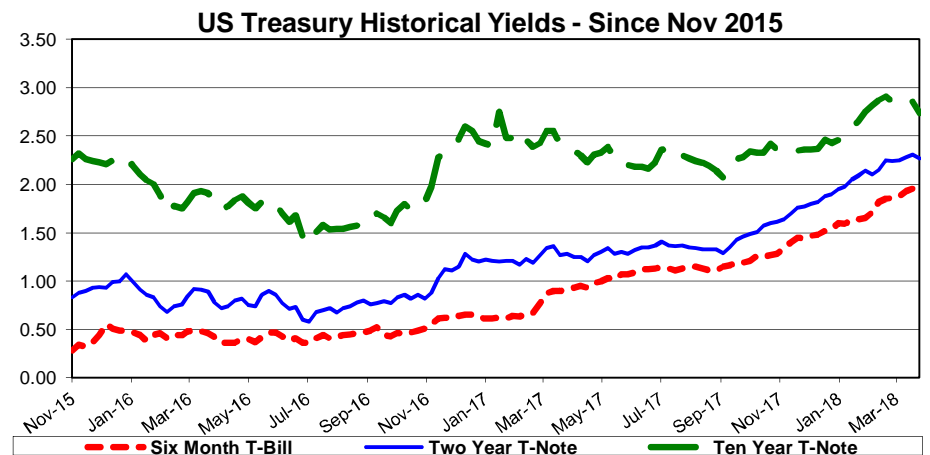
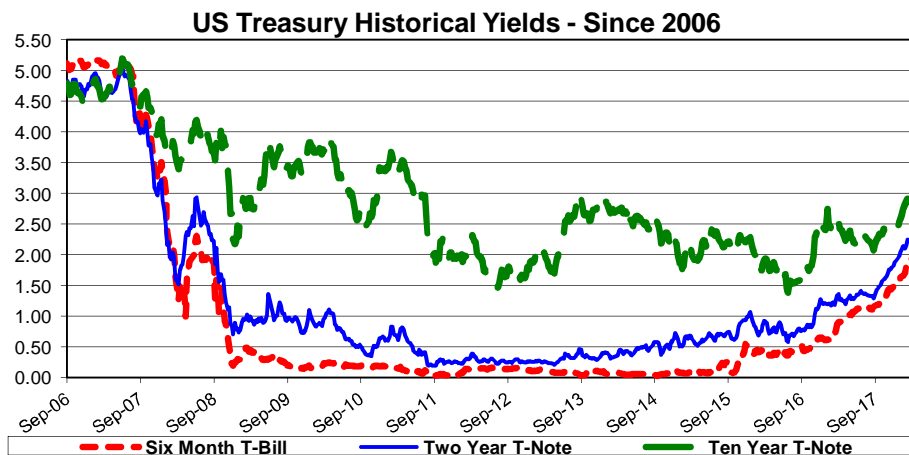
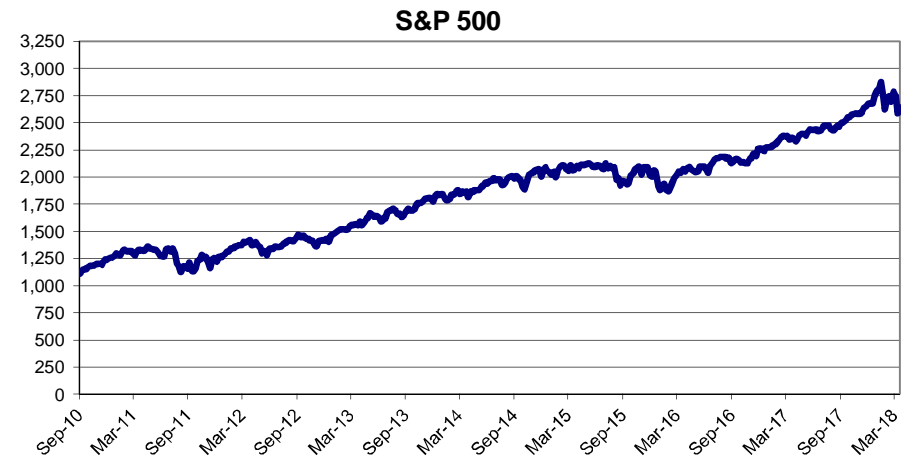
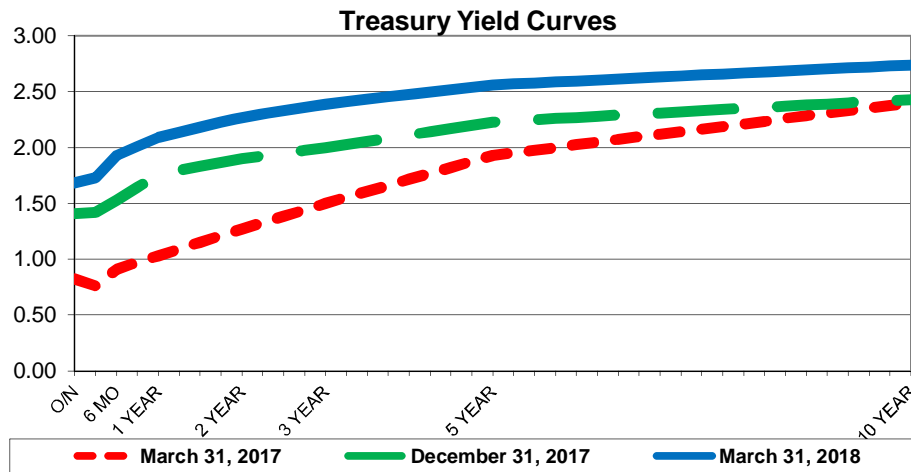
Quarterly TexPool Yield 1.35%

	Interest Income	Bank Fees Offset
Quarterly	\$ 354,504	\$ 10,477
Year-to-date	\$ 607,523	\$ 20,549

(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 0.25% to 1.50% - 1.75% (Effective Fed Funds are trading +/-1.68%). Two to three additional increases are projected for 2018 (although subject to economic activity). Gradual portfolio reduction continues by limiting reinvestment of maturing holdings. Fourth Quarter 2017 GDP measured 2.9% (third/final estimate). February Non Farm Payroll data jumped +313k (well above the expected +205k). The Three Month Average increased to +242k. World events raised some uncertainty (Korea, Russia, Middle East). WTI Crude oil maintained +/- \$65. The Stock Markets waffled 5% to 10% below recent highs. The post-FOMC meeting press release pointed to continuing and frequent rate increases.



## Investment Holdings

March 31, 2018

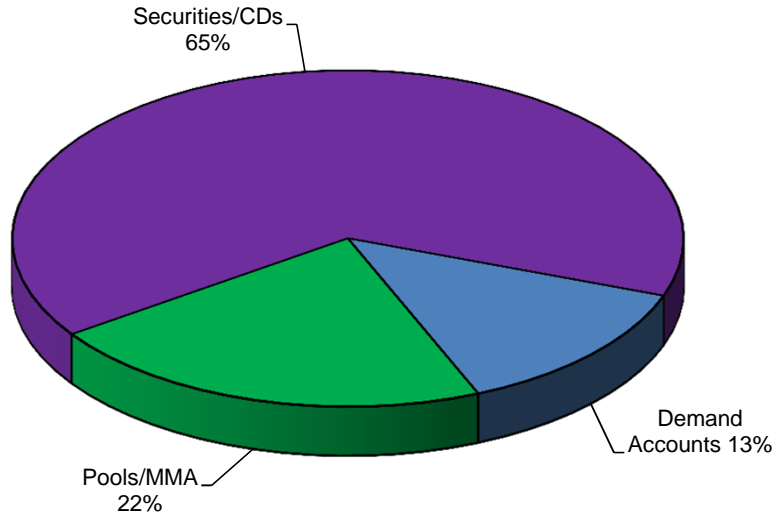
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (Days)	Yield
BBVA Demand Account (3)		0.34%	04/01/18	03/31/18	\$ 13,027,202	\$ 13,027,202	1.00	\$ 13,027,202	1	0.34%
Cash on Hand		0.00%	04/01/18	03/31/18	10,495	10,495	1.00	10,495	1	0.00%
Hometown Cash on Hand		0.00%	04/01/18	03/31/18	219,933	219,933	1.00	219,933	1	0.00%
Southside Bank MMA		1.64%	04/01/18	03/31/18	8,736,447	8,736,447	1.00	8,736,447	1	1.64%
LegacyTexas MMA		1.57%	04/01/18	03/31/18	21,530	21,530	1.00	21,530	1	1.57%
Green Bank MMA		1.43%	04/01/18	03/31/18	2,418,341	2,418,341	1.00	2,418,341	1	1.43%
NexBank MMA		1.81%	04/01/18	03/31/18	7,214,865	7,214,865	1.00	7,214,865	1	1.81%
TexSTAR	AAAm	1.50%	04/01/18	03/31/18	3,525,439	3,525,439	1.00	3,525,439	1	1.50%
Lubbock National Bank CD		1.25%	04/02/18	03/14/17	2,025,144	2,025,144	100.00	2,025,144	2	1.25%
Lubbock National Bank CD		1.25%	05/01/18	03/14/17	1,012,572	1,012,572	100.00	1,012,572	31	1.25%
LegacyTexas Bank CD		1.20%	06/01/18	12/29/16	3,045,191	3,045,191	100.00	3,045,191	62	1.20%
Central National Bank CD		1.51%	07/03/18	05/01/17	5,057,308	5,057,308	100.00	5,057,308	94	1.51%
BBVA Compass Bank CD		1.30%	07/03/18	04/13/17	5,569,278	5,569,278	100.00	5,569,278	94	1.30%
LegacyTexas Bank CD		1.48%	08/01/18	09/01/17	6,044,170	6,044,170	100.00	6,044,170	123	1.48%
BBVA Compass Bank CD		1.40%	09/18/18	04/13/17	2,533,924	2,533,924	100.00	2,533,924	171	1.40%
Third Coast Bank SSB CD		1.85%	12/15/18	12/15/17	4,018,247	4,018,247	100.00	4,018,247	259	1.85%
LegacyTexas Bank CD		1.50%	01/03/19	06/01/17	2,022,551	2,022,551	100.00	2,022,551	278	1.50%
Third Coast Bank SSB CD		1.90%	03/15/19	12/15/17	5,023,425	5,023,425	100.00	5,023,425	349	1.90%
Green Bank CD		1.95%	04/03/19	01/03/18	2,000,000	2,000,000	100.00	2,000,000	368	1.95%
BBVA Compass Bank CD		1.92%	06/08/19	12/08/17	12,071,398	12,071,398	100.00	12,071,398	434	1.92%
Green Bank CD		2.00%	07/03/19	01/03/18	2,000,000	2,000,000	100.00	2,000,000	459	2.00%
LegacyTexas Bank CD		2.28%	08/01/19	03/02/18	8,000,000	8,000,000	100.00	8,000,000	488	2.28%
BBVA Compass Bank CD		1.97%	09/08/19	12/08/17	2,515,262	2,515,262	100.00	2,515,262	526	1.97%
Green Bank CD		2.08%	01/03/20	01/03/18	3,000,000	3,000,000	100.00	3,000,000	643	2.08%
					<b>\$101,112,721</b>	<b>\$101,112,721</b>		<b>\$101,112,721</b>	<b>196</b>	<b>1.54%</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.

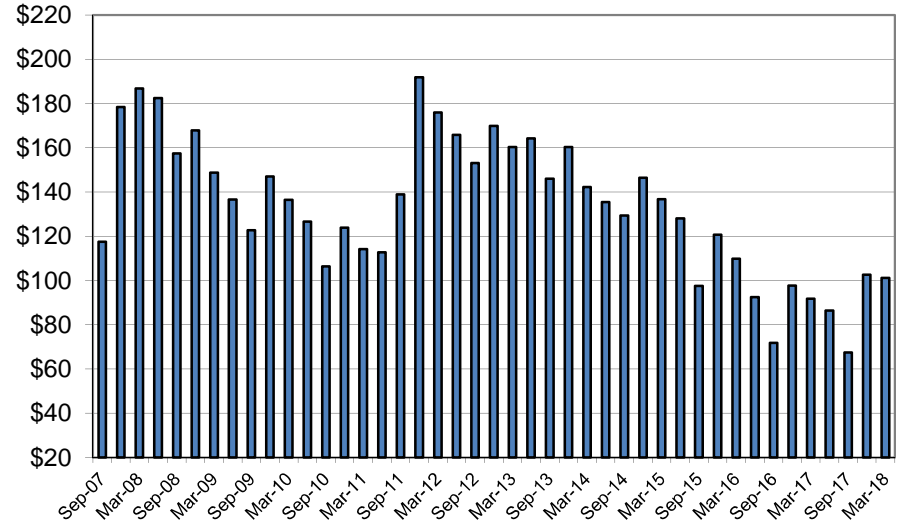
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for cash equivalent investments.

(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.

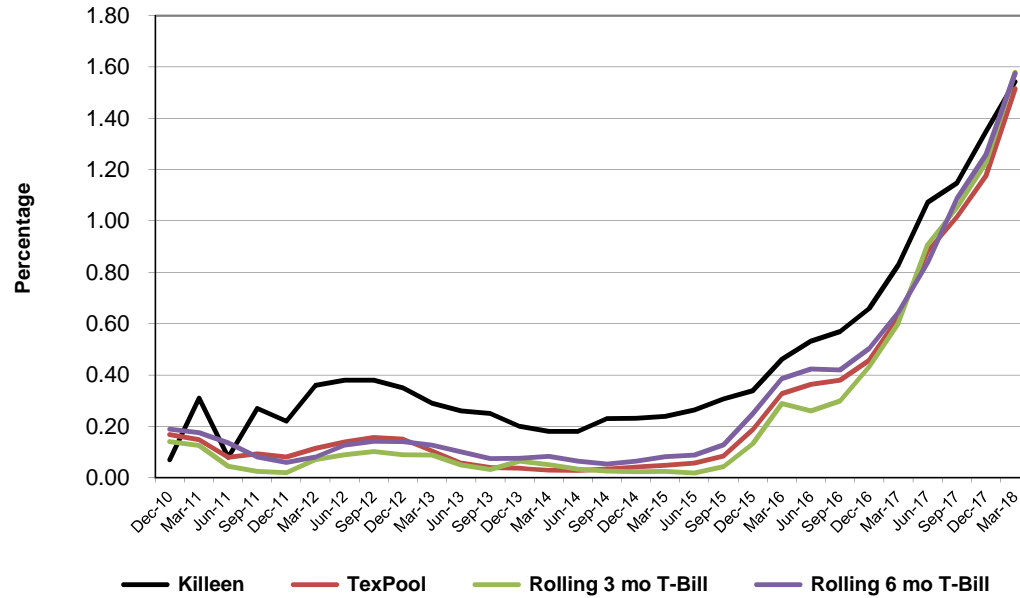
**Portfolio Composition**



**Total Portfolio (Millions)**



**Total Portfolio Performance**



## Book Value Comparison

Description	Coupon/ Discount	Maturity Date	December 31, 2017			March 31, 2018		
			Par Value	Book Value	Purchases/ Adjustments	Sales/Adjust/ Maturities	Par Value	Book Value
BBVA Demand Account	0.34%	04/01/18	\$ 10,980,839	\$ 10,980,839	\$ 2,046,363	\$ —	\$ 13,027,202	\$ 13,027,202
Cash on Hand	0.00%	04/01/18	10,495	10,495			10,495	10,495
Hometown Cash on Hand	0.00%	04/01/18	197,975	197,975	21,958		219,933	219,933
Southside Bank MMA	1.64%	04/01/18	4,661,934	4,661,934	4,074,513		8,736,447	8,736,447
LegacyTexas MMA	1.57%	04/01/18	21,454	21,454	76		21,530	21,530
Green Bank MMA	1.43%	04/01/18	9,161,023	9,161,023		(6,742,682)	2,418,341	2,418,341
NexBank MMA	1.81%	04/01/18	7,183,942	7,183,942	30,923		7,214,865	7,214,865
TexSTAR	1.50%	04/01/18	12,818,410	12,818,410		(9,292,970)	3,525,439	3,525,439
Origin Bank CD	1.25%	01/02/18	245,000	245,000		(245,000)	—	—
Southside Bank CD	0.97%	01/03/18	4,038,941	4,038,941		(4,038,941)	—	—
Lubbock National Bank CD	1.20%	03/01/18	2,522,694	2,522,694		(2,522,694)	—	—
Lubbock National Bank CD	1.25%	04/02/18	2,018,915	2,018,915	6,229		2,025,144	2,025,144
Lubbock National Bank CD	1.25%	05/01/18	1,009,457	1,009,457	3,115		1,012,572	1,012,572
LegacyTexas Bank CD	1.20%	06/01/18	3,036,199	3,036,199	8,993		3,045,191	3,045,191
Central National Bank CD	1.51%	07/03/18	5,038,133	5,038,133	19,175		5,057,308	5,057,308
BBVA Compass Bank CD	1.30%	07/03/18	5,551,483	5,551,483	17,795		5,569,278	5,569,278
LegacyTexas Bank CD	1.48%	08/01/18	6,022,166	6,022,166	22,004		6,044,170	6,044,170
BBVA Compass Bank CD	1.40%	09/18/18	2,525,207	2,525,207	8,717		2,533,924	2,533,924
Third Coast Bank SSB CD	1.85%	12/15/18	4,000,000	4,000,000	18,247		4,018,247	4,018,247
LegacyTexas Bank CD	1.50%	01/03/19	2,015,088	2,015,088	7,462		2,022,551	2,022,551
Third Coast Bank SSB CD	1.90%	03/15/19	5,000,000	5,000,000	23,425		5,023,425	5,023,425
Green Bank CD	1.95%	04/03/19	—	—	2,000,000		2,000,000	2,000,000
BBVA Compass Bank CD	1.92%	06/08/19	12,014,518	12,014,518	56,880		12,071,398	12,071,398
Green Bank CD	2.00%	07/03/19	—	—	2,000,000		2,000,000	2,000,000
LegacyTexas Bank CD	2.28%	08/01/19	—	—	8,000,000		8,000,000	8,000,000
BBVA Compass Bank CD	1.97%	09/08/19	2,503,103	2,503,103	12,159		2,515,262	2,515,262
Green Bank CD	2.08%	01/03/20	—	—	3,000,000		3,000,000	3,000,000
<b>TOTAL</b>			<b>\$ 102,576,976</b>	<b>\$ 102,576,976</b>	<b>\$ 21,378,033</b>	<b>\$ (22,842,288)</b>	<b>\$ 101,112,721</b>	<b>\$ 101,112,721</b>

## Market Value Comparison

Description	Coupon/ Discount	Maturity Date	December 31, 2017		Qtr to Qtr Change	March 31, 2018	
			Par Value	Market Value		Par Value	Market Value
BBVA Demand Account	0.34%	04/01/18	\$ 10,980,839	\$ 10,980,839	\$ 2,046,363	\$ 13,027,202	\$ 13,027,202
Cash on Hand	0.00%	04/01/18	10,495	10,495		10,495	10,495
Hometown Cash on Hand	0.00%	04/01/18	197,975	197,975	21,958	219,933	219,933
Southside Bank MMA	1.64%	04/01/18	4,661,934	4,661,934	4,074,513	8,736,447	8,736,447
LegacyTexas MMA	1.57%	04/01/18	21,454	21,454	76	21,530	21,530
Green Bank MMA	1.43%	04/01/18	9,161,023	9,161,023	(6,742,682)	2,418,341	2,418,341
NexBank MMA	1.81%	04/01/18	7,183,942	7,183,942	30,923	7,214,865	7,214,865
TexSTAR	1.50%	04/01/18	12,818,410	12,818,410	(9,292,970)	3,525,439	3,525,439
Origin Bank CD	1.25%	01/02/18	245,000	245,000	(245,000)	—	—
Southside Bank CD	0.97%	01/03/18	4,038,941	4,038,941	(4,038,941)	—	—
Lubbock National Bank CD	1.20%	03/01/18	2,522,694	2,522,694	(2,522,694)	—	—
Lubbock National Bank CD	1.25%	04/02/18	2,018,915	2,018,915	6,229	2,025,144	2,025,144
Lubbock National Bank CD	1.25%	05/01/18	1,009,457	1,009,457	3,115	1,012,572	1,012,572
LegacyTexas Bank CD	1.20%	06/01/18	3,036,199	3,036,199	8,993	3,045,191	3,045,191
Central National Bank CD	1.51%	07/03/18	5,038,133	5,038,133	19,175	5,057,308	5,057,308
BBVA Compass Bank CD	1.30%	07/03/18	5,551,483	5,551,483	17,795	5,569,278	5,569,278
LegacyTexas Bank CD	1.48%	08/01/18	6,022,166	6,022,166	22,004	6,044,170	6,044,170
BBVA Compass Bank CD	1.40%	09/18/18	2,525,207	2,525,207	8,717	2,533,924	2,533,924
Third Coast Bank SSB CD	1.85%	12/15/18	4,000,000	4,000,000	18,247	4,018,247	4,018,247
LegacyTexas Bank CD	1.50%	01/03/19	2,015,088	2,015,088	7,462	2,022,551	2,022,551
Third Coast Bank SSB CD	1.90%	03/15/19	5,000,000	5,000,000	23,425	5,023,425	5,023,425
Green Bank CD	1.95%	04/03/19	—	—	2,000,000	2,000,000	2,000,000
BBVA Compass Bank CD	1.92%	06/08/19	12,014,518	12,014,518	56,880	12,071,398	12,071,398
Green Bank CD	2.00%	07/03/19	—	—	2,000,000	2,000,000	2,000,000
LegacyTexas Bank CD	2.28%	08/01/19	—	—	8,000,000	8,000,000	8,000,000
BBVA Compass Bank CD	1.97%	09/08/19	2,503,103	2,503,103	12,159	2,515,262	2,515,262
Green Bank CD	2.08%	01/03/20	—	—	3,000,000	3,000,000	3,000,000
<b>TOTAL</b>			<b>\$ 102,576,976</b>	<b>\$ 102,576,976</b>	<b>\$ (1,464,254)</b>	<b>\$ 101,112,721</b>	<b>\$ 101,112,721</b>

**Allocation**

**March 31, 2018**

<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	04/01/18	\$ 13,027,202	\$ 11,675,795	\$ -	\$ 87,666	\$ 1,215,969	\$ 47,771
Cash on Hand	04/01/18	10,495		4,395	2,000	4,100	
Hometown Cash on Hand	04/01/18	219,933		219,933			
Southside Bank MMA	04/01/18	8,736,447	8,736,447				
LegacyTexas MMA	04/01/18	21,530	21,530				
Green Bank MMA	04/01/18	2,418,341	2,418,341				
NexBank MMA	04/01/18	7,214,865	7,214,865				
TexSTAR	04/01/18	3,525,439	3,525,439				
Lubbock National Bank CD	04/02/18	2,025,144	2,025,144				
Lubbock National Bank CD	05/01/18	1,012,572	1,012,572				
LegacyTexas Bank CD	06/01/18	3,045,191	3,045,191				
Central National Bank CD	07/03/18	5,057,308	5,057,308				
BBVA Compass Bank CD	07/03/18	5,569,278	5,569,278				
LegacyTexas Bank CD	08/01/18	6,044,170	6,044,170				
BBVA Compass Bank CD	09/18/18	2,533,924	2,533,924				
Third Coast Bank SSB CD	12/15/18	4,018,247	4,018,247				
LegacyTexas Bank CD	01/03/19	2,022,551	2,022,551				
Third Coast Bank SSB CD	03/15/19	5,023,425	5,023,425				
Green Bank CD	04/03/19	2,000,000	2,000,000				
BBVA Compass Bank CD	06/08/19	12,071,398	12,071,398				
Green Bank CD	07/03/19	2,000,000	2,000,000				
LegacyTexas Bank CD	08/01/19	8,000,000	8,000,000				
BBVA Compass Bank CD	09/08/19	2,515,262	2,515,262				
Green Bank CD	01/03/20	3,000,000	3,000,000				
<b>Totals</b>		<b>\$ 101,112,721</b>	<b>\$ 99,530,887</b>	<b>\$ 224,328</b>	<b>\$ 89,666</b>	<b>\$ 1,220,069</b>	<b>\$ 47,771</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>