



City of Killeen

QUARTERLY INVESTMENT REPORT

For the Quarter Ended

December 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.

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	December 31, 2016		September 30, 2016	
		Book Value	Market Value	Book Value	Market Value
Demand Accounts	0.35%	\$ 10,072,588	\$ 10,072,588	\$ 14,627,808	\$ 14,627,808
Pools/MMA	0.57%	53,225,841	53,225,841	30,049,679	30,049,679
Securities/CDs	0.89%	34,406,061	34,406,061	27,128,245	27,128,245
Totals		\$ 97,704,490	\$ 97,704,490	\$ 71,805,732	\$ 71,805,732

Current Quarter Average Yield (1)

Total Portfolio 0.66%

Rolling Three Mo. Treas. Yield 0.43%

Rolling Six Mo. Treas. Yield 0.50%

Fiscal Year-to-Date Average Yield (2)

Total Portfolio 0.66%

Rolling Three Mo. Treas. Yield 0.43%

Rolling Six Mo. Treas. Yield 0.46%

Quarterly TexPool Yield 0.46%

Interest Income

Quarterly \$ 118,903

Year-to-date \$ 118,903

Bank Fees Offset

Quarterly \$ 10,726

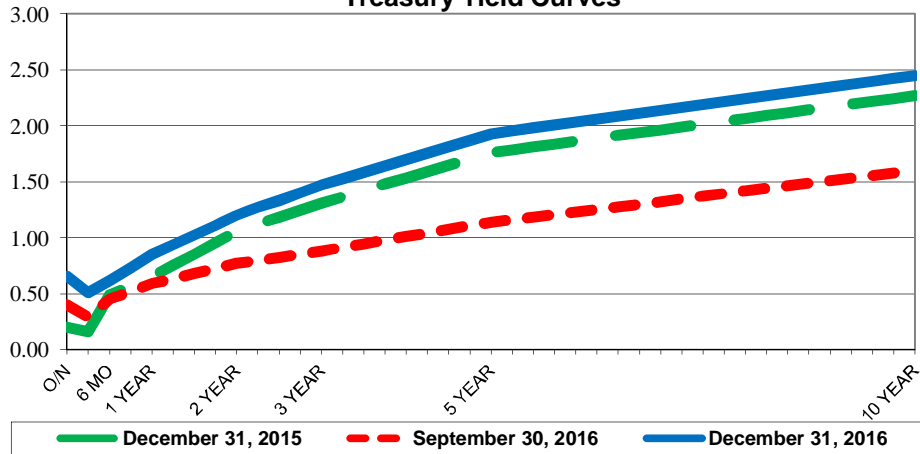
Year-to-date \$ 10,726

(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) raised the Fed Funds target range to 0.50% - 0.75% (actual Fed Funds currently trading +/-65 bps). The FOMC also projected the possibility of three additional increases during 2017. Third Quarter US GDP revised up to 3.5%. Other economic data recorded mixed results. December Non Farm Payroll Employment provided 156,000 new jobs. The US Stock markets recorded record highs. Treasury yields peaked and settled slightly lower. When available, CD and Taxable Municipal yields generally exceed government securities. The banks' reactions to recent market movements will determine if MMAs and CDs continue to be attractive.

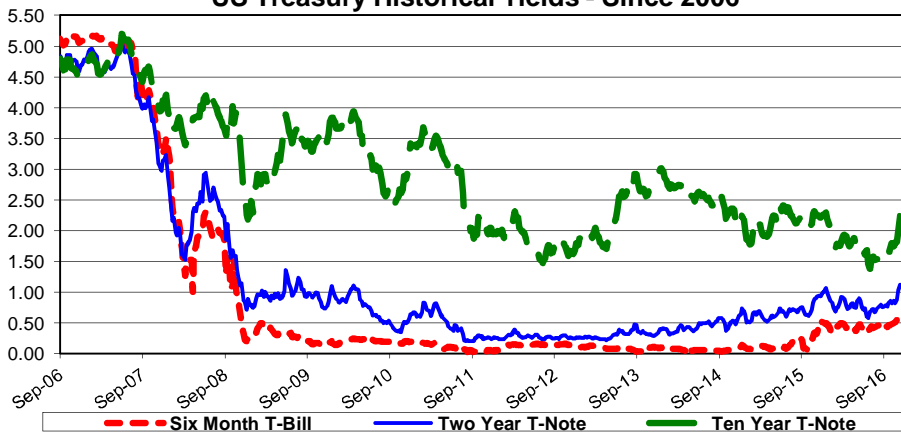
Treasury Yield Curves



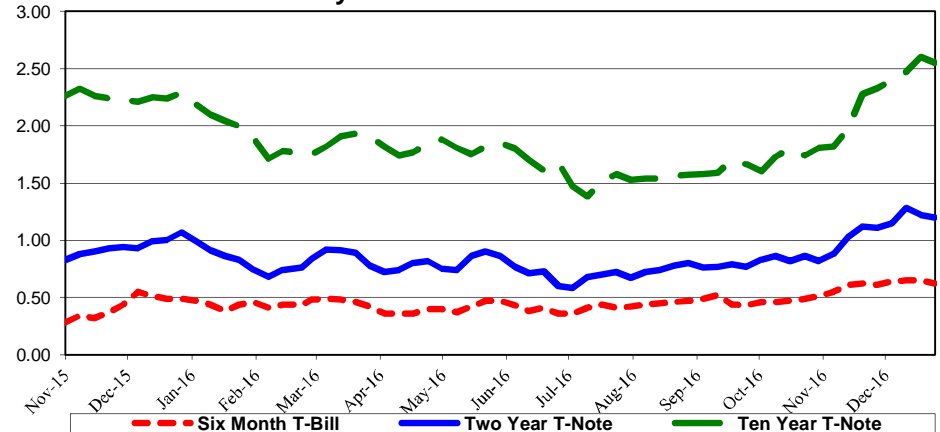
S&P 500



US Treasury Historical Yields - Since 2006



US Treasury Historical Yields - Since Nov 2015



Investment Holdings
December 31, 2016

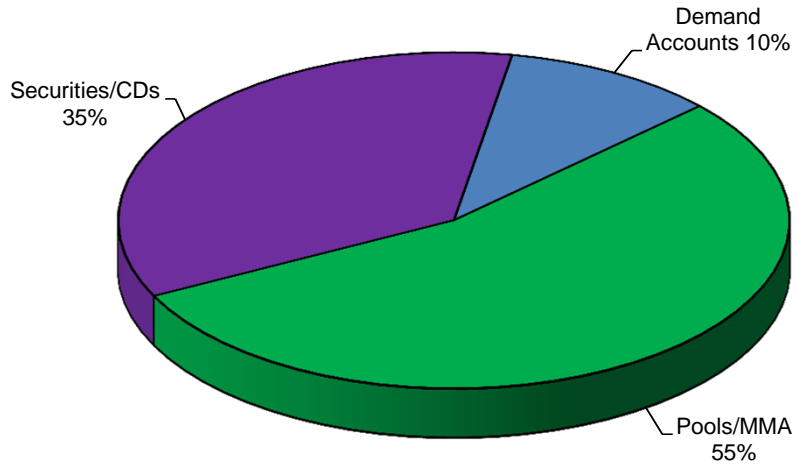
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (Days)	Yield
BBVA Demand Account (3)		0.35%	01/01/17	12/31/16	\$ 10,050,293	\$ 10,050,293	1.00	\$ 10,050,293	1	0.35%
Cash on Hand		0.00%	01/01/17	12/31/16	11,180	11,180	1.00	11,180	1	0.00%
Union State Bank		0.15%	01/01/17	12/31/16	11,116	11,116	1.00	11,116	1	0.15%
FILA (IDP)		0.47%	01/01/17	12/31/16	6,087,092	6,087,092	1.00	6,087,092	1	0.47%
Southside Bank MMA		0.60%	01/01/17	12/31/16	4,615,506	4,615,506	1.00	4,615,506	1	0.60%
LegacyTexas MMA		0.40%	01/01/17	12/31/16	2,658,164	2,658,164	1.00	2,658,164	1	0.40%
Green Bank MMA		0.66%	01/01/17	12/31/16	9,037,524	9,037,524	1.00	9,037,524	1	0.66%
NexBank MMA		0.82%	01/01/17	12/31/16	10,006,679	10,006,679	1.00	10,006,679	1	0.82%
TexasDAILY	AAAm	0.50%	01/01/17	12/31/16	2,799	2,799	1.00	2,799	1	0.50%
TexPool	AAAm	0.46%	01/01/17	12/31/16	20,814,741	20,814,741	1.00	20,814,741	1	0.46%
TexSTAR	AAAm	0.48%	01/01/17	12/31/16	3,335	3,335	1.00	3,335	1	0.48%
Central National Bank CD		0.71%	01/03/17	03/07/16	1,000,000	1,000,000	100.00	1,000,000	3	0.71%
Central National Bank CD		0.80%	01/03/17	02/01/16	1,006,018	1,006,018	100.00	1,006,018	3	0.80%
Central National Bank CD		0.85%	02/01/17	02/01/16	1,006,394	1,006,394	100.00	1,006,394	32	0.85%
Comerica Bank CD		0.80%	03/02/17	03/02/15	2,028,287	2,028,287	100.00	2,028,287	61	0.80%
Central National Bank CD		1.01%	03/09/17	09/09/15	3,030,537	3,030,537	100.00	3,030,537	68	1.01%
Central National Bank CD		0.95%	04/26/17	04/26/15	2,050,101	2,050,101	100.00	2,050,101	116	0.95%
LegacyTexas Bank CD		0.75%	05/01/17	05/06/16	1,004,406	1,004,406	100.00	1,004,406	121	0.75%
LegacyTexas Bank CD		0.86%	05/01/17	06/21/16	1,004,320	1,004,320	100.00	1,004,320	121	0.86%
LegacyTexas Bank CD		0.75%	05/01/17	08/09/16	2,005,018	2,005,018	100.00	2,005,018	121	0.75%
LegacyTexas Bank CD		0.77%	06/01/17	05/06/16	1,004,523	1,004,523	100.00	1,004,523	152	0.77%
LegacyTexas Bank CD		0.90%	06/01/17	06/21/16	1,004,521	1,004,521	100.00	1,004,521	152	0.90%
LegacyTexas Bank CD		0.79%	07/03/17	05/06/16	1,004,641	1,004,641	100.00	1,004,641	184	0.79%
Central National Bank CD		0.82%	08/01/17	09/30/16	1,000,000	1,000,000	100.00	1,000,000	213	0.82%
LegacyTexas Bank CD		0.80%	08/01/17	08/09/16	2,005,353	2,005,353	100.00	2,005,353	213	0.80%
LegacyTexas Bank CD		0.75%	08/01/17	10/03/16	1,001,254	1,001,254	100.00	1,001,254	213	0.75%
LegacyTexas Bank CD		0.85%	09/01/17	08/09/16	2,005,688	2,005,688	100.00	2,005,688	244	0.85%
Green Bank CD		0.80%	09/01/17	11/01/16	4,000,000	4,000,000	100.00	4,000,000	244	0.80%
Origin Bank CD		1.25%	01/02/18	12/02/16	245,000	245,000	100.00	245,000	367	1.25%
Southside Bank CD		0.97%	01/03/18	12/02/16	4,000,000	4,000,000	100.00	4,000,000	368	0.97%
LegacyTexas Bank CD		1.20%	06/01/18	12/29/16	3,000,000	3,000,000	100.00	3,000,000	517	1.20%
					\$ 97,704,490	\$ 97,704,490		\$ 97,704,490	72	0.66%
									(1)	(2)

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

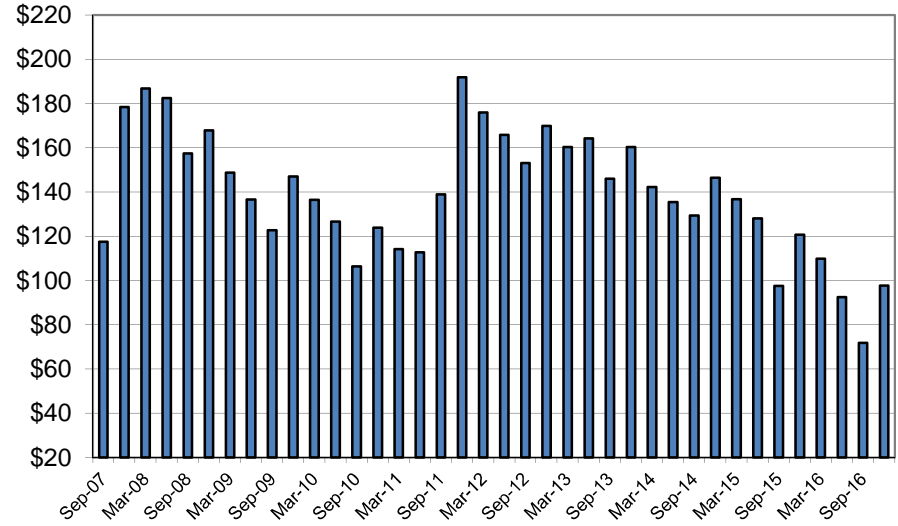
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for cash equivalent investments.

(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.

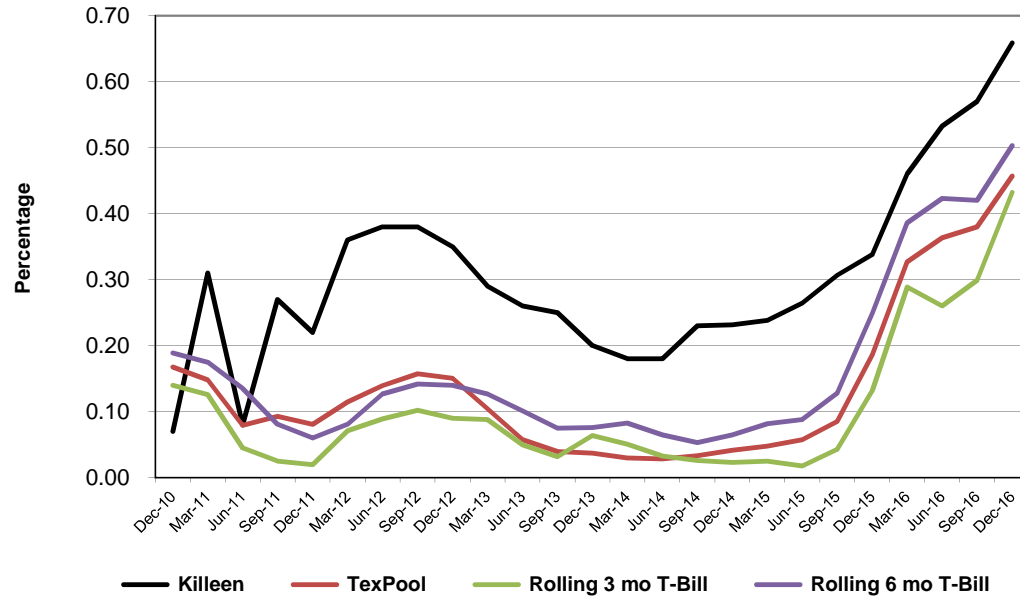
Portfolio Composition



Total Portfolio (Millions)



Total Portfolio Performance



Book Value Comparison

Description	Coupon/ Discount	Maturity Date	September 30, 2016		Purchases/ Adjustments	Sales/Adjust/ Maturities	December 31, 2016	
			Par Value	Book Value			Par Value	Book Value
BBVA Demand Account	0.35%	01/01/17	\$ 14,605,417	\$ 14,605,417	\$ -	\$ (4,555,124)	\$ 10,050,293	\$ 10,050,293
Cash on Hand	0.00%	01/01/17	11,280	11,280		(100)	11,180	11,180
Union State Bank	0.15%	01/01/17	11,112	11,112	4		11,116	11,116
FILA (IDP)	0.47%	01/01/17	6,079,906	6,079,906	7,186		6,087,092	6,087,092
Southside Bank MMA	0.60%	01/01/17	4,609,014	4,609,014	6,492		4,615,506	4,615,506
LegacyTexas MMA	0.40%	01/01/17	2,655,493	2,655,493	2,671		2,658,164	2,658,164
Green Bank MMA	0.66%	01/01/17	9,024,439	9,024,439	13,086		9,037,524	9,037,524
NexBank MMA	0.82%	01/01/17	-	-	10,006,679		10,006,679	10,006,679
TexasDAILY	0.50%	01/01/17	2,796	2,796	3		2,799	2,799
TexPool	0.46%	01/01/17	7,674,700	7,674,700	13,140,042		20,814,741	20,814,741
TexSTAR	0.48%	01/01/17	3,331	3,331	4		3,335	3,335
LegacyTexas Bank CD	0.65%	10/03/16	1,004,299	1,004,299		(1,004,299)	-	-
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	1,003,493	1,003,493		(1,003,493)	-	-
Wallis State Bank CD	0.71%	12/01/16	1,003,543	1,003,543		(1,003,543)	-	-
Central National Bank CD	0.71%	01/03/17	1,000,000	1,000,000			1,000,000	1,000,000
Central National Bank CD	0.80%	01/03/17	1,003,993	1,003,993	2,024		1,006,018	1,006,018
Central National Bank CD	0.85%	02/01/17	1,004,243	1,004,243	2,152		1,006,394	1,006,394
Comerica Bank CD	0.80%	03/02/17	2,024,247	2,024,247	4,040		2,028,287	2,028,287
Central National Bank CD	1.01%	03/09/17	3,022,915	3,022,915	7,621		3,030,537	3,030,537
Central National Bank CD	0.95%	04/26/17	2,045,203	2,045,203	4,897		2,050,101	2,050,101
LegacyTexas Bank CD	0.75%	05/01/17	1,002,530	1,002,530	1,876		1,004,406	1,004,406
LegacyTexas Bank CD	0.86%	05/01/17	1,002,169	1,002,169	2,150		1,004,320	1,004,320
LegacyTexas Bank CD	0.75%	05/01/17	2,001,274	2,001,274	3,744		2,005,018	2,005,018
LegacyTexas Bank CD	0.77%	06/01/17	1,002,597	1,002,597	1,926		1,004,523	1,004,523
LegacyTexas Bank CD	0.90%	06/01/17	1,002,270	1,002,270	2,251		1,004,521	1,004,521
LegacyTexas Bank CD	0.79%	07/03/17	1,002,665	1,002,665	1,976		1,004,641	1,004,641
Central National Bank CD	0.82%	08/01/17	1,000,000	1,000,000			1,000,000	1,000,000
LegacyTexas Bank CD	0.80%	08/01/17	2,001,359	2,001,359	3,994		2,005,353	2,005,353
LegacyTexas Bank CD	0.75%	08/01/17	-	-	1,001,254		1,001,254	1,001,254
LegacyTexas Bank CD	0.85%	09/01/17	2,001,444	2,001,444	4,244		2,005,688	2,005,688
Green Bank CD	0.80%	09/01/17	-	-	4,000,000		4,000,000	4,000,000
Origin Bank CD	1.25%	01/02/18	-	-	245,000		245,000	245,000
Southside Bank CD	0.97%	01/03/18	-	-	4,000,000		4,000,000	4,000,000
LegacyTexas Bank CD	1.20%	06/01/18	-	-	3,000,000		3,000,000	3,000,000
TOTAL			\$ 71,805,732	\$ 71,805,732	\$ 35,465,317	\$ (9,566,559)	\$ 97,704,490	\$ 97,704,490

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	September 30, 2016		Qtr to Qtr Change	December 31, 2016	
			Par Value	Market Value		Par Value	Market Value
BBVA Demand Account	0.35%	01/01/17	\$ 14,605,417	\$ 14,605,417	\$ (4,555,124)	\$ 10,050,293	\$ 10,050,293
Cash on Hand	0.00%	01/01/17	11,280	11,280	(100)	11,180	11,180
Union State Bank	0.15%	01/01/17	11,112	11,112	4	11,116	11,116
FILA (IDP)	0.47%	01/01/17	6,079,906	6,079,906	7,186	6,087,092	6,087,092
Southside Bank MMA	0.60%	01/01/17	4,609,014	4,609,014	6,492	4,615,506	4,615,506
LegacyTexas MMA	0.40%	01/01/17	2,655,493	2,655,493	2,671	2,658,164	2,658,164
Green Bank MMA	0.66%	01/01/17	9,024,439	9,024,439	13,086	9,037,524	9,037,524
NexBank MMA	0.82%	01/01/17	–	–	10,006,679	10,006,679	10,006,679
TexasDAILY	0.50%	01/01/17	2,796	2,796	3	2,799	2,799
TexPool	0.46%	01/01/17	7,674,700	7,674,700	13,140,042	20,814,741	20,814,741
TexSTAR	0.48%	01/01/17	3,331	3,331	4	3,335	3,335
LegacyTexas Bank CD	0.65%	10/03/16	1,004,299	1,004,299	(1,004,299)	–	–
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	1,003,493	1,003,493	(1,003,493)	–	–
Wallis State Bank CD	0.71%	12/01/16	1,003,543	1,003,543	(1,003,543)	–	–
Central National Bank CD	0.71%	01/03/17	1,000,000	1,000,000		1,000,000	1,000,000
Central National Bank CD	0.80%	01/03/17	1,003,993	1,003,993	2,024	1,006,018	1,006,018
Central National Bank CD	0.85%	02/01/17	1,004,243	1,004,243	2,152	1,006,394	1,006,394
Comerica Bank CD	0.80%	03/02/17	2,024,247	2,024,247	4,040	2,028,287	2,028,287
Central National Bank CD	1.01%	03/09/17	3,022,915	3,022,915	7,621	3,030,537	3,030,537
Central National Bank CD	0.95%	04/26/17	2,045,203	2,045,203	4,897	2,050,101	2,050,101
LegacyTexas Bank CD	0.75%	05/01/17	1,002,530	1,002,530	1,876	1,004,406	1,004,406
LegacyTexas Bank CD	0.86%	05/01/17	1,002,169	1,002,169	2,150	1,004,320	1,004,320
LegacyTexas Bank CD	0.75%	05/01/17	2,001,274	2,001,274	3,744	2,005,018	2,005,018
LegacyTexas Bank CD	0.77%	06/01/17	1,002,597	1,002,597	1,926	1,004,523	1,004,523
LegacyTexas Bank CD	0.90%	06/01/17	1,002,270	1,002,270	2,251	1,004,521	1,004,521
LegacyTexas Bank CD	0.79%	07/03/17	1,002,665	1,002,665	1,976	1,004,641	1,004,641
Central National Bank CD	0.82%	08/01/17	1,000,000	1,000,000		1,000,000	1,000,000
LegacyTexas Bank CD	0.80%	08/01/17	2,001,359	2,001,359	3,994	2,005,353	2,005,353
LegacyTexas Bank CD	0.75%	08/01/17	–	–	1,001,254	1,001,254	1,001,254
LegacyTexas Bank CD	0.85%	09/01/17	2,001,444	2,001,444	4,244	2,005,688	2,005,688
Green Bank CD	0.80%	09/01/17	–	–	4,000,000	4,000,000	4,000,000
Origin Bank CD	1.25%	01/02/18	–	–	245,000	245,000	245,000
Southside Bank CD	0.97%	01/03/18	–	–	4,000,000	4,000,000	4,000,000
LegacyTexas Bank CD	1.20%	06/01/18	–	–	3,000,000	3,000,000	3,000,000
TOTAL			\$ 71,805,732	\$ 71,805,732	\$ 25,898,758	\$ 97,704,490	\$ 97,704,490

Allocation

December 31, 2016

Book & Market Value	Maturity Date	Total	Pooled Investments	General Fund	Special Revenue	Enterprise Funds	Capital Projects	Employee Benefit Trust
BBVA Demand Account	01/01/17	\$ 10,050,293	\$ 8,757,662	\$ -	\$ 442,995	\$ 211,547	\$ 558,682	\$ 79,406
Cash on Hand	01/01/17	11,180		5,080	2,000	4,100		
Union State Bank	01/01/17	11,116					11,116	
FILA (IDP)	01/01/17	6,087,092	6,087,092					
Southside Bank MMA	01/01/17	4,615,506	4,615,506					
LegacyTexas MMA	01/01/17	2,658,164	2,658,164					
Green Bank MMA	01/01/17	9,037,524	9,037,524					
NexBank MMA	01/01/17	10,006,679	10,006,679					
TexasDAILY	01/01/17	2,799	2,799					
TexPool	01/01/17	20,814,741	20,814,741					
TexSTAR	01/01/17	3,335	3,335					
Central National Bank CD	01/03/17	1,000,000	1,000,000					
Central National Bank CD	01/03/17	1,006,018		1,006,018				
Central National Bank CD	02/01/17	1,006,394		1,006,394				
Comerica Bank CD	03/02/17	2,028,287		2,028,287				
Central National Bank CD	03/09/17	3,030,537					3,030,537	
Central National Bank CD	04/26/17	2,050,101					2,050,101	
LegacyTexas Bank CD	05/01/17	1,004,406	1,004,406					
LegacyTexas Bank CD	05/01/17	1,004,320	1,004,320					
LegacyTexas Bank CD	05/01/17	2,005,018	2,005,018					
LegacyTexas Bank CD	06/01/17	1,004,523	1,004,523					
LegacyTexas Bank CD	06/01/17	1,004,521	1,004,521					
LegacyTexas Bank CD	07/03/17	1,004,641	1,004,641					
Central National Bank CD	08/01/17	1,000,000	1,000,000					
LegacyTexas Bank CD	08/01/17	2,005,353	2,005,353					
LegacyTexas Bank CD	08/01/17	1,001,254	1,001,254					
LegacyTexas Bank CD	09/01/17	2,005,688	2,005,688					
Green Bank CD	09/01/17	4,000,000	4,000,000					
Origin Bank CD	01/02/18	245,000	245,000					
Southside Bank CD	01/03/18	4,000,000	4,000,000					
LegacyTexas Bank CD	06/01/18	3,000,000	3,000,000					
Totals		\$ 97,704,490	\$ 87,268,228	\$ 4,045,779	\$ 444,995	\$ 215,647	\$ 5,650,435	\$ 79,406

Allocation

September 30, 2016

Book & Market Value	Maturity Date	Total	Pooled Investments	General Fund	Special Revenue	Enterprise Funds	Capital Projects	Employee Benefit Trust
BBVA Demand Account	10/01/16	\$ 14,605,417	\$ 13,551,777	\$ -	\$ 65,388	\$ 402	\$ 439,553	\$ 548,296
Cash on Hand	10/01/16	11,280		5,080	2,000	4,200		
Union State Bank	10/01/16	11,112					11,112	
FILA (IDP)	10/01/16	6,079,906	6,079,906					
Southside Bank MMA	10/01/16	4,609,014	4,609,014					
LegacyTexas MMA	10/01/16	2,655,493	2,655,493					
Green Bank MMA	10/01/16	9,024,439	9,024,439					
TexasDAILY	10/01/16	2,796	2,796					
TexPool	10/01/16	7,674,700	7,674,700					
TexSTAR	10/01/16	3,331	3,331					
LegacyTexas Bank CD	10/03/16	1,004,299		1,004,299				
Central National Bank CD	10/31/16	2,000,000	2,000,000					
Wallis State Bank CD	11/01/16	1,003,493		1,003,493				
Wallis State Bank CD	12/01/16	1,003,543		1,003,543				
Central National Bank CD	01/03/17	1,000,000	1,000,000					
Central National Bank CD	01/03/17	1,003,993		1,003,993				
Central National Bank CD	02/01/17	1,004,243		1,004,243				
Comerica Bank CD	03/02/17	2,024,247		2,024,247				
Central National Bank CD	03/09/17	3,022,915					3,022,915	
Central National Bank CD	04/26/17	2,045,203					2,045,203	
LegacyTexas Bank CD	05/01/17	1,002,530	1,002,530					
LegacyTexas Bank CD	05/01/17	1,002,169	1,002,169					
LegacyTexas Bank CD	05/01/17	2,001,274	2,001,274					
LegacyTexas Bank CD	06/01/17	1,002,597	1,002,597					
LegacyTexas Bank CD	06/01/17	1,002,270	1,002,270					
LegacyTexas Bank CD	07/03/17	1,002,665	1,002,665					
Central National Bank CD	08/01/17	1,000,000	1,000,000					
LegacyTexas Bank CD	08/01/17	2,001,359	2,001,359					
LegacyTexas Bank CD	09/01/17	2,001,444	2,001,444					
Totals		\$ 71,805,732	\$ 58,617,764	\$ 7,048,899	\$ 67,388	\$ 4,602	\$ 5,518,783	\$ 548,296