



City of Killeen

QUARTERLY INVESTMENT REPORT

For the Quarter Ended

September 30, 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.

Jonathan Locke, Executive Director of Finance

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.

Annual Comparison of Portfolio Performance

FYE Results by Investment Category:

Asset Type	September 30, 2017			September 30, 2016		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
Demand Accounts	0.35%	\$ 10,972,068	\$ 10,972,068	0.32%	\$ 14,627,808	\$ 14,627,808
Pools/MMA	1.27%	22,517,583	22,517,583	0.47%	30,049,679	30,049,679
Securities/CDs	1.32%	33,911,726	33,911,726	0.81%	27,128,245	27,128,245
Totals		\$ 67,401,377	\$ 67,401,377		\$ 71,805,732	\$ 71,805,732
Fourth Quarter-End Yield	1.15%			0.57%		
Average Quarter-End Yields - Fiscal Year (1):						
Killeen	0.93%			0.48%		
Rolling Three Month Treasury	0.75%			0.25%		
Rolling Six Month Treasury	0.77%			0.37%		
TexPool	0.74%			0.31%		
Fiscal YTD Interest Earnings		\$ 713,176			\$ 407,250	

(1) Average Quarterly Yield calculated using quarter-end report average yield and adjusted book value.

Summary

Quarter End Results by Investment Category:

Asset Type	Ave. Yield	September 30, 2017		June 30, 2017	
		Book Value	Market Value	Book Value	Market Value
Demand Accounts	0.35%	\$ 10,972,068	\$ 10,972,068	\$ 11,211,094	\$ 11,211,094
Pools/MMA	1.27%	22,517,583	22,517,583	36,354,733	36,354,733
Securities/CDs	1.32%	33,911,726	33,911,726	38,879,219	38,879,219
Totals		\$ 67,401,377	\$ 67,401,377	\$ 86,445,046	\$ 86,445,046

Current Quarter Average Yield (1)

Total Portfolio 1.15%

Rolling Three Mo. Treas. Yield 1.05%

Rolling Six Mo. Treas. Yield 1.09%

Fiscal Year-to-Date Average Yield (2)

Total Portfolio 0.93%

Rolling Three Mo. Treas. Yield 0.75%

Rolling Six Mo. Treas. Yield 0.77%

Quarterly TexPool Yield 0.74%

	Interest Income	Bank Fees Offset
Quarterly	\$ 203,819	\$ 10,228
Year-to-date	\$ 713,176	\$ 41,557

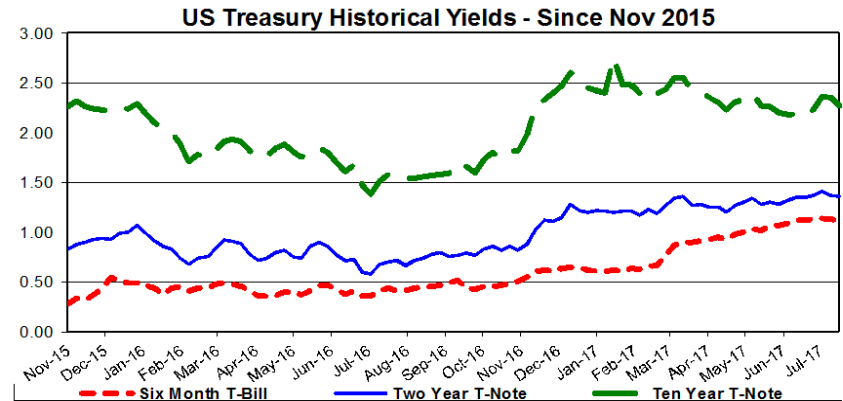
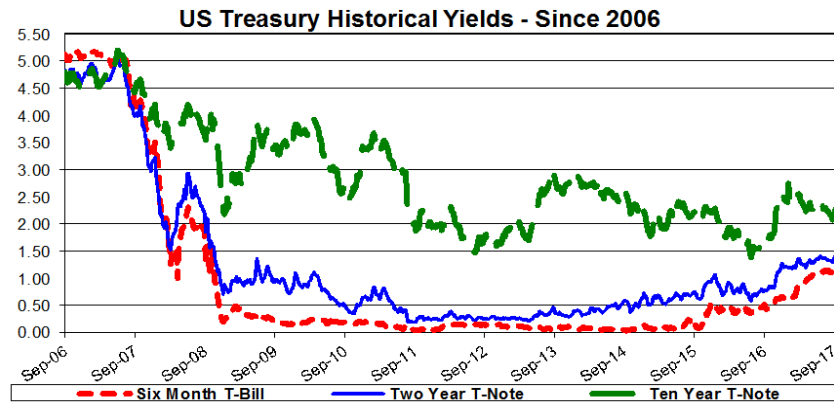
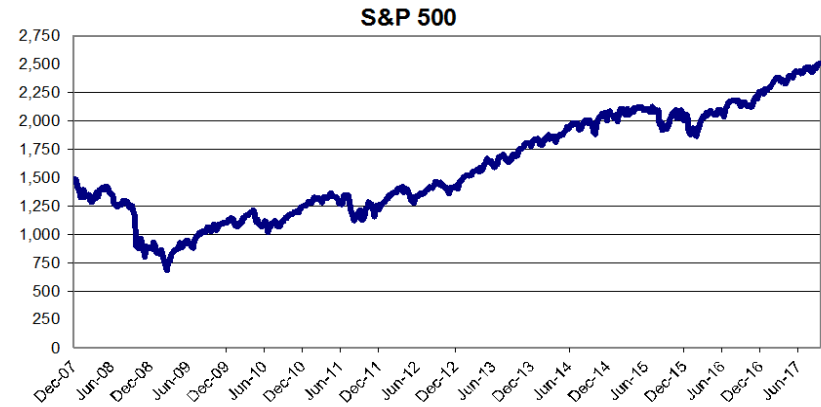
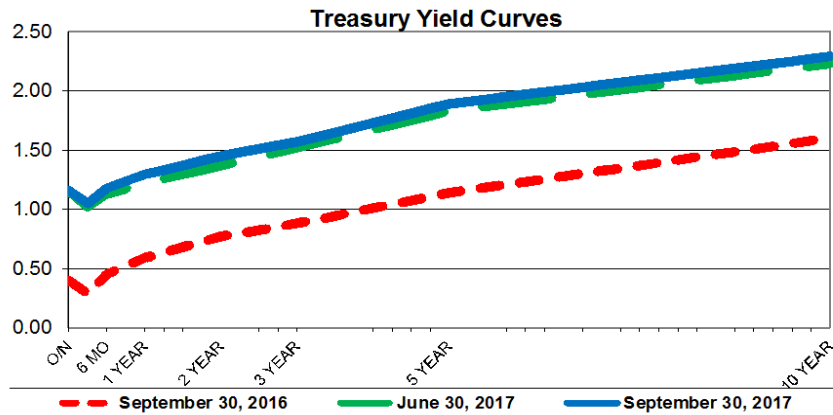
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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

9/30/2017

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range of 1.00% - 1.25% (Effective Fed Funds are trading +/-1.16%) since the June FOMC meeting. Recent announcements have increased the probability of a December rate increase. The FOMC announced a gradual portfolio reduction by limiting reinvestment of maturing holdings. Second Quarter 2017 GDP was revised to 3.1%. September Non Farm Payroll data was a storm influenced negative 33k, with downward revisions to August and July. Other US data generally showed positive with a few negative numbers. The Stock Markets achieved new highs. Monitoring estimated balances and needs will determine laddering opportunities.



Investment Holdings
September 30, 2017

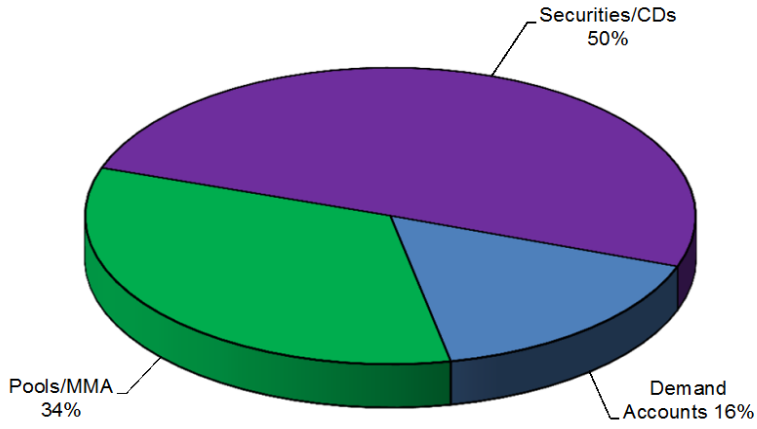
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (Days)	Yield
BBVA Demand Account (3)		0.36%	10/01/17	09/30/17	\$ 10,845,667	\$ 10,845,667	1.00	\$ 10,845,667	1	0.36%
Cash on Hand		0.00%	10/01/17	09/30/17	10,495	10,495	1.00	10,495	1	0.00%
Hometown Cash on Hand		0.00%	10/01/17	09/30/17	115,906	115,906	1.00	115,906	1	0.00%
Southside Bank MMA		1.17%	10/01/17	09/30/17	4,647,626	4,647,626	1.00	4,647,626	1	1.17%
LegacyTexas MMA		1.07%	10/01/17	09/30/17	21,393	21,393	1.00	21,393	1	1.07%
Green Bank MMA		1.21%	10/01/17	09/30/17	9,132,820	9,132,820	1.00	9,132,820	1	1.21%
NexBank MMA		1.47%	10/01/17	09/30/17	7,156,686	7,156,686	1.00	7,156,686	1	1.47%
TexSTAR	AAAm	1.04%	10/01/17	09/30/17	1,559,058	1,559,058	1.00	1,559,058	1	1.04%
Origin Bank CD		1.25%	01/02/18	12/02/16	245,000	245,000	100.00	245,000	94	1.25%
Southside Bank CD		0.97%	01/03/18	12/02/16	4,029,197	4,029,197	100.00	4,029,197	95	0.97%
Lubbock National Bank CD		1.20%	03/01/18	03/14/17	2,515,161	2,515,161	100.00	2,515,161	152	1.20%
Lubbock National Bank CD		1.25%	04/02/18	03/14/17	2,012,636	2,012,636	100.00	2,012,636	184	1.25%
Lubbock National Bank CD		1.25%	05/01/18	03/14/17	1,006,318	1,006,318	100.00	1,006,318	213	1.25%
LegacyTexas Bank CD		1.20%	06/01/18	12/29/16	3,027,133	3,027,133	100.00	3,027,133	244	1.20%
Central National Bank CD		1.51%	07/03/18	05/01/17	5,019,030	5,019,030	100.00	5,019,030	276	1.51%
BBVA Compass Bank CD		1.30%	07/03/18	04/13/17	5,533,351	5,533,351	100.00	5,533,351	276	1.30%
LegacyTexas Bank CD		1.48%	08/01/18	09/01/17	6,000,000	6,000,000	100.00	6,000,000	305	1.48%
BBVA Compass Bank CD		1.40%	09/18/18	04/13/17	2,516,328	2,516,328	100.00	2,516,328	353	1.40%
LegacyTexas Bank CD		1.50%	01/03/19	06/01/17	2,007,571	2,007,571	100.00	2,007,571	460	1.50%
					\$ 67,401,377	\$ 67,401,377		\$ 67,401,377	129	1.15%
									(1)	(2)

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

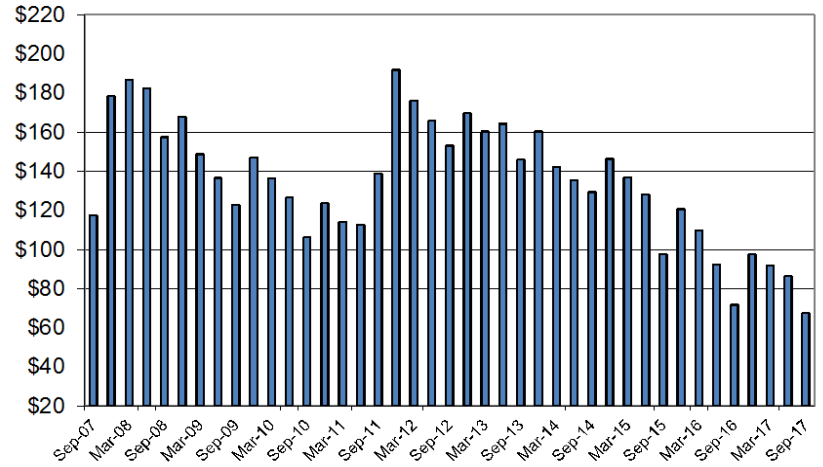
(2) Weighted average yield to maturity - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for cash equivalent investments.

(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.

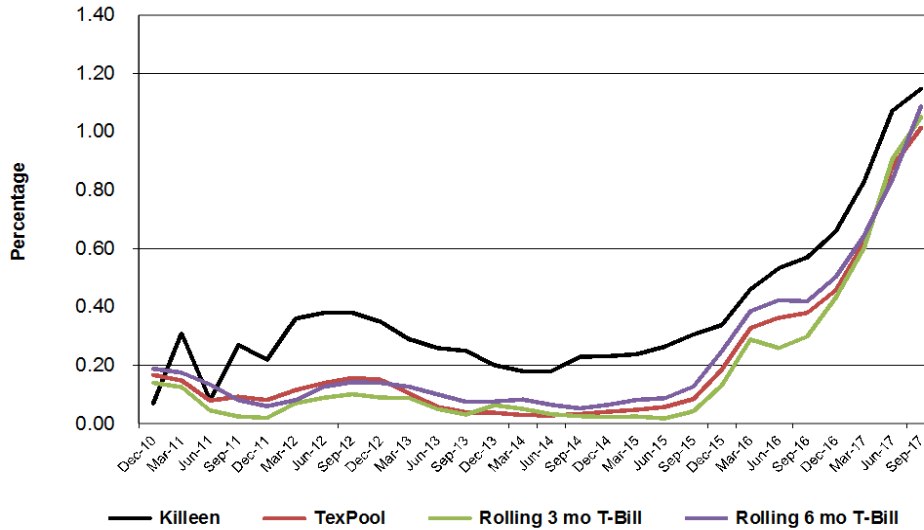
Portfolio Composition



Total Portfolio (Millions)



Total Portfolio Performance



Book Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2017		Purchases/ Adjustments	Sales/Adjust/ Maturities	September 30, 2017	
			Par Value	Book Value			Par Value	Book Value
BBVA Demand Account	0.36%	10/01/17	\$ 11,169,041	\$ 11,169,041	\$ —	\$ (323,374)	\$ 10,845,667	\$ 10,845,667
Cash on Hand	0.00%	10/01/17	11,180	11,180		(685)	10,495	10,495
Hometown Cash on Hand	0.00%	10/01/17	30,874	30,874	85,033		115,906	115,906
Southside Bank MMA	1.17%	10/01/17	4,634,287	4,634,287	13,339		4,647,626	4,647,626
LegacyTexas MMA	1.07%	10/01/17	2,207,916	2,207,916		(2,186,523)	21,393	21,393
Green Bank MMA	1.21%	10/01/17	9,078,778	9,078,778	54,042		9,132,820	9,132,820
NexBank MMA	1.47%	10/01/17	20,117,430	20,117,430		(12,960,744)	7,156,686	7,156,686
TexPool	0.00%	10/01/17	118,991	118,991		(118,991)	—	—
TexSTAR	1.04%	10/01/17	197,331	197,331	1,361,727		1,559,058	1,559,058
LegacyTexas Bank CD	0.79%	07/03/17	1,008,605	1,008,605		(1,008,605)	—	—
Central National Bank CD	0.82%	08/01/17	1,000,000	1,000,000		(1,000,000)	—	—
LegacyTexas Bank CD	0.80%	08/01/17	2,013,366	2,013,366		(2,013,366)	—	—
LegacyTexas Bank CD	0.75%	08/01/17	1,005,004	1,005,004		(1,005,004)	—	—
LegacyTexas Bank CD	0.85%	09/01/17	2,014,204	2,014,204		(2,014,204)	—	—
Green Bank CD	0.80%	09/01/17	4,015,884	4,015,884		(4,015,884)	—	—
Origin Bank CD	1.25%	01/02/18	245,000	245,000			245,000	245,000
Southside Bank CD	0.97%	01/03/18	4,019,370	4,019,370	9,827		4,029,197	4,029,197
Lubbock National Bank CD	1.20%	03/01/18	2,507,569	2,507,569	7,592		2,515,161	2,515,161
Lubbock National Bank CD	1.25%	04/02/18	2,006,308	2,006,308	6,328		2,012,636	2,012,636
Lubbock National Bank CD	1.25%	05/01/18	1,003,154	1,003,154	3,164		1,006,318	1,006,318
LegacyTexas Bank CD	1.20%	06/01/18	3,017,995	3,017,995	9,138		3,027,133	3,027,133
Central National Bank CD	1.51%	07/03/18	5,000,000	5,000,000	19,030		5,019,030	5,019,030
BBVA Compass Bank CD	1.30%	07/03/18	5,515,279	5,515,279	18,072		5,533,351	5,533,351
LegacyTexas Bank CD	1.48%	08/01/18	—	—	6,000,000		6,000,000	6,000,000
BBVA Compass Bank CD	1.40%	09/18/18	2,507,479	2,507,479	8,848		2,516,328	2,516,328
LegacyTexas Bank CD	1.50%	01/03/19	2,000,000	2,000,000	7,571		2,007,571	2,007,571
TOTAL			\$ 86,445,046	\$ 86,445,046	\$ 7,603,711	\$ (26,647,380)	\$ 67,401,377	\$ 67,401,377

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2017		Qtr to Qtr Change	September 30, 2017	
			Par Value	Market Value		Par Value	Market Value
BBVA Demand Account	0.36%	10/01/17	\$ 11,169,041	\$ 11,169,041	\$ (323,374)	\$ 10,845,667	\$ 10,845,667
Cash on Hand	0.00%	10/01/17	11,180	11,180	(685)	10,495	10,495
Hometown Cash on Hand	0.00%	10/01/17	30,874	30,874	85,033	115,906	115,906
Southside Bank MMA	1.17%	10/01/17	4,634,287	4,634,287	13,339	4,647,626	4,647,626
LegacyTexas MMA	1.07%	10/01/17	2,207,916	2,207,916	(2,186,523)	21,393	21,393
Green Bank MMA	1.21%	10/01/17	9,078,778	9,078,778	54,042	9,132,820	9,132,820
NexBank MMA	1.47%	10/01/17	20,117,430	20,117,430	(12,960,744)	7,156,686	7,156,686
TexPool	0.00%	10/01/17	118,991	118,991	(118,991)	—	—
TexSTAR	1.04%	10/01/17	197,331	197,331	1,361,727	1,559,058	1,559,058
LegacyTexas Bank CD	0.79%	07/03/17	1,008,605	1,008,605	(1,008,605)	—	—
Central National Bank CD	0.82%	08/01/17	1,000,000	1,000,000	(1,000,000)	—	—
LegacyTexas Bank CD	0.80%	08/01/17	2,013,366	2,013,366	(2,013,366)	—	—
LegacyTexas Bank CD	0.75%	08/01/17	1,005,004	1,005,004	(1,005,004)	—	—
LegacyTexas Bank CD	0.85%	09/01/17	2,014,204	2,014,204	(2,014,204)	—	—
Green Bank CD	0.80%	09/01/17	4,015,884	4,015,884	(4,015,884)	—	—
Origin Bank CD	1.25%	01/02/18	245,000	245,000	—	245,000	245,000
Southside Bank CD	0.97%	01/03/18	4,019,370	4,019,370	9,827	4,029,197	4,029,197
Lubbock National Bank CD	1.20%	03/01/18	2,507,569	2,507,569	7,592	2,515,161	2,515,161
Lubbock National Bank CD	1.25%	04/02/18	2,006,308	2,006,308	6,328	2,012,636	2,012,636
Lubbock National Bank CD	1.25%	05/01/18	1,003,154	1,003,154	3,164	1,006,318	1,006,318
LegacyTexas Bank CD	1.20%	06/01/18	3,017,995	3,017,995	9,138	3,027,133	3,027,133
Central National Bank CD	1.51%	07/03/18	5,000,000	5,000,000	19,030	5,019,030	5,019,030
BBVA Compass Bank CD	1.30%	07/03/18	5,515,279	5,515,279	18,072	5,533,351	5,533,351
LegacyTexas Bank CD	1.48%	08/01/18	—	—	6,000,000	6,000,000	6,000,000
BBVA Compass Bank CD	1.40%	09/18/18	2,507,479	2,507,479	8,848	2,516,328	2,516,328
LegacyTexas Bank CD	1.50%	01/03/19	2,000,000	2,000,000	7,571	2,007,571	2,007,571
TOTAL			\$ 86,445,046	\$ 86,445,046	\$ (19,043,669)	\$ 67,401,377	\$ 67,401,377

Allocation

September 30, 2017

Book & Market Value	Maturity Date	Total	Pooled Investments	General Fund	Special Revenue	Enterprise Funds	Employee Benefit Trust
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				
Totals		\$ 67,401,377	\$ 66,234,692	\$ 120,301	\$ 56,626	\$ 943,746	\$ 46,012

Allocation

June 30, 2017

Book & Market Value	Maturity Date	Total	Pooled Investments	General Fund	Special Revenue	Enterprise Funds	Employee Benefit Trust
BBVA Demand Account	07/01/17	\$ 11,169,041	\$ 10,184,866	\$ -	\$ 121,641	\$ 826,757	\$ 35,777
Cash on Hand	07/01/17	11,180		5,080	2,000	4,100	
Hometown Cash on Hand	07/01/17	30,874		30,874			
Southside Bank MMA	07/01/17	4,634,287	4,634,287				
LegacyTexas MMA	07/01/17	2,207,916	2,207,916				
Green Bank MMA	07/01/17	9,078,778	9,078,778				
NexBank MMA	07/01/17	20,117,430	20,117,430				
TexPool	07/01/17	118,991	118,991				
TexSTAR	07/01/17	197,331	197,331				
LegacyTexas Bank CD	07/03/17	1,008,605	1,008,605				
Central National Bank CD	08/01/17	1,000,000	1,000,000				
LegacyTexas Bank CD	08/01/17	2,013,366	2,013,366				
LegacyTexas Bank CD	08/01/17	1,005,004	1,005,004				
LegacyTexas Bank CD	09/01/17	2,014,204	2,014,204				
Green Bank CD	09/01/17	4,015,884	4,015,884				
Origin Bank CD	01/02/18	245,000	245,000				
Southside Bank CD	01/03/18	4,019,370	4,019,370				
Lubbock National Bank CD	03/01/18	2,507,569	2,507,569				
Lubbock National Bank CD	04/02/18	2,006,308	2,006,308				
Lubbock National Bank CD	05/01/18	1,003,154	1,003,154				
LegacyTexas Bank CD	06/01/18	3,017,995	3,017,995				
Central National Bank CD	07/03/18	5,000,000	5,000,000				
BBVA Compass Bank CD	07/03/18	5,515,279	5,515,279				
BBVA Compass Bank CD	09/18/18	2,507,479	2,507,479				
LegacyTexas Bank CD	01/03/19	2,000,000	2,000,000				
Totals		\$ 86,445,046	\$ 85,418,818	\$ 35,954	\$ 123,641	\$ 830,857	\$ 35,777