



City of Killeen

QUARTERLY INVESTMENT REPORT

For the Quarter Ended

September 30, 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.

Jonathan Locke, Executive Director of Finance

Karen Evans, Controller

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, 2018		
	Ave. Yield	Book Value	Market Value	Ave. Yield	Book Value	Market Value
Demand Accounts	0.35%	\$ 10,972,068	\$ 10,972,068	0.35%	\$ 11,717,955	\$ 11,717,955
Pools/MMA	1.27%	22,517,583	22,517,583	2.17%	14,855,416	14,855,416
Securities/CDs	1.32%	33,911,726	33,911,726	2.19%	55,116,237	55,116,237
Totals		\$ 67,401,377	\$ 67,401,377		\$ 81,689,608	\$ 81,689,608
Fourth Quarter-End Yield	1.15%			1.92%		

Average Quarter-End Yields (1):

	2017 Fiscal Year	2018 Fiscal Year
Killeen	0.93%	1.64%
Rolling Three Month Treasury	0.75%	1.69%
Rolling Six Month Treasury	0.77%	1.73%
TexPool	0.74%	1.62%
Fiscal YTD Interest Earnings	\$ 713,176	\$ 1,416,563

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

Summary

Quarter End Results by Investment Category:

Asset Type	June 30, 2018		September 30, 2018		
	Book Value	Market Value	Book Value	Market Value	Ave. Yield
Demand Accounts	\$ 11,186,170	\$ 11,186,170	\$ 11,717,955	\$ 11,717,955	0.35%
Pools/MMA	22,745,192	22,745,192	14,855,416	14,855,416	2.17%
Securities/CDs	67,129,422	67,129,422	55,116,237	55,116,237	2.19%
Totals	\$ 101,060,784	\$ 101,060,784	\$ 81,689,608	\$ 81,689,608	

Current Quarter Average Yield (1)

Total Portfolio	1.92%
Rolling Three Month Treasury	2.08%
Rolling Six Month Treasury	2.15%

Fiscal Year-to-Date Average Yield (2)

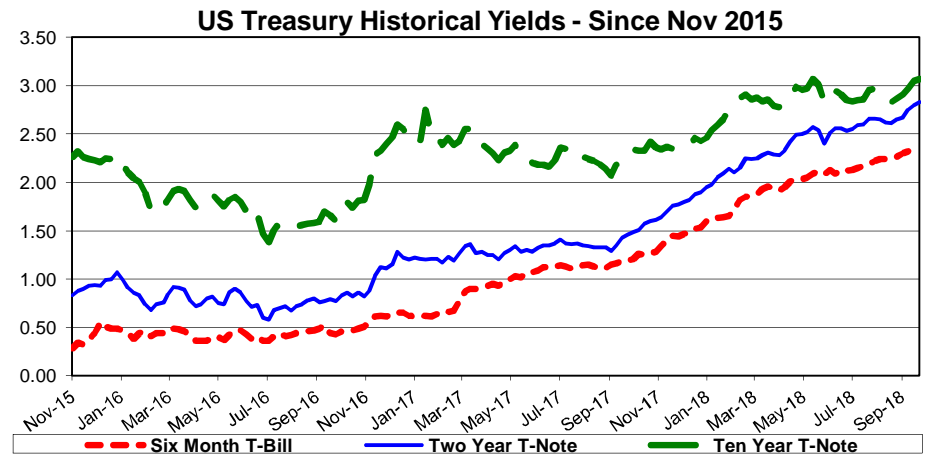
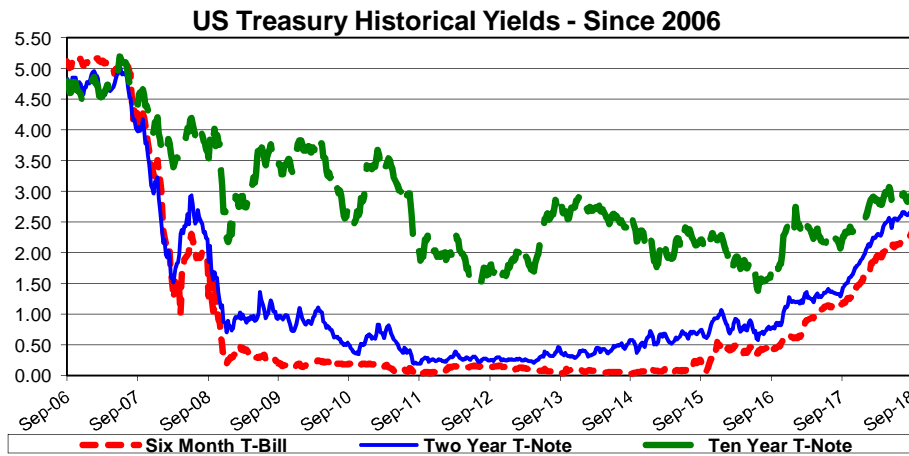
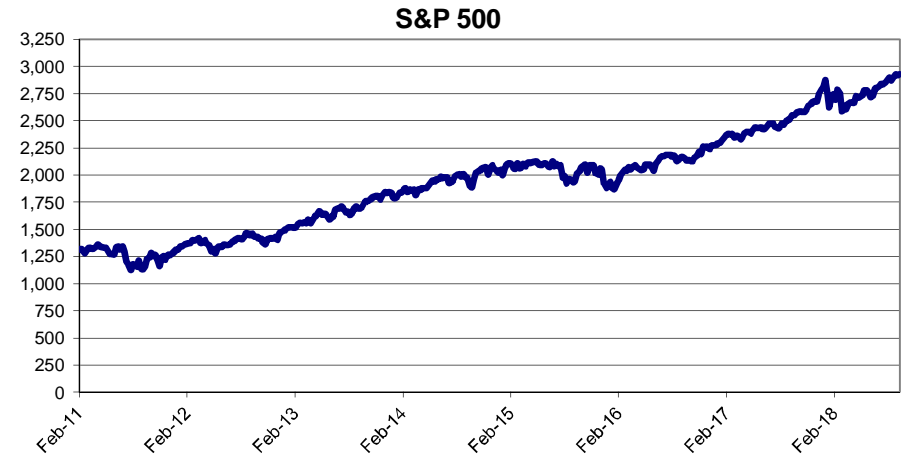
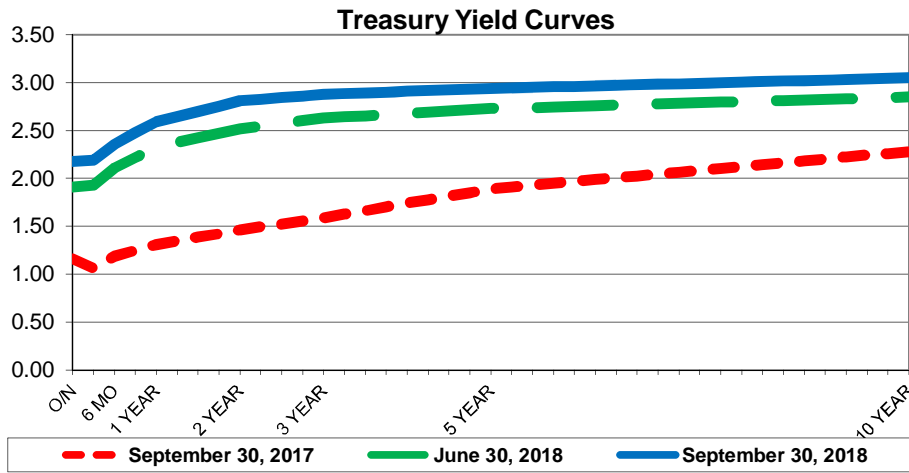
Total Portfolio	1.64%
Rolling Three Month Treasury	1.69%
Rolling Six Month Treasury	1.73%
TexPool	1.62%

	<u>Interest Income</u>	<u>Bank Fees Offset</u>
Quarterly	\$ 392,509	\$ 11,147
Year-to-date	\$ 1,416,563	\$ 42,316

(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 2.00% - 2.25% (Effective Fed Funds are trading +/-2.18%). Additional range increases are still projected for Dec 2018 and 2019. Gradual Federal Reserve Bank portfolio reduction continues by limiting reinvestment of maturing holdings. Second Quarter grew 4.2% (final estimate). Employment/Unemployment continues to strong levels. West Texas Intermediate Crude oil increased above +/- \$70. The Stock Markets reached new highs. Consumer Confidence is strong. Personal Income is improving. The flattening yield curve may or may not impact long range FOMC actions.



Investment Holdings
September 30, 2018

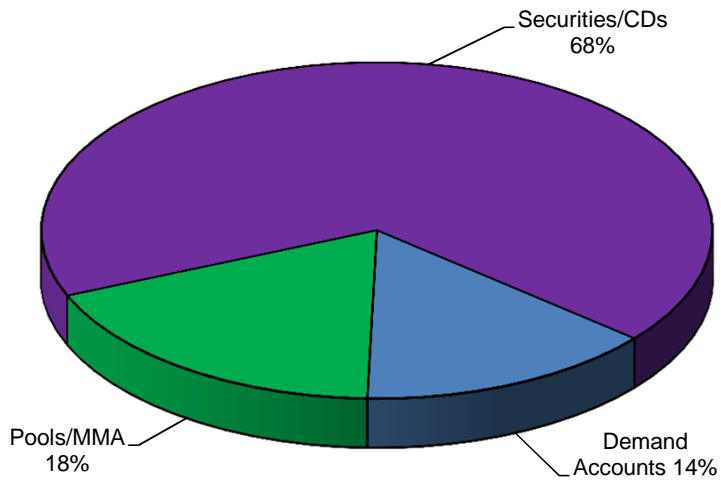
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (Days)	Yield
BBVA Demand Account (3)		0.36%	10/01/18	09/30/18	\$ 11,499,580	\$ 11,499,580	1.00	\$ 11,499,580	1	0.36%
Cash on Hand		0.00%	10/01/18	09/30/18	10,495	10,495	1.00	10,495	1	0.00%
Hometown Cash on Hand		0.00%	10/01/18	09/30/18	207,879	207,879	1.00	207,879	1	0.00%
Southside Bank MMA		2.14%	10/01/18	09/30/18	3,817,886	3,817,886	1.00	3,817,886	1	2.14%
LegacyTexas MMA		2.06%	10/01/18	09/30/18	73,673	73,673	1.00	73,673	1	2.06%
Green Bank MMA		2.13%	10/01/18	09/30/18	2,442,030	2,442,030	1.00	2,442,030	1	2.13%
NexBank MMA		2.22%	10/01/18	09/30/18	7,290,381	7,290,381	1.00	7,290,381	1	2.22%
TexSTAR	AAAm	2.00%	10/01/18	09/30/18	1,231,447	1,231,447	1.00	1,231,447	1	2.00%
Third Coast Bank SSB CD		1.85%	12/15/18	12/15/17	4,055,808	4,055,808	100.00	4,055,808	76	1.85%
LegacyTexas Bank CD		1.50%	01/03/19	06/01/17	2,037,893	2,037,893	100.00	2,037,893	95	1.50%
Third Coast Bank SSB CD		1.90%	03/15/19	12/15/17	5,071,655	5,071,655	100.00	5,071,655	166	1.90%
Green Bank CD		1.95%	04/03/19	01/03/18	2,019,386	2,019,386	100.00	2,019,386	185	1.95%
BBVA Compass Bank CD		1.92%	06/08/19	12/08/17	12,187,881	12,187,881	100.00	12,187,881	251	1.92%
Green Bank CD		2.00%	07/03/19	01/03/18	2,019,885	2,019,885	100.00	2,019,885	276	2.00%
LegacyTexas Bank CD		2.28%	08/01/19	03/02/18	8,092,391	8,092,391	100.00	8,092,391	305	2.28%
BBVA Compass Bank CD		1.97%	09/08/19	12/08/17	2,540,167	2,540,167	100.00	2,540,167	343	1.97%
LegacyTexas Bank CD		2.75%	12/02/19	06/01/18	3,020,843	3,020,843	100.00	3,020,843	428	2.75%
Green Bank CD		2.08%	01/03/20	01/03/18	3,031,023	3,031,023	100.00	3,031,023	460	2.08%
Wallis State Bank CD		2.49%	03/02/20	04/02/18	3,018,624	3,018,624	100.00	3,018,624	519	2.49%
East West Bank CD		2.67%	04/01/20	05/04/18	1,011,033	1,011,033	100.00	1,011,033	549	2.67%
East West Bank CD		2.96%	05/01/20	09/17/18	2,002,272	2,002,272	100.00	2,002,272	579	2.96%
East West Bank CD		2.99%	07/01/20	09/13/18	5,007,378	5,007,378	100.00	5,007,378	640	2.99%
					\$ 81,689,608	\$ 81,689,608		\$ 81,689,608	219	1.92%
									(1)	(2)

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

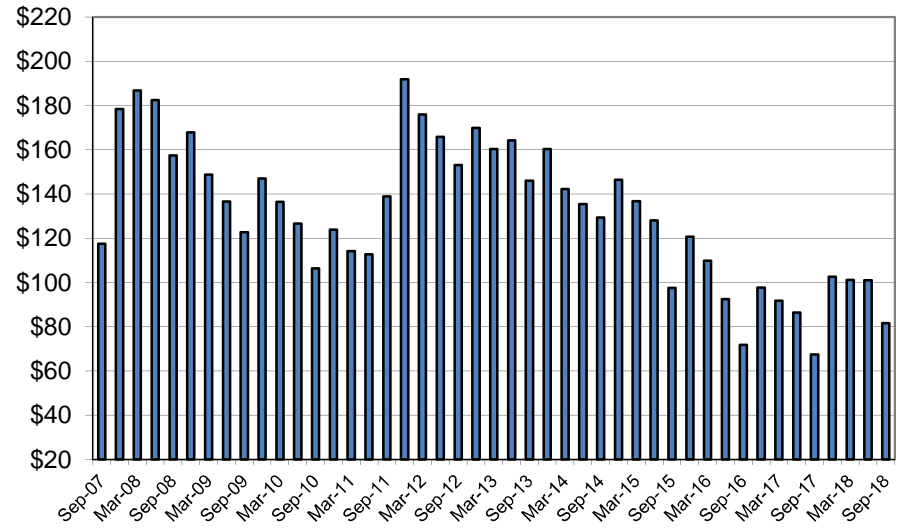
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for cash equivalent investments.

(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.

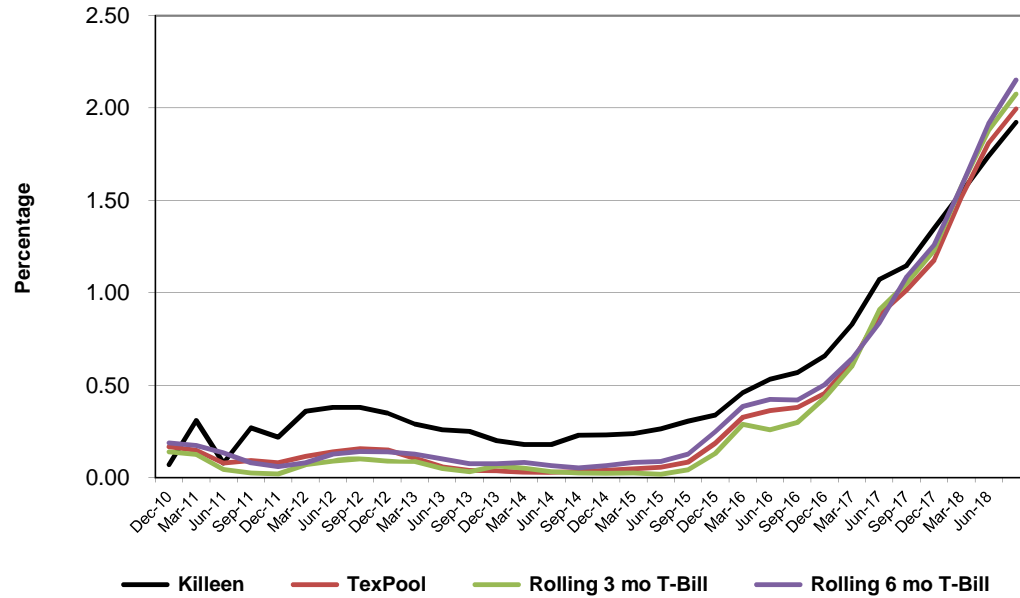
Portfolio Composition



Total Portfolio (Millions)



Total Portfolio Performance



Book Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2018		Purchases/ Adjustments	Sales/Adjust/ Maturities	September 30, 2018	
			Par Value	Book Value			Par Value	Book Value
BBVA Demand Account	0.36%	10/01/18	\$ 10,986,818	\$ 10,986,818	\$ 512,763	\$ —	\$ 11,499,580	\$ 11,499,580
Cash on Hand	0.00%	10/01/18	10,495	10,495			10,495	10,495
Hometown Cash on Hand	0.00%	10/01/18	188,858	188,858	19,022		207,879	207,879
Southside Bank MMA	2.14%	10/01/18	8,777,199	8,777,199		(4,959,314)	3,817,886	3,817,886
LegacyTexas MMA	2.06%	10/01/18	73,306	73,306	367		73,673	73,673
Green Bank MMA	2.13%	10/01/18	2,429,234	2,429,234	12,796		2,442,030	2,442,030
NexBank MMA	2.22%	10/01/18	7,250,587	7,250,587	39,794		7,290,381	7,290,381
TexSTAR	2.00%	10/01/18	4,214,866	4,214,866		(2,983,419)	1,231,447	1,231,447
Central National Bank CD	1.51%	07/03/18	5,075,929	5,075,929		(5,075,929)	—	—
BBVA Compass Bank CD	1.30%	07/03/18	5,587,328	5,587,328		(5,587,328)	—	—
LegacyTexas Bank CD	1.48%	08/01/18	6,066,745	6,066,745		(6,066,745)	—	—
BBVA Compass Bank CD	1.40%	09/18/18	2,542,769	2,542,769		(2,542,769)	—	—
Third Coast Bank SSB CD	1.85%	12/15/18	4,036,984	4,036,984	18,825		4,055,808	4,055,808
LegacyTexas Bank CD	1.50%	01/03/19	2,030,207	2,030,207	7,686		2,037,893	2,037,893
Third Coast Bank SSB CD	1.90%	03/15/19	5,047,482	5,047,482	24,173		5,071,655	5,071,655
Green Bank CD	1.95%	04/03/19	2,009,616	2,009,616	9,770		2,019,386	2,019,386
BBVA Compass Bank CD	1.92%	06/08/19	12,129,182	12,129,182	58,699		12,187,881	12,187,881
Green Bank CD	2.00%	07/03/19	2,009,863	2,009,863	10,022		2,019,885	2,019,885
LegacyTexas Bank CD	2.28%	08/01/19	8,046,063	8,046,063	46,328		8,092,391	8,092,391
BBVA Compass Bank CD	1.97%	09/08/19	2,527,616	2,527,616	12,551		2,540,167	2,540,167
LegacyTexas Bank CD	2.75%	12/02/19	3,000,000	3,000,000	20,843		3,020,843	3,020,843
Green Bank CD	2.08%	01/03/20	3,015,386	3,015,386	15,637		3,031,023	3,031,023
Wallis State Bank CD	2.49%	03/02/20	3,000,000	3,000,000	18,624		3,018,624	3,018,624
East West Bank CD	2.67%	04/01/20	1,004,252	1,004,252	6,781		1,011,033	1,011,033
East West Bank CD	2.96%	05/01/20	—	—	2,002,272		2,002,272	2,002,272
East West Bank CD	2.99%	07/01/20	—	—	5,007,378		5,007,378	5,007,378
TOTAL			\$ 101,060,784	\$ 101,060,784	\$ 7,844,327	\$ (27,215,503)	\$ 81,689,608	\$ 81,689,608

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2018		Qtr to Qtr Change	September 30, 2018	
			Par Value	Market Value		Par Value	Market Value
BBVA Demand Account	0.36%	10/01/18	\$ 10,986,818	\$ 10,986,818	\$ 512,763	\$ 11,499,580	\$ 11,499,580
Cash on Hand	0.00%	10/01/18	10,495	10,495		10,495	10,495
Hometown Cash on Hand	0.00%	10/01/18	188,858	188,858	19,022	207,879	207,879
Southside Bank MMA	2.14%	10/01/18	8,777,199	8,777,199	(4,959,314)	3,817,886	3,817,886
LegacyTexas MMA	2.06%	10/01/18	73,306	73,306	367	73,673	73,673
Green Bank MMA	2.13%	10/01/18	2,429,234	2,429,234	12,796	2,442,030	2,442,030
NexBank MMA	2.22%	10/01/18	7,250,587	7,250,587	39,794	7,290,381	7,290,381
TexSTAR	2.00%	10/01/18	4,214,866	4,214,866	(2,983,419)	1,231,447	1,231,447
Central National Bank CD	1.51%	07/03/18	5,075,929	5,075,929	(5,075,929)	—	—
BBVA Compass Bank CD	1.30%	07/03/18	5,587,328	5,587,328	(5,587,328)	—	—
LegacyTexas Bank CD	1.48%	08/01/18	6,066,745	6,066,745	(6,066,745)	—	—
BBVA Compass Bank CD	1.40%	09/18/18	2,542,769	2,542,769	(2,542,769)	—	—
Third Coast Bank SSB CD	1.85%	12/15/18	4,036,984	4,036,984	18,825	4,055,808	4,055,808
LegacyTexas Bank CD	1.50%	01/03/19	2,030,207	2,030,207	7,686	2,037,893	2,037,893
Third Coast Bank SSB CD	1.90%	03/15/19	5,047,482	5,047,482	24,173	5,071,655	5,071,655
Green Bank CD	1.95%	04/03/19	2,009,616	2,009,616	9,770	2,019,386	2,019,386
BBVA Compass Bank CD	1.92%	06/08/19	12,129,182	12,129,182	58,699	12,187,881	12,187,881
Green Bank CD	2.00%	07/03/19	2,009,863	2,009,863	10,022	2,019,885	2,019,885
LegacyTexas Bank CD	2.28%	08/01/19	8,046,063	8,046,063	46,328	8,092,391	8,092,391
BBVA Compass Bank CD	1.97%	09/08/19	2,527,616	2,527,616	12,551	2,540,167	2,540,167
LegacyTexas Bank CD	2.75%	12/02/19	3,000,000	3,000,000	20,843	3,020,843	3,020,843
Green Bank CD	2.08%	01/03/20	3,015,386	3,015,386	15,637	3,031,023	3,031,023
Wallis State Bank CD	2.49%	03/02/20	3,000,000	3,000,000	18,624	3,018,624	3,018,624
East West Bank CD	2.67%	04/01/20	1,004,252	1,004,252	6,781	1,011,033	1,011,033
East West Bank CD	2.96%	05/01/20	—	—	2,002,272	2,002,272	2,002,272
East West Bank CD	2.99%	07/01/20	—	—	5,007,378	5,007,378	5,007,378
TOTAL			\$ 101,060,784	\$ 101,060,784	\$ (19,371,176)	\$ 81,689,608	\$ 81,689,608

Allocation

September 30, 2018

Book & Market Value	Maturity Date	Total	Pooled Investments	General Fund	Special Revenue	Enterprise Funds	Employee Benefit Trust
BBVA Demand Account	10/01/18	\$ 11,499,580	\$ 9,836,979	\$ -	\$ 103,108	\$ 1,038,015	\$ 521,479
Cash on Hand	10/01/18	10,495		4,395	2,000	4,100	
Hometown Cash on Hand	10/01/18	207,879		207,879			
Southside Bank MMA	10/01/18	3,817,886	3,817,886				
LegacyTexas MMA	10/01/18	73,673	73,673				
Green Bank MMA	10/01/18	2,442,030	2,442,030				
NexBank MMA	10/01/18	7,290,381	7,290,381				
TexSTAR	10/01/18	1,231,447	1,231,447				
Third Coast Bank SSB CD	12/15/18	4,055,808	4,055,808				
LegacyTexas Bank CD	01/03/19	2,037,893	2,037,893				
Third Coast Bank SSB CD	03/15/19	5,071,655	5,071,655				
Green Bank CD	04/03/19	2,019,386	2,019,386				
BBVA Compass Bank CD	06/08/19	12,187,881	12,187,881				
Green Bank CD	07/03/19	2,019,885	2,019,885				
LegacyTexas Bank CD	08/01/19	8,092,391	8,092,391				
BBVA Compass Bank CD	09/08/19	2,540,167	2,540,167				
LegacyTexas Bank CD	12/02/19	3,020,843	3,020,843				
Green Bank CD	01/03/20	3,031,023	3,031,023				
Wallis State Bank CD	03/02/20	3,018,624	3,018,624				
East West Bank CD	04/01/20	1,011,033	1,011,033				
East West Bank CD	05/01/20	2,002,272	2,002,272				
East West Bank CD	07/01/20	5,007,378	5,007,378				
Totals		\$ 81,689,608	\$ 79,808,632	\$ 212,274	\$ 105,108	\$ 1,042,115	\$ 521,479

Allocation

June 30, 2018

Book & Market Value	Maturity Date	Total	Pooled Investments	General Fund	Special Revenue	Enterprise Funds	Employee Benefit Trust
BBVA Demand Account	07/01/18	\$ 10,986,818	\$ 9,669,990	\$ -	\$ 100,142	\$ 1,174,052	\$ 42,633
Cash on Hand	07/01/18	10,495		4,395	2,000	4,100	
Hometown Cash on Hand	07/01/18	188,858		188,858			
Southside Bank MMA	07/01/18	8,777,199	8,777,199				
LegacyTexas MMA	07/01/18	73,306	73,306				
Green Bank MMA	07/01/18	2,429,234	2,429,234				
NexBank MMA	07/01/18	7,250,587	7,250,587				
TexSTAR	07/01/18	4,214,866	4,214,866				
Central National Bank CD	07/03/18	5,075,929	5,075,929				
BBVA Compass Bank CD	07/03/18	5,587,328	5,587,328				
LegacyTexas Bank CD	08/01/18	6,066,745	6,066,745				
BBVA Compass Bank CD	09/18/18	2,542,769	2,542,769				
Third Coast Bank SSB CD	12/15/18	4,036,984	4,036,984				
LegacyTexas Bank CD	01/03/19	2,030,207	2,030,207				
Third Coast Bank SSB CD	03/15/19	5,047,482	5,047,482				
Green Bank CD	04/03/19	2,009,616	2,009,616				
BBVA Compass Bank CD	06/08/19	12,129,182	12,129,182				
Green Bank CD	07/03/19	2,009,863	2,009,863				
LegacyTexas Bank CD	08/01/19	8,046,063	8,046,063				
BBVA Compass Bank CD	09/08/19	2,527,616	2,527,616				
LegacyTexas Bank CD	12/02/19	3,000,000	3,000,000				
Green Bank CD	01/03/20	3,015,386	3,015,386				
Wallis State Bank CD	03/02/20	3,000,000	3,000,000				
East West Bank CD	04/01/20	1,004,252	1,004,252				
Totals		\$ 101,060,784	\$ 99,544,604	\$ 193,253	\$ 102,142	\$ 1,178,152	\$ 42,633