



City of Killeen

QUARTERLY INVESTMENT REPORT

For the Quarter Ended

March 31, 2015

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.

Strategy Summary:

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range between 0.00% and 0.25% (actual Fed Funds traded +/-10 bps). The European Central Bank (ECB) announced and began a Quantitative Easing plan. The Dollar reacted very strongly - dropping from +/--\$1.40 per Euro to +/--\$1.05 per Euro. This strength could have severe US export implications. New payroll growth plummeted to +126,000, but the unemployment rate remained unchanged. The FOMC met and deleted "patient" from their statement text, then added they would not be "impatient" regarding increasing interest rates. Unfortunately they also reduced their overall growth and interest rate expectations for 2015. The stock markets continue to maintain current levels. Financial institution deposit yields generally provide the best interest earnings opportunity. Continuing to ladder provides strategic advantage.

Quarter End Results by Investment Category:

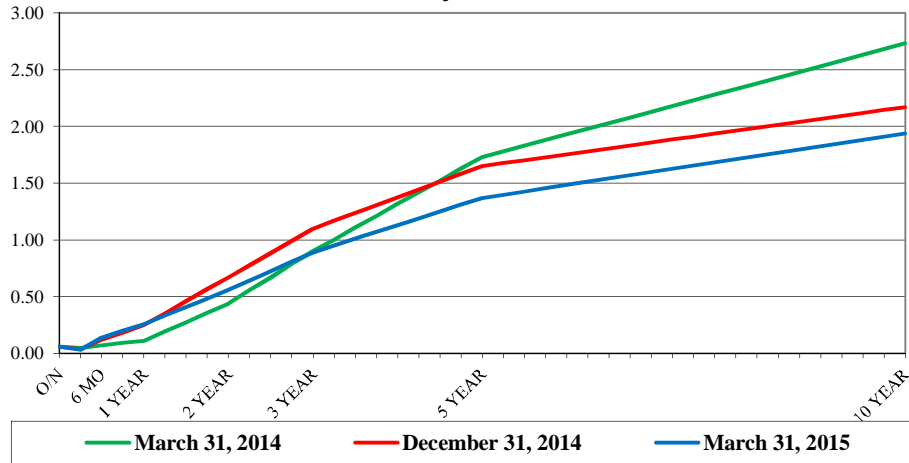
<u>Asset Type</u>	<u>Ave. Yield</u>	<u>March 31, 2015</u>		<u>December 31, 2014</u>	
		<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
Demand Accounts	0.37%	\$ 6,554,641	\$ 6,554,641	\$ 7,441,852	\$ 7,441,852
Pools/MMA	0.14%	99,615,904	99,615,904	107,933,351	107,933,351
Securities/CDs	0.52%	30,600,042	30,600,042	31,127,451	31,127,451
Totals		\$ 136,770,587	\$ 136,770,587	\$ 146,502,653	\$ 146,502,653

<u>Average Yield (1)</u>		<u>Fiscal Year-to-Date Average Yield (2)</u>	
Total Portfolio	0.24%	Total Portfolio	0.24%
Rolling Three Mo. Treas. Yield	0.03%	Rolling Three Mo. Treas. Yield	0.02%
Rolling Six Mo. Treas. Yield	0.08%	Rolling Six Mo. Treas. Yield	0.07%
		Quarterly TexPool Yield	0.04%
		Interest Income	Bank Fees Offset
	Quarterly \$	72,831	\$ 7,487
	Year-to-date \$	150,307	\$ 17,561

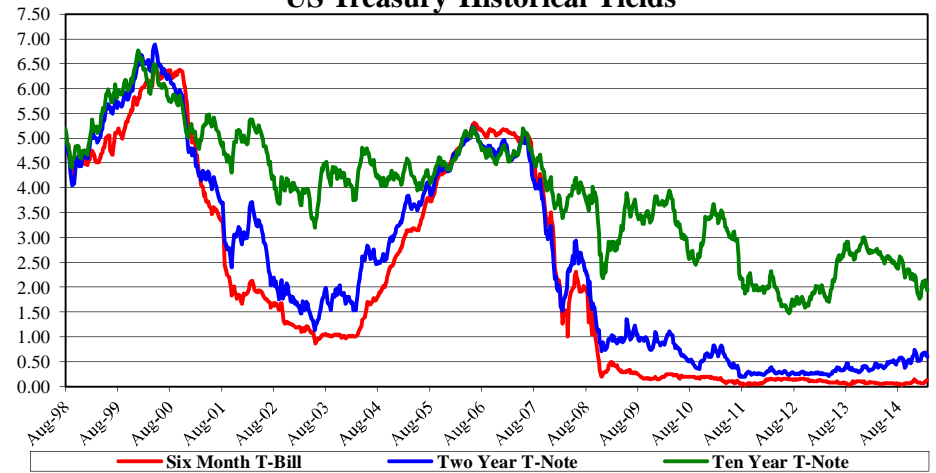
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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.

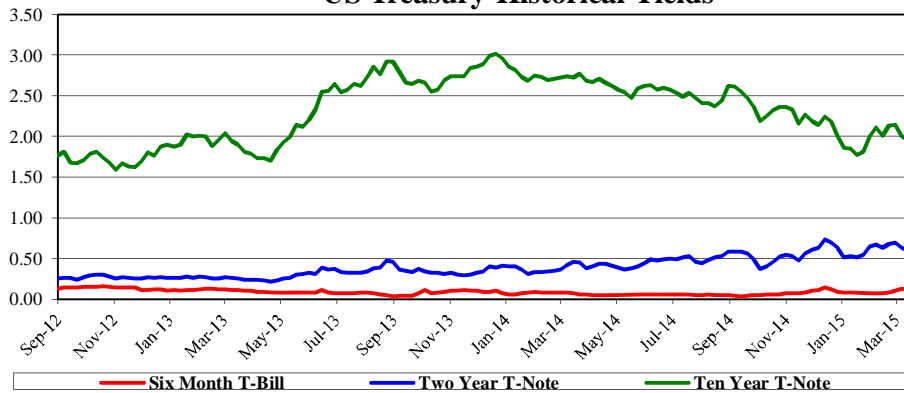
Treasury Yield Curves



US Treasury Historical Yields



US Treasury Historical Yields



S&P 500



Detail of Holdings

March 31, 2015

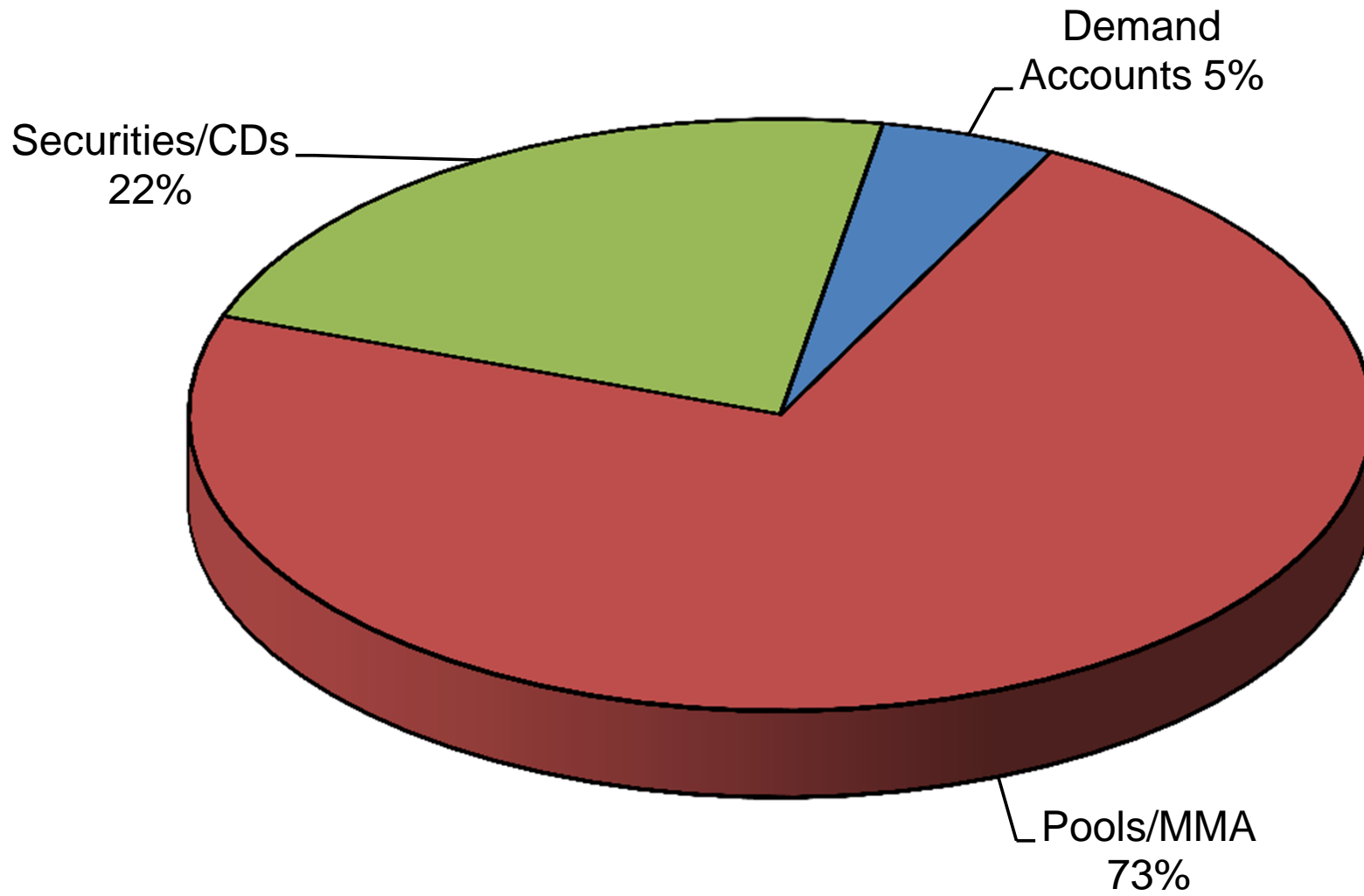
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (Days)	Yield
BBVA Demand Account		0.00%	04/01/15	03/31/15	1,577,835	\$ 1,577,835	1.00	\$ 1,577,835	1	0.00%
BBVA DDA Comp. Balance (3)		0.48%	04/01/15	03/31/15	4,965,719	4,965,719	1.00	4,965,719	1	0.48%
Union State Bank		0.15%	04/01/15	03/31/15	11,086	11,086	1.00	11,086	1	0.15%
BBVA Compass MMA 3		0.22%	04/01/15	03/31/15	5,023,063	5,023,063	1.00	5,023,063	1	0.22%
BBVA Compass MMA 4		0.27%	04/01/15	03/31/15	14,575,865	14,575,865	1.00	14,575,865	1	0.27%
FILA (IDP)		0.23%	04/01/15	03/31/15	19,022,308	19,022,308	1.00	19,022,308	1	0.23%
Comerica MMA		0.15%	04/01/15	03/31/15	3,152,708	3,152,708	1.00	3,152,708	1	0.15%
Southside Bank MMA		0.20%	04/01/15	03/31/15	10,077,048	10,077,048	1.00	10,077,048	1	0.20%
TexasTerm	AAAm	0.09%	04/01/15	03/31/15	645,055	645,055	1.00	645,055	1	0.09%
TexPool	AAAm	0.05%	04/01/15	03/31/15	43,474,796	43,474,796	1.00	43,474,796	1	0.05%
TexStar	AAAm	0.06%	04/01/15	03/31/15	3,645,061	3,645,061	1.00	3,645,061	1	0.06%
Central National Bank CD		0.31%	04/26/15	04/26/13	2,011,901	2,011,901	100.00	2,011,901	26	0.31%
Comerica Bank CD		0.53%	04/27/15	04/26/14	2,525,498	2,525,498	100.00	2,525,498	27	0.53%
Central National Bank CD		0.61%	09/05/15	09/05/14	2,006,054	2,006,054	100.00	2,006,054	158	0.61%
Independent Bank CD		0.38%	09/09/15	09/09/14	3,005,656	3,005,656	100.00	3,005,656	162	0.38%
Independent Bank CD		0.38%	09/09/15	09/09/14	3,005,656	3,005,656	100.00	3,005,656	162	0.38%
Independent Bank CD		0.37%	09/17/15	06/17/14	3,016,139	3,016,139	100.00	3,016,139	170	0.37%
Independent Bank CD		0.55%	12/12/15	09/12/14	3,008,188	3,008,188	100.00	3,008,188	256	0.55%
Independent Bank CD		0.35%	03/04/16	03/04/15	1,500,000	1,500,000	100.00	1,500,000	339	0.35%
Central National Bank CD		0.74%	03/05/16	09/05/14	2,007,346	2,007,346	100.00	2,007,346	340	0.74%
Southside Bank CD		0.60%	03/08/16	09/08/14	1,002,978	1,002,978	100.00	1,002,978	343	0.60%
Independent Bank CD		0.55%	06/04/16	03/04/15	2,500,000	2,500,000	100.00	2,500,000	431	0.55%
Southside Bank CD		0.70%	09/08/16	09/08/14	1,003,474	1,003,474	100.00	1,003,474	527	0.70%
Comerica Bank CD		0.72%	09/08/16	09/08/14	2,007,151	2,007,151	100.00	2,007,151	527	0.72%
Comerica Bank CD		0.80%	03/02/17	03/02/15	2,000,000	2,000,000	100.00	2,000,000	702	0.80%
						\$ 136,770,587	\$ 136,770,587		61	0.24%
									(1)	(2)

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

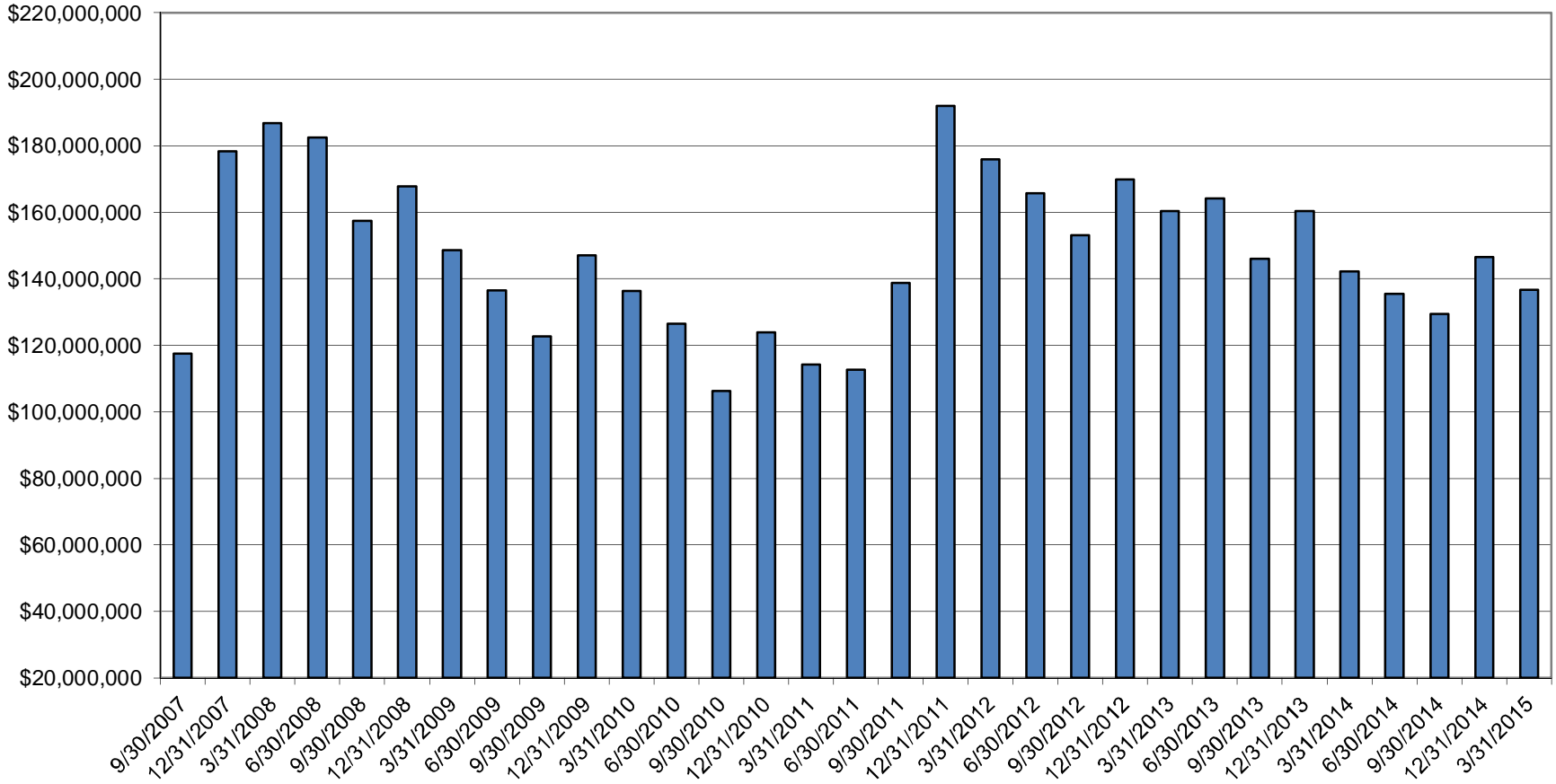
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for cash equivalent investments.

(3) **Equivalent Yield of Bank Fees Offset** - Compensating balance in bank operating account yielded an equivalent investment yield as a result of Bank fees offset.

Portfolio Composition



Total Portfolio



Book Value Comparison

Description	Coupon/ Discount	Maturity Date	December 31, 2014			March 31, 2015		
			Par Value	Book Value	Purchases/ Adjustments	Sales/Adjust/ Maturities	Par Value	Book Value
BBVA Demand Account		04/01/15	\$ 7,224,126	\$ 7,224,126	\$ -	\$ (680,571)	\$ 6,543,555	\$ 6,543,555
1st Tennessee Bank		04/01/15	206,643	206,643		(206,643)		
Union State Bank	0.15%	04/01/15	11,082	11,082	4		11,086	11,086
BBVA Compass MMA 3	0.22%	04/01/15	5,020,368	5,020,368	2,695		5,023,063	5,023,063
BBVA Compass MMA 4	0.27%	04/01/15	14,566,249	14,566,249	9,616		14,575,865	14,575,865
FILA (IDP)	0.23%	04/01/15	19,011,524	19,011,524	10,784		19,022,308	19,022,308
Comerica MMA	0.15%	04/01/15	3,151,543	3,151,543	1,166		3,152,708	3,152,708
Southside Bank MMA	0.20%	04/01/15	10,072,165	10,072,165	4,883		10,077,048	10,077,048
TexasTerm	0.09%	04/01/15	644,929	644,929	126		645,055	645,055
TexPool	0.05%	04/01/15	51,822,020	51,822,020		(8,347,224)	43,474,796	43,474,796
TexStar	0.06%	04/01/15	3,644,553	3,644,553	508		3,645,061	3,645,061
Comerica Bank CD	0.43%	01/26/15	2,517,998	2,517,998		(2,517,998)		
Comerica Bank CD	0.57%	03/02/15	2,020,084	2,020,084		(2,020,084)		
Comerica Bank CD	0.57%	03/02/15	2,020,084	2,020,084		(2,020,084)		
Central National Bank CD	0.31%	04/26/15	2,010,331	2,010,331	1,571		2,011,901	2,011,901
Comerica Bank CD	0.53%	04/27/15	2,522,201	2,522,201	3,298		2,525,498	2,525,498
Central National Bank CD	0.61%	09/05/15	2,003,042	2,003,042	3,013		2,006,054	2,006,054
Independent Bank CD	0.38%	09/09/15	3,002,842	3,002,842	2,814		3,005,656	3,005,656
Independent Bank CD	0.38%	09/09/15	3,002,842	3,002,842	2,814		3,005,656	3,005,656
Independent Bank CD	0.37%	09/17/15	3,013,390	3,013,390	2,749		3,016,139	3,016,139
Independent Bank CD	0.55%	12/12/15	3,004,114	3,004,114	4,074		3,008,188	3,008,188
Independent Bank CD	0.35%	03/04/16			1,500,000		1,500,000	1,500,000
Central National Bank CD	0.74%	03/05/16	2,003,690	2,003,690	3,656		2,007,346	2,007,346
Southside Bank CD	0.60%	03/08/16	1,001,496	1,001,496	1,482		1,002,978	1,002,978
Independent Bank CD	0.55%	06/04/16			2,500,000		2,500,000	2,500,000
Southside Bank CD	0.70%	09/08/16	1,001,745	1,001,745	1,729		1,003,474	1,003,474
Comerica Bank CD	0.72%	09/08/16	2,003,592	2,003,592	3,559		2,007,151	2,007,151
Comerica Bank CD	0.80%	03/02/17			2,000,000		2,000,000	2,000,000
TOTAL			\$ 146,502,653	\$ 146,502,653	\$ 6,060,539	\$ (15,792,605)	\$ 136,770,587	\$ 136,770,587

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	December 31, 2014		Qtr to Qtr Change	March 31, 2015	
			Par Value	Market Value		Par Value	Market Value
BBVA Demand Account		04/01/15	\$ 7,224,126	\$ 7,224,126	\$ (680,571)	\$ 6,543,555	\$ 6,543,555
1st Tennessee Bank		04/01/15	206,643	206,643	(206,643)		
Union State Bank	0.15%	04/01/15	11,082	11,082	4	11,086	11,086
BBVA Compass MMA 3	0.22%	04/01/15	5,020,368	5,020,368	2,695	5,023,063	5,023,063
BBVA Compass MMA 4	0.27%	04/01/15	14,566,249	14,566,249	9,616	14,575,865	14,575,865
FILA (IDP)	0.23%	04/01/15	19,011,524	19,011,524	10,784	19,022,308	19,022,308
Comerica MMA	0.15%	04/01/15	3,151,543	3,151,543	1,166	3,152,708	3,152,708
Southside Bank MMA	0.20%	04/01/15	10,072,165	10,072,165	4,883	10,077,048	10,077,048
TexasTerm	0.09%	04/01/15	644,929	644,929	126	645,055	645,055
TexPool	0.05%	04/01/15	51,822,020	51,822,020	(8,347,224)	43,474,796	43,474,796
TexStar	0.06%	04/01/15	3,644,553	3,644,553	508	3,645,061	3,645,061
Comerica Bank CD	0.43%	01/26/15	2,517,998	2,517,998	(2,517,998)		
Comerica Bank CD	0.57%	03/02/15	2,020,084	2,020,084	(2,020,084)		
Comerica Bank CD	0.57%	03/02/15	2,020,084	2,020,084	(2,020,084)		
Central National Bank CD	0.31%	04/26/15	2,010,331	2,010,331	1,571	2,011,901	2,011,901
Comerica Bank CD	0.53%	04/27/15	2,522,201	2,522,201	3,298	2,525,498	2,525,498
Central National Bank CD	0.61%	09/05/15	2,003,042	2,003,042	3,013	2,006,054	2,006,054
Independent Bank CD	0.38%	09/09/15	3,002,842	3,002,842	2,814	3,005,656	3,005,656
Independent Bank CD	0.38%	09/09/15	3,002,842	3,002,842	2,814	3,005,656	3,005,656
Independent Bank CD	0.37%	09/17/15	3,013,390	3,013,390	2,749	3,016,139	3,016,139
Independent Bank CD	0.55%	12/12/15	3,004,114	3,004,114	4,074	3,008,188	3,008,188
Independent Bank CD	0.35%	03/04/16			1,500,000	1,500,000	1,500,000
Central National Bank CD	0.74%	03/05/16	2,003,690	2,003,690	3,656	2,007,346	2,007,346
Southside Bank CD	0.60%	03/08/16	1,001,496	1,001,496	1,482	1,002,978	1,002,978
Independent Bank CD	0.55%	06/04/16			2,500,000	2,500,000	2,500,000
Southside Bank CD	0.70%	09/08/16	1,001,745	1,001,745	1,729	1,003,474	1,003,474
Comerica Bank CD	0.72%	09/08/16	2,003,592	2,003,592	3,559	2,007,151	2,007,151
Comerica Bank CD	0.80%	03/02/17			2,000,000	2,000,000	2,000,000
TOTAL			\$ 146,502,653	\$ 146,502,653	\$ (9,732,066)	\$ 136,770,587	\$ 136,770,587

Allocation

March 31, 2015

Book & Market Value	Maturity Date	Total	General Operating	Special Revenue	Interest & Sinking	Enterprise Funds	Capital Projects	KEDC
BBVA Demand Account	04/01/15	\$ 6,543,555	\$ 1,688,843	\$ 2,592,748	\$ 829,083	\$ (219,323)	\$ 1,418,453	\$ 233,751
Union State Bank	04/01/15	11,086					11,086	
BBVA Compass MMA 3	04/01/15	5,023,063	2,009,164			1,507,035	1,506,864	
BBVA Compass MMA 4	04/01/15	14,575,865	13,568,601				1,007,264	
FILA (IDP)	04/01/15	19,022,308	2,001,689			9,011,149	8,009,469	
Comerica MMA	04/01/15	3,152,708	3,019,396				133,313	
Southside Bank MMA	04/01/15	10,077,048					10,077,048	
TexasTerm	04/01/15	645,055	52,391			52,348	540,315	
TexPool	04/01/15	43,474,796	2,488,530	1,007,678	13,451,276	6,035,245	15,910,162	4,581,904
TexStar	04/01/15	3,645,061	2,430,041			1,215,020		
Central National Bank CD	04/26/15	2,011,901					2,011,901	
Comerica Bank CD	04/27/15	2,525,498					2,525,498	
Central National Bank CD	09/05/15	2,006,054					2,006,054	
Independent Bank CD	09/09/15	3,005,656					3,005,656	
Independent Bank CD	09/09/15	3,005,656					3,005,656	
Independent Bank CD	09/17/15	3,016,139					3,016,139	
Independent Bank CD	12/12/15	3,008,188					3,008,188	
Independent Bank CD	03/04/16	1,500,000				1,500,000		
Central National Bank CD	03/05/16	2,007,346					2,007,346	
Southside Bank CD	03/08/16	1,002,978				1,002,978		
Independent Bank CD	06/04/16	2,500,000					2,500,000	
Southside Bank CD	09/08/16	1,003,474				1,003,474		
Comerica Bank CD	09/08/16	2,007,151				2,007,151		
Comerica Bank CD	03/02/17	2,000,000	2,000,000					
Totals		\$ 136,770,587	\$ 29,258,655	\$ 3,600,426	\$ 14,280,360	\$ 23,115,079	\$ 61,700,413	\$ 4,815,655

Allocation

December 31, 2014

Book & Market Value	Maturity Date	Total	General Operating	Special Revenue	Interest & Sinking	Enterprise Funds	Capital Projects	KEDC
BBVA Demand Account	01/01/15	\$ 7,224,126	\$ 3,213,598	\$ 2,273,686	\$ 2,379,548	\$ 77,670	\$ (954,126)	\$ 233,751
1st Tennessee Bank	01/01/15	206,643	206,643					
Union State Bank	01/01/15	11,082					11,082	
BBVA Compass MMA 3	01/01/15	5,020,368	2,008,086			3,012,282		
BBVA Compass MMA 4	01/01/15	14,566,249	5,011,638				9,554,611	
FILA (IDP)	01/01/15	19,011,524	2,000,555			5,004,428	12,006,542	
Comerica MMA	01/01/15	3,151,543	3,018,279				133,263	
Southside Bank MMA	01/01/15	10,072,165	4,028,675				6,043,490	
TexasTerm	01/01/15	644,929	52,381			52,338	540,210	
TexPool	01/01/15	51,822,020	8,532,499	933,568	14,571,469	9,249,613	14,186,229	4,348,643
TexStar	01/01/15	3,644,553	2,429,702			1,214,851		
Central National Bank CD	10/26/14							
Comerica Bank CD	12/01/14							
Comerica Bank CD	01/26/15	2,517,998					2,517,998	
Comerica Bank CD	03/02/15	2,020,084				2,020,084		
Comerica Bank CD	03/02/15	2,020,084	2,020,084					
Central National Bank CD	04/26/15	2,010,331					2,010,331	
Comerica Bank CD	04/27/15	2,522,201					2,522,201	
Central National Bank CD	09/05/15	2,003,042					2,003,042	
Independent Bank CD	09/09/15	3,002,842					3,002,842	
Independent Bank CD	09/09/15	3,002,842					3,002,842	
Independent Bank CD	09/17/15	3,013,390					3,013,390	
Independent Bank CD	12/12/15	3,004,114				3,004,114		
Central National Bank CD	03/05/16	2,003,690					2,003,690	
Southside Bank CD	03/08/16	1,001,496				1,001,496		
Southside Bank CD	09/08/16	1,001,745				1,001,745		
Comerica Bank CD	09/08/16	2,003,592				2,003,592		
Totals		\$ 146,502,653	\$ 32,522,139	\$ 3,207,254	\$ 16,951,017	\$ 27,642,213	\$ 61,597,636	\$ 4,582,394