



City of Killeen

QUARTERLY INVESTMENT REPORT

For the Quarter Ended

June 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.

Summary

Quarter End Results by Investment Category:

<u>Asset Type</u>	<u>March 31, 2018</u>		<u>June 30, 2018</u>		
	<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Ave. Yield</u>
Demand Accounts	\$ 13,257,630	\$ 13,257,630	\$ 11,186,170	\$ 11,186,170	0.35%
Pools/MMA	21,916,622	21,916,622	22,745,192	22,745,192	1.98%
Securities/CDs	65,938,469	65,938,469	67,129,422	67,129,422	1.89%
Totals	\$ 101,112,721	\$ 101,112,721	\$ 101,060,784	\$ 101,060,784	

Current Quarter Average Yield (1)

Total Portfolio	1.74%
Rolling Three Mo. Treas. Yield	1.88%
Rolling Six Mo. Treas. Yield	1.92%

Fiscal Year-to-Date Average Yield (2)

Total Portfolio	1.54%
Rolling Three Mo. Treas. Yield	1.56%
Rolling Six Mo. Treas. Yield	1.58%
Quarterly TexPool Yield	1.50%

	<u>Interest Income</u>	<u>Bank Fees Offset</u>
Quarterly	\$ 416,532	\$ 10,621
Year-to-date	\$ 1,024,054	\$ 31,169

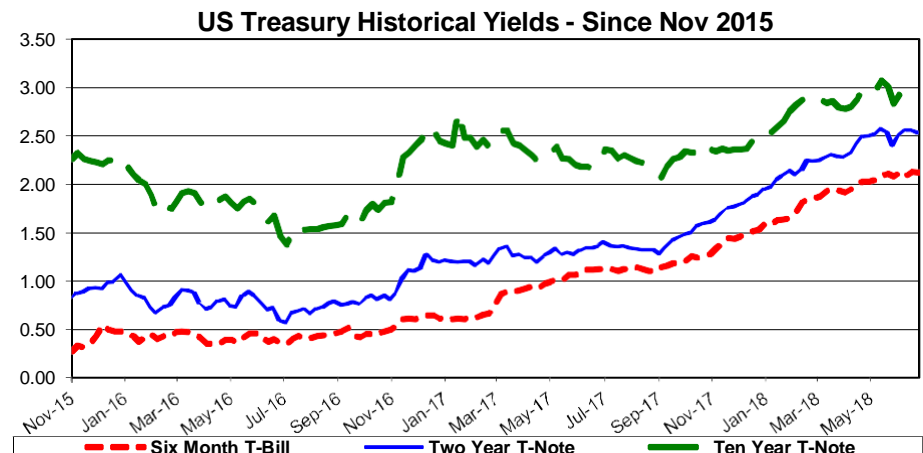
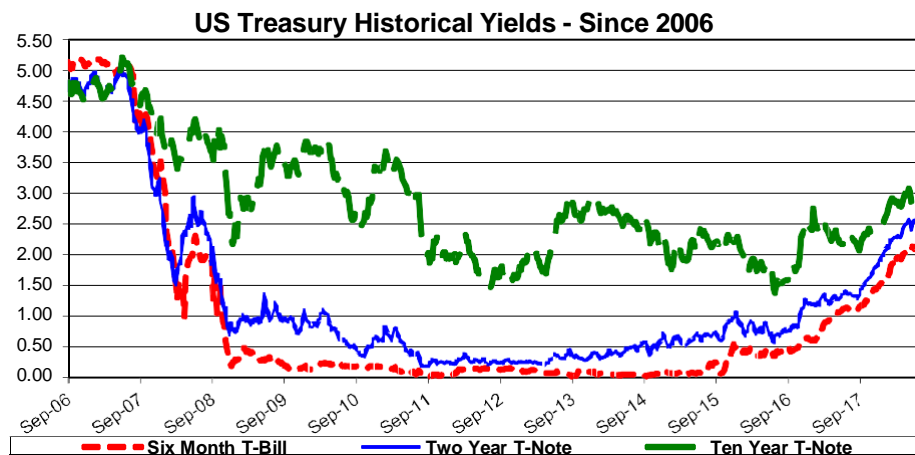
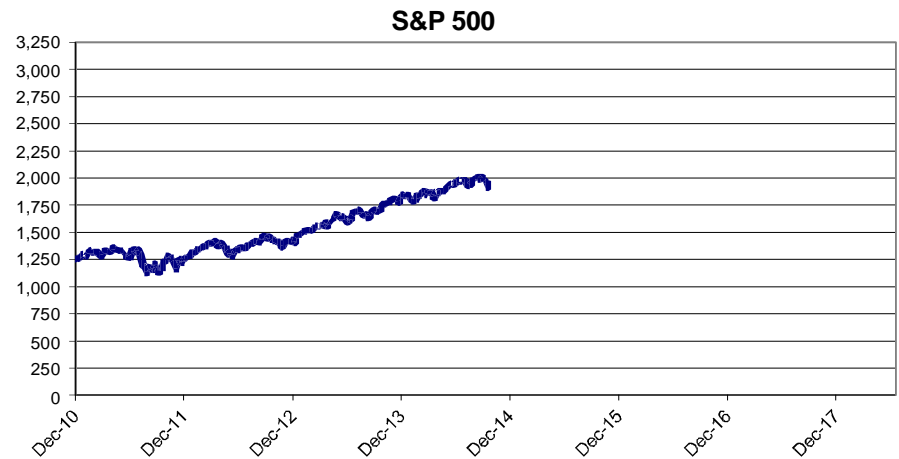
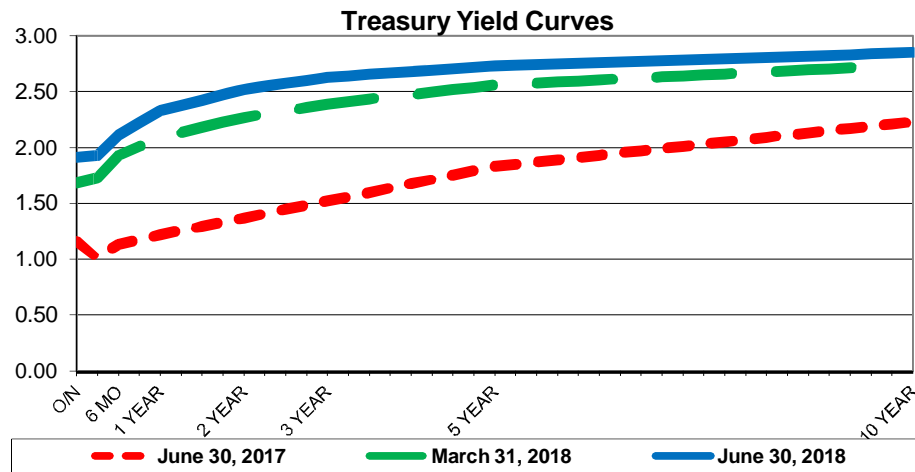
(1)Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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

6/30/2018

The Federal Open Market Committee (FOMC) raised the Fed Funds target range 1.75% - 2.00% (Effective Fed Funds are trading +/-1.91%). Additional range increases are expected this calendar year (one or two) although subject to economic activity. Gradual portfolio reduction continues by limiting reinvestment of maturing holdings. The ultimate size of the balance sheet is under discussion. First Quarter 2018 GDP measured 2.0% (final estimate). Second Quarter is expected to be substantially higher. Employment/Unemployment continued to record levels. Trade war uncertainty dominated world markets. WTI Crude oil hovers at +/- \$73. The Stock Markets wiggled higher but still below recent highs.



Investment Holdings

June 30, 2018

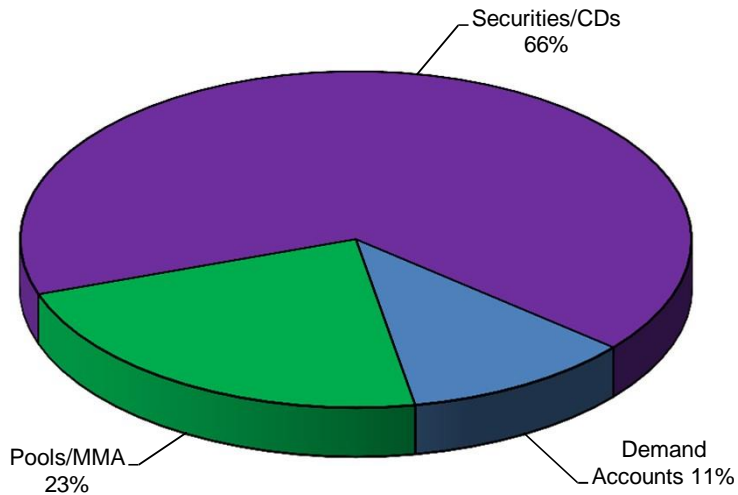
Description	Ratings	Coupon/	Maturity	Settlement	Par Value	Book	Market	Market	Life	Yield
		Discount	Date	Date		Value	Price	Value	(Days)	
BBVA Demand Account (3)		0.36%	07/01/18	06/30/18	\$ 10,986,818	\$ 10,986,818	1.00	\$ 10,986,818	1	0.36%
Cash on Hand		0.00%	07/01/18	06/30/18	10,495	10,495	1.00	10,495	1	0.00%
Hometown Cash on Hand		0.00%	07/01/18	06/30/18	188,858	188,858	1.00	188,858	1	0.00%
Southside Bank MMA		1.96%	07/01/18	06/30/18	8,777,199	8,777,199	1.00	8,777,199	1	1.96%
LegacyTexas MMA		1.87%	07/01/18	06/30/18	73,306	73,306	1.00	73,306	1	1.87%
Green Bank MMA		2.01%	07/01/18	06/30/18	2,429,234	2,429,234	1.00	2,429,234	1	2.01%
NexBank MMA		2.08%	07/01/18	06/30/18	7,250,587	7,250,587	1.00	7,250,587	1	2.08%
TexSTAR	AAAm	1.83%	07/01/18	06/30/18	4,214,866	4,214,866	1.00	4,214,866	1	1.83%
Central National Bank CD		1.51%	07/03/18	05/01/17	5,075,929	5,075,929	100.00	5,075,929	3	1.51%
BBVA Compass Bank CD		1.30%	07/03/18	04/13/17	5,587,328	5,587,328	100.00	5,587,328	3	1.30%
LegacyTexas Bank CD		1.48%	08/01/18	09/01/17	6,066,745	6,066,745	100.00	6,066,745	32	1.48%
BBVA Compass Bank CD		1.40%	09/18/18	04/13/17	2,542,769	2,542,769	100.00	2,542,769	80	1.40%
Third Coast Bank SSB CD		1.85%	12/15/18	12/15/17	4,036,984	4,036,984	100.00	4,036,984	168	1.85%
LegacyTexas Bank CD		1.50%	01/03/19	06/01/17	2,030,207	2,030,207	100.00	2,030,207	187	1.50%
Third Coast Bank SSB CD		1.90%	03/15/19	12/15/17	5,047,482	5,047,482	100.00	5,047,482	258	1.90%
Green Bank CD		1.95%	04/03/19	01/03/18	2,009,616	2,009,616	100.00	2,009,616	277	1.95%
BBVA Compass Bank CD		1.92%	06/08/19	12/08/17	12,129,182	12,129,182	100.00	12,129,182	343	1.92%
Green Bank CD		2.00%	07/03/19	01/03/18	2,009,863	2,009,863	100.00	2,009,863	368	2.00%
LegacyTexas Bank CD		2.28%	08/01/19	03/02/18	8,046,063	8,046,063	100.00	8,046,063	397	2.28%
BBVA Compass Bank CD		1.97%	09/08/19	12/08/17	2,527,616	2,527,616	100.00	2,527,616	435	1.97%
LegacyTexas Bank CD		2.75%	12/02/19	06/01/18	3,000,000	3,000,000	100.00	3,000,000	520	2.75%
Green Bank CD		2.08%	01/03/20	01/03/18	3,015,386	3,015,386	100.00	3,015,386	552	2.08%
Wallis State Bank CD		2.49%	03/02/20	04/02/18	3,000,000	3,000,000	100.00	3,000,000	611	2.49%
East West Bank CD		2.67%	04/01/20	05/04/18	1,004,252	1,004,252	100.00	1,004,252	641	2.67%
					\$101,060,784	\$101,060,784		\$101,060,784	181	1.74%
									(1)	(2)

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

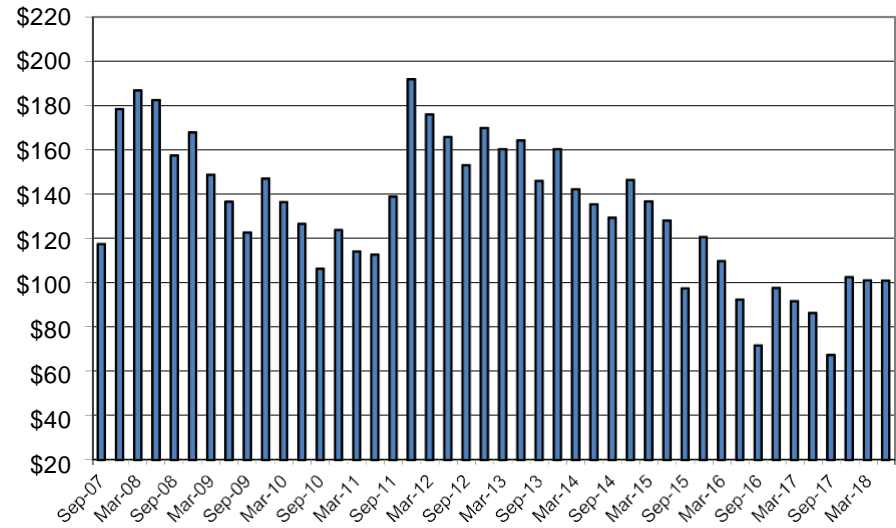
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for cash equivalent investments.

(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.

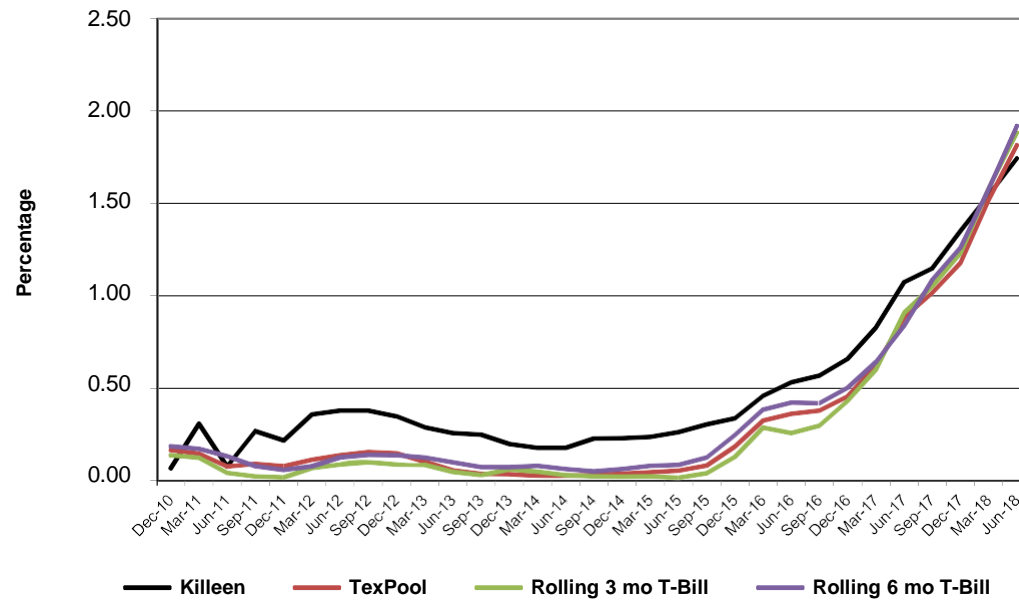
Portfolio Composition



Total Portfolio (Millions)



Total Portfolio Performance



Book Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2018		Purchases/ Adjustments	Sales/Adjust/ Maturities	June 30, 2018	
			Par Value	Book Value			Par Value	Book Value
BBVA Demand Account	0.36%	07/01/18	\$ 13,027,202	\$ 13,027,202	\$ —	\$ (2,040,384)	\$ 10,986,818	\$ 10,986,818
Cash on Hand	0.00%	07/01/18	10,495	10,495			10,495	10,495
Hometown Cash on Hand	0.00%	07/01/18	219,933	219,933		(31,076)	188,858	188,858
Southside Bank MMA	1.96%	07/01/18	8,736,447	8,736,447	40,752		8,777,199	8,777,199
LegacyTexas MMA	1.87%	07/01/18	21,530	21,530	51,776		73,306	73,306
Green Bank MMA	2.01%	07/01/18	2,418,341	2,418,341	10,893		2,429,234	2,429,234
NexBank MMA	2.08%	07/01/18	7,214,865	7,214,865	35,722		7,250,587	7,250,587
TexSTAR	1.83%	07/01/18	3,525,439	3,525,439	689,426		4,214,866	4,214,866
Lubbock National Bank CD	1.25%	04/02/18	2,025,144	2,025,144		(2,025,144)	—	—
Lubbock National Bank CD	1.25%	05/01/18	1,012,572	1,012,572		(1,012,572)	—	—
LegacyTexas Bank CD	1.20%	06/01/18	3,045,191	3,045,191		(3,045,191)	—	—
Central National Bank CD	1.51%	07/03/18	5,057,308	5,057,308	18,621		5,075,929	5,075,929
BBVA Compass Bank CD	1.30%	07/03/18	5,569,278	5,569,278	18,051		5,587,328	5,587,328
LegacyTexas Bank CD	1.48%	08/01/18	6,044,170	6,044,170	22,575		6,066,745	6,066,745
BBVA Compass Bank CD	1.40%	09/18/18	2,533,924	2,533,924	8,844		2,542,769	2,542,769
Third Coast Bank SSB CD	1.85%	12/15/18	4,018,247	4,018,247	18,737		4,036,984	4,036,984
LegacyTexas Bank CD	1.50%	01/03/19	2,022,551	2,022,551	7,657		2,030,207	2,030,207
Third Coast Bank SSB CD	1.90%	03/15/19	5,023,425	5,023,425	24,057		5,047,482	5,047,482
Green Bank CD	1.95%	04/03/19	2,000,000	2,000,000	9,616		2,009,616	2,009,616
BBVA Compass Bank CD	1.92%	06/08/19	12,071,398	12,071,398	57,784		12,129,182	12,129,182
Green Bank CD	2.00%	07/03/19	2,000,000	2,000,000	9,863		2,009,863	2,009,863
LegacyTexas Bank CD	2.28%	08/01/19	8,000,000	8,000,000	46,063		8,046,063	8,046,063
BBVA Compass Bank CD	1.97%	09/08/19	2,515,262	2,515,262	12,354		2,527,616	2,527,616
LegacyTexas Bank CD	2.75%	12/02/19	—	—	3,000,000		3,000,000	3,000,000
Green Bank CD	2.08%	01/03/20	3,000,000	3,000,000	15,386		3,015,386	3,015,386
Wallis State Bank CD	2.49%	03/02/20	—	—	3,000,000		3,000,000	3,000,000
East West Bank CD	2.67%	04/01/20	—	—	1,004,252		1,004,252	1,004,252
TOTAL			\$ 101,112,721	\$ 101,112,721	\$ 8,102,430	\$ (8,154,367)	\$ 101,060,784	\$ 101,060,784

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2018		Qtr to Qtr Change	June 30, 2018	
			Par Value	Market Value		Par Value	Market Value
BBVA Demand Account	0.36%	07/01/18	\$ 13,027,202	\$ 13,027,202	\$ (2,040,384)	\$ 10,986,818	\$ 10,986,818
Cash on Hand	0.00%	07/01/18	10,495	10,495		10,495	10,495
Hometown Cash on Hand	0.00%	07/01/18	219,933	219,933	(31,076)	188,858	188,858
Southside Bank MMA	1.96%	07/01/18	8,736,447	8,736,447	40,752	8,777,199	8,777,199
LegacyTexas MMA	1.87%	07/01/18	21,530	21,530	51,776	73,306	73,306
Green Bank MMA	2.01%	07/01/18	2,418,341	2,418,341	10,893	2,429,234	2,429,234
NexBank MMA	2.08%	07/01/18	7,214,865	7,214,865	35,722	7,250,587	7,250,587
TexSTAR	1.83%	07/01/18	3,525,439	3,525,439	689,426	4,214,866	4,214,866
Lubbock National Bank CD	1.25%	04/02/18	2,025,144	2,025,144	(2,025,144)	—	—
Lubbock National Bank CD	1.25%	05/01/18	1,012,572	1,012,572	(1,012,572)	—	—
LegacyTexas Bank CD	1.20%	06/01/18	3,045,191	3,045,191	(3,045,191)	—	—
Central National Bank CD	1.51%	07/03/18	5,057,308	5,057,308	18,621	5,075,929	5,075,929
BBVA Compass Bank CD	1.30%	07/03/18	5,569,278	5,569,278	18,051	5,587,328	5,587,328
LegacyTexas Bank CD	1.48%	08/01/18	6,044,170	6,044,170	22,575	6,066,745	6,066,745
BBVA Compass Bank CD	1.40%	09/18/18	2,533,924	2,533,924	8,844	2,542,769	2,542,769
Third Coast Bank SSB CD	1.85%	12/15/18	4,018,247	4,018,247	18,737	4,036,984	4,036,984
LegacyTexas Bank CD	1.50%	01/03/19	2,022,551	2,022,551	7,657	2,030,207	2,030,207
Third Coast Bank SSB CD	1.90%	03/15/19	5,023,425	5,023,425	24,057	5,047,482	5,047,482
Green Bank CD	1.95%	04/03/19	2,000,000	2,000,000	9,616	2,009,616	2,009,616
BBVA Compass Bank CD	1.92%	06/08/19	12,071,398	12,071,398	57,784	12,129,182	12,129,182
Green Bank CD	2.00%	07/03/19	2,000,000	2,000,000	9,863	2,009,863	2,009,863
LegacyTexas Bank CD	2.28%	08/01/19	8,000,000	8,000,000	46,063	8,046,063	8,046,063
BBVA Compass Bank CD	1.97%	09/08/19	2,515,262	2,515,262	12,354	2,527,616	2,527,616
LegacyTexas Bank CD	2.75%	12/02/19	—	—	3,000,000	3,000,000	3,000,000
Green Bank CD	2.08%	01/03/20	3,000,000	3,000,000	15,386	3,015,386	3,015,386
Wallis State Bank CD	2.49%	03/02/20	—	—	3,000,000	3,000,000	3,000,000
East West Bank CD	2.67%	04/01/20	—	—	1,004,252	1,004,252	1,004,252
TOTAL			\$ 101,112,721	\$ 101,112,721	\$ (51,937)	\$ 101,060,784	\$ 101,060,784

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

Allocation**March 31, 2018**

Book & Market Value	Maturity Date	Total	Pooled Investments	General Fund	Special Revenue	Enterprise Funds	Employee Benefit Trust
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				
Totals		\$ 101,112,721	\$ 99,530,887	\$ 224,328	\$ 89,666	\$ 1,220,069	\$ 47,771