



# QUARTERLY INVESTMENT REPORT

RS-19-029

March 5, 2019



# City of Killeen

## QUARTERLY INVESTMENT REPORT

**For the Quarter Ended**

**December 31, 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.

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Jonathan Locke, Executive Director of Finance

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Judith Tangalin, 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:

Asset Type	September 30, 2018		December 31, 2018		
	Book Value	Market Value	Book Value	Market Value	Ave. Yield
Demand Accounts	\$ 11,717,955	\$ 11,717,955	\$ 14,868,952	\$ 14,868,952	0.37%
Pools/MMA	14,855,416	14,855,416	27,503,388	27,503,388	2.40%
Securities/CDs	55,116,237	55,116,237	70,359,951	70,359,951	2.45%
<b>Totals</b>	<b>\$ 81,689,608</b>	<b>\$ 81,689,608</b>	<b>\$ 112,732,291</b>	<b>\$ 112,732,291</b>	

<u>Current Quarter Average Yield (1)</u>	
Total Portfolio	2.16%
Rolling Three Month Treasury	2.37%
Rolling Six Month Treasury	2.39%

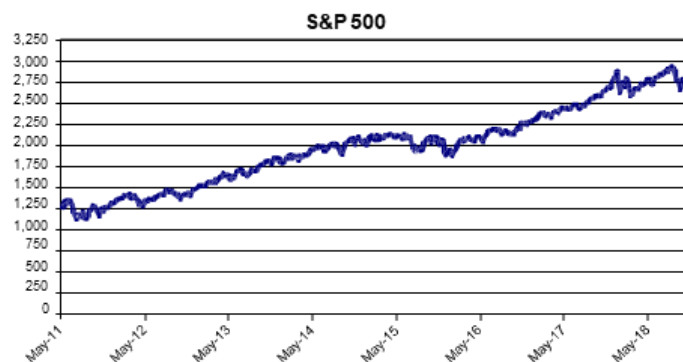
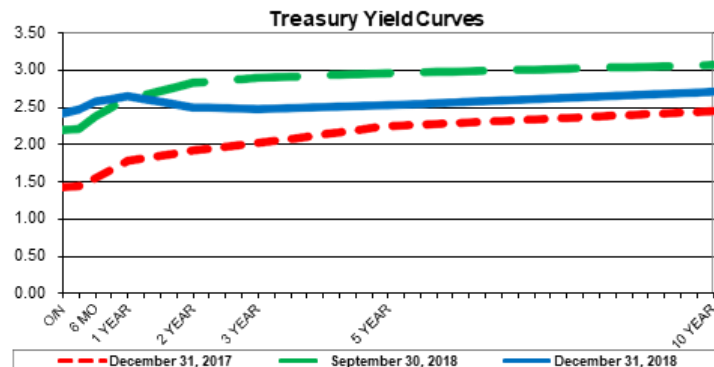
<u>Fiscal Year-to-Date Average Yield (2)</u>	
Total Portfolio	2.16%
Rolling Three Month Treasury	2.37%
Rolling Six Month Treasury	2.39%
TexPool	2.29%

	<u>Interest Income</u>	<u>Bank Fees Offset</u>
Quarterly	\$ 513,789	\$ 10,522
Year-to-date	\$ 513,789	\$ 10,522

(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 2.25% - 2.50% (Effective Fed Funds are trading +/-2.40%). The official outlook calls for two additional increases during 2019. However, the market is currently projecting zero 2019 increases. Gradual FRB portfolio reduction continues by limiting reinvestment of maturing holdings. Third Quarter GDP grew 3.4% (final). Employment/ Unemployment remain solid with December adding 312k new jobs and a 254k three month average. Crude oil decreased below +/- \$50. The Stock Markets drifted slightly higher than recent lows. Housing continues to weaken. The mid-maturity yield curve flattened.



## Investment Holdings

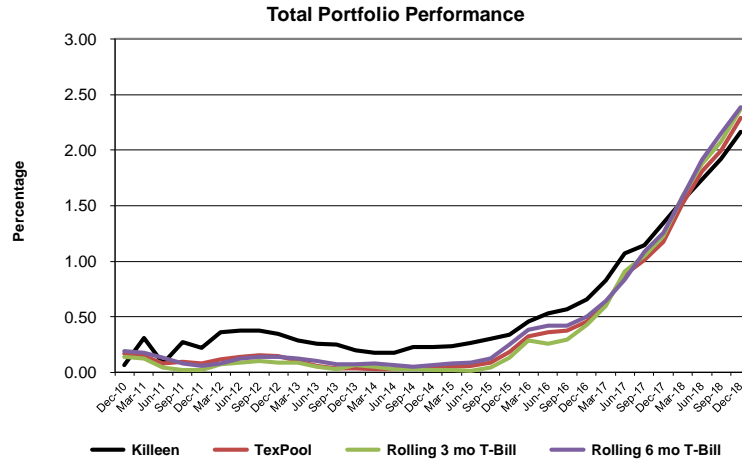
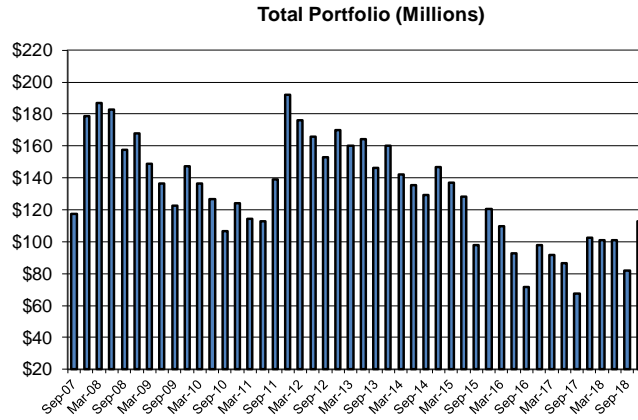
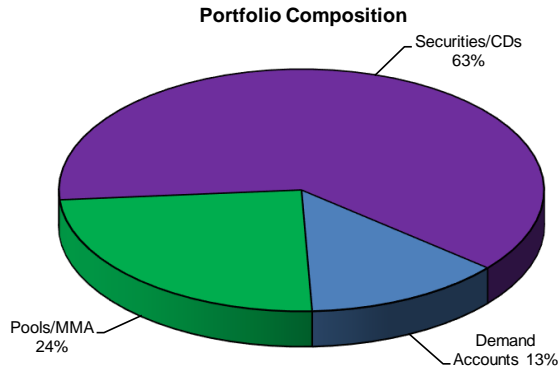
December 31, 2018

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (Days)	Yield
BBVA Demand Account (3)		0.38%	01/01/19	12/31/18	\$ 14,620,152	\$ 14,620,152	1.00	\$ 14,620,152	1	0.38%
Cash on Hand		0.00%	01/01/19	12/31/18	10,495	10,495	1.00	10,495	1	0.00%
Hometown Cash on Hand		0.00%	01/01/19	12/31/18	238,305	238,305	1.00	238,305	1	0.00%
Southside Bank MMA		2.44%	01/01/19	12/31/18	3,840,524	3,840,524	1.00	3,840,524	1	2.44%
LegacyTexas MMA		2.35%	01/01/19	12/31/18	74,092	74,092	1.00	74,092	1	2.35%
Green Bank MMA		2.40%	01/01/19	12/31/18	2,456,205	2,456,205	1.00	2,456,205	1	2.40%
NexBank MMA		2.56%	01/01/19	12/31/18	7,335,833	7,335,833	1.00	7,335,833	1	2.56%
TexSTAR	AAAm	2.31%	01/01/19	12/31/18	13,796,735	13,796,735	1.00	13,796,735	1	2.31%
LegacyTexas Bank CD		1.50%	01/03/19	06/01/17	2,045,523	2,045,523	100.00	2,045,523	3	1.51%
Third Coast Bank SSB CD		1.90%	03/15/19	12/15/17	5,095,679	5,095,679	100.00	5,095,679	74	1.91%
Green Bank CD		1.95%	04/03/19	01/03/18	2,029,312	2,029,312	100.00	2,029,312	93	1.96%
BBVA Compass Bank CD		1.92%	06/08/19	12/08/17	12,246,863	12,246,863	100.00	12,246,863	159	1.94%
Green Bank CD		2.00%	07/03/19	01/03/18	2,030,067	2,030,067	100.00	2,030,067	184	2.02%
LegacyTexas Bank CD		2.28%	08/01/19	03/02/18	8,138,479	8,138,479	100.00	8,138,479	213	2.30%
BBVA Compass Bank CD		1.97%	09/08/19	12/08/17	2,552,780	2,552,780	100.00	2,552,780	251	1.99%
LegacyTexas Bank CD		2.75%	12/02/19	06/01/18	3,041,601	3,041,601	100.00	3,041,601	336	2.78%
Green Bank CD		2.08%	01/03/20	01/03/18	3,046,914	3,046,914	100.00	3,046,914	368	2.10%
WallisBank CD		2.49%	03/02/20	04/02/18	3,037,569	3,037,569	100.00	3,037,569	427	2.51%
East West Bank CD		2.67%	04/01/20	05/04/18	1,017,859	1,017,859	100.00	1,017,859	457	2.67%
East West Bank CD		2.94%	04/01/20	12/06/18	2,004,193	2,004,193	100.00	2,004,193	457	2.98%
East West Bank CD		2.96%	05/01/20	09/17/18	2,017,266	2,017,266	100.00	2,017,266	487	3.00%
East West Bank CD		2.99%	07/01/20	09/13/18	5,045,257	5,045,257	100.00	5,045,257	548	3.04%
LegacyTexas Bank CD		2.98%	07/01/20	12/17/18	4,000,000	4,000,000	100.00	4,000,000	548	3.02%
East West Bank CD		2.97%	08/01/20	12/06/18	5,010,589	5,010,589	100.00	5,010,589	579	3.01%
LegacyTexas Bank CD		2.98%	09/01/20	12/05/18	8,000,000	8,000,000	100.00	8,000,000	610	3.02%
					<b>\$112,732,291</b>	<b>\$112,732,291</b>		<b>\$112,732,291</b>	<b>212</b>	<b>2.16%</b>
										(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.



## Book Value Comparison

Description	Coupon/ Discount	Maturity Date	September 30, 2018		Purchases/ Adjustments	Sales/Adjust/ Maturities	December 31, 2018	
			Par Value	Book Value			Par Value	Book Value
BBVA Demand Account	0.38%	01/01/19	\$ 11,499,580	\$ 11,499,580	\$ 3,120,572	\$ —	\$ 14,620,152	\$ 14,620,152
Cash on Hand	0.00%	01/01/19	10,495	10,495			10,495	10,495
Hometown Cash on Hand	0.00%	01/01/19	207,879	207,879	30,425		238,305	238,305
Southside Bank MMA	2.44%	01/01/19	3,817,886	3,817,886	22,638		3,840,524	3,840,524
LegacyTexas MMA	2.35%	01/01/19	73,673	73,673	420		74,092	74,092
Green Bank MMA	2.40%	01/01/19	2,442,030	2,442,030	14,175		2,456,205	2,456,205
NexBank MMA	2.56%	01/01/19	7,290,381	7,290,381	45,452		7,335,833	7,335,833
TexSTAR	2.31%	01/01/19	1,231,447	1,231,447	12,565,288		13,796,735	13,796,735
Third Coast Bank SSB CD	1.85%	12/15/18	4,055,808	4,055,808		(4,055,808)	—	—
LegacyTexas Bank CD	1.50%	01/03/19	2,037,893	2,037,893	7,631		2,045,523	2,045,523
Third Coast Bank SSB CD	1.90%	03/15/19	5,071,655	5,071,655	24,024		5,095,679	5,095,679
Green Bank CD	1.95%	04/03/19	2,019,386	2,019,386	9,925		2,029,312	2,029,312
BBVA Compass Bank CD	1.92%	06/08/19	12,187,881	12,187,881	58,983		12,246,863	12,246,863
Green Bank CD	2.00%	07/03/19	2,019,885	2,019,885	10,182		2,030,067	2,030,067
LegacyTexas Bank CD	2.28%	08/01/19	8,092,391	8,092,391	46,087		8,138,479	8,138,479
BBVA Compass Bank CD	1.97%	09/08/19	2,540,167	2,540,167	12,613		2,552,780	2,552,780
LegacyTexas Bank CD	2.75%	12/02/19	3,020,843	3,020,843	20,759		3,041,601	3,041,601
Green Bank CD	2.08%	01/03/20	3,031,023	3,031,023	15,891		3,046,914	3,046,914
WallisBank CD	2.49%	03/02/20	3,018,624	3,018,624	18,945		3,037,569	3,037,569
East West Bank CD	2.67%	04/01/20	1,011,033	1,011,033	6,827		1,017,859	1,017,859
East West Bank CD	2.94%	04/01/20	—	—	2,004,193		2,004,193	2,004,193
East West Bank CD	2.96%	05/01/20	2,002,272	2,002,272	14,994		2,017,266	2,017,266
East West Bank CD	2.99%	07/01/20	5,007,378	5,007,378	37,879		5,045,257	5,045,257
LegacyTexas Bank CD	2.98%	07/01/20	—	—	4,000,000		4,000,000	4,000,000
East West Bank CD	2.97%	08/01/20	—	—	5,010,589		5,010,589	5,010,589
LegacyTexas Bank CD	2.98%	09/01/20	—	—	8,000,000		8,000,000	8,000,000
<b>TOTAL</b>			<b>\$ 81,689,608</b>	<b>\$ 81,689,608</b>	<b>\$ 35,098,491</b>	<b>\$ (4,055,808)</b>	<b>\$ 112,732,291</b>	<b>\$ 112,732,291</b>

## Market Value Comparison

Description	Coupon/ Discount	Maturity Date	September 30, 2018		Qtr to Qtr Change	December 31, 2018	
			Par Value	Market Value		Par Value	Market Value
BBVA Demand Account	0.38%	01/01/19	\$ 11,499,580	\$ 11,499,580	\$ 3,120,572	\$ 14,620,152	\$ 14,620,152
Cash on Hand	0.00%	01/01/19	10,495	10,495		10,495	10,495
Hometown Cash on Hand	0.00%	01/01/19	207,879	207,879	30,425	238,305	238,305
Southside Bank MMA	2.44%	01/01/19	3,817,886	3,817,886	22,638	3,840,524	3,840,524
LegacyTexas MMA	2.35%	01/01/19	73,673	73,673	420	74,092	74,092
Green Bank MMA	2.40%	01/01/19	2,442,030	2,442,030	14,175	2,456,205	2,456,205
NexBank MMA	2.56%	01/01/19	7,290,381	7,290,381	45,452	7,335,833	7,335,833
TexSTAR	2.31%	01/01/19	1,231,447	1,231,447	12,565,288	13,796,735	13,796,735
Third Coast Bank SSB CD	1.85%	12/15/18	4,055,808	4,055,808	(4,055,808)	—	—
LegacyTexas Bank CD	1.50%	01/03/19	2,037,893	2,037,893	7,631	2,045,523	2,045,523
Third Coast Bank SSB CD	1.90%	03/15/19	5,071,655	5,071,655	24,024	5,095,679	5,095,679
Green Bank CD	1.95%	04/03/19	2,019,386	2,019,386	9,925	2,029,312	2,029,312
BBVA Compass Bank CD	1.92%	06/08/19	12,187,881	12,187,881	58,983	12,246,863	12,246,863
Green Bank CD	2.00%	07/03/19	2,019,885	2,019,885	10,182	2,030,067	2,030,067
LegacyTexas Bank CD	2.28%	08/01/19	8,092,391	8,092,391	46,087	8,138,479	8,138,479
BBVA Compass Bank CD	1.97%	09/08/19	2,540,167	2,540,167	12,613	2,552,780	2,552,780
LegacyTexas Bank CD	2.75%	12/02/19	3,020,843	3,020,843	20,759	3,041,601	3,041,601
Green Bank CD	2.08%	01/03/20	3,031,023	3,031,023	15,891	3,046,914	3,046,914
WallisBank CD	2.49%	03/02/20	3,018,624	3,018,624	18,945	3,037,569	3,037,569
East West Bank CD	2.67%	04/01/20	1,011,033	1,011,033	6,827	1,017,859	1,017,859
East West Bank CD	2.94%	04/01/20	—	—	2,004,193	2,004,193	2,004,193
East West Bank CD	2.96%	05/01/20	2,002,272	2,002,272	14,994	2,017,266	2,017,266
East West Bank CD	2.99%	07/01/20	5,007,378	5,007,378	37,879	5,045,257	5,045,257
LegacyTexas Bank CD	2.98%	07/01/20	—	—	4,000,000	4,000,000	4,000,000
East West Bank CD	2.97%	08/01/20	—	—	5,010,589	5,010,589	5,010,589
LegacyTexas Bank CD	2.98%	09/01/20	—	—	8,000,000	8,000,000	8,000,000
<b>TOTAL</b>			<b>\$ 81,689,608</b>	<b>\$ 81,689,608</b>	<b>\$ 31,042,683</b>	<b>\$ 112,732,291</b>	<b>\$ 112,732,291</b>



# Allocation

December 31, 2018

Book & Market Value	Maturity Date	Total	Pooled Investments	General Fund	Special Revenue	Enterprise Funds	Employee Benefit Trust
BBVA Demand Account	01/01/19	\$ 14,620,152	\$ 13,271,460	\$ —	\$ 120,592	\$ 1,182,064	\$ 46,036
Cash on Hand	01/01/19	10,495	—	4,395	2,000	4,100	—
Hometown Cash on Hand	01/01/19	238,305	—	238,305	—	—	—
Southside Bank MMA	01/01/19	3,840,524	3,840,524	—	—	—	—
LegacyTexas MMA	01/01/19	74,092	74,092	—	—	—	—
Green Bank MMA	01/01/19	2,456,205	2,456,205	—	—	—	—
NexBank MMA	01/01/19	7,335,833	7,335,833	—	—	—	—
TexSTAR	01/01/19	13,796,735	13,796,735	—	—	—	—
LegacyTexas Bank CD	01/03/19	2,045,523	2,045,523	—	—	—	—
Third Coast Bank SSB CD	03/15/19	5,095,679	5,095,679	—	—	—	—
Green Bank CD	04/03/19	2,029,312	2,029,312	—	—	—	—
BBVA Compass Bank CD	06/08/19	12,246,863	12,246,863	—	—	—	—
Green Bank CD	07/03/19	2,030,067	2,030,067	—	—	—	—
LegacyTexas Bank CD	08/01/19	8,138,479	8,138,479	—	—	—	—
BBVA Compass Bank CD	09/08/19	2,552,780	2,552,780	—	—	—	—
LegacyTexas Bank CD	12/02/19	3,041,601	3,041,601	—	—	—	—
Green Bank CD	01/03/20	3,046,914	3,046,914	—	—	—	—
WallisBank CD	03/02/20	3,037,569	3,037,569	—	—	—	—
East West Bank CD	04/01/20	1,017,859	1,017,859	—	—	—	—
East West Bank CD	04/01/20	2,004,193	2,004,193	—	—	—	—
East West Bank CD	05/01/20	2,017,266	2,017,266	—	—	—	—
East West Bank CD	07/01/20	5,045,257	5,045,257	—	—	—	—
LegacyTexas Bank CD	07/01/20	4,000,000	4,000,000	—	—	—	—
East West Bank CD	08/01/20	5,010,589	5,010,589	—	—	—	—
LegacyTexas Bank CD	09/01/20	8,000,000	8,000,000	—	—	—	—
<b>Totals</b>		<b>\$ 112,732,291</b>	<b>\$ 111,134,799</b>	<b>\$ 242,700</b>	<b>\$ 122,592</b>	<b>\$ 1,186,164</b>	<b>\$ 46,036</b>

# 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	–	–	–	–
WallisBank 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	–	–	–	–
<b>Totals</b>		<b>\$ 81,689,608</b>	<b>\$ 79,808,632</b>	<b>\$ 212,274</b>	<b>\$ 105,108</b>	<b>\$ 1,042,115</b>	<b>\$ 521,479</b>