



City of Killeen

QUARTERLY INVESTMENT REPORT

For the Quarter Ended

March 31, 2019

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

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	December 31, 2018		March 31, 2019		
	Book Value	Market Value	Book Value	Market Value	Ave. Yield
Demand Accounts	\$ 14,868,952	\$ 14,868,952	\$ 9,642,441	\$ 9,642,441	0.39%
Pools/MMA	27,503,388	27,503,388	22,796,700	22,796,700	2.55%
Securities/CDs	70,359,951	70,359,951	76,622,313	76,622,313	2.57%
Totals	\$ 112,732,291	\$ 112,732,291	\$ 109,061,455	\$ 109,061,455	

Current Quarter Average Yield (1)

Total Portfolio	2.37%
Rolling Three Month Treasury	2.44%
Rolling Six Month Treasury	2.51%

Fiscal Year-to-Date Average Yield (2)

Total Portfolio	2.27%
Rolling Three Month Treasury	2.41%
Rolling Six Month Treasury	2.45%
TexPool	2.35%

	<u>Interest Income</u>	<u>Bank Fees Offset</u>
Quarterly	\$ 591,913	\$ 11,212
Year-to-date	\$ 1,105,702	\$ 21,734

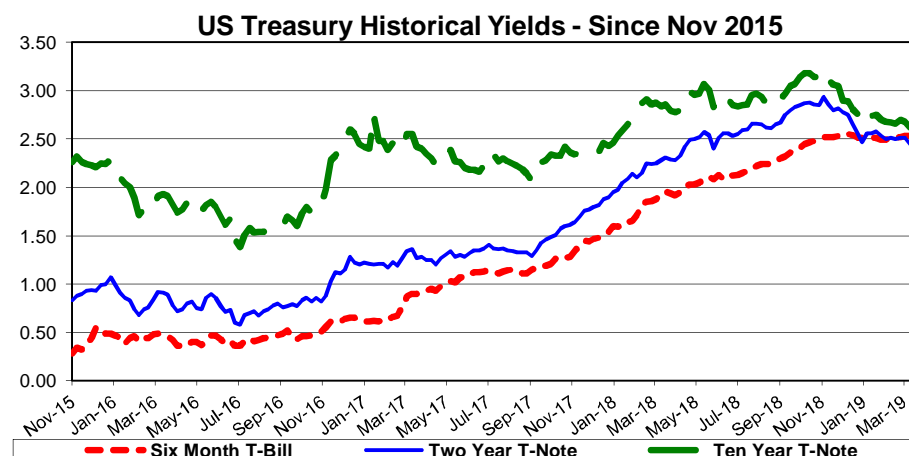
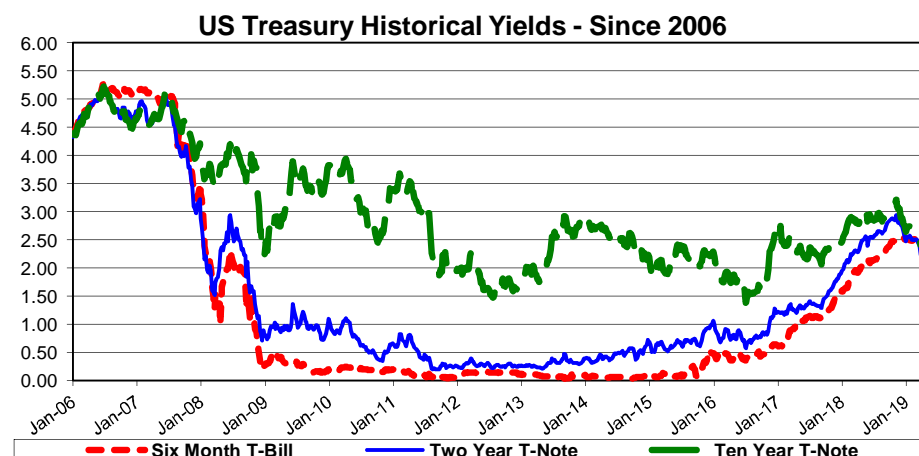
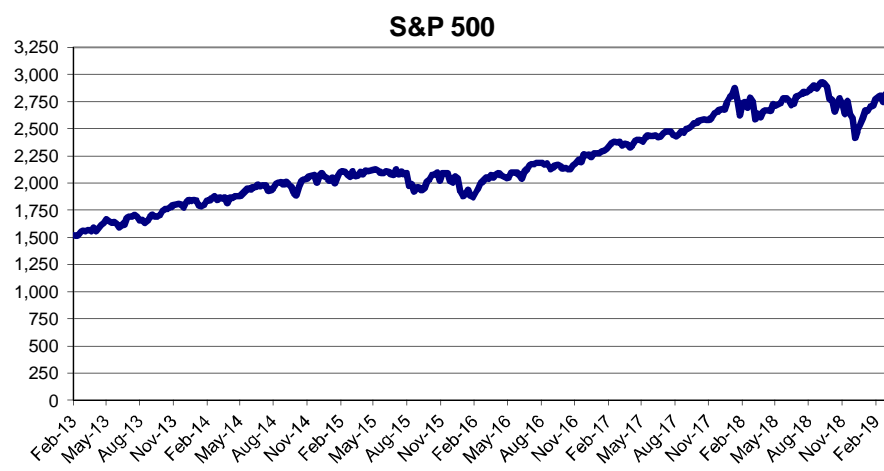
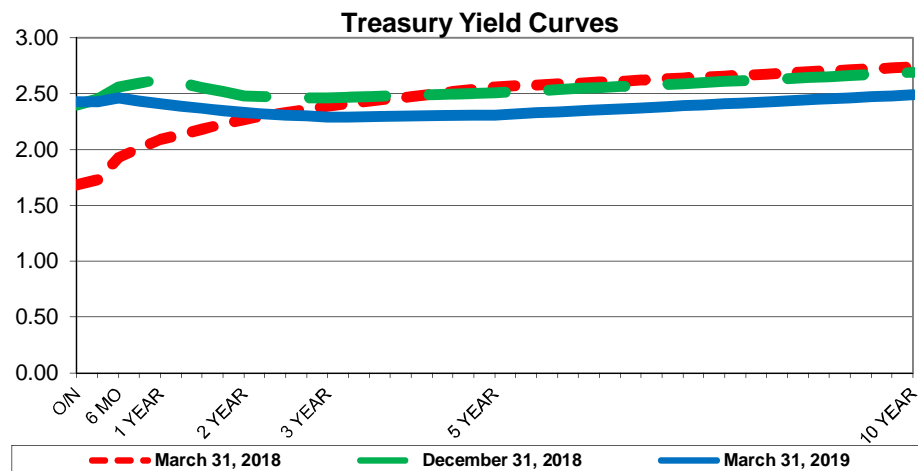
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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

3/31/2019

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range to 2.25% - 2.50% (Effective Fed Funds are trading +/-2.40%). The market projections now lean towards decreases late 2019 or early 2020. Gradual FRB portfolio reduction continues by limiting reinvestment of maturing holdings, but that strategy will end this summer. February Non Farm Payroll plunged to only 20,000 new jobs (although Dec and Jan were revised up slightly). Fourth quarter GDP registered 2.2% (final). Crude oil remained +/- \$55. The Stock Markets continued higher from December lows. Housing mostly mixed. The mid-maturity yield curve is lower and still sway-backed.



Investment Holdings

March 31, 2019

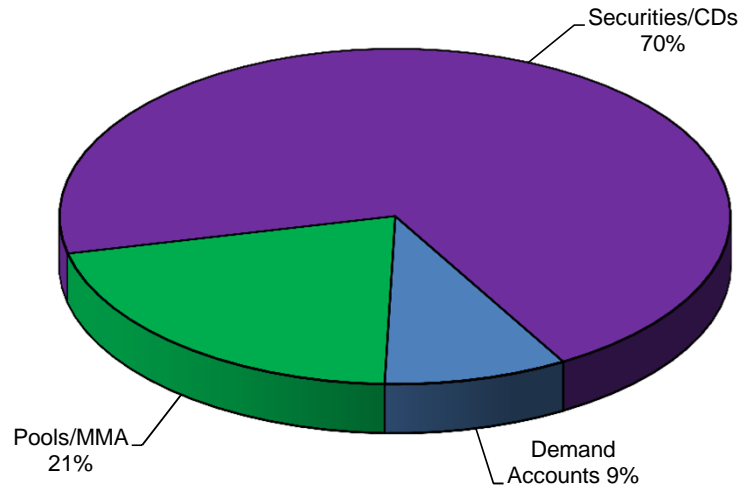
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (Days)	Yield
BBVA Demand Account (3)		0.40%	04/01/19	03/31/19	\$ 9,429,279	\$ 9,429,279	1.00	\$ 9,429,279	1	0.40%
Cash on Hand		0.00%	04/01/19	03/31/19	10,495	10,495	1.00	10,495	1	0.00%
Hometown Cash on Hand		0.00%	04/01/19	03/31/19	202,667	202,667	1.00	202,667	1	0.00%
Southside Bank MMA		2.59%	04/01/19	03/31/19	3,864,642	3,864,642	1.00	3,864,642	1	2.59%
LegacyTexas MMA		2.49%	04/01/19	03/31/19	127,430	127,430	1.00	127,430	1	2.49%
Green Bank MMA		2.59%	04/01/19	03/31/19	2,471,891	2,471,891	1.00	2,471,891	1	2.59%
NexBank MMA		2.68%	04/01/19	03/31/19	7,383,884	7,383,884	1.00	7,383,884	1	2.68%
TexSTAR	AAAm	2.41%	04/01/19	03/31/19	8,948,854	8,948,854	1.00	8,948,854	1	2.41%
Green Bank CD		1.95%	04/03/19	01/03/18	2,039,286	2,039,286	100.00	2,039,286	3	1.96%
BBVA Compass Bank CD		1.92%	06/08/19	12/08/17	12,304,843	12,304,843	100.00	12,304,843	69	1.94%
Green Bank CD		2.00%	07/03/19	01/03/18	2,040,301	2,040,301	100.00	2,040,301	94	2.02%
LegacyTexas Bank CD		2.28%	08/01/19	03/02/18	8,184,318	8,184,318	100.00	8,184,318	123	2.30%
BBVA Compass Bank CD		1.97%	09/08/19	12/08/17	2,565,180	2,565,180	100.00	2,565,180	161	1.99%
LegacyTexas Bank CD		2.75%	12/02/19	06/01/18	3,062,273	3,062,273	100.00	3,062,273	246	2.78%
Green Bank CD		2.08%	01/03/20	01/03/18	3,062,888	3,062,888	100.00	3,062,888	278	2.10%
WallisBank CD		2.49%	03/02/20	04/02/18	3,056,634	3,056,634	100.00	3,056,634	337	2.51%
East West Bank CD		2.67%	04/01/20	05/04/18	1,024,582	1,024,582	100.00	1,024,582	367	2.67%
East West Bank CD		2.94%	04/01/20	12/06/18	2,018,774	2,018,774	100.00	2,018,774	367	2.98%
East West Bank CD		2.96%	05/01/20	09/17/18	2,032,042	2,032,042	100.00	2,032,042	397	3.00%
East West Bank CD		2.99%	07/01/20	09/13/18	5,082,589	5,082,589	100.00	5,082,589	458	3.04%
LegacyTexas Bank CD		2.98%	07/01/20	12/17/18	4,029,464	4,029,464	100.00	4,029,464	458	3.02%
Central Bank CD		2.81%	07/02/20	02/04/19	2,000,000	2,000,000	100.00	2,000,000	459	2.84%
East West Bank CD		2.97%	08/01/20	12/06/18	5,047,416	5,047,416	100.00	5,047,416	489	3.01%
LegacyTexas Bank CD		2.65%	08/03/20	03/19/19	3,000,000	3,000,000	100.00	3,000,000	491	2.68%
LegacyTexas Bank CD		2.98%	09/01/20	12/05/18	8,058,928	8,058,928	100.00	8,058,928	520	3.02%
LegacyTexas Bank CD		2.78%	12/02/20	02/04/19	6,012,796	6,012,796	100.00	6,012,796	612	2.82%
LegacyTexas Bank CD		2.70%	02/01/21	03/19/19	2,000,000	2,000,000	100.00	2,000,000	673	2.73%
					\$109,061,455	\$109,061,455		\$109,061,455	232	2.37%
									(1)	(2)

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

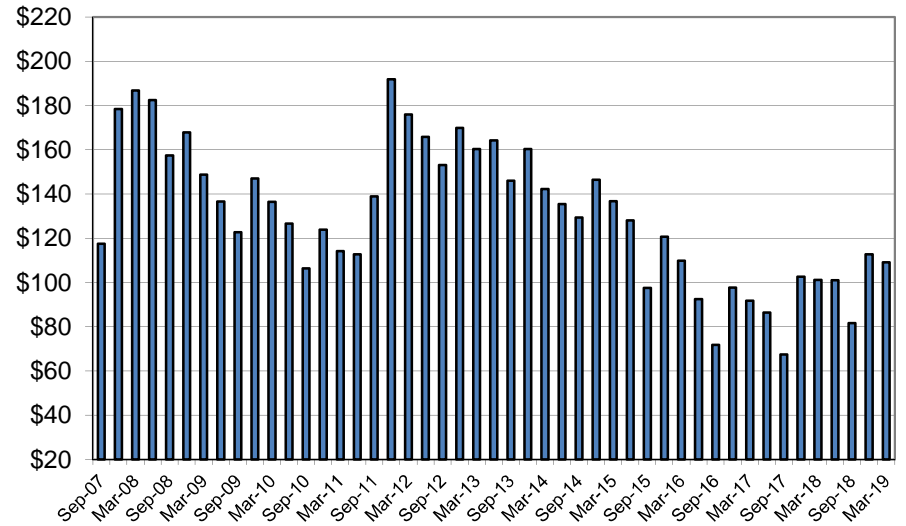
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for cash equivalent investments.

(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.

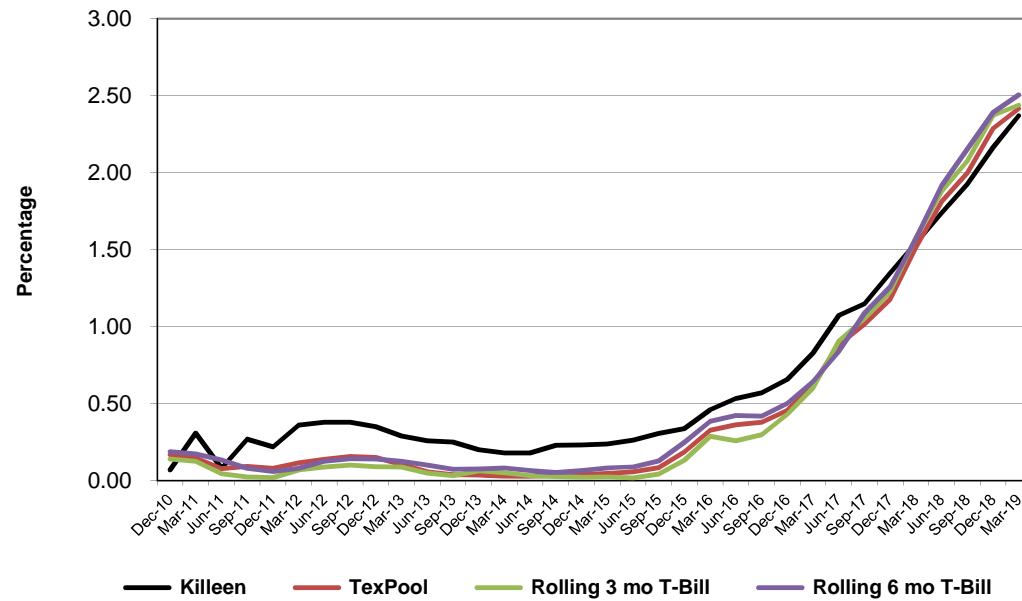
Portfolio Composition



Total Portfolio (Millions)



Total Portfolio Performance



Book Value Comparison

Description	Coupon/ Discount	Maturity Date	December 31, 2018		Purchases/ Adjustments	Sales/Adjust/ Maturities	March 31, 2019	
			Par Value	Book Value			Par Value	Book Value
BBVA Demand Account	0.40%	04/01/19	\$ 14,620,152	\$ 14,620,152	\$ —	\$ (5,190,873)	\$ 9,429,279	\$ 9,429,279
Cash on Hand	0.00%	04/01/19	10,495	10,495			10,495	10,495
Hometown Cash on Hand	0.00%	04/01/19	238,305	238,305		(35,638)	202,667	202,667
Southside Bank MMA	2.59%	04/01/19	3,840,524	3,840,524	24,118		3,864,642	3,864,642
LegacyTexas MMA	2.49%	04/01/19	74,092	74,092	53,337		127,430	127,430
Green Bank MMA	2.59%	04/01/19	2,456,205	2,456,205	15,686		2,471,891	2,471,891
NexBank MMA	2.68%	04/01/19	7,335,833	7,335,833	48,051		7,383,884	7,383,884
TexSTAR	2.41%	04/01/19	13,796,735	13,796,735		(4,847,881)	8,948,854	8,948,854
LegacyTexas Bank CD	1.50%	01/03/19	2,045,523	2,045,523		(2,045,523)	—	—
Third Coast Bank SSB CD	1.90%	03/15/19	5,095,679	5,095,679		(5,095,679)	—	—
Green Bank CD	1.95%	04/03/19	2,029,312	2,029,312	9,974		2,039,286	2,039,286
BBVA Compass Bank CD	1.92%	06/08/19	12,246,863	12,246,863	57,980		12,304,843	12,304,843
Green Bank CD	2.00%	07/03/19	2,030,067	2,030,067	10,234		2,040,301	2,040,301
LegacyTexas Bank CD	2.28%	08/01/19	8,138,479	8,138,479	45,840		8,184,318	8,184,318
BBVA Compass Bank CD	1.97%	09/08/19	2,552,780	2,552,780	12,400		2,565,180	2,565,180
LegacyTexas Bank CD	2.75%	12/02/19	3,041,601	3,041,601	20,671		3,062,273	3,062,273
Green Bank CD	2.08%	01/03/20	3,046,914	3,046,914	15,974		3,062,888	3,062,888
WallisBank CD	2.49%	03/02/20	3,037,569	3,037,569	19,064		3,056,634	3,056,634
East West Bank CD	2.67%	04/01/20	1,017,859	1,017,859	6,723		1,024,582	1,024,582
East West Bank CD	2.94%	04/01/20	2,004,193	2,004,193	14,581		2,018,774	2,018,774
East West Bank CD	2.96%	05/01/20	2,017,266	2,017,266	14,777		2,032,042	2,032,042
East West Bank CD	2.99%	07/01/20	5,045,257	5,045,257	37,333		5,082,589	5,082,589
LegacyTexas Bank CD	2.98%	07/01/20	4,000,000	4,000,000	29,464		4,029,464	4,029,464
Central Bank CD	2.81%	07/02/20	—	—	2,000,000		2,000,000	2,000,000
East West Bank CD	2.97%	08/01/20	5,010,589	5,010,589	36,827		5,047,416	5,047,416
LegacyTexas Bank CD	2.65%	08/03/20	—	—	3,000,000		3,000,000	3,000,000
LegacyTexas Bank CD	2.98%	09/01/20	8,000,000	8,000,000	58,928		8,058,928	8,058,928
LegacyTexas Bank CD	2.78%	12/02/20	—	—	6,012,796		6,012,796	6,012,796
LegacyTexas Bank CD	2.70%	02/01/21	—	—	2,000,000		2,000,000	2,000,000
TOTAL			\$ 112,732,291	\$ 112,732,291	\$ 13,544,757	\$ (17,215,593)	\$ 109,061,455	\$ 109,061,455

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	December 31, 2018		Qtr to Qtr Change	March 31, 2019	
			Par Value	Market Value		Par Value	Market Value
BBVA Demand Account	0.40%	04/01/19	\$ 14,620,152	\$ 14,620,152	\$ (5,190,873)	\$ 9,429,279	\$ 9,429,279
Cash on Hand	0.00%	04/01/19	10,495	10,495		10,495	10,495
Hometown Cash on Hand	0.00%	04/01/19	238,305	238,305	(35,638)	202,667	202,667
Southside Bank MMA	2.59%	04/01/19	3,840,524	3,840,524	24,118	3,864,642	3,864,642
LegacyTexas MMA	2.49%	04/01/19	74,092	74,092	53,337	127,430	127,430
Green Bank MMA	2.59%	04/01/19	2,456,205	2,456,205	15,686	2,471,891	2,471,891
NexBank MMA	2.68%	04/01/19	7,335,833	7,335,833	48,051	7,383,884	7,383,884
TexSTAR	2.41%	04/01/19	13,796,735	13,796,735	(4,847,881)	8,948,854	8,948,854
LegacyTexas Bank CD	1.50%	01/03/19	2,045,523	2,045,523	(2,045,523)	—	—
Third Coast Bank SSB CD	1.90%	03/15/19	5,095,679	5,095,679	(5,095,679)	—	—
Green Bank CD	1.95%	04/03/19	2,029,312	2,029,312	9,974	2,039,286	2,039,286
BBVA Compass Bank CD	1.92%	06/08/19	12,246,863	12,246,863	57,980	12,304,843	12,304,843
Green Bank CD	2.00%	07/03/19	2,030,067	2,030,067	10,234	2,040,301	2,040,301
LegacyTexas Bank CD	2.28%	08/01/19	8,138,479	8,138,479	45,840	8,184,318	8,184,318
BBVA Compass Bank CD	1.97%	09/08/19	2,552,780	2,552,780	12,400	2,565,180	2,565,180
LegacyTexas Bank CD	2.75%	12/02/19	3,041,601	3,041,601	20,671	3,062,273	3,062,273
Green Bank CD	2.08%	01/03/20	3,046,914	3,046,914	15,974	3,062,888	3,062,888
WallisBank CD	2.49%	03/02/20	3,037,569	3,037,569	19,064	3,056,634	3,056,634
East West Bank CD	2.67%	04/01/20	1,017,859	1,017,859	6,723	1,024,582	1,024,582
East West Bank CD	2.94%	04/01/20	2,004,193	2,004,193	14,581	2,018,774	2,018,774
East West Bank CD	2.96%	05/01/20	2,017,266	2,017,266	14,777	2,032,042	2,032,042
East West Bank CD	2.99%	07/01/20	5,045,257	5,045,257	37,333	5,082,589	5,082,589
LegacyTexas Bank CD	2.98%	07/01/20	4,000,000	4,000,000	29,464	4,029,464	4,029,464
Central Bank CD	2.81%	07/02/20	—	—	2,000,000	2,000,000	2,000,000
East West Bank CD	2.97%	08/01/20	5,010,589	5,010,589	36,827	5,047,416	5,047,416
LegacyTexas Bank CD	2.65%	08/03/20	—	—	3,000,000	3,000,000	3,000,000
LegacyTexas Bank CD	2.98%	09/01/20	8,000,000	8,000,000	58,928	8,058,928	8,058,928
LegacyTexas Bank CD	2.78%	12/02/20	—	—	6,012,796	6,012,796	6,012,796
LegacyTexas Bank CD	2.70%	02/01/21	—	—	2,000,000	2,000,000	2,000,000
TOTAL			\$ 112,732,291	\$ 112,732,291	\$ (3,670,837)	\$ 109,061,455	\$ 109,061,455

Allocation

March 31, 2019

Book & Market Value	Maturity Date	Total	Pooled Investments	General Fund	Special Revenue	Enterprise Funds	Employee Benefit Trust
BBVA Demand Account	04/01/19	\$ 9,429,279	\$ 9,257,634	\$ —	\$ 133,267	\$ 44	\$ 38,335
Cash on Hand	04/01/19	10,495	—	4,395	2,000	4,100	—
Hometown Cash on Hand	04/01/19	202,667	—	202,667	—	—	—
Southside Bank MMA	04/01/19	3,864,642	3,864,642	—	—	—	—
LegacyTexas MMA	04/01/19	127,430	127,430	—	—	—	—
Green Bank MMA	04/01/19	2,471,891	2,471,891	—	—	—	—
NexBank MMA	04/01/19	7,383,884	7,383,884	—	—	—	—
TexSTAR	04/01/19	8,948,854	8,948,854	—	—	—	—
Green Bank CD	04/03/19	2,039,286	2,039,286	—	—	—	—
BBVA Compass Bank CD	06/08/19	12,304,843	12,304,843	—	—	—	—
Green Bank CD	07/03/19	2,040,301	2,040,301	—	—	—	—
LegacyTexas Bank CD	08/01/19	8,184,318	8,184,318	—	—	—	—
BBVA Compass Bank CD	09/08/19	2,565,180	2,565,180	—	—	—	—
LegacyTexas Bank CD	12/02/19	3,062,273	3,062,273	—	—	—	—
Green Bank CD	01/03/20	3,062,888	3,062,888	—	—	—	—
WallisBank CD	03/02/20	3,056,634	3,056,634	—	—	—	—
East West Bank CD	04/01/20	1,024,582	1,024,582	—	—	—	—
East West Bank CD	04/01/20	2,018,774	2,018,774	—	—	—	—
East West Bank CD	05/01/20	2,032,042	2,032,042	—	—	—	—
East West Bank CD	07/01/20	5,082,589	5,082,589	—	—	—	—
LegacyTexas Bank CD	07/01/20	4,029,464	4,029,464	—	—	—	—
Central Bank CD	07/02/20	2,000,000	2,000,000	—	—	—	—
East West Bank CD	08/01/20	5,047,416	5,047,416	—	—	—	—
LegacyTexas Bank CD	08/03/20	3,000,000	3,000,000	—	—	—	—
LegacyTexas Bank CD	09/01/20	8,058,928	8,058,928	—	—	—	—
LegacyTexas Bank CD	12/02/20	6,012,796	6,012,796	—	—	—	—
LegacyTexas Bank CD	02/01/21	2,000,000	2,000,000	—	—	—	—
Totals		\$ 109,061,455	\$ 108,676,647	\$ 207,062	\$ 135,267	\$ 4,144	\$ 38,335

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	—	—	—	—
Totals		\$ 112,732,291	\$ 111,134,799	\$ 242,700	\$ 122,592	\$ 1,186,164	\$ 46,036