

# City of Texarkana, Texas

## QUARTERLY INVESTMENT REPORT

For the Quarter Ended  
December 31, 2014

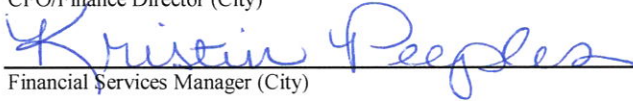
Prepared by

Valley View Consulting, L.L.C.

The investment portfolio of the City of Texarkana, TX is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.

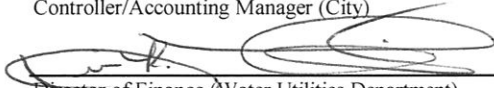


CFO/Finance Director (City)



Financial Services Manager (City)

Controller/Accounting Manager (City)



Director of Finance (Water Utilities Department)

Accounting/Human Resources Manager (Water Utilities Department)

**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 FOMC ended Quantitative Easing (QE3) in October. Third quarter 2014 GDP was a very strong 5.0%. New payroll and unemployment data also very positive. The FOMC remains concerned by lack of wage growth and overall participation. The US stock markets again touched new highs, but have recently retrenched. Shorter interest rates are rising, while International economical and political struggles weigh on longer term US interest rates. Financial institution deposit yields generally provide the best interest earnings opportunity, although spreads to security yields have tightened.

City Funds		Ave. Yield	December 31, 2014		September 30, 2014	
			Book Value	Market Value	Book Value	Market Value
DDA/MMA/Pools		0.27%	\$ 21,232,227	\$ 21,232,227	\$ 14,489,426	\$ 14,489,426
CDs/Securities		0.68%	5,019,279	5,019,279	5,010,844	5,010,844
<b>Totals</b>			<b>\$ 26,251,505</b>	<b>\$ 26,251,505</b>	<b>\$ 19,500,269</b>	<b>\$ 19,500,269</b>
Total Portfolio Average		0.35%				
Fiscal Year-to-Date Average Yield (2)		0.35%				
Quarterly Interest Income		\$ 12,511				
Year-to-date Interest Income		\$ 12,511				

Water Utility		Ave. Yield	December 31, 2014		September 30, 2014	
			Book Value	Market Value	Book Value	Market Value
DDA/MMA/Pools		0.36%	\$ 11,145,837	\$ 11,145,837	\$ 11,316,486	\$ 11,316,486
CDs/Securities		0.70%	2,525,000	2,525,000	2,500,000	2,500,000
<b>Totals</b>			<b>\$ 13,670,837</b>	<b>\$ 13,670,837</b>	<b>\$ 13,816,486</b>	<b>\$ 13,816,486</b>
Total Portfolio Average		0.43%				
Fiscal Year-to-Date Average Yield (2)		0.43%				
Quarterly Interest Income		\$ 14,169				
Year-to-date Interest Income		\$ 14,169				

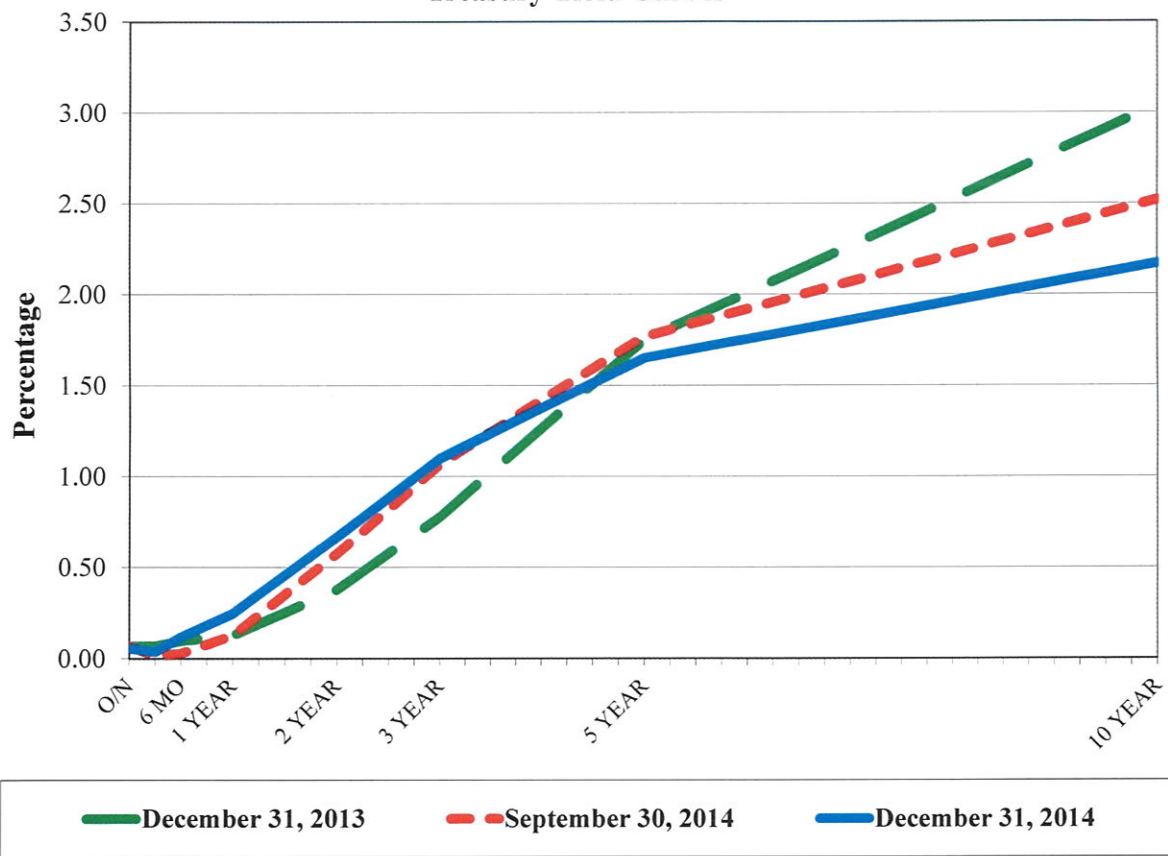
	QTR		YTD
Rolling Three Mo. Treas. Yield	0.02%	Rolling Three Mo. Treas. Yield	0.02%
Rolling Six Mo. Treas. Yield	0.07%	Rolling Six Mo. Treas. Yield	0.07%
		Quarterly TexPool Yield	0.04%

(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.

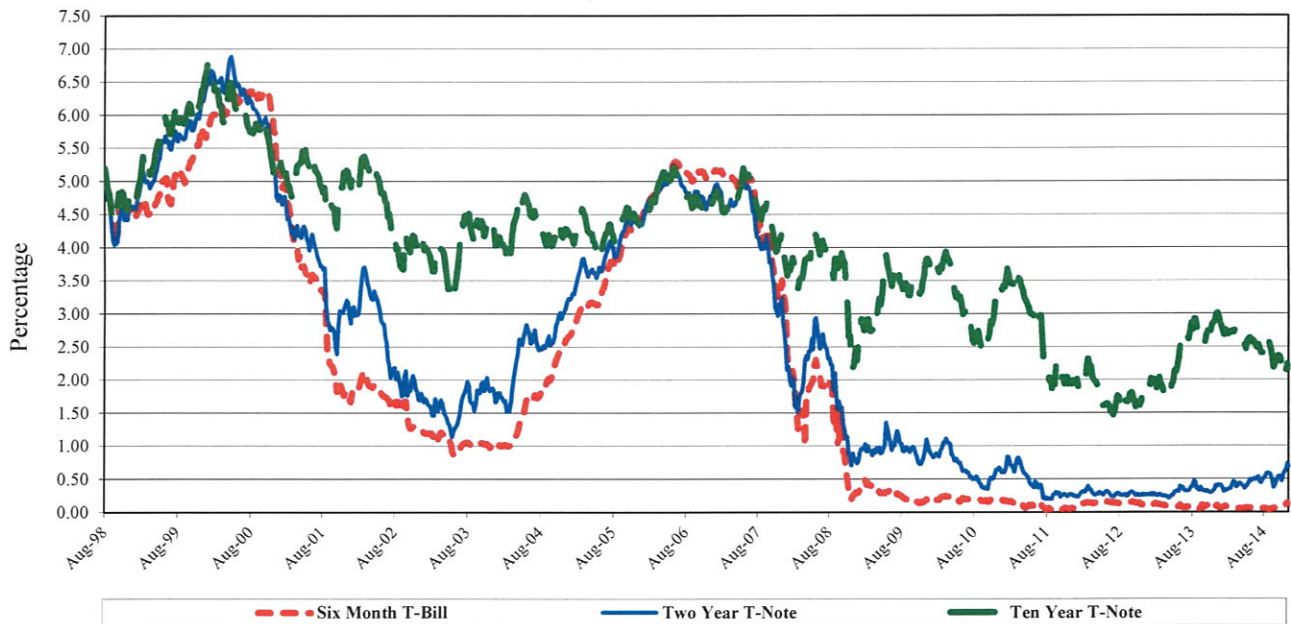
(2) Fiscal Year-to-Date Average Yields calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

Valley View Consulting, L.L.C. currently provides advisory services to the City.

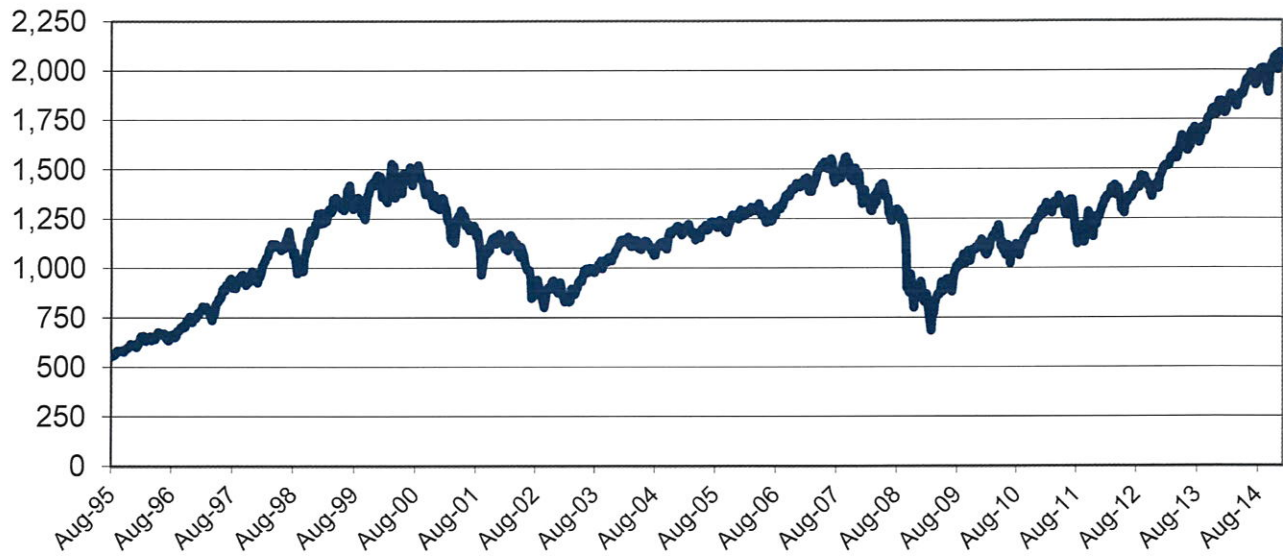
### Treasury Yield Curves



### US Treasury Historical Yields



## S&P 500



## Detail of Investment Holdings December 31, 2014

### City Funds

Description	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Guaranty B&T MMA	0.30%	01/01/15	12/31/14	\$ 15,903,697	\$ 15,903,697	1.00	\$ 15,903,697	1	0.30%
Southside Bank MMA	0.19%	01/01/15	12/31/14	5,328,530	5,328,530	1.00	5,328,530	1	0.19%
Farmers Bank & Trust CD	0.60%	02/24/15	02/24/14	2,505,445	2,505,445	100.00	2,505,445	55	0.60%
Commercial National Bank CD	0.55%	03/04/15	09/04/13	1,006,890	1,006,890	100.00	1,006,890	63	0.55%
Farmers Bank & Trust CD	0.60%	05/01/15	05/01/14	501,762	501,762	100.00	501,762	121	0.60%
Farmers Bank & Trust CD	0.90%	02/24/16	02/24/14	503,748	503,748	100.00	503,748	420	0.90%
Guaranty Bank & Trust CD	1.15%	09/15/16	09/15/14	501,434	501,434	100.00	501,434	624	1.15%
				<b>\$ 26,251,505</b>	<b>\$ 26,251,505</b>		<b>\$ 26,251,505</b>	<b>31</b>	<b>0.35%</b>

### Water Utility

Description	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Wells Fargo MMA	0.43%	01/01/15	12/31/14	\$ 5,441,680	\$ 5,441,680	1.00	\$ 5,441,680	1	0.43%
Guaranty Bond MMA	0.30%	01/01/15	12/31/14	5,704,156	5,704,156	1.00	5,704,156	1	0.30%
Farmers Bank & Trust CD	0.60%	02/24/15	02/24/14	1,000,000	1,000,000	100.00	1,000,000	55	0.60%
Farmers Bank & Trust CD	0.90%	02/24/16	02/24/14	500,000	500,000	100.00	500,000	420	0.90%
Farmers Bank & Trust CD	0.70%	03/05/16	09/05/14	1,025,000	1,025,000	100.00	1,025,000	430	0.70%
				<b>\$ 13,670,837</b>	<b>\$ 13,670,837</b>		<b>\$ 13,670,837</b>	<b>52</b>	<b>0.43%</b>

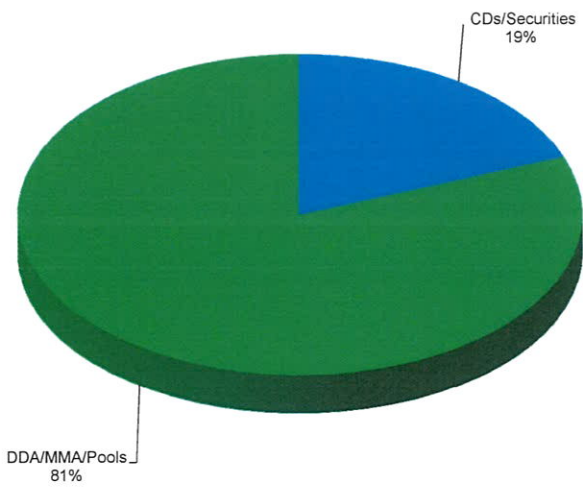
### Combined Portfolio

				<b>\$ 39,922,342</b>	<b>\$ 39,922,342</b>		<b>\$ 39,922,342</b>	<b>38</b>	<b>0.38%</b>
								(1)	(2)

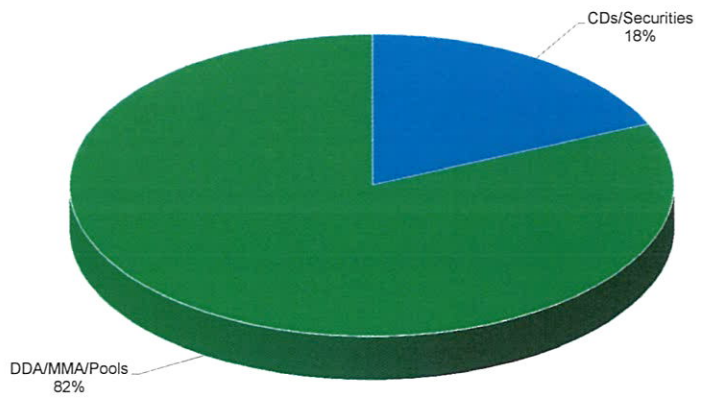
(1) Weighted average life - For purposes of calculating weighted average life, cash equivalent investments are assumed to have a one day maturity.

(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

**City Portfolio Composition**



**TWU Portfolio Composition**



### Quarter End Portfolio



### Book Value Comparison

Description	Coupon/ Discount	Maturity Date	September 30, 2014			December 31, 2014		
			Par Value	Book Value	Purchases/ Adjustments	Sales/Adjust/ Maturities	Par Value	Book Value
Wells Fargo MMA	0.45%	01/01/15	\$ 5,735,778	\$ 5,735,778	\$	\$ (294,097)	\$ 5,441,680	\$ 5,441,680
Guaranty B&T MMA	0.30%	01/01/15	16,743,298	16,743,298	4,864,555		21,607,853.44	21,607,853
Southside Bank MMA	0.19%	01/01/15	3,326,836	3,326,836	2,001,694		5,328,530	5,328,530
Farmers Bank & Trust CD	0.60%	02/24/15	2,501,701	2,501,701	3,744		2,505,445	2,505,445
Farmers Bank & Trust CD	0.60%	02/24/15	1,000,000	1,000,000			1,000,000	1,000,000
Commercial National Bank CD	0.55%	03/04/15	1,005,511	1,005,511	1,379		1,006,890	1,006,890
Farmers Bank & Trust CD	0.60%	05/01/15	501,012	501,012	750		501,762	501,762
Farmers Bank & Trust CD	0.90%	02/24/16	502,620	502,620	1,129		503,748	503,748
Farmers Bank & Trust CD	0.90%	02/24/16	500,000	500,000			500,000	500,000
Farmers Bank & Trust CD	0.70%	03/05/16	1,000,000	1,000,000	25,000		1,025,000	1,025,000
Guaranty Bank & Trust CD	1.15%	09/15/16	500,000	500,000	1,434		501,434	501,434
<b>TOTAL</b>			<b>\$ 33,316,756</b>	<b>\$ 33,316,756</b>	<b>\$ 6,899,684</b>	<b>\$ (294,097)</b>	<b>\$ 39,922,342</b>	<b>\$ 39,922,342</b>

### Market Value Comparison

Description	Coupon/ Discount	Maturity Date	September 30, 2014		Qtr to Qtr Change	December 31, 2014	
			Par Value	Market Value		Par Value	Market Value
Wells Fargo MMA	0.45%	01/01/15	\$ 5,735,778	\$ 5,735,778	\$ (294,097)	\$ 5,441,680	\$ 5,441,680
Guaranty B&T MMA	0.30%	01/01/15	16,743,298	16,743,298	4,864,555	21,607,853	21,607,853
Southside Bank MMA	0.19%	01/01/15	3,326,836	3,326,836	2,001,694	5,328,530	5,328,530
Farmers Bank & Trust CD	0.60%	02/24/15	2,501,701	2,501,701	3,744	2,505,445	2,505,445
Farmers Bank & Trust CD	0.60%	02/24/15	1,000,000	1,000,000		1,000,000	1,000,000
Commercial National Bank CD	0.55%	03/04/15	1,005,511	1,005,511	1,379	1,006,890	1,006,890
Farmers Bank & Trust CD	0.60%	05/01/15	501,012	501,012	750	501,762	501,762
Farmers Bank & Trust CD	0.90%	02/24/16	502,620	502,620	1,129	503,748	503,748
Farmers Bank & Trust CD	0.90%	02/24/16	500,000	500,000		500,000	500,000
Farmers Bank & Trust CD	0.70%	03/05/16	1,000,000	1,000,000	25,000	1,025,000	1,025,000
Guaranty Bank & Trust CD	1.15%	09/15/16	500,000	500,000	1,434	501,434	501,434
<b>TOTAL</b>			<b>\$ 33,316,756</b>	<b>\$ 33,316,756</b>	<b>\$ 6,605,586</b>	<b>\$ 39,922,342</b>	<b>\$ 39,922,342</b>

City Fund Allocation  
Book & Market Value

December 31, 2014

Fund #	Fund Name	Total	Guaranty Bond	Southside Bank MMA	0.60 Farmers B&T CD 2/24/14 - 2/24/15	0.55 CNB CD 9/4/2013 - 3/4/15	0.60 Farmers B&T CD 5/1/14 - 5/1/15	0.90 Farmers B&T CD 2/24/14 - 2/24/16	1.15 GB&T CD 9/15/14 - 9/15/16
101	GENERAL FUND - Pooled Cash	\$ 9,342,103	\$ 3,926,042	\$ 3,402,926	\$ 502,496	\$ 1,006,890	\$ -	\$ 503,748	\$ -
101	GENERAL FUND	3,631	3,631						
102	NARCOTICS DIVISION OPERATIONS	147,503	147,503						
103	PERSONNEL POLICY	703,276	703,276						
104	WORKER'S COMP	493,165	493,165						
107	COURT SECURITY FUND	323,710	323,710						
109	GENERAL PROPERTY & LIAB	42,760	42,760						
111	POLICE EVIDENCE ESCROW FUND	16,847	16,847						
113	ENERGY CONSERVATION REVOLVING LOAN	28,048	28,048						
114	COURT TECHNOLOGY FUND	26,240	26,240						
116	TIRZ #2	490,943	490,943						
203	CDBG REVOLVING LOAN FUND	16,800	16,800						
204	HCD FUND	24,891	24,891						
205	EPA PETROLEUM GRANT	1,933	1,933						
206	EPA JOB TRAINING GRANT	1,971	1,971						
207	EPA REVOLVINGLOAN GRANT	3,845	3,845						
208	EPA MULTI-PURPOSE GRANT	10,768	10,768						
209	HOME PROGRAM	35,323	35,323						
211	THEATRE FUND	95,384	95,384						
212	HOTEL/MOTEL TAX FD	142,505	142,505						
213	PEROT THEATRE BLDG MAINT	611,719	109,957				501,762		
215	HOUSING FUND	256,206	256,206						
217	LAW ENFORCEMENT BLOCK GRANT	7,741	7,741						
219	LAW ENFORCEMENT PROGRAM	12,805	12,805						
220	METRO PLANNING ORG	25,453	25,453						
223	ECONOMIC DEVELOPMENT	1,334,470	833,037						501,434
225	EPA BROWNFIELD GRANT	907	907						
301	INTEREST & SINKING	3,111,759	3,111,759						
415	2003 BOND FUND	181,665	181,665						
417	2005 BOND FUND	724,725	724,725						
420	2009 BOND FUND	2,215,406	696,406	1,518,999					
422	TIRZ BOND FUND	2,899,425	489,872	406,604	2,002,949				
501	HEALTH FUND	187,968	187,968						
502	PUBLIC LIBRARY	66,111	66,111						
601	DRUG ESCROW	23,668	23,668						
605	FEDERAL ASSET FORFEITURE	109,162	109,162						
701	EMPLOYEE BENEFIT	1,341,800	1,341,800						
702	BENEFIT PAYMENT	214,582	214,582						
703	FLEET SERVICES	405,352	405,352						
704	CAPITAL REPLACEMENT	536,886	536,886						
810	MEMBER CITY WATER REVENUE	32,053	32,053						
	<b>TOTAL</b>	<b>\$ 26,251,505</b>	<b>\$ 15,903,697</b>	<b>\$ 5,328,530</b>	<b>\$ 2,505,445</b>	<b>\$ 1,006,890</b>	<b>\$ 501,762</b>	<b>\$ 503,748</b>	<b>\$ 501,434</b>

**Water Fund Allocation  
December 31, 2014**

<b>Book &amp; Market Value</b>	<b>Total</b>	<b>Revenue</b>	<b>Customer Loan</b>	<b>Water Plant Construction</b>	<b>Technology</b>	<b>2004 Bond</b>	<b>2004 Construction</b>	<b>2005 Bond</b>	<b>2013 Bond</b>	<b>2013 Construction</b>
Wells Fargo MMA	\$ 5,441,680	\$ 10,118	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Guaranty Bond MMA	5,704,156	813,074	39,947	45	786,338	156,362	2,909	34,988	31,001	262,609
2/24/2016	1,000,000									
2/24/2016	500,000									
3/5/2016	1,025,000									
	<b>\$ 13,670,837</b>	<b>\$ 823,192</b>	<b>\$ 39,947</b>	<b>\$ 45</b>	<b>\$ 786,338</b>	<b>\$ 156,362</b>	<b>\$ 2,909</b>	<b>\$ 34,988</b>	<b>\$ 31,001</b>	<b>\$ 262,609</b>

Water Fund Allocation  
December 31, 2014

Book & Market Value	LTWSC Capital Improvement	Capital Improvement	Compost	Customer Deposit	Equipment Acquisition	Infrastructure	Personnel	Reserve	WWTP Depreciation	Waggoner Creek CIP
Wells Fargo MMA	\$ 674,213	\$ 979,745	\$ -	\$ 134,038	\$ 671,669	\$ 630,919	\$ -	\$ 379,120	\$ 278,289	\$ 1,683,570
Guaranty Bond MMA	264,629	1,467,778	354,197	117,429	203,332	446,777	110,577	22,186	259,464	330,513
2/24/2016			360,000	100,000		540,000				
2/24/2016				400,000		100,000				
3/5/2016						500,000				525,000
	<b>\$ 938,843</b>	<b>\$ 2,447,523</b>	<b>\$714,197</b>	<b>\$ 751,468</b>	<b>\$ 875,001</b>	<b>\$ 2,217,696</b>	<b>\$ 110,577</b>	<b>\$ 401,306</b>	<b>\$ 537,753</b>	<b>\$ 2,539,084</b>

City Fund Allocation  
Book & Market Value

September 30, 2014

Fund #	Fund Name	Total	Guaranty Bond	Southside Bank MMA	0.60 Farmers B&T CD 2/24/14 - 2/24/15	0.55 CNB CD 9/4/2013 - 3/4/15	0.60 Farmers B&T CD 5/1/14 - 5/1/15	0.90 Farmers B&T CD 2/24/14 - 2/24/16	1.15 GB&T CD 9/15/14 - 9/15/16
101	GENERAL FUND - Pooled Cash	\$ 5,443,970	\$ 2,032,035	\$ 1,402,059	\$ 501,745	\$ 1,005,511	\$ -	\$ 502,620	\$ -
101	GENERAL FUND	3,631	3,631						
101	GENERAL FUND	-	-						
102	NARCOTICS DIVISION OPERATIONS	159,458	159,458						
103	PERSONNEL POLICY	792,214	792,214						
104	WORKER'S COMP	474,863	474,863						
105	PAYROLL DISBURSEMENT FUND	-	-						
106	A/P DISBURSEMENT FUND	-	-						
107	COURT SECURITY FUND	323,113	323,113						
108	TUTD PAYROLL ACCOUNT	560	560						
109	GENERAL PROPERTY & LIAB	85,578	85,578						
110	BIC	-	-						
111	POLICE EVIDENCE ESCROW FUND	16,834	16,834						
113	ENERGY CONSERVATION REVOLVING LOAN	27,255	27,255						
114	COURT TECHNOLOGY FUND	18,059	18,059						
115	TECHNOLOGY FUND	22,490	22,490						
116	TIRZ #2	206,529	206,529						
201	SUPPORTIVE HOUSING GRANT	-	-						
202	POLICE DOG FUND	-	-						
203	CDBG REVOLVING LOAN FUND	11,382	11,382						
204	HCD FUND	0	0						
205	EPA PETROLEUM GRANT	-	-						
206	EPA JOB TRAINING GRANT	1,971	1,971						
207	EPA REVOLVINGLOAN GRANT	3,845	3,845						
208	EPA MULTI-PURPOSE GRANT	26,760	26,760						
209	HOME PROGRAM	34,393	34,393						
210	TEEN COURT	-	-						
211	THEATRE FUND	81,538	81,538						
212	HOTEL/MOTEL TAX FD	43,857	43,857						
213	PEROT THEATRE BLDG MAINT	664,298	163,287				501,012		
215	HOUSING FUND	256,047	256,047						
217	LAW ENFORCEMENT BLOCK GRANT	1,179	1,179						
219	LAW ENFORCEMENT PROGRAM	13,322	13,322						
220	METRO PLANNING ORG	-	-						
221	TEXARKANA URBAN TRANSIT	-	-						
223	ECONOMIC DEVELOPMENT	1,205,387	705,387						500,000
224	JAG - RECOVERY ACT GRANTS	-	-						
225	EPA BROWNFIELD GRANT	-	-						
226	STORMWATER MANAGEMENT	-	-						
230	ROTARY SPLASH PARK FUND	-	-						
301	INTEREST & SINKING	13,899	13,899						
415	2003 BOND FUND	197,447	197,447						
417	2005 BOND FUND	724,177	724,177						
418	2008 TAX NOTE	-	-						
420	2009 BOND FUND	2,517,914	999,567	1,518,347					
421	2010 CONV CTR BOND FUND	-	-						
422	TIRZ BOND FUND	3,115,744	709,358	406,430	1,999,956				
501	HEALTH FUND	242,854	242,854						
502	PUBLIC LIBRARY	46,427	46,427						
503	PUBLIC HEALTH PERS POLICY	-	-						
509	HEALTH PROPERTY & LIAB	-	-						
601	DRUG ESCROW	23,650	23,650						
605	FEDERAL ASSET FORFEITURE	90,193	90,193						
701	EMPLOYEE BENEFIT	1,807,008	1,807,008						
702	BENEFIT PAYMENT	-	-						
703	FLEET SERVICES	362,054	362,054						
704	CAPITAL REPLACEMENT	375,672	375,672						
810	MEMBER CITY WATER REVENUE	64,695	64,695						
<b>TOTAL</b>		<b>\$ 19,500,269</b>	<b>\$ 11,162,590</b>	<b>\$ 3,326,836</b>	<b>\$ 2,501,701</b>	<b>\$ 1,005,511</b>	<b>\$ 501,012</b>	<b>\$ 502,620</b>	<b>\$ 500,000</b>

Water Fund Allocation  
September 30, 2014

Book & Market Value	Total	Revenue	Customer Loan	Water Plant Construction	Technology	2004 Bond	2004 Construction	2005 Bond	2013 Bond	2013 Construction
Wells Fargo MMA	\$ 5,735,778	\$ 10,107	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Guaranty Bond MMA	5,580,709	722,337	39,916	45	679,720	32,817	2,907	34,962	30,978	262,410
2/24/2016	1,000,000									
2/24/2016	500,000									
3/5/2016	1,000,000									
	<b>\$ 13,816,486</b>	<b>\$ 732,444</b>	<b>\$ 39,916</b>	<b>\$ 45</b>	<b>\$ 679,720</b>	<b>\$ 32,817</b>	<b>\$ 2,907</b>	<b>\$ 34,962</b>	<b>\$ 30,978</b>	<b>\$ 262,410</b>

Water Fund Allocation  
September 30, 2014

Book & Market Value	LTWSC Capital Improvement	Capital Improvement	Compost	Customer Deposit	Equipment Acquisition	Infrastructure	Personnel	Reserve	WWTP Depreciation	Waggoner Creek CIP
Wells Fargo MMA	\$ 673,521	\$ 978,738	\$ -	\$ 133,901	\$ 670,979	\$ 630,271	\$ -	\$ 678,418	\$ 278,003	\$ 1,681,840
Guaranty Bond MMA	178,543	1,500,874	316,721	110,380	336,648	403,654	114,123	22,169	229,367	562,136
2/24/2016			360,000	100,000		540,000				
2/24/2016				400,000		100,000				
3/5/2016						500,000				500,000
<b>\$</b>	<b>852,064</b>	<b>\$ 2,479,612</b>	<b>\$676,721</b>	<b>\$ 744,281</b>	<b>\$ 1,007,627</b>	<b>\$ 2,173,925</b>	<b>\$ 114,123</b>	<b>\$ 700,588</b>	<b>\$ 507,370</b>	<b>\$ 2,743,976</b>

**Collateral Position**  
December 31, 2014

	CITY				WATER UTILITY		
	Guaranty B&T	Southside Bank	Farmers B&T	Commercial National Bank	Wells Fargo	Farmers B&T	Guaranty B&T
Collateral Value	\$ 17,073,514	\$ 5,304,452	\$ 3,710,000	\$ 977,937	\$ 6,239,532	\$ 2,650,000	\$ 6,312,979
+ FDIC Insurance	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Total Enhancement	\$ 17,323,514	\$ 5,554,452	\$ 3,960,000	\$ 1,227,937	\$ 6,489,532	\$ 2,900,000	\$ 6,562,979
Total Deposits	\$ 16,405,131	\$ 5,328,530	\$ 3,510,955	\$ 1,006,890	\$ 5,441,680	\$ 2,525,000	\$ 5,704,156
<b>Excess Coverage</b>	<b>\$ 918,383</b>	<b>\$ 225,922</b>	<b>\$ 449,045</b>	<b>\$ 221,047</b>	<b>\$ 1,047,851</b>	<b>\$ 375,000</b>	<b>\$ 858,823</b>
Percentage Coverage	106%	104%	113%	122%	119%	115%	115%
Collateral Type:							
Treasuries							
Agency Bullets							
Agency Callable							
Agency LOC			\$ 3,710,000			\$ 2,650,000	
Munis	\$ 1,375,465	\$ 5,304,452					\$ 719,129
Mortgage Backed Securities	\$ 15,698,049				\$ 6,239,532		\$ 5,593,851
Real Estate Mortgage Investment Conduits/ Collateralized Mortgage Obligations (1)				\$ 977,937			

(1) The Public Funds Collateral Act requires all REMIC/CMOs to have an expected weighted average life of 10 years or less and not constitute a high-risk security as determined by a 300 basis point market movement stress test.