

# City of Texarkana, Texas QUARTERLY INVESTMENT REPORT

For the Quarter Ended  
September 30, 2015

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)



Assistant CFO (City)



Controller (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.



## AGENDA

City of Texarkana, Texas  
Regular Meeting of the Investment Committee  
Wednesday, November 4, 2015 at 2:00 P.M.  
Municipal Building, 220 Texas Blvd., Texarkana, TX 75501

### COMMITTEE MEMBERS

- Council Member (appointed by the Mayor) Bob Bruggeman, Mayor
- City CEO/Manager John Whitson (or designee) \_\_\_\_\_
- City CFO/Finance Director Charles L. Bassett, Jr.
- City Assistant CFO Kristin Peeples
- City Controller Jodie Lee
- WU Finance Director Jim Cornelius
- WU Accounting/Human Resources Manager Paula Jeans

### OTHER ATTENDEES

- Investment Advisor - Valley View Consulting – Dick Long & Bill Koch via conference call

#### A. CALL TO ORDER (General Comments)

#### B. MINUTES

1. Consider approval of the minutes of the Investment Committee meeting on August 5, 2015.

#### C. NEW BUSINESS

1. Receive a presentation of the Quarterly Investment Report for the period ending September 30, 2015, and take action as necessary.
2. Review the Collateral Report for the period ending September 30, 2015.
3. Execute Investment Report cover page.
4. Discuss the market outlook and appropriate investment strategy.
5. Discuss annual Investment Policy presentation to council (October 2015)
6. Schedule the next Investment Committee meeting on \_\_\_\_\_.

7. Other.

**D. ADJOURNMENT**

Attachments:

Minutes  
Investment Report  
Collateral Report  
Market Outlook

# Investment Committee Meeting

## August 5, 2015

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Present: Charles L. Bassett, Jr., Chief Financial Officer  
Jim Cornelius, Finance Director, TWU  
John Whitson, City Manager  
Kristin Peeples, Assistant Chief Financial Officer  
Paula Jeans, Accounting/HR Manager, TWU  
Jodie Lee, Controller  
Dick Long, Valley View Consulting  
Bob Bruggeman, Mayor (via conference call)

- Approved the minutes from the May 04, 2015 investment committee meeting. Jim Cornelius made the motion to approve. John Whitson seconded the motion.
- Discussed multiple CD's maturing in the future that will be absorbed into cash.
- Dick Long presented the investment report and market outlook for the quarter ended 6/30/15. Paula Jeans made a motion to approve the investment report. Kristin Peeples seconded the motion.
- All funds are collateralized above the required level at all banks. Jim Cornelius made a motion to approve the Collateral Report. John Whitson seconded the motion.
- Dick mentioned our area banks have been very competitive with the rates they are offering. He said rates may possibly go up by year end.
- Discussion of annual Investment Policy resulted in date change, title changes, PFIA training updated to reflect the new law, and the broker/dealer list will also be updated. Kristin Peeples made a motion to approve the Investment Policy. Bob Bruggeman seconded the motion. Bob Bruggeman made a motion to approve the broker/dealer list and Kristin Peeples seconded the motion.
- The next investment committee meeting is scheduled for November 4, 2015 at 2:00 PM.
- Paula Jeans made the motion to adjourn the meeting. Kristin Peeples seconded the motion.

## Annual Comparison of Portfolio Performance

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range between 0.00% and 0.25% (actual Fed Funds traded +/-10 bps). Although the domestic employment and economic conditions reflect moderate growth, longer term uncertainty and international conditions influenced the FOMC to delay increasing the Fed Funds target rate or "lift-off." The US stock markets retrenched from their peaks, but seem to have stabilized. International military conflicts require ongoing concern. Financial institution deposits and laddering targeted cash flows still provide the best interest earnings opportunity.

### FYE Results by Investment Category:

	September 30, 2015		September 30, 2014	
<u>Asset Type</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
DDA/MMA/Pools	\$ 25,251,806	\$ 25,251,806	\$ 25,805,912	\$ 25,805,912
CDs/Securities	7,207,153	7,207,153	7,510,844	7,510,844
<b>Totals</b>	<b>\$ 32,458,959</b>	<b>\$ 32,458,959</b>	<b>\$ 33,316,756</b>	<b>\$ 33,316,756</b>
Average Total Portfolio Yield (1)				
		<b>2015</b>	<b>2014</b>	<b>Change</b>
		0.41%	0.38%	0.03%
Rolling Three Mo. Treas. Yield				
		0.03%	0.04%	-0.02%
Rolling Six Mo. Treas. Yield				
		0.10%	0.07%	0.03%
Quarterly TexPool Yield				
		0.06%	0.03%	0.03%

(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.

**Summary**

**City Funds**

Asset Type	September 30, 2015		June 30, 2015	
	Book Value	Market Value	Book Value	Market Value
DDA/MMA/Pools	\$ 14,681,925	\$ 14,681,925	\$ 17,469,128	\$ 17,469,128
CDs/Securities	4,432,153	4,432,153	4,623,827	4,623,827
<b>Totals</b>	<b>\$ 19,114,078</b>	<b>\$ 19,114,078</b>	<b>\$ 22,092,955</b>	<b>\$ 22,092,955</b>

Total Portfolio Average - Quarter  
Fiscal Year-to-Date Average Yield (2) 0.37%

Quarterly Interest Income \$ 20,764  
Year-to-date Interest Income \$ 61,588

**Water Utility**

Asset Type	September 30, 2015		June 30, 2015	
	Book Value	Market Value	Book Value	Market Value
DDA/MMA/Pools	\$ 10,569,881	\$ 10,569,881	\$ 11,596,360	\$ 11,596,360
CDs/Securities	2,775,000	2,775,000	2,775,000	2,775,000
<b>Totals</b>	<b>\$ 13,344,881</b>	<b>\$ 13,344,881</b>	<b>\$ 14,371,360</b>	<b>\$ 14,371,360</b>

Total Portfolio Average - Quarter  
Fiscal Year-to-Date Average Yield (2) 0.44%

Quarterly Interest Income \$ 14,324  
Year-to-date Interest Income \$ 57,129

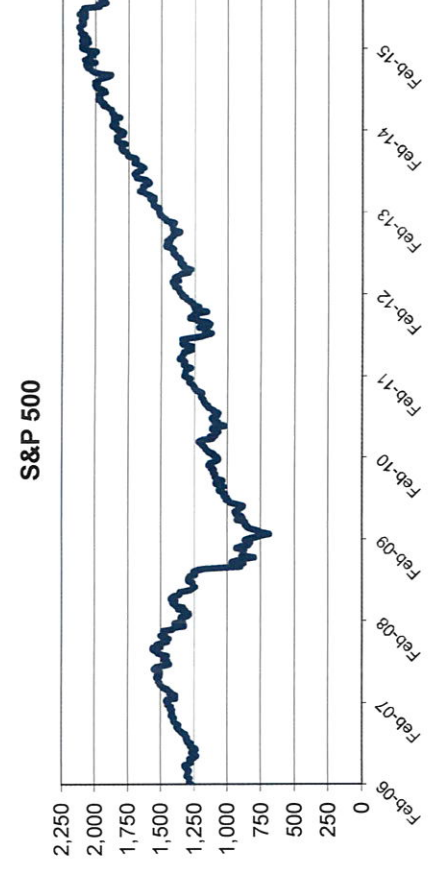
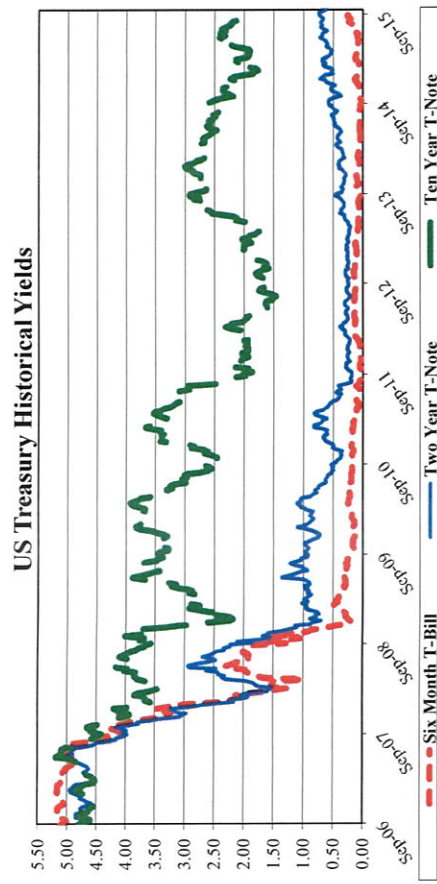
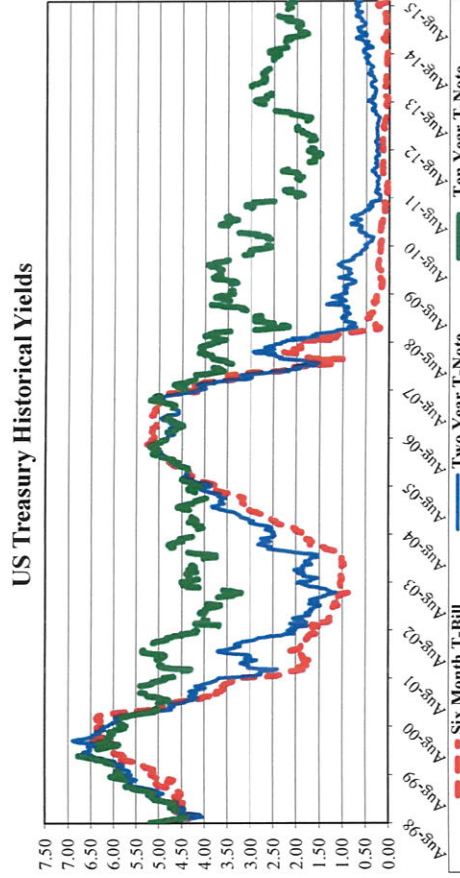
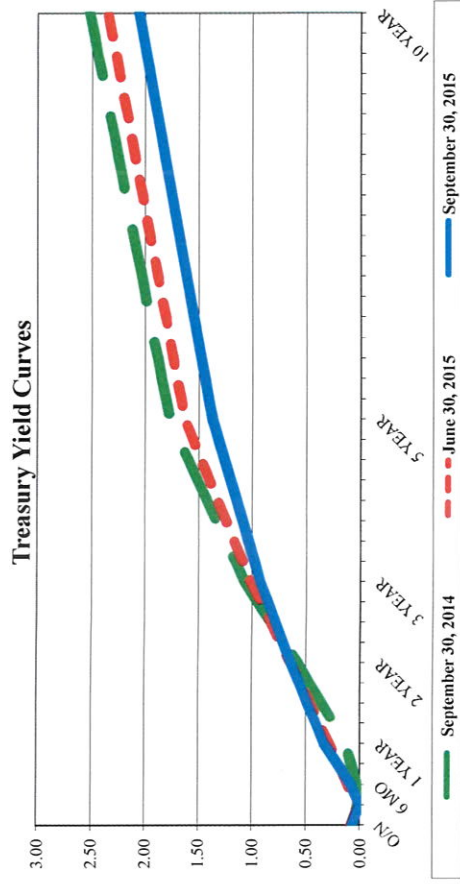
	QTR	YTD
Rolling Three Mo. Treas. Yield	0.04%	0.03%
Rolling Six Mo. Treas. Yield	0.13%	0.09%
Quarterly TexPool Yield		0.06%

(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.

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 met 9/16 & 17 and chose to delay "lift-off" citing global economic concerns for the first time. The September new payroll numbers were a disappointing +142k and included downward Aug and July revisions. The overall unemployment rate remained 5.1%. US stock markets experienced volatility, but did stem the decline and advanced slightly. Chinese stock market and economic concerns continue. Continuing to ladder provides strategic advantage. Municipal bonds and financial institution deposits generally provide the best interest earnings opportunity, if available. Short to medium term US Government security yields fell on the non-FOMC action and, then again, on the September payroll weakness.



**Detail of Investment Holdings  
September 30, 2015**

**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%	10/01/15	09/30/15	\$ 12,273,959	\$ 12,273,959	1.00	\$ 12,273,959	1	0.30%
Southside Bank MMA	0.24%	10/01/15	09/30/15	2,407,967	2,407,967	1.00	2,407,967	1	0.24%
Farmers Bank & Trust CD	0.30%	10/03/15	03/03/15	100,151	100,151	100.00	100,151	3	0.30%
Farmers Bank & Trust CD	0.30%	11/03/15	03/03/15	100,151	100,151	100.00	100,151	34	0.30%
Farmers Bank & Trust CD	0.40%	12/03/15	03/03/15	100,202	100,202	100.00	100,202	64	0.40%
Farmers Bank & Trust CD	0.40%	01/03/16	03/03/15	100,202	100,202	100.00	100,202	95	0.40%
Farmers Bank & Trust CD	0.50%	02/06/16	03/03/15	100,252	100,252	100.00	100,252	129	0.50%
Farmers Bank & Trust CD	0.90%	02/24/16	02/24/14	507,162	507,162	100.00	507,162	147	0.90%
Commercial National Bank CD	0.60%	05/05/16	05/06/15	400,764	400,764	100.00	400,764	218	0.60%
Commercial National Bank CD	0.70%	09/04/16	03/05/15	1,011,817	1,011,817	100.00	1,011,817	340	0.70%
Guaranty Bank & Trust CD	1.15%	09/15/16	09/15/14	505,775	505,775	100.00	505,775	351	1.15%
Commercial National Bank CD	0.75%	03/31/17	03/31/15	1,505,677	1,505,677	100.00	1,505,677	548	0.75%
				<b>\$ 19,114,078</b>	<b>\$ 19,114,078</b>		<b>\$ 19,114,078</b>	<b>81</b>	<b>0.40%</b>

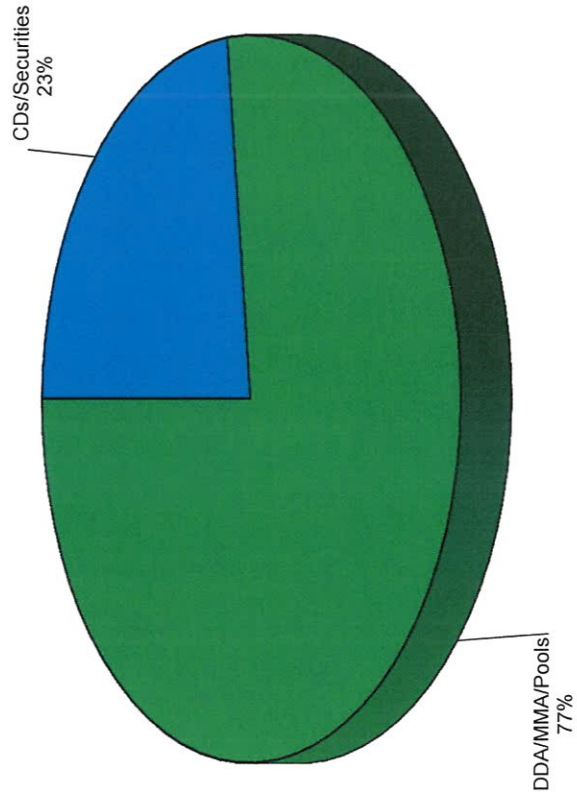
**Water Utility**

Description	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Wells Fargo MMA	0.46%	10/01/15	09/30/15	\$ 6,260,028	\$ 6,260,028	1.00	\$ 6,260,028	1	0.46%
Guaranty B&T MMA	0.30%	10/01/15	09/30/15	4,309,853	4,309,853	1.00	4,309,853	1	0.30%
Farmers Bank & Trust CD	0.90%	02/24/16	02/24/14	1,000,000	1,000,000	100.00	1,000,000	147	0.90%
Farmers Bank & Trust CD	0.90%	02/24/16	02/24/14	500,000	500,000	100.00	500,000	147	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	157	0.70%
Farmers Bank & Trust CD	0.50%	04/28/16	04/28/15	250,000	250,000	100.00	250,000	211	0.50%
				<b>\$ 13,344,881</b>	<b>\$ 13,344,881</b>		<b>\$ 13,344,881</b>	<b>33</b>	<b>0.48%</b>
				<b>\$ 32,458,959</b>	<b>\$ 32,458,959</b>		<b>\$ 32,458,959</b>	<b>62</b>	<b>0.43%</b>
								<b>(1)</b>	<b>(2)</b>

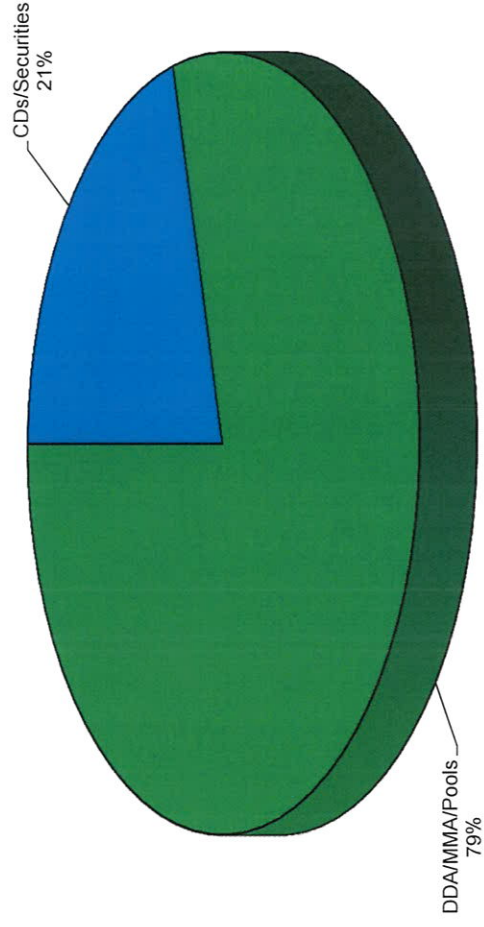
(1) **Weighted average life** - For purposes of calculating weighted average life, cash equivalent investments are assumed to have a one day maturity.

(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

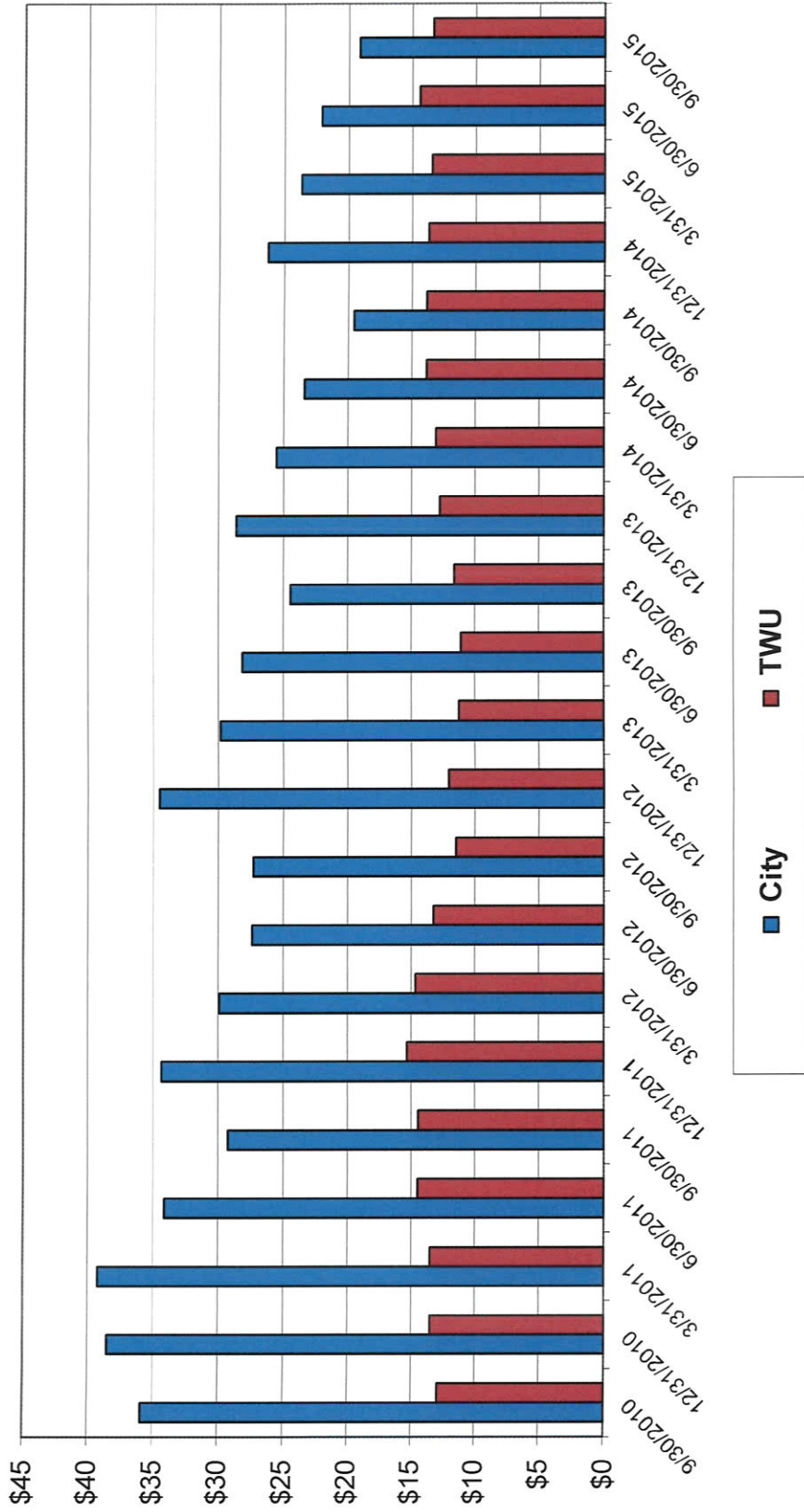
City Portfolio Composition



TWU Portfolio Composition



Quarter End Portfolio (in Millions)



### Book Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2015			September 30, 2015		
			Par Value	Book Value	Purchases/ Adjustments	Sales/Adjust/ Maturities	Par Value	Book Value
Wells Fargo MMA	0.45%	10/01/15	\$ 6,254,099	\$ 6,254,099	\$ 5,929	\$ -	\$ 6,260,028	\$ 6,260,028
Guaranty B&T MMA	0.30%	10/01/15	19,404,850	19,404,850		(2,821,038)	16,583,811.44	16,583,811
Southside Bank MMA	0.24%	10/01/15	3,406,539	3,406,539		(998,572)	2,407,967	2,407,967
Farmers Bank & Trust CD	0.30%	08/03/15	100,076	100,076		(100,076)	-	-
Farmers Bank & Trust CD	0.30%	09/03/15	100,076	100,076		(100,076)	-	-
Farmers Bank & Trust CD	0.30%	10/03/15	100,076	100,076	76		100,151	100,151
Farmers Bank & Trust CD	0.30%	11/03/15	100,076	100,076	76		100,151	100,151
Farmers Bank & Trust CD	0.40%	12/03/15	100,101	100,101	101		100,202	100,202
Farmers Bank & Trust CD	0.40%	01/03/16	100,101	100,101	101		100,202	100,202
Farmers Bank & Trust CD	0.50%	02/06/16	100,126	100,126	126		100,252	100,252
Farmers Bank & Trust CD	0.90%	02/24/16	1,000,000	1,000,000			1,000,000	1,000,000
Farmers Bank & Trust CD	0.90%	02/24/16	506,013	506,013	1,149		507,162	507,162
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	1,025,000	1,025,000			1,025,000	1,025,000
Farmers Bank & Trust CD	0.50%	04/28/16	250,000	250,000			250,000	250,000
Farmers Bank & Trust CD	0.60%	05/05/16	400,000	400,000	764		400,764	400,764
Commercial National Bank CD	0.70%	09/04/16	1,010,035	1,010,035	1,782		1,011,817	1,011,817
Guaranty Bank & Trust CD	1.15%	09/15/16	504,313	504,313	1,462		505,775	505,775
Commercial National Bank CD	0.75%	03/31/17	1,502,836	1,502,836	2,841		1,505,677	1,505,677
<b>TOTAL</b>			<b>\$ 36,464,315</b>	<b>\$ 36,464,315</b>	<b>\$ 14,406</b>	<b>\$ (4,019,762)</b>	<b>\$ 32,458,959</b>	<b>\$ 32,458,959</b>

### Market Value Comparison

June 30, 2015

September 30, 2015

Description	Coupon/ Discount	Maturity Date	June 30, 2015			September 30, 2015		
			Par Value	Market Value	Change	Par Value	Market Value	Change
Wells Fargo MMA	0.45%	10/01/15	\$ 6,254,099	\$ 6,254,099	\$ 5,929	\$ 6,260,028	\$ 6,260,028	
Guaranty B&T MMA	0.30%	10/01/15	19,404,850	19,404,850	(2,821,038)	16,583,811	16,583,811	
Southside Bank MMA	0.24%	10/01/15	3,406,539	3,406,539	(998,572)	2,407,967	2,407,967	
Farmers Bank & Trust CD	0.30%	08/03/15	100,076	100,076	(100,076)	-	-	
Farmers Bank & Trust CD	0.30%	09/03/15	100,076	100,076	(100,076)	-	-	
Farmers Bank & Trust CD	0.30%	10/03/15	100,076	100,076	76	100,151	100,151	
Farmers Bank & Trust CD	0.30%	11/03/15	100,076	100,076	76	100,151	100,151	
Farmers Bank & Trust CD	0.40%	12/03/15	100,101	100,101	101	100,202	100,202	
Farmers Bank & Trust CD	0.40%	01/03/16	100,101	100,101	101	100,202	100,202	
Farmers Bank & Trust CD	0.50%	02/06/16	100,126	100,126	126	100,252	100,252	
Farmers Bank & Trust CD	0.90%	02/24/16	1,000,000	1,000,000		1,000,000	1,000,000	
Farmers Bank & Trust CD	0.90%	02/24/16	506,013	506,013	1,149	507,162	507,162	
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	1,025,000	1,025,000		1,025,000	1,025,000	
Farmers Bank & Trust CD	0.50%	04/28/16	250,000	250,000		250,000	250,000	
Farmers Bank & Trust CD	0.60%	05/05/16	400,000	400,000	764	400,764	400,764	
Commercial National Bank CD	0.70%	09/04/16	1,010,035	1,010,035	1,782	1,011,817	1,011,817	
Guaranty Bank & Trust CD	1.15%	09/15/16	504,313	504,313	1,462	505,775	505,775	
Commercial National Bank CD	0.75%	03/31/17	1,502,836	1,502,836	2,841	1,505,677	1,505,677	
<b>TOTAL</b>			<b>\$ 36,464,315</b>	<b>\$ 36,464,315</b>	<b>\$ (4,005,356)</b>	<b>\$ 32,458,959</b>	<b>\$ 32,458,959</b>	

**City Fund Allocation  
Book & Market Value**

September 30, 2015

Fund #	Fund Name	Total	Guaranty Bond	Southside Bank MMA		0.30 Farmers B&T CD 3/3/15 - B&T CD 3/3/15 - B&T CD 3/3/15 - B&T CD 3/3/15 -		0.40 Farmers B&T CD 3/3/15 - B&T CD 3/3/15 - B&T CD 3/3/15 - B&T CD 3/3/15 -		0.50 Farmers B&T CD 3/3/15 - B&T CD 3/3/15 - B&T CD 3/3/15 - B&T CD 3/3/15 -	
				\$	\$	10/3/15	11/3/15	12/3/15	1/3/16	1/3/16	2/6/16
101	GENERAL FUND - Pooled Cash	6,498,560	564,980	2,407,967	100,151	100,202	100,202	100,202	100,202	100,202	100,252
101	GENERAL FUND	4,142	4,142								
102	NARCOTICS DIVISION OPERATIONS	119,790	119,790								
103	PERSONNEL POLICY	908,000	908,000								
104	WORKER'S COMP	377,325	377,325								
107	COURT SECURITY FUND	330,129	330,129								
109	GENERAL PROPERTY & LIAB	134,998	134,998								
111	POLICE EVIDENCE ESCROW FUND	16,834	16,834								
113	ENERGY CONSERVATION REVOLVING LOA	29,398	29,398								
114	COURT TECHNOLOGY FUND	31,295	31,295								
115	TECHNOLOGY FUND	64,028	64,028								
116	TIRZ #1	344,328	344,328								
117	DONATION FUND	5,589	5,589								
118	TIRZ #2	10,105	10,105								
201	SUPPORTIVE HOUSING GRANT	35,483	35,483								
203	CDBG REVOLVING LOAN FUND										
204	HCD FUND										
206	EPA JOB TRAINING GRANT	1,971	1,971								
207	EPA REVOLVING LOAN GRANT										
208	EPA MULT-PURPOSE GRANT	9,080	9,080								
209	HOME PROGRAM	43,822	43,822								
211	THEATRE FUND	51,377	51,377								
212	HOTEL/MOTEL TAX FD	31,831	31,831								
213	PEROT THEATRE BLDG MAINT	596,808	196,043								
215	HOUSING FUND	257,754	257,754								
217	LAW ENFORCEMENT BLOCK GRANT	7,244	7,244								
219	LAW ENFORCEMENT PROGRAM	18,786	18,786								
223	ECONOMIC DEVELOPMENT	1,230,816	725,041								
230	ROTARY SPLASH PARK FUND	17,171	17,171								
301	INTEREST & SINKING										
415	2003 BOND FUND	182,073	182,073								
417	2005 BOND FUND	726,113	726,113								
420	2009 BOND FUND	161,536	161,536								
422	TIRZ BOND FUND	2,872,699	2,872,699								
501	HEALTH FUND	273,552	273,552								
502	PUBLIC LIBRARY	49,673	49,673								
601	DRUG ESCROW	78,418	78,418								
605	FEDERAL ASSET FORFEITURE	98,544	98,544								
701	EMPLOYEE BENEFIT	1,084,320	1,084,320								
702	BENEFIT PAYMENT	1,023,648	1,023,648								
703	FLEET SERVICES	433,190	433,190								
704	CAPITAL REPLACEMENT	867,005	867,005								
810	MEMBER CITY WATER REVENUE	85,792	85,792								
<b>TOTAL</b>		<b>\$ 19,114,078</b>	<b>\$ 12,273,959</b>	<b>\$ 2,407,967</b>	<b>\$ 100,151</b>	<b>\$ 100,151</b>	<b>\$ 100,202</b>	<b>\$ 100,202</b>	<b>\$ 100,202</b>	<b>\$ 100,202</b>	<b>\$ 100,252</b>

**City Fund Allocation  
Book & Market Value**

(Continued)

September 30, 2015

Fund #	Fund Name	0.90 Farmers B&T CD 2/24/14 - 2/24/16	0.60 Farmers B&T CD 5/6/15 - 5/5/16	0.70 Commercial Bank CD 3/5/15 - 9/4/16	1.15 GB&T CD 9/15/14 - 9/15/16	0.75 Commercial Bank CD 3/31/15 - 3/31/17
101	GENERAL FUND - Pooled Cash	\$ 507,162	\$ -	\$ 1,011,817	\$ -	\$ 1,505,677
101	GENERAL FUND					
102	NARCOTICS DIVISION OPERATIONS					
103	PERSONNEL POLICY					
104	WORKER'S COMP					
107	COURT SECURITY FUND					
109	GENERAL PROPERTY & LIAB					
111	POLICE EVIDENCE ESCROW FUND					
113	ENERGY CONSERVATION REVOLVING LOA					
114	COURT TECHNOLOGY FUND					
115	TECHNOLOGY FUND					
116	TIRZ #1					
117	DONATION FUND					
118	TIRZ #2					
201	SUPPORTIVE HOUSING GRANT					
203	CDBG REVOLVING LOAN FUND					
204	HCD FUND					
206	EPA JOB TRAINING GRANT					
207	EPA REVOLVINGLOAN GRANT					
208	EPA MULTI-PURPOSE GRANT					
209	HOME PROGRAM					
211	THEATRE FUND					
212	HOTEL/MOTEL TAX FD					
213	PEROT THEATRE BLDG MAINT		400,764			
215	HOUSING FUND					
217	LAW ENFORCEMENT BLOCK GRANT					
219	LAW ENFORCEMENT PROGRAM					
223	ECONOMIC DEVELOPMENT					505,775
230	ROTARY SPLASH PARK FUND					
301	INTEREST & SINKING					
415	2003 BOND FUND					
417	2005 BOND FUND					
420	2009 BOND FUND					
422	TIRZ BOND FUND					
501	HEALTH FUND					
502	PUBLIC LIBRARY					
601	DRUG ESCROW					
605	FEDERAL ASSET FORFEITURE					
701	EMPLOYEE BENEFIT					
702	BENEFIT PAYMENT					
703	FLEET SERVICES					
704	CAPITAL REPLACEMENT					
810	MEMBER CITY WATER REVENUE					
<b>TOTAL</b>		<b>\$ 507,162</b>	<b>\$ 400,764</b>	<b>\$ 1,011,817</b>	<b>\$ 505,775</b>	<b>\$ 1,505,677</b>

**City Fund Allocation  
Book & Market Value**

June 30, 2015

Fund #	Fund Name	Total	Guaranty Bond	Southside Bank MMA	0.30 Farmers B&T CD 3/3/15 - 8/3/15	0.30 Farmers B&T CD 3/3/15 - 9/3/15	0.30 Farmers B&T CD 3/3/15 - 10/3/15	0.30 Farmers B&T CD 3/3/15 - 11/3/15	0.40 Farmers B&T CD 3/3/15 - 12/3/15
101	GENERAL FUND - Pooled Cash	\$ 7,964,810	\$ 838,757	\$ 3,406,539	\$ 100,076	\$ 100,076	\$ 100,076	\$ 100,076	\$ 100,101
101	GENERAL FUND	3,812							
102	NARCOTICS DIVISION OPERATIONS	148,660	148,660						
103	PERSONNEL POLICY	474,213	474,213						
104	WORKER'S COMP	544,165	544,165						
107	COURT SECURITY FUND	325,175	325,175						
109	GENERAL PROPERTY & LIAB	173,305	173,305						
111	POLICE EVIDENCE ESCROW FUND	16,843	16,843						
113	ENERGY CONSERVATION REVOLVING LO,	29,633	29,633						
114	COURT TECHNOLOGY FUND	23,962	23,962						
115	TECHNOLOGY FUND	100,529	100,529						
116	TIRZ #1	576,721	576,721						
117	DONATION FUND	5,581	5,581						
118	TIRZ #2	10,100	10,100						
201	SUPPORTIVE HOUSING GRANT	2,937	2,937						
203	CDBG REVOLVING LOAN FUND	29,602	29,602						
204	HCD FUND	47,266	47,266						
206	EPA JOB TRAINING GRANT	1,971	1,971						
207	EPA REVOLVING LOAN GRANT	4,276	4,276						
208	EPA MULT-PURPOSE GRANT	11,482	11,482						
209	HOME PROGRAM	37,284	37,284						
211	THEATRE FUND	105,579	105,579						
212	HOTEL/MOTEL TAX FD	375,985	375,985						
213	PEROT THEATRE BLDG MAINT	560,998	560,998						
215	HOUSING FUND	257,206	257,206						
217	LAW ENFORCEMENT BLOCK GRANT	48,896	48,896						
219	LAW ENFORCEMENT PROGRAM	18,772	18,772						
223	ECONOMIC DEVELOPMENT	1,157,640	653,327						
230	ROTARY SPLASH PARK FUND	79	79						
301	INTEREST & SINKING	667,648	667,648						
415	2003 BOND FUND	181,936	181,936						
417	2005 BOND FUND	725,565	725,565						
420	2009 BOND FUND	837,953	837,953						
422	TIRZ BOND FUND	2,876,734	2,876,734						
501	HEALTH FUND	251,830	251,830						
502	PUBLIC LIBRARY	40,507	40,507						
601	DRUG ESCROW	78,428	78,428						
605	FEDERAL ASSET FORFEITURE	101,856	101,856						
701	EMPLOYEE BENEFIT	800,342	800,342						
702	BENEFIT PAYMENT	997,096	997,096						
703	FLEET SERVICES	426,749	426,749						
704	CAPITAL REPLACEMENT	977,973	977,973						
810	MEMBER CITY WATER REVENUE	70,860	70,860						
<b>TOTAL</b>		<b>\$ 22,092,955</b>	<b>\$ 14,062,589</b>	<b>\$ 3,406,539</b>	<b>\$ 100,076</b>	<b>\$ 100,076</b>	<b>\$ 100,076</b>	<b>\$ 100,076</b>	<b>\$ 100,101</b>

**City Fund Allocation  
Book & Market Value**

(Continued)

June 30, 2015

Fund #	Fund Name	0.40 Farmers B&T CD 3/3/15 - 1/3/16	0.50 Farmers B&T CD 3/3/15 - 2/6/16	0.90 Farmers B&T CD 2/24/14 - 2/24/16	0.60 Farmers B&T CD 5/6/15 - 5/5/16	0.70 Commercial Bank CD 3/5/15 - 9/4/16	1.15 GB&T CD 9/15/14 - 9/15/16	0.75 Commercial Bank CD 3/31/15 - 3/31/17
101	GENERAL FUND - Pooled Cash	\$ 100,101	\$ 100,126	\$ 506,013	\$ -	\$ 1,010,035	\$ -	\$ 1,502,836
101	GENERAL FUND							
102	NARCOTICS DIVISION OPERATIONS							
103	PERSONNEL POLICY							
104	WORKER'S COMP							
107	COURT SECURITY FUND							
109	GENERAL PROPERTY & LIAB							
111	POLICE EVIDENCE ESCROW FUND							
113	ENERGY CONSERVATION REVOLVING LO,							
114	COURT TECHNOLOGY FUND							
115	TECHNOLOGY FUND							
116	TIRZ #1							
117	DONATION FUND							
118	TIRZ #2							
201	SUPPORTIVE HOUSING GRANT							
203	CDBG REVOLVING LOAN FUND							
204	HCD FUND							
206	EPA JOB TRAINING GRANT							
207	EPA REVOLVINGLOAN GRANT							
208	EPA MULTI-PURPOSE GRANT							
209	HOME PROGRAM							
211	THEATRE FUND							
212	HOTEL/MOTEL TAX FD				400,000			
213	PEROT THEATRE BLDG MAINT							
215	HOUSING FUND							
217	LAW ENFORCEMENT BLOCK GRANT							
219	LAW ENFORCEMENT PROGRAM							
223	ECONOMIC DEVELOPMENT							
230	ROTARY SPLASH PARK FUND							
301	INTEREST & SINKING							504,313
415	2003 BOND FUND							
417	2005 BOND FUND							
420	2009 BOND FUND							
422	TIRZ BOND FUND							
501	HEALTH FUND							
502	PUBLIC LIBRARY							
601	DRUG ESCROW							
605	FEDERAL ASSET FORFEITURE							
701	EMPLOYEE BENEFIT							
702	BENEFIT PAYMENT							
703	FLEET SERVICES							
704	CAPITAL REPLACEMENT							
810	MEMBER CITY WATER REVENUE							
<b>TOTAL</b>		<b>\$ 100,101</b>	<b>\$ 100,126</b>	<b>\$ 506,013</b>	<b>\$ 400,000</b>	<b>\$ 1,010,035</b>	<b>\$ 504,313</b>	<b>\$ 1,502,836</b>

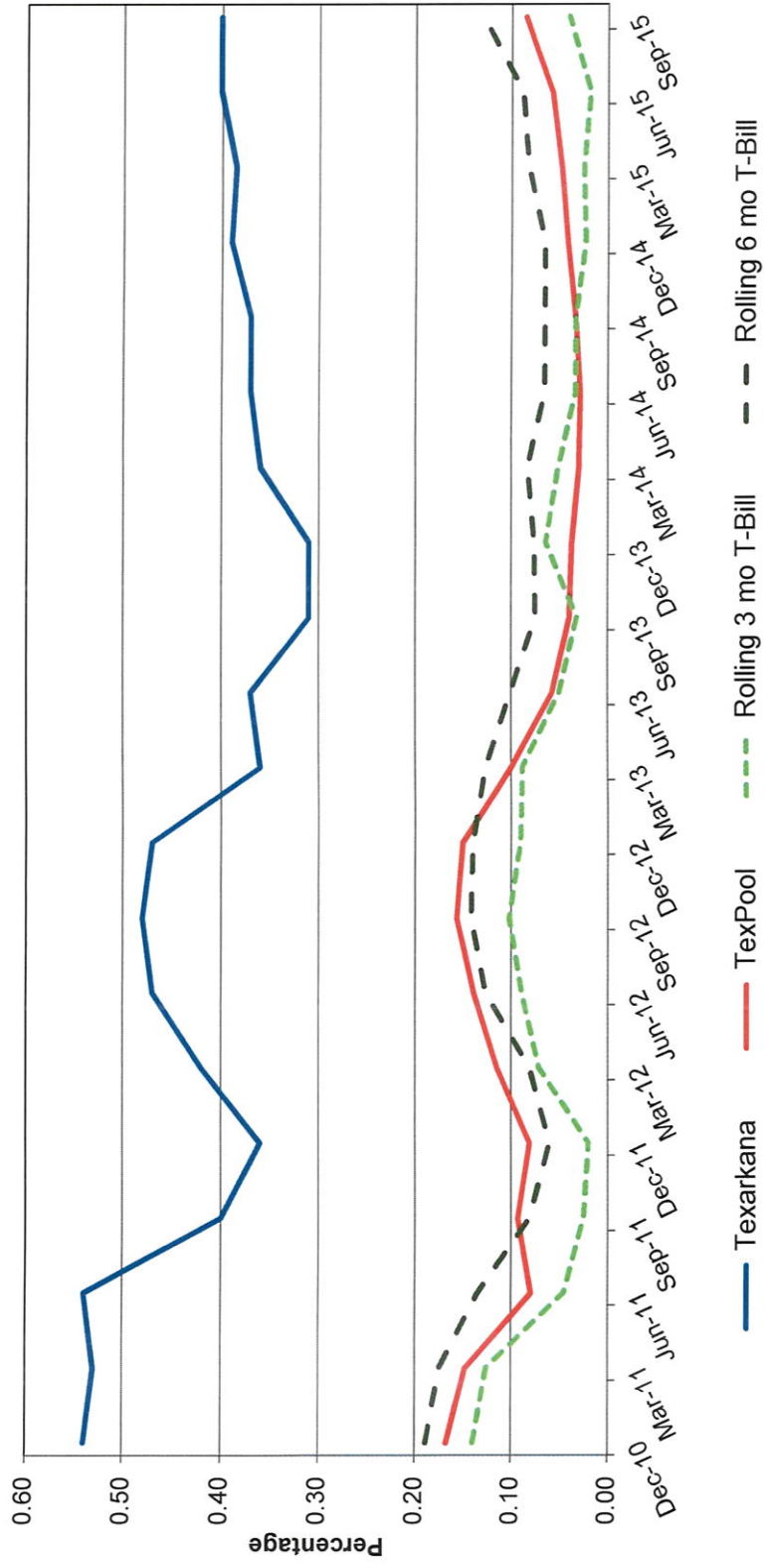
**Water Fund Allocation  
September 30, 2015**

Fund Name	Total	Wells Fargo		Guaranty Bond		0.90 Farmers		0.70 Farmers		0.50 Farmers	
		MMA	\$	MMA	\$	2/24/14 - 2/24/16	Bank & Trust CD - Bank & Trust CD - 2/24/14 - 2/24/16	9/5/14 - 3/5/16	Bank & Trust CD - Bank & Trust CD - 4/28/15 - 4/28/16	5/5/14 - 3/5/16	Bank & Trust CD - Bank & Trust CD - 4/28/15 - 4/28/16
Revenue	\$ 1,186,338	\$ 10,149	\$ 1,176,189	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Customer Loan	40,036		40,036								
Water Plant Construction	45		45								
Technology	959,703		959,703								
2004 Bond	32,636		32,636								
2005 Bond	34,666		34,666								
2013 Bond	27,445		27,445								
2013 Construction	28,071		28,071								
LWSC Capital Improvement	846,097		676,276								
Capital Improvement	2,090,767	1,483,789	606,978								
Compost	843,809		483,809			360,000					
Customer Deposit	747,528	134,450	113,079			100,000	400,000				
Equipment Acquisition	674,563	673,723	840								
Infrastructure	1,808,336	632,849	35,487			540,000			500,000		
Personnel	127,307		127,307								
Reserve	703,170		680,934								
WWTP Depreciation	594,451	279,140	315,311								
Waggoner Creek CIP	2,599,913	1,688,720	136,193						525,000		250,000
	<b>\$ 13,344,881</b>	<b>\$ 6,260,028</b>	<b>\$ 4,309,853</b>	<b>\$ 1,000,000</b>	<b>\$ 500,000</b>	<b>\$ 1,025,000</b>	<b>\$ 250,000</b>				

**Water Fund Allocation  
June 30, 2015**

Fund Name	Total	Wells Fargo MMA	Guaranty Bond MMA	0.90 Farmers Bank & Trust CD - 2/24/16	0.90 Farmers Bank & Trust CD - 2/24/14 - 2/24/16	0.70 Farmers Bank & Trust CD - 9/5/14 - 3/5/16	0.50 Farmers Bank & Trust CD - 4/28/15 - 4/28/16
Revenue	\$ 992,735	\$ 10,139	\$ 982,597	\$ -	\$ -	\$ -	\$ -
Customer Loan	40,006		40,006				
Water Plant Construction	45		45				
Technology	1,025,543		1,025,543				
2004 Bond	35,873		35,873				
2005 Bond	186,267		186,267				
2013 Bond	123,138		123,138				
2013 Construction	28,050		28,050				
LWSC Capital Improvement	936,047	675,609	260,437				
Capital Improvement	2,235,730	1,482,327	753,403				
Compost	807,838		447,838	360,000			
Customer Deposit	744,464	134,317	110,147	100,000	400,000		
Equipment Acquisition	912,490	673,059	239,431				
Infrastructure	1,196,584	632,225	564,359				
Personnel	1,262,610		122,610	540,000	100,000	500,000	
Reserve	702,721	680,502	22,219				
WWTP Depreciation	561,678	278,865	282,813				
Waggoner Creek CIP	2,579,539	1,687,056	117,483			525,000	250,000
	<b>\$ 14,371,360</b>	<b>\$ 6,254,099</b>	<b>\$ 5,342,260</b>	<b>\$ 1,000,000</b>	<b>\$ 500,000</b>	<b>\$ 1,025,000</b>	<b>\$ 250,000</b>

### Total Portfolio Performance



**Collateral Position  
September 30, 2015**

	CITY			WATER UTILITY			
	Guaranty B&T	Southside Bank	Farmers B&T	Commercial National Bank	Wells Fargo	Farmers B&T	Guaranty B&T
Collateral Value	\$ 13,727,537	\$ 3,705,271	\$ 3,200,000	\$ 3,107,139	\$ 6,809,022	\$ 3,650,000	\$ 5,739,738
+ FDIC Insurance	250,000	250,000	250,000	250,000	250,000	250,000	250,000
Total Enhancement	\$ 13,977,537	\$ 3,955,271	\$ 3,450,000	\$ 3,357,139	\$ 7,059,022	\$ 3,900,000	\$ 5,989,738
Total Deposits	\$ 12,779,734	\$ 2,407,967	\$ 1,008,120	\$ 2,918,258	\$ 6,260,028	\$ 2,775,000	\$ 4,309,853
<b>Excess Coverage</b>	<b>\$ 1,197,804</b>	<b>\$ 1,547,304</b>	<b>\$ 2,441,880</b>	<b>\$ 438,881</b>	<b>\$ 798,994</b>	<b>\$ 1,125,000</b>	<b>\$ 1,679,885</b>
Percentage Coverage	109%	164%	342%	115%	113%	141%	139%

Collateral Type:

Treasuries	
Agency Bullets	
Agency Callable	
Agency LOC	\$ 3,200,000
Munis	\$ 3,705,271
Mortgage Backed Securities	\$ 13,727,537
Real Estate Mortgage Investment Conduits/ Collateralized Mortgage Obligations (1)	\$ 1,673,665
	\$ 1,433,474
	\$ 6,809,022
	\$ 3,650,000
	\$ 5,739,738

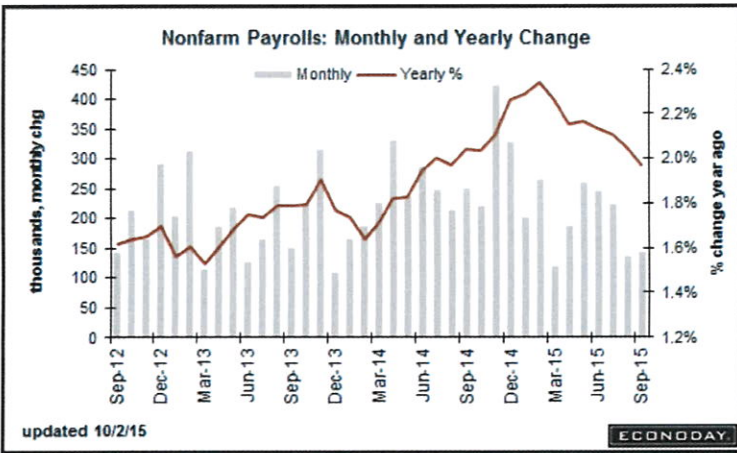
(1) The Public Funds Collateral Act requires all REMIC/CMOs to have an expected weighted average life of 10 years or less and not constitute a high-risk security as determined by a 300 basis point market movement stress test.

## Market Outlook

October 2, 2015

Fasten your seat belts. This roller coaster ride is likely to remain wild for the rest of the year. The Federal Open Market Committee (FOMC) is not confirming a positive economic outlook by raising the Fed Funds Rate and is causing concerns that either the global situation is playing a huge role in their decision or that they see signs that the domestic recovery is losing strength. The FOMC has historically based their actions on domestic strength or weakness, but recent conditions were also considered in delaying liftoff. Many economists are speculating that the FOMC missed an opportunity to raise rates several months ago and now face an increasing headwind from the International Monetary Fund (IMF), the World Bank, and others that plead the case that a U.S. rate increase would further destabilize world markets. But after their decision to defer an increase, the U.S. markets have experienced volatility not seen since the recovery began. Day-to-day swings in stock prices and interest rates depict a market that cannot seem to find its compass and the uncertainty is scaring away investors looking for safety and stability. Nervousness ramped up as the Employment numbers for September were a major disappointment and July/August reports were adjusted downward. The market has been shocked by the Employment report and speculation is shifting the next FOMC action into 2016.

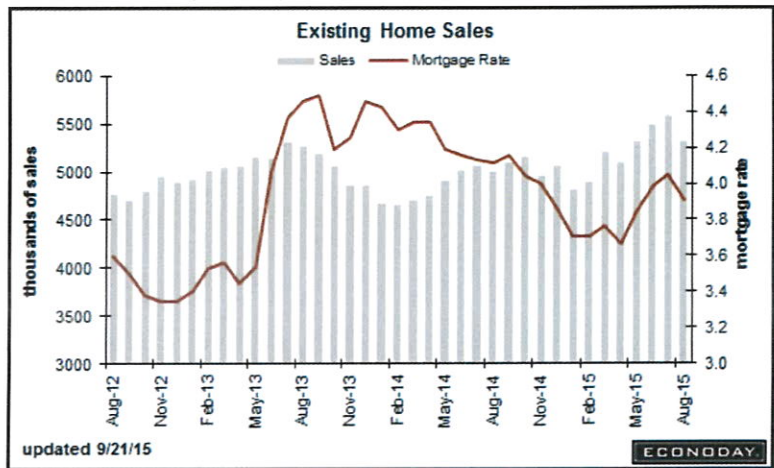
The Employment report for September was much weaker than expected. August reported that 142,000



jobs were created (compared to 200,000 anticipated). The previous two reports were revised downward, with August at +136,000 (previously reported at +173,000) and July revised to +223,000 (previously reported at +245,000). Over the last three months, the average monthly gain is +167,000. The Unemployment Rate remained at 5.1%. The Average Hourly Earnings Rate was flat in August. The U6 rate (or the under-employed rate) dropped to 10% from the previous 10.3%. This is the lowest level since May 2008.

The housing sector has had a good summer with realtors and homebuilders reporting optimism for the near-term. The Housing Market Index was at a 10-year high in September and realtors report that

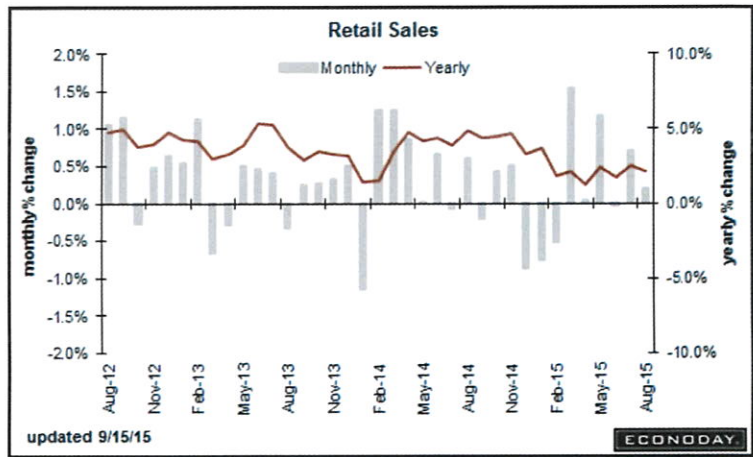
showings continue to increase. Housing Starts fell 3% in August, but followed very strong reports for June/July. Housing Permits surged 3.5% in August and the number of issued permits is at the highest level since 2008. Existing Home Sales fell 4.8% in August, but the softness follows very strong reports during June/July (July saw an eight-year high). Supply of Existing Homes rose to 5.2 months in August from July's report of 4.9 months. The median price of Existing homes sold rose 4.7%. New Home Sales rose 5.7% in August after rising 5.4% in July.



The August report was the best since February 2008. Year-over-year, the New Homes Sales are up 22.0%. Supply of New Homes has fallen to 4.7 months from the 4.9 months reported for July and the median price rose 0.5% in August. But on the disappointing side, the S&P Case-Shiller report of home prices in the 20 metropolitan areas saw a contraction of 0.2% in July, with twelve of the twenty cities showing price declines. However, the Federal Housing Finance Agency (FHFA), the entity that analyzes all domestic home prices, reported an increase of 0.6% during July.

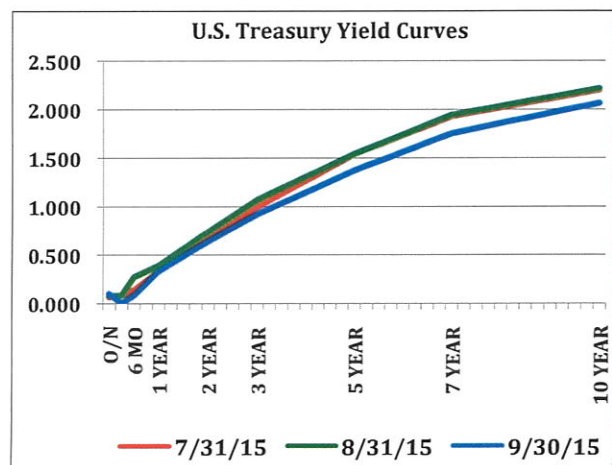
The production side of the economy was mixed during the period. The final release of Gross Domestic Product (GDP) for second quarter was reported at +3.7% or a dramatic improvement from the +0.6% report for the first quarter. Business Inventories rose 0.1% in July and were on the heavy side, but most of the build-up was in the auto sector. (When the auto companies posted that sales rose double digits in September, it appears that the inventory build was justified). Durable Goods Orders declined 0.2% in August after rising 1.9% in July and once again the auto and aircraft industries were skewing results. On the less positive side, purchasing managers on both the manufacturing and service side seem less optimistic about future production prospects. The Producer Price Index (PPI) was flat in August (following a rise of 0.2% in July) and the Consumer Price Index fell 0.1% in August after rising 0.1% in July.

On the consumption front, Retail Sales rose 0.2% in August after rising 0.7% in July. Again the automotive sector reports bode well for continued improvement in the September sales numbers. Consumers' attitudes (as measured by the Consumer Confidence and Consumer Sentiment reports) show that consumers are upbeat and seemingly unaffected by the market volatility that we have seen lately. Consumer Credit reports (credit card purchases) have had the best results during the recovery and demonstrate a consumer that is willing to spend. The critical Holiday period will benefit if this attitude continues.



When the FOMC met during September and decided to keep the Fed Funds rate unchanged, they cited uncertainties related to global economic conditions as one of their reasons for waiting. In the quarterly release of FOMC outlook following adjournment of the meeting, the FOMC acknowledged that the labor market has seen "solid improvement", but wage pressures are moving lower. They lowered their projections for the pace of near-term growth.

Current Government Security Investment Pool rates increased, ranging in the +/-0.07% to +/-0.13% area in September. Certificate of Deposit rates finished September with the 2-year between 0.72% and 1.00%, better than August's 0.72% to 0.85%. U.S. Treasury and Agency rates moved up and down during the month. The 1-year Treasury hit a high of 0.47%, but fell back to 0.33% (after starting the month at 0.39%). The two-year rose to 0.82% before falling back to 0.64% by the end of September (after starting the month at 0.70%). As this piece is going to print, interest rates across the curve are experiencing a significant drop following Employment reports and October is likely to be a challenging month.



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