

City of Texarkana, Texas QUARTERLY INVESTMENT REPORT

For the Quarter Ended
December 31, 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, February 10, 2016 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 – Tom Ross via conference call

A. CALL TO ORDER (General Comments)

B. MINUTES

1. Consider approval of the minutes of the Investment Committee meeting on November 4, 2015.

C. NEW BUSINESS

1. Receive a presentation of the Quarterly Investment Report for the period ending December 31, 2015, and take action as necessary. *December 31,*
2. Review the Collateral Report for the period ending ~~November 4,~~ 2015. *Nov 4*
3. Execute Investment Report cover page.
4. Discuss the market outlook and appropriate investment strategy.
5. Schedule the next Investment Committee meeting on *wednesday, May 18, 2016, 2:00 P.M.*
6. Other.

D. ADJOURNMENT

Attachments:

- Minutes
- Investment Report
- Collateral Report
- Market Outlook

Investment Committee Meeting November 4, 2015

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
Bill Koch, Valley View Consulting (via conference call)
Bob Bruggeman, Mayor (absent)

- Approved the minutes from the August 05, 2015 investment committee meeting. John Whitson made the motion to approve. Jim Cornelius seconded the motion.
- Bill Koch presented the investment packet. He stated that the balances remain relatively constant compared to last year.
- The collateral positions were presented and all were above the 102% required. John Whitson made a motion to accept the report and Paula Jeans seconded.
- The investment policy presentation will be done at the next council meeting.
- Jim Cornelius made a motion to adjourn and John Whitson seconded.
- The next investment committee meeting is scheduled for February 10, 2016 at 2:00 PM.

Summary

City Funds

Asset Type	December 31, 2015		September 30, 2015	
	Book Value	Market Value	Book Value	Market Value
DDA/MMMA/Pools	\$ 21,693,584	\$ 21,693,584	\$ 14,681,925	\$ 14,681,925
CDs/Securities	4,242,978	4,242,978	4,432,153	4,432,153
Totals	\$ 25,936,563	\$ 25,936,563	\$ 19,114,078	\$ 19,114,078
Total Portfolio Average - Quarter	0.39%		0.39%	
Fiscal Year-to-Date Average Yield (2)	0.39%		0.39%	

Quarterly Interest Income	\$ 30,028
Year-to-date Interest Income	\$ 30,028

Water Utility

Asset Type	December 31, 2015		September 30, 2015	
	Book Value	Market Value	Book Value	Market Value
DDA/MMMA/Pools	\$ 10,797,744	\$ 10,797,744	\$ 10,569,881	\$ 10,569,881
CDs/Securities	3,525,000	3,525,000	2,775,000	2,775,000
Totals	\$ 14,322,744	\$ 14,322,744	\$ 13,344,881	\$ 13,344,881
Total Portfolio Average - Quarter	0.35%		0.35%	
Fiscal Year-to-Date Average Yield (2)	0.35%		0.35%	

Quarterly Interest Income	\$ 12,112
Year-to-date Interest Income	\$ 12,112

	QTR	YTD
Rolling Three Mo. Treas. Yield	0.13%	0.13%
Rolling Six Mo. Treas. Yield	0.25%	0.25%
Quarterly TexPool Yield	0.19%	0.19%

(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.

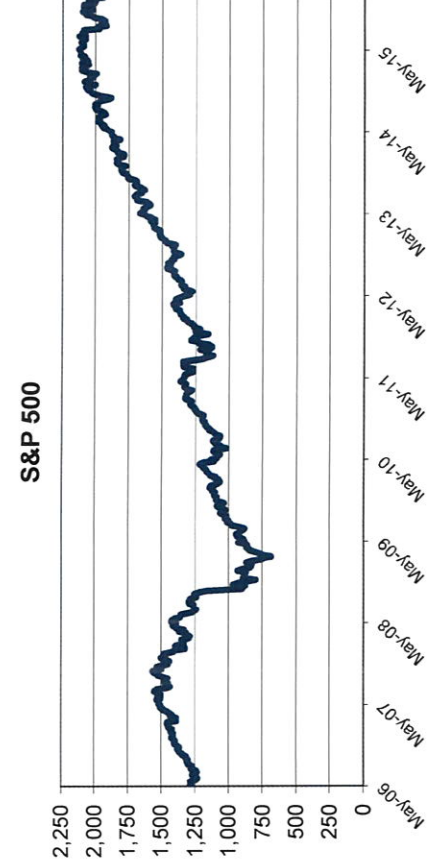
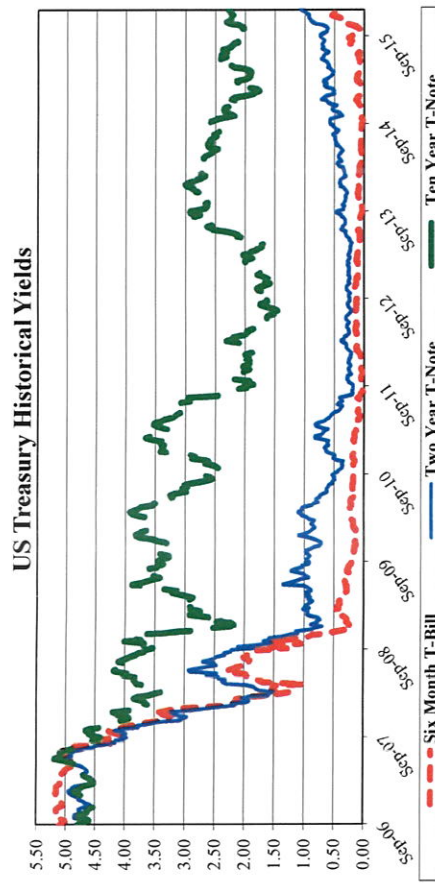
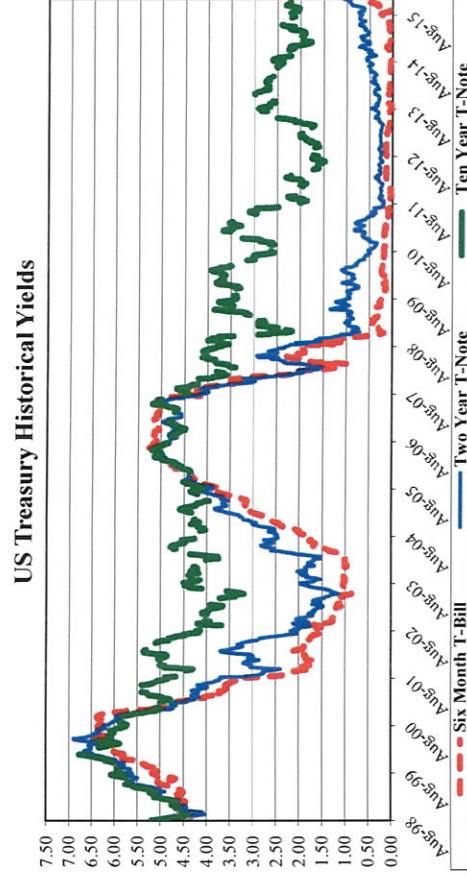
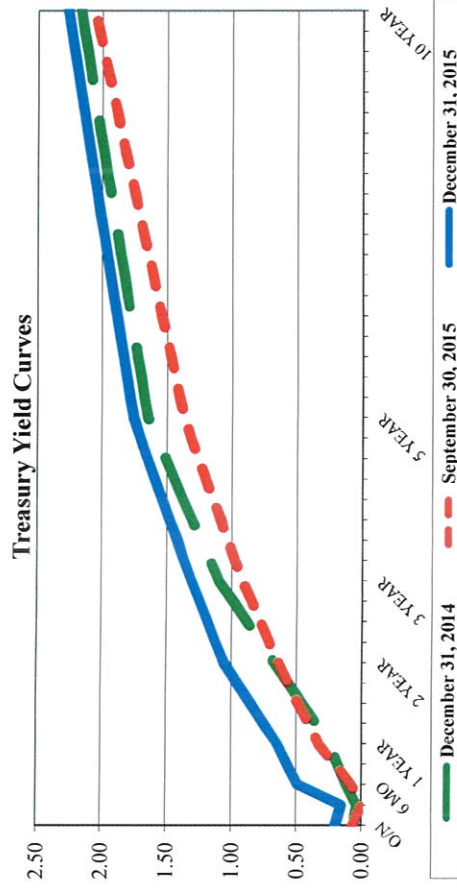
(2) Fiscal Year-to-Date Average Yields calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

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

Economic Overview

12/31/2015

The Federal Open Market Committee (FOMC) raised the Fed Funds target range to 0.25% - 0.50% (actual Fed Funds traded +/-30 bps). The market reacted with higher short to medium term yields. Ten year and longer yields did not increase beyond the current trading range. The December new payroll numbers jumped +292k, with additional positive Oct/Nov adjustments. The Chinese economy and stock market turmoil grabbed international attention. US stock markets dropped in sympathy, but tried to stabilize. Broader international social and economic concerns continue, with the European Central Bank continuing its easing program. Treasury and Agency security yields are attractive for cash-flow based laddering. Although Bank CDs and municipal bonds may still offer the best interest earnings opportunity, if available.



Detail of Investment Holdings

December 31, 2015

City Funds

Description	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Guaranty 3&T MMA	0.30%	01/01/16	12/31/15	\$ 16,783,270	\$ 16,783,270	1.00	\$ 16,783,270	1	0.30%
Southside Bank MMA	0.34%	01/01/16	12/31/15	4,910,314	4,910,314	1.00	4,910,314	1	0.34%
Farmers Bank & Trust CD	0.40%	01/03/16	03/03/15	100,302	100,302	100.00	100,302	3	0.40%
Farmers Bank & Trust CD	0.50%	02/06/16	03/03/15	100,377	100,377	100.00	100,377	37	0.50%
Farmers Bank & Trust CD	0.90%	02/24/16	02/24/14	507,925	507,925	100.00	507,925	55	0.90%
Commercial National Bank CD	0.70%	09/04/16	03/05/15	1,017,144	1,017,144	100.00	1,017,144	248	0.70%
Guaranty 3&T & Trust CD	1.15%	09/15/16	09/15/14	507,225	507,225	100.00	507,225	259	1.15%
Guaranty 3&T & Trust CD	0.75%	12/04/16	12/04/15	100,000	100,000	100.00	100,000	339	0.75%
Commercial National Bank CD	0.75%	03/31/17	03/31/15	1,508,492	1,508,492	100.00	1,508,492	456	0.75%
Commercial National Bank CD	0.75%	05/05/17	05/06/15	401,514	401,514	100.00	401,514	491	0.75%
				\$ 25,936,563	\$ 25,936,563		\$ 25,936,563	52	0.39%

Water Utility

Description	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Book Value	Market Price	Market Value	Life (days)	Yield
Wells Fargo MMA	0.23%	01/01/16	12/31/15	\$ 6,263,870	\$ 6,263,870	1.00	\$ 6,263,870	1	0.23%
Guaranty 3&T MMA	0.30%	01/01/16	12/31/15	4,533,873	4,533,873	1.00	4,533,873	1	0.30%
Farmers Bank & Trust CD	0.60%	02/24/16	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	55	0.90%
Farmers Bank & Trust CD	0.70%	03/05/16	09/05/14	775,000	775,000	100.00	775,000	65	0.70%
Farmers Bank & Trust CD	0.50%	04/28/16	04/28/15	250,000	250,000	100.00	250,000	119	0.50%
Farmers Bank & Trust CD	0.50%	11/04/16	11/04/15	750,000	750,000	100.00	750,000	309	0.50%
Farmers Bank & Trust CD	0.50%	12/16/16	12/16/15	250,000	250,000	100.00	250,000	351	0.50%
				\$ 14,322,744	\$ 14,322,744		\$ 14,322,744	34	0.35%

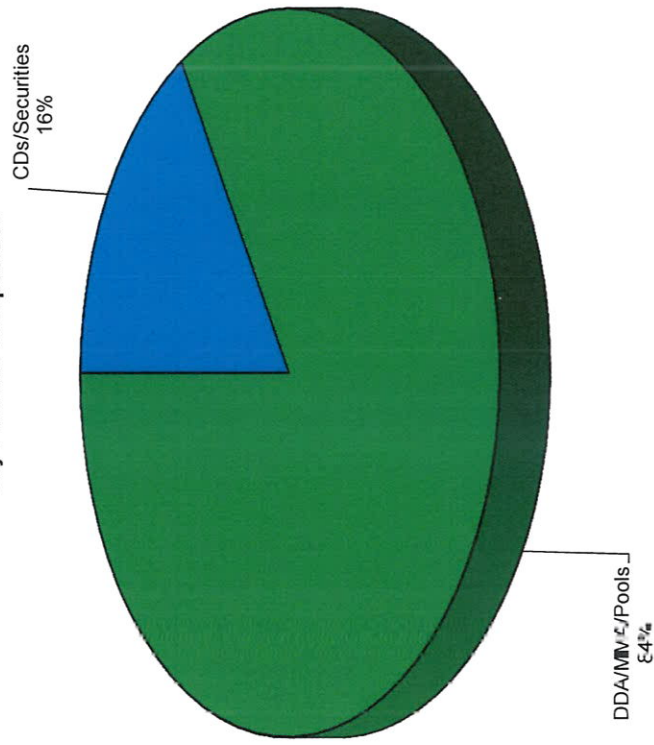
Combined Portfolio

				\$ 40,259,306	\$ 40,259,306		\$ 40,259,306	46	0.37%
								(1)	(2)

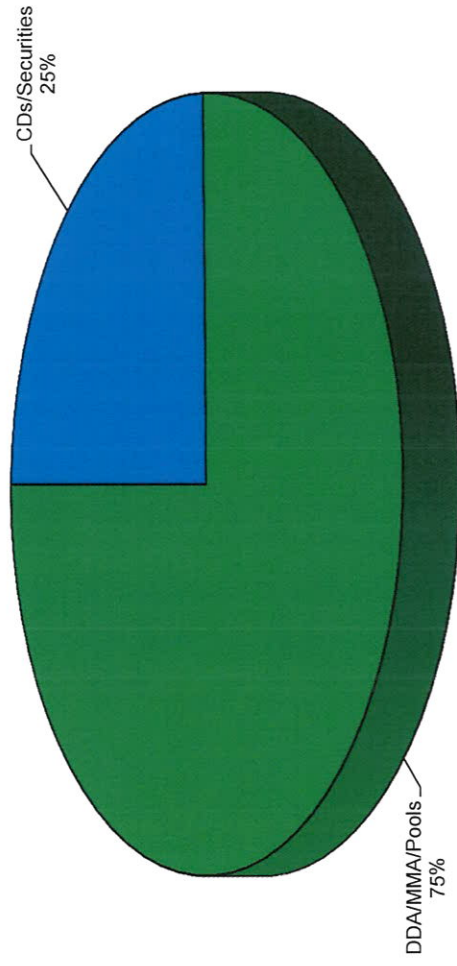
(1) Weighted average life - For purposes of calculating weighted average life, cash equivalent investments are assumed to have a one day maturity.

(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

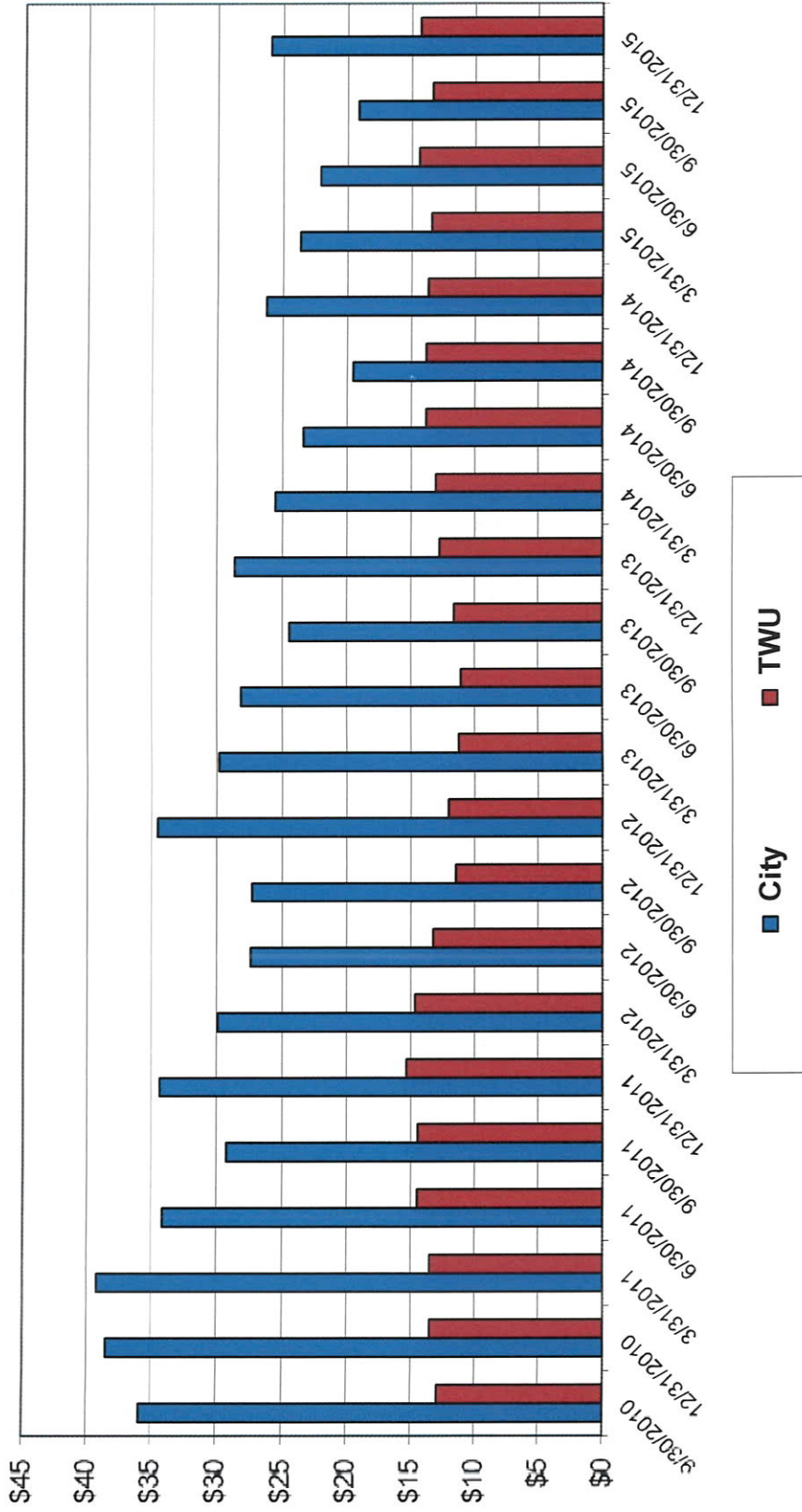
City Portfolio Composition



TWU Portfolio Composition



Quarter End Portfolio (Millions)



Book Value Comparison

Description	Coupon/ Discount	Maturity Date	September 30, 2015			December 31, 2015		
			Par Value	Book Value	Purchases/ Adjustments	Sales/Adjust/ Maturities	Par Value	Book Value
Wells Fargo MMA	0.45%	01/01/16	\$ 6,260,028	\$ 6,260,028	\$ 3,842	\$ -	\$ 6,263,870	\$ 6,263,870
Guaranty B&T MMA	0.30%	01/01/16	16,583,811	16,583,811	4,733,332		21,317,143.84	21,317,144
Southside Bank MMA	0.34%	01/01/16	2,407,967	2,407,967	2,502,347		4,910,314	4,910,314
Farmers Bank & Trust CD	0.30%	10/03/15	100,151	100,151		(100,151)	-	-
Farmers Bank & Trust CD	0.30%	11/03/15	100,151	100,151		(100,151)	-	-
Farmers Bank & Trust CD	0.40%	12/03/15	100,202	100,202		(100,202)	-	-
Farmers Bank & Trust CD	0.50%	12/16/15	250,000	250,000		(250,000)	-	-
Farmers Bank & Trust CD	0.40%	01/03/16	100,202	100,202	100		100,302	100,302
Farmers Bank & Trust CD	0.50%	02/06/16	100,252	100,252	125		100,377	100,377
Farmers Bank & Trust CD	0.60%	02/24/16	1,000,000	1,000,000			1,000,000	1,000,000
Farmers Bank & Trust CD	0.90%	02/24/16	507,162	507,162	763		507,925	507,925
Farmers Bank & Trust CD	0.90%	02/24/16	500,000	500,000			500,000	500,000
Commercial National Bank CD	0.70%	03/05/16	775,000	775,000			775,000	775,000
Farmers Bank & Trust CD	0.50%	04/28/16	250,000	250,000			250,000	250,000
Commercial National Bank CD	0.70%	09/04/16	1,011,817	1,011,817	5,327		1,017,144	1,017,144
Guaranty Bank & Trust CD	1.15%	09/15/16	505,775	505,775	1,450		507,225	507,225
Farmers Bank & Trust CD	0.50%	11/04/16	-	-	750,000		750,000	750,000
Guaranty Bank & Trust CD	0.75%	12/04/16	-	-	100,000		100,000	100,000
Farmers Bank & Trust CD	0.50%	12/16/16	-	-	250,000		250,000	250,000
Commercial National Bank CD	0.75%	03/31/17	1,505,677	1,505,677	2,815		1,508,492	1,508,492
Commercial National Bank CD	0.75%	05/05/17	400,764	400,764	749		401,514	401,514
TOTAL			\$ 32,458,959	\$ 32,458,959	\$ 8,350,852	\$ (550,504)	\$ 40,259,306	\$ 40,259,306

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	September 30, 2015			December 31, 2015		
			Par Value	Market Value	Qtr to Qtr Change	Par Value	Market Value	
Wells Fargo MMA	0.45%	01/01/16	\$ 6,260,028	\$ 6,260,028	\$ 3,842	\$ 6,263,870	\$ 6,263,870	
Guaranty B&T MMA	0.30%	01/01/16	16,583,811	16,583,811	4,733,332	21,317,144	21,317,144	
Southside Bank MMA	0.34%	01/01/16	2,407,967	2,407,967	2,502,347	4,910,314	4,910,314	
Farmers Bank & Trust CD	0.30%	10/03/15	100,151	100,151	(100,151)	-	-	
Farmers Bank & Trust CD	0.30%	11/03/15	100,151	100,151	(100,151)	-	-	
Farmers Bank & Trust CD	0.40%	12/03/15	100,202	100,202	(100,202)	-	-	
Farmers Bank & Trust CD	0.50%	12/16/15	250,000	250,000	(250,000)	-	-	
Farmers Bank & Trust CD	0.40%	01/03/16	100,202	100,202	100	100,302	100,302	
Farmers Bank & Trust CD	0.50%	02/06/16	100,252	100,252	125	100,377	100,377	
Farmers Bank & Trust CD	0.60%	02/24/16	1,000,000	1,000,000	763	1,000,000	1,000,000	
Farmers Bank & Trust CD	0.90%	02/24/16	507,162	507,162	507,925	507,925	507,925	
Farmers Bank & Trust CD	0.90%	02/24/16	500,000	500,000	500,000	500,000	500,000	
Commercial National Bank CD	0.70%	03/05/16	775,000	775,000	775,000	775,000	775,000	
Farmers Bank & Trust CD	0.50%	04/28/16	250,000	250,000	250,000	250,000	250,000	
Commercial National Bank CD	0.70%	09/04/16	1,011,817	1,011,817	5,327	1,017,144	1,017,144	
Guaranty Bank & Trust CD	1.15%	09/15/16	505,775	505,775	1,450	507,225	507,225	
Farmers Bank & Trust CD	0.50%	11/04/16	-	-	750,000	750,000	750,000	
Guaranty Bank & Trust CD	0.75%	12/04/16	-	-	100,000	100,000	100,000	
Farmers Bank & Trust CD	0.50%	12/16/16	-	-	250,000	250,000	250,000	
Commercial National Bank CD	0.75%	03/31/17	1,505,677	1,505,677	2,815	1,508,492	1,508,492	
Commercial National Bank CD	0.75%	05/05/17	400,764	400,764	749	401,514	401,514	
TOTAL			\$ 32,458,959	\$ 32,458,959	\$ 7,800,347	\$ 40,259,306	\$ 40,259,306	

**City Fund Allocation
Book & Market Value**

December 31, 2015

Fund #	Fund Name	Total	Guaranty Bond	Southside Bank MMA	0.40 Farmers B&T CD 03/03/15 - 01/03/16	0.50 Farmers B&T CD 03/03/15 - 02/03/16	0.90 Farmers B&T CD 02/24/14 - 02/24/16	0.70 Commercial Bank CD 03/05/15 - 09/04/16
101	GENERAL_FUND - Pooled Cash	\$ 10,938,244	\$ 2,693,691	\$ 4,910,314	\$ 100,302	\$ 100,377	\$ 507,925	\$ 1,017,144
102	GENERAL_FUND	24,199	24,199					
102	NARCOTICS DIVISION OPERATIONS	110,067	110,067					
103	PERSONNEL POLICY	780,683	780,683					
104	WORKERS COMP	379,762	379,762					
107	COURT SECURITY FUND	333,185	333,185					
109	GENERAL PROPERTY & LIAB	97,754	97,754					
111	POLICE EVIDENCE ESCROW FUND	16,847	16,847					
113	ENERGY CONSERVATION REVOLVING LOA	31,221	31,221					
114	COURT TECHNOLOGY FUND	5,851	5,851					
116	TIRZ #1	609,632	609,632					
117	DONATION FUND	8,119	8,119					
118	TIRZ #2	10,112	10,112					
201	SUPPORTIVE HOUSING GRANT	3,861	3,861					
203	CDBG REVOLVING LOAN FUND	41,774	41,774					
206	EPA JOB TRAINING GRANT	1,971	1,971					
207	EPA REVOLVING LOAN GRANT	3,893	3,893					
208	EPA MULTIPURPOSE GRANT	11,349	11,349					
209	HOME PROGRAM	43,301	43,301					
211	THEATRE FUND	24,157	24,157					
212	HOTEL/MOTEL TAX FD	240,483	240,483					
213	PEROT THEATRE BLDG MAINT	603,654	202,140					
214	COC-HOMELESS ASSISTANCE GRANT	20,823	20,823					
215	HOUSING FUND	257,974	257,974					
217	LAW ENFORCEMENT BLOCK GRANT	86	86					
219	LAW ENFORCEMENT PROGRAM	18,400	18,400					
223	ECONOMIC DEVELOPMENT	1,283,232	776,007					
225	EPA BROWNFIELD GRANT	349	349					
230	ROTARY SPLASH PARK FUND	2,836	2,836					
301	INTEREST & SINKING	2,926,650	2,926,650					
415	2003 BOND FUND	182,211	182,211					
417	2005 BOND FUND	726,663	726,663					
420	2009 BOND FUND	39,803	39,803					
422	TIRZ BOND FUND	1,899,971	1,899,971					
501	HEALTH FUND	233,244	233,244					
502	PUBLIC LIBRARY	44,287	44,287					
601	DRUG ESCROW	78,477	78,477					
605	FEDERAL ASSET FORFEITURE	98,618	98,618					
701	EMPLOYEE BENEFIT	719,108	719,108					
702	BENEFIT PAYMENT	1,666,262	1,666,262					
703	FLEET SERVICES	521,442	521,442					
704	CAPITAL REPLACEMENT	831,220	831,220					
810	MEMBER CITY WATER REVENUE	64,790	64,790					
TOTAL		\$ 25,936,563	\$ 16,783,270	\$ 4,910,314	\$ 100,302	\$ 100,377	\$ 507,925	\$ 1,017,144

**City Fund Allocation
Book & Market Value**

(Continued)

December 31, 2015

Fund #	Fund Name	1.15 GB&T CD 9/15/14 - 9/15/16	0.75 GB&T CD 12/04/15 - 12/04/16	0.75 Commercial Bank CD 3/31/15 - 3/31/17	0.75 Commercial Bank CD 05/06/15 - 05/05/17
101	GENERAL FUND - Pooled Cash	\$ -	\$ 100,000	\$ 1,508,492	\$ -
102	GENERAL FUND				
103	NARCOTICS DIVISION OPERATIONS				
104	PERSONNEL POLICY				
107	WORKER'S COMP				
109	COURT SECURITY FUND				
111	GENERAL PROPERTY & LIAB				
113	POLICE EVIDENCE ESCROW FUND				
114	ENERGY CONSERVATION REVOLVING LOAN				
116	COURT TECHNOLOGY FUND				
117	TIRZ #1				
118	DONATION FUND				
118	TIRZ #2				
201	SUPPORTIVE HOUSING GRANT				
203	CDBG REVOLVING LOAN FUND				
206	EPA JOB TRAINING GRANT				
207	EPA REVOLVING LOAN GRANT				
208	EPA MULT-PURPOSE GRANT				
209	HOME PROGRAM				
211	THEATRE FUND				
212	HOTEL/MOTEL TAX FD				
213	PEROT THEATRE BLDG MAINT				401,514
214	COC-HOMELESS ASSISTANCE GRANT				
215	HOUSING FUND				
217	LAW ENFORCEMENT BLOCK GRANT				
219	LAW ENFORCEMENT PROGRAM				
223	ECONOMIC DEVELOPMENT			507,225	
225	EPA BROVNFIELD GRANT				
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				
TOTAL		\$ 507,225	\$ 100,000	\$ 1,508,492	\$ 401,514

**Water Fund Allocation
December 31, 2015**

Fund Name	Total	Wells Fargo MMA	Guaranty Bond MMA	0.60 Farmers Bank & Trust CD - 2/24/14 - 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	0.50 Farmers Bank & Trust CD - 11/04/15 - 11/04/16
Revenue	\$ 1,717,237	\$ 410,330	\$ 1,306,907	\$ -	\$ -	\$ -	\$ -	\$ -
Customer Loan	40,067		40,067					
Water Plant Construction	45		45					
Technology	981,549		981,549					
2004 Bond	158,038		158,038					
2005 Bond	34,692		34,692					
2013 Bond	27,465		27,465					
2013 Construction	28,092		28,092					
LTWSC Capital Improvement	925,397	676,694	248,703					
Capital Improvement	2,134,975	1,484,707	650,267					
Compost	606,255		246,255	360,000				
Customer Deposit	767,092	134,533	132,559	100,000	400,000			
Equipment Acquisition	688,254	674,140	14,114					
Infrastructure	1,487,214	233,065	94,149	540,000	100,000	500,000		
Personnel	107,642		107,642					
Reserve	703,577	681,324	22,253					
Revenue	750,000							750,000
WWTP Depreciation	582,985	279,313	303,672					
Waggoner Creek CIP	2,602,168	1,689,765	137,403			275,000	250,000	
	\$ 14,322,744	\$ 6,263,870	\$ 4,533,873	\$ 1,000,000	\$ 500,000	\$ 775,000	\$ 250,000	\$ 750,000

**City Fund Allocation
Book & Market Value**

September 30, 2015

Fund #	Fund Name	Total	Guaranty Bond	Southside Bank MMA	0.30 Farmers B&T CD 03/03/15 - 10/03/15	0.30 Farmers B&T CD 11/03/15 - 03/03/15	0.40 Farmers B&T CD 03/03/15 - 12/3/15	0.40 Farmers B&T CD 01/03/16 - 03/03/15	0.50 Farmers B&T CD 03/03/15 - 02/06/16
101	GENERAL FUND - Pooled Cash	\$ 6,498,560	\$ 564,980	\$ 2,407,967	\$ 100,151	\$ 100,151	\$ 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 LOAN	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	—	—						
203	CDBG REVOLVING LOAN FUND	35,483	35,483						
204	HCD FUND	—	—						
206	EPA JOB TRAINING GRANT	1,971	1,971						
207	EPA REVOLVING LOAN GRANT	—	—						
208	EPA MULTI-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 REPAIRMENT	867,005	867,005						
810	MEMBER CITY WATER REVENUE	85,792	85,792						
	TOTAL	\$ 19,114,078	\$ 12,273,959	\$ 2,407,967	\$ 100,151	\$ 100,151	\$ 100,202	\$ 100,202	\$ 100,252

**City Fund Allocation
Book & Market Value**

(Continued)

September 30, 2015

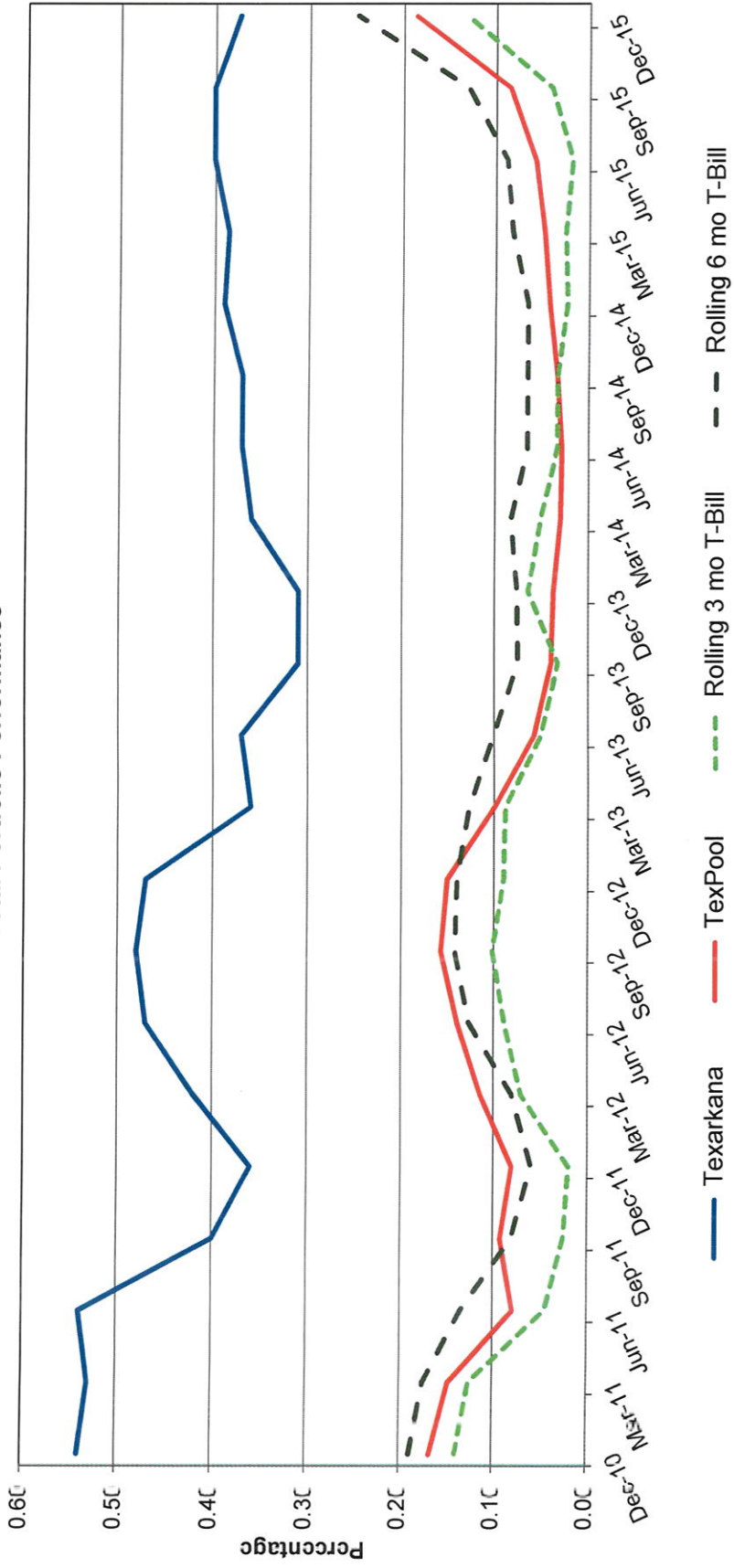
0.90 Farmers

Fund #	Fund Name	02/24/14 - 02/24/16	09/04/16	09/15/16	03/31/17	05/06/15 - 05/05/17
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 LOAN					
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 REVOLVING LOAN GRANT					
208	EPA MULTIPURPOSE 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					
230	ROTARY SPLASH PARK FUND					
301	INTEREST & SINKING					
415	2003 BCND FUND					
417	2005 BCND FUND					
420	2009 BCND FUND					
422	TIRZ BCND 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					
TOTAL		\$ 507,162	\$ 1,011,817	\$ 505,775	\$ 1,505,677	\$ 400,764

**Water Fund Allocation
September 30, 2015**

Fund Name	Total	Wells Fargo		Guaranty Bond		0.50 Farmers		0.90 Farmers		0.70 Farmers		0.50 Farmers	
		MMA	\$	MMA	\$	CD - 12/16/14 - 12/16/15	Bank & Trust	Bank & Trust CD - 2/24/14 - 2/24/16	Bank & Trust CD - 2/24/14 - 2/24/16	Bank & Trust CD - 9/5/14 - 3/5/16	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	169,821										
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	100,000			500,000	
Personnel	127,307		127,307										
Reserve	703,170	680,934	22,236										
WWTP Depreciation	594,451	279,140	315,311										
Waggoner Creek CIP	2,599,913	1,688,720	136,193									250,000	250,000
	\$ 13,344,881	\$ 6,260,028	\$ 4,309,853	\$ 250,000	\$ 1,000,000	\$ 500,000	\$ 500,000	\$ 775,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000

Total Portfolio Performance



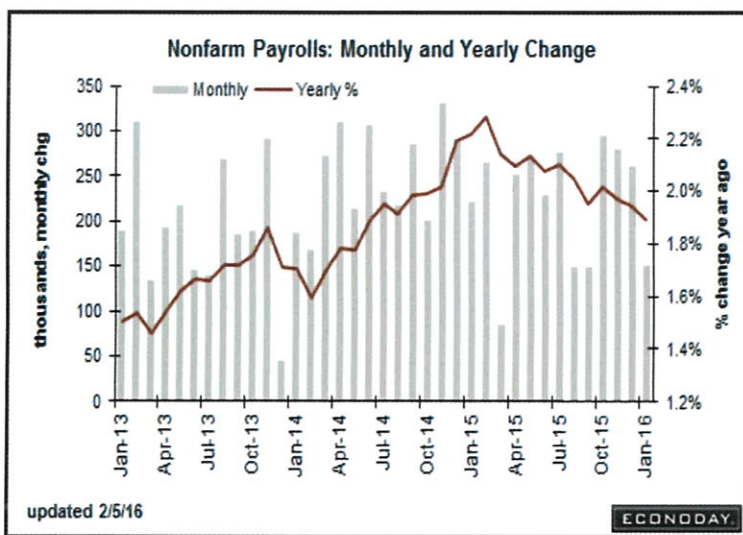


Valley View Consulting, L.L.C.

Market Outlook

February 5, 2016

Markets continue to whipsaw and fill investors with angst about the stability of the global economy. The situation remains volatile as oil prices continue to decline, wreaking havoc on the economies of several U.S. trading partners. As the economies of these partners decline, their appetite for U.S. goods also declines. The manufacturing sector of the U.S. economy has reflected this reduced demand for product. The price of crude oil has reached a several-year low, negatively impacting a number of countries. Brazil and Venezuela are in the most imminent risk of shortfalls (even bankruptcy), but Russia and China are also experiencing significant oil-related stress. The risk could bleed over to banks that have extended credit to many oil-related companies/countries. The most important concern regarding this instability is if and when it could cause noticeable downturn in U.S. domestic markets. Additionally, major foreign central banks are tweaking their currency and funds rates (China continues to attempt to allow their currency to float while Japan has lowered their funds rate to negative 0.1%), and these actions cause ripples (and sometimes tidal waves) as the markets attempt to digest the moves. When investors grow anxious, they become overly risk averse and pile into the safe harbor that the short-term U.S. Treasury market represents. This migration has put significant downward pressure on interest rates available to public sector portfolios.



The Employment report for January was moderate, showing that 151,000 jobs were added. Revisions to December (revised to +262,000 from the previously reported +292,000) and November (revised to +280,000 from the previous report of +252,000), had only a slight net reduction of 2,000 jobs to those previously robust results. The report lowered the three-month average to +231,000 versus the previous +284,000 average in December although it is still a respectable number. The Unemployment Rate fell to 4.9%, the lowest level since February 2008. Average Hourly Earnings rose 0.5% in January after a flat reading in December. Federal

Open Market Committee (FOMC) Chair Janet Yellen cites the goal of raising the Earnings Rate component of the Employment report as a priority. The Labor Participation Rate, a measure of the percentage of eligible workers that hold jobs, rose to 62.7% versus the 62.6% result in December. The U6 rate (or the under-employed rate – those that are either over qualified for their job or working fewer hours than they desire) remained unchanged at 9.9%. It is significant that the U6 number remains below 10%, as it is also a major component of Chair Yellen's data consideration.

The housing sector appeared stronger in recent reports. Existing Home Sales rose 14.7% in December after falling 10.5% in November. Compared to last year, the report was 7.7% higher. New disclosure requirements for closings have been attributed to the delay in counted sales, which may have impacted the results in November, causing it's report to be lower and December to be the catch-up month. The net result of November/December was slightly lower than the previous six-month trend. Prices rose 1.9%, and remain 7.6% higher than last year. Supply fell sharply to 3.9 months from November's 5.2 months. This decline in availability should negatively impact future reports. New Home Sales rose 10.8% in December following a rise of 4.3% in November. The prices of new homes fell an average of 2.7% in December. Supply of new homes fell to 5.2 months compared to November's supply of 5.7 months. The S&P Case-Shiller report of home prices in the 20 metropolitan areas and the Federal Housing Finance

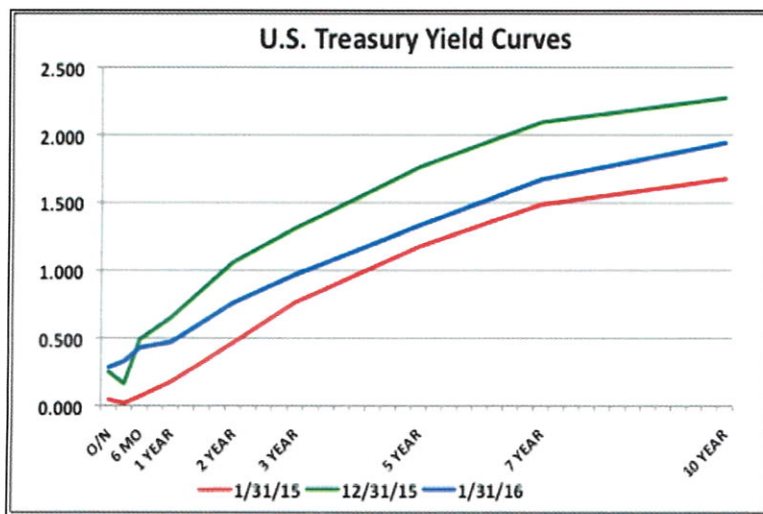
Agency (FHFA), the entity that analyzes all domestic home prices, both showed increases during November. The Housing Starts and Permits reports fell during December, but still remain higher than reports from one-year ago (at +6.4% and +14.4%, respectively). Construction Spending, rose 0.1% during December after declining 0.6% in November.

The production and manufacturing side of the economy remains weak. The advance release of Gross Domestic Product (GDP) for fourth quarter showed a rise of 0.7% (lower than the third quarter result of +2.0%), and significantly below the second quarter's result of +3.9%. Business Inventories declined only 0.2% in November and leave little room for new production orders. Factory Orders declined again in December and Durable Goods Orders fell a significant 5.1%. The downturn in the manufacturing sector was evident in the release of the purchasing managers' assessment for manufacturing, as it has fallen to 48.2 in January or below the 50-level. The 50-level is the balance point for optimism versus pessimism. Above 50 is optimistic and below 50 is more pessimistic. The purchasing managers for the service sector also declined in January to 53.5 from 55.8 in December. The Producer Price Index (PPI) fell 0.2% in December (following an increase of 0.3% in November). The Consumer Price Index (CPI) fell 0.1% in December after a flat report in November. Year-over-year CPI is +0.7%.

On the consumption front, Retail Sales fell 0.1% in December after rising 0.4% in November. Consumers' attitudes (as measured by the Consumer Confidence and Consumer Sentiment reports) were improved. The markets remain disappointed that consumers have not begun to use the falling gasoline prices as an incentive to purchase other products. Despite their rising confidence (reflected in the confidence/sentiment reports), it appears that consumers are being tight fisted with any savings that they have experienced during recent months. One of the major measurements of consumption is the Core Personal Consumption Expenditures (PCE) index, which was flat in December and is only up a meager 1.4% year-over-year. The Core PCE report is another of the critical components of Janet Yellen's FOMC considerations.

The FOMC met on January 26th and 27th and economists were eager to read the Committee's statement upon adjournment of the meeting. The focus of attention was mainly on how much the Committee seemed to be concerned about global developments since their last meeting. Surprisingly, the statement was relatively benign and only used the word "global" once in the document. The statement indicated that the FOMC sees the labor markets improving, but exports and inventory investment have caused some slowing in the economy. They expect inflation to remain low due to energy price declines. The Committee maintained that it will continue to monitor economic developments and will adjust their program as needed. The Fed Funds target range was not changed from the 0.25% to 0.50% set at the previous meeting.

Current Government Security Investment Pool rates continued to rise during January, ranging in the +/-



0.24% to +/-0.39% area compared to 0.12% to 0.29% during December. Certificate of Deposit rates finished January with the 2-year between 0.80% and 1.00%, about ten basis points lower than December. U.S. Treasury and Agency rates moved lower during the month. After reaching a high of 0.70% in December, the 1-year Treasury closed January at 0.47%. The two-year Treasury closed January at 0.76% or about 30 basis points lower than the rate at the end of December. The flight to quality in the short-term Treasury/Agency market was evident throughout January.

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