



QUARTERLY INVESTMENT REPORT

For the Quarter Ended

June 30, 2014

Prepared by
Valley View Consulting, L.L.C.

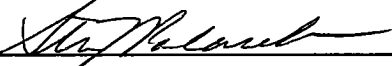
The investment portfolio of the City of Keller is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.



Finance Director-Investment Officer



Mayor



City Manager

Council Member



Director of Administration & Strategic
Services

Council Member



Finance/Purchasing Manager-Investment
Officer

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). In December, the FOMC began tapering the Quantitative Easing (QE3) program. The monthly purchase amount has been decreased five times (\$10 billion each time) to \$35 billion. A continued, orderly tapering is anticipated as long as economic activity remains moderately positive. First quarter 2014 GDP (originally estimated at -1.0%) was revised to -2.9%. Many full year GDP estimates have since been reduced, including the FOMC's to 2.1-2.3%. Employment data remains positive with new payrolls exceeding 288,000 in June and upward revisions of the previous two months. The US stock markets touched new highs. Financial institution deposit yields generally provide the best interest earnings opportunity, although spreads to security yields have tightened.

Quarter End Results by Investment Category:

<u>Asset Type</u>	<u>Ave. Yield</u>	<u>June 30, 2014</u>		<u>March 31, 2014</u>	
		<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
Demand Accounts	0.15%	\$ 818,446	\$ 818,446	\$ 950,229	\$ 950,229
NOW/MMA/Pools	0.12%	24,548,758	24,548,758	21,336,342	21,336,342
Certificates of Deposit	0.56%	32,015,396	32,015,396	34,445,639	34,445,639
Securities	0.62%	7,584,767	7,595,584	7,097,345	7,097,345
Totals		\$ 64,967,367	\$ 64,978,184	\$ 63,829,556	\$ 63,829,556

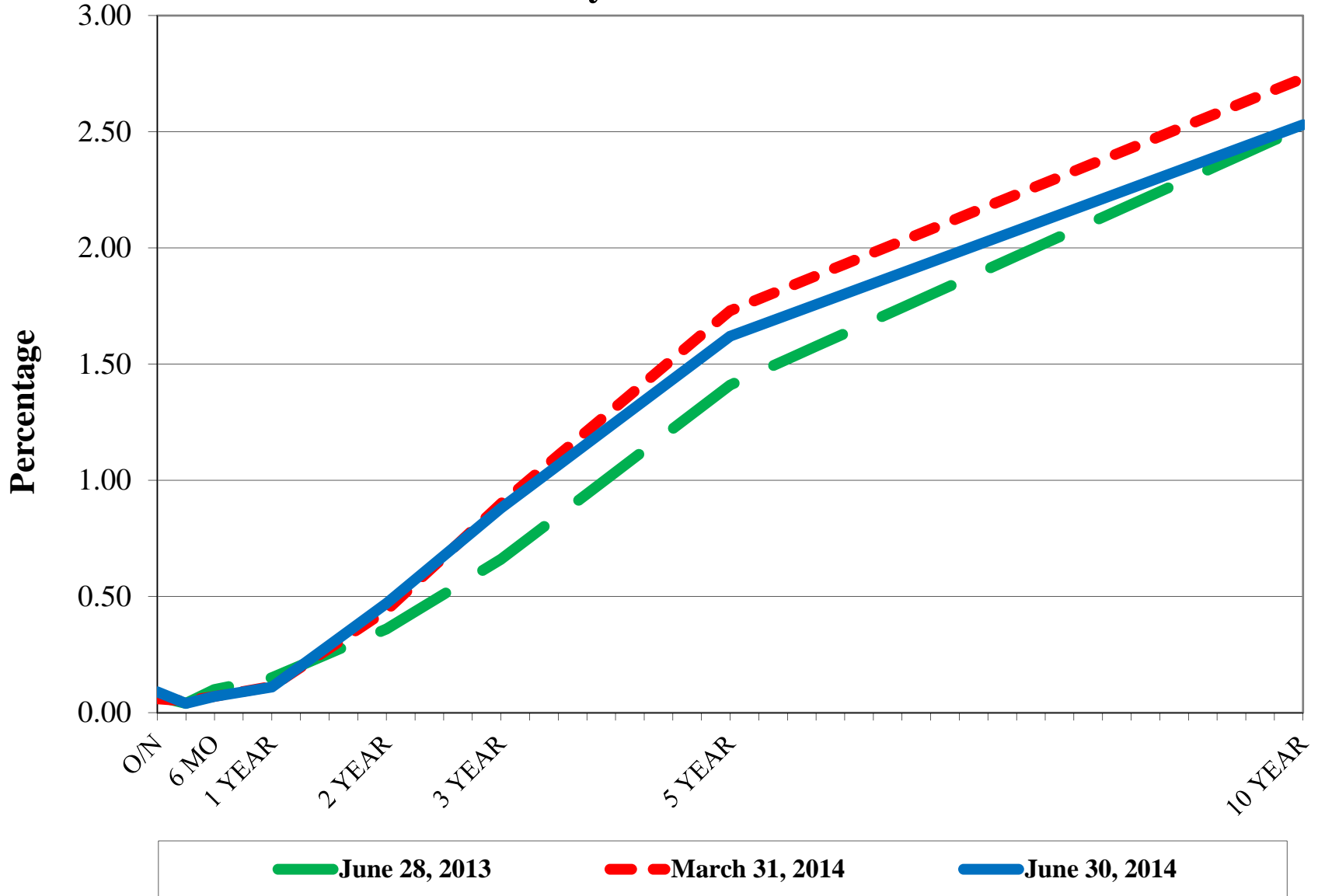
<u>Average Yield (1)</u>		<u>Fiscal Year-to-Date Average Yield (2)</u>	
Total Portfolio	0.39%	Total Portfolio	0.36%
Rolling Three Mo. Treas. Yield	0.03%	Rolling Three Mo. Treas. Yield	0.05%
Rolling Six Mo. Treas. Yield	0.07%	Rolling Six Mo. Treas. Yield	0.07%
		Quarterly TexPool Yield	0.03%

Quarterly Interest Income \$ 59,710 Approximate
 Year-to-date Interest Income \$ 171,320 Approximate

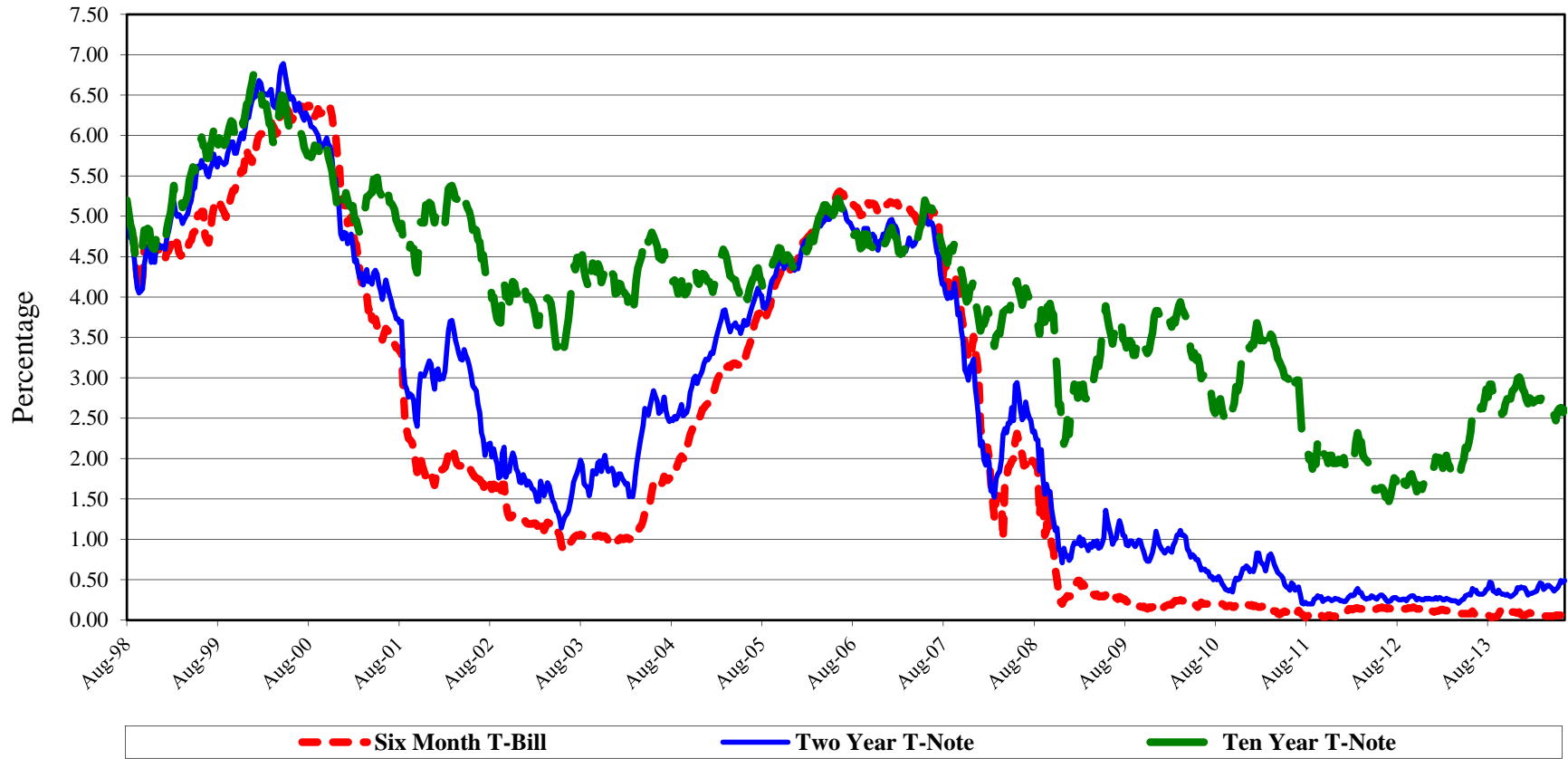
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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.

Treasury Yield Curves



US Treasury Historical Yields



S&P 500



Detail of Investment Holdings

June 30, 2014

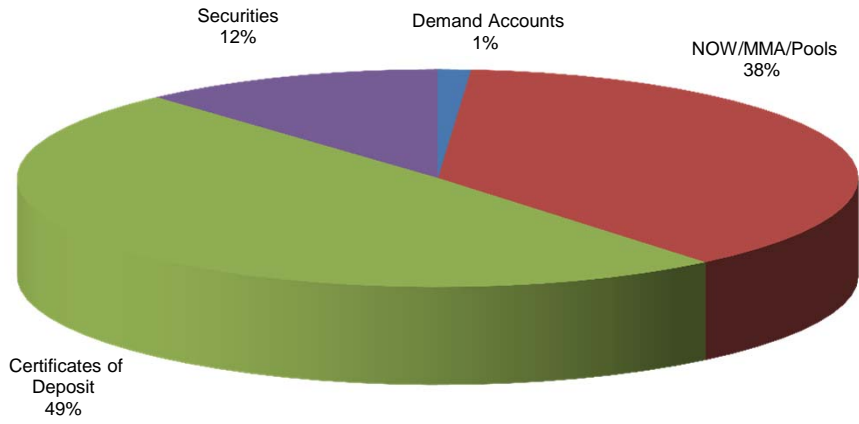
Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Face Amount/ Par Value	Book Value	Market Price	Market Value	Life (Day)	Yield
Frost DDA (3)		0.00%	07/01/14	06/30/14	\$ 573,445	\$ 573,445	1.00	\$ 573,445	1	0.00%
Southwest Bank DDA		0.50%	07/01/14	06/30/14	245,001	245,001	1.00	245,001	1	0.50%
Southwest Bank ICS		0.25%	07/01/14	06/30/14	755,067	755,067	1.00	755,067	1	0.25%
Comerica MMA0330		0.15%	07/01/14	06/30/14	2,593,914	2,593,914	1.00	2,593,914	1	0.15%
SSB MMA 1332		0.18%	07/01/14	06/30/14	2,729,469	2,729,469	1.00	2,729,469	1	0.18%
SSB MMA 7888		0.18%	07/01/14	06/30/14	7,808,936	7,808,936	1.00	7,808,936	1	0.18%
TexPool	AAAm	0.03%	07/01/14	06/30/14	7,618,159	7,618,159	1.00	7,618,159	1	0.03%
LOGIC	AAAm	0.11%	07/01/14	06/30/14	3,043,213	3,043,213	1.00	3,043,213	1	0.11%
Southside CD		0.64%	07/09/14	07/09/12	2,528,209	2,528,209	100.00	2,528,209	9	0.64%
Southside CD		0.45%	07/14/14	01/14/13	2,022,398	2,022,398	100.00	2,022,398	14	0.45%
Southside CD		0.19%	07/25/14	09/26/13	400,569	400,569	100.00	400,569	25	0.19%
Southside CD		0.20%	08/26/14	09/26/13	300,449	300,449	100.00	300,449	57	0.20%
Comerica CD		0.36%	09/24/14	03/22/13	2,009,034	2,009,034	100.00	2,009,034	86	0.36%
Southside CD		0.25%	10/07/14	01/10/14	503,609	503,609	100.00	503,609	99	0.25%
Comerica CD		0.58%	10/22/14	10/22/12	2,054,353	2,054,353	100.00	2,054,353	114	0.58%
Southside CD		0.21%	10/24/14	09/26/13	400,629	400,629	100.00	400,629	116	0.21%
Southside CD		0.35%	12/12/14	09/12/13	504,232	504,232	100.00	504,232	165	0.35%
Comerica CD		0.55%	03/23/15	03/22/13	2,517,271	2,517,271	100.00	2,517,271	266	0.55%
Comerica CD		0.54%	04/22/15	04/22/13	2,012,642	2,012,642	100.00	2,012,642	296	0.54%
Comerica CD		0.20%	05/01/15	11/01/13	141,563	141,563	100.00	141,563	305	0.20%
Comerica CD		0.55%	07/22/15	07/22/13	1,016,576	1,016,576	100.00	1,016,576	387	0.55%
Comerica CD		0.55%	09/14/15	09/13/13	2,567,485	2,567,485	100.00	2,567,485	441	0.55%
FHLB Bond		1.65%	12/11/15	03/31/14	3,000,000	3,054,035	101.78	3,053,439	529	0.37%
Comerica CD		0.56%	01/04/16	01/03/14	3,006,957	3,006,957	100.00	3,006,957	553	0.56%
Comerica CD		0.56%	03/11/16	03/12/14	4,025,298	4,025,298	100.00	4,025,298	620	0.56%
Houston Comm College		0.62%	04/15/16	04/16/14	500,000	500,000	99.71	498,550	655	0.62%
Comerica CD		0.64%	05/23/16	05/22/14	1,500,815	1,500,815	100.00	1,500,815	693	0.64%
Southwest Bank CDARS		0.65%	06/16/16	06/18/14	1,500,321	1,500,321	100.00	1,500,321	717	0.65%
Comerica CD		0.78%	10/10/16	04/10/14	1,501,956	1,501,956	100.00	1,501,956	833	0.78%
FNMA Bond		1.38%	11/15/16	03/31/14	2,500,000	2,535,883	101.76	2,544,063	869	0.76%
Comerica CD		0.81%	11/22/16	05/22/14	1,501,032	1,501,032	100.00	1,501,032	876	0.81%
Treasury Note		0.75%	03/15/17	03/31/14	1,500,000	1,494,849	99.97	1,499,532	989	0.88%
					\$ 64,882,601	\$ 64,967,367		\$ 64,978,184	277	0.39%

(1) **Weighted average life** - For purposes of calculating weighted average life, bank accounts, pools and money market funds are assumed to have an one day maturity.

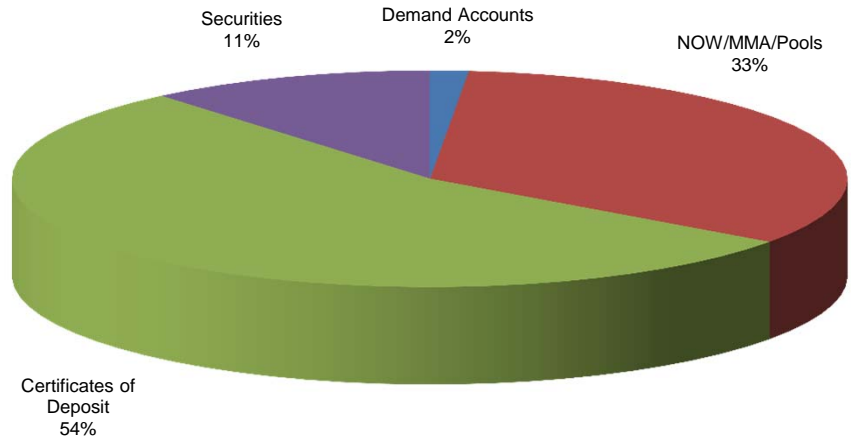
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank accounts, pools, and money market funds.

(3) **Earnings Credit Rate** - The City's DDA accrues earnings credit to offset service charges and fees. The current rate is 0.58%.

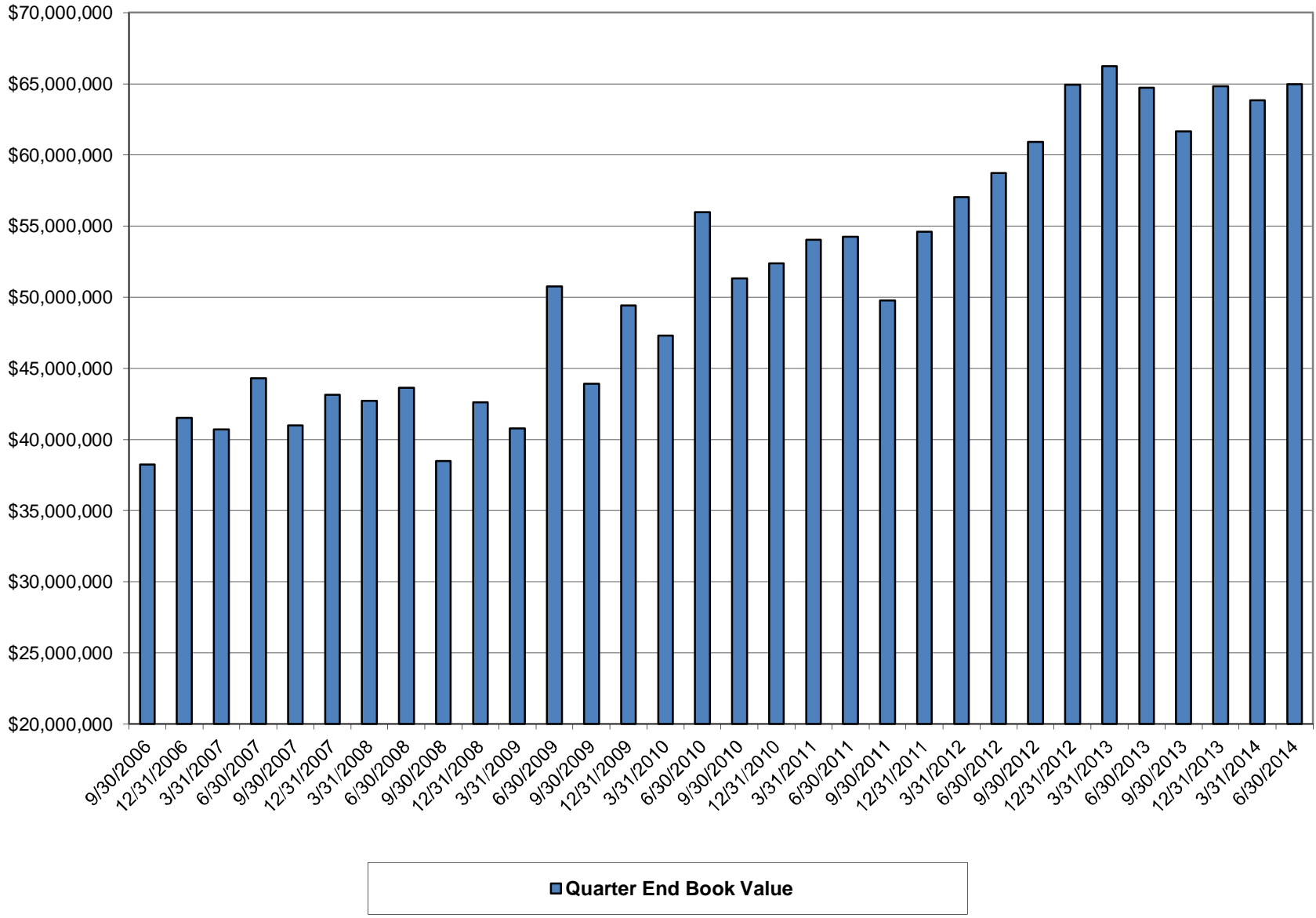
**Portfolio Composition
Current Quarter**



**Portfolio Composition
Previous Quarter**



Total Portfolio



Book Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2014				June 30, 2014	
			Face Amount/ Par Value		Purchases/ Adjustments	Sales/Adjust/ Call/Maturity	Face Amount/ Par Value	
			Par Value	Book Value			Par Value	Book Value
Frost DDA	0.00%	07/01/14	\$ 950,229	\$ 950,229	\$ -	\$ (376,785)	\$ 573,445	\$ 573,445
Southwest Bank DDA	0.50%	07/01/14			245,001		245,001	245,001
Southwest Bank ICS	0.25%	07/01/14			755,067		755,067	755,067
Comerica MMA0330	0.15%	07/01/14	6,120,541	6,120,541		(3,526,627)	2,593,914	2,593,914
SSB MMA 1332	0.18%	07/01/14	2,138,443	2,138,443	591,026		2,729,469	2,729,469
SSB MMA 7888	0.18%	07/01/14	2,543,650	2,543,650	5,265,286		7,808,936	7,808,936
TexPool	0.03%	07/01/14	2,728,253	2,728,253	4,889,906		7,618,159	7,618,159
LOGIC	0.11%	07/01/14	7,805,456	7,805,456		(4,762,243)	3,043,213	3,043,213
Comerica CD	0.70%	04/10/14	3,547,221	3,547,221		(3,547,221)		
Southside CD	0.51%	04/16/14	1,006,402	1,006,402		(1,006,402)		
Texas Security CD	0.35%	05/22/14	3,010,514	3,010,514		(3,010,514)		
Southside CD	0.17%	05/26/14	400,337	400,337		(400,337)		
Southside CD	0.64%	07/09/14	2,524,226	2,524,226	3,983		2,528,209	2,528,209
Southside CD	0.45%	07/14/14	2,020,156	2,020,156	2,242		2,022,398	2,022,398
Southside CD	0.19%	07/25/14	400,377	400,377	192		400,569	400,569
Southside CD	0.20%	08/26/14	300,298	300,298	151		300,449	300,449
Comerica CD	0.36%	09/24/14	2,007,212	2,007,212	1,822		2,009,034	2,009,034
Southside CD	0.25%	10/07/14	503,298	503,298	310		503,609	503,609
Comerica CD	0.58%	10/22/14	2,051,353	2,051,353	3,000		2,054,353	2,054,353
Southside CD	0.21%	10/24/14	400,417	400,417	212		400,629	400,629
Southside CD	0.35%	12/12/14	503,788	503,788	444		504,232	504,232
FHLB Bond	1.65%	02/11/15	3,000,000	3,063,330		(9,295)	3,000,000	3,054,035
Comerica CD	0.55%	03/23/15	2,513,785	2,513,785	3,486		2,517,271	2,517,271
Comerica CD	0.54%	04/22/15	2,009,905	2,009,905	2,737		2,012,642	2,012,642
Comerica CD	0.20%	05/01/15	141,492	141,492	71		141,563	141,563
Comerica CD	0.55%	07/22/15	1,015,148	1,015,148	1,428		1,016,576	1,016,576
Comerica CD	0.55%	09/14/15	2,563,929	2,563,929	3,556		2,567,485	2,567,485
Comerica CD	0.56%	01/04/16	3,002,716	3,002,716	4,240		3,006,957	3,006,957
Comerica CD	0.56%	03/11/16	4,019,622	4,019,622	5,676		4,025,298	4,025,298
Houston Comm College	0.62%	04/15/16			500,000		500,000	500,000
Comerica CD	0.64%	05/23/16			1,500,815		1,500,815	1,500,815
Southwest Bank CDARS	0.65%	06/16/16			1,500,321		1,500,321	1,500,321
Comerica CD	0.78%	10/10/16			1,501,956		1,501,956	1,501,956
FNMA Bond	1.38%	11/15/16	2,500,000	2,539,640		(3,758)	2,500,000	2,535,883
Comerica CD	0.81%	11/22/16			1,501,032		1,501,032	1,501,032
Treasury Note	0.75%	03/15/17	1,500,000	1,494,375	474		1,500,000	1,494,849
TOTAL			\$ 63,228,766	\$ 63,326,111	\$ 18,284,437	\$ (16,643,181)	\$ 64,882,601	\$ 64,967,367

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	March 31, 2014		Qtr to Qtr Change	June 30, 2014	
			Face Amount/ Par Value			Face Amount/ Par Value	
			Par Value	Market Value		Par Value	Market Value
Frost DDA	0.00%	07/01/14	\$ 950,229	\$ 950,229	\$ (376,785)	\$ 573,445	\$ 573,445
Southwest Bank DDA	0.50%	07/01/14			245,001	245,001	245,001
Southwest Bank ICS	0.25%	07/01/14			755,067	755,067	755,067
Comerica MMA0330	0.15%	07/01/14	6,120,541	6,120,541	(3,526,627)	2,593,914	2,593,914
SSB MMA 1332	0.18%	07/01/14	2,138,443	2,138,443	591,026	2,729,469	2,729,469
SSB MMA 7888	0.18%	07/01/14	2,543,650	2,543,650	5,265,286	7,808,936	7,808,936
TexPool	0.03%	07/01/14	2,728,253	2,728,253	4,889,906	7,618,159	7,618,159
LOGIC	0.11%	07/01/14	7,805,456	7,805,456	(4,762,243)	3,043,213	3,043,213
Comerica CD	0.70%	04/10/14	3,547,221	3,547,221	(3,547,221)		
Southside CD	0.51%	04/16/14	1,006,402	1,006,402	(1,006,402)		
Texas Security CD	0.35%	05/22/14	3,010,514	3,010,514	(3,010,514)		
Southside CD	0.17%	05/26/14	400,337	400,337	(400,337)		
Southside CD	0.64%	07/09/14	2,524,226	2,524,226	3,983	2,528,209	2,528,209
Southside CD	0.45%	07/14/14	2,020,156	2,020,156	2,242	2,022,398	2,022,398
Southside CD	0.19%	07/25/14	400,377	400,377	192	400,569	400,569
Southside CD	0.20%	08/26/14	300,298	300,298	151	300,449	300,449
Comerica CD	0.36%	09/24/14	2,007,212	2,007,212	1,822	2,009,034	2,009,034
Southside CD	0.25%	10/07/14	503,298	503,298	310	503,609	503,609
Comerica CD	0.58%	10/22/14	2,051,353	2,051,353	3,000	2,054,353	2,054,353
Southside CD	0.21%	10/24/14	400,417	400,417	212	400,629	400,629
Southside CD	0.35%	12/12/14	503,788	503,788	444	504,232	504,232
FHLB Bond	1.65%	02/11/15	2,513,785	2,513,785	3,486	2,517,271	2,517,271
Comerica CD	0.55%	03/23/15	2,009,905	2,009,905	2,737	2,012,642	2,012,642
Comerica CD	0.54%	04/22/15	141,492	141,492	71	141,563	141,563
Comerica CD	0.20%	05/01/15	1,015,148	1,015,148	1,428	1,016,576	1,016,576
Comerica CD	0.55%	07/22/15	2,563,929	2,563,929	3,556	2,567,485	2,567,485
Comerica CD	0.55%	09/14/15	3,000,000	3,063,330	(9,891)	3,000,000	3,053,439
Comerica CD	0.56%	01/04/16	3,002,716	3,002,716	4,240	3,006,957	3,006,957
Comerica CD	0.56%	03/11/16	4,019,622	4,019,622	5,676	4,025,298	4,025,298
Houston Comm College	0.62%	04/15/16			498,550	500,000	498,550
Comerica CD	0.64%	05/23/16			1,500,815	1,500,815	1,500,815
Southwest Bank CDARS	0.65%	06/16/16			1,500,321	1,500,321	1,500,321
Comerica CD	0.78%	10/10/16			1,501,956	1,501,956	1,501,956
FNMA Bond	1.38%	11/15/16	2,500,000	2,539,640	4,422	2,500,000	2,544,063
Comerica CD	0.81%	11/22/16			1,501,032	1,501,032	1,501,032
Treasury Note	0.75%	03/15/17	1,500,000	1,494,375	5,157	1,500,000	1,499,532
TOTAL			\$ 63,228,766	\$ 63,326,111	\$ 1,652,073	\$ 64,882,601	\$ 64,978,184

Allocation
June 30, 2014

Book Value	Investment Total	Consolidated	CCPD	Non-Profit Trust	2012 TWDB CO's	Unreimbursed Medical
Frost DDA	\$ 573,445	\$ 549,046	\$ -	\$ 921	\$ -	\$ 23,477
Southwest Bank DDA	245,001	245,001				
Southwest Bank ICS	755,067	755,067				
Comerica MMA 0330	2,593,914	2,593,914				
SSB MMA 1332	2,729,469		2,729,469			
SSB MMA 7888	7,808,936	7,808,936				
TexPool	7,618,159	3,687,757	3,531,067	399,335		
LOGIC	3,043,213	1,149,999			1,893,214	
07/09/14	2,528,209	2,528,209				
07/14/14	2,022,398	2,022,398				
07/25/14	400,569				400,569	
08/26/14	300,449				300,449	
09/24/14	2,009,034	2,009,034				
10/07/14	503,609				503,609	
10/22/14	2,054,353	2,054,353				
10/24/14	400,629				400,629	
12/12/14	504,232				504,232	
03/23/15	2,517,271	2,517,271				
04/22/15	2,012,642	2,012,642				
05/01/15	141,563				141,563	
07/22/15	1,016,576	1,016,576				
09/14/15	2,567,485	2,567,485				
12/11/15	3,054,035	3,054,035				
01/04/16	3,006,957	3,006,957				
03/11/16	4,025,298	4,025,298				
04/15/16	500,000	500,000				
05/23/16	1,500,815	1,500,815				
06/16/16	1,500,321	1,500,321				
10/10/16	1,501,956	1,501,956				
11/15/16	2,535,883	2,535,883				
11/22/16	1,501,032	1,501,032				
03/15/17	1,494,849	1,494,849				
Totals	\$ 64,967,367	\$ 54,138,834	\$ 6,260,536	\$ 400,256	\$ 4,144,265	\$ 23,477

Allocation
June 30, 2014

Market Value	Investment Total	Consolidated	CCPD	Non-Profit Trust	2012 TWDB CO's	Unreimbursed Medical
Frost DDA	\$ 573,445	\$ 549,046	\$ -	\$ 921	\$ -	\$ 23,477
Southwest Bank DDA	245,001	245,001				
Southwest Bank ICS	755,067	755,067				
Comerica MMA 0330	2,593,914	2,593,914				
SSB MMA 1332	2,729,469		2,729,469			
SSB MMA 7888	7,808,936	7,808,936				
TexPool	7,618,159	3,687,757	3,531,067	399,335		
LOGIC	3,043,213	1,149,999			1,893,214	
07/09/14	2,528,209	2,528,209				
07/14/14	2,022,398	2,022,398				
07/25/14	400,569				400,569	
08/26/14	300,449				300,449	
09/24/14	2,009,034	2,009,034				
10/07/14	503,609				503,609	
10/22/14	2,054,353	2,054,353				
10/24/14	400,629				400,629	
12/12/14	504,232				504,232	
03/23/15	2,517,271	2,517,271				
04/22/15	2,012,642	2,012,642				
05/01/15	141,563				141,563	
07/22/15	1,016,576	1,016,576				
09/14/15	2,567,485	2,567,485				
12/11/15	3,053,439	3,053,439				
01/04/16	3,006,957	3,006,957				
03/11/16	4,025,298	4,025,298				
04/15/16	498,550	498,550				
05/23/16	1,500,815	1,500,815				
06/16/16	1,500,321	1,500,321				
10/10/16	1,501,956	1,501,956				
11/15/16	2,544,063	2,544,063				
11/22/16	1,501,032	1,501,032				
03/15/17	1,499,532	1,499,532				
Totals	64,978,184	54,149,650	6,260,536	400,256	4,144,265	23,477

Allocation
March 31, 2014

Book Value	Investment Total	Consolidated	CCPD	Non-Profit Trust	2012 TWDB CO's	Unreimbursed Medical
Frost DDA	\$ 950,229	\$ 939,173	\$ -	\$ 688	\$ -	\$ 10,369
TexPool	6,120,541	5,340,955	756,492	23,094		
LOGIC	2,138,443	1,149,721			988,721	
Comerica MMA 0330	2,543,650	2,543,650				
SSB MMA 1332	2,728,253		2,728,253			
SSB MMA 7888	7,805,456	7,805,456				
04/10/14	3,547,221	3,547,221				
04/16/14	1,006,402	1,006,402				
05/22/14	3,010,514		3,010,514			
05/26/14	400,337				400,337	
07/09/14	2,524,226	2,524,226				
07/14/14	2,020,156	2,020,156				
07/25/14	400,377				400,377	
08/26/14	300,298				300,298	
09/24/14	2,007,212	2,007,212				
10/07/14	503,298				503,298	
10/22/14	2,051,353	2,051,353				
10/24/14	400,417				400,417	
11/13/14	503,445				503,445	
12/12/14	503,788				503,788	
03/23/15	2,513,785	2,513,785				
04/22/15	2,009,905	2,009,905				
05/01/15	141,492				141,492	
07/22/15	1,015,148	1,015,148				
09/14/15	2,563,929	2,563,929				
12/11/15	3,063,330	3,063,330				
01/04/16	3,002,716	3,002,716				
11/15/16	2,539,640	2,539,640				
03/15/17	1,494,375	1,494,375				
Totals	\$ 59,809,934	\$ 49,138,352	\$ 6,495,259	\$ 23,782	\$ 4,142,173	\$ 10,369

Allocation
March 31, 2014

Market Value	Investment Total	Consolidated	CCPD	Non-Profit Trust	2012 TWDB CO's	Unreimbursed Medical
Frost DDA	\$ 950,229	\$ 939,173	\$ -	\$ 688	\$ -	\$ 10,369
TexPool	6,120,541	5,340,955	756,492	23,094		
LOGIC	2,138,443	1,149,721			988,721	
Comerica MMA 0330	2,543,650	2,543,650				
SSB MMA 1332	2,728,253		2,728,253			
SSB MMA 7888	7,805,456	7,805,456				
04/10/14	3,547,221	3,547,221				
04/16/14	1,006,402	1,006,402				
05/22/14	3,010,514		3,010,514			
05/26/14	400,337				400,337	
07/09/14	2,524,226	2,524,226				
07/14/14	2,020,156	2,020,156				
07/25/14	400,377				400,377	
08/26/14	300,298				300,298	
09/24/14	2,007,212	2,007,212				
10/07/14	503,298				503,298	
10/22/14	2,051,353	2,051,353				
10/24/14	400,417				400,417	
11/13/14	503,445				503,445	
12/12/14	503,788				503,788	
03/23/15	2,513,785	2,513,785				
04/22/15	2,009,905	2,009,905				
05/01/15	141,492				141,492	
07/22/15	1,015,148	1,015,148				
09/14/15	2,563,929	2,563,929				
12/11/15	3,063,330	3,063,330				
01/04/16	3,002,716	3,002,716				
11/15/16	2,539,640	2,539,640				
03/15/17	1,494,375	1,494,375				
Totals	59,809,934	\$ 49,138,352	\$ 6,495,259	\$ 23,782	\$ 4,142,173	\$ 10,369

City of Keller Historical Yields

