




QUARTERLY INVESTMENT REPORT

For the Quarter Ended


December 31, 2014

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

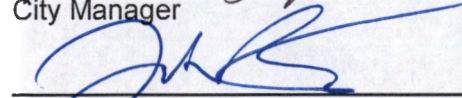
The investment portfolio of the City of Keller is in compliance with the Public Funds Investment Act and the Investment Policy and Strategies.



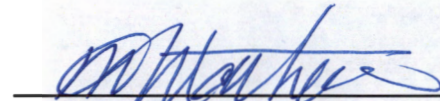
Acting Finance Director - Investment Officer



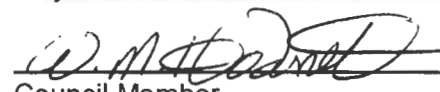
City Manager



Director of Administrative Services



Mayor



Council Member

Council Member

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.



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Acting Finance Director - Investment Officer

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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.

Quarter End Results by Investment Category:

<u>Asset Type</u>	<u>Ave. Yield</u>	<u>December 31, 2014</u>		<u>September 30, 2014</u>	
		<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
Demand Accounts	0.12%	\$ 1,012,142	\$ 1,012,142	\$ 1,209,483	\$ 1,209,483
NOW/MMA/Pools	0.12%	31,846,521	31,846,521	22,509,149	22,509,149
Certificates of Deposit	0.63%	28,329,139	28,329,139	28,791,255	28,791,255
Securities	0.54%	8,665,944	8,670,796	8,680,089	8,683,763
Totals		\$ 69,853,745	\$ 69,858,597	\$ 61,189,976	\$ 61,193,650

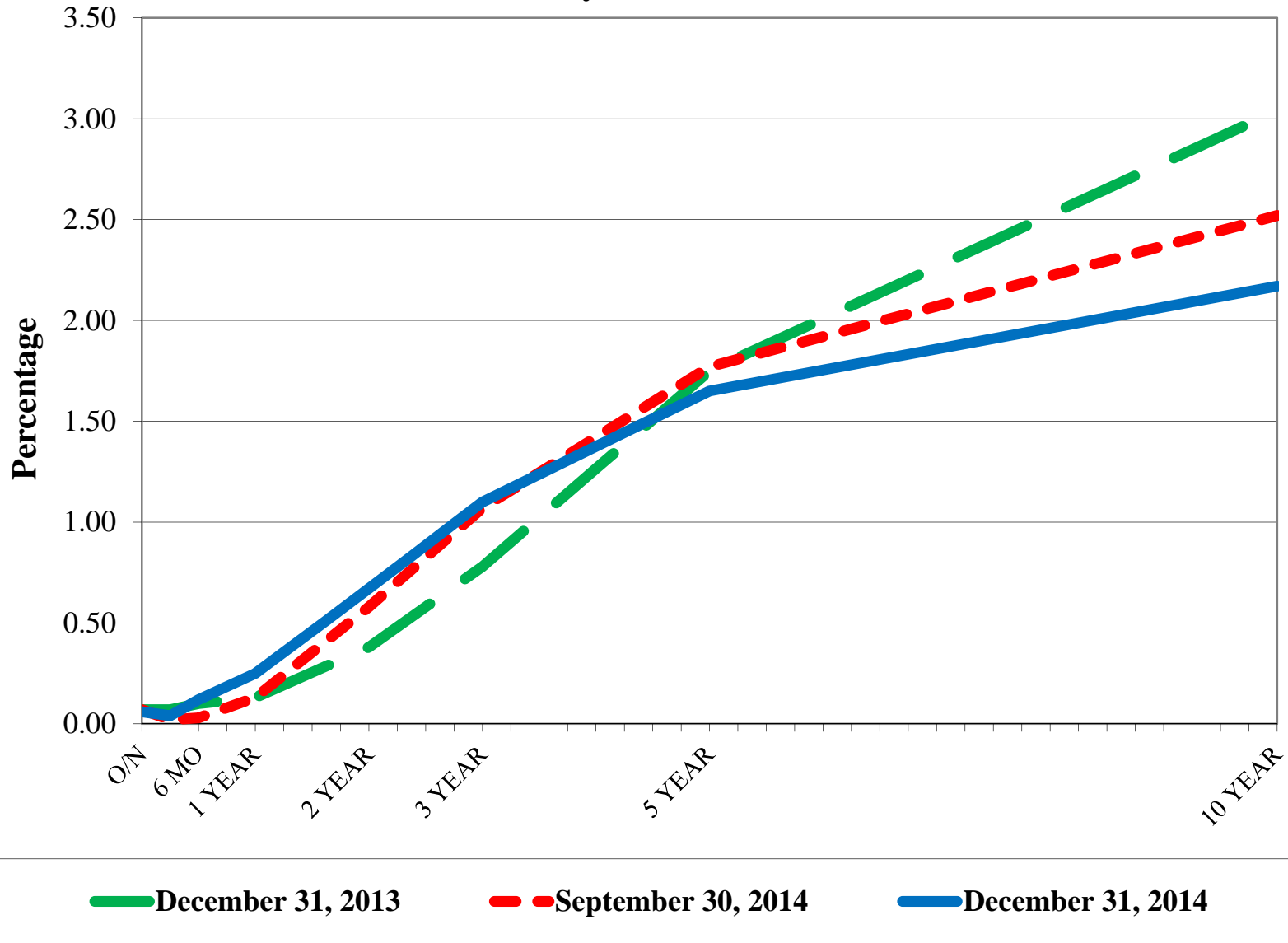
Average Yield (1)		Fiscal Year-to-Date Average Yield (2)	
Total Portfolio	0.38%	Total Portfolio	0.38%
Rolling Three Mo. Treas. Yield	0.02%	Rolling Three Mo. Treas. Yield	0.02%
Rolling Six Mo. Treas. Yield	0.07%	Rolling Six Mo. Treas. Yield	0.07%
		Quarterly TexPool Yield	0.04%

Quarterly Interest Income \$ 65,173 Approximate
 Year-to-date Interest Income \$ 65,173 Approximate

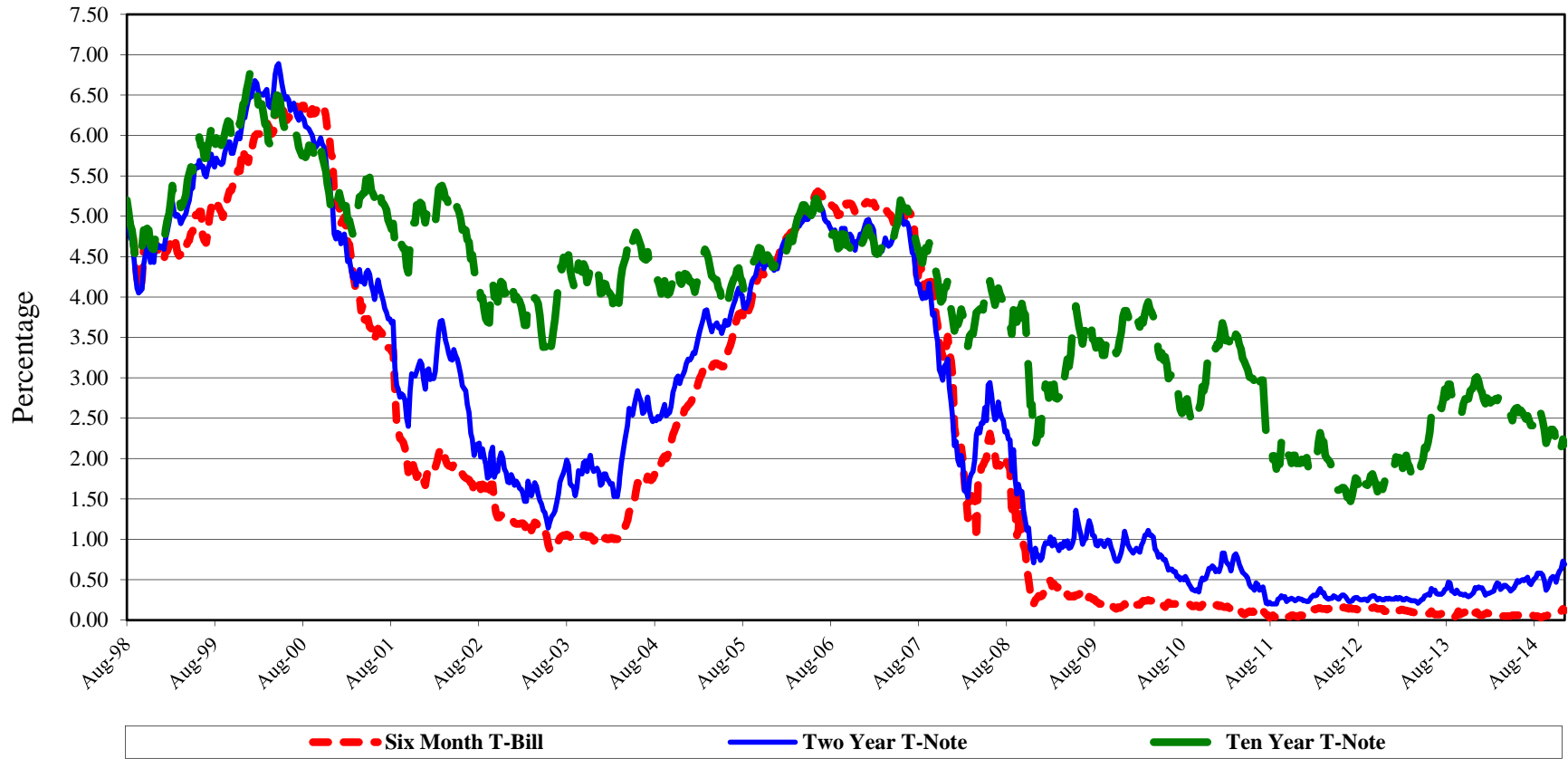
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(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

December 31, 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%	01/01/15	12/31/14	\$ 766,456	\$ 766,456	1.00	\$ 766,456	1	0.00%
Southwest Bank DDA		0.50%	01/01/15	12/31/14	245,686	245,686	1.00	245,686	1	0.50%
Southwest Bank ICS		0.25%	01/01/15	12/31/14	1,757,225	1,757,225	1.00	1,757,225	1	0.25%
Comerica MMA 0330		0.20%	01/01/15	12/31/14	2,596,390	2,596,390	1.00	2,596,390	1	0.20%
SSB MMA 1332		0.19%	01/01/15	12/31/14	2,731,981	2,731,981	1.00	2,731,981	1	0.19%
SSB MMA 7888		0.19%	01/01/15	12/31/14	7,816,123	7,816,123	1.00	7,816,123	1	0.19%
TexPool	AAAm	0.04%	01/01/15	12/31/14	12,693,630	12,693,630	1.00	12,693,630	1	0.04%
LOGIC	AAAm	0.10%	01/01/15	12/31/14	4,251,172	4,251,172	1.00	4,251,172	1	0.10%
Comerica CD		0.55%	03/23/15	03/22/13	2,524,221	2,524,221	100.00	2,524,221	82	0.55%
Comerica CD		0.54%	04/22/15	04/22/13	2,018,097	2,018,097	100.00	2,018,097	112	0.54%
Comerica CD		0.20%	05/01/15	11/01/13	141,705	141,705	100.00	141,705	121	0.20%
Comerica CD		0.25%	07/03/15	10/07/14	504,230	504,230	100.00	504,230	184	0.25%
Comerica CD		0.55%	07/22/15	07/22/13	1,019,421	1,019,421	100.00	1,019,421	203	0.55%
Comerica CD		0.55%	09/14/15	09/13/13	2,574,573	2,574,573	100.00	2,574,573	257	0.55%
BankTexas CDARS		0.60%	09/24/15	09/25/14	2,003,224	2,003,224	100.00	2,003,224	267	0.60%
FHLB Bond	AA+	1.63%	12/11/15	03/31/14	3,000,000	3,035,240	101.23	3,036,990	345	0.37%
Comerica CD		0.56%	01/04/16	01/03/14	3,015,409	3,015,409	100.00	3,015,409	369	0.56%
Travis County TX	Aaa	0.35%	03/01/16	08/07/14	1,100,000	1,106,611	100.29	1,103,201	426	0.35%
Comerica CD		0.56%	03/11/16	03/12/14	4,036,613	4,036,613	100.00	4,036,613	436	0.56%
Houston Comm College	Aa2	0.62%	04/15/16	04/16/14	500,000	500,000	99.62	498,075	471	0.62%
Comerica CD		0.64%	05/23/16	05/22/14	1,505,638	1,505,638	100.00	1,505,638	509	0.64%
Southwest Bank CDARS		0.65%	06/16/16	06/18/14	1,505,245	1,505,245	100.00	1,505,245	533	0.65%
Southside CD		0.25%	07/24/16	10/24/14	400,905	400,905	100.00	400,905	571	0.25%
BankTexas CDARS		0.75%	09/22/16	09/25/14	1,758,538	1,758,538	100.00	1,758,538	631	0.75%
BankTexas CD		0.75%	09/25/16	09/25/14	245,458	245,458	100.00	245,458	634	0.75%
Comerica CD		0.78%	10/10/16	04/10/14	1,507,839	1,507,839	100.00	1,507,839	649	0.78%
Comerica CD		0.74%	10/24/16	10/22/14	2,060,885	2,060,885	100.00	2,060,885	663	0.74%
FNMA Bond	AA+	1.38%	11/15/16	03/31/14	2,500,000	2,528,285	101.35	2,533,700	685	0.76%
Comerica CD		0.81%	11/22/16	05/22/14	1,507,138	1,507,138	100.00	1,507,138	692	0.81%
Treasury Note	AA+	0.75%	03/15/17	03/31/14	1,500,000	1,495,807	99.92	1,498,830	805	0.88%
					\$ 69,787,801	\$ 69,853,745		\$ 69,858,597	229	0.38%

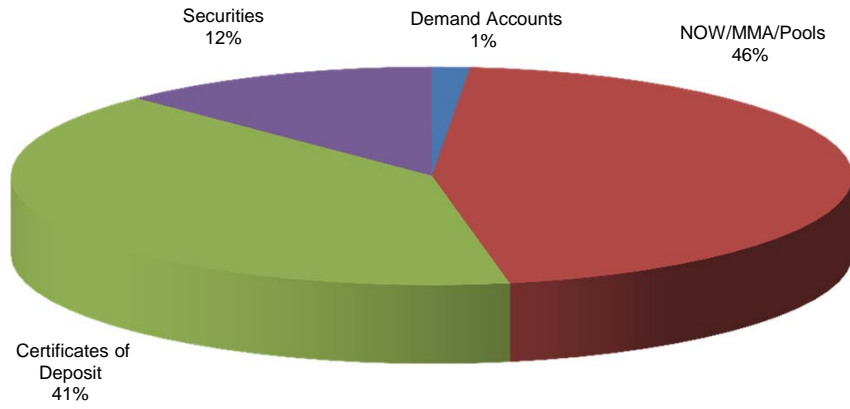
(1) (2)

(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.

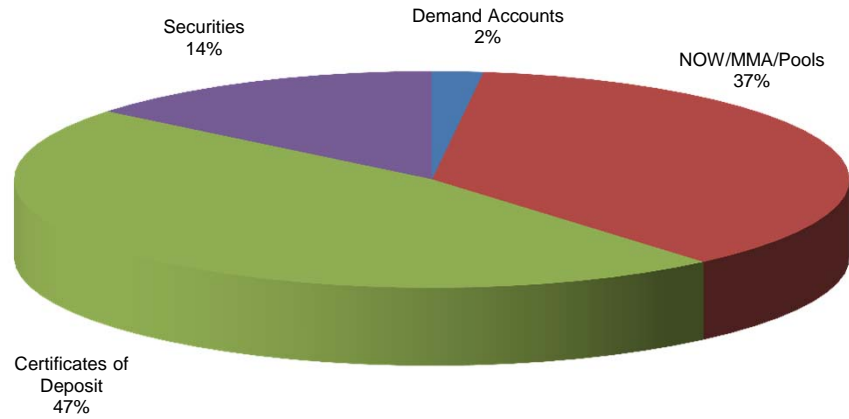
(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for bank accounts, pools, and money market funds.

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

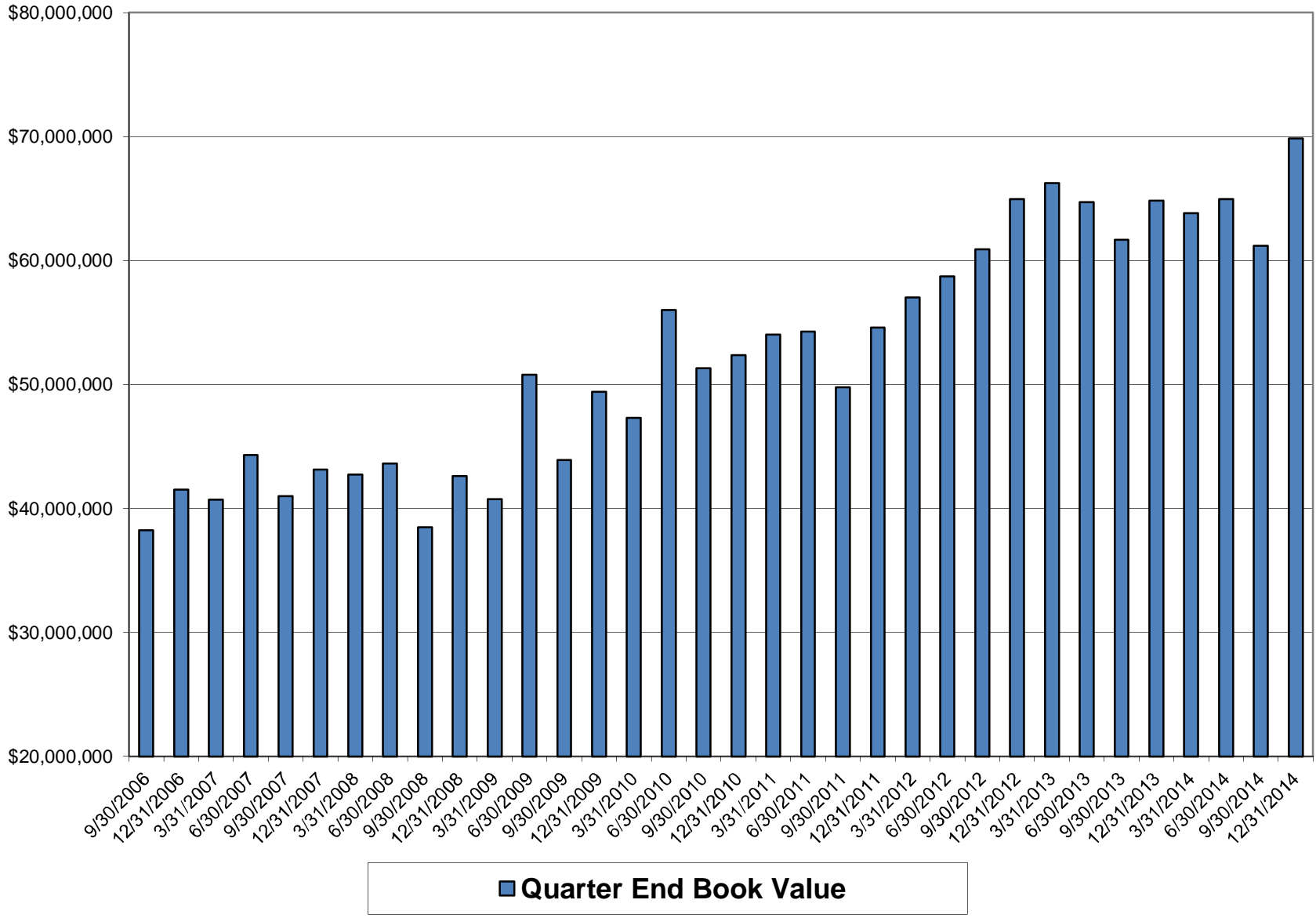
**Portfolio Composition
Current Quarter**



**Portfolio Composition
Previous Quarter**



Total Portfolio



Book Value Comparison

Description	Coupon/ Discount	Maturity Date	September 30, 2014			December 31, 2014		
			Face Amount/ Par Value	Book Value	Purchases/ Adjustments	Sales/Adjust/ Call/Maturity	Face Amount/ Par Value	Book Value
Frost DDA	0.00%	01/01/15	\$ 964,106	\$ 964,106	\$	\$ (197,650)	\$ 766,456	\$ 766,456
Southwest Bank DDA	0.50%	01/01/15	245,377	245,377	309		245,686	245,686
Southwest Bank ICS	0.25%	01/01/15	1,756,118	1,756,118	1,107		1,757,225	1,757,225
Comerica MMA 0330	0.20%	01/01/15	2,595,081	2,595,081	1,308		2,596,390	2,596,390
SSB MMA 1332	0.19%	01/01/15	2,730,730	2,730,730	1,251		2,731,981	2,731,981
SSB MMA 7888	0.19%	01/01/15	7,812,543	7,812,543	3,579		7,816,123	7,816,123
TexPool	0.04%	01/01/15	3,869,501	3,869,501	8,824,129		12,693,630	12,693,630
LOGIC	0.10%	01/01/15	3,745,175	3,745,175	505,997		4,251,172	4,251,172
Southside CD	0.25%	10/07/14	503,923	503,923		(503,923)		
Comerica CD	0.58%	10/22/14	2,057,358	2,057,358		(2,057,358)		
Southside CD	0.21%	10/24/14	400,841	400,841		(400,841)		
Southside CD	0.35%	12/12/14	504,677	504,677		(504,677)		
Comerica CD	0.55%	03/23/15	2,520,762	2,520,762	3,458		2,524,221	2,524,221
Comerica CD	0.54%	04/22/15	2,015,383	2,015,383	2,715		2,018,097	2,018,097
Comerica CD	0.20%	05/01/15	141,634	141,634	71		141,705	141,705
Comerica CD	0.25%	07/03/15			504,230		504,230	504,230
Comerica CD	0.55%	07/22/15	1,018,005	1,018,005	1,416		1,019,421	1,019,421
Comerica CD	0.55%	09/14/15	2,571,046	2,571,046	3,527		2,574,573	2,574,573
BankTexas CDARS	0.60%	09/24/15	2,000,197	2,000,197	3,027		2,003,224	2,003,224
FHLB Bond	1.63%	12/11/15	3,000,000	3,044,637		(9,397)	3,000,000	3,035,240
Comerica CD	0.56%	01/04/16	3,011,203	3,011,203	4,206		3,015,409	3,015,409
Travis County TX	0.35%	03/01/16	1,100,000	1,108,039		(1,428)	1,100,000	1,106,611
Comerica CD	0.56%	03/11/16	4,030,983	4,030,983	5,631		4,036,613	4,036,613
Houston Comm College	0.62%	04/15/16	500,000	500,000			500,000	500,000
Comerica CD	0.64%	05/23/16	1,503,238	1,503,238	2,400		1,505,638	1,505,638
Southwest Bank CDARS	0.65%	06/16/16	1,502,781	1,502,781	2,464		1,505,245	1,505,245
Southside CD	0.25%	07/24/16			400,905		400,905	400,905
BankTexas CDARS	0.75%	09/22/16	1,755,216	1,755,216	3,321		1,758,538	1,758,538
BankTexas CD	0.75%	09/25/16	245,000	245,000	458		245,458	245,458
Comerica CD	0.78%	10/10/16	1,504,911	1,504,911	2,928		1,507,839	1,507,839
Comerica CD	0.74%	10/24/16			2,060,885		2,060,885	2,060,885
FNMA Bond	1.38%	11/15/16	2,500,000	2,532,084		(3,799)	2,500,000	2,528,285
Comerica CD	0.81%	11/22/16	1,504,099	1,504,099	3,040		1,507,138	1,507,138
Treasury Note	0.75%	03/15/17	1,500,000	1,495,328	479		1,500,000	1,495,807
TOTAL			\$ 61,109,887	\$ 61,189,976	\$ 12,342,842	\$ (3,679,073)	\$ 69,787,801	\$ 69,853,745

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	September 30, 2014		Qtr to Qtr Change	December 31, 2014	
			Face Amount/ Par Value	Market Value		Face Amount/ Par Value	Market Value
Frost DDA	0.00%	01/01/15	\$ 964,106	\$ 964,106	\$ (197,650)	\$ 766,456	\$ 766,456
Southwest Bank DDA	0.50%	01/01/15	245,377	245,377	309	245,686	245,686
Southwest Bank ICS	0.25%	01/01/15	1,756,118	1,756,118	1,107	1,757,225	1,757,225
Comerica MMA 0330	0.20%	01/01/15	2,595,081	2,595,081	1,308	2,596,390	2,596,390
SSB MMA 1332	0.19%	01/01/15	2,730,730	2,730,730	1,251	2,731,981	2,731,981
SSB MMA 7888	0.19%	01/01/15	7,812,543	7,812,543	3,579	7,816,123	7,816,123
TexPool	0.04%	01/01/15	3,869,501	3,869,501	8,824,129	12,693,630	12,693,630
LOGIC	0.10%	01/01/15	3,745,175	3,745,175	505,997	4,251,172	4,251,172
Southside CD	0.25%	10/07/14	503,923	503,923	(503,923)		
Comerica CD	0.58%	10/22/14	2,057,358	2,057,358	(2,057,358)		
Southside CD	0.21%	10/24/14	400,841	400,841	(400,841)		
Southside CD	0.35%	12/12/14	504,677	504,677	(504,677)		
Comerica CD	0.55%	03/23/15	2,520,762	2,520,762	3,458	2,524,221	2,524,221
Comerica CD	0.54%	04/22/15	2,015,383	2,015,383	2,715	2,018,097	2,018,097
Comerica CD	0.20%	05/01/15	141,634	141,634	71	141,705	141,705
Comerica CD	0.25%	07/03/15			504,230	504,230	504,230
Comerica CD	0.55%	07/22/15	1,018,005	1,018,005	1,416	1,019,421	1,019,421
Comerica CD	0.55%	09/14/15	2,571,046	2,571,046	3,527	2,574,573	2,574,573
BankTexas CDARS	0.60%	09/24/15	2,000,197	2,000,197	3,027	2,003,224	2,003,224
FHLB Bond	1.63%	12/11/15	3,000,000	3,048,075	(11,085)	3,000,000	3,036,990
Comerica CD	0.56%	01/04/16	3,011,203	3,011,203	4,206	3,015,409	3,015,409
Travis County TX	0.35%	03/01/16	1,100,000	1,106,237	(3,036)	1,100,000	1,103,201
Comerica CD	0.56%	03/11/16	4,030,983	4,030,983	5,631	4,036,613	4,036,613
Houston Comm College	0.62%	04/15/16	500,000	498,830	(755)	500,000	498,075
Comerica CD	0.64%	05/23/16	1,503,238	1,503,238	2,400	1,505,638	1,505,638
Southwest Bank CDARS	0.65%	06/16/16	1,502,781	1,502,781	2,464	1,505,245	1,505,245
Southside CD	0.25%	07/24/16			400,905	400,905	400,905
BankTexas CDARS	0.75%	09/22/16	1,755,216	1,755,216	3,321	1,758,538	1,758,538
BankTexas CD	0.75%	09/25/16	245,000	245,000	458	245,458	245,458
Comerica CD	0.78%	10/10/16	1,504,911	1,504,911	2,928	1,507,839	1,507,839
Comerica CD	0.74%	10/24/16			2,060,885	2,060,885	2,060,885
FNMA Bond	1.38%	11/15/16	2,500,000	2,533,200	501	2,500,000	2,533,700
Comerica CD	0.81%	11/22/16	1,504,099	1,504,099	3,040	1,507,138	1,507,138
Treasury Note	0.75%	03/15/17	1,500,000	1,497,422	1,409	1,500,000	1,498,830
TOTAL			\$ 61,109,887	\$ 61,193,650	\$ 8,664,947	\$ 69,787,801	\$ 69,858,597

Allocation
December 31, 2014

Book Value	Investment Total	Consolidated	CCPD	Non-Profit Trust	2012 TWDB CO's	Unreimbursed Medical
Frost DDA	\$ 766,456	\$ 739,588	\$ -	\$ 12,219	\$ -	\$ 14,649
Southwest Bank DDA	245,686	245,686				
Southwest Bank ICS	1,757,225	1,757,225				
Comerica MMA 0330	2,596,390	2,596,390				
SSB MMA 1332	2,731,981		2,731,981			
SSB MMA 7888	7,816,123	7,816,123				
TexPool	12,693,630	11,878,181	750,249	65,199		
LOGIC	4,251,172	1,150,525			3,100,647	
03/23/15	2,524,221	2,524,221				
04/22/15	2,018,097	2,018,097				
05/01/15	141,705				141,705	
07/03/15	504,230				504,230	
07/22/15	1,019,421	1,019,421				
09/14/15	2,574,573	2,574,573				
09/24/15	2,003,224	2,003,224				
12/11/15	3,035,240	3,035,240				
01/04/16	3,015,409	3,015,409				
03/01/16	1,106,611	1,106,611				
03/11/16	4,036,613	4,036,613				
04/15/16	500,000	500,000				
05/23/16	1,505,638	1,505,638				
06/16/16	1,505,245	1,505,245				
07/24/16	400,905				400,905	
09/22/16	1,758,538	1,758,538				
09/25/14	245,458	245,458				
10/10/16	1,507,839	1,507,839				
10/24/16	2,060,885	2,060,885				
11/15/16	2,528,285	2,528,285				
11/22/16	1,507,138	1,507,138				
03/15/17	1,495,807	1,495,807				
Totals	\$ 69,853,745	\$ 62,131,960	\$ 3,482,230	\$ 77,418	\$ 4,147,487	\$ 14,649

Allocation
December 31, 2014

Market Value	Investment Total	Consolidated	CCPD	Non-Profit Trust	2012 TWDB CO's	Unreimbursed Medical
Frost DDA	\$ 766,456	\$ 739,588	\$ -	\$ 12,219	\$ -	\$ 14,649
Southwest Bank DDA	245,686	245,686				
Southwest Bank ICS	1,757,225	1,757,225				
Comerica MMA 0330	2,596,390	2,596,390				
SSB MMA 1332	2,731,981		2,731,981			
SSB MMA 7888	7,816,123	7,816,123				
TexPool	12,693,630	11,878,181	750,249	65,199		
LOGIC	4,251,172	1,150,525			3,100,647	
03/23/15	2,524,221	2,524,221				
04/22/15	2,018,097	2,018,097				
05/01/15	141,705				141,705	
07/03/15	504,230				504,230	
07/22/15	1,019,421	1,019,421				
09/14/15	2,574,573	2,574,573				
09/24/15	2,003,224	2,003,224				
12/11/15	3,036,990	3,036,990				
01/04/16	3,015,409	3,015,409				
03/01/16	1,103,201	1,103,201				
03/11/16	4,036,613	4,036,613				
04/15/16	498,075	498,075				
05/23/16	1,505,638	1,505,638				
06/16/16	1,505,245	1,505,245				
07/24/16	400,905				400,905	
09/22/16	1,758,538	1,758,538				
09/25/14	245,458	245,458				
10/10/16	1,507,839	1,507,839				
10/24/16	2,060,885	2,060,885				
11/15/16	2,533,700	2,533,700				
11/22/16	1,507,138	1,507,138				
03/15/17	1,498,830	1,498,830				
Totals	\$ 69,858,597	\$ 62,136,812	\$ 3,482,230	\$ 77,418	\$ 4,147,487	\$ 14,649

Allocation

September 30, 2014

Book Value	Investment Total	Consolidated	CCPD	Non-Profit Trust	2012 TWDB CO's	Unreimbursed Medical
Frost DDA	\$ 964,106	\$ 926,152	\$ -	\$ 823	\$ -	\$ 37,131
Southwest Bank DDA	245,377	245,377				
Southwest Bank ICS	1,756,118	1,756,118				
Comerica MMA 0330	2,595,081	2,595,081				
SSB MMA 1332	2,730,730		2,730,730			
SSB MMA 7888	7,812,543	7,812,543				
TexPool	3,869,501	2,153,763	1,316,576	399,162		
LOGIC	3,745,175	1,150,261			2,594,914	
10/07/14	503,923				503,923	
10/22/14	2,057,358	2,057,358				
10/24/14	400,841				400,841	
12/12/14	504,677				504,677	
03/23/15	2,520,762	2,520,762				
04/22/15	2,015,383	2,015,383				
05/01/15	141,634				141,634	
07/22/15	1,018,005	1,018,005				
09/14/15	2,571,046	2,571,046				
09/24/15	2,000,197	2,000,197				
12/11/15	3,044,637	3,044,637				
01/04/16	3,011,203	3,011,203				
03/01/16	1,108,039	1,108,039				
03/11/16	4,030,983	4,030,983				
04/15/16	500,000	500,000				
05/23/16	1,503,238	1,503,238				
06/16/16	1,502,781	1,502,781				
09/22/16	1,755,216	1,755,216				
09/25/14	245,000	245,000				
10/10/16	1,504,911	1,504,911				
11/15/16	2,532,084	2,532,084				
11/22/16	1,504,099	1,504,099				
03/15/17	1,495,328	1,495,328				
Totals	\$ 61,189,976	\$ 52,559,565	\$ 4,047,306	\$ 399,985	\$ 4,145,988	\$ 37,131

Allocation
September 30, 2014

Market Value	Investment Total	Consolidated	CCPD	Non-Profit Trust	2012 TWDB CO's	Unreimbursed Medical
Frost DDA	\$ 964,106	\$ 926,152	\$ -	\$ 823	\$ -	\$ 37,131
Southwest Bank DDA	245,377	245,377				
Southwest Bank ICS	1,756,118	1,756,118				
Comerica MMA 0330	2,595,081	2,595,081				
SSB MMA 1332	2,730,730		2,730,730			
SSB MMA 7888	7,812,543	7,812,543				
TexPool	3,869,501	2,153,763	1,316,576	399,162		
LOGIC	3,745,175	1,150,261			2,594,914	
10/07/14	503,923				503,923	
10/22/14	2,057,358	2,057,358				
10/24/14	400,841				400,841	
12/12/14	504,677				504,677	
03/23/15	2,520,762	2,520,762				
04/22/15	2,015,383	2,015,383				
05/01/15	141,634				141,634	
07/22/15	1,018,005	1,018,005				
09/14/15	2,571,046	2,571,046				
09/24/15	2,000,197	2,000,197				
12/11/15	3,048,075	3,048,075				
01/04/16	3,011,203	3,011,203				
03/01/16	1,106,237	1,106,237				
03/11/16	4,030,983	4,030,983				
04/15/16	498,830	498,830				
05/23/16	1,503,238	1,503,238				
06/16/16	1,502,781	1,502,781				
09/22/16	1,755,216	1,755,216				
09/25/14	245,000	245,000				
10/10/16	1,504,911	1,504,911				
11/15/16	2,533,200	2,533,200				
11/22/16	1,504,099	1,504,099				
03/15/17	1,497,422	1,497,422				
Totals	\$ 61,193,651	\$ 52,563,240	\$ 4,047,306	\$ 399,985	\$ 4,145,988	\$ 37,131

City of Keller Historical Yields

