

# Memorandum



CITY OF DALLAS

DATE February 28, 2013

TO Honorable Members of the Budget, Finance & Audit Committee: Jerry Allen (Chair),  
Tennell Atkins (Vice Chair), Monica R. Alonzo, Scott Griggs, Ann Margolin

SUBJECT Quarterly Investment Report as of December 31, 2012

The City of Dallas' Investment Policy, in accordance with the Texas Public Funds Investment Act, requires that the City Council and City Manager receive quarterly investment reports. The purpose of this report is to provide a means for Council members, Council committee members and staff to regularly review and monitor the City's investment position and to demonstrate compliance with the City's Investment Policy and the Public Funds Investment Act. Summary reports on each of the City's portfolios are included as well as summary information on the portfolio as a whole.

For the quarter ended December 31, 2012 the City's individual portfolios and the combined portfolio are in compliance with the relevant provisions of the City's Investment Policy and the Public Funds Investment Act.

The agenda for the Monday, March 4, 2013 Budget, Finance and Audit committee meeting includes the December 31, 2012 Quarterly Investment Report. The executed report is attached.

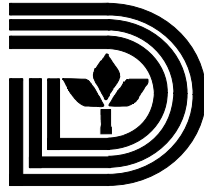
Please let me know if additional information is needed.

A handwritten signature in blue ink that reads "Jeanne Chipperfield".

Jeanne Chipperfield  
Chief Financial Officer

Attachment

C: Mary K. Suhm, City Manager  
Thomas P. Perkins, City Attorney  
Rosa Rios, City Secretary  
Craig Kinton, City Auditor  
A.C. Gonzalez, First Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Ryan S. Evans, Assistant City Manager  
Forest E. Turner, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Edward Scott, City Controller  
Stephanie Pegues-Cooper, Assistant to the Mayor



**CITY OF DALLAS**

**QUARTERLY INVESTMENT REPORT**

**December 31, 2012**

City of Dallas  
Portfolio Holdings  
Combined Investment Summary  
As of 12/31/2012

Portfolio Description	Face Amount	Book Value	Market Value	Accrued Interest	Market Value + Accrued Interest	*Unrealized Gain/(Loss)	Weighted Average Days To Maturity	Yield To Maturity	% of Portfolio
01 The City's Investment Pool	1,184,530,604	1,188,053,180	1,190,784,418	2,751,790	1,193,536,208	2,731,237	277	0.49%	94.17%
02 Convention Center Reserve	18,900,000	18,903,627	18,934,092	18,248	18,952,340	30,465	820	0.39%	1.50%
03 Water Reserve	37,000,000	37,065,353	37,235,667	32,194	37,267,861	170,314	728	0.65%	2.94%
04 Art Endowment	2,192,000	2,197,835	2,197,929	37,264	2,235,193	94	28	0.50%	0.17%
05 Ida Green Library Fund	1,000,000	998,876	1,001,758	354	1,002,112	2,882	331	0.50%	0.08%
10 DWU Commercial Paper Program	2,042,254	2,042,254	2,042,254	-	2,042,254	-	1	0.02%	0.16%
14 Trinity Parkway Escrow	455,029	455,029	455,029	-	455,029	-	1	0.00%	0.04%
16 Oncor Electric Escrow	54,588	54,588	54,588	-	54,588	-	1	0.01%	0.00%
17 GO Commercial Paper Program	11,858,936	11,858,936	11,858,936	-	11,858,936	-	1	0.04%	0.94%
<b>Total</b>	<b>1,258,033,411</b>	<b>1,261,629,678</b>	<b>1,264,564,672</b>	<b>2,839,851</b>	<b>1,267,404,522</b>	<b>2,934,993</b>	<b>295</b>	<b>0.49%</b>	<b>100.00%</b>

\*Unrealized gain/loss is the difference between the market value and book value and does not represent an actual gain or loss. Gains and losses are realized only when a security is sold prior to maturity. Since it is the City's practice to hold investments until they mature, the temporary gains and losses are unlikely to be realized.

**City of Dallas**  
**Trade Activity by Portfolio**  
**As of: 09/30/12 - 12/31/12**

Portfolio Description	Beginning Face Amount	Beginning Yield To Maturity	Purchased/Deposited	Matured/Called/Redeemed	Ending Face Amount	Ending Yield To Maturity
<b>City's Investment Pool*</b>						
Federal Agricultural Mortgage Corp.	103,000,000	0.66%	-	25,000,000	78,000,000	0.65%
Federal Farm Credit Bank	231,875,000	0.68%	-	41,875,000	190,000,000	0.69%
Federal Home Loan Bank	237,925,000	0.51%	-	11,925,000	226,000,000	0.50%
Federal Home Loan Mortgage Corp.	230,200,000	0.65%	-	35,000,000	195,200,000	0.63%
Federal National Mortgage Assoc.	149,240,000	0.73%	-	10,000,000	139,240,000	0.72%
<b>Total</b>	<b>952,240,000</b>	<b>0.64%</b>	<b>-</b>	<b>123,800,000</b>	<b>828,440,000</b>	<b>0.63%</b>
<i>*Trade activity excludes local government investment pools and money market mutual funds.</i>						
<b>Convention Center Reserve</b>						
Federal National Mortgage Assoc.	18,900,000	0.39%	-	-	18,900,000	0.39%
<b>Total</b>	<b>18,900,000</b>	<b>0.39%</b>	<b>-</b>	<b>-</b>	<b>18,900,000</b>	<b>0.39%</b>
<b>Water Reserve</b>						
Federal Home Loan Bank	19,000,000	1.14%	-	12,000,000	7,000,000	0.37%
Federal Home Loan Mortgage Corp.	20,000,000	0.54%	-	-	20,000,000	0.54%
Federal National Mortgage Assoc.	25,000,000	0.78%	-	15,000,000	10,000,000	1.05%
<b>Total</b>	<b>64,000,000</b>	<b>0.81%</b>	<b>-</b>	<b>27,000,000</b>	<b>37,000,000</b>	<b>0.64%</b>
<b>Art Endowment</b>						
Federal National Mortgage Assoc.	2,192,000	0.50%	-	-	2,192,000	0.50%
<b>Total</b>	<b>2,192,000</b>	<b>0.50%</b>	<b>-</b>	<b>-</b>	<b>2,192,000</b>	<b>0.50%</b>
<b>Ida Green Library Endowment</b>						
Federal Home Loan Bank	1,000,000	0.50%	-	-	1,000,000	0.50%
<b>Total</b>	<b>1,000,000</b>	<b>0.50%</b>	<b>-</b>	<b>-</b>	<b>1,000,000</b>	<b>0.50%</b>
<b>DWU Commercial Paper</b>						
Money Market	1,504,139	0.03%	1,054,155	516,040	2,042,254	0.02%
<b>Total</b>	<b>1,504,139</b>	<b>0.03%</b>	<b>1,054,155</b>	<b>516,040</b>	<b>2,042,254</b>	<b>0.02%</b>
<b>Trinity Parkway Escrow</b>						
Money Market	611,880	0.02%	50	156,901	455,029	0.00%
<b>Total</b>	<b>611,880</b>	<b>0.02%</b>	<b>50</b>	<b>156,901</b>	<b>455,029</b>	<b>0.00%</b>
<b>Oncor Electric Escrow</b>						
Money Market	1,625,014	0.00%	24	1,570,450	54,588	0.01%
<b>Total</b>	<b>1,625,014</b>	<b>0.00%</b>	<b>24</b>	<b>1,570,450</b>	<b>54,588</b>	<b>0.01%</b>
<b>GO Commercial Paper</b>						
Money Market	8,624,459	0.06%	9,884,130	6,649,652	11,858,936	0.04%
<b>Total</b>	<b>8,624,459</b>	<b>0.06%</b>	<b>9,884,130</b>	<b>6,649,652</b>	<b>11,858,936</b>	<b>0.04%</b>

City of Dallas  
Summary Statement by Portfolio  
As of: 09/30/12 - 12/31/12

Portfolio Description	Beginning Face Amount	Ending Face Amount	Beginning Book Value	Ending Book Value	Beginning Market Value	Ending Market Value	Deposits/Redemptions	Change in Market Value	Accrued Interest	Ending Yield To Maturity
<b>City's Investment Pool<sup>1</sup></b>										
Local Govt. Investment Pool	191,606,533	296,106,533	191,606,533	296,106,533	191,606,533	296,106,533	104,500,000	-	-	0.16%
Money Market	24,384,071	59,984,071	24,384,071	59,984,071	24,384,071	59,984,071	35,600,000	-	-	0.17%
US Agency	952,240,000	828,440,000	956,881,825	831,962,577	960,276,804	834,693,814	(123,800,000)	(1,782,990)	2,751,790	0.63%
<b>Total</b>	<b>1,168,230,604</b>	<b>1,184,530,604</b>	<b>1,172,872,429</b>	<b>1,188,053,180</b>	<b>1,176,267,408</b>	<b>1,190,784,418</b>	<b>16,300,000</b>	<b>(1,782,990)</b>	<b>2,751,790</b>	<b>0.49%</b>
<b>Convention Center Reserve<sup>2</sup></b>										
US Agency	18,900,000	18,900,000	18,904,041	18,903,627	18,919,559	18,934,092	-	14,533	18,248	0.39%
<b>Total</b>	<b>18,900,000</b>	<b>18,900,000</b>	<b>18,904,041</b>	<b>18,903,627</b>	<b>18,919,559</b>	<b>18,934,092</b>	<b>-</b>	<b>14,533</b>	<b>18,248</b>	<b>0.39%</b>
<b>Water Reserve<sup>2</sup></b>										
US Agency	64,000,000	37,000,000	64,083,229	37,065,353	64,291,478	37,235,667	(27,000,000)	(55,811)	32,194	0.64%
<b>Total</b>	<b>64,000,000</b>	<b>37,000,000</b>	<b>64,083,229</b>	<b>37,065,353</b>	<b>64,291,478</b>	<b>37,235,667</b>	<b>(27,000,000)</b>	<b>(55,811)</b>	<b>32,194</b>	<b>0.64%</b>
<b>Art Endowment<sup>3</sup></b>										
US Agency	2,192,000	2,192,000	2,217,007	2,197,835	2,218,392	2,197,929	-	(20,462)	37,264	0.50%
<b>Total</b>	<b>2,192,000</b>	<b>2,192,000</b>	<b>2,217,007</b>	<b>2,197,835</b>	<b>2,218,392</b>	<b>2,197,929</b>	<b>-</b>	<b>(20,462)</b>	<b>37,264</b>	<b>0.50%</b>
<b>Ida Green Library Endowment<sup>4</sup></b>										
US Agency	1,000,000	1,000,000	998,563	998,876	1,001,752	1,001,758	-	6	354	0.50%
<b>Total</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>998,563</b>	<b>998,876</b>	<b>1,001,752</b>	<b>1,001,758</b>	<b>-</b>	<b>6</b>	<b>354</b>	<b>0.50%</b>
<b>DWU Commercial Paper<sup>5</sup></b>										
Money Market	1,504,139	2,042,254	1,504,139	2,042,254	1,504,139	2,042,254	538,116	-	-	0.02%
<b>Total</b>	<b>1,504,139</b>	<b>2,042,254</b>	<b>1,504,139</b>	<b>2,042,254</b>	<b>1,504,139</b>	<b>2,042,254</b>	<b>538,116</b>	<b>-</b>	<b>-</b>	<b>0.02%</b>
<b>Trinity Parkway Escrow<sup>6</sup></b>										
Money Market	611,880	455,029	611,880	455,029	611,880	455,029	(156,851)	-	-	0.00%
<b>Total</b>	<b>611,880</b>	<b>455,029</b>	<b>611,880</b>	<b>455,029</b>	<b>611,880</b>	<b>455,029</b>	<b>(156,851)</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>
<b>Oncor Electric Escrow<sup>7</sup></b>										
Money Market	1,625,014	54,588	1,625,014	54,588	1,625,014	54,588	(1,570,426)	-	-	0.01%
<b>Total</b>	<b>1,625,014</b>	<b>54,588</b>	<b>1,625,014</b>	<b>54,588</b>	<b>1,625,014</b>	<b>54,588</b>	<b>(1,570,426)</b>	<b>-</b>	<b>-</b>	<b>0.01%</b>
<b>GO Commercial Paper<sup>8</sup></b>										
Money Market	8,624,459	11,858,936	8,624,459	11,858,936	8,624,459	11,858,936	3,234,477	-	-	0.04%
<b>Total</b>	<b>8,624,459</b>	<b>11,858,936</b>	<b>8,624,459</b>	<b>11,858,936</b>	<b>8,624,459</b>	<b>11,858,936</b>	<b>3,234,477</b>	<b>-</b>	<b>-</b>	<b>0.04%</b>

Notes 1-8: See Page 5 for Strategy Statement by Portfolio.

**City of Dallas**  
**Strategy Statement and Compliance by Portfolio**  
**As of: 09/30/12 - 12/31/12**

---

**STRATEGY COMPLIANCE STATEMENT**

For the quarter ended December 31, 2012 the portfolios are in compliance with the provisions of the Public Fund Investment Act and the investment strategy adopted in Sec. 17.0 of the City's Investment Policy.

---

**STRATEGY STATEMENT BY PORTFOLIO**

**1) City's Investment Pool**

The City's Investment Pool is an aggregation of the majority of City funds that includes tax receipts, enterprise fund revenues, fine and fee revenues, as well as some, but not all, bond proceeds, grants, gifts and endowments. This portfolio is maintained to meet anticipated daily cash needs for City of Dallas operations, capital projects and debt service. In order to ensure the ability of the City to meet obligations and to minimize potential liquidation losses, the dollar-weighted average stated maturity of the Investment Pool shall not exceed 1.5 years.

**2) Convention Center Reserve and Water Reserve**

Non-pooled reserve funds for outstanding revenue bonds (Convention Center and Water) are set at levels required by their respective bond ordinances. These funds will be used to pay principal and/or interest at final maturity or if called prior to final maturity.

**3) Art Endowment**

The Art Endowment Fund was created by the City from a \$1,285,026 repayment to the General Fund from the Convention Center. Pursuant to Resolution No. 84-311 dated September 26, 1984, this endowment fund was created to provide additional monies for the arts, not to replace the current level of support. Funds received as gifts to the City with instructions that the income generated by the investment of said funds be used for specified purposes are invested as separate non-pooled portfolios in order to maximize return.

**4) Ida Green Library Endowment**

The Ida M. Green Endowment Fund was created with the proceeds from the sale of stock from the estate of Ms. Green pursuant to Resolution No. 87-0836. Its purpose is to provide funds for the operating and capital expenses of the library's Texas Center for the Book and Children's Center. Funds received as gifts to the City with instructions that the income generated by the investment of said funds be used for specified purposes are invested as separate non-pooled portfolios in order to maximize return.

**5) DWU Commercial Paper Program**

Water Utilities issues tax-exempt commercial paper notes as an interim financing tool for construction projects. Proceeds from the issuance of commercial paper debt must be liquid in order to fund periodic payments to contractors and must be invested in tax-exempt securities in order to avoid costly and complex arbitrage rebate computations. In order to meet these requirements, commercial paper proceeds will be invested in tax-exempt money market mutual funds.

**6) Trinity Parkway Escrow**

The Trinity Parkway Escrow portfolio was created with the deposit of \$5,000,000 on November 16, 1999 in an escrow account in accordance with an agreement dated as of January 1, 1999 between the City and the North Texas Tollway Authority ("NTTA") pertaining to development of the Trinity Parkway. A subsequent deposit of \$4,500,000 was made in June 2009. These fund will be used to reimburse NTTA for specified payment related to project feasibility. Permitted investments for this account are defined in the Escrow Agreement as those that are consistent with the Public Funds Investment Act.

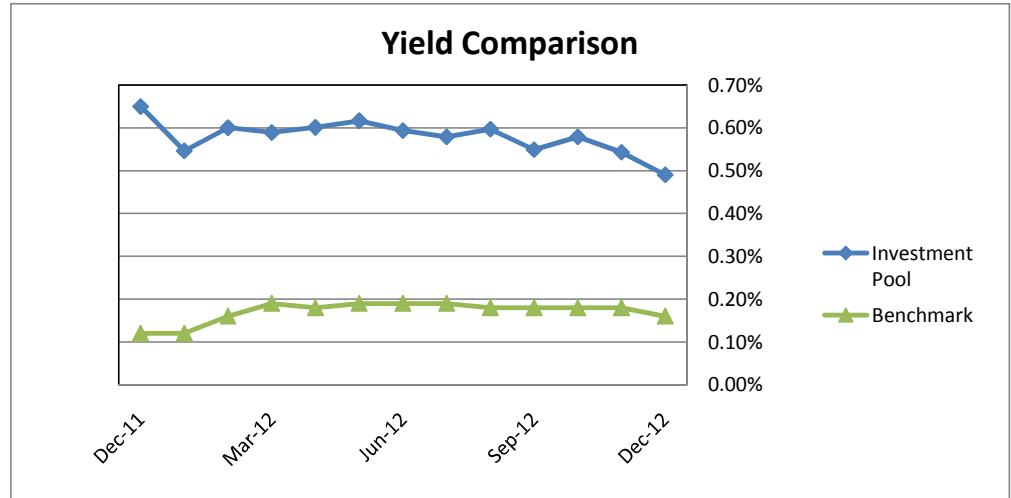
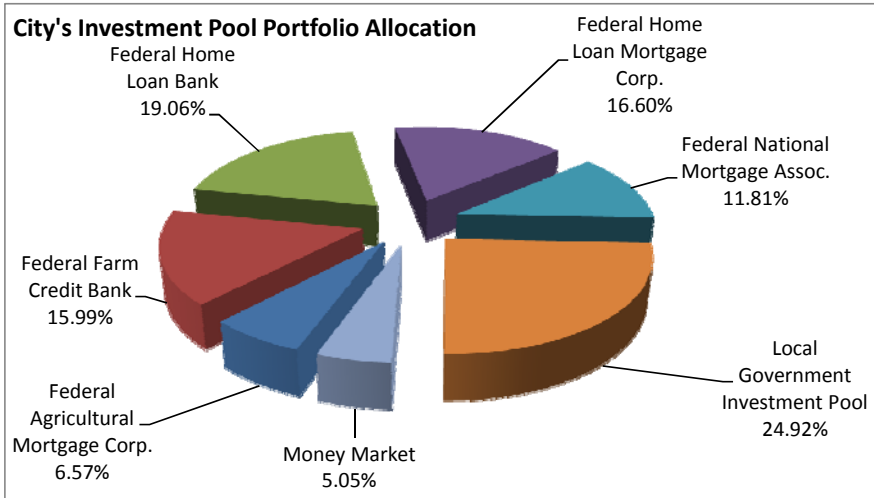
**7) Oncor Electric Escrow**

The Oncor Electric Escrow portfolio was created with the deposit of \$4,500,000 in December 2007 in an escrow account in accordance with an agreement dated as of July 13, 2007 between the City and the Oncor Electric Delivery Company LLC pertaining to the development of the West Levee to Norwood Transmission Line. These funds will be used to reimburse Oncor for specified payments related to project feasibility. Permitted investments for this account are defined in the Escrow Agreement as those that are consistent with the Public Funds Investment Act.

**8) GO Commercial Paper Program**

The City issues tax-exempt commercial paper notes as an interim financing tool for capital projects. Proceeds from the issuance of commercial paper debt must be liquid in order to fund periodic payments to contractors and must be invested in tax-exempt securities in order to avoid costly and complex arbitrage rebate computations. In order to meet these requirements, commercial paper proceeds will be invested in tax-exempt money market mutual funds.

**City of Dallas**  
**City's Investment Pool Portfolio Allocation**  
**Investment Summary**  
**As of 12/31/2012**



Description	Face Amount	Book Value	Market Value	*Unrealized Gain/(Loss)	Weighted Average Days To Maturity	Yield To Maturity	% of Portfolio
Federal Agricultural Mortgage Corp.	78,000,000	78,000,000	78,391,912	391,912	797	0.65%	6.57%
Federal Farm Credit Bank	190,000,000	190,002,310	190,738,945	736,635	331	0.69%	15.99%
Federal Home Loan Bank	226,000,000	226,399,823	227,022,668	622,845	356	0.50%	19.06%
Federal Home Loan Mortgage Corp.	195,200,000	197,214,427	197,805,970	591,543	373	0.63%	16.60%
Federal National Mortgage Assoc.	139,240,000	140,346,016	140,734,319	388,303	352	0.72%	11.81%
Local Government Investment Pool	296,106,533	296,106,533	296,106,533	-	1	0.16%	24.92%
Money Market	59,984,071	59,984,071	59,984,071	-	1	0.17%	5.05%
<b>Total</b>	<b>1,184,530,604</b>	<b>1,188,053,180</b>	<b>1,190,784,418</b>	<b>2,731,237</b>	<b>277</b>	<b>0.49%</b>	<b>100.00%</b>

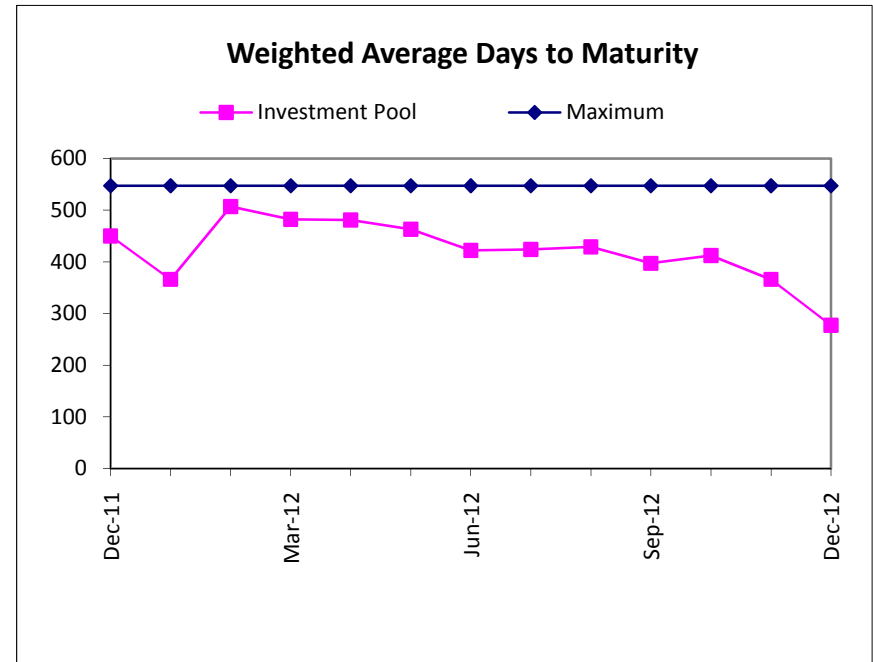
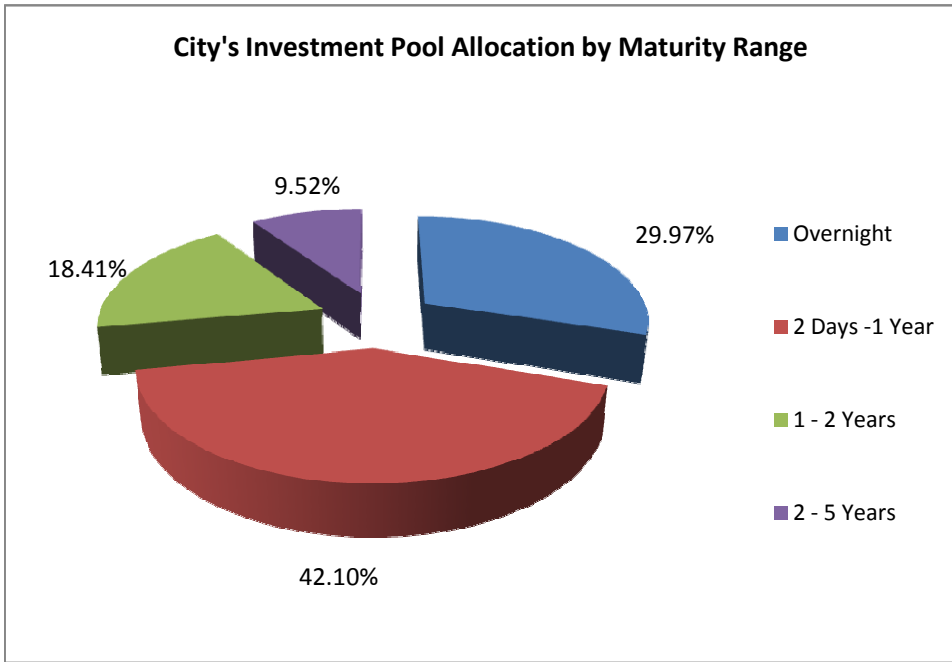
\* Unrealized gain/loss is the difference between the market value and book value and does not represent an actual gain or loss. Gains and losses are realized only when a security is sold prior to maturity. Since it is the City's strategy to hold investments until they mature, the temporary gains and losses are unlikely to be realized.

As per Section 17.1 of the City's Investment Policy, the benchmark for the Investment Pool is the 12-month moving average yield on treasury 1-year constant maturities as reported by Federal Reserve Statistical Release H.15.

**COMPLIANCE STATEMENT**

For the quarter ended December 31, 2012 the City's Investment Pool is in compliance with the provisions adopted in Sec. 13.0 of the City's Investment Policy.

**City of Dallas**  
**City's Investment Pool Allocation by Maturity Range**  
**As of 12/31/2012**



Description	Face Amount/Shares	Book Value	Market Value	Yield To Maturity	Weighted Average Days To Maturity	% of Portfolio
Overnight	356,090,604	356,090,604	356,090,604	0.16%	1	29.97%
2 Days - 1 Year	499,000,000	500,243,561	501,366,194	0.63%	185	42.10%
1 - 2 Years	216,440,000	218,719,015	219,590,083	0.53%	526	18.41%
2 - 5 Years	113,000,000	113,000,000	113,737,537	0.83%	1,070	9.52%
<b>Total</b>	<b>1,184,530,604</b>	<b>1,188,053,180</b>	<b>1,190,784,418</b>	<b>0.49%</b>	<b>277</b>	<b>100.00%</b>



**City of Dallas**  
**Date To Date**  
**Broker Dealer Activity**  
**As of: FY 12-13 to Date**

FY 12-13 to Date		
Description	Awarded	%
<b>Primary Dealers</b>		
Bank of America	-	
Jefferies & Co.		
JPMorgan		
<b>Secondary Dealers</b>		
Coastal Securities		
Comerica Securities		
Crews and Associates		
First Southwest		
Morgan Keegan & Co.		
Oppenheimer & Co.		
Vining Sparks		
Wells Fargo		
<b>Secondary Dealers - MWBE</b>		
Duncan Willams - MWBE		
Loop Capital - MWBE		
Rice Financial - MWBE		
Williams Capital - MWBE		
<b>Total</b>	-	

Notes:  
 Section 9 of the City's investment Policy requires the investment committee to annually review and adopt a list of qualified broker/dealers. These firms represent the broker dealer firms that are currently approved by the Investment Committee as of February 2012.

It is the City's Practice to solicit three or more competitive bids/offers each trade.

Q1 FY13		
Description	Awarded	%
Bank of America	-	
Coastal Securities	-	
Crews and Associates	-	
Duncan Williams	-	
First Southwest	-	
Jefferies & Co.	-	
JP Morgan	-	
Loop Capital	-	
Oppenheimer & Co.	-	
Rice Financial	-	
Vining Sparks	-	
Wells Fargo	-	
<b>Total</b>	-	

**Broker Dealer Activity FY12-13**  
**to Date**

**No securities were purchased during**  
**Q1 FY 2013.**

**CITY OF DALLAS**  
**QUARTERLY INVESTMENT REPORT**  
**December 31, 2012**

For the quarter ended December 31, 2012 the portfolios are in compliance with the provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.0 of the City's Investment Policy.

---

Chief Financial Officer: *Jeanne Chippabield*

City Controller: *[Signature]*

Treasury Manager: *Cosme Steyer*