

# Memorandum



CITY OF DALLAS

DATE May 11, 2012  
TO The Honorable Mayor and Members of the City Council  
SUBJECT Quarterly Investment Report as of March 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 March 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.

Please contact me if you require additional information.

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



**CITY OF DALLAS**

**QUARTERLY INVESTMENT REPORT**

**March 31, 2012**

City of Dallas  
Portfolio Holdings  
Combined Investment Summary  
As of 03/31/2012

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	1,409,165,604	1,417,429,142	1,419,954,223	3,607,272	1,423,561,494	2,525,080	482	0.59%	92.98%
02 Convention Center Reserve	18,900,000	18,900,898	18,900,534	27,439	18,927,973	(364)	145	0.18%	1.24%
03 Water Reserve	74,000,000	74,116,070	74,278,651	214,125	74,492,776	162,581	594	0.87%	4.86%
04 Art Endowment	2,192,000	2,255,144	2,257,626	15,344	2,272,970	2,483	303	0.50%	0.15%
05 Ida Green Library Fund	1,000,000	997,942	1,000,203	1,292	1,001,495	2,261	606	0.50%	0.07%
10 DWU Commercial Paper Program	1,014,262	1,014,262	1,014,262	-	1,014,262	-	1	0.04%	0.07%
14 Trinity Parkway Escrow	1,058,400	1,058,400	1,058,400	-	1,058,400	-	1	0.03%	0.07%
16 Oncor Electric Escrow	540,460	540,460	540,460	-	540,460	-	1	0.03%	0.04%
GO Commercial Paper Program	8,174,207	8,174,207	8,174,207	-	8,174,207	-	1	0.06%	0.54%
<b>Total</b>	<b>1,516,044,933</b>	<b>1,524,486,524</b>	<b>1,527,178,567</b>	<b>3,865,471</b>	<b>1,531,044,037</b>	<b>2,692,042</b>	<b>480</b>	<b>0.59%</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: 01/01/2012 - 03/31/12

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.	-	0.00%	69,000,000	-	69,000,000	0.65%
Federal Farm Credit Bank	264,630,000	0.84%	30,000,000	35,000,000	259,630,000	0.72%
Federal Home Loan Bank	304,630,000	0.55%	141,000,000	78,125,000	367,505,000	0.44%
Federal Home Loan Mortgage Corp.	267,685,000	0.67%	106,200,000	27,685,000	346,200,000	0.61%
Federal National Mortgage Assoc.	271,000,000	0.74%	54,240,000	-	325,240,000	0.68%
<b>Total</b>	<b>1,107,945,000</b>	<b>0.69%</b>	<b>400,440,000</b>	<b>140,810,000</b>	<b>1,367,575,000</b>	<b>0.60%</b>
<i>Trade activity includes agencies and treasuries only and excludes local government investment pools and money market mutual funds.</i>						
<b>Convention Center Reserve</b>						
Federal Farm Credit Bank	9,500,000	0.71%	-	5,600,000	3,900,000	0.31%
Federal Home Loan Bank	8,310,000	0.52%	15,000,000	8,310,000	15,000,000	0.15%
<b>Total</b>	<b>17,810,000</b>	<b>0.62%</b>	<b>15,000,000</b>	<b>13,910,000</b>	<b>18,900,000</b>	<b>0.18%</b>
<b>Water Reserve</b>						
Federal Home Loan Bank	46,670,000	0.92%	-	17,670,000	29,000,000	1.16%
Federal Home Loan Mortgage Corp.	-	0.00%	20,000,000	-	20,000,000	0.54%
Federal National Mortgage Assoc.	25,000,000	0.78%	-	-	25,000,000	0.78%
<b>Total</b>	<b>71,670,000</b>	<b>0.87%</b>	<b>20,000,000</b>	<b>17,670,000</b>	<b>74,000,000</b>	<b>0.87%</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 Farm Credit 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	193,119	0.02%	1,077,598	256,454	1,014,262	0.04%
<b>Total</b>	<b>193,119</b>	<b>0.02%</b>	<b>1,077,598</b>	<b>256,454</b>	<b>1,014,262</b>	<b>0.04%</b>
<b>Trinity Parkway Escrow</b>						
Money Market	1,201,671	0.01%	52	143,323	1,058,400	0.03%
<b>Total</b>	<b>1,201,671</b>	<b>0.01%</b>	<b>52</b>	<b>143,323</b>	<b>1,058,400</b>	<b>0.03%</b>
<b>Oncor Electric Escrow</b>						
Money Market	540,437	0.01%	24	-	540,460	0.03%
<b>Total</b>	<b>540,437</b>	<b>0.01%</b>	<b>24</b>	<b>-</b>	<b>540,460</b>	<b>0.03%</b>
<b>GO Commercial Paper</b>						
Money Market	-	0.00%	8,598,128	423,921	8,174,207	0.06%
<b>Total</b>	<b>-</b>	<b>0.00%</b>	<b>8,598,128</b>	<b>423,921</b>	<b>8,174,207</b>	<b>0.06%</b>

City of Dallas  
Summary Statement by Portfolio  
As of: 01/01/2012 - 03/31/12

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	82,398,533	20,206,533	82,398,533	20,206,533	82,398,533	20,206,533	-	-	-	0.11%
Money Market	4,071	21,384,071	4,071	21,384,071	4,071	21,384,071	-	-	-	0.22%
US Agency	1,107,945,000	1,367,575,000	1,113,754,473	1,375,838,538	1,117,391,103	1,378,363,619	-	260,972,516	3,607,272	0.60%
<b>Total</b>	<b>1,190,347,604</b>	<b>1,409,165,604</b>	<b>1,196,157,077</b>	<b>1,417,429,142</b>	<b>1,199,793,707</b>	<b>1,419,954,223</b>	<b>-</b>	<b>260,972,516</b>	<b>3,607,272</b>	<b>0.59%</b>
<b>Convention Center Reserve<sup>2</sup></b>										
US Agency	17,810,000	18,900,000	17,820,174	18,900,898	17,823,994	18,900,534	-	(12,410)	27,439	0.18%
<b>Total</b>	<b>17,810,000</b>	<b>18,900,000</b>	<b>17,820,174</b>	<b>18,900,898</b>	<b>17,823,994</b>	<b>18,900,534</b>	<b>-</b>	<b>(12,410)</b>	<b>27,439</b>	<b>0.18%</b>
<b>Water Reserve<sup>2</sup></b>										
US Agency	71,670,000	74,000,000	71,751,455	74,116,070	71,991,941	74,278,651	-	(93,290)	214,125	0.87%
<b>Total</b>	<b>71,670,000</b>	<b>74,000,000</b>	<b>71,751,455</b>	<b>74,116,070</b>	<b>71,991,941</b>	<b>74,278,651</b>	<b>-</b>	<b>(93,290)</b>	<b>214,125</b>	<b>0.87%</b>
<b>Art Endowment<sup>3</sup></b>										
US Agency	2,192,000	2,192,000	2,274,108	2,255,144	2,276,692	2,257,626	-	(19,066)	15,344	0.50%
<b>Total</b>	<b>2,192,000</b>	<b>2,192,000</b>	<b>2,274,108</b>	<b>2,255,144</b>	<b>2,276,692</b>	<b>2,257,626</b>	<b>-</b>	<b>(19,066)</b>	<b>15,344</b>	<b>0.50%</b>
<b>Ida Green Library Endowment<sup>4</sup></b>										
US Agency	1,000,000	1,000,000	997,632	997,942	998,885	1,000,203	-	1,318	1,292	0.50%
<b>Total</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>997,632</b>	<b>997,942</b>	<b>998,885</b>	<b>1,000,203</b>	<b>-</b>	<b>1,318</b>	<b>1,292</b>	<b>0.50%</b>
<b>DWU Commercial Paper<sup>5</sup></b>										
Money Market	193,119	1,014,262	193,119	1,014,262	193,119	1,014,262	-	-	-	0.04%
<b>Total</b>	<b>193,119</b>	<b>1,014,262</b>	<b>193,119</b>	<b>1,014,262</b>	<b>193,119</b>	<b>1,014,262</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.04%</b>
<b>Trinity Parkway Escrow<sup>6</sup></b>										
Money Market	1,201,671	1,058,400	1,201,671	1,058,400	1,201,671	1,058,400	-	-	-	0.03%
<b>Total</b>	<b>1,201,671</b>	<b>1,058,400</b>	<b>1,201,671</b>	<b>1,058,400</b>	<b>1,201,671</b>	<b>1,058,400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.03%</b>
<b>Oncor Electric Escrow<sup>7</sup></b>										
Money Market	540,437	540,460	540,437	540,460	540,437	540,460	-	-	-	0.03%
<b>Total</b>	<b>540,437</b>	<b>540,460</b>	<b>540,437</b>	<b>540,460</b>	<b>540,437</b>	<b>540,460</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.03%</b>
<b>GO Commercial Paper<sup>8</sup></b>										
Money Market	-	8,174,207	-	8,174,207	-	8,174,207	-	-	-	0.06%
<b>Total</b>	<b>-</b>	<b>8,174,207</b>	<b>-</b>	<b>8,174,207</b>	<b>-</b>	<b>8,174,207</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.06%</b>

**City of Dallas**  
**Strategy Statement and Compliance by Portfolio**  
**As of: 01/01/2012 - 03/31/12**

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**OBJECTIVES**

The objectives of the portfolios are to: a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists; b) ensure that anticipated cash flows are matched with adequate investment liquidity; c) manage market and credit risk through diversification; and d) attain the best feasible yield commensurate with the objectives and the restrictions set forth in the investment policy and the bond ordinance by managing the portfolio to meet or exceed the bond yield.

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**STRATEGY COMPLIANCE STATEMENT**

For the quarter ending March 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.

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**STRATEGY STATEMENT**

**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 investment for this account are defined in the Escrow Agreement as those that are consistent with the Public Funds Investment Act.

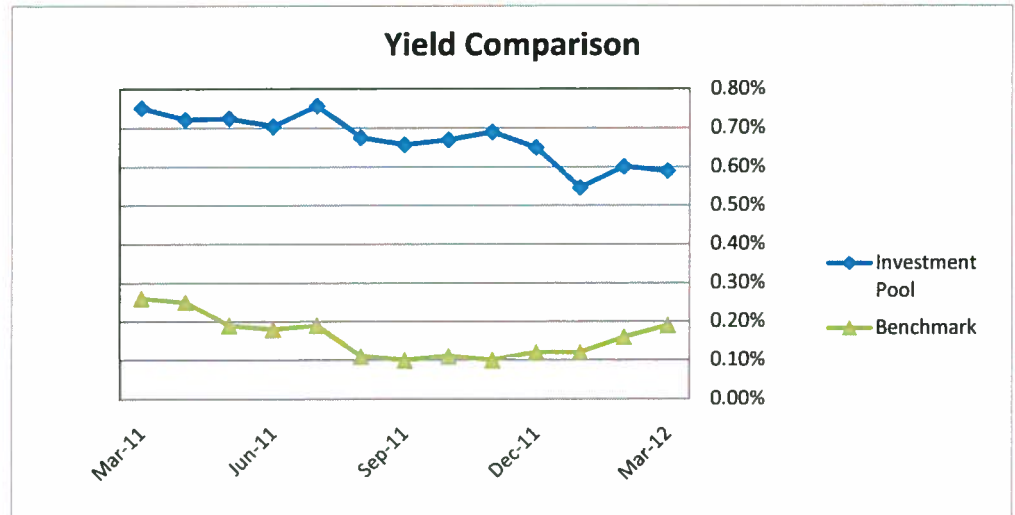
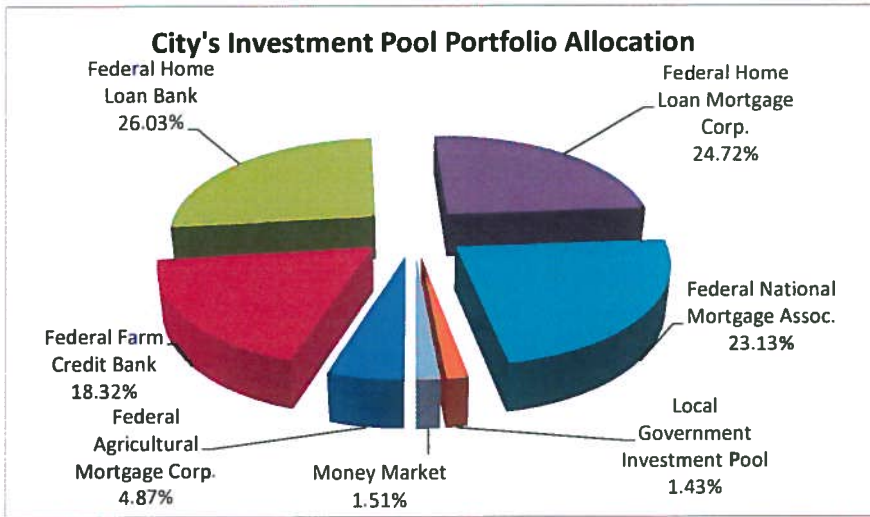
**7) Oncor Electric Escrow**

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 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.

**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 03/31/2012**



Description	Face Amount	Book Value	Market Value	*Unrealized Gain/(Loss)	Weighted Average Days To Maturity	Yield To Maturity	% of Portfolio
Federal Agricultural Mortgage Corp.	69,000,000	69,000,000	68,788,438	(211,562)	1067	0.65%	4.87%
Federal Farm Credit Bank	259,630,000	259,619,532	260,410,204	790,672	542	0.72%	18.32%
Federal Home Loan Bank	367,505,000	369,021,044	369,362,365	341,322	413	0.44%	26.03%
Federal Home Loan Mortgage Corp.	346,200,000	350,373,631	351,066,979	693,348	493	0.61%	24.72%
Federal National Mortgage Assoc.	325,240,000	327,824,332	328,735,632	911,300	440	0.68%	23.13%
Local Government Investment Pool	20,206,533	20,206,533	20,206,533	-	1	0.11%	1.43%
Money Market	21,384,071	21,384,071	21,384,071	-	1	0.22%	1.51%
Treasury Note	-	-	-	-	0	0.00%	0.00%
<b>Total</b>	<b>1,409,165,604</b>	<b>1,417,429,142</b>	<b>1,419,954,223</b>	<b>2,525,080</b>	<b>482</b>	<b>0.59%</b>	<b>100.00%</b>

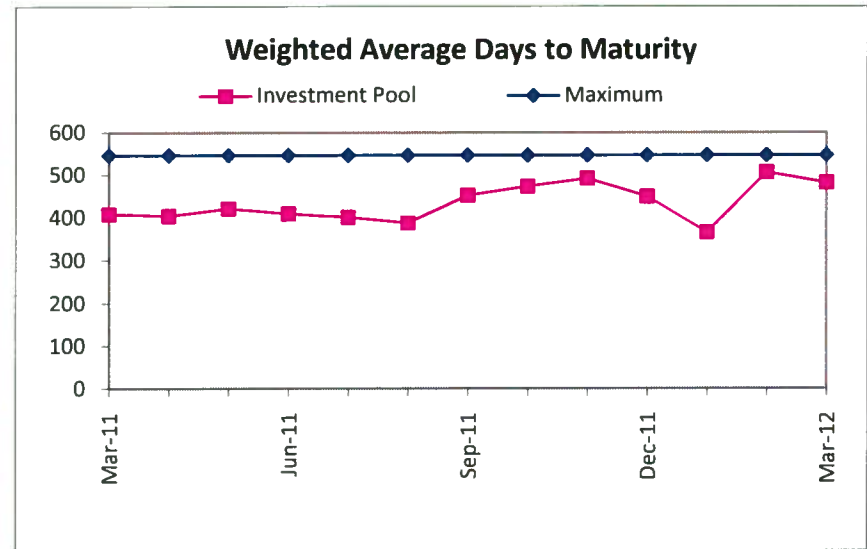
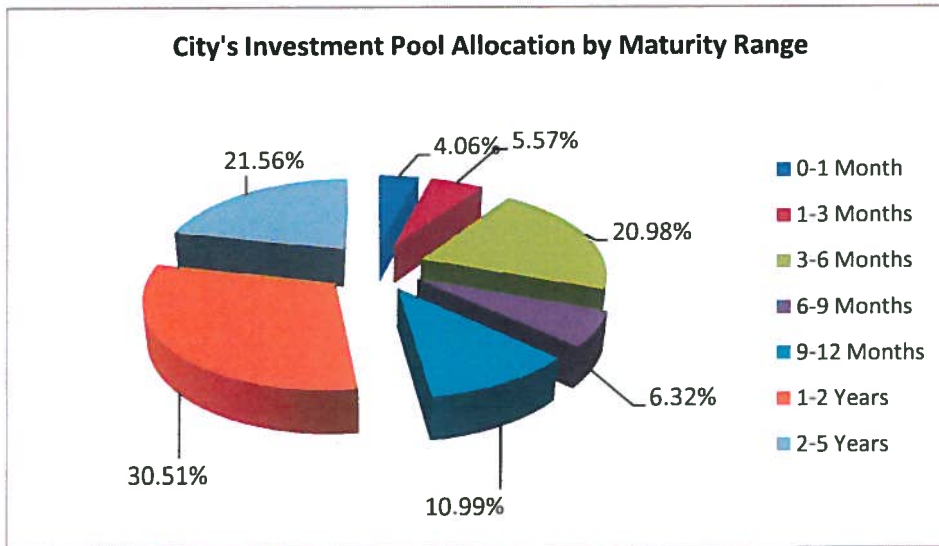
\* Unrealized gain/loss is the difference between the market value and book value and does not represent an actual gain or loss. Gains and losses are realized only when a security is sold prior to maturity. Since it is the City's strategy to hold investments until they mature, the temporary gains and 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 ending March 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 03/31/2012**



Description	Face Amount/Shares	Book Value	Market Value	Yield To Maturity	Weighted Average Days To Maturity	% of Portfolio
0-1 Month	57,590,604	57,602,683	57,604,396	0.26%	6	4.06%
1-3 Months	78,675,000	78,909,237	78,923,429	0.29%	64	5.57%
3-6 Months	296,905,000	297,441,650	297,888,864	0.51%	150	20.98%
6-9 Months	88,800,000	89,595,615	89,782,929	0.54%	207	6.32%
9-12 Months	155,000,000	155,743,857	156,247,870	0.60%	337	10.99%
1-2 Years	430,000,000	432,490,812	434,018,167	0.62%	550	30.51%
2-5 Years	302,195,000	305,645,288	305,488,568	0.93%	1282	21.56%
<b>Total</b>	<b>1,409,165,604</b>	<b>1,417,429,142</b>	<b>1,419,954,223</b>	<b>0.59%</b>	<b>482</b>	<b>100.00%</b>



**City of Dallas**  
**Date To Date**  
**Broker Dealer Activity**  
**As of: FY 11-12 to Date**

FY 11-12 to Date		
Description	Awarded	%
<b>Primary Dealers</b>		
Bank of America	15,000,000	2.86%
Jefferies & Co.	61,000,000	11.61%
JPMorgan	15,000,000	2.86%
<b>Secondary Dealers</b>		
Coastal Securities	49,240,000	9.38%
Comerica Securities*	-	0.00%
Crews and Associates	46,000,000	8.76%
First Southwest	61,200,000	11.65%
Morgan Keegan & Co.	-	0.00%
Oppenheimer & Co.	50,000,000	9.52%
Vining Sparks	42,755,000	8.14%
Wells Fargo	70,000,000	13.33%
<b>Secondary Dealers - MWBE</b>		
Duncan Williams - MWBE	30,000,000	5.71%
Loop Capital - MWBE	20,000,000	3.81%
Rice Financial - MWBE	50,000,000	9.52%
Williams Capital - MWBE	15,000,000	2.86%
<b>Total</b>	<b>525,195,000</b>	<b>100.00%</b>

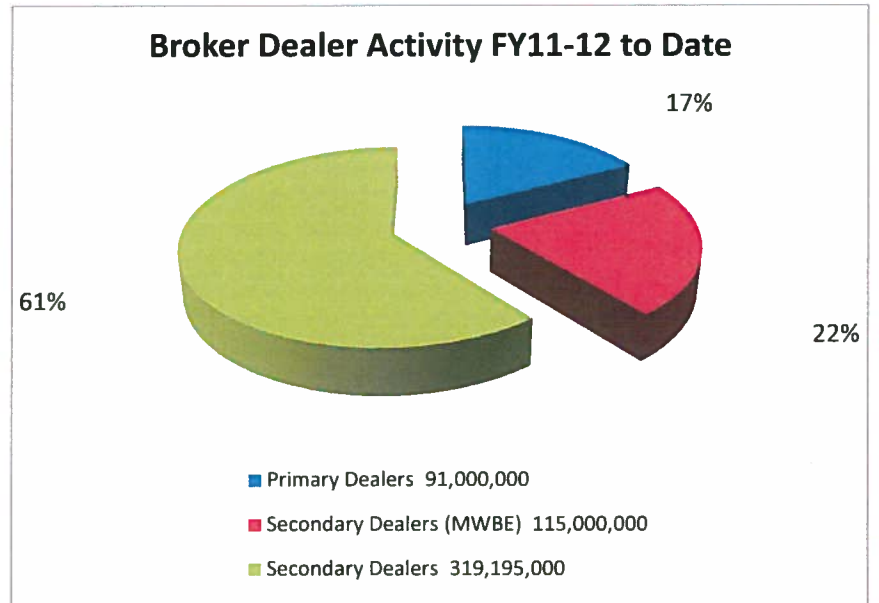
**Notes:**

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 3, 2011.

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

\*Last Quarter a \$21 million dollar security was inadvertently credited to Comerica and should have been credited to Crews and Associates. It is now credited to Crews and Associates.

Q2 FY12		
Description	Awarded	%
Bank of America	15,000,000	4.09%
Coastal Securities	34,240,000	9.34%
Crews and Associates	25,000,000	6.82%
Duncan Williams	30,000,000	8.19%
First Southwest	31,200,000	8.51%
Jefferies & Co.	51,000,000	13.92%
JP Morgan	15,000,000	4.09%
Loop Capital	20,000,000	5.46%
Oppenheimer & Co.	50,000,000	13.64%
Rice Financial	50,000,000	13.64%
Vining Sparks	15,000,000	4.09%
Wells Fargo	30,000,000	8.19%
<b>Total</b>	<b>366,440,000</b>	<b>100.00%</b>



**CITY OF DALLAS**  
**QUARTERLY INVESTMENT REPORT**

**March 31, 2012**

For the quarter ended March 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.

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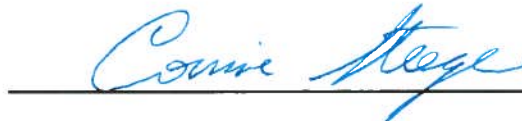
Chief Financial Officer:

  
\_\_\_\_\_

City Controller:

  
\_\_\_\_\_

Treasury Manager:

  
\_\_\_\_\_