

Memorandum



CITY OF DALLAS

DATE May 19, 2011

TO Honorable Mayor and Members of the
City Council

SUBJECT Quarterly Investment Report as of March 31, 2011

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, 2011 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 June 13, 2011 Budget Finance and Audit committee meeting will include the March 31, 2011 quarterly investment report.

Handwritten signature of Jeanne Chipperfield in black ink.

Jeanne Chipperfield
Chief Financial Officer

Handwritten signature of Edward R. Scott in black ink.

Edward R. Scott
City Controller

Handwritten signature of Corrine Steeger in black ink.

Corrine Steeger
Treasury Manager

Attachments

c: Honorable Mayor & Members of the City Council
Mary K. Suhm, City Manager
Deborah A. Watkins, City Secretary
Tom P. Perkins, City Attorney
Ryan S. Evans, First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
A.C. Gonzalez, Assistant City Manager
Forest E. Turner, Assistant City Manager
Craig Kinton, City Auditor



CITY OF DALLAS

QUARTERLY INVESTMENT REPORT

March 31, 2011

City of Dallas
Portfolio Holdings
Combined Investment Summary
As of 03/31/2011

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	1,527,983,841	1,540,697,468	1,541,370,169	6,858,950	1,548,229,119	672,701	409	0.75%	91.98%
02 Convention Center Reserve	18,900,000	18,921,108	18,976,931	42,236	19,019,167	55,823	278	0.75%	1.13%
03 Water Reserve	65,770,000	66,087,632	66,420,002	325,923	66,745,924	332,369	308	0.98%	3.95%
04 Art Endowment	2,540,000	2,540,557	2,543,056	4,916	2,547,972	2,498	78	0.57%	0.15%
05 Ida Green Library Fund	1,000,000	1,001,151	1,001,832	-	1,001,832	681	183	0.32%	0.06%
10 DWU Commercial Paper Program	43,562,098	43,562,098	43,562,098	-	43,562,098	-	1	0.09%	2.60%
14 Trinity Parkway Escrow	1,720,143	1,720,143	1,720,143	-	1,720,143	-	1	0.09%	0.10%
16 Oncor Electric Escrow	540,190	540,190	540,190	-	540,190	-	1	0.08%	0.03%
Total	1,662,016,271	1,675,070,347	1,676,134,419	7,232,025	1,683,366,444	1,064,073	392	0.74%	100.00%

*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: 12/31/2010 - 3/31/2011

Portfolio Description	Beginning Face Amount	Beginning Yield To Maturity	Purchased	Matured/Called	Ending Face Amount	Ending Yield To Maturity
City's Investment Pool						
Federal Farm Credit Bank	211,875,000	0.85%	135,000,000	65,000,000	281,875,000	0.83%
Federal Home Loan Bank	249,955,000	0.70%	87,925,000	85,375,000	252,505,000	0.67%
Federal Home Loan Mortgage Corp.	279,629,000	0.89%	226,685,000	86,629,000	419,685,000	0.85%
Federal National Mortgage Assoc.	351,370,000	0.89%	100,000,000	93,800,000	357,570,000	0.86%
Treasury Note	75,000,000	0.74%	-	-	75,000,000	0.74%
Total	1,167,829,000	0.74%	549,610,000	330,804,000	1,386,635,000	0.75%

Trade activity includes agencies and treasuries only.

Convention Center Reserve*						
Federal Farm Credit Bank	5,600,000	0.99%	-	-	5,600,000	0.99%
Federal Home Loan Bank	17,300,000	0.66%	-	4,000,000	13,300,000	0.64%
Total	22,900,000	0.74%	-	4,000,000	18,900,000	0.75%

Water Reserve						
Federal Farm Credit Bank	10,000,000	0.80%	-	-	10,000,000	0.80%
Federal Home Loan Bank	55,770,000	1.02%	-	-	55,770,000	1.02%
Total	65,770,000	0.98%	-	-	65,770,000	0.98%

Art Endowment						
Federal Home Loan Bank	2,540,000	0.57%	-	-	2,540,000	0.57%
Total	2,540,000	0.57%	-	-	2,540,000	0.57%

Ida Green Library Endowment						
Federal Farm Credit Bank	1,000,000	0.32%	-	-	1,000,000	0.32%
Total	1,000,000	0.32%	-	-	1,000,000	0.32%

DWU Commercial Paper						
Money Market	47,812,486	0.14%	3,948,642	8,199,030	43,562,098	0.09%
Total	47,812,486	0.14%	3,948,642	8,199,030	43,562,098	0.09%

Trinity Parkway Escrow						
Money Market	1,887,385	0.16%	484	167,726	1,720,143	0.09%
Total	1,887,385	0.16%	484	167,726	1,720,143	0.09%

Oncor Electric Escrow						
Money Market	540,047	0.16%	142	-	540,190	0.08%
Total	540,047	0.16%	142	-	540,190	0.08%

Grand Total	1,310,278,918	0.73%	553,559,268	343,170,756	1,520,667,430	0.74%
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* The \$4,000,000 Convention Center Reserve maturity was reinvested in April 2011

City of Dallas
Summary Statement by Portfolio
As of: 12/31/2010 - 3/31/2011

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
City's Investment Pool¹										
Local Govt. Investment Pool	157,773,534	138,673,533	157,773,534	138,673,533	157,773,534	138,673,533	(19,100,001)	-	-	0.14%
Money Market	33,502,232	2,675,308	33,502,232	2,675,308	33,502,232	2,675,308	(30,826,924)	-	-	0.02%
US Agency	1,092,829,000	1,311,635,000	1,103,813,437	1,323,843,981	1,104,842,113	1,324,317,619	-	219,475,506	6,432,361	0.82%
US Treasury	75,000,000	75,000,000	75,729,862	75,504,646	75,993,355	75,703,709	-	(289,646)	426,588	0.74%
Total	1,359,104,766	1,527,983,841	1,370,819,064	1,540,697,468	1,372,111,234	1,541,370,169	(49,926,925)	219,185,860	6,858,950	0.75%
Convention Center Reserve²										
US Agency	22,900,000	18,900,000	22,928,305	18,921,108	22,983,560	18,976,931	-	(4,006,630)	42,236	0.75%
Total	22,900,000	18,900,000	22,928,305	18,921,108	22,983,560	18,976,931	-	(4,006,630)	42,236	0.74%
Water Reserve²										
US Agency	65,770,000	65,770,000	66,230,525	66,087,632	66,581,499	66,420,002	-	(161,497)	325,923	0.98%
Total	65,770,000	65,770,000	66,230,525	66,087,632	66,581,499	66,420,002	-	(161,497)	325,923	0.98%
Art Endowment³										
US Agency	2,540,000	2,540,000	2,541,200	2,540,557	2,545,580	2,543,056	-	(2,525)	4,916	0.57%
Total	2,540,000	2,540,000	2,541,200	2,540,557	2,545,580	2,543,056	-	(2,525)	4,916	0.57%
Ida Green Library Endowment⁴										
US Agency	1,000,000	1,000,000	1,001,717	1,001,151	1,001,266	1,001,832	-	566	-	0.32%
Total	1,000,000	1,000,000	1,001,717	1,001,151	1,001,266	1,001,832	-	566	-	0.32%
DWU Commercial Paper⁵										
Money Market	47,812,486	43,562,098	47,812,486	43,562,098	47,812,486	43,562,098	(4,250,388)	-	-	0.09%
Total	47,812,486	43,562,098	47,812,486	43,562,098	47,812,486	43,562,098	(4,250,388)	-	-	0.09%
Trinity Parkway Escrow⁶										
Money Market	1,887,385	1,720,143	1,887,385	1,720,143	1,887,385	1,720,143	(167,242)	-	-	0.09%
Total	1,887,385	1,720,143	1,887,385	1,720,143	1,887,385	1,720,143	(167,242)	-	-	0.09%
Oncor Electric Escrow⁷										
Money Market	540,047	540,190	540,047	540,190	540,047	540,190	142	-	-	0.08%
Total	540,047	540,190	540,047	540,190	540,047	540,190	142	-	-	0.08%

City of Dallas
Strategy Statement and Compliance by Portfolio
As of: 12/31/2010 - 03/31/2011

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.

STRATEGY COMPLIANCE STATEMENT

For the quarter ending March 31, 2011 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

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.

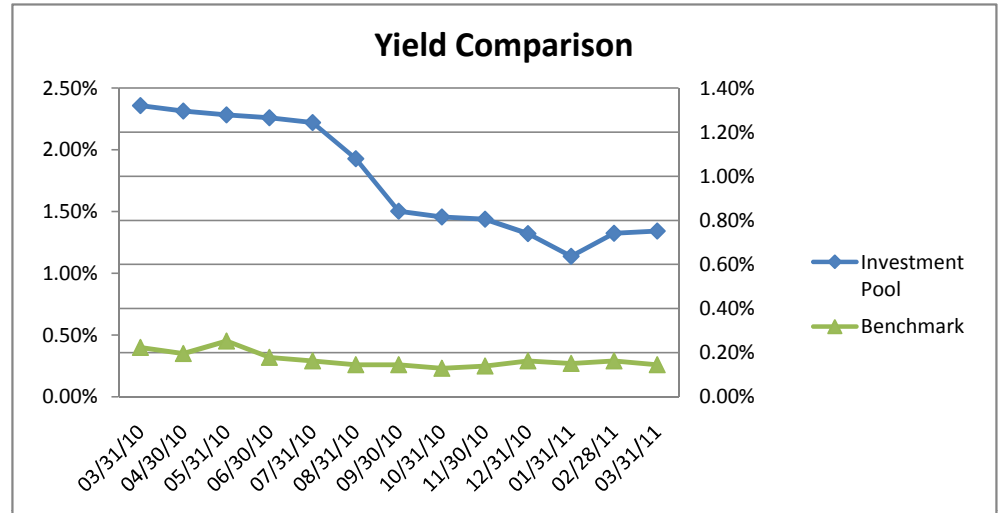
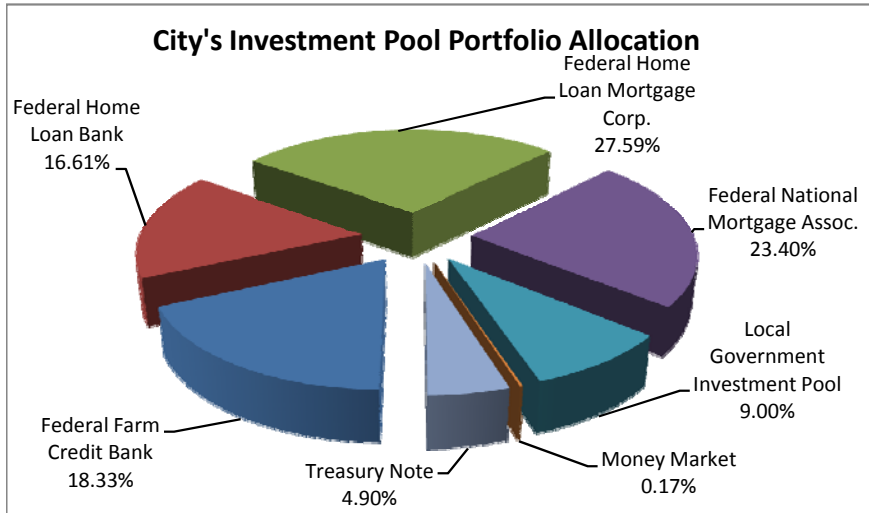
6) Trinity Parkway Escrow

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 funds 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.

City of Dallas
City's Investment Pool Portfolio Allocation
Investment Summary
As of 3/31/2011



Description	Face Amount	Book Value	Market Value	*Unrealized Gain/(Loss)	Weighted Average Days To Maturity	Yield To Maturity	% of Portfolio
Federal Farm Credit Bank	281,875,000	282,407,170	282,300,836	(106,334)	579	0.83%	18.33%
Federal Home Loan Bank	252,505,000	255,957,564	256,047,136	89,571	486	0.67%	16.61%
Federal Home Loan Mortgage Corp.	419,685,000	425,028,246	425,257,671	229,425	464	0.85%	27.59%
Federal National Mortgage Assoc.	357,570,000	360,451,000	360,711,976	260,976	368	0.86%	23.40%
Local Government Investment Pool	138,673,533	138,673,533	138,673,533	-	1	0.14%	9.00%
Money Market	2,675,308	2,675,308	2,675,308	-	1	0.02%	0.17%
Treasury Note	75,000,000	75,504,646	75,703,709	199,063	171	0.74%	4.90%
Total	1,527,983,841	1,540,697,468	1,541,370,169	672,701	409	0.75%	100.00%

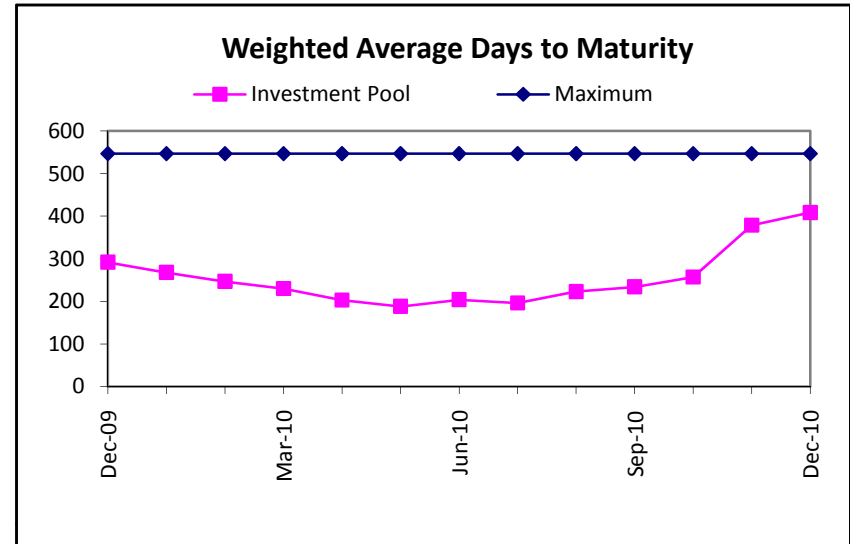
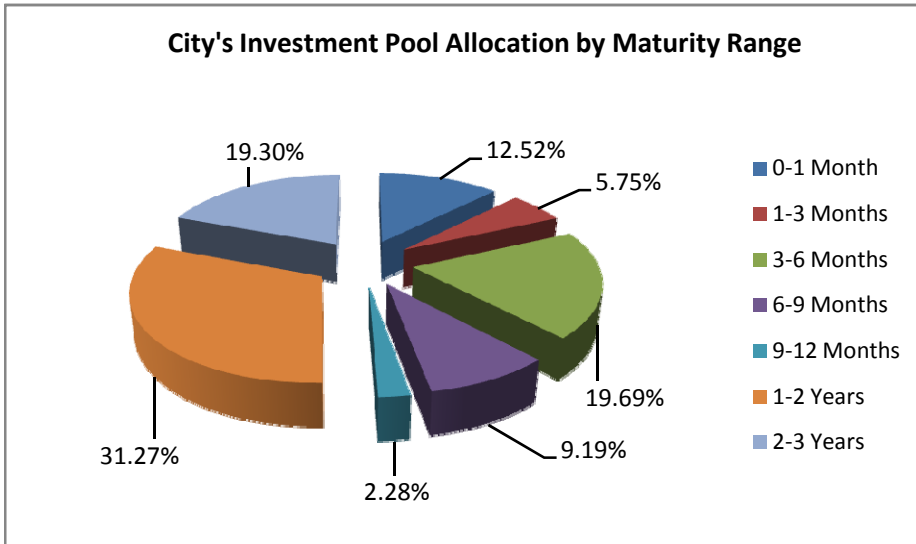
* Unrealized gain/loss is the difference between the market value and book value and does not represent an actual gain or loss. Gains and losses are realized only when a security is sold prior to maturity. Since it is the City's strategy to hold investments until they mature, the temporary gains and 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, 2011 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 3/31/2011



Description	Face Amount/Shares	Book Value	Market Value	Yield To Maturity	Weighted Average Days To Maturity	% of Portfolio
0-1 Month	192,918,841	192,933,853	192,963,116	0.55%	6	12.52%
1-3 Months	88,000,000	88,560,319	88,652,972	0.77%	66	5.75%
3-6 Months	301,000,000	303,430,407	304,021,501	0.62%	145	19.69%
6-9 Months	140,000,000	141,535,056	141,885,999	0.69%	203	9.19%
9-12 Months	35,000,000	35,123,359	35,160,975	0.46%	322	2.28%
1-2 Years	475,380,000	481,704,066	481,583,557	0.06%	548	31.27%
2-3 Years	295,685,000	297,410,408	297,102,050	1.29%	928	19.30%
Total	1,527,983,841	1,540,697,468	1,541,370,169	0.75%	409	100.00%

City of Dallas
Date To Date
Broker Dealer Activity
As of: FY 10-11 to Date

FY 10-11 to Date		
Description	Awarded	%
Bank of America	-	0.00%
Coastal Securities	132,685,000	17.95%
Crews and Associates	10,000,000	1.35%
First Southwest	139,000,000	18.81%
Jefferies & Co.	156,875,000	21.22%
JPMorgan	30,000,000	4.06%
Loop Capital - MWBE	47,675,000	6.45%
Morgan Keegan & Co.	-	0.00%
Rice Financial - MWBE	62,925,000	8.51%
Vining Sparks	20,000,000	2.71%
Wells Fargo	80,000,000	10.82%
Williams Capital - MWBE	60,000,000	8.12%
Total	739,160,000	100.00%

Description	Awarded	%
National Dealers	186,875,000	25.28%
MWBE Dealers	170,600,000	23.08%
Regional Dealers	381,685,000	51.64%
Total	739,160,000	100.00%

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.

Q2 FY11		
Description	Awarded	%
Coastal Securities	122,685,000	22.32%
Crews and Associates	10,000,000	1.82%
First Southwest	104,000,000	18.92%
Jefferies & Co.	105,000,000	19.10%
JP Morgan	30,000,000	5.46%
Loop Capital - MWBE	25,000,000	4.55%
Rice Financial - MWBE	27,925,000	5.08%
Vining Sparks	20,000,000	3.64%
Wells Fargo	55,000,000	10.01%
Williams Capital - MWBE	50,000,000	9.10%
Total	549,610,000	100.00%

