

# Memorandum



CITY OF DALLAS

DATE August 19, 2010

TO Members of the Budget, Finance & Audit Committee:  
Chair Jerry Allen, Vice-Chair Ann Margolin, Vonciel Jones Hill, Delia Jasso, Ron Natinsky,  
David Neumann

SUBJECT Quarterly Investment Report as of June 30, 2010

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 June 30, 2010 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.

Additionally, this memo provides an updated status of distributions to the City from the Reserve Primary Fund. The City's investment in the Reserve Primary Fund was frozen on September 17, 2008, when the Fund suffered losses in the value of some of its investments. The most recent distributions were received in July, totaling \$8,394. As of today, the City has received a total of \$2,055,225 from The Reserve Primary Fund. As reflected on the following table, the remaining balance is now \$19,996. Including these distributions, 99% of the assets have been returned to the City which is 2% more than anticipated at the time of the original redemption request on September 17, 2008.

### The Reserve Distribution Plan/Update

\*Balance as of September 17, 2008: \$ 2,075,221

| Distribution Date | Amount       | Remaining Balance |
|-------------------|--------------|-------------------|
| 10/31/08          | \$ 1,052,944 | \$ 1,022,277      |
| 12/03/08          | 583,243      | 439,034           |
| 02/20/09          | 137,672      | 301,362           |
| 04/17/09          | 93,155       | 208,207           |
| 10/02/09          | 40,499       | 167,708           |
| 01/29/10          | 139,318      | 28,390            |
| 07/16/10          | 8,366        | 20,024            |
| 07/23/10          | 28           | 19,996            |

\* Includes principal (\$2,073,000) and interest (\$2,221) accrued from September 1 through September 14, 2008.

Jeanne Chipperfield  
Chief Financial Officer

Edward R. Scott  
City Controller

Corrine Steeger  
Treasury Manager

C: Honorable Mayor & Members of the City Council  
Mary K. Suhm, City Manager  
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

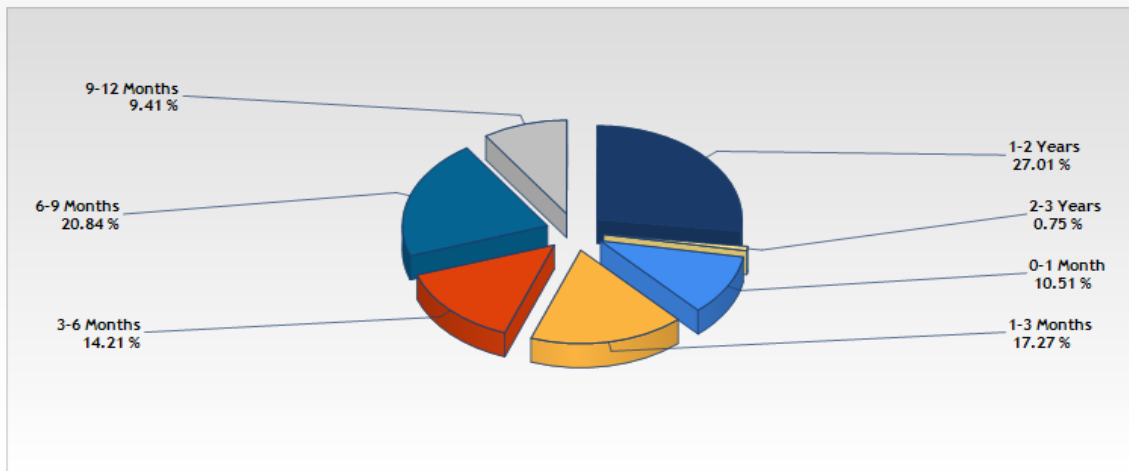
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City of Dallas  
Cash and Investment Summary  
June 30, 2010

| Portfolio Summary                |                  |                  |                  |
|----------------------------------|------------------|------------------|------------------|
|                                  | 06/30/10         | 03/31/10         | Net Change       |
| Face Value                       | \$ 1,606,414,677 | \$ 1,883,350,199 | \$ (276,935,522) |
| Book Value                       | 1,626,301,915    | 1,910,288,382    | (283,986,467)    |
| Market Value                     | 1,631,986,186    | 1,916,293,114    | (284,306,928)    |
| Accrued Interest                 | 14,420,090       | 11,261,740       | 3,158,350        |
| Cash Value                       | 1,646,406,275    | 1,927,554,854    | (281,148,579)    |
| Unrealized Gain (Loss)           | 5,684,271        | 6,004,732        | (320,461)        |
| Weighted Average Maturity (days) | 236              | 281              | -45              |
| Buy Yield                        | 1.28%            | 1.28%            | 0.00%            |

| Investment Summary by Type                           |                         |                |
|--|-------------------------|----------------|
| Cash and Investments by Type                         | Book Value              | % of Portfolio |
| <b>U.S. Government Treasury Securities</b>           | <b>\$ 76,190,303</b>    | <b>4.68%</b>   |
| <b>U.S. Government &amp; Agency Securities</b>       |                         |                |
| Federal Farm Credit Bank (FFCB)                      | 329,073,419             | 20.23%         |
| Federal Home Loan Bank (FHLB)                        | 376,358,434             | 23.14%         |
| Federal Home Loan Mortgage Corporation (FHLMC)       | 453,226,233             | 27.87%         |
| Federal National Mortgage Association (FNMA)         | 316,849,849             | 19.48%         |
| <b>Total U.S. Government &amp; Agency Securities</b> | <b>\$ 1,475,507,935</b> | <b>90.73%</b>  |
| <b>Local Government Investment Pool (TexPool)</b>    | <b>\$ 43,346,534</b>    | <b>2.67%</b>   |
| <b>Money Market Mutual Funds</b>                     | <b>\$ 31,257,143</b>    | <b>1.92%</b>   |
| <b>Total Investments</b>                             | <b>\$ 1,626,301,915</b> | <b>100.00%</b> |

Portfolio Holdings Distribution by Maturity Range



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City of Dallas, Texas  
Investment Summary by Portfolio Type  
For the quarter ending June 30, 2010

| By Portfolio                 | ID # | Face Value              | Book Value              | Market Value            | Accrued Interest     | Cash Value<br>(Mkt Val + Acc Int) | *Unrealized<br>Gain(Loss) | Weighted<br>Average<br>Maturity<br>(days) | Buy Yield    |
|------------------------------|------|-------------------------|-------------------------|-------------------------|----------------------|-----------------------------------|---------------------------|---|--------------|
| Investment Pool              | 1    | \$ 1,476,457,160        | \$ 1,495,549,542        | \$ 1,500,628,496        | \$ 13,606,284        | \$ 1,514,234,780                  | \$ 5,078,954              | 230                                       | 1.27%        |
| Convention Center Reserve    | 2    | 22,734,000              | 22,765,542              | 22,835,299              | 183,799              | 23,019,098                        | 69,757                    | 304                                       | 1.57%        |
| Water Reserve                | 3    | 82,252,000              | 83,007,096              | 83,535,678              | 581,699              | 84,117,377                        | 528,582                   | 378                                       | 1.80%        |
| Art Endowment                | 4    | 2,540,000               | 2,542,515               | 2,545,556               | 615                  | 2,546,171                         | 3,041                     | 352                                       | 0.57%        |
| Ida Green Library Fund       | 5    | 1,000,000               | 999,972                 | 1,002,813               | 4,333                | 1,007,146                         | 2,841                     | 78  | 1.51%        |
| DWU Commercial Paper Program | 10   | 16,518,379              | 16,518,379              | 16,518,379              | -                    | 16,518,379                        | -                         | 1   | 0.11%        |
| Trinity Parkway Escrow       | 14   | 2,188,446               | 2,188,446               | 2,188,446               | -                    | 2,188,446                         | -                         | 1   | 0.17%        |
| Cityplace TIF Reserve        | 15   | 2,185,000               | 2,190,732               | 2,191,828               | 43,360               | 2,235,188                         | 1,096                     | 28  | 1.25%        |
| Oncor Electric Escrow        | 16   | 539,692                 | 539,692                 | 539,692                 | -                    | 539,692                           | -                         | 1   | 0.17%        |
| <b>Total Portfolio</b>       |      | <b>\$ 1,606,414,677</b> | <b>\$ 1,626,301,916</b> | <b>\$ 1,631,986,187</b> | <b>\$ 14,420,090</b> | <b>\$ 1,646,406,277</b>           | <b>\$ 5,684,271</b>       | <b>236</b>                                | <b>1.28%</b> |

Note: For all non-pooled portfolios, these values do not exactly correspond to the accounting balances for the respective funds. This report summarizes direct investments only; a fund's accounting balance also includes its equity in the Investment Pool (see individual portfolio summary pages for Investment Pool balances).

\* 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 shown above are unlikely to be realized.

City of Dallas, Texas  
Investment Summary by Security Type & Agency Issuer  
For the quarter ending June 30, 2010

| All Portfolios Combined                  |                         |                         |                         |                        |                                  |                     |                      |  |
|--|-------------------------|-------------------------|-------------------------|------------------------|----------------------------------|---------------------|----------------------|--|
| By Security Type                         | Face Value              | Book Value              | Market Value            | *Unrealized Gain(Loss) | Weighted Average Maturity (days) | Buy Yield           | % of Total Portfolio |  |
| Money Market Mutual Funds                | \$ 31,257,143           | \$ 31,257,143           | \$ 31,257,143           | \$ -                   | 1                                | 0.10%               | 1.92%                |  |
| Local Government Investment Pools        | 43,346,534              | 43,346,534              | 43,346,534              | -                      | 1                                | 0.15%               | 2.67%                |  |
| Treasury Securities                      | 75,000,000              | 76,190,303              | 76,478,120              | 287,817                | 445                              | 0.74%               | 4.68%                |  |
| Agency Securities                        | 1,456,811,000           | 1,475,507,936           | 1,480,904,390           | 5,396,454              | 237                              | 1.37%               | 90.73%               |  |
| <b>Total Portfolio</b>                   | <b>\$ 1,606,414,677</b> | <b>\$ 1,626,301,916</b> | <b>\$ 1,631,986,187</b> | <b>\$ 5,684,271</b>    | <b>236</b>                       | <b>1.28%</b>        | <b>100.00%</b>       |  |
| Agency Securities By Issuer              | Face Value              | Book Value              | Market Value            | *Unrealized Gain(Loss) | % of Total Portfolio             | S&P/Moody's Ratings |                      |  |
| Federal National Mortgage Assoc. (FNMA)  | \$ 311,370,000          | \$ 316,849,849          | \$ 318,147,266          | \$ 1,297,417           | 19.48%                           | AAA/Aaa             |                      |  |
| Federal Home Loan Mortgage Corp. (FHLMC) | 445,227,000             | 453,226,234             | 454,519,869             | 1,293,636              | 27.87%                           | AAA/Aaa             |                      |  |
| Federal Home Loan Bank (FHLB)            | 373,820,000             | 376,358,434             | 378,180,127             | 1,821,693              | 23.14%                           | AAA/Aaa             |                      |  |
| Federal Farm Credit Bank (FFCB)          | 326,394,000             | 329,073,419             | 330,057,128             | 983,708                | 20.23%                           | AAA/Aaa             |                      |  |
| <b>Total Agency Securities</b>           | <b>\$ 1,456,811,000</b> | <b>\$ 1,475,507,936</b> | <b>\$ 1,480,904,390</b> | <b>\$ 5,396,454</b>    | <b>90.73%</b>                    | <b>AAA/Aaa</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, Texas  
 Activity Summary - All Portfolios Combined  
 For the quarter ending June 30, 2010

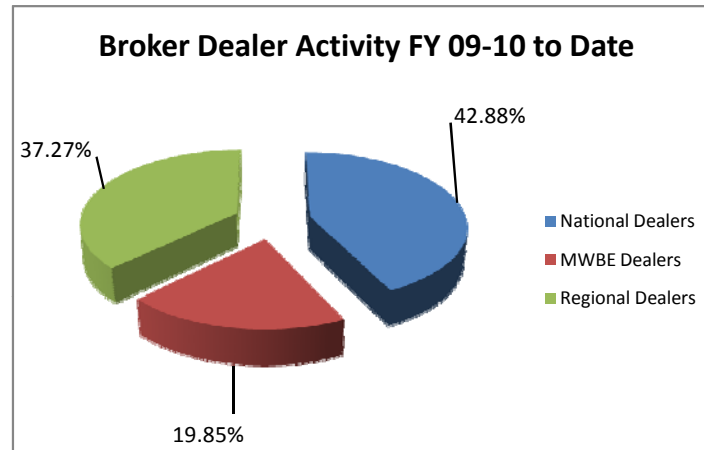
| <b>Trade Activity</b>            |                              |               |                     |                                  |                           |             |
|----------------------------------|------------------------------|---------------|---------------------|----------------------------------|---------------------------|-------------|
| Description                      | Beginning Face Amount/Shares | Beginning YTM | Purchased/Deposited | Matured/Withdrew/<br>Sold/Called | Ending Face Amount/Shares | Ending YTM  |
| FFCB Bond                        | 369,819,000                  | 1.63          | 10,000,000          | 53,425,000                       | 326,394,000               | 1.45        |
| FHLB Bond                        | 388,290,000                  | 1.92          | 7,530,000           | 22,000,000                       | 373,820,000               | 1.84        |
| FHLMC Bond                       | 480,982,000                  | 1.18          | -                   | 35,755,000                       | 445,227,000               | 1.10        |
| FNMA Bond                        | 348,495,000                  | 1.22          | -                   | 37,125,000                       | 311,370,000               | 1.09        |
| Local Government Investment Pool | 95,524,534                   | 0.11          | 196,922,000         | 249,100,000                      | 43,346,534                | 0.15        |
| Money Market                     | 54,036,196                   | 0.06          | 6,324,752           | 29,103,805                       | 31,257,143                | 0.10        |
| Treasury Bond                    | 75,000,000                   | 0.74          | -                   | -                                | 75,000,000                | 0.74        |
| <b>Total / Average</b>           | <b>1,812,146,730</b>         | <b>1.33</b>   | <b>220,776,752</b>  | <b>426,508,805</b>               | <b>1,606,414,677</b>      | <b>1.28</b> |

City of Dallas, Texas  
 Activity Summary - All Portfolios Combined  
 For the quarter ending June 30, 2010

| Dealer Activity                |                       |               |
|--------------------------------|-----------------------|---------------|
| Broker/Dealer                  | Awarded               | %             |
| Bank of America - National     | 130,000,000           | 17.89         |
| Coastal Securities - Regional  | 91,830,000            | 12.64         |
| First Southwest - Regional     | 88,990,000            | 12.25         |
| Jefferies & Co. - National     | 100,000,000           | 13.76         |
| JPMorgan - National            | 81,570,000            | 11.23         |
| Loop Capital - MWBE            | 107,000,000           | 14.73         |
| Morgan Keegan & Co. - Regional | 50,000,000            | 6.88          |
| Rice Financial - MWBE          | 28,140,000            | 3.87          |
| Wells Fargo - Regional         | 40,000,000            | 5.50          |
| Williams Capital - MWBE        | 9,100,000             | 1.25          |
| <b>Total</b>                   | <b>\$ 726,630,000</b> | <b>100.00</b> |

| Description      | Awarded               | %             |
|------------------|-----------------------|---------------|
| National Dealers | 311,570,000           | 42.88         |
| MWBE Dealers     | 144,240,000           | 19.85         |
| Regional Dealers | 270,820,000           | 37.27         |
| <b>Total</b>     | <b>\$ 726,630,000</b> | <b>100.00</b> |

| Q3 FY10                    |                   |               |
|----------------------------|-------------------|---------------|
| Broker/Dealer              | Awarded           | %             |
| First Southwest - Regional | 4,990,000         | 28.47         |
| Rice Financial - MWBE      | 2,540,000         | 14.49         |
| Wells Fargo - Regional     | 10,000,000        | 57.04         |
| <b>Total</b>               | <b>17,530,000</b> | <b>100.00</b> |



Section 9 of the City's investment Policy requires the annual review and adoption of a list of qualified broker/dealers. These firms represent the broker dealer firms that are currently approved by the Investment Committee as of October 16, 2009.

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



**SUMMARY STATEMENT**

|  | Current<br>6/30/2010 | Prior Qtr<br>3/31/2010 | Period<br>Net Change |
|--|----------------------|------------------------|----------------------|
| Money Market Mutual Funds & Pools                  | \$ 55,357,160        | \$ 132,353,445         | \$ (76,996,285)      |
| Face Value - Treasuries                            | 75,000,000           | 75,000,000             | -                    |
| Face Value - Agencies                              | 1,346,100,000        | 1,472,825,000          | (126,725,000)        |
| Total Face Value                                   | \$ 1,476,457,160     | \$ 1,680,178,445       | \$ (203,721,285)     |
| Money Market Mutual Funds & Pools                  | \$ 55,357,160        | \$ 132,353,445         | \$ (76,996,285)      |
| Book Value - Treasuries                            | 76,190,303           | 76,418,022             | (227,719)            |
| Book Value - Agencies                              | 1,364,002,079        | 1,497,713,858          | (133,711,779)        |
| Total Book Value                                   | \$ 1,495,549,542     | \$ 1,706,485,325       | \$ (210,935,783)     |
| Money Market Mutual Funds & Pools                  | \$ 55,357,160        | \$ 132,353,445         | \$ (76,996,285)      |
| Market Value - Treasuries                          | 76,478,120           | 76,463,650             | 14,470               |
| Market Value - Agencies                            | 1,368,793,216        | 1,503,252,691          | (134,459,475)        |
| Total Market Value                                 | \$ 1,500,628,496     | \$ 1,712,069,786       | \$ (211,441,290)     |
| Accrued Interest                                   | 13,606,284           | 15,316,930             | \$ (1,710,646)       |
| Cash Value (Total Market Value + Accrued Interest) | 1,514,234,780        | 1,727,386,716          | \$ (213,151,936)     |
| Unrealized Gain(Loss)                              | 5,078,954            | 5,584,461              | \$ (505,507)         |
| Weighted Average Days to Maturity                  | 230                  | 252                    | (22)                 |
| Buy Yield  | 1.27%                | 2.09%                  | -0.82%               |
| Portfolio Composition - % of Book Value            |                      |                        |                      |
| Money Market Mutual Funds and Pools                | 3.70%                | 7.76%                  | -4.06%               |
| Treasuries   | 5.09%                | 4.48%                  | 0.61%                |
| Agencies   | 91.20%               | 87.77%                 | 3.44%                |
|  | 100.00%              | 100.00%                |                      |

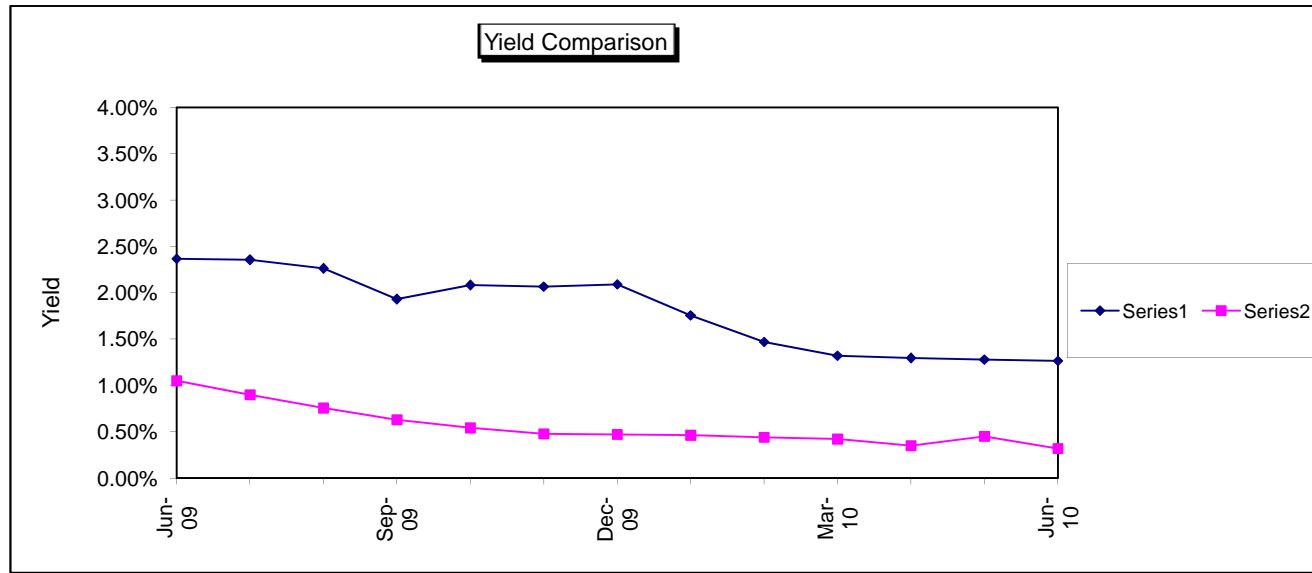
**STRATEGY STATEMENT**

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. The objectives of this portfolio 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) limit market and credit risk through diversification; and d) attain a market rate of return commensurate with the objectives and restrictions set forth in the Investment Policy by managing the portfolio to meet or exceed the 12 month moving average yield on treasury one-year constant maturities as reported by Federal Reserve Statistical Release H.15.

**STRATEGY COMPLIANCE STATEMENT**

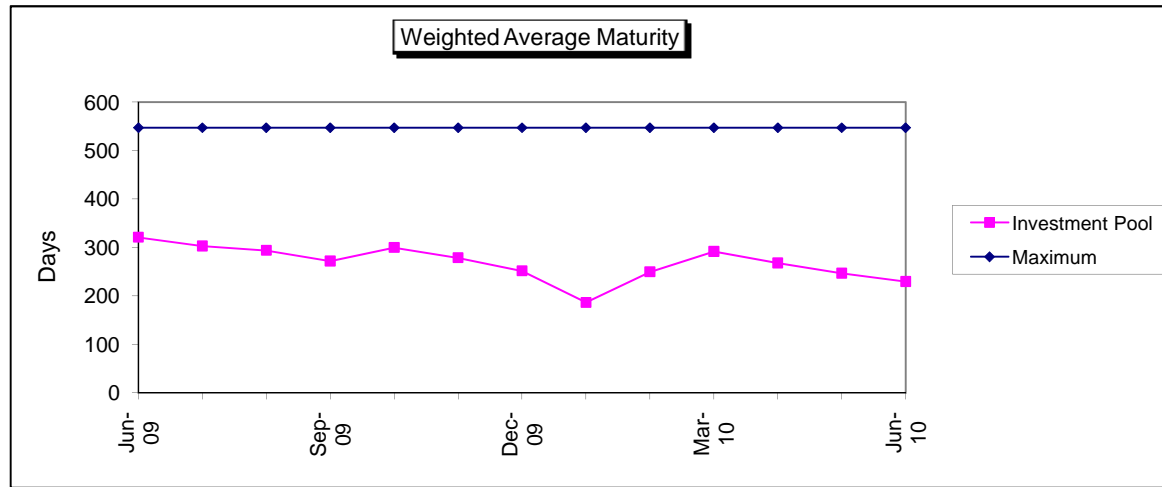
For the quarter ending June 30, 2010, the Investment Pool is in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.1 of the City's Investment Policy.

City of Dallas, Texas  
Yield Comparison - Investment Pool  
For the quarter ending June 30, 2010



\* 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.

City of Dallas, Texas  
Maturity Analysis - Investment Pool  
For the quarter ending June 30, 2010



| Investment Maturity Schedule - % of Total Pool |                      |                      |                        |                         |                      |
|--|----------------------|----------------------|------------------------|-------------------------|----------------------|
| Mnths/Yrs to Maturity                          | Current<br>6/30/2010 | 1st Qtr<br>3/31/2010 | 3 Months<br>Net Change | 1 Year Ago<br>6/30/2009 | 1 Year<br>Net Change |
| Less than 3 months:                            | 27.0%                | 14.1%                | 12.9%                  | 23.8%                   | 3.2%                 |
| 3 months to 6 months:                          | 14.3%                | 20.4%                | -6.1%                  | 4.9%                    | 9.4%                 |
| 6 months to 9 months:                          | 22.4%                | 12.6%                | 9.8%                   | 19.3%                   | 3.1%                 |
| 9 months to 1 year:                            | 9.5%                 | 18.8%                | -9.4%                  | 5.6%                    | 3.9%                 |
| 1 year to 2 years:                             | 26.8%                | 32.9%                | -6.1%                  | 45.3%                   | -18.5%               |
| 2 years to 5 years:                            | 0.0%                 | 1.2%                 | -1.2%                  | 1.1%                    | -1.1%                |
| <b>Total:</b>                                  | <b>100.0%</b>        | <b>100.0%</b>        |                        | <b>100.0%</b>           |                      |

City of Dallas, Texas  
 Convention Center Reserve  
 For the quarter ending June 30, 2010

**SUMMARY STATEMENT**

|  | Current<br>6/30/2010 | Prior Qtr<br>3/31/2010 | Period<br>Net Change |
|--|----------------------|------------------------|----------------------|
| Face Value -Treasuries                       | \$ -                 | \$ -                   | \$ -                 |
| Face Value - Agencies                        | 22,734,000           | 22,499,000             | 235,000              |
| Total Face Value                             | \$ 22,734,000        | \$ 22,499,000          | \$ 235,000           |
| Book Value - Treasuries                      | \$ -                 | \$ -                   | \$ -                 |
| Book Value - Agencies                        | 22,765,542           | 22,546,889             | 218,653              |
| Total Book Value                             | \$ 22,765,542        | \$ 22,546,889          | \$ 218,653           |
| Market Value - Treasuries                    | \$ -                 | \$ -                   | \$ -                 |
| Market Value - Agencies                      | 22,835,299           | 22,610,576             | 224,723              |
| Total Market Value                           | \$ 22,835,299        | \$ 22,610,576          | \$ 224,724           |
| Accrued Interest                             | \$ 183,799           | \$ 157,576             | \$ 26,223            |
| Cash Value (Market Value + Accrued Interest) | 23,019,098           | 22,768,152             | 250,945              |
| Unrealized Gain(Loss)                        | 69,757               | 63,687                 | 6,071                |
| Weighted Average Days to Maturity            | 304                  | 271                    | 33                   |
| Buy Yield                                    | 1.57%                | 1.63%                  | -0.06%               |
| Portfolio Composition - % of Book Value      |                      |                        |                      |
| Treasuries                                   | 0.00%                | 0.00%                  | 0.00%                |
| Agencies                                     | 100.00%              | 100.00%                | 0.00%                |

**STRATEGY STATEMENT**

Non-pooled reserve funds for outstanding revenue bonds 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. The objectives of this portfolio 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 June 30, 2010 the Convention Center Reserve portfolio is in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.3 of the City's Investment Policy.

NOTE: This report summarizes direct investments only; a fund's accounting balance also includes its equity in the Investment Pool.

City of Dallas, Texas  
Water Reserve  
For the quarter ending June 30, 2010

**SUMMARY STATEMENT**

|  | Current<br>6/30/2010 | Prior Qtr<br>3/31/2010 | Period<br>Net Change |
|--|----------------------|------------------------|----------------------|
| Face Value -Treasuries                       | \$ -                 | \$ -                   | \$ -                 |
| Face Value - Agencies                        | 82,252,000           | 72,252,000             | 10,000,000           |
| Total Face Value                             | \$ 82,252,000        | \$ 72,252,000          | \$ 10,000,000        |
| Book Value - Treasuries                      | \$ -                 | \$ -                   | \$ -                 |
| Book Value - Agencies                        | 83,007,096           | 72,802,148             | 10,204,948           |
| Total Book Value                             | \$ 83,007,096        | \$ 72,802,148          | \$ 10,204,948        |
| Market Value - Treasuries                    | \$ -                 | \$ -                   | \$ -                 |
| Market Value - Agencies                      | 83,535,678           | 73,143,928             | 10,391,750           |
| Total Market Value                           | \$ 83,535,678        | \$ 73,143,928          | \$ 10,391,750        |
| Accrued Interest                             | \$ 581,699           | \$ 502,500             | \$ 79,199            |
| Cash Value (Market Value + Accrued Interest) | 84,117,377           | 73,646,428             | 10,470,949           |
| Unrealized Gain(Loss)                        | 528,582              | 341,780                | 186,802              |
| Weighted Average Days to Maturity            | 378                  | 451                    | (73)                 |
| Buy Yield                                    | 1.80%                | 1.94%                  | -0.14%               |
| Portfolio Composition - % of Book Value      |                      |                        |                      |
| Treasuries                                   | 0.00%                | 0.00%                  | 0.00%                |
| Agencies                                     | 100.00%              | 100.00%                | 0.00%                |

**STRATEGY STATEMENT**

Non-pooled reserve funds for outstanding revenue bonds 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. The objectives of this portfolio 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 June 30, 2010 the Water Reserve portfolio is in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.3 of the City's Investment Policy.

NOTE: This report summarizes direct investments only; a fund's accounting balance also includes its equity in the Investment Pool.

City of Dallas, Texas  
 Art Endowment  
 For the quarter ending June 30, 2010

**SUMMARY STATEMENT**

|  | Current<br>6/30/2010 | Prior Qtr<br>3/31/2010 | Period<br>Net Change |
|--|----------------------|------------------------|----------------------|
| Face Value -Treasuries                       | \$ -                 | \$ -                   | \$ -                 |
| Face Value - Agencies                        | 2,540,000            | 2,500,000              | 40,000               |
| Total Face Value                             | \$ 2,540,000         | \$ 2,500,000           | \$ 40,000            |
| Book Value - Treasuries                      | \$ -                 | \$ -                   | \$ -                 |
| Book Value - Agencies                        | 2,542,515            | 2,508,967              | 33,548               |
| Total Book Value                             | \$ 2,542,515         | \$ 2,508,967           | \$ 33,548            |
| Market Value - Treasuries                    | \$ -                 | \$ -                   | \$ -                 |
| Market Value - Agencies                      | 2,545,556            | 2,511,719              | 33,837               |
| Total Market Value                           | \$ 2,545,556         | \$ 2,511,719           | \$ 33,837            |
| Accrued Interest                             | \$ 615               | \$ 39,006              | \$ (38,391)          |
| Cash Value (Market Value + Accrued Interest) | 2,546,171            | 2,550,725              | (4,554)              |
| Unrealized Gain(Loss)                        | 3,041                | 2,752                  | 289                  |
| Weighted Average Days to Maturity            | 352                  | 45                     | 307.00               |
| Buy Yield                                    | 0.57%                | 1.19%                  | -0.62%               |
| Portfolio Composition - % of Book Value      |                      |                        |                      |
| Treasuries                                   | 0.00%                | 0.00%                  | 0.00%                |
| Agencies                                     | 100.00%              | 100.00%                | 0.00%                |

**STRATEGY STATEMENT**

The Art Endowment Fund was created from a repayment to the General Fund from the Convention Center pursuant to Resolution No. 84-311. 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. The objectives of this portfolio 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 a market value commensurate with the objectives and the restrictions set forth in the Investment Policy.

**STRATEGY COMPLIANCE STATEMENT**

For the quarter ending June 30, 2010 the Art Endowment portfolio is in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.4 of the City's Investment Policy.

NOTE: This report summarizes direct investments only; a fund's accounting balance also includes its equity in the Investment Pool.

**SUMMARY STATEMENT**

|  | Current<br>6/30/2010 | Prior Qtr<br>3/31/2010 | Period<br>Net Change |
|--|----------------------|------------------------|----------------------|
| Face Value -Treasuries                       | \$ -                 | \$ -                   | \$ -                 |
| Face Value - Agencies                        | 1,000,000            | 1,000,000              | -                    |
| Total Face Value                             | \$ 1,000,000         | \$ 1,000,000           | \$ -                 |
| Book Value - Treasuries                      | \$ -                 | \$ -                   | \$ -                 |
| Book Value - Agencies                        | 999,972              | 999,938                | 34                   |
| Total Book Value                             | \$ 999,972           | \$ 999,938             | \$ 34                |
| Market Value - Treasuries                    | \$ -                 | \$ -                   | \$ -                 |
| Market Value - Agencies                      | 1,002,813            | 1,005,625              | (2,812)              |
| Total Market Value                           | \$ 1,002,813         | \$ 1,005,625           | \$ (2,812)           |
| Accrued Interest                             | \$ 4,333             | \$ 625                 | \$ 3,708             |
| Cash Value (Market Value + Accrued Interest) | 1,007,146            | 1,006,250              | 895                  |
| Unrealized Gain(Loss)                        | 2,841                | 5,687                  | (2,847)              |
| Weighted Average Days to Maturity            | 78                   | 169                    | (91)                 |
| Buy Yield                                    | 1.51%                | 1.51%                  | 0.00%                |
| Portfolio Composition - % of Book Value      |                      |                        |                      |
| Treasuries                                   | 0.00%                | 0.00%                  | 0.00%                |
| Agencies                                     | 100.00%              | 100.00%                | 0.00%                |

**STRATEGY STATEMENT**

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. The objectives of this portfolio 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 a market value commensurate with the objectives and the restrictions set forth in the Investment Policy.

**STRATEGY COMPLIANCE STATEMENT**

For the quarter ending June 30, 2010 the Ida Green Library Fund portfolio is in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.4 of the City's Investment Policy.

**SUMMARY STATEMENT**

|  | Current<br>6/30/2010 | Prior Qtr<br>3/31/2010 | Period<br>Net Change |
|--|----------------------|------------------------|----------------------|
| Face Value - Money Market Mutual Funds       | \$ 16,518,379        | \$ 25,368,669          | \$ (8,850,290)       |
| Book Value - Money Market Mutual Funds       | \$ 16,518,379        | \$ 25,368,669          | \$ (8,850,290)       |
| Market Value - Money Market Mutual Funds     | \$ 16,518,379        | \$ 25,368,669          | \$ (8,850,290)       |
| Accrued Interest                             | \$ 1,044             | \$ 1,807               | \$ (763)             |
| Cash Value (Market Value + Accrued Interest) | 16,519,423           | 25,370,476             | (8,851,053)          |
| Unrealized Gain(Loss)                        | -                    | -                      | -                    |
| Weighted Average Days to Maturity            | 1                    | 1                      | 0                    |
| Buy Yield                                    | 0.11%                | 0.14%                  | -0.03%               |
| Portfolio Composition - % of Book Value      |                      |                        |                      |
| Money Market Mutual Funds                    | 100.00%              | 100.00%                | 0.00%                |

**STRATEGY STATEMENT**

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. The objectives of this portfolio are to: a) ensure safety of principal by investing only in AAA-rated tax-exempt money market mutual funds; b) ensure that anticipated cash flows are matched with adequate investment liquidity; c) manage market and credit risk through diversification; and d) attain a market value commensurate with the objectives and the restrictions set forth in the Investment Policy and governing bond ordinances.

0.00%

**STRATEGY COMPLIANCE STATEMENT**

For the quarter ending March 31, 2010 the Water Commercial Paper Program Portfolio is in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.7 of the City's Investment Policy.



City of Dallas, Texas  
Trinity Parkway Escrow  
For the quarter ending June 30, 2010

**SUMMARY STATEMENT**

|  | Current<br>6/30/2010 | Prior Qtr<br>3/31/2010 | Period<br>Net Change |
|--|----------------------|------------------------|----------------------|
| Face Value - Money Market Mutual Funds       | \$ 2,188,446         | \$ 3,154,230           | \$ (965,784)         |
| Book Value - Money Market Mutual Funds       | \$ 2,188,446         | \$ 3,154,230           | \$ (965,784)         |
| Market Value - Money Market Mutual Funds     | \$ 2,188,446         | \$ 3,154,230           | \$ (965,784)         |
| Accrued Interest                             | \$ -                 | \$ 768.85              | \$ (769)             |
| Cash Value (Market Value + Accrued Interest) | 2,188,446            | 3,154,999              | (966,553)            |
| Unrealized Gain(Loss)                        | -                    | -                      | -                    |
| Weighted Average Days to Maturity            | 1                    | 1                      | 0                    |
| Buy Yield                                    | 0.17%                | 0.12%                  | 0.05%                |
| Portfolio Composition - % of Book Value      |                      |                        |                      |
| Money Market Mutual Funds                    | 100.00%              | 100.00%                | 0.00%                |

**STRATEGY STATEMENT**

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. These funds will be used to reimburse NTTA 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. The objectives of this portfolio 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 a market rate of return commensurate with the objectives and restrictions set forth in the Agreement.

**STRATEGY COMPLIANCE STATEMENT**

For the quarter ending March 31, 2010 the Trinity Parkway Escrow portfolio is in compliance with the provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.8 of the City's Investment Policy.

City of Dallas, Texas  
Cityplace TIF Reserve  
For the quarter ending June 30, 2010

**SUMMARY STATEMENT**

|  | Current<br>6/30/2010 | Prior Qtr<br>3/31/2010 | Period<br>Net Change |
|--|----------------------|------------------------|----------------------|
| Face Value -Treasuries                       | \$ -                 | \$ -                   | \$ -                 |
| Face Value - Agencies                        | 2,185,000            | 2,185,000              | -                    |
| Total Face Value                             | \$ 2,185,000         | \$ 2,185,000           | \$ -                 |
| Book Value - Treasuries                      | \$ -                 | \$ -                   | \$ -                 |
| Book Value - Agencies                        | 2,190,732            | 2,209,361              | (18,629)             |
| Total Book Value                             | \$ 2,190,732         | \$ 2,209,361           | \$ (18,629)          |
| Market Value - Treasuries                    | \$ -                 | \$ -                   | \$ -                 |
| Market Value - Agencies                      | 2,191,828            | 2,215,727              | (23,899)             |
| Total Market Value                           | \$ 2,191,828         | \$ 2,215,727           | \$ (23,899)          |
| Accrued Interest                             | 43,360               | 17,972                 | 25,388               |
| Cash Value (Market Value + Accrued Interest) | 2,235,188            | 2,233,699              | 1,489                |
| Unrealized Gain(Loss)                        | 1,096                | 6,366                  | (5,269)              |
| Weighted Average Days to Maturity            | 28                   | 119                    | -91                  |
| Buy Yield                                    | 1.25%                | 1.25%                  | 0.00%                |
| Portfolio Composition - % of Book Value      |                      |                        |                      |
| Treasuries                                   | 0.00%                | 0.00%                  | 0.00%                |
| Agencies                                     | 100.00%              | 100.00%                | 0.00%                |

**STRATEGY STATEMENT**

Non-pooled reserve funds for outstanding revenue bonds 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. The objectives of this portfolio 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 a market rate of return 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 June 30, 2010 the Cityplace TIF Reserve portfolio is in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.3 of the City's Investment Policy.

City of Dallas, Texas  
 Oncor Electric Escrow  
 For the quarter ending June 30, 2010

**SUMMARY STATEMENT**

|  | Current<br>6/30/2010 | Prior Qtr<br>3/31/2010 | Period<br>Net Change |
|--|----------------------|------------------------|----------------------|
| Face Value - Money Market Mutual Funds       | \$ 539,692           | \$ 4,552,097           | \$ (4,012,405)       |
| Book Value - Money Market Mutual Funds       | \$ 539,692           | \$ 4,552,097           | \$ (4,012,405)       |
| Market Value - Money Market Mutual Funds     | \$ 539,692           | \$ 4,552,097           | \$ (4,012,405)       |
| Accrued Interest                             | \$ -                 | \$ 1,083               | \$ (1,083)           |
| Cash Value (Market Value + Accrued Interest) | 539,692              | 4,553,180              | (4,013,488)          |
| Unrealized Gain(Loss)                        |                      | -                      | -                    |
| Weighted Average Days to Maturity            | 1                    | 1                      | 0                    |
| Buy Yield                                    | 0.17%                | 0.12%                  | 0.05%                |
| Portfolio Composition - % of Book Value      |                      |                        |                      |
| Money Market Mutual Funds                    | 100.00%              | 100.00%                | 0.00%                |

**STRATEGY COMPLIANCE STATEMENT**

For the quarter ending March 31, 2010 the Oncor Electric Escrow portfolio is in compliance with the provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.8 of the City's Investment Policy.