



**CITY OF DALLAS**

**QUARTERLY INVESTMENT REPORT**

**September 30, 2011**

City of Dallas  
Portfolio Holdings  
Combined Investment Summary  
As of 09/30/2011

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	1,265,492,841	1,272,901,647	1,276,579,654	4,436,949	1,281,016,604	3,678,007	453	0.66%	92.78%
02 Convention Center Reserve	22,800,000	22,824,526	22,853,335	61,265	22,914,600	28,810	114	0.67%	1.66%
03 Water Reserve	71,670,000	71,802,430	72,086,714	278,080	72,364,793	284,283	293	0.84%	5.23%
04 Art Endowment	2,192,000	2,293,280	2,293,367	15,100	2,308,467	87	486	0.50%	0.17%
05 Ida Green Library Fund	-	-	-	-	-	-	0	0.00%	0.00%
10 DWU Commercial Paper Program	193,119	193,119	193,119	-	193,119	-	1	0.03%	0.01%
14 Trinity Parkway Escrow	1,473,891	1,473,891	1,473,891	-	1,473,891	-	1	0.03%	0.11%
16 Oncor Electric Escrow	540,393	540,393	540,393	-	540,393	-	1	0.03%	0.04%
<b>Total</b>	<b>1,364,362,244</b>	<b>1,372,029,286</b>	<b>1,376,020,473</b>	<b>4,791,394</b>	<b>1,380,811,867</b>	<b>3,991,187</b>	<b>438</b>	<b>0.67%</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: 6/30/2011 - 9/30/11

Portfolio Description	Beginning Face Amount	Beginning Yield To Maturity	Purchased	Matured/Called	Ending Face Amount	Ending Yield To Maturity
<b>City's Investment Pool</b>						
Federal Farm Credit Bank	296,875,000	0.80%	65,000,000	45,000,000	316,875,000	0.82%
Federal Home Loan Bank	302,505,000	0.56%	33,125,000	41,000,000	294,630,000	0.61%
Federal Home Loan Mortgage Corp.	356,685,000	0.79%	10,000,000	164,000,000	202,685,000	0.74%
Federal National Mortgage Assoc.	341,000,000	0.70%	25,000,000	85,000,000	281,000,000	0.74%
Treasury Note	75,000,000	0.74%	-	55,000,000	20,000,000	0.01%
<b>Total</b>	<b>1,372,065,000</b>	<b>0.70%</b>	<b>133,125,000</b>	<b>390,000,000</b>	<b>1,115,190,000</b>	<b>0.66%</b>

Trade activity includes agencies and treasuries only and excludes local government investment pools and money market mutual funds.

<b>Convention Center Reserve</b>						
Federal Farm Credit Bank	9,500,000	0.71%	-	-	9,500,000	0.71%
Federal Home Loan Bank	13,300,000	0.64%	-	-	13,300,000	0.64%
<b>Total</b>	<b>22,800,000</b>	<b>0.67%</b>	<b>-</b>	<b>-</b>	<b>22,800,000</b>	<b>0.67%</b>

<b>Water Reserve</b>						
Federal Farm Credit Bank	10,000,000	0.80%	-	-	10,000,000	0.80%
Federal Home Loan Bank	46,670,000	1.06%	7,000,000	7,000,000	46,670,000	0.92%
Federal National Mortgage Assoc.	15,000,000	0.60%	-	-	15,000,000	0.60%
<b>Total</b>	<b>71,670,000</b>	<b>0.93%</b>	<b>7,000,000</b>	<b>7,000,000</b>	<b>71,670,000</b>	<b>0.84%</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	0.32%	-	1,000,000	-	0.00%
<b>Total</b>	<b>1,000,000</b>	<b>0.32%</b>	<b>-</b>	<b>1,000,000</b>	<b>-</b>	<b>0.00%</b>

\* Security matured 09/30/11 and was reinvested the first week in October.

<b>DWU Commercial Paper</b>						
Money Market	873,824	0.08%	-	680,705	193,119	0.03%
<b>Total</b>	<b>873,824</b>	<b>0.08%</b>	<b>-</b>	<b>680,705</b>	<b>193,119</b>	<b>0.03%</b>

<b>Trinity Parkway Escrow</b>						
Money Market	1,604,846	0.13%	229	131,184	1,473,891	0.03%
<b>Total</b>	<b>1,604,846</b>	<b>0.13%</b>	<b>229</b>	<b>131,184</b>	<b>1,473,891</b>	<b>0.03%</b>

<b>Oncor Electric Escrow</b>						
Money Market	540,315	0.13%	78	-	540,393	0.03%
<b>Total</b>	<b>540,315</b>	<b>0.13%</b>	<b>78</b>	<b>-</b>	<b>540,393</b>	<b>0.03%</b>

<b>Grand Total</b>	<b>1,472,745,985</b>	<b>0.71%</b>	<b>140,125,307</b>	<b>398,811,889</b>	<b>1,214,059,404</b>	<b>0.67%</b>
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City of Dallas  
Summary Statement by Portfolio  
As of: 6/30/2011 - 9/30/11

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	33,803,533	150,298,533	33,803,533	150,298,533	33,803,533	150,298,533	116,495,000	-	-	0.09%
Money Market	2,675,308	4,308	2,675,308	4,308	2,675,308	4,308	(2,671,000)	-	-	0.00%
US Agency	1,297,065,000	1,095,190,000	1,307,303,698	1,102,536,687	1,311,921,596	1,106,207,273	-	(205,714,323)	4,052,371	0.73%
US Treasury	75,000,000	20,000,000	75,276,928	20,062,119	75,394,525	20,069,540	-	(55,324,985)	384,579	0.92%
<b>Total</b>	<b>1,408,543,841</b>	<b>1,265,492,841</b>	<b>1,419,059,467</b>	<b>1,272,901,647</b>	<b>1,423,794,962</b>	<b>1,276,579,654</b>	<b>113,824,000</b>	<b>(261,039,308)</b>	<b>4,436,949</b>	<b>0.66%</b>
<b>Convention Center Reserve<sup>2</sup></b>										
US Agency	22,800,000	22,800,000	22,839,726	22,824,526	22,896,067	22,853,335	-	(42,732)	61,265	0.67%
<b>Total</b>	<b>22,800,000</b>	<b>22,800,000</b>	<b>22,839,726</b>	<b>22,824,526</b>	<b>22,896,067</b>	<b>22,853,335</b>	<b>-</b>	<b>(42,732)</b>	<b>61,265</b>	<b>0.67%</b>
<b>Water Reserve<sup>2</sup></b>										
US Agency	71,670,000	71,670,000	71,822,088	71,802,430	72,216,272	72,086,714	-	(129,558)	278,080	0.84%
<b>Total</b>	<b>71,670,000</b>	<b>71,670,000</b>	<b>71,822,088</b>	<b>71,802,430</b>	<b>72,216,272</b>	<b>72,086,714</b>	<b>-</b>	<b>(129,558)</b>	<b>278,080</b>	<b>0.84%</b>
<b>Art Endowment<sup>3</sup></b>										
US Agency	2,192,000	2,192,000	2,312,452	2,293,280	2,310,258	2,293,367	-	(16,892)	15,100	0.50%
<b>Total</b>	<b>2,192,000</b>	<b>2,192,000</b>	<b>2,312,452</b>	<b>2,293,280</b>	<b>2,310,258</b>	<b>2,293,367</b>	<b>-</b>	<b>(16,892)</b>	<b>15,100</b>	<b>0.50%</b>
<b>Ida Green Library Endowment<sup>4</sup></b>										
US Agency	1,000,000	-	1,000,579	-	1,001,201	-	(1,000,000)	(1,001,201)	-	0.00%
<b>Total</b>	<b>1,000,000</b>	<b>-</b>	<b>1,000,579</b>	<b>-</b>	<b>1,001,201</b>	<b>-</b>	<b>-</b>	<b>(1,001,201)</b>	<b>-</b>	<b>0.00%</b>
<b>DWU Commercial Paper<sup>5</sup></b>										
Money Market	873,824	193,119	873,824	193,119	873,824	193,119	(680,706)	-	-	0.03%
<b>Total</b>	<b>873,824</b>	<b>193,119</b>	<b>873,824</b>	<b>193,119</b>	<b>873,824</b>	<b>193,119</b>	<b>(680,706)</b>	<b>-</b>	<b>-</b>	<b>0.03%</b>
<b>Trinity Parkway Escrow<sup>6</sup></b>										
Money Market	1,604,846	1,473,891	1,604,846	1,473,891	1,604,846	1,473,891	(130,955)	-	-	0.03%
<b>Total</b>	<b>1,604,846</b>	<b>1,473,891</b>	<b>1,604,846</b>	<b>1,473,891</b>	<b>1,604,846</b>	<b>1,473,891</b>	<b>(130,955)</b>	<b>-</b>	<b>-</b>	<b>0.03%</b>
<b>Oncor Electric Escrow<sup>7</sup></b>										
Money Market	540,315	540,393	540,315	540,393	540,315	540,393	78	-	-	0.03%
<b>Total</b>	<b>540,315</b>	<b>540,393</b>	<b>540,315</b>	<b>540,393</b>	<b>540,315</b>	<b>540,393</b>	<b>78</b>	<b>-</b>	<b>-</b>	<b>0.03%</b>

## City of Dallas

### Strategy Statement and Compliance by Portfolio

As of: 6/30/2011 - 9/30/11

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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 September 30, 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.

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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.

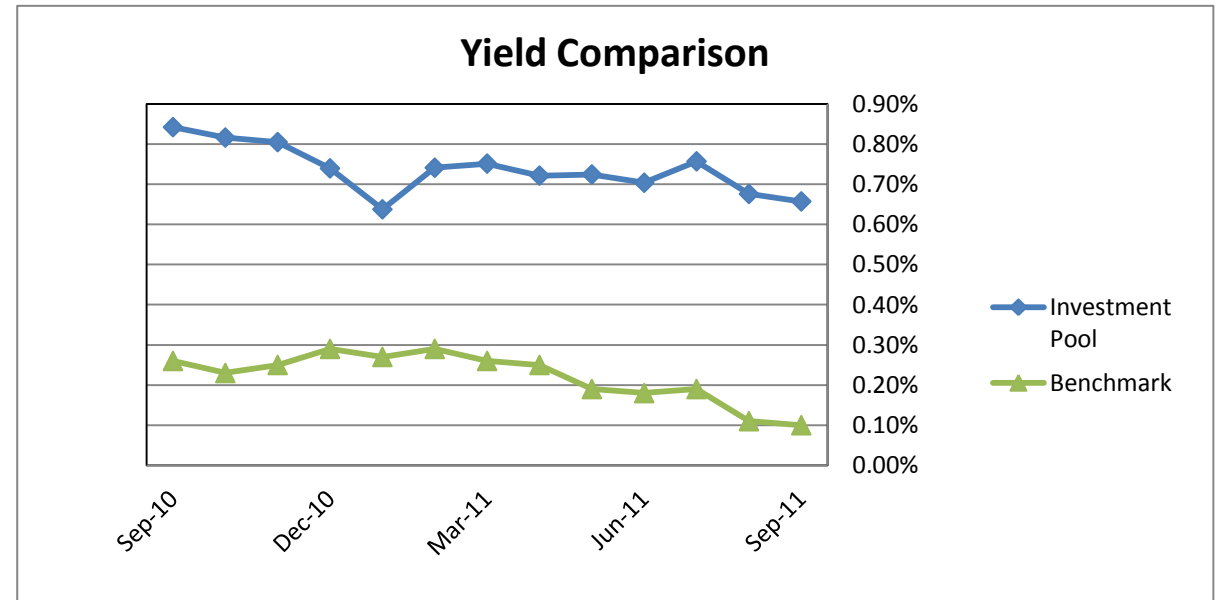
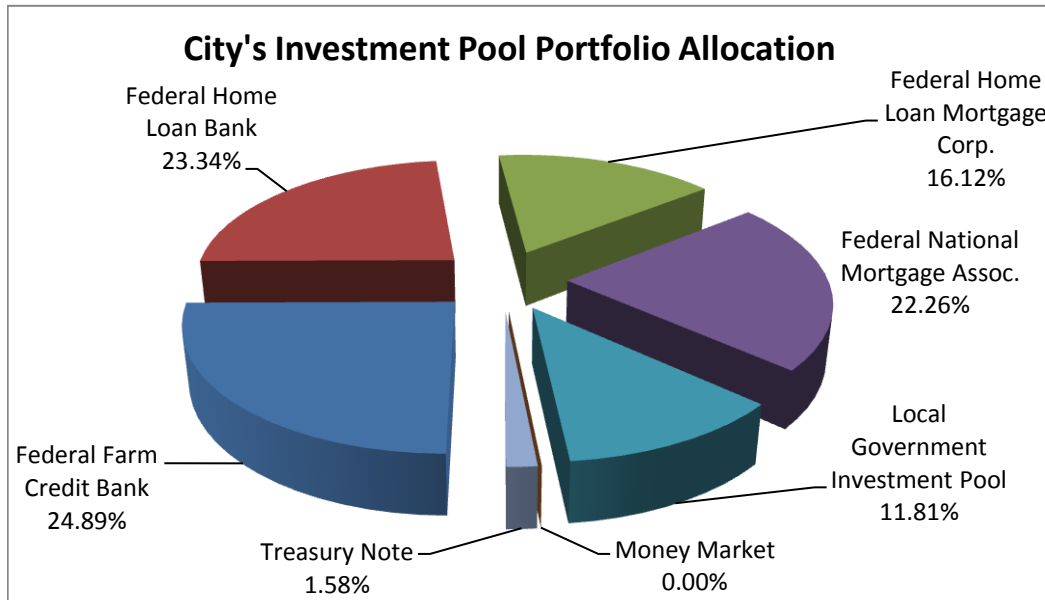
##### 6) Trinity Parkway Escrow

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.

**City of Dallas**  
**City's Investment Pool Portfolio Allocation**  
**Investment Summary**  
**As of 09/30/2011**



Description	Face Amount	Book Value	Market Value	*Unrealized Gain/(Loss)	Weighted Average Days To Maturity	Yield To Maturity	% of Portfolio
Federal Farm Credit Bank	316,875,000	316,862,294	317,949,579	1,087,286	585	0.82%	24.89%
Federal Home Loan Bank	294,630,000	297,086,867	297,746,770	659,903	440	0.62%	23.34%
Federal Home Loan Mortgage Corp.	202,685,000	205,228,539	206,089,613	861,073	498	0.74%	16.12%
Federal National Mortgage Assoc.	281,000,000	283,358,986	284,421,311	1,062,325	555	0.74%	22.26%
Local Government Investment Pool	150,298,533	150,298,533	150,298,533	-	1	0.09%	11.81%
Money Market	4,308	4,308	4,308	-	1	0.00%	0.00%
Treasury Note	20,000,000	20,062,119	20,069,540	7,421	31	0.92%	1.58%
<b>Total</b>	<b>1,265,492,841</b>	<b>1,272,901,647</b>	<b>1,276,579,654</b>	<b>3,678,007</b>	<b>453</b>	<b>0.66%</b>	<b>100.00%</b>

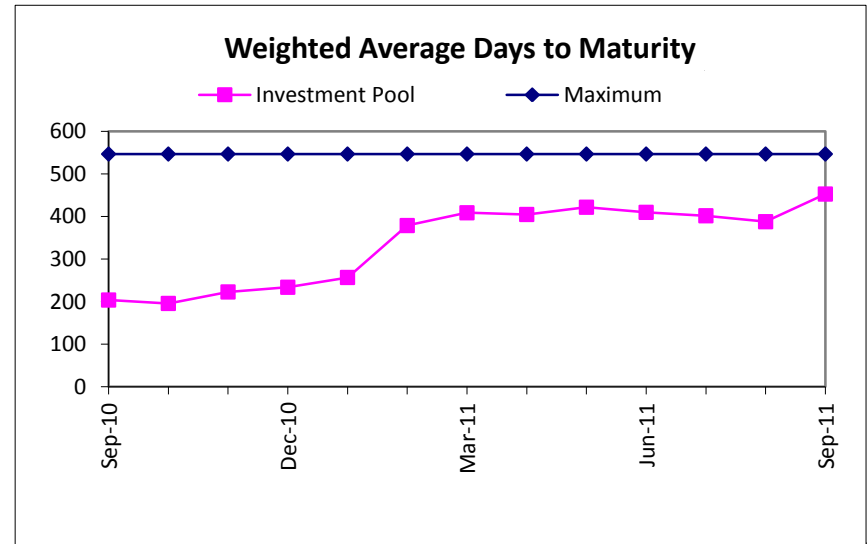
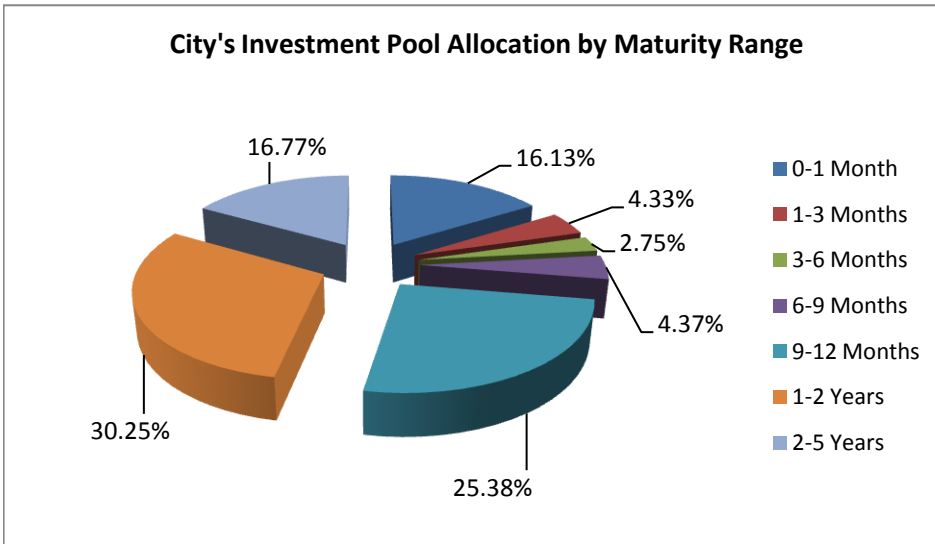
\* Unrealized gain/loss is the difference between the market value and book value and does not represent an actual gain or loss. Gains and losses are realized only when a security is sold prior to maturity. Since it is the City's strategy to hold investments until they mature, the temporary gains and 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 September 30, 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 09/30/2011**



Description	Face Amount/Shares	Book Value	Market Value	Yield To Maturity	Weighted Average Days To Maturity	% of Portfolio
0-1 Month	205,302,841	205,314,953	205,305,721	0.22%	2	16.13%
1-3 Months	55,000,000	55,150,830	55,183,930	0.78%	46	4.33%
3-6 Months	35,000,000	35,055,405	35,099,130	0.46%	139	2.75%
6-9 Months	54,675,000	55,655,725	55,724,205	0.49%	238	4.37%
9-12 Months	321,905,000	323,106,737	323,761,851	0.51%	337	25.38%
1-2 Years	380,485,000	385,091,025	387,178,991	0.79%	578	30.25%
2-5 Years	213,125,000	213,526,973	214,325,826	1.17%	1825	16.77%
<b>Total</b>	<b>1,265,492,841</b>	<b>1,272,901,647</b>	<b>1,276,579,654</b>	<b>0.66%</b>	<b>453</b>	<b>100.00%</b>

**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	20,000,000	1.77%
Coastal Securities	197,685,000	17.49%
Comerica Securities	-	0.00%
Crews and Associates	10,000,000	0.88%
Duncan Williams - MWBE	20,000,000	1.77%
First Southwest	176,000,000	15.57%
Jefferies & Co.	220,000,000	19.46%
JPMorgan	60,000,000	5.31%
Loop Capital - MWBE	57,675,000	5.10%
Morgan Keegan & Co.	-	0.00%
Oppenheimer & Co.	20,000,000	1.77%
Rice Financial - MWBE	100,117,000	8.86%
Vining Sparks	98,900,000	8.75%
Wells Fargo	90,000,000	7.96%
Williams Capital - MWBE	60,000,000	5.31%
<b>Total</b>	<b>1,130,377,000</b>	<b>100.00%</b>

Description	Awarded	%
National Dealers	300,000,000	26.54%
MWBE Dealers	237,792,000	21.04%
Regional Dealers	592,585,000	52.42%
<b>Total</b>	<b>1,130,377,000</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.

Q4 FY11		
Description	Awarded	%
Duncan Williams	20,000,000	14.27%
First Southwest	7,000,000	5.00%
Jefferies & Co.	23,125,000	16.50%
Loop Capital - MWBE	10,000,000	7.14%
Oppenheimer & Co.	10,000,000	7.14%
Rice Financial - MWBE	35,000,000	24.98%
Vining Sparks	25,000,000	17.84%
Wells Fargo	10,000,000	7.14%
	-	0.00%
	-	0.00%
<b>Total</b>	<b>140,125,000</b>	<b>100.00%</b>

