

Memorandum



DATE February 28, 2014

TO Members of the Budget, Finance & Audit Committee: Jerry R. Allen (Chair),
Jennifer S. Gates (Vice Chair), Tennell Atkins, Sheffie Kadane, Philip T. Kingston

SUBJECT Quarterly Investment Report as of December 31, 2013

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

For the quarter ended December 31, 2013 the City's individual portfolios and the combined portfolio are in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategies adopted in Sec. 17.0 of the City's Investment Policy.

The agenda for the Monday, March 3, 2014 Budget Finance and Audit committee meeting includes the December 31, 2013 quarterly investment report. The executed quarterly investment report is attached.


Jeanne Chipperfield
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of the City Council	Jill A. Jordan, P.E., Assistant City Manager
A.C. Gonzalez, City Manager	Forest E. Turner, Assistant City Manager
Rosa A. Rios, City Secretary	Joey Zapata, Assistant City Manager
Warren M.S. Ernst, City Attorney	Charles M. Cato, Interim Assistant City Manager
Daniel F. Solis, Administrative Judge	Theresa O'Donnell, Interim Assistant City Manager
Craig D. Kinton, City Auditor	Frank Libro, Public Information Officer
Ryan S. Evans, Interim First Assistant City Manager	Elsa Cantu, Assistant to the City Manager



CITY OF DALLAS

QUARTERLY INVESTMENT REPORT

December 31, 2013

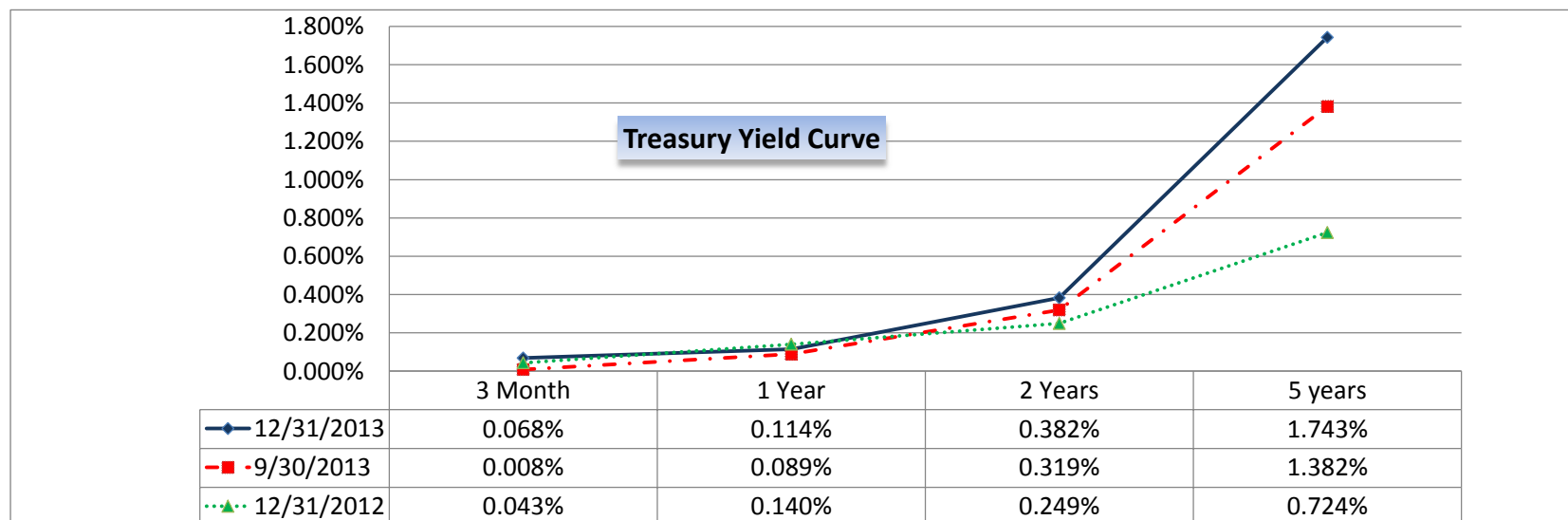
Quarterly National Economic and Market Update
 Quarter Ended December 31, 2013

- Growth in economic activity picked up in recent quarters.
- Labor market indicators were mixed but on balance showed further improvement.
- With appropriate policy accommodation, economic activity will expand at a moderate pace.
- The existing policy of the Federal Open Market Committee (FOMC) should maintain downward pressure on long-term interest rates, support mortgage markets, and help to make broader financial conditions more accommodative.

Source: FOMC Statement January 29, 2014

National Economic Data	12/31/2012	12/31/2013
Fed Funds Rate	0.00% -0.25%	0.00% -0.25%
2 Years Treasury Note	0.249%	0.382%
10 Years Treasury Note	1.758%	3.029%
Monthly Unemployment Rate	7.90%	6.70%
Weekly Initial Jobless Claims	372,000	345,000
Monthly Change in Nonfarm Payrolls	214,000	75,000
Monthly New Housing Starts	983,000	999,000

Source: Bloomberg



Source: Bloomberg

City of Dallas
Portfolio Holdings
Combined Investment Summary
As of 12/31/2013

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	1,172,051,604	1,175,257,459	1,175,943,431	2,657,477	1,178,600,908	685,972	297	0.32%	90.94%
02 Convention Center Reserve	18,900,000	18,901,982	18,934,440	18,248	18,952,688	32,458	455	0.39%	1.46%
03 Water Reserve	90,000,000	90,052,436	90,101,500	53,779	90,155,279	49,064	442	0.36%	6.97%
04 Art Endowment	2,235,000	2,235,000	2,234,676	3,259	2,237,935	(324)	576	0.35%	0.17%
05 Ida Green Library Fund	1,000,000	998,556	998,835	0	998,835	279	325	0.16%	0.08%
10 DWU Commercial Paper Program	4,354,929	4,354,929	4,354,929	0	4,354,929	-	1	0.04%	0.34%
14 Trinity Parkway Escrow	546,359	546,359	546,359	0	546,359	-	1	0.01%	0.04%
16 Oncor Electric Escrow	54,594	54,594	54,594	0	54,594	-	1	0.01%	0.00%
17 GO Commercial Paper Program	1	1	1	0	1	-	1	0.02%	0.00%
**Total	1,289,142,487	1,292,401,316	1,293,168,764	2,732,763	1,295,901,528	767,449	309	0.32%	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.

**Numbers may not sum due to rounding

City of Dallas
Trade Activity by Portfolio
As of: 09/30/13 - 12/31/13

Portfolio Description	Beginning Face Amount	Beginning Yield To Maturity	Purchased/Deposited	Matured/Called/Redeemed	Ending Face Amount	Ending Yield To Maturity
City's Investment Pool*						
Federal Agricultural Mortgage Corp.	50,000,000	0.72%	20,000,000	-	70,000,000	0.56%
Federal Farm Credit Bank	267,768,000	0.44%	10,000,000	25,000,000	252,768,000	0.38%
Federal Home Loan Bank	171,000,000	0.40%	65,000,000	10,000,000	226,000,000	0.34%
Federal Home Loan Mortgage Corp.	296,853,000	0.38%	-	30,000,000	266,853,000	0.38%
Federal National Mortgage Assoc.	109,240,000	0.29%	60,100,000	-	169,340,000	0.27%
Total	894,861,000	0.41%	155,100,000	65,000,000	984,961,000	0.36%

*Trade activity excludes local government investment pools and money market mutual funds.

Convention Center Reserve						
Federal National Mortgage Assoc.	18,900,000	0.39%	-	-	18,900,000	0.39%
Total	18,900,000	0.39%	-	-	18,900,000	0.39%

Water Reserve						
Federal Farm Credit Bank	-	0.00%	5,000,000	-	5,000,000	0.30%
Federal Home Loan Bank	40,000,000	0.00%	-	-	40,000,000	0.28%
Federal Home Loan Mortgage Corp.	30,000,000	0.00%	15,000,000	-	45,000,000	0.44%
Federal National Mortgage Assoc.	10,000,000	0.00%	-	10,000,000	-	0.00%
Total	80,000,000	0.44%	20,000,000	10,000,000	90,000,000	0.36%

Art Endowment						
Federal Farm Credit Bank	2,235,000	0.35%	-	-	2,235,000	0.35%
Total	2,235,000	0.35%	-	-	2,235,000	0.35%

Ida Green Library Endowment						
Federal Home Loan Bank	1,000,000	0.50%	-	1,000,000	-	0.00%
Federal National Mortgage Assoc.	-	0.00%	1,000,000	-	1,000,000	0.16%
Total	1,000,000	0.50%	1,000,000	1,000,000	1,000,000	0.16%

DWU Commercial Paper						
Money Market - Tax Exempt	4,496,941	0.02%	2,397,988	2,540,000	4,354,929	0.04%
Total	4,496,941	0.02%	2,397,988	2,540,000	4,354,929	0.04%

GO Commercial Paper						
Money Market - Tax Exempt	7,737,404	0.02%	-	7,737,403	1	0.02%
Total	7,737,404	0.02%	-	7,737,403	1	0.02%

Trinity Parkway Escrow						
Money Market	602,683	0.01%	143,968	200,292	546,359	0.01%
Total	602,683	0.01%	143,968	200,292	546,359	0.01%

Oncor Electric Escrow						
Money Market	54,592	0.01%	2	-	54,594	0.01%
Total	54,592	0.01%	2	-	54,594	0.01%

City of Dallas
Summary Statement by Portfolio
As of: 09/30/13 - 12/31/13

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	207,106,533	132,106,533	207,106,533	132,106,533	207,106,533	132,106,533	(75,000,000)	-	-	0.09%
Money Market	95,984,071	54,984,071	95,984,071	54,984,071	95,984,071	54,984,071	(41,000,000)	-	-	0.04%
US Agency	894,861,000	984,961,000	898,709,243	988,166,855	899,825,980	988,852,827	90,100,000	(1,580,555)	2,657,477	0.36%
*Total	1,197,951,604	1,172,051,604	1,201,799,847	1,175,257,459	1,202,916,584	1,175,943,431	(25,900,000)	(1,580,555)	2,657,477	0.32%
Convention Center Reserve²										
US Agency	18,900,000	18,900,000	18,902,397	18,901,982	18,936,768	18,934,440	-	(2,328)	18,248	0.39%
Total	18,900,000	18,900,000	18,902,397	18,901,982	18,936,768	18,934,440	-	(2,328)	18,248	0.39%
Water Reserve²										
US Agency	80,000,000	90,000,000	80,063,500	90,052,436	80,130,240	90,101,500	10,000,000	(28,740)	53,779	0.36%
Total	80,000,000	90,000,000	80,063,500	90,052,436	80,130,240	90,101,500	10,000,000	(28,740)	53,779	0.36%
Art Endowment³										
US Agency	2,235,000	2,235,000	2,235,000	2,235,000	2,234,368	2,234,676	-	308	3,259	0.35%
Total	2,235,000	2,235,000	2,235,000	2,235,000	2,234,368	2,234,676	-	308	3,259	0.35%
Ida Green Library Endowment⁴										
US Agency	1,000,000	1,000,000	999,803	998,556	1,000,459	998,835	-	(28)	-	0.16%
Total	1,000,000	1,000,000	999,803	998,556	1,000,459	998,835	-	(28)	-	0.16%
DWU Commercial Paper⁵										
Money Market - Tax Exempt	4,496,941	4,354,929	4,496,941	4,354,929	4,496,941	4,354,929	(142,012)	-	-	0.04%
Total	4,496,941	4,354,929	4,496,941	4,354,929	4,496,941	4,354,929	(142,012)	-	-	0.04%
GO Commercial Paper⁵										
Money Market - Tax Exempt	7,737,404	1	7,737,404	1	7,737,404	1	(7,737,403)	-	-	0.02%
Total	7,737,404	1	7,737,404	1	7,737,404	1	(7,737,403)	-	-	0.02%
Trinity Parkway Escrow⁶										
Money Market	602,683	546,359	602,683	546,359	602,683	546,359	(56,324)	-	-	0.01%
Total	602,683	546,359	602,683	546,359	602,683	546,359	(56,324)	-	-	0.01%
Oncor Electric Escrow⁷										
Money Market	54,592	54,594	54,592	54,594	54,592	54,594	2	-	-	0.01%
Total	54,592	54,594	54,592	54,594	54,592	54,594	2	-	-	0.01%

Notes 1-7: See Page 6 for Strategy Statement by Portfolio.

*Numbers may not sum due to rounding

City of Dallas
Strategy Statement and Compliance by Portfolio
As of: 09/30/13 - 12/31/13

STRATEGY COMPLIANCE STATEMENT

For the quarter ended December 31, 2013 the portfolios are in compliance with the relevant provisions of the Public Fund Investment Act and the investment strategies adopted in Sec. 17.0 of the City's Investment Policy.

STRATEGY STATEMENT BY PORTFOLIO

1) City's Investment Pool

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

2) Convention Center Bond Reserve and Water Bond 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 and GO Commercial Paper Program

The City issues tax-exempt commercial paper notes as an interim financing tool for construction and 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.

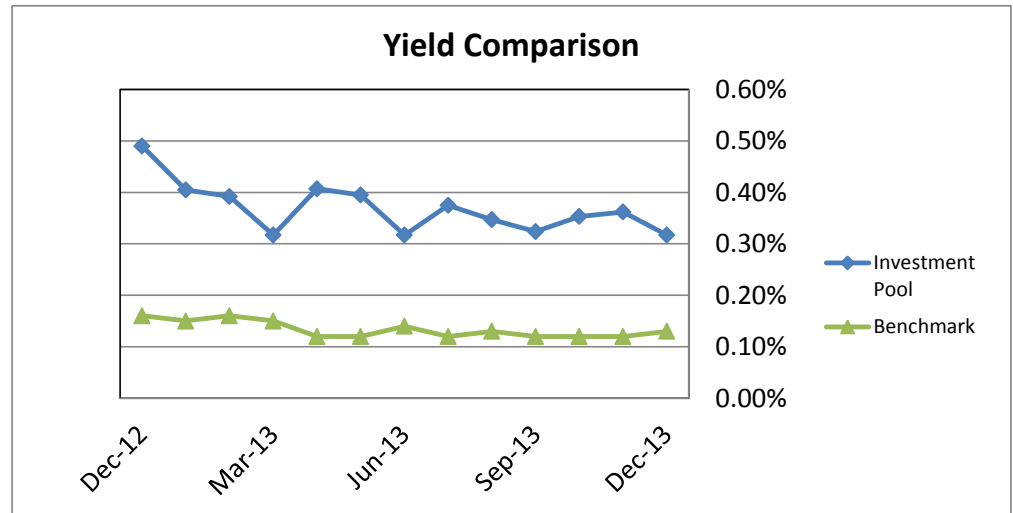
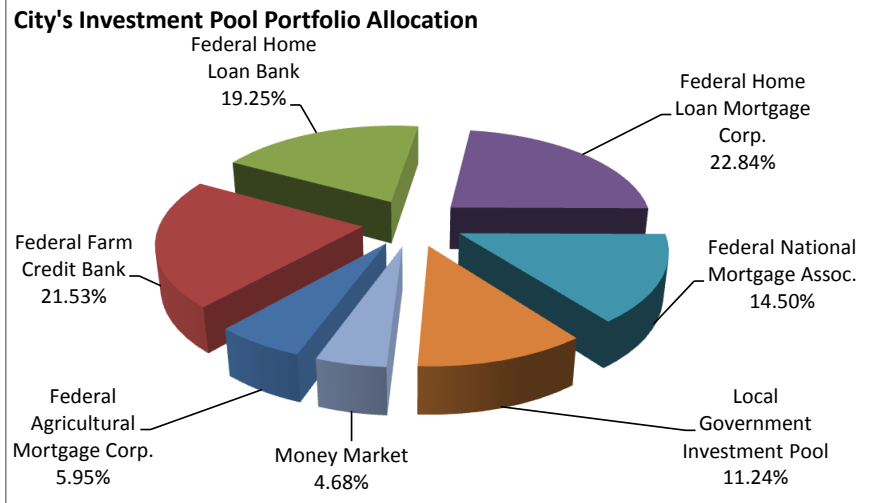
6) Trinity Parkway Escrow

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

7) Oncor Electric Escrow

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

City of Dallas
City's Investment Pool Portfolio Allocation
Investment Summary
As of 12/31/2013



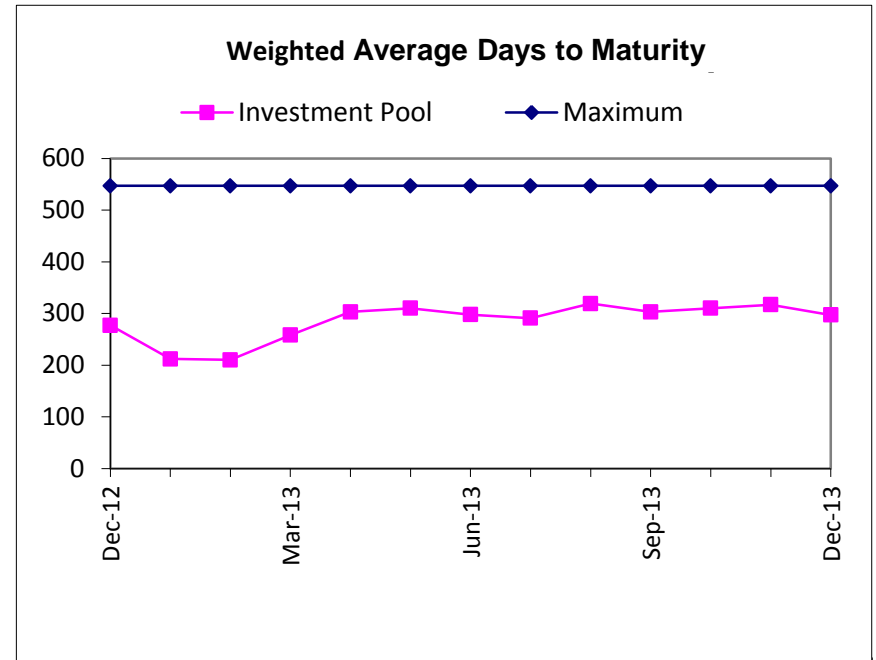
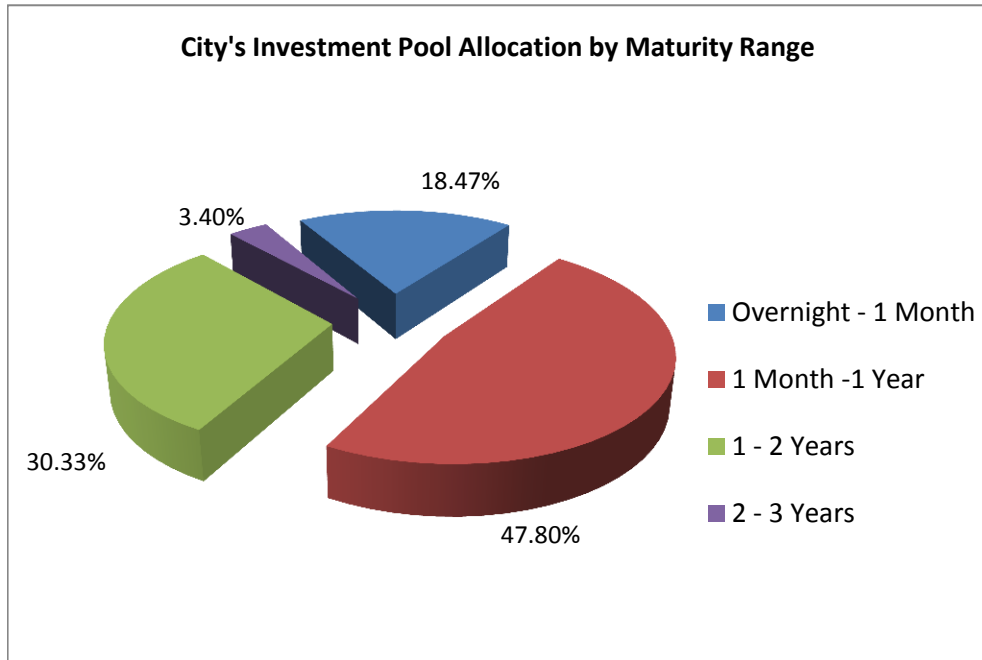
Description	Face Amount	Book Value	Market Value	*Unrealized Gain/(Loss)	Weighted Average Days To Maturity	Yield To Maturity	% of Portfolio
Federal Agricultural Mortgage Corp.	70,000,000	69,977,976	70,195,285	217,309	512	0.56%	5.95%
Federal Farm Credit Bank	252,768,000	252,982,137	253,126,884	144,747	346	0.38%	21.53%
Federal Home Loan Bank	226,000,000	226,295,268	226,412,088	116,820	347	0.34%	19.25%
Federal Home Loan Mortgage Corp.	266,853,000	268,441,020	268,647,359	206,339	345	0.38%	22.84%
Federal National Mortgage Assoc.	169,340,000	170,470,453	170,471,210	757	321	0.27%	14.50%
Local Government Investment Pool	132,106,533	132,106,533	132,106,533	-	1	0.09%	11.24%
Money Market	54,984,071	54,984,071	54,984,071	-	1	0.04%	4.68%
**Total	1,172,051,604	1,175,257,459	1,175,943,431	685,972	297	0.32%	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.

** Numbers may not sum due to rounding

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
City's Investment Pool Allocation by Maturity Range
As of 12/31/2013



Description	Face Amount/Shares	Book Value	Market Value	Yield To Maturity	Weighted Average Days To Maturity	% of Portfolio
Overnight - 1 Month	217,090,604	217,090,560	217,091,814	0.12%	3	18.47%
1 Month - 1 Year	559,861,000	561,764,902	562,232,587	0.30%	193	47.80%
1 - 2 Years	355,100,000	356,401,997	356,558,895	0.40%	576	30.33%
2 - 3 Years	40,000,000	40,000,000	40,060,135	0.88%	893	3.40%
*Total	1,172,051,604	1,175,257,459	1,175,943,431	0.32%	297	100.00%

* Numbers may not sum due to rounding

City of Dallas
 Date To Date
 Broker/Dealer Activity
 As of: FY 13-14 to Date

FY 13-14 to Date		
Description	Awarded	%
Primary Dealers		
Bank of America	-	0.00%
Jefferies & Co.	5,000,000	3.20%
JPMorgan	46,000,000	29.47%
Secondary Dealers		
Coastal Securities	15,000,000	9.61%
Comerica Securities	-	0.00%
Crews and Associates	-	0.00%
First Southwest	25,100,000	16.08%
Raymond James and Associates	-	0.00%
Oppenheimer & Co.	-	0.00%
Vining Sparks	5,000,000	3.20%
Wells Fargo	-	0.00%
Secondary Dealers - MWBE		
Duncan Williams - MWBE	10,000,000	6.41%
Loop Capital - MWBE	25,000,000	16.02%
Rice Financial - MWBE	25,000,000	16.02%
Williams Capital - MWBE	-	0.00%
Total	156,100,000	100.00%

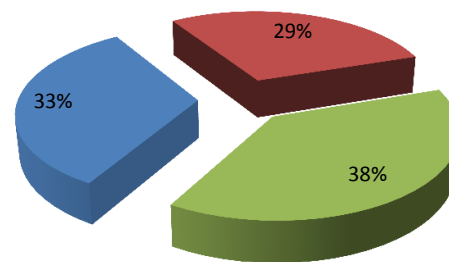
Q1 FY 13-14		
Description	Awarded	%
Coastal Securities	15,000,000	9.61%
Duncan Williams	10,000,000	6.41%
First Southwest	25,100,000	16.08%
Jefferies & Co.	5,000,000	3.20%
JPMorgan	46,000,000	29.47%
Loop Capital	25,000,000	16.02%
Rice Financial	25,000,000	16.02%
Vining Sparks	5,000,000	3.20%
Total	156,100,000	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 2013.

It is the City's Practice to solicit three or more competitive bids/offers each trade except for agency securities purchased at issue.

Broker/Dealer Activity FY12-13 to Date



- Primary Dealers 51,000,000
- Secondary Dealers 45,100,000
- Secondary Dealers (MWBE) 60,000,000

CITY OF DALLAS
QUARTERLY INVESTMENT REPORT

December 31, 2013

For the quarter ended December 31, 2013 the portfolios are in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategies adopted in Sec. 17.0 of the City's Investment Policy.

Chief Financial Officer:



City Controller:



Treasury Manager: