

Memorandum



CITY OF DALLAS

DATE September 4, 2015

TO Members of the Budget, Finance & Audit Committee: Jennifer S. Gates (Chair), Philip T. Kingston (Vice Chair), Erik Wilson, Rickey D. Callahan, Scott Griggs, Lee M. Kleinman

SUBJECT Quarterly Investment Report as of June 30, 2015

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, 2015 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.

Please let me know if you need additional information.


Jeanne Chipperfield
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of City Council
A.C. Gonzalez, City Manager
Warren M.S. Ernst, City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager

Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
Mark McDaniel, Assistant City Manager
Eric D. Campbell, Assistant City Manager
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager



CITY OF DALLAS

QUARTERLY INVESTMENT REPORT

June 30, 2015

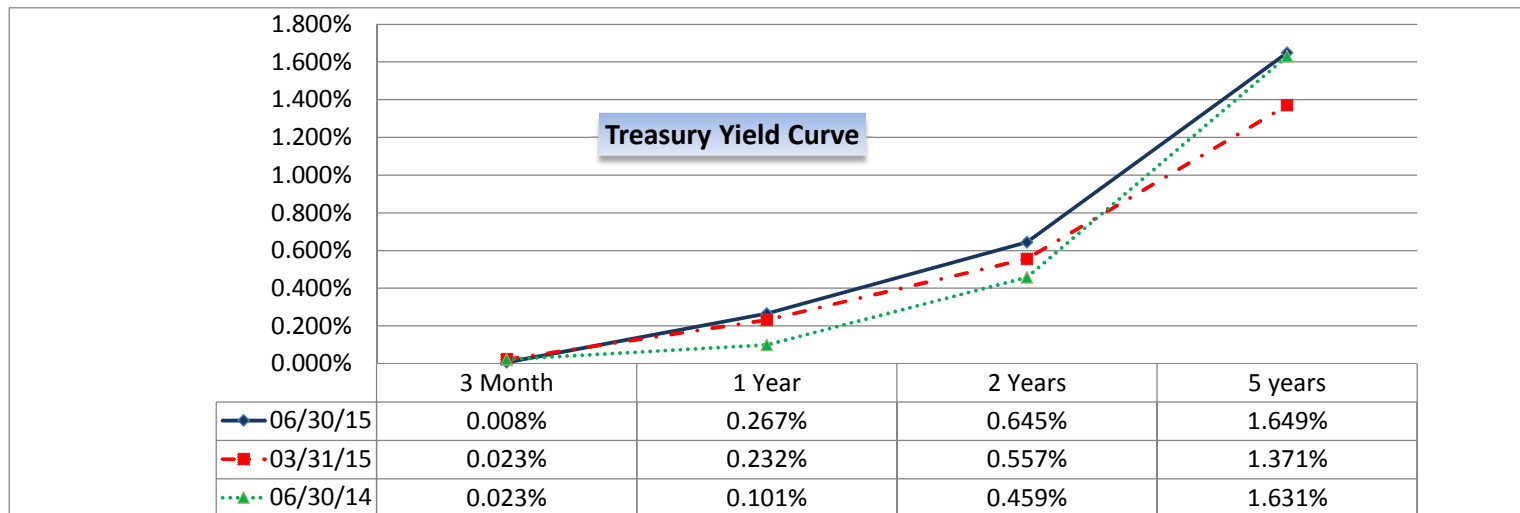
Quarterly National Economic and Market Update
 Quarter Ended June 30, 2015

- Economic activity has been expanding moderately in recent months. Growth in household spending has been moderate and housing sector has shown additional improvement; however, business fixed investment and net exports stayed soft.
- The labor market continued to improve, with solid job gains and declining unemployment.
- Inflation continues to run below the Federal Open Market Committee's (FOMC's) 2 percent longer-run objective, partly reflecting earlier declines in energy prices and decreasing prices of non-energy imports. .
- The FOMC anticipates that it will be appropriate to raise the target range for the federal funds rate when it has seen some further improvement in the labor market and is reasonably confident that inflation will move back to its 2 percent objective over the medium term.

Source: FOMC July 29, 2015 Statement

National Economic Data	6/30/2015	6/30/2014
Fed Funds Effective Rate	0.00% -0.25%	0.00% -0.25%
2 Years Treasury Note	0.645%	0.459%
10 Years Treasury Note	2.354%	2.531%
Monthly Unemployment Rate	5.30%	6.10%
Weekly Initial Jobless Claims	282,000	313,000
Monthly Change in Nonfarm Payrolls	223,000	298,000
Monthly New Housing Starts	1,174,000	945,000

Source: Bloomberg



Source: Bloomberg

City of Dallas
Portfolio Holdings
Combined Investment Summary
As of 06/30/2015

Portfolio Description	Face Amount	Book Value	Market Value	Accrued Interest	Market Value + Accrued Interest	*Unrealized Gain/(Loss)	Yield To Maturity
01 The City's Investment Pool	1,564,463,000	1,566,084,806	1,568,476,649	3,534,037	1,572,010,687	2,391,844	0.67%
02 Convention Center Reserve	18,900,000	18,900,000	18,963,927	52,881	19,016,808	63,927	1.29%
03 Water Reserve	60,000,000	59,901,434	60,093,330	115,493	60,208,823	191,896	1.04%
04 Art Endowment	2,235,000	2,235,000	2,235,467	3,259	2,238,726	467	0.35%
05 Ida Green Library Fund	1,000,000	1,000,000	1,000,800	1,067	1,001,867	800	1.20%
10 DWU Commercial Paper Program	17,970	17,970	17,970	0	17,970	-	0.01%
14 Trinity Parkway Escrow	546,522	546,522	546,522	0	546,522	-	0.07%

*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: 03/31/15 - 06/30/15

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.	175,000,000	0.66%	58,770,000	9,000,000	224,770,000	0.81%
Federal Farm Credit Bank	215,430,000	0.43%	30,000,000	50,430,000	195,000,000	0.55%
Federal Home Loan Bank	362,310,000	0.75%	9,550,000	20,000,000	351,860,000	0.74%
Federal Home Loan Mortgage Corp.	378,355,000	0.77%	-	10,000,000	368,355,000	0.78%
Federal National Mortgage Assoc.	224,458,000	0.70%	25,000,000	-	249,458,000	0.75%
Total	1,355,553,000	0.68%	123,320,000	89,430,000	1,389,443,000	0.74%

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

Convention Center Reserve						
Federal Home Loan Bank	15,000,000	1.30%	-	-	15,000,000	1.30%
Federal National Mortgage Assoc.	3,900,000	0.50%	3,900,000	3,900,000	3,900,000	1.23%
Total	18,900,000	1.14%	3,900,000	3,900,000	18,900,000	1.29%

Water Reserve						
Federal Farm Credit Bank	5,000,000	0.30%	-	-	5,000,000	0.30%
Federal Home Loan Bank	20,000,000	0.98%	15,000,000	-	35,000,000	1.04%
Federal Home Loan Mortgage Corp.	60,000,000	0.97%	-	40,000,000	20,000,000	1.21%
Federal National Mortgage Assoc.	5,000,000	1.38%	-	5,000,000	-	0.00%
Total	90,000,000	0.96%	15,000,000	45,000,000	60,000,000	1.04%

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	-	0.00%	1,000,000	-	1,000,000	1.20%
Federal National Mortgage Assoc.	1,000,000	1.20%	-	1,000,000	-	0.00%
Total	1,000,000	1.20%	1,000,000	1,000,000	1,000,000	1.20%

DWU Commercial Paper						
Money Market - Tax Exempt	2,929,162	0.02%	11,603	2,922,794	17,970	0.01%
Total	2,929,162	0.02%	11,603	2,922,794	17,970	0.01%

Trinity Parkway Escrow						
Money Market	546,498	0.00%	24	-	546,522	0.07%
Total	546,498	0.00%	24	-	546,522	0.07%

City of Dallas
Summary Statement by Portfolio
As of: 03/31/15 - 06/30/15

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	202,020,000	73,020,000	202,020,000	73,020,000	202,020,000	73,020,000	(129,000,000)	-	-	0.13%
Money Market	66,000,000	102,000,000	66,000,000	102,000,000	66,000,000	102,000,000	36,000,000	-	-	0.10%
US Agency	1,355,553,000	1,389,443,000	1,357,826,497	1,391,064,806	1,360,304,427	1,393,456,649	33,890,000	(1,013,910)	3,534,037	0.74%
*Total	1,623,573,000	1,564,463,000	1,625,846,497	1,566,084,806	1,628,324,427	1,568,476,649	(59,110,000)	(1,013,910)	3,534,037	0.67%
Convention Center Reserve²										
US Agency	18,900,000	18,900,000	18,900,000	18,900,000	18,990,095	18,963,927	-	(26,168)	52,881	1.29%
Total	18,900,000	18,900,000	18,900,000	18,900,000	18,990,095	18,963,927	-	(26,168)	52,881	1.29%
Water Reserve²										
US Agency	90,000,000	60,000,000	89,900,002	59,901,434	90,175,190	60,093,330	(30,000,000)	(73,860)	115,493	1.04%
Total	90,000,000	60,000,000	89,900,002	59,901,434	90,175,190	60,093,330	(30,000,000)	(73,860)	115,493	1.04%
Art Endowment³										
US Agency	2,235,000	2,235,000	2,235,000	2,235,000	2,236,484	2,235,467	-	(1,017)	3,259	0.35%
Total	2,235,000	2,235,000	2,235,000	2,235,000	2,236,484	2,235,467	-	(1,017)	3,259	0.35%
Ida Green Library Endowment⁴										
US Agency	1,000,000	1,000,000	1,000,000	1,000,000	1,000,667	1,000,800	-	133	1,067	1.20%
Total	1,000,000	1,000,000	1,000,000	1,000,000	1,000,667	1,000,800	-	133	1,067	1.20%
DWU Commercial Paper⁵										
Money Market - Tax Exempt	2,929,162	17,970	2,929,162	17,970	2,929,162	17,970	(2,911,192)	-	-	0.01%
Total	2,929,162	17,970	2,929,162	17,970	2,929,162	17,970	(2,911,192)	-	-	0.01%
Trinity Parkway Escrow⁶										
Money Market	546,498	546,522	546,498	546,522	546,498	546,522	24	-	-	0.07%
Total	546,498	546,522	546,498	546,522	546,498	546,522	24	-	-	0.07%

Notes 1-6: 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: 03/31/15 - 06/30/15

STRATEGY COMPLIANCE STATEMENT

For the quarter ended June 30, 2015 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.

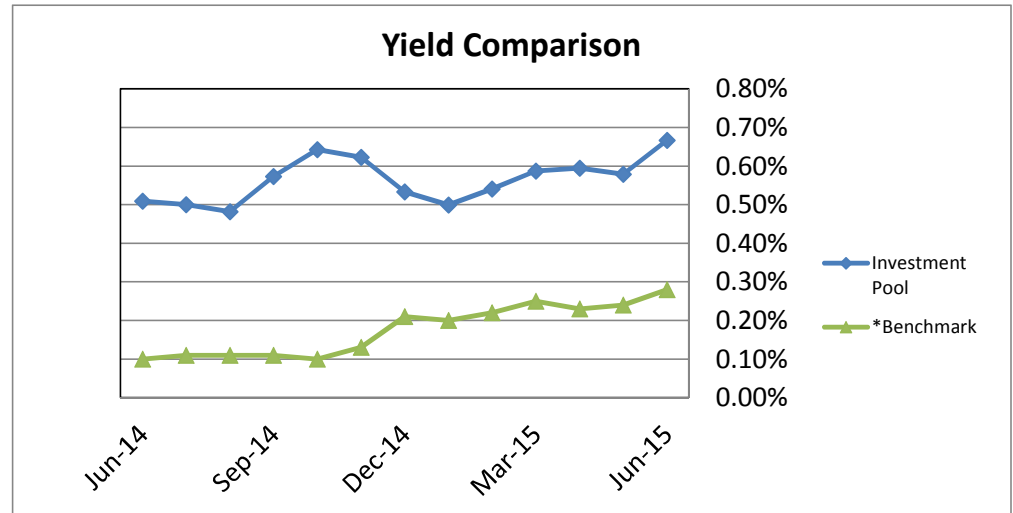
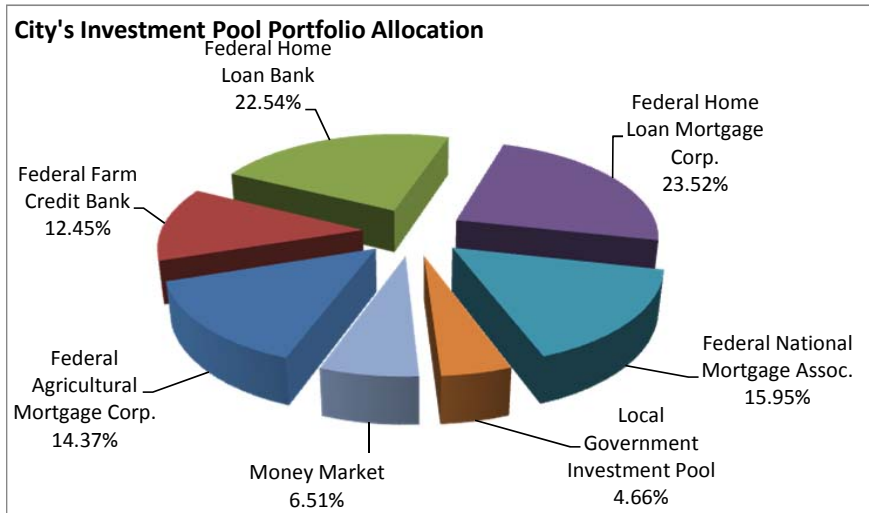
5) DWU Commercial Paper Program and GO Commercial Paper Program

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.

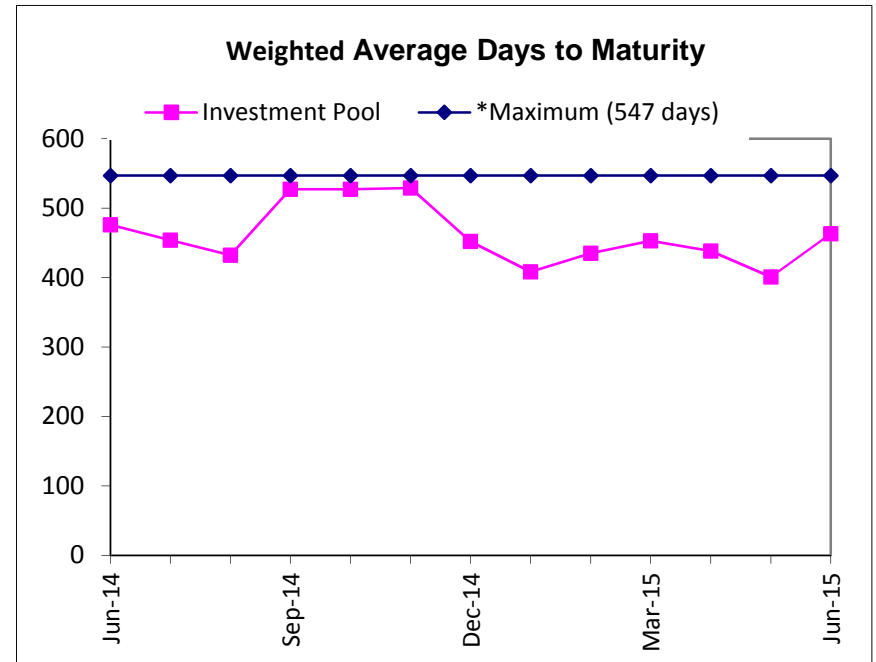
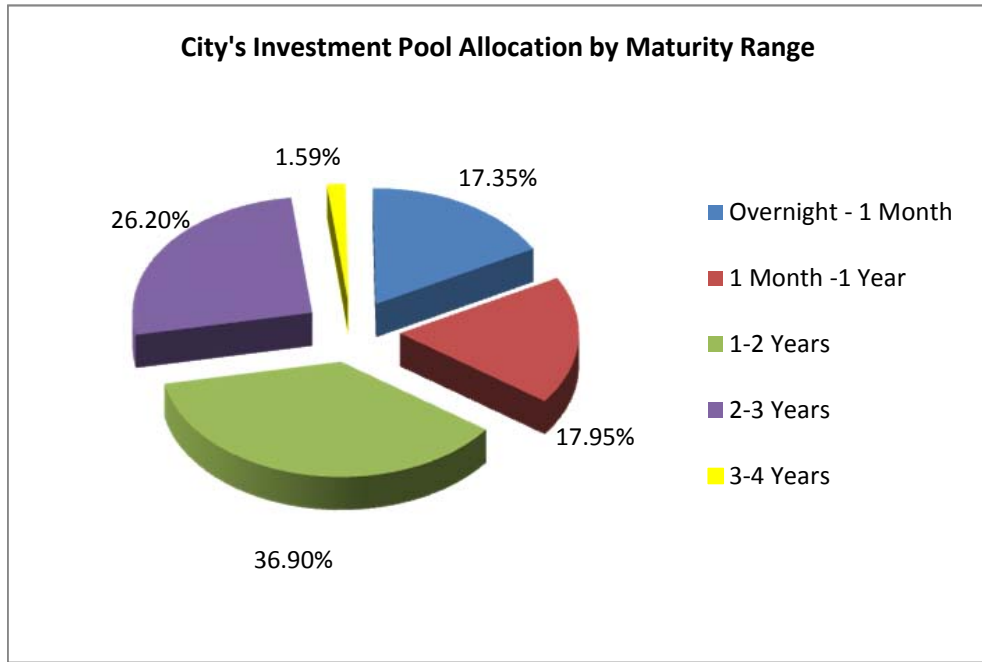
City of Dallas
City's Investment Pool Portfolio Allocation
Investment Summary
As of 06/30/2015



Description	Face Amount	Book Value	Market Value	**Unrealized Gain/(Loss)	Weighted Average Days To Maturity	Yield To Maturity	% of Portfolio
Federal Agricultural Mortgage Corp.	224,770,000	225,111,717	225,463,762	352,045	622	0.81%	14.37%
Federal Farm Credit Bank	195,000,000	194,930,843	195,192,005	261,162	342	0.55%	12.45%
Federal Home Loan Bank	351,860,000	352,999,012	353,428,423	429,411	489	0.74%	22.54%
Federal Home Loan Mortgage Corp.	368,355,000	368,281,070	368,990,933	709,863	571	0.78%	23.52%
Federal National Mortgage Assoc.	249,458,000	249,742,163	250,381,527	639,363	540	0.75%	15.95%
Local Government Investment Pool	73,020,000	73,020,000	73,020,000	-	1	0.13%	4.66%
Money Market	102,000,000	102,000,000	102,000,000	-	1	0.10%	6.51%
***Total	1,564,463,000	1,566,084,806	1,568,476,649	2,391,844	463	0.67%	100.00%

*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.
 ** 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

City of Dallas
City's Investment Pool Allocation by Maturity Range
As of 06/30/2015



Description	Face Amount/Shares	Book Value	Market Value	Yield To Maturity	Weighted Average Days To Maturity	% of Portfolio
Overnight - 1 Month	271,670,000	271,758,613	271,760,663	0.16%	6	17.35%
1 Month -1 Year	280,858,000	281,110,198	281,212,737	0.31%	101	17.95%
1-2 Years	576,785,000	577,914,404	579,127,676	0.74%	540	36.90%
2-3 Years	410,150,000	410,389,115	411,394,549	1.10%	864	26.20%
3-4 Years	25,000,000	24,912,475	24,981,025	1.24%	1,116	1.59%
**Total	1,564,463,000	1,566,084,806	1,568,476,649	0.67%	463	100%

*As per Section 17.1 of the City's Investment Policy, the dollar-weighted average stated maturity of the Investment Pool shall not exceed 1.5 years (547 days).

** Numbers may not sum due to rounding

City of Dallas
Date To Date
Broker/Dealer Activity
As of: FY 14-15 to Date

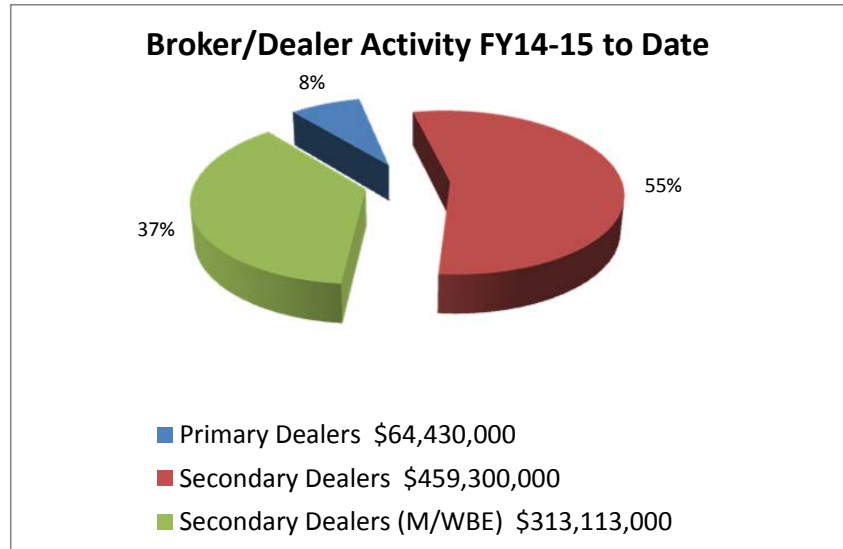
FY 14-15 to Date		
Description	Awarded	%
Primary Dealers		
Bank of America	\$35,430,000	4.23%
Cantor Fitzgerald	5,000,000	0.60%
Jefferies & Co.	24,000,000	2.87%
Secondary Dealers		
Coastal Securities	65,000,000	7.77%
First Southwest	87,030,000	10.40%
Mutual Securities	20,000,000	2.39%
Raymond James and Associates	25,000,000	2.99%
Samco Capital Market	86,500,000	10.34%
Vining Sparks	55,000,000	6.57%
Wells Fargo	120,770,000	14.43%
Secondary Dealers - M/WBE		
Duncan Williams - M/WBE	24,550,000	2.93%
Loop Capital - M/WBE	20,000,000	2.39%
Ramirez & Co. - M/WBE	103,900,000	12.42%
Rice Financial - M/WBE	164,663,000	19.68%
Williams Capital - M/WBE	0	0.00%
Total	\$836,843,000	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 2015.

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

Q3 FY 14-15		
Description	Awarded	%
Coastal Securities	\$20,000,000	13.96%
Duncan Williams - M/WBE	9,550,000	6.67%
First Southwest	9,000,000	6.28%
Jefferies & Co.	24,000,000	16.76%
Ramirez & Co. - M/WBE	3,900,000	2.72%
Rice Financial - M/WBE	31,000,000	21.65%
Samco Capital Market	35,000,000	24.44%
Wells Fargo	10,770,000	7.52%
Total	\$143,220,000	100.00%



CITY OF DALLAS

QUARTERLY INVESTMENT REPORT

June 30, 2015

For the quarter ended June 30, 2015 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: 