

Memorandum



CITY OF DALLAS

DATE May 16, 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 March 31, 2014

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

For the quarter ended March 31, 2014 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, May 19, 2014 Budget Finance and Audit committee meeting includes the March 31, 2014 quarterly investment report. The executed quarterly investment report is attached.

A handwritten signature in blue ink that reads "Jeanne Chipperfield".

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, Interim First Assistant City Manager
Jill A. Jordan, P.E., Assistant City Manager
Forest E. Turner, Assistant City Manager
Joey Zapata, Assistant City Manager
Charles M. Cato, Interim Assistant City Manager
Theresa O'Donnell, Interim Assistant City Manager
Shawn Williams, Interim Public Information Officer
Elsa Cantu, Assistant to the City Manager



CITY OF DALLAS

QUARTERLY INVESTMENT REPORT

March 31, 2014

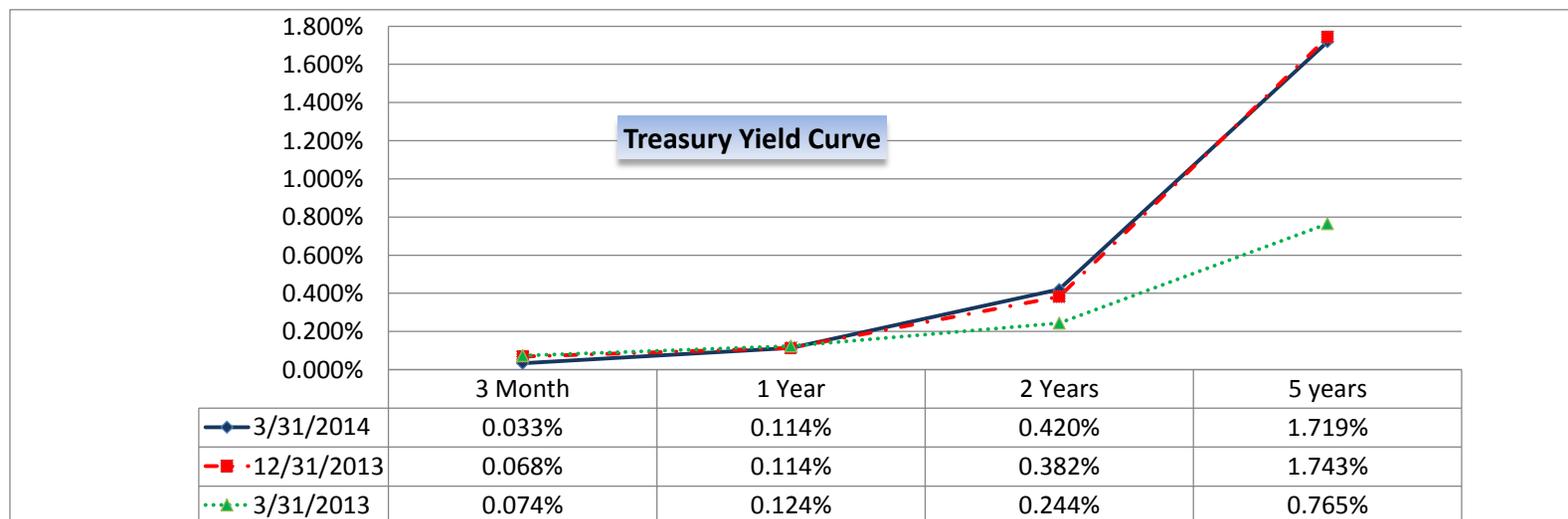
Quarterly National Economic and Market Update
 Quarter Ended March 31, 2014

- Growth in economic activity slowed during the winter months, in part reflecting adverse weather conditions.
- With appropriate policy accommodation, economic activity will expand at a moderate pace and labor market conditions will continue to improve gradually.
- The Federal Open Market Committee (FOMC) affirmed its view that a highly accommodative stance of monetary policy remains appropriate.
- The FOMC anticipated that, even after employment and inflation are near mandate-consistent levels, economic conditions may, for some time, warrant keeping the target federal funds rate below levels the Committee views as normal in the longer run.

Source: FOMC Statement March 19, 2014

National Economic Data	3/31/2013	3/31/2014
Fed Funds Rate	0.00% -0.25%	0.00% -0.25%
2 Years Treasury Note	0.244%	0.420%
10 Years Treasury Note	1.849%	2.719%
Monthly Unemployment Rate	7.50%	6.70%
Weekly Initial Jobless Claims	388,000	332,000
Monthly Change in Nonfarm Payrolls	141,000	192,000
Monthly New Housing Starts	1,005,000	946,000

Source: Bloomberg



Source: Bloomberg

City of Dallas
Portfolio Holdings
Combined Investment Summary
As of 03/31/2014

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	1,338,071,604	1,341,507,916	1,341,658,917	1,475,871	1,343,134,788	151,002	0.40%
02 Convention Center Reserve	18,900,000	18,901,577	18,943,788	9,060	18,952,848	42,211	0.39%
03 Water Reserve	90,000,000	89,900,265	89,910,680	86,153	89,996,833	10,415	0.58%
04 Art Endowment	2,235,000	2,235,000	2,237,470	1,304	2,238,773	2,470	0.35%
05 Ida Green Library Fund	1,000,000	998,956	999,545	0	999,545	589	0.16%
10 DWU Commercial Paper Program	1,240,196	1,240,196	1,240,196	0	1,240,196	-	0.02%
14 Trinity Parkway Escrow	546,373	546,373	546,373	0	546,373	-	0.01%
16 Oncor Electric Escrow	54,595	54,595	54,595	0	54,595	-	0.01%
17 GO Commercial Paper Program	853,347	853,347	853,347	0	853,347	-	0.02%

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

City of Dallas
Trade Activity by Portfolio
As of: 12/31/13 - 03/31/14

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.	70,000,000	0.56%	12,000,000	-	82,000,000	0.60%
Federal Farm Credit Bank	252,768,000	0.38%	5,000,000	30,000,000	227,768,000	0.39%
Federal Home Loan Bank	226,000,000	0.34%	80,000,000	61,000,000	245,000,000	0.38%
Federal Home Loan Mortgage Corp.	266,853,000	0.38%	142,000,000	85,000,000	323,853,000	0.57%
Federal National Mortgage Assoc.	169,340,000	0.27%	100,000,000	45,000,000	224,340,000	0.45%
Total	984,961,000	0.36%	339,000,000	221,000,000	1,102,961,000	0.47%

*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	5,000,000	-	-	-	5,000,000	0.30%
Federal Home Loan Bank	40,000,000	0.28%	-	20,000,000	20,000,000	0.37%
Federal Home Loan Mortgage Corp.	45,000,000	0.46%	20,000,000	-	65,000,000	0.67%
Total	90,000,000	0.36%	20,000,000	20,000,000	90,000,000	0.58%

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 National Mortgage Assoc.	1,000,000	0.16%	-	-	1,000,000	0.16%
Total	1,000,000	0.16%	-	-	1,000,000	0.16%

DWU Commercial Paper						
Money Market - Tax Exempt	4,354,929	0.04%	129,185	3,243,917	1,240,196	0.02%
Total	4,354,929	0.04%	129,185	3,243,917	1,240,196	0.02%

GO Commercial Paper						
Money Market - Tax Exempt	1	0.02%	853,347	1	853,347	0.02%
Total	1	0.02%	853,347	1	853,347	0.02%

Trinity Parkway Escrow						
Money Market	546,359	0.01%	14	-	546,373	0.01%
Total	546,359	0.01%	14	-	546,373	0.01%

Oncor Electric Escrow						
Money Market	54,594	0.01%	1	-	54,595	0.01%
Total	54,594	0.01%	1	-	54,595	0.01%

City of Dallas
Summary Statement by Portfolio
As of: 12/31/13 - 03/31/14

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	132,106,533	184,106,533	132,106,533	184,106,533	132,106,533	184,106,533	52,000,000	-	-	0.09%
Money Market	54,984,071	51,004,071	54,984,071	51,004,071	54,984,071	51,004,071	(3,980,000)	-	-	0.05%
US Agency	984,961,000	1,102,961,000	988,166,855	1,106,397,312	988,852,827	1,106,548,313	118,000,000	(1,678,854)	1,475,871	0.47%
*Total	1,172,051,604	1,338,071,604	1,175,257,459	1,341,507,916	1,175,943,431	1,341,658,917	166,020,000	(1,678,854)	1,475,871	0.40%
Convention Center Reserve²										
US Agency	18,900,000	18,900,000	18,901,982	18,901,577	18,934,440	18,943,788	-	9,348	9,060	0.39%
Total	18,900,000	18,900,000	18,901,982	18,901,577	18,934,440	18,943,788	-	9,348	9,060	0.39%
Water Reserve²										
US Agency	90,000,000	90,000,000	90,052,436	89,900,265	90,101,500	89,910,680	-	(48,420)	86,153	0.58%
Total	90,000,000	90,000,000	90,052,436	89,900,265	90,101,500	89,910,680	-	(48,420)	86,153	0.58%
Art Endowment³										
US Agency	2,235,000	2,235,000	2,235,000	2,235,000	2,234,676	2,237,470	-	2,794	1,304	0.35%
Total	2,235,000	2,235,000	2,235,000	2,235,000	2,234,676	2,237,470	-	2,794	1,304	0.35%
Ida Green Library Endowment⁴										
US Agency	1,000,000	1,000,000	998,556	998,956	998,835	999,545	-	710	-	0.16%
Total	1,000,000	1,000,000	998,556	998,956	998,835	999,545	-	710	-	0.16%
DWU Commercial Paper⁵										
Money Market - Tax Exempt	4,354,929	1,240,196	4,354,929	1,240,196	4,354,929	1,240,196	(3,114,732)	-	-	0.02%
Total	4,354,929	1,240,196	4,354,929	1,240,196	4,354,929	1,240,196	(3,114,732)	-	-	0.02%
GO Commercial Paper⁵										
Money Market - Tax Exempt	1	853,347	1	853,347	1	853,347	853,346	-	-	0.02%
Total	1	853,347	1	853,347	1	853,347	853,346	-	-	0.02%
Trinity Parkway Escrow⁶										
Money Market	546,359	546,373	546,359	546,373	546,359	546,373	14	-	-	0.01%
Total	546,359	546,373	546,359	546,373	546,359	546,373	14	-	-	0.01%
Oncor Electric Escrow⁷										
Money Market	54,594	54,595	54,594	54,595	54,594	54,595	1	-	-	0.01%
Total	54,594	54,595	54,594	54,595	54,594	54,595	1	-	-	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: 12/31/13 - 03/31/14

STRATEGY COMPLIANCE STATEMENT

For the quarter ended March 31, 2014 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

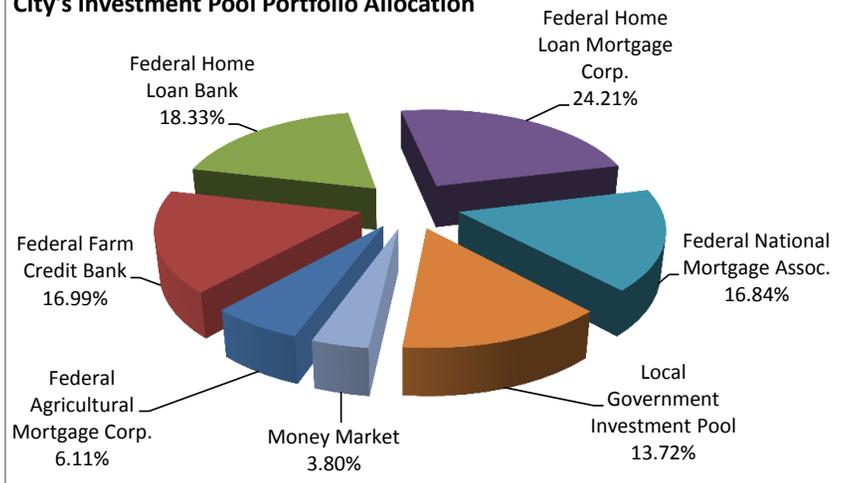
The Trinity Parkway Escrow portfolio was created with the deposit of \$5,000,000 on November 16, 1999 in an escrow account in accordance with an agreement dated as of January 1, 1999 between the City and the North Texas Tollway Authority ("NTTA") pertaining to development of the Trinity Parkway. A subsequent 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

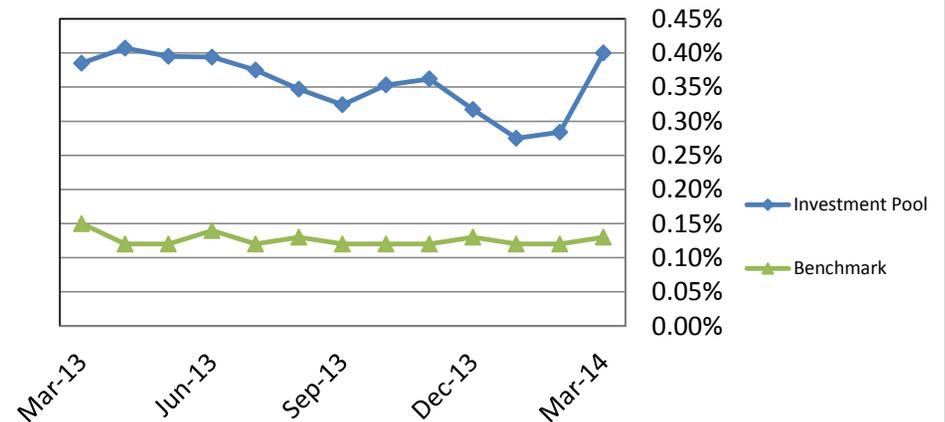
The Oncor Electric Escrow portfolio was created with the deposit of \$4,500,000 in December 2007 in an escrow account in accordance with an agreement dated as of July 13, 2007 between the City and the Oncor Electric Delivery Company LLC pertaining to the development of the West Levee to Norwood Transmission 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 03/31/2014

City's Investment Pool Portfolio Allocation



Yield Comparison



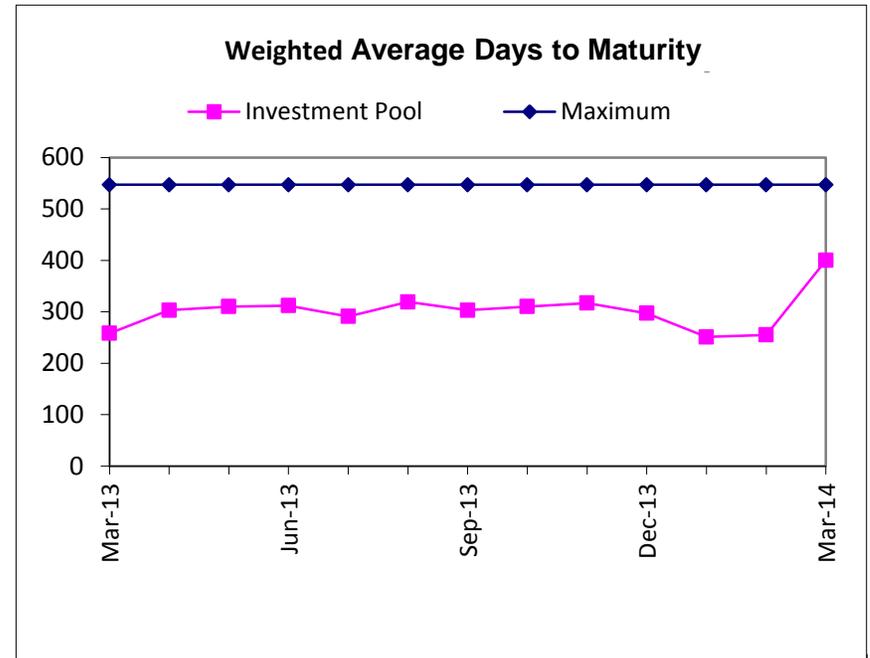
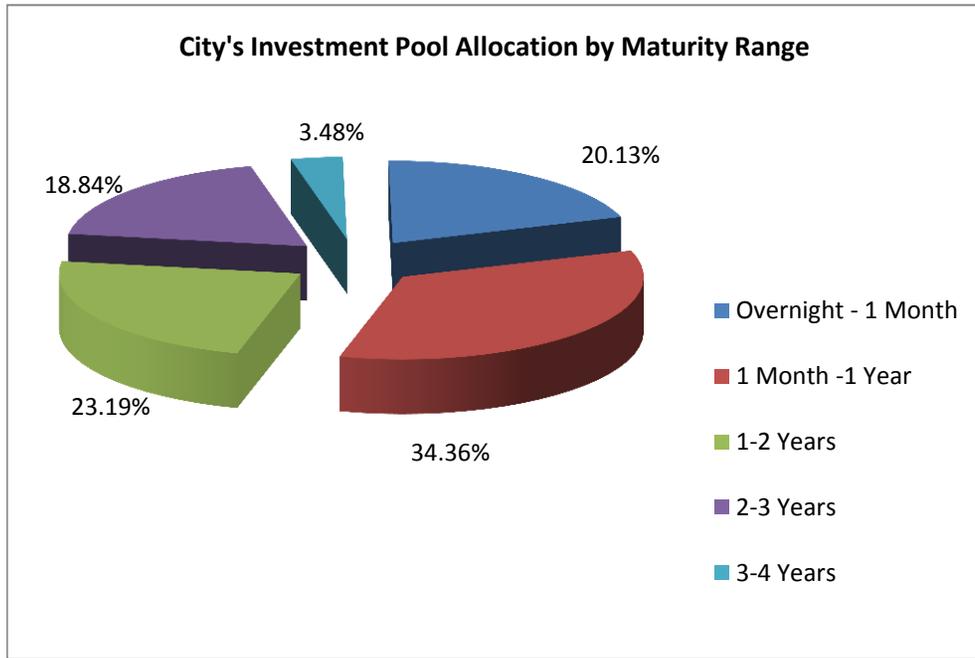
Description	Face Amount	Book Value	Market Value	*Unrealized Gain/(Loss)	Weighted Average Days To Maturity	Yield To Maturity	% of Portfolio
Federal Agricultural Mortgage Corp.	82,000,000	81,972,387	82,102,684	130,297	520	0.60%	6.11%
Federal Farm Credit Bank	227,768,000	227,901,832	228,115,551	213,719	299	0.39%	16.99%
Federal Home Loan Bank	245,000,000	245,855,869	245,909,350	53,481	422	0.38%	18.33%
Federal Home Loan Mortgage Corp.	323,853,000	324,737,372	324,669,457	(67,915)	601	0.57%	24.21%
Federal National Mortgage Assoc.	224,340,000	225,929,852	225,751,272	(178,580)	559	0.45%	16.84%
Local Government Investment Pool	184,106,533	184,106,533	184,106,533	-	1	0.09%	13.72%
Money Market	51,004,071	51,004,071	51,004,071	-	1	0.05%	3.80%
**Total	1,338,071,604	1,341,507,916	1,341,658,917	151,002	400	0.40%	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 03/31/2014



Description	Face Amount/Shares	Book Value	Market Value	Yield To Maturity	Weighted Average Days To Maturity	% of Portfolio
Overnight - 1 Month	270,110,604	270,110,530	270,110,604	0.15%	1	20.13%
1 Month - 1 Year	459,861,000	460,945,748	461,342,855	0.30%	172	34.36%
1-2 Years	309,100,000	311,043,580	311,311,212	0.38%	507	23.19%
2-3 Years	252,000,000	252,755,014	252,272,455	0.71%	947	18.84%
3-4 Years	47,000,000	46,653,043	46,621,791	1.22%	1,278	3.48%
*Total	1,338,071,604	1,341,507,916	1,341,658,917	0.40%	400	100%

* 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	\$20,000,000	3.98%
Jefferies & Co.	20,000,000	3.98%
Cantor Fitzgerald	15,000,000	2.98%
JPMorgan*	81,000,000	16.10%
Secondary Dealers		
Coastal Securities	30,000,000	5.96%
First Southwest	75,100,000	14.93%
Raymond James and Associates	22,000,000	4.37%
Vining Sparks	5,000,000	0.99%
Samco Capital Market	25,000,000	4.97%
Wells Fargo	40,000,000	7.95%
Secondary Dealers - M/WBE		
Duncan Williams - M/WBE	15,000,000	2.98%
Loop Capital - M/WBE	30,000,000	5.96%
Ramirez & Co. - M/WBE	20,000,000	3.98%
Rice Financial - M/WBE	100,000,000	19.88%
Williams Capital - M/WBE	5,000,000	0.99%
Total	\$503,100,000	100.00%

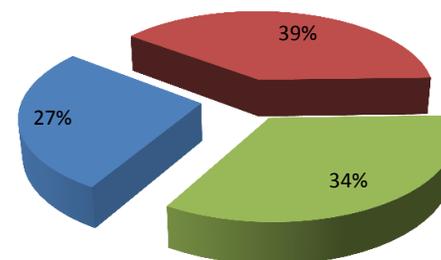
Notes:
 Section 9 of the City's investment Policy requires the investment committee to annually review and adopt a list of qualified broker/dealers. These firms represent the broker dealer firms that are currently approved by the Investment Committee as of February 2014.

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

* JPMorgan was removed, at their request, from the City's approved broker-dealer list in February 2014.

Q2 FY 13-14		
Description	Awarded	%
Bank of America	\$20,000,000	5.76%
Cantor Fitzgerald	15,000,000	4.32%
Coastal Securities	15,000,000	4.32%
Duncan Williams - M/WBE	5,000,000	1.44%
First Southwest	50,000,000	14.41%
Jefferies & Co.	15,000,000	4.32%
JPMorgan*	35,000,000	10.09%
Loop Capital - M/WBE	5,000,000	1.44%
Ramirez & Co. - M/WBE	20,000,000	5.76%
Raymond James and Associates	22,000,000	6.34%
Rice Financial - M/WBE	75,000,000	21.61%
Samco Capital Market	25,000,000	7.20%
Wells Fargo	40,000,000	11.53%
Williams Capital - M/WBE	5,000,000	1.44%
Total	\$347,000,000	100.00%

Broker/Dealer Activity FY13-14 to Date



- Primary Dealers \$136,000,000
- Secondary Dealers \$197,100,000
- Secondary Dealers (M/WBE) \$170,000,000

CITY OF DALLAS
QUARTERLY INVESTMENT REPORT

March 31, 2014

For the quarter ended March 31, 2014 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: 