

Memorandum



CITY OF DALLAS

DATE February 27, 2015

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, 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 December 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.

Please let me know if you need additional information.

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, 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

December 31, 2014

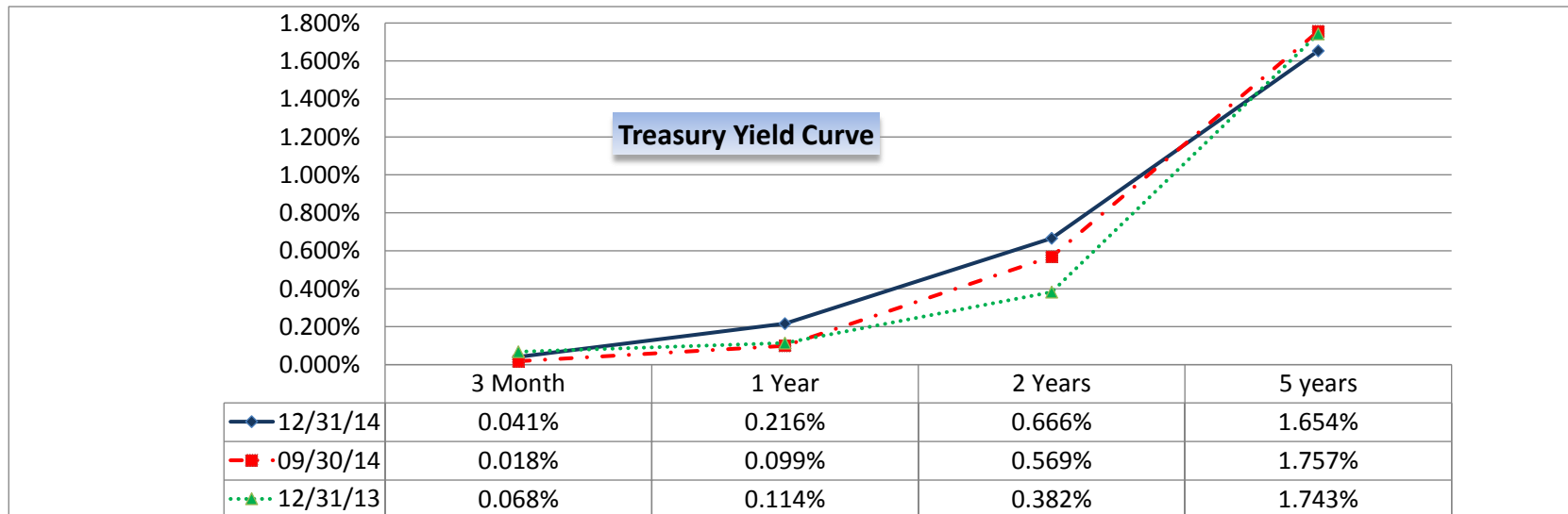
Quarterly National Economic and Market Update
 Quarter Ended December 31, 2014

- Economic activity is expanding at a moderate pace. Labor market conditions improved further, with solid job gains and a lower unemployment rate.
- Inflation has continued to run below the Federal Open Market Committee's (FOMC) longer-run objectives, partly reflecting declines in energy prices.
- The FOMC is patient in beginning to normalize the stance of monetary policy and is likely to maintain the current 0 to 1/4 percent

Source: FOMC December 17, 2014 Meeting Statement and Minutes

National Economic Data	12/31/2013	12/31/2014
Fed Funds Effective Rate	0.00% -0.25%	0.00% -0.25%
2 Years Treasury Note	0.382%	0.666%
10 Years Treasury Note	3.029%	2.172%
Monthly Unemployment Rate	6.70%	5.60%
Weekly Initial Jobless Claims	344,000	298,000
Monthly Change in Nonfarm Payrolls	84,000	252,000
Monthly New Housing Starts	1,034,000	1,089,000

Source: Bloomberg



Source: Bloomberg

City of Dallas
Portfolio Holdings
Combined Investment Summary
As of 12/31/2014

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	1,371,573,000	1,374,407,510	1,374,171,825	2,800,037	1,376,971,862	(235,685)	0.53%
02 Convention Center Reserve	18,900,000	18,900,338	18,910,964	18,248	18,929,212	10,626	0.39%
03 Water Reserve	90,000,000	89,896,562	89,875,190	90,899	89,966,089	(21,372)	0.82%
04 Art Endowment	2,235,000	2,235,000	2,233,409	3,259	2,236,668	(1,591)	0.35%
05 Ida Green Library Fund	1,000,000	1,000,000	996,563	1,100	997,663	(3,437)	1.20%
10 DWU Commercial Paper Program	407,022	407,022	407,022	0	407,022	-	0.01%
14 Trinity Parkway Escrow	546,484	546,484	546,484	0	546,484	-	0.00%
17 GO Commercial Paper Program	89,318	89,318	89,318	0	89,318	-	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: 09/30/14 - 12/31/14

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.	67,000,000	0.69%	44,000,000	5,000,000	106,000,000	0.58%
Federal Farm Credit Bank	160,000,000	0.40%	55,430,000	25,000,000	190,430,000	0.40%
Federal Home Loan Bank	255,000,000	0.71%	67,310,000	45,000,000	277,310,000	0.78%
Federal Home Loan Mortgage Corp.	192,000,000	0.81%	116,355,000	30,000,000	278,355,000	0.71%
Federal National Mortgage Assoc.	239,930,000	0.65%	19,528,000	35,000,000	224,458,000	0.70%
Total	913,930,000	0.66%	302,623,000	140,000,000	1,076,553,000	0.66%

*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	0.30%	-	-	5,000,000	0.30%
Federal Home Loan Bank	20,000,000	0.37%	-	-	20,000,000	0.37%
Federal Home Loan Mortgage Corp.	64,975,000	0.87%	20,000,000	24,975,000	60,000,000	0.97%
Federal National Mortgage Assoc.	-	-	5,000,000	-	5,000,000	1.38%
Total	89,975,000	0.73%	25,000,000	24,975,000	90,000,000	0.82%

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	1,000,000	1,000,000	1.20%
Total	1,000,000	0.16%	1,000,000	1,000,000	1,000,000	1.20%

DWU Commercial Paper						
Money Market - Tax Exempt	132,252	0.02%	45,705,965	45,431,195	407,022	0.01%
Total	132,252	0.02%	45,705,965	45,431,195	407,022	0.01%

GO Commercial Paper						
Money Market - Tax Exempt	89,318	0.02%	-	-	89,318	0.02%
Total	89,318	0.02%	-	-	89,318	0.02%

Trinity Parkway Escrow						
Money Market	546,400	0.00%	84	-	546,484	0.00%
Total	546,400	0.00%	84	-	546,484	0.00%

Oncor Electric Escrow*						
Money Market	54,597	0.01%	1	54,598	0	-
Total	54,597	0.01%	1	54,598	0	-

* Oncor Electric Escrow portfolio was closed in November 2014.

City of Dallas
Summary Statement by Portfolio
As of: 09/30/14 - 12/31/14

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	96,106,533	225,020,000	96,106,533	225,020,000	96,106,533	225,020,000	128,913,467	-	-	0.09%
Money Market	61,004,071	70,000,000	61,004,071	70,000,000	61,004,071	70,000,000	8,995,929	-	-	0.05%
US Agency	913,930,000	1,076,553,000	915,460,153	1,079,387,510	915,346,883	1,079,151,825	162,623,000	(523,377)	2,800,037	0.66%
*Total	1,071,040,604	1,371,573,000	1,072,570,757	1,374,407,510	1,072,457,487	1,374,171,825	300,532,396	(523,377)	2,800,037	0.53%
Convention Center Reserve²										
US Agency	18,900,000	18,900,000	18,900,752	18,900,338	18,924,877	18,910,964	-	(13,913)	18,248	0.39%
Total	18,900,000	18,900,000	18,900,752	18,900,338	18,924,877	18,910,964	-	(13,913)	18,248	0.39%
Water Reserve²										
US Agency	89,975,000	90,000,000	89,881,856	89,896,562	89,931,798	89,875,190	25,000	(81,608)	90,899	0.82%
Total	89,975,000	90,000,000	89,881,856	89,896,562	89,931,798	89,875,190	25,000	(81,608)	90,899	0.82%
Art Endowment³										
US Agency	2,235,000	2,235,000	2,235,000	2,235,000	2,238,822	2,233,409	-	(5,413)	3,259	0.35%
Total	2,235,000	2,235,000	2,235,000	2,235,000	2,238,822	2,233,409	-	(5,413)	3,259	0.35%
Ida Green Library Endowment⁴										
US Agency	1,000,000	1,000,000	999,769	1,000,000	999,982	996,563	-	(3,419)	1,100	1.20%
Total	1,000,000	1,000,000	999,769	1,000,000	999,982	996,563	-	(3,419)	1,100	1.20%
DWU Commercial Paper⁵										
Money Market - Tax Exempt	132,252	407,022	132,252	407,022	132,252	407,022	274,770	-	-	0.02%
Total	132,252	407,022	132,252	407,022	132,252	407,022	274,770	-	-	0.02%
GO Commercial Paper⁵										
Money Market - Tax Exempt	89,318	89,318	89,318	89,318	89,318	89,318	-	-	-	0.02%
Total	89,318	89,318	89,318	89,318	89,318	89,318	-	-	-	0.02%
Trinity Parkway Escrow⁶										
Money Market	546,400	546,484	546,400	546,484	546,400	546,484	84	-	-	0.00%
Total	546,400	546,484	546,400	546,484	546,400	546,484	84	-	-	0.00%
Oncor Electric Escrow⁷										
Money Market	54,597	0	54,597	0	54,597	0	(54,597)	-	-	-
Total	54,597	0	54,597	0	54,597	0	(54,597)	-	-	0.00%

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: 09/30/14 - 12/31/14

STRATEGY COMPLIANCE STATEMENT

For the quarter ended December 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.

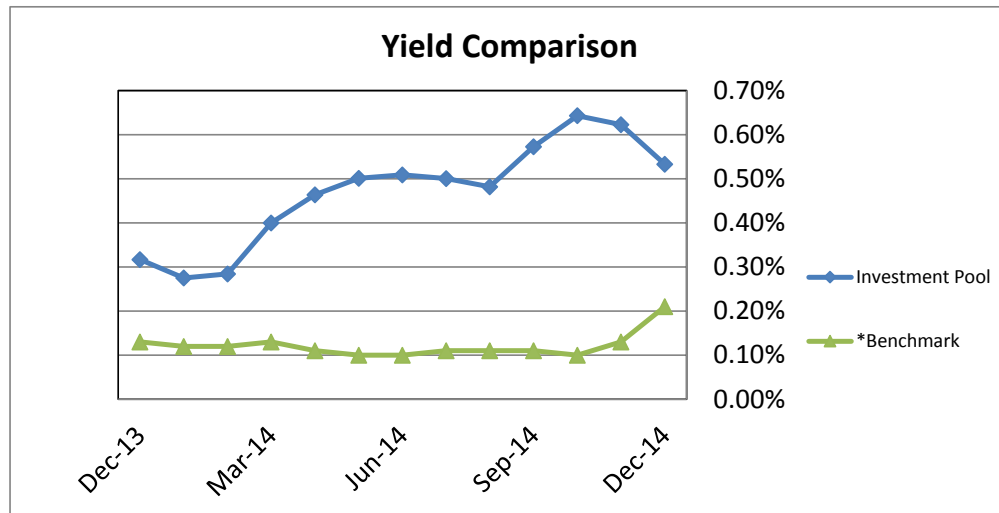
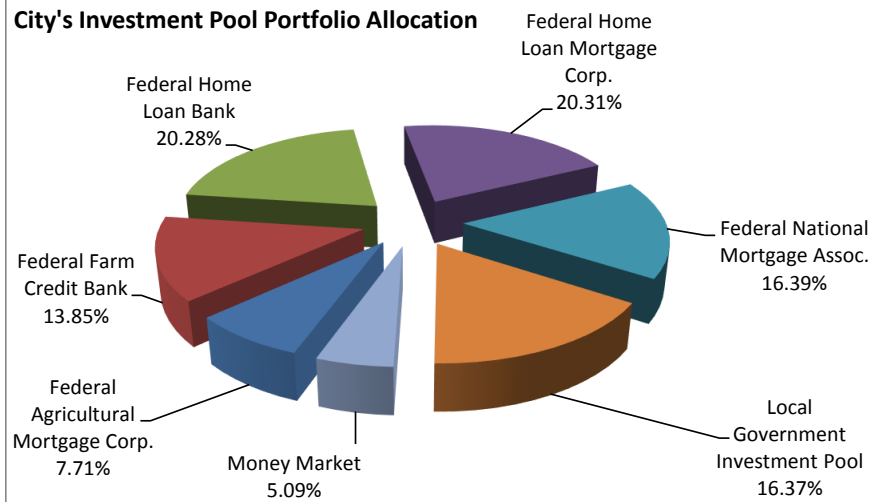
6) Trinity Parkway Escrow

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 (Closed in November 2014)

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 12/31/2014



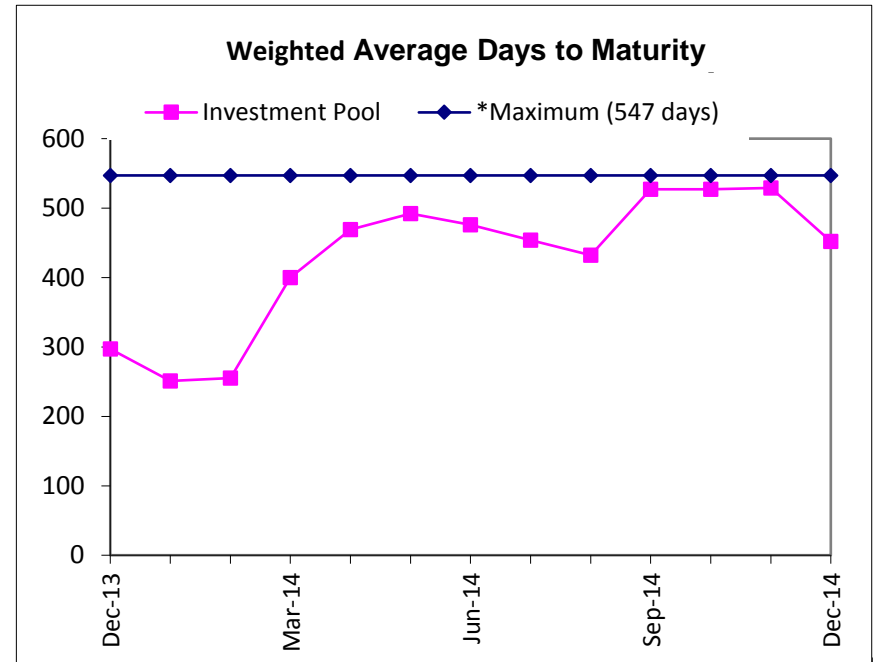
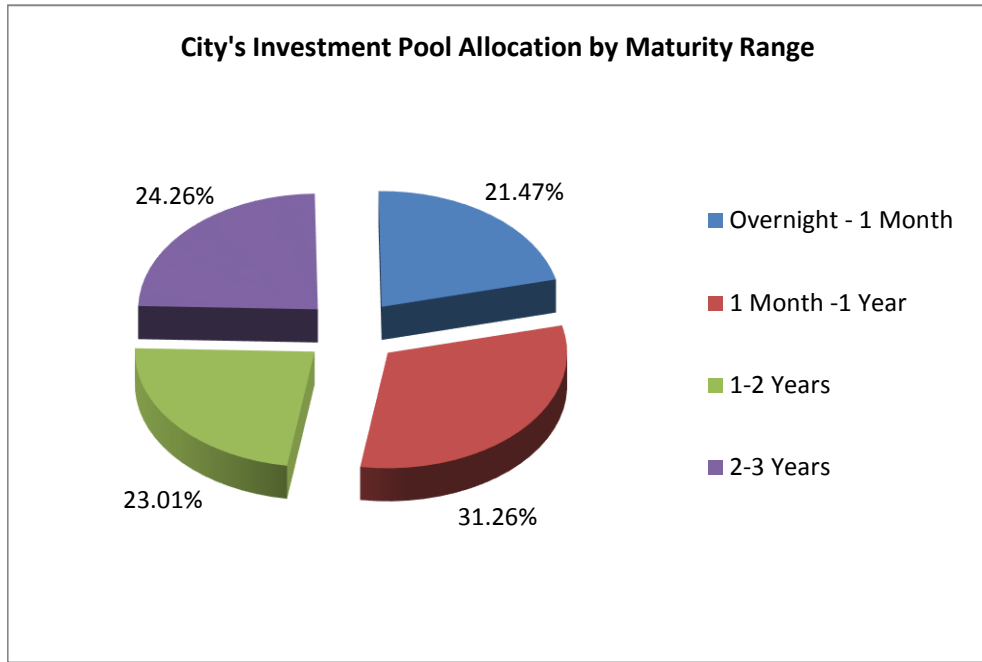
Description	Face Amount	Book Value	Market Value	**Unrealized Gain/(Loss)	Weighted Average Days To Maturity	Yield To Maturity	% of Portfolio
Federal Agricultural Mortgage Corp.	106,000,000	105,944,874	106,010,352	65,478	379	0.58%	7.71%
Federal Farm Credit Bank	190,430,000	190,345,248	190,389,475	44,226	322	0.40%	13.85%
Federal Home Loan Bank	277,310,000	278,695,583	278,404,151	(291,432)	659	0.78%	20.28%
Federal Home Loan Mortgage Corp.	278,355,000	279,160,197	279,181,449	21,253	674	0.71%	20.31%
Federal National Mortgage Assoc.	224,458,000	225,241,608	225,166,398	(75,210)	657	0.70%	16.39%
Local Government Investment Pool	225,020,000	225,020,000	225,020,000	-	1	0.09%	16.37%
Money Market	70,000,000	70,000,000	70,000,000	-	1	0.05%	5.09%
***Total	1,371,573,000	1,374,407,510	1,374,171,825	(235,685)	452	0.53%	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 12/31/2014



Description	Face Amount/Shares	Book Value	Market Value	Yield To Maturity	Weighted Average Days To Maturity	% of Portfolio
Overnight - 1 Month	295,020,000	295,020,000	295,020,000	0.08%	1	21.47%
1 Month -1 Year	427,938,000	429,729,367	429,908,348	0.33%	227	31.26%
1-2 Years	314,785,000	316,225,567	316,080,476	0.69%	669	23.01%
2-3 Years	333,830,000	333,432,576	333,163,001	1.05%	936	24.26%
**Total	1,371,573,000	1,374,407,510	1,374,171,825	0.53%	452	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	12.45%
Cantor Fitzgerald	0	0.00%
Jefferies & Co.	0	0.00%
Secondary Dealers		
Coastal Securities	30,000,000	10.54%
First Southwest	18,030,000	6.33%
Mutual Securities	0	0.00%
Raymond James and Associates	0	0.00%
Samco Capital Market	31,500,000	11.07%
Vining Sparks	0	0.00%
Wells Fargo	70,000,000	24.59%
Secondary Dealers - M/WBE		
Duncan Williams - M/WBE	0	0.00%
Loop Capital - M/WBE	10,000,000	3.51%
Ramirez & Co. - M/WBE	30,000,000	10.54%
Rice Financial - M/WBE	59,663,000	20.96%
Williams Capital - M/WBE	0	0.00%
Total	\$284,623,000	100.00%

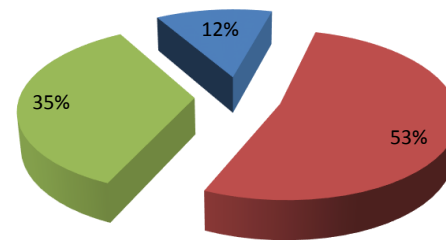
Notes:

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.

Q1 FY 14-15		
Description	Awarded	%
Bank of America	\$35,430,000	12.45%
Coastal Securities	30,000,000	10.54%
First Southwest	18,030,000	6.33%
Loop Capital - M/WBE	10,000,000	3.51%
Ramirez & Co. - M/WBE	30,000,000	10.54%
Rice Financial - M/WBE	59,663,000	20.96%
Samco Capital Market	31,500,000	11.07%
Wells Fargo	70,000,000	24.59%
Total	\$284,623,000	100.00%

Broker/Dealer Activity FY14-15 to Date



- Primary Dealers \$35,430,000
- Secondary Dealers \$149,530,000
- Secondary Dealers (M/WBE) \$99,663,000

CITY OF DALLAS

QUARTERLY INVESTMENT REPORT


December 31, 2014

For the quarter ended December 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: