

Memorandum



CITY OF DALLAS

DATE October 16, 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 September 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 September 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

September 30, 2015

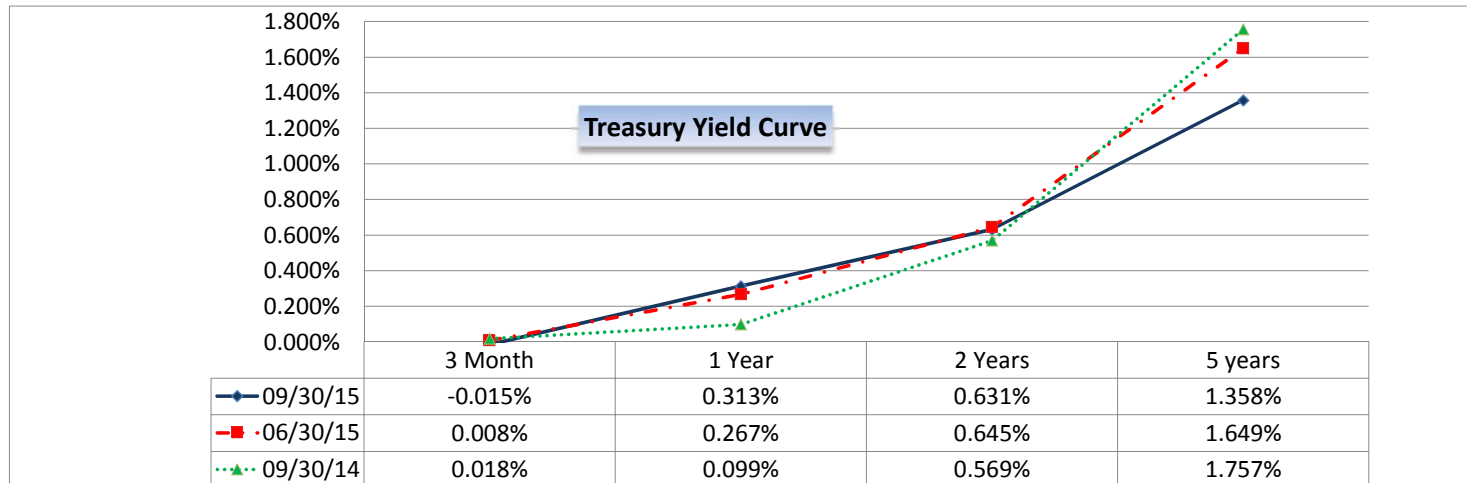
Quarterly National Economic and Market Update
 Quarter Ended September 30, 2015

- Economic activity is expanding at a moderate rate. Household spending and business fixed investment have been increasing moderately, and the housing sector has improved further; however, net exports have been soft. The labor market continued to improve, with solid job gains and declining unemployment.
- Inflation has continued to run below the Federal Open Market Committee's (FOMC's) 2 percent longer-run objective, partly reflecting declines in energy prices and in prices of non-energy imports.
- Recent global economic and financial developments may restrain economic activity somewhat and are likely to put further downward pressure on inflation in the near term.
- 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 September 17, 2015 Statement

National Economic Data	9/30/2015	9/30/2014
Fed Funds Effective Rate	0.00% -0.25%	0.00% -0.25%
2 Years Treasury Note	0.631%	0.569%
10 Years Treasury Note	2.038%	2.490%
Monthly Unemployment Rate	5.10%	5.90%
Weekly Initial Jobless Claims	276,000	288,000
Monthly Change in Nonfarm Payrolls	142,000	256,000
Monthly New Housing Starts	1,126,000	1,038,000

Source: Bloomberg



Source: Bloomberg

City of Dallas
Portfolio Holdings
Combined Investment Summary
As of 09/30/2015

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	1,404,855,000	1,405,961,788	1,409,200,997	1,829,546	1,411,030,543	3,239,208	0.73%
02 Convention Center Reserve	18,900,000	18,900,000	18,975,166	16,665	18,991,831	75,166	1.29%
03 Water Reserve	90,000,000	89,912,277	90,374,880	135,915	90,510,795	462,603	1.07%
04 Art Endowment	2,235,000	2,235,000	2,233,990	3,204	2,237,193	(1,010)	1.20%
05 Ida Green Library Fund	1,000,000	1,000,000	1,002,901	4,067	1,006,968	2,901	1.20%
10 DWU Commercial Paper Program	2,187	2,187	2,187	0	2,187	-	0.01%
17 GO Commercial Paper	27,880,000	27,880,000	27,880,000	0	27,880,000	-	0.02%
14 Trinity Parkway Escrow	546,634	546,634	546,634	0	546,634	-	0.08%

*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: 06/30/15 - 09/30/2015

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.	224,770,000	0.81%	-	30,000,000	194,770,000	0.91%
Federal Farm Credit Bank	195,000,000	0.55%	-	95,000,000	100,000,000	0.78%
Federal Home Loan Bank	351,860,000	0.74%	13,300,000	140,025,000	225,135,000	0.74%
Federal Home Loan Mortgage Corp.	368,355,000	0.78%	45,000,000	76,355,000	337,000,000	0.90%
Federal National Mortgage Assoc.	249,458,000	0.75%	70,000,000	24,528,000	294,930,000	0.89%
Total	1,389,443,000	0.74%	128,300,000	365,908,000	1,151,835,000	0.86%
<i>*Trade activity excludes local government investment pools and money market mutual funds.</i>						
Convention Center Reserve						
Federal Home Loan Bank	15,000,000	1.30%	-	-	15,000,000	1.30%
Federal National Mortgage Assoc.	3,900,000	1.23%	-	-	3,900,000	1.23%
Total	18,900,000	1.29%	-	-	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	35,000,000	1.04%	30,000,000	10,000,000	55,000,000	1.07%
Federal Home Loan Mortgage Corp.	20,000,000	1.21%	-	-	20,000,000	1.21%
Federal National Mortgage Assoc.	-	-	10,000,000	-	10,000,000	1.14%
Total	60,000,000	1.04%	40,000,000	10,000,000	90,000,000	1.07%
Art Endowment						
Federal Farm Credit Bank	2,235,000	0.35%	-	2,235,000	-	-
Federal Home Loan Bank	-	-	2,235,000	-	2,235,000	1.20%
Total	2,235,000	0.35%	2,235,000	-	2,235,000	1.20%
Ida Green Library Endowment						
Federal Home Loan Bank	1,000,000	1.20%	-	-	1,000,000	1.20%
Total	1,000,000	1.20%	-	-	1,000,000	1.20%
DWU Commercial Paper						
Money Market - Tax Exempt	17,970	0.01%	8,359,339	8,375,123	2,187	0.01%
Total	17,970	0.01%	8,359,339	8,375,123	2,187	0.01%
GO Commercial Paper						
Money Market - Tax Exempt	-	-	27,880,000	-	27,880,000	0.02%
Total	-	-	27,880,000	-	27,880,000	0.02%
Trinity Parkway Escrow						
Money Market	546,522	0.07%	112	-	546,634	0.08%
Total	546,522	0.07%	112	-	546,634	0.08%

City of Dallas
 Summary Statement by Portfolio
 As of: 06/30/15 - 09/30/2015

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	73,020,000	100,020,000	73,020,000	100,020,000	73,020,000	100,020,000	27,000,000	-	-	0.16%
Money Market	102,000,000	153,000,000	102,000,000	153,000,000	102,000,000	153,000,000	51,000,000	-	-	0.14%
US Agency	1,389,443,000	1,151,835,000	1,391,064,806	1,152,941,788	1,393,456,649	1,156,180,997	(237,608,000)	295,772	1,829,546	0.86%
*Total	1,564,463,000	1,404,855,000	1,566,084,806	1,405,961,788	1,568,476,649	1,409,200,997	(159,608,000)	295,772	1,829,546	0.73%
Convention Center Reserve²										
US Agency	18,900,000	18,900,000	18,900,000	18,900,000	18,963,927	18,975,166	-	11,239	16,665	1.29%
Total	18,900,000	18,900,000	18,900,000	18,900,000	18,963,927	18,975,166	-	11,239	16,665	1.29%
Water Reserve²										
US Agency	60,000,000	90,000,000	59,901,434	89,912,277	60,093,330	90,374,880	30,000,000	281,550	135,915	1.07%
Total	60,000,000	90,000,000	59,901,434	89,912,277	60,093,330	90,374,880	30,000,000	281,550	135,915	1.07%
Art Endowment³										
US Agency	2,235,000	2,235,000	2,235,000	2,235,000	2,235,467	2,233,990	2,235,000	(1,477)	3,204	1.20%
Total	2,235,000	2,235,000	2,235,000	2,235,000	2,235,467	2,233,990	-	(1,477)	3,204	1.20%
Ida Green Library Endowment⁴										
US Agency	1,000,000	1,000,000	1,000,000	1,000,000	1,000,800	1,002,901	-	2,101	4,067	1.20%
Total	1,000,000	1,000,000	1,000,000	1,000,000	1,000,800	1,002,901	-	2,101	4,067	1.20%
DWU Commercial Paper⁵										
Money Market - Tax Exempt	17,970	2,187	17,970	2,187	17,970	2,187	(15,784)	-	-	0.01%
Total	17,970	2,187	17,970	2,187	17,970	2,187	(15,784)	-	-	0.01%
GO Commercial Paper⁵										
Money Market - Tax Exempt	-	27,880,000	-	27,880,000	-	27,880,000	27,880,000	-	-	0.02%
Total	-	27,880,000	-	27,880,000	-	27,880,000	27,880,000	-	-	0.02%
Trinity Parkway Escrow⁶										
Money Market	546,522	546,634	546,522	546,634	546,522	546,634	112	-	-	0.08%
Total	546,522	546,634	546,522	546,634	546,522	546,634	112	-	-	0.08%

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: 06/30/15 - 09/30/2015

STRATEGY COMPLIANCE STATEMENT

For the quarter ended September 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.

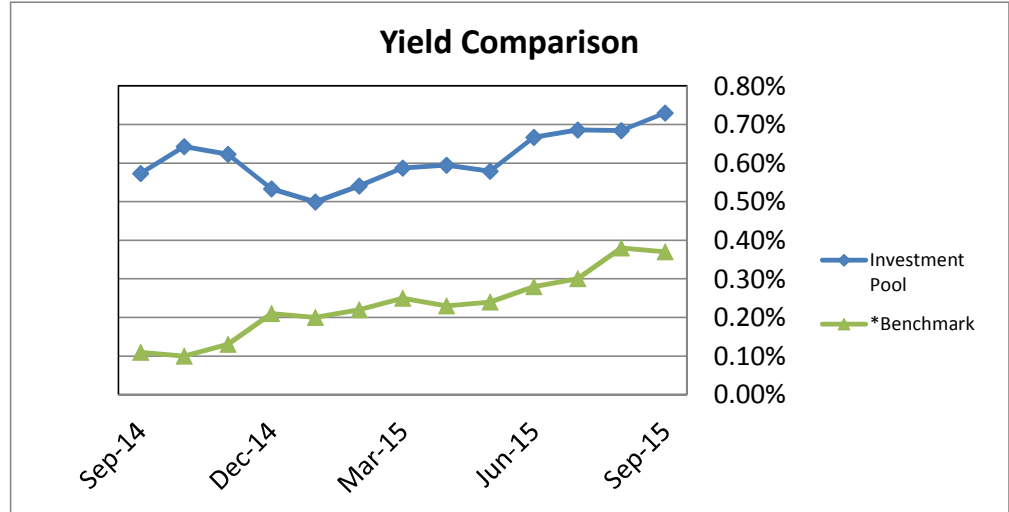
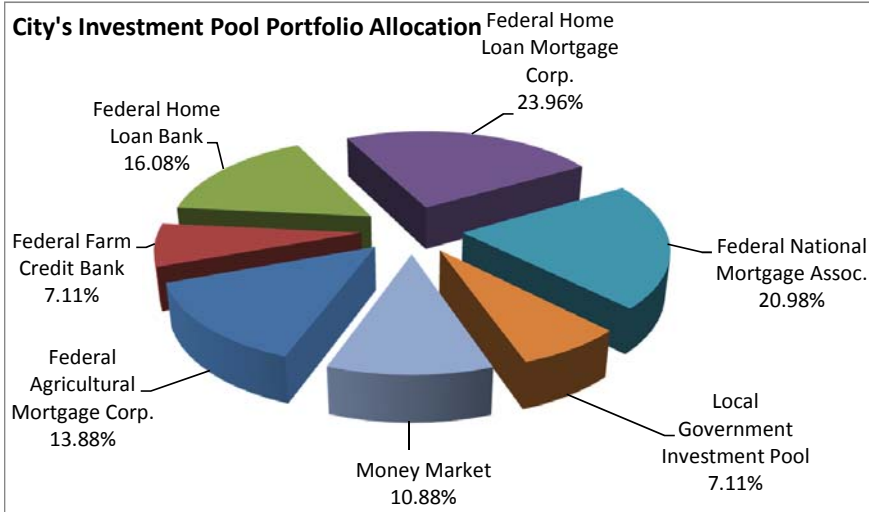
5) DWU Commercial Paper Program and GO Commercial Paper Program

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 may be invested in tax-exempt securities in order to avoid costly and complex arbitrage rebate computations. In order to meet these objectives, commercial paper proceeds may either be invested in tax-exempt securities or expended subject to a reimbursement program.

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 09/30/2015



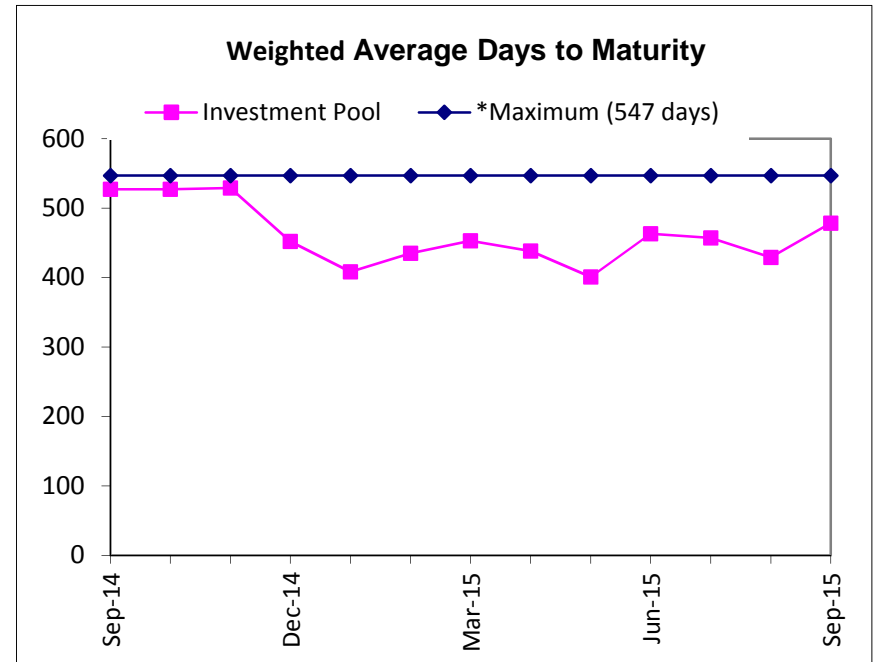
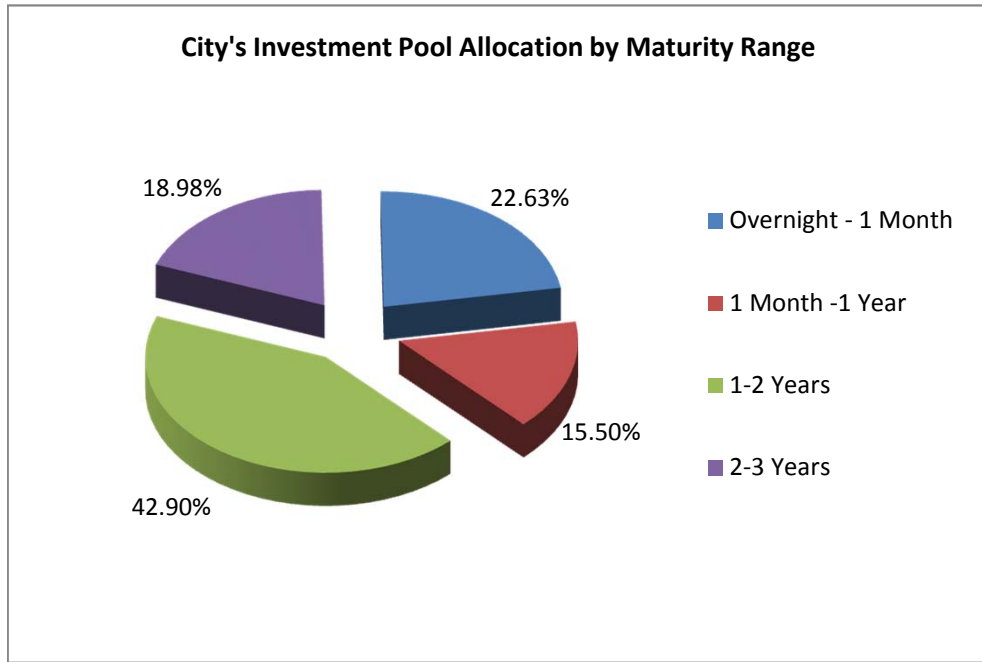
Description	Face Amount	Book Value	Market Value	**Unrealized Gain/(Loss)	Weighted Average Days To Maturity	Yield To Maturity	% of Portfolio
Federal Agricultural Mortgage Corp.	194,770,000	195,099,549	195,776,030	676,481	613	0.91%	13.88%
Federal Farm Credit Bank	100,000,000	99,957,045	100,245,470	288,425	533	0.78%	7.11%
Federal Home Loan Bank	225,135,000	226,017,015	226,290,293	273,278	434	0.74%	16.08%
Federal Home Loan Mortgage Corp.	337,000,000	336,830,672	337,949,269	1,118,597	627	0.90%	23.96%
Federal National Mortgage Assoc.	294,930,000	295,037,506	295,919,934	882,428	641	0.89%	20.98%
Local Government Investment Pool	100,020,000	100,020,000	100,020,000	-	1	0.16%	7.11%
Money Market	153,000,000	153,000,000	153,000,000	-	1	0.14%	10.88%
***Total	1,404,855,000	1,405,961,788	1,409,200,997	3,239,208	478	0.73%	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 09/30/2015



Description	Face Amount/Shares	Book Value	Market Value	Yield To Maturity	Weighted Average Days To Maturity	% of Portfolio
Overnight - 1 Month	318,120,000	318,147,680	318,152,874	0.17%	6	22.63%
1 Month -1 Year	217,285,000	217,887,342	218,216,938	0.58%	288	15.50%
1-2 Years	602,830,000	603,101,627	605,088,087	0.89%	561	42.90%
2-3 Years	266,620,000	266,825,140	267,743,098	1.16%	1,006	18.98%
**Total	1,404,855,000	1,405,961,788	1,409,200,997	0.73%	478	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

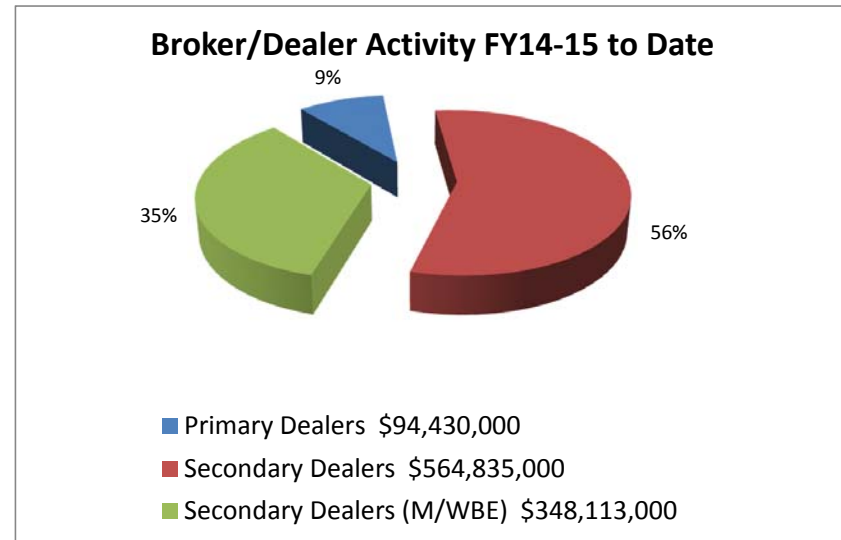
FY 14-15 to Date		
Description	Awarded	%
Primary Dealers		
Bank of America	\$35,430,000	3.52%
Cantor Fitzgerald	5,000,000	0.50%
Jefferies & Co.	54,000,000	5.36%
Secondary Dealers		
Coastal Securities	150,000,000	14.89%
First Southwest	87,030,000	8.64%
Mutual Securities	20,000,000	1.99%
Raymond James and Associates	25,000,000	2.48%
Samco Capital Market	107,035,000	10.63%
Vining Sparks	55,000,000	5.46%
Wells Fargo	120,770,000	11.99%
Secondary Dealers - M/WBE		
Duncan Williams - M/WBE	24,550,000	2.44%
Loop Capital - M/WBE	55,000,000	5.46%
Ramirez & Co. - M/WBE	103,900,000	10.31%
Rice Financial - M/WBE	164,663,000	16.35%
Williams Capital - M/WBE	0	0.00%
Total	\$1,007,378,000	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.

Q4 FY 14-15		
Description	Awarded	%
Coastal Securities	\$85,000,000	49.84%
Jefferies & Co.	30,000,000	17.59%
Loop Capital - M/WBE	35,000,000	20.52%
Samco Capital Market	20,535,000	12.04%
Total	\$170,535,000	100.00%



CITY OF DALLAS

QUARTERLY INVESTMENT REPORT

September 30, 2015

For the quarter ended September 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:

A handwritten signature in blue ink, appearing to read "Jeanne Crupar", written over a horizontal line.

City Controller:

A handwritten signature in blue ink, appearing to read "Mark R. Sauer", written over a horizontal line.

Treasury Manager:

A handwritten signature in blue ink, appearing to read "Connie Stege", written over a horizontal line.