

# 1<sup>st</sup> Quarter Investment Report (For the Quarter Ended December 31, 2013) Fiscal Year 2013-14 City of Richardson, Texas

### Investment Report Overview Quarter Ending December 31, 2013

### Portfolio Balance

The Market Value of the City's Investment Portfolio as of December 31, 2013 was \$110,804,334.

The City of Richardson maintains portfolios which utilize four specific investment strategy considerations designed to address the unique characteristics of the fund groups represented in the portfolios. (Article XIII of the City's Investment Policy.) The four portfolios are Operating, Bond Proceeds, Deposit and Debt Service. More information on the funds and fund groups in each portfolio can be found on pages 9-10 of this report. This quarter, the City has updated the format of the Quarterly Investment Report in order to reflect the current reporting provisions of state law.

### **Investment and Interest Rate Information**

The City's yield on the total portfolio was 0.11% as of December 31, 2013, above the benchmark of the 91-day Treasury bill at 0.07% and in line with the Fed Funds rate of between 0.00% and 0.25%. The Federal Open Market Committee (FOMC), a committee of the Federal Reserve Board, decided at its December 2013 meeting to keep the target range for the federal funds rate unchanged, but they agreed to start tapering their asset purchases by \$10 billion a month. The FOMC now anticipates that it likely will be appropriate to maintain the current target rate for federal funds well past the time that the unemployment rate declines below 6 ½ percent, especially if projected inflation continues to run below the FOMC's 2 percent longer-run inflation goal.

Investment Type	Yield
Total Portfolio	0.11%
Agencies	0.15%
Money Market Mutual Funds and Local Investment Pools	0.03%
Reference: Benchmark 91-day Treasury Bill	0.07%

The City has focused on preserving the safety of the investment portfolio while trying to keep a balance between maintaining adequate liquidity for ongoing operations and the ability to earn interest. The City continues to invest in U.S. Treasury and Agency Securities and money market funds and local government investment pools which invest only in U.S. Treasuries and Agencies. The City requires that bank deposits are fully collateralized with U.S. Treasury or Agency Securities. Investments in U.S. Treasury and Agency securities are considered the safest investments under the Public Funds Investment Act. The portfolio contains a mix of investments in money market funds and

local government investment pools for funds that will be used in the short term, and direct investments in U.S. Treasury and Agency Securities for funds that will be used in the future. In December the City began investing in two additional Local Government Investment Pools, Texas Daily and the Lone Star Government Overnight Fund. Both of these pools offer rates comparable to TexPool and TexStar and were approved for use by the City Council in November.

### Earnings

Total interest earned on the City's investments for the quarter was \$20,628. The City also receives an Earnings Allowance on the cash deposited at Frost Bank. For the first quarter the City was credited a net earnings allowance of \$1,583. This is not recorded as interest income by the City but is used to offset the bank's monthly charges.

Interest earned by the Portfolio is listed in the chart below.

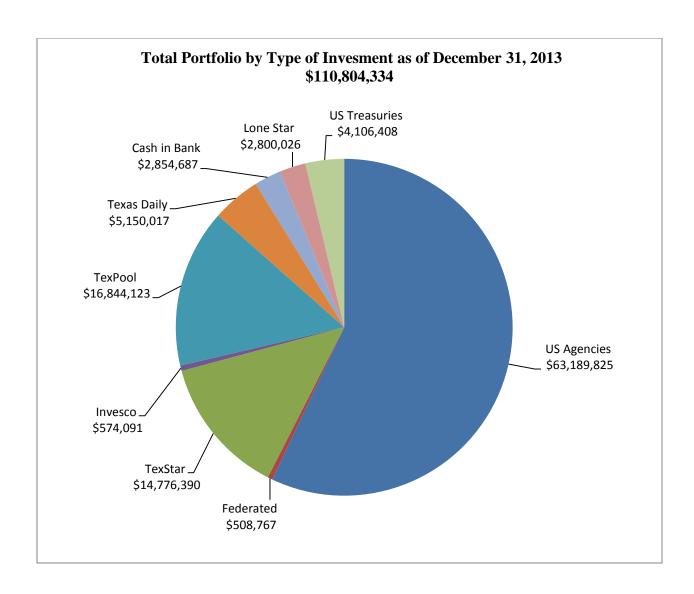
Portfolio	Interest 1st Quarter	Interest 2nd Quarter	Interest 3rd Quarter	Interest 4th Quarter	Interest YTD
Operating	\$13,959				\$13,959
Bond Proceeds	5,203				5,203
Deposit	928				928
Debt Service	538				538
Total	\$20,628				\$20,628

Additional information on interest earned can be found on pages 9-10 of this report.

### **Abbreviations**

Throughout this report, the following common abbreviations are used for securities which are held in the City's Portfolio.

Abbreviation	Official Name
FNMA	Federal National Mortgage Association
FHLB	Federal Home Loan Bank
FFCB	Federal Farm Credit Bank
FHLMC	Federal Home Loan Mortgage Corporation
T-Note	United States Treasury Note



# City of Richardson, Texas Investment Report Investment Officers Signature Page Quarter Ending December 31, 2013

This report is in compliance with the investment strategy as established in the City's Investment Policy and the Public Funds Investment Act, Chapter 2256, Texas Government Code.

Prepared on:

February 4, 2014

Kent Pfeil

Director of Finance

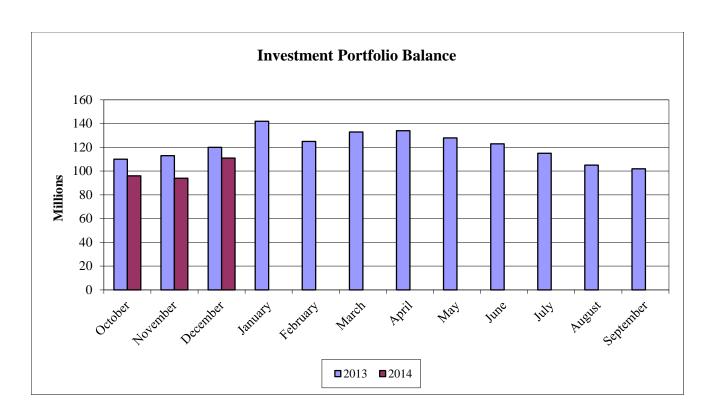
Keith Dagen

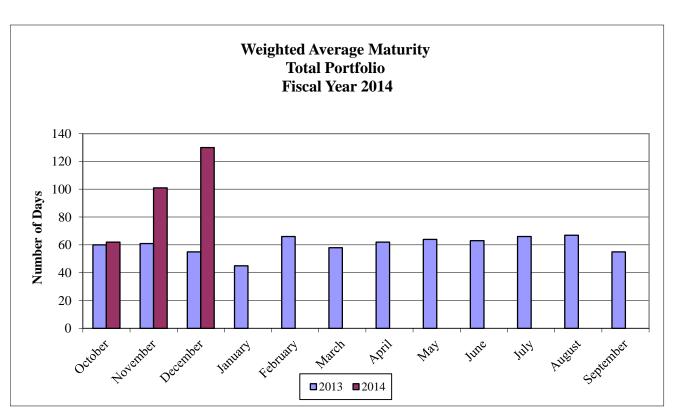
Assistant Director of Finance

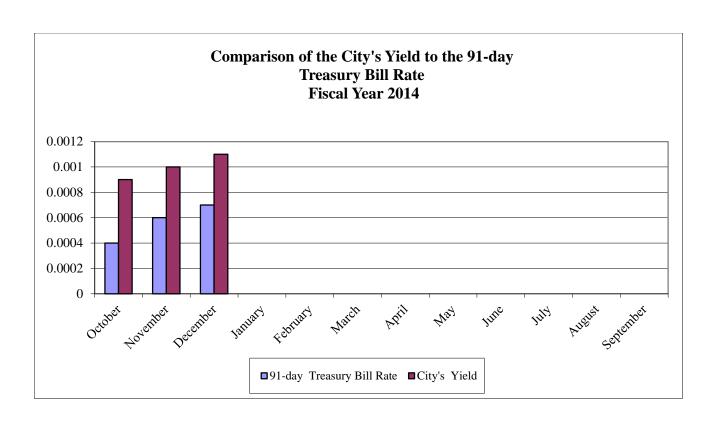
Controller

Eddie Mueller

Treasury Accountant







# **City of Richardson Investment Report**

## Schedule of Investments by Source of Funds

December 31, 2013

	Securities									
Source of			Purchase	Maturity	# of	Market	Book			Purchased
Funds	Type		Date	Date	Days	Value	Value	Yield	Callable	From
Operating	Agency Bond	FNMA	02/21/13	01/02/14	315	3,000,811	3,000,811	0.1931%	N/A	Duncan-Williams
Bond Proceeds	Agency Bond	FHLMC	07/26/13	01/31/14	189	2,999,796	2,999,796	0.0810%	N/A	Cantor-Fitzgerald
Operating	Agency Bond	FHLMC	03/27/13	02/25/14	335	3,005,775	3,005,775	0.1740%	N/A	Cantor-Fitzgerald
Bond Proceeds	Agency Bond	FNMA	10/03/13	02/27/14	147	3,005,706	3,005,706	0.0650%	N/A	Coastal
Operating	Agency Bond	FNMA	04/23/13	03/13/14	324	3,016,448	3,016,448	0.1520%	N/A	Wells-Fargo
Bond Proceeds	Agency Bond	FHLB	11/07/13	03/26/14	139	2,999,498	2,999,498	0.0710%	N/A	Wells-Fargo
Bond Proceeds	Agency Bond	FHLB	11/07/13	04/02/14	146	3,999,778	3,999,778	0.0916%	N/A	Duncan-Williams
Consolidated	Agency Bond	FHLB	05/22/13	04/23/14	336	3,000,027	3,000,027	0.1470%	N/A	Cantor-Fitzgerald
Bond Proceeds	Agency Bond	FHLMC	12/13/13	05/16/14	154	2,998,668	2,998,668	0.1192%	N/A	Samco
Operating	Agency Bond	FHLB	07/18/13	05/22/14	308	2,999,941	2,999,941	0.1450%	N/A	Coastal
Operating	Agency Bond	FHLB	06/26/13	06/20/14	359	2,999,186	2,999,186	0.1820%	N/A	Coastal
Operating	Agency Bond	FFCB	08/28/13	07/13/14	319	3,000,587	3,000,587	0.1663%	N/A	Samco
Operating	Agency Bond	FHLB	12/31/13	08/25/14	237	4,009,054	4,009,054	0.1499%	N/A	Wells-Fargo
Operating	Agency Bond	FHLB	10/28/13	09/18/14	325	4,000,472	4,000,472	0.1535%	N/A	Coastal
Deposit	Agency Bond	FHLMC	11/08/13	10/24/14	350	2,996,523	2,996,523	0.1420%	N/A	Coastal
Operating	Agency Bond	FHLMC	11/18/13	11/25/14	372	4,021,148	4,023,680	0.1685%	N/A	Cantor-Fitzgerald
Operating	Agency Bond	FNMA	12/18/13	12/19/14	366	3,402,240	3,403,187	0.1838%	N/A	Cantor-Fitzgerald
Operating	Agency Bond	FHLMC	11/22/13	01/26/15	430	3,730,931	3,750,946	0.1860%	N/A	Duncan-Williams
Operating	Agency Bond	FHLMC	12/05/13	03/18/15	468	4,003,236	4,006,720	0.2190%	N/A	Cantor-Fitzgerald
Operating	Treasury Note	T- Note	12/12/13	05/31/15	535	4,106,408	4,111,809	0.2190%	N/A	Duncan-Williams
-	•				Total	\$ 67.296.233	\$ 67 328 612	•		

Money Market	Money Market Funds, State Pools and Uninvested Balances										
Source of Funds	Type	Market Value	Purchased From								
Operating	State Pool	\$ 3,350,514	TexPool								
Deposit	State Pool	182,449	TexPool								
Debt Service	State Pool	6,961,241	TexPool								
Bond Proceeds	State Pool	6,349,919	TexPool								
Operating	State Pool	8,487,703	TexStar								
Deposit	State Pool	339,847	TexStar								
Debt Service	State Pool	1,977,161	TexStar								
Bond Proceeds	State Pool	3,971,679	TexStar								
Operating	State Pool	100,000	Texas Daily								
Debt Service	State Pool	4,000,013	Texas Daily								
Bond Proceeds	State Pool	1,050,004	Texas Daily								
Operating	State Pool	100,001	Lone Star								
Bond Proceeds	State Pool	2,700,025	Lone Star								
Bond Proceeds	Money Market	408,885	Federated - Agency								
Bond Proceeds	Money Market	99,882	Federated - Treasury								
Bond Proceeds	Money Market	354,213	Invesco - Agency								
Bond Proceeds	Money Market	219,878	Invesco - Treasury								
Operating	Cash in Bank	242,813	Frost Bank								
Deposit	Cash in Bank	913	Frost Bank								
Debt Service	Cash in Bank	673,870	Frost Bank								
Bond Proceeds	Cash in Bank	1,937,091	Frost Bank								
	Total	\$ 43 508 101									

Type Market Value

Type	Market Value	Percentage
Securities		
Bonds	\$ 63,189,825	57.1%
U.S. Treasury	4,106,408	3.6%
TexPool	16,844,123	15.3%
TexStar	14,776,390	13.3%
Texas Daily	5,150,017	4.6%
Lone Star	2,800,026	2.5%
Invesco - Treasury	219,878	0.2%
Invesco - Agency	354,213	0.3%
Federated - Treas.	99,882	0.1%
Federated - Agency	408,885	0.4%
Cash in Bank	2,854,687	2.6%
Total Investments	\$ 110,804,334	100%

### **City of Richardson Investment Report**

Schedule of Beginning and Ending Market Value and Interest Earned

December 31, 2013

Interest

Interest

Portfolio	Beginning Market Value	Ending Market Value	Income Earned Quarter	Income Earned YTD
	Operating Por			
General Fund	\$ 18,331,335	\$ 21,382,348	\$ 8,032	\$ 8,032
Special Police Funds	314,388	317,895	31	31
Municipal Court Building Security Fund	212,637	224,739	24	24
Technology Fund	192,928	82,527	13	13
Wireless 911 Fund	324,866	327,365	33	33
Judicial Efficiency Fund	16,520	17,080	2	2
Traffic Safety Fund	942,091	586,406	79	79
Hotel/ Motel Tax Fund	1,151,457	1,576,347	119	119
Tax Increment Financing Fund #1	383,489	348,933	39	39
Tax Increment Financing Fund #2	61,071	111,919	5	5
Tax Increment Financing Fund #3	-	11,933	-	-
Franchise PEG Fund	460,272	486,050	48	48
Drainage Fee Fund	1,802,455	2,194,570	207	207
State Grants Fund	-	23,499	-	-
Federal Grant Funds (1)	-	(507,440)	-	-
Capital Projects - Special Projects Fund (2)	16,571,876	14,528,871	245	245
Eisemann Center Capital Fund	-	3,164	=	-
Capital Projects - Street Rehab Fund	1,213,557	1,171,027	115	115
Water and Sewer Operating Fund	9,606,534	8,584,412	3,627	3,627
Water and Sewer Rate Stablization Fund	2,131,100	2,112,699	817	817
Water and Sewer Special Projects Fund	533,999	499,861	57	57
Golf Fund	460,305	447,457	54	54
Golf - Capital Projects Fund	49,390	49,395	5	5
Solid Waste Services Fund	2,049,123	2,673,117	285	285
Cental Services Fund	-	204,161	7	7
Insurance and Flexible Spending Fund	1,461,774	1,296,462	115	115
Payroll Liability Fund	-	1,822,498	-	-
Total Operating Portfolio	\$ 58,271,167	\$ 60,577,295	\$ 13,959	\$ 13,959

Quarter

Quarter

<sup>(1)</sup> These Federal Grants are reimbursement grants. The City expends the funds first and then bills the appropriate Federal Agency for reimbursements.

<sup>(2)</sup> This Fund includes the RTR funds and the interest attributed to the RTR funds is not available for City use and is not considered city interest income.

City of Richardson Investment Report
Schedule of Beginning and Ending Market Value and Interest Earned

December 31, 2013

Portfolio		Quarter Beginning Iarket Value	M	Quarter Ending Iarket Value	In E	nterest ncome arned uarter	Income Earned		
Bond Proceeds Portfolio									
Capital Projects - Equipment Funds	\$	2,182,484	\$	1,075,563	\$	135	\$	135	
Capital Projects - Major Projects Funds		27,779,841		25,061,306		4,406		4,406	
Water and Sewer - Capital Project Funds		6,666,228		5,394,248		577		577	
Solid Waste - Capital Projects Funds		1,553,212		1,563,905		85		85	
Total Bond Proceeds Portfolio	\$	38,181,765	\$	33,095,022	\$	5,203	\$	5,203	

Debt Service Portfolio								
General Debt Service Fund	\$	2,210,723	\$	11,291,794	\$	409	\$	409
Water and Sewer Debt Service Fund		325,899		1,832,979		104		104
Solid Waste Debt Service Fund		115,093		487,512		25		25
Total Debt Service Portfolio	\$	2,651,715	\$	13,612,285	\$	538	\$	538

	Depo	sit Portflio			
Water and Sewer Deposit Fund	\$	3,477,951	\$ 3,519,732	\$ 928	\$ 928
Total Deposit Portfolio	\$	3,477,951	\$ 3,519,732	\$ 928	\$ 928