

# 2<sup>nd</sup> Quarter Investment Report (For the Quarter Ended March 31, 2014) Fiscal Year 2013-14 City of Richardson, Texas

## Investment Report Overview Quarter Ending March 31, 2014

#### Portfolio Balance

The Market Value of the City's Investment Portfolio as of March 31, 2014 was \$107,935,017.

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.

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

The City's yield on the total portfolio was 0.13% as of March 31, 2014, above the benchmark of the 91-day Treasury bill at 0.05% 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, reaffirmed its view that a highly accommodative stance of monetary policy remains appropriate. In determining how long to maintain the current 0.00% to 0.25% target range for the federal funds rate, the FOMC will assess progress—both realized and expected—toward its objectives of maximum employment and two percent inflation. The FOMC continues to anticipate, based on its assessment of these factors, that it likely will be appropriate to maintain the current target range for the federal funds rate for a considerable time if projected inflation continues to run below the FOMC's two percent longer-run goal, and provided that longer-term inflation expectations remain well anchored.

Investment Type	Yield
Total Portfolio	0.13%
Securities and Certificates of Deposit	0.17%
Money Market Mutual Funds and Local Investment Pools	0.04%
Reference: Benchmark 91-day Treasury Bill	0.05%

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, money market funds and local government investment pools which invest only in U.S. Treasuries and Agencies. In March the City added a Certificate of Deposit to the portfolio, which is collateralized with a Federal Home Loan Bank Letter of Credit. The

City requires that bank deposits are fully collateralized with U.S. Treasury or Agency Securities. 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 or Certificates of Deposit for funds that will be used in the future.

### **Earnings**

Total interest earned on the City's investments for the quarter was \$28,611. The City also receives an Earnings Allowance on the cash deposited at Frost Bank. For the second quarter the City was credited a net earnings allowance of \$2,458. This is not recorded as interest income by the City but is used to offset the bank's monthly charges.

The interest earned by Portfolio is listed in the chart below.

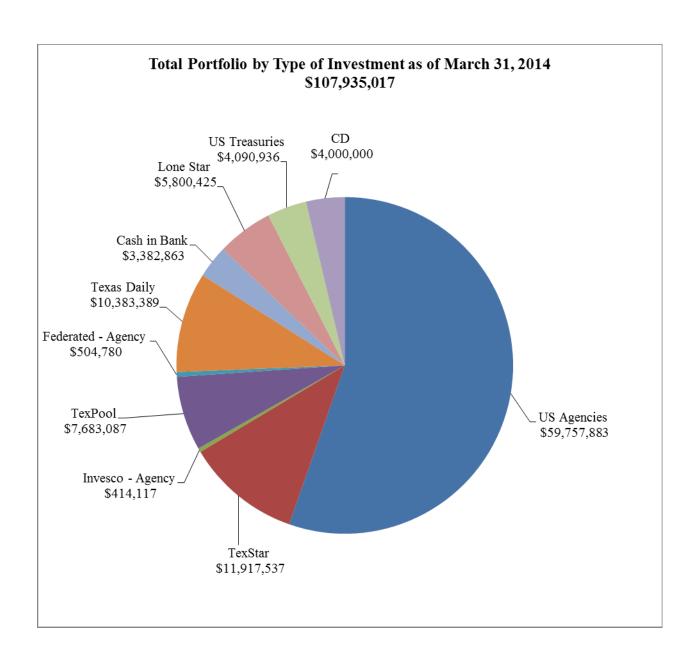
Portfolio	Interest 1st Quarter	Interest 2nd Quarter	Interest 3rd Quarter	Interest 4th Quarter	Interest YTD
Operating	\$13,959	\$22,547	-	-	\$36,506
Bond Proceeds	5,203	3,977			9,180
Deposit	928	1.117			2,045
Debt Service	538	970			1,508
Total	\$20,628	\$28,611			\$49,239

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
CD	Certificate of Deposit



## City of Richardson, Texas Investment Report Investment Officers Signature Page Quarter Ending March 31, 2014

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:

April 11, 2014

Kent Pfeil

Director of Finance

Keith Dagen

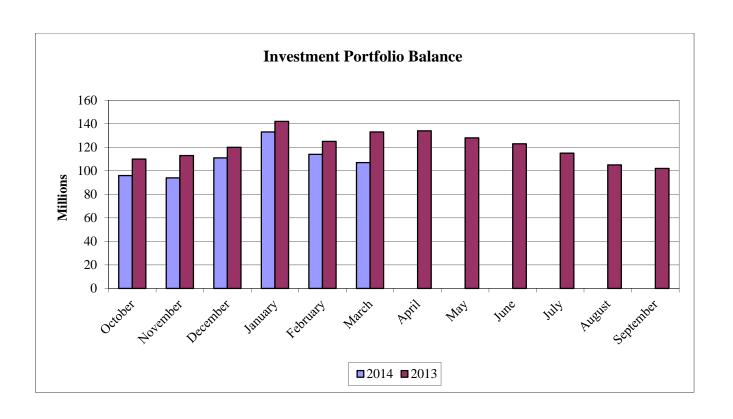
Assistant Director of Finance

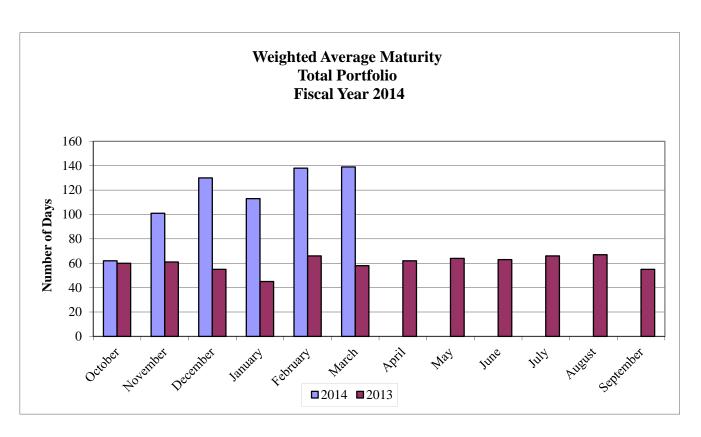
Vicki McCarthy

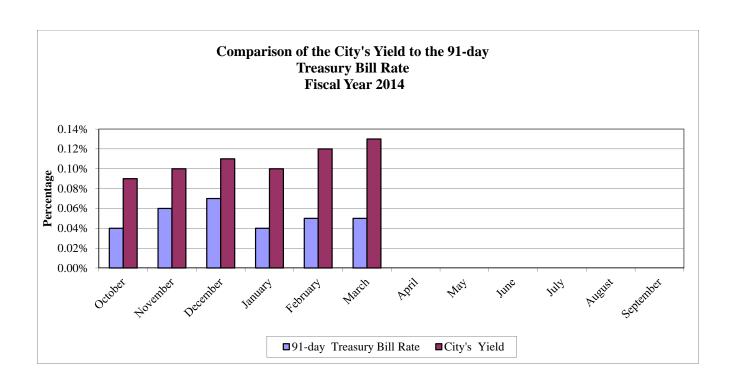
Controller

Eddie Mueller

Treasury Accountant







# **City of Richardson Investment Report**

# Schedule of Investments by Source of Funds

March 31, 2014

			9	Securitie	s & CD's					
Source of			Purchase	Maturity	# of	Market	Book			Purchased
Funds	Type		Date	Date	Days	Value	Value	Yield	Callable	From
Bond Proceeds	Agency Bond	FHLB	11/07/13	04/02/14	146	\$ 3,999,993	\$ 3,999,993	0.0916%	N/A	Duncan-Williams
Consolidated	Agency Bond	FHLB	05/22/13	04/23/14	336	3,000,006	3,000,006	0.1470%	N/A	Cantor-Fitzgerald
Bond Proceeds	Agency Bond	FHLMC	12/13/13	05/16/14	154	2,999,549	2,999,549	0.1192%	N/A	Samco
Operating	Agency Bond	FHLB	07/18/13	05/22/14	308	2,999,978	2,999,978	0.1450%	N/A	Coastal
Operating	Agency Bond	FHLB	06/26/13	06/20/14	359	2,999,607	2,999,607	0.1820%	N/A	Coastal
Debt Service	Agency Bond	FNMA	02/25/14	07/10/14	135	3,999,556	3,999,556	0.0400%	N/A	Wells-Fargo
Operating	Agency Bond	FFCB	08/28/13	07/13/14	319	3,000,338	3,000,338	0.1663%	N/A	Samco
Operating	Agency Bond	FHLB	12/31/13	08/25/14	237	4,005,601	4,005,601	0.1499%	N/A	Wells-Fargo
Operating	Agency Bond	FHLB	10/28/13	09/18/14	325	4,000,310	4,000,310	0.1535%	N/A	Coastal
Deposit	Agency Bond	FHLMC	11/08/13	10/24/14	350	2,997,573	2,997,573	0.1420%	N/A	Coastal
Operating	Agency Bond	FHLMC	11/18/13	11/25/14	372	4,011,092	4,023,680	0.1685%	N/A	Cantor-Fitzgerald
Operating	Agency Bond	FNMA	12/18/13	12/19/14	366	3,399,079	3,403,187	0.1838%	N/A	Cantor-Fitzgerald
Operating	Agency Bond	FHLMC	11/22/13	01/26/15	430	3,687,252	3,750,946	0.1860%	N/A	Duncan-Williams
Operating	Agency Bond	FHLB	01/30/14	02/28/15	394	4,001,020	4,001,678	0.1700%	N/A	Coastal
Operating	Certificate of Dep.	CD	03/13/14	03/13/15	365	4,000,000	4,000,000	0.3000%	N/A	Independent Bank
Operating	Agency Bond	FHLMC	12/05/13	03/18/15	468	4,005,104	4,006,720	0.2190%	N/A	Cantor-Fitzgerald
Operating	Agency Bond	FHLMC	01/02/14	04/17/15	470	2,437,781	2,437,954	0.2460%	N/A	Coastal
Operating	Treasury Note	T- Note	12/12/13	05/31/15	535	4,090,936	4,111,809	0.2190%	N/A	Duncan-Williams
Operating	Agency Bond	FHLMC	02/25/14	07/17/15	507	4,214,044	4,232,612	0.1970%	N/A	Cantor-Fitzgerald
					Total	\$ 67,848,819	\$ 67,971,097			

Money Mark	et Funds, State Poo	ls and Uninve	sted Balances
Source of Funds	Type	Market Value	Purchased From
Operating	State Pool	\$ 3,275,348	TexPool
Deposit	State Pool	186,485	TexPool
Bond Proceeds	State Pool	4,221,254	TexPool
Operating	State Pool	4,852,374	TexStar
Deposit	State Pool	340,719	TexStar
Bond Proceeds	State Pool	6,724,444	TexStar
Operating	State Pool	7,142,911	Texas Daily
Debt Service	State Pool	398,151	Texas Daily
Bond Proceeds	State Pool	2,842,327	Texas Daily
Operating	State Pool	1,100,119	Lone Star
Bond Proceeds	State Pool	3,700,243	Lone Star
Debt Service	State Pool	1,000,063	Lone Star
Bond Proceeds	Money Market	504,780	Federated - Agency
Bond Proceeds	Money Market	414,117	Invesco - Agency
Operating	Cash in Bank	499,067	Frost Bank
Deposit	Cash in Bank	14,685	Frost Bank
Bond Proceeds	Cash in Bank	1,151,708	Frost Bank
Debt Service	Cash in Bank	1,717,403	Frost Bank
·	Total	\$ 40.086.198	

Туре	Market Value	Percentage
Securities		
Agency Bonds	\$ 59,757,883	55.5%
Treasury Note	4,090,936	3.7%
CD's	4,000,000	3.6%
TexPool	7,683,087	7.2%
TexStar	11,917,537	11.0%
Texas Daily	10,383,389	9.6%
Lone Star	5,800,425	5.4%
Invesco - Agency	414,117	0.4%
Federated - Agency	504,780	0.5%
Cash in Bank	3,382,863	3.1%
<b>Total Investments</b>	\$ 107,935,017	100%

## **City of Richardson Investment Report**

Schedule of Beginning and Ending Market Value and Interest Earned

March 31, 2014

D 40 W	Quarter	Quarter	Interest	Interest
Portfolio	Beginning	Ending	Income	Income
	Market Value	Market Value	Earned	Earned
			Quarter	YTD
	Operating Por	rtfolio		
General Fund	\$ 21,382,348	\$ 34,433,224	\$ 13,877	\$ 21,909
Special Police Funds	317,895	266,599	59	90
Municipal Court Building Security Fund	224,739	234,413	56	80
Technology Fund	82,527	89,561	22	35
Wireless 911 Fund	327,365	344,561	83	116
Judicial Efficiency Fund	17,080	17,963	4	6
Traffic Safety Fund	586,406	667,073	156	235
Hotel/ Motel Tax Fund	1,576,347	1,192,945	297	416
Tax Increment Financing Fund #1	348,933	1,717,205	378	417
Tax Increment Financing Fund #2	111,919	228,762	52	57
Tax Increment Financing Fund #3	11,933	3,878	1	1
Franchise PEG Fund	486,050	336,237	95	143
Drainage Fee Fund	2,194,570	2,228,026	521	728
State Grants Fund	23,499	16,696	-	-
Federal Grant Funds (1)	(507,440)	(197,056)	-	-
Capital Projects - Special Projects Fund (2)	14,528,871	16,003,665	2,174	2,419
Eisemann Center Capital Fund	3,164	6,481	2	2
Capital Projects - Street Rehab Fund	1,171,027	1,345,812	302	417
Water and Sewer Operating Fund	8,584,412	3,092,066	2,306	5,933
Water and Sewer Rate Stablization Fund	2,112,699	2,150,814	755	1,572
Water and Sewer Special Projects Fund	499,861	458,271	114	171
Golf Fund	447,457	-	17	71
Golf - Capital Projects Fund	49,395	322,404	76	81
Solid Waste Services Fund	2,673,117	1,432,437	717	1,002
Central Services Fund	204,161	120,208	33	40
Insurance and Flexible Spending Fund	1,296,462	2,385,102	450	565
Payroll Liability Fund	1,822,498	1,824,620		
Total Operating Portfolio	\$ 60,577,295	\$ 70,721,967	\$ 22,547	\$ 36,506

<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 Regional Toll Revenue Grant funds which are used for street and trail infrastructure. 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

March 31, 2014

Portfolio		Quarter Beginning arket Value	M	Quarter Ending arket Value	In E	nterest ncome arned uarter	Interest Income Earned YTD
Bone	d Pr	oceeds Portfo	lio				
Capital Projects - Equipment Funds	\$	1,075,563	\$	-	\$	107	\$ 242
Capital Projects - Major Projects Funds		25,061,306		21,084,809		3,267	7,673
Water and Sewer - Capital Project Funds		5,394,248		4,195,090		448	1,025
Solid Waste - Capital Projects Funds		1,563,905		1,278,516		155	240
Total Bond Proceeds Portfolio	\$	33,095,022	\$	26,558,415	\$	3,977	\$ 9,180

De	bt Se	ervice Portfoli	io			
General Debt Service Fund	\$	11,291,794	\$	7,115,173	\$ 903	\$ 1,312
Water and Sewer Debt Service Fund		1,832,979		-	53	157
Solid Waste Debt Service Fund		487,512		-	14	39
Total Debt Service Portfolio	\$	13,612,285	\$	7,115,173	\$ 970	\$ 1,508

I	Depos	sit Portfolio			
Water and Sewer Deposit Fund	\$	3,519,732	\$ 3,539,462	\$ 1,117	\$ 2,045
Total Deposit Portfolio	\$	3,519,732	\$ 3,539,462	\$ 1,117	\$ 2,045

Total All Portfolios   \$ 110,804,334   \$ 107,935,017   \$ 28,611   \$ 49,239
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