



3rd Quarter Investment Report
(For the Quarter Ended June 30, 2016)
Fiscal Year 2015-16
City of Richardson, Texas

Investment Report
Overview
Quarter Ending June 30, 2016

Portfolio Balance

The Market Value of the City’s Investment Portfolio as of June 30, 2016 was \$103,114,876.

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 and Capital Projects, 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 0.59% as of June 30, 2016, above the benchmark of the 91-day Treasury bill at 0.27% and slightly above the Fed Funds rate of between 0.25% and 0.50%. The Federal Open Market Committee (FOMC), a committee of the Federal Reserve Board, at their meeting on July 27 decided to leave the target range at 0.25% to 0.50%, where it’s been since a quarter-point increase in December 2015 that ended seven years of near-zero rates. The FOMC repeated that it expects “economic conditions will evolve in a manner that will warrant only gradual increases in the federal funds rate.” The market believes that a rate hike is still possible by the end of 2016.

Investment Type	Yield
Total Portfolio	0.59%
Securities and Certificates of Deposit	0.69%
Money Market Mutual Funds and Local Investment Pools	0.36%
<i>Reference: Benchmark 91-day Treasury Bill</i>	0.27%

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. Agency Securities, U.S Treasury Notes, Certificates of Deposit, 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 Obligations, including letters of credit, of the United States or its agencies and instrumentalities. 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 Treasury and Agency Securities or Certificates of Deposit for funds that will be used in the future.

Earnings

Total interest on the City’s investments for the quarter was \$203,735. The interest by Portfolio is listed in the chart below.

Portfolio	Interest 1st Quarter	Interest 2nd Quarter	Interest 3rd Quarter	Interest 4th Quarter	Interest YTD
Operating	\$18,868	\$128,226	\$163,118		\$310,212
Bond Proceeds & Capital Proj.	9,975	12,953	19,751		42,679
Deposit	3,434	1,547	13,658		18,639
Debt Service	2,441	9,241	7,208		18,890
Total	\$34,718	\$151,967	\$203,735		\$390,420

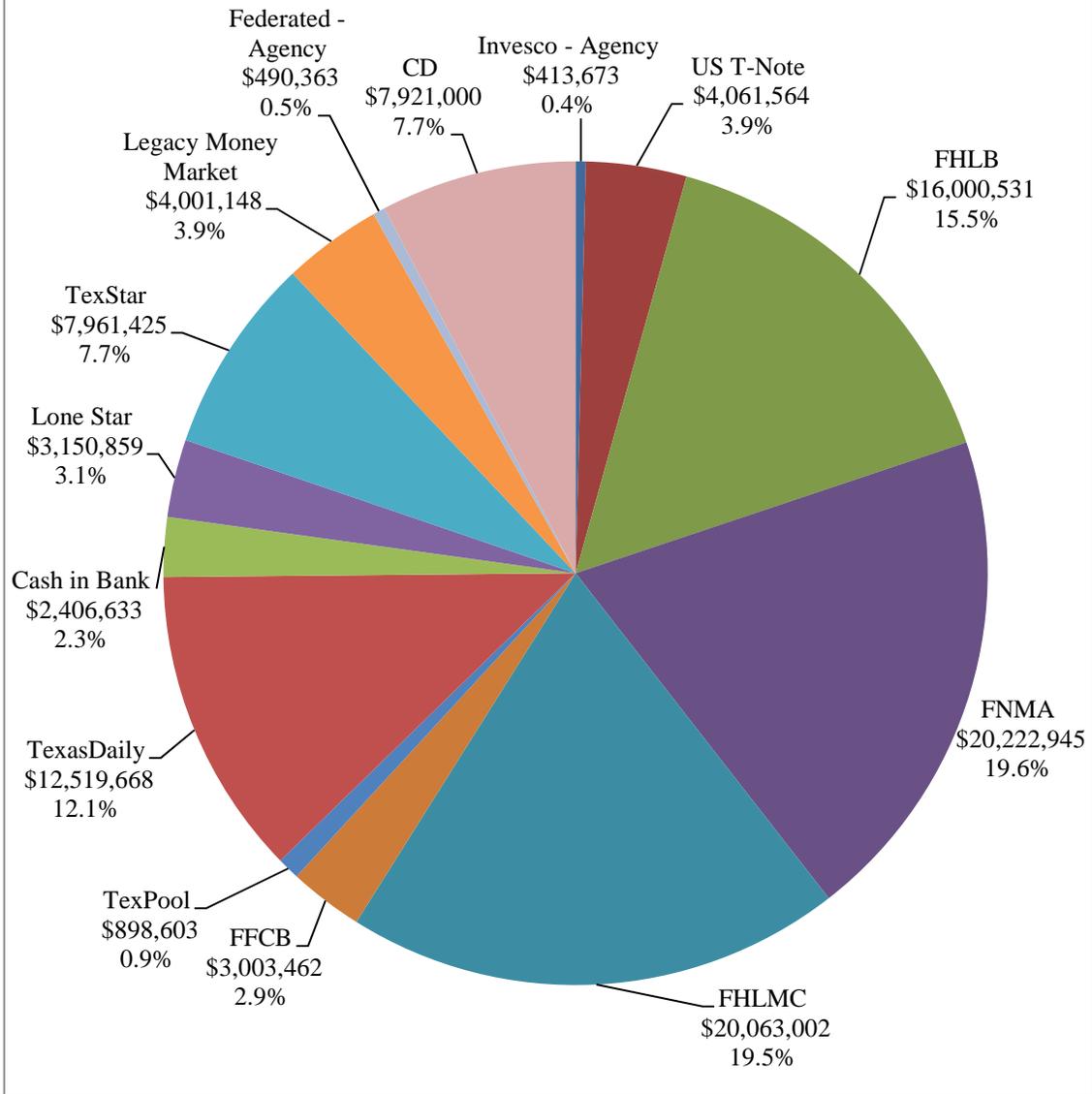
Additional information on interest earned can be found on pages 9-10 of this report.

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
CD	Certificate of Deposit
T-Note	U. S. Treasury Note

Total Portfolio as of June 30, 2016
\$103,114,876



**City of Richardson, Texas
Investment Report
Investment Officers Signature Page
Quarter Ending June 30, 2016**

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.

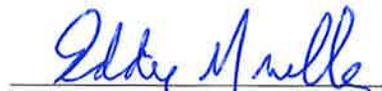
Prepared on: July 28, 2016


Kent Pfeil
Chief Financial Officer

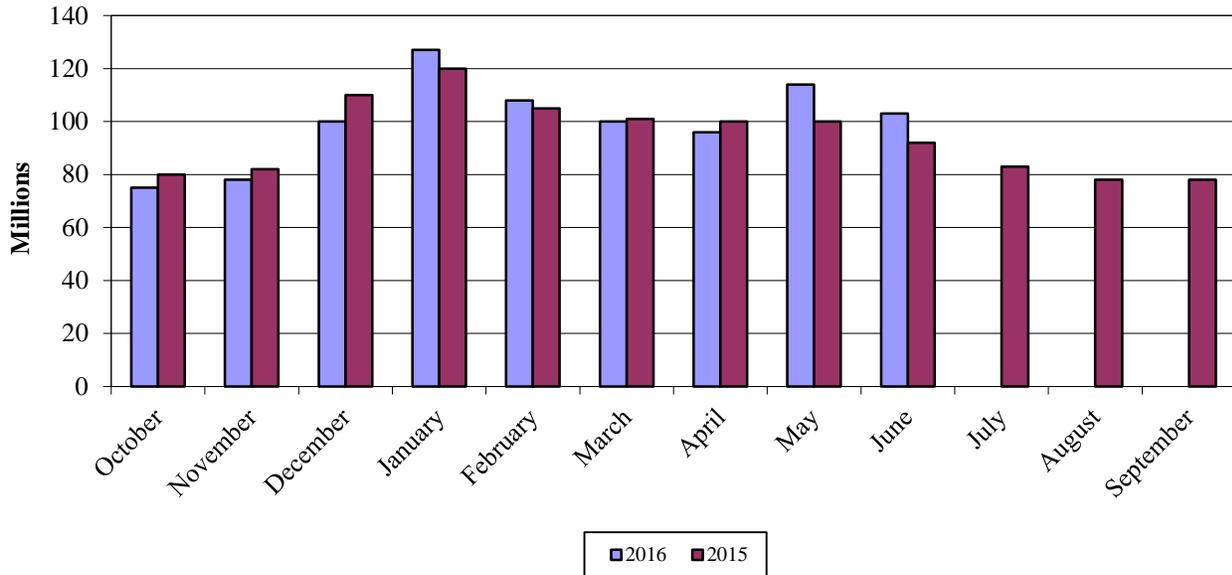

Keith Dagen
Director of Finance


Cara Copley
Treasurer and Revenue Manager

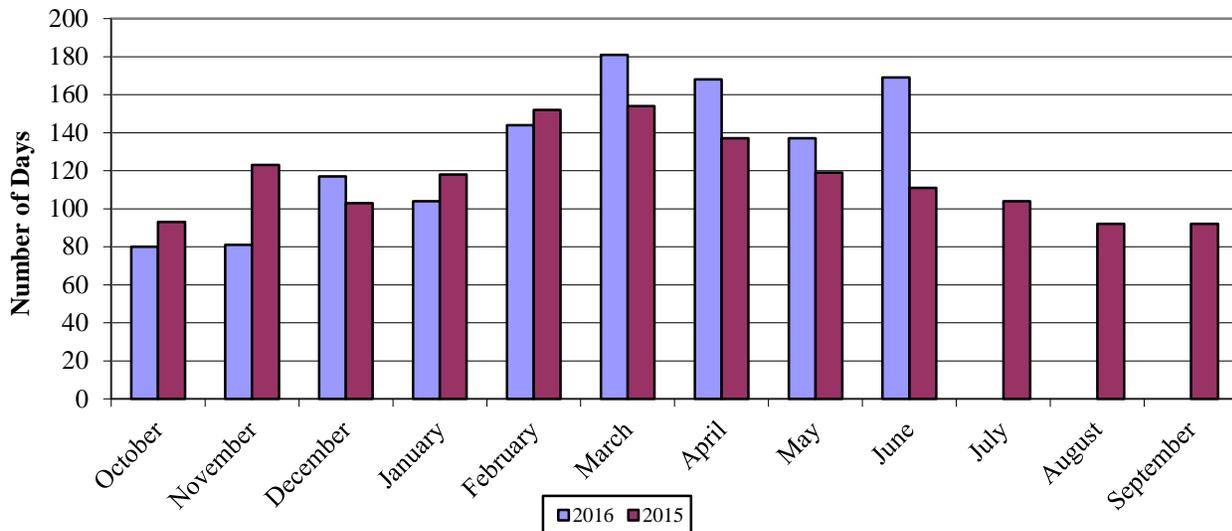

Vicki McCarthy
Controller


Eddie Mueller
Treasury Accountant

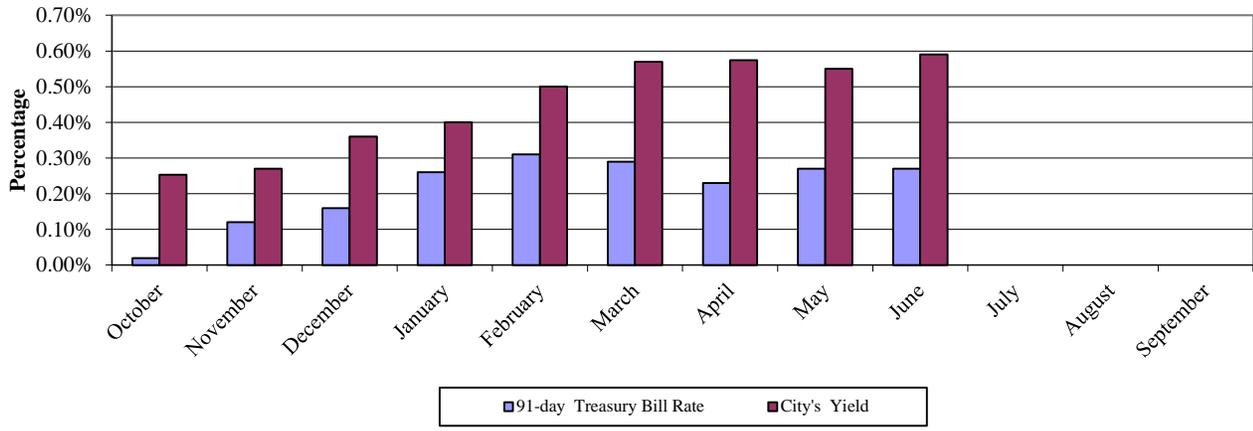
Investment Portfolio Balance



Weighted Average Maturity Total Portfolio Fiscal Year 2016



**Comparison of the City's Yield to the 91-day
Treasury Bill Rate
Fiscal Year 2016**



City of Richardson Investment Report

Schedule of Investments by Source of Funds

June 30, 2016

Securities & CD's										
Source of Funds	Type		Purchase Date	Maturity Date	# of Days	Market Value	Book Value	Yield	Callable	Purchased From
Operating	Agency Bond	FHLB	02/09/15	08/09/16	547	\$ 4,000,712	\$ 4,002,476	0.4500%	N/A	Coastal
Operating	Agency Bond	FHLB	02/05/16	08/19/16	196	4,000,000	4,000,000	0.5000%	N/A	Cantella
Bonds & Cap Prj.	CD	CD	03/28/16	09/26/16	182	3,968,000	3,968,000	0.5200%	N/A	Texas Term
Operating	Agency Bond	FHLB	12/16/15	09/28/16	287	3,997,671	3,997,671	0.7440%	N/A	Duncan-Williams
Operating	Agency Bond	FHLMC	01/22/16	10/14/16	266	4,003,614	4,003,614	0.5650%	N/A	Samco
Operating	Agency Bond	FHLB	11/18/15	11/23/16	371	4,002,148	3,999,394	0.6400%	N/A	Wells-Fargo
Operating	Agency Bond	FNMA	12/16/15	01/30/17	411	4,018,084	4,017,463	0.8570%	N/A	First Southwest
Bonds & Cap Prj.	Agency Bond	FNMA	06/30/16	01/30/17	214	4,018,082	4,018,082	0.4690%	N/A	Hilltop Securities
Operating	CD	CD	02/05/16	02/06/17	367	3,953,000	3,953,000	0.7700%	N/A	Texas Term
Operating	Agency Bond	FHLMC	12/31/15	03/08/17	433	4,013,116	4,006,254	0.8760%	N/A	Coastal
Bonds & Cap Prj.	Agency Bond	FNMA	06/22/16	04/27/17	309	4,017,623	4,017,623	0.5870%	N/A	Wells-Fargo
Operating	Agency Bond	FNMA	03/10/16	04/27/17	413	4,017,712	4,015,760	0.7741%	N/A	Duncan-Williams
Operating	Agency Bond	FNMA	12/31/15	05/11/17	497	4,151,444	4,217,789	0.9630%	N/A	Coastal
Operating	Agency Bond	FHLMC	01/22/16	06/16/17	511	4,012,884	4,001,660	0.8450%	N/A	Duncan-Williams
Bonds & Cap Prj.	Agency Bond	FHLMC	06/22/16	06/29/17	372	4,016,272	4,014,547	0.6415%	N/A	Coastal
Operating	Agency Bond	FHLMC	02/22/16	07/28/17	522	4,017,116	4,013,655	0.7600%	N/A	Coastal
Operating	US Treasury Note	T-Note	03/22/16	08/31/17	527	4,061,564	4,063,466	0.7650%	N/A	Coastal
Deposit	Agency Bond	FFCB	05/16/16	02/16/18	641	3,003,462	2,999,250	0.7645%	N/A	Coastal
Total						\$ 71,272,504	\$ 71,309,704			

Money Market Funds, State Pools and Uninvested Balances			
Source of Funds	Type	Market Value	Purchased From
Operating	State Pool	\$ 483,818	TexPool
Bond Proceeds & Capital Projects	State Pool	414,785	TexPool
Operating	State Pool	775,669	TexStar
Deposit	State Pool	753,931	TexStar
Bond Proceeds & Capital Projects	State Pool	6,287,274	TexStar
Debt Service	State Pool	144,551	TexStar
Operating	State Pool	5,310,452	Texas Daily
Debt Service	State Pool	3,100,764	Texas Daily
Bond Proceeds & Capital Projects	State Pool	4,008,300	Texas Daily
Deposit	State Pool	100,152	Texas Daily
Operating	State Pool	75,654	Lone Star
Bond Proceeds & Capital Projects	State Pool	283,483	Lone Star
Debt Service	State Pool	2,791,722	Lone Star
Bond Proceeds & Capital Projects	Money Market	490,363	Federated - Agency
Bond Proceeds & Capital Projects	Money Market	413,673	Invesco - Agency
Operating	Money Market	4,001,148	Legacy Bank
Operating	Cash in Bank	815,602	Legacy Bank
Operating	Cash in Bank	101,677	Frost Bank
Deposit	Cash in Bank	176,833	Legacy Bank
Bond Proceeds & Capital Projects	Cash in Bank	1,223,080	Legacy Bank
Debt Service	Cash in Bank	89,441	Legacy Bank
Total		\$ 31,842,372	

Type	Market Value	Percentage
Securities		
Agency Bonds	\$ 59,289,940	57.5%
Treasury Note	4,061,564	3.9%
CD's	7,921,000	7.7%
TexPool	898,603	0.9%
TexStar	7,961,425	7.7%
Texas Daily	12,519,668	12.1%
Lone Star	3,150,859	3.1%
Invesco - Agency	413,673	0.4%
Federated - Agency	490,363	0.5%
Legacy Money Market	4,001,148	3.9%
Cash in Bank	2,406,633	2.3%
Total Investments	\$ 103,114,876	100%

City of Richardson Investment Report

Schedule of Beginning and Ending Market Value and Interest Earned

June 30, 2016

Portfolio	Quarter Beginning Market Value	Quarter Ending Market Value	Interest Income Quarter	Interest Income YTD
Operating Portfolio				
General Fund	\$ 42,332,120	\$ 33,409,324	\$ 92,846	\$ 173,808
Special Police Funds	390,111	400,889	713	1,327
Municipal Court Building Security Fund	242,266	237,348	565	1,106
Technology Fund	107,216	122,148	280	488
Wireless 911 Fund	253,876	266,321	621	1,123
Judicial Efficiency Fund	22,857	18,106	50	101
Traffic Safety Fund	652,562	861,881	1,903	2,960
Hotel/ Motel Tax Fund	2,460,439	2,794,118	6,224	11,500
Tax Increment Financing Fund #1	3,568,685	3,418,412	9,026	15,215
Tax Increment Financing Fund #2	1,981,335	58,089	4,111	6,407
Tax Increment Financing Fund #3	53,938	89,041	152	841
Franchise PEG Fund	786,477	824,436	1,955	3,583
Drainage Fee Fund	2,986,446	2,869,216	6,927	13,583
State Grants Fund	17,039	4,504	-	-
Federal Grant Funds (1)	(254,510)	(85,016)	-	-
Economic Development	893,423	1,070,017	2,373	4,132
Water and Sewer Operating Fund	4,757,906	6,723,863	14,779	34,211
Water and Sewer Rate Stabilization Fund	2,163,451	2,138,531	5,080	9,917
Golf Fund	-	53,654	37	80
Solid Waste Services Fund	1,955,540	2,264,415	5,208	10,373
Central Services Fund	322,392	242,579	634	1,272
Insurance and Flexible Spending Fund	3,969,044	4,055,941	9,634	18,185
Payroll Liability Fund	1,794,340	1,975,268	-	-
Total Operating Portfolio	\$ 71,456,953	\$ 63,813,085	\$ 163,118	\$ 310,212

(1) These grants are reimbursement grants. The City expends the funds first and then bills the appropriate governmental agency for reimbursements.

City of Richardson Investment Report

Schedule of Beginning and Ending Market Value and Interest Earned

June 30, 2016

Portfolio	Quarter Beginning Market Value	Quarter Ending Market Value	Interest Income Quarter	Interest Income YTD
Bond Proceeds and Capital Projects Portfolio				
Capital Projects - Equipment Funds	\$ 1,431,838	\$ 4,341,156	\$ 3,155	\$ 7,175
Capital Projects - Major Projects Funds	4,564,215	9,665,023	7,235	15,525
Water and Sewer - Capital Project Funds	1,189,587	2,835,361	1,938	4,294
Solid Waste - Capital Projects Funds	206,597	1,105,071	766	1,200
Non-Bond Capital Projects:				
Special Projects Fund	5,904,123	7,140,671	3,106	7,052
Eisemann Center Capital Fund	269,454	303,493	281	610
Street Rehabilitaion Fund	1,055,622	1,546,660	1,166	1,859
Water Sewer Special Projects Fund	950,648	915,881	880	2,059
Solid Waste Special Projects Fund	1,311,823	1,287,619	1,224	2,905
Total Bond Proceeds & Capital Projects Portfolio	\$ 16,883,907	\$ 29,140,935	\$ 19,751	\$ 42,679
Debt Service Portfolio				
General Debt Service Fund	\$ 7,639,139	\$ 6,126,478	\$ 7,208	\$ 17,764
Water and Sewer Debt Service Fund	-	-	-	884
Solid Waste Debt Service Fund	-	-	-	242
Total Debt Service Portfolio	\$ 7,639,139	\$ 6,126,478	\$ 7,208	\$ 18,890
Deposit Portfolio				
Water and Sewer Deposit Fund	\$ 3,939,965	\$ 4,034,378	\$ 13,658	\$ 18,639
Total Deposit Portfolio	\$ 3,939,965	\$ 4,034,378	\$ 13,658	\$ 18,639
Total All Portfolios	\$ 99,919,964	\$ 103,114,876	\$ 203,735	\$ 390,420