City of Colleyville
Audit Committee
Agenda

City Hall
100 Main Street
Colleyville, Texas 76034
817.503.1000
www.colleyville.com

Wednesday, August 10, 2016 — City Manager's Conference Room
4:30 p.m. — Third Floor – City Hall

1. CALL TO ORDER

2. APPROVAL OF MINUTES

May 3, 2016

3. REGULAR AGENDA ITEMS

3a Meet with representatives(s) from the City's audit firm, Pattillo, Brown & Hill, L.L.P. to discuss the Fiscal Year September 30, 2016 audit

3b Discussion of update to City's Investment Policy

4. PRESENTATIONS

Presentation of the quarterly investment report for the quarter ended June 30, 2016

5. ADJOURNMENT

I hereby certify this agenda was posted on City Hall bulletin boards August 5, 2016, by 5:00 p.m.

Amy Shelley, TRMC
City Secretary

A quorum of the Colleyville City Council and/or any other Colleyville Board, Commission, or Committee may be in attendance at this meeting.

Any matter on this agenda may, at the discretion of the governing body, be opened for public comment and discussion.

If you plan to attend this public meeting and have a disability that requires special accommodations, please advise Executive Secretary at least 48 hours in advance at 817.503.1111, and reasonable accommodations will be made to assist you.

City of Colleyville
Audit Committee Minutes - DRAFT

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Tuesday, May 3, 2016 — City Manager's Conference Room
5:15 p.m. — Third Floor – City Hall

Accounting Manager Karen Hines called the Audit Committee meeting to order on May 3, 2016, at 5:15 p.m.

ROLL CALL: Committee members Nancy Coplen, Chuck Mogged, and Chris Putnam were present.

City Manager Jennifer Fadden, Deputy City Manager Chris Fuller, Chief Financial Officer Brian Hogan, Accounting Manager Karen Hines, and City Secretary Amy Shelley were also present.

2. APPROVAL OF MINUTES
March 8, 2016

The minutes of the March 8, 2016 Audit Committee were approved as presented.

3. REGULAR AGENDA ITEMS

3a Presentation of the quarterly investment report for the quarter ended March 31, 2016

Accounting Manager Karen Hines presented the quarterly investment report for the quarter ended March 31 2016.

Committee member Mogged asked staff about investment maturity dates and if we had changed the length of our investments. Manager Hines mentioned that the average yield on investments for this quarter (0.55%) was 0.16% higher than the prior quarter's average of 0.39%. CFO Hogan stated that we are replacing maturing investments with investments with slightly higher yields. However, since it is unlikely that the Fed will raise rates in the near future, we are safe with a two year investment maturity. Rates will not increase enough in that time frame to outpace the yields we are earning on the overnight investment pools.

Manager Hines stated for this quarter we had one investment mature, and we bought three investments, all with slightly higher rates.

Manager Hines stated the next meeting will be Tuesday, August 9, 2016 at 5:00 p.m. to discuss the FY16 audit, update the investment policy, and present the June 30, 2016 quarterly investment report.

4. ADJOURNMENT

The Audit Committee meeting adjourned at 5:20 p.m.

APPROVED BY A VOTE OF _ AYES, _ NAYS, AND _ ABSTENTIONS ON THIS THE 10TH DAY OF AUGUST 2016.

Minutes taken and prepared by:

Amy Shelley, TRMC
City Secretary

City of Colleyville
Audit Committee
Agenda Briefing

City Hall
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Agenda Number 3a **Agenda Date** 08/10/2016 **Number** 2a
Type Regular Agenda Items
Department City Manager

Title
Meet with representatives(s) from the City's audit firm, Pattillo, Brown & Hill, L.L.P. to discuss the Fiscal Year September 30, 2016 audit

Strategy Map Connection
B4- Cultivate a culture of transparency and consistent communication
F4- Adhere to the City's financial and budgetary policies

Explanation
Nicole Bradshaw, who is a manager with the City's audit firm Pattillo, Brown and Hill, L.L.P., will meet with the Audit Committee to discuss the Fiscal Year September 30, 2016 audit.

Attachments

City of Colleyville
Audit Committee
Agenda Briefing

City Hall
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Agenda Number 3b **Agenda Date** 08/10/2016 **Number** 2b
Type Regular Agenda Items
Department City Manager

Title
Discussion of update to City's Investment Policy

Strategy Map Connection
B4- Cultivate a culture of transparency and consistent communication
F4- Adhere to the City's financial and budgetary policies

Explanation
The most recent legislative session approved updates to the Public Funds Investment Act, which governs the City's investment process and investment policy. To be compliant with the updates, attached is the City's Investment Policy with proposed revisions. Additionally, staff has incorporated revisions to update the names of the investment officers in the policy. Following the Audit Committee's consideration, these proposed changes will be presented for City Council consideration as an amendment to the investment policy ordinance for first reading at the September 6, 2016 City Council meeting.

Major changes by section:

Delegation of Authority
The City designates the Investment Officers to be the City Manager with overall responsibilities to see that investment objectives are accomplished and the Chief Financial Officer and Accounting Manager with the specific day-to-day performance of managing the funds of the City.

Prudence
The Investment Officers of the City (City Manager, Chief Financial Officer, and Accounting Manager) shall be personally indemnified in the event of investment loss provided the Investment Policy is followed.

Internal Controls
The Chief Financial Officer and Accounting Manager shall establish a system of written internal controls which shall be reviewed annually by the independent auditor.

Safekeeping
Either the City Manager, Chief Financial Officer or Accounting Manager must approve release of collateral in writing prior to its removal from the safekeeping account.

Reporting Requirements

The Chief Financial Officer and Accounting Manager shall issue a written report quarterly to the Audit Committee and City Council concerning the City's investment transactions for the preceding quarter and describing in detail the investment position of the City as of the end of the quarter indicating the market values of all investments held during the quarter.

The report shall be signed by the Chief Financial Officer and Accounting Manager, as the investment officers for the City, and state its compliance with the Public Funds Investment Act and adopted investment policy strategy.

Training Requirements

In accordance with the Act (2256.005 and 2256.008), the Chief Financial Officer and Accounting Manager shall attend 10 hours of investment training within 12 months of assuming duties and 8 hours not less than once in a two-year period that begins on the first day of the City's fiscal year and consists of the two consecutive fiscal years after that date.

Investment Strategy

A section in the Public Funds Investment Act requires that the governing body of a public entity review the investment strategy annually. The City's investment strategy is contained in the section of the City of Colleyville Investment Policy entitled "Investment Strategy", and will be presented for the City Council's review, when the above changes are proposed to City Council. There are no changes proposed in the existing investment strategy.

Attachments

1. City Investment Policy - Proposed Changes

CITY OF COLLEYVILLE INVESTMENT POLICY

Policy

It is the policy of the City of Colleyville (the City) to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all State of Texas laws and statutes including the Public Funds Investment Act, Chapter 2256 of the Government Code and City ordinances.

Scope

This investment policy applies to all financial assets of the City. These funds are accounted for in the City's Comprehensive Annual Financial Report and include:

- General Fund
- Special Revenue Funds
- Capital Projects Funds
- Enterprise Funds
- Debt Service Funds, including reserves and sinking funds
- Trust and Agency Funds, to the extent not required by law or existing contract to be kept segregated and managed separately

and any new fund created by the City Council, unless specifically exempted by the City Council or by law. All funds may be combined as pooled funds unless specifically prohibited by State law or statute or City ordinance.

Objectives

The primary objectives, in priority order, of the City's investment activities shall be:

Safety: Safety of principal is the foremost objective of the City in managing its portfolio. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective the City will diversify its investments by investing funds among a variety of securities offering independent returns and financial institutions. The City will also take into account the marketability of the investment if the need arises to liquidate the investment before maturity.

Liquidity: The City will also maintain sufficient liquidity to provide adequate and timely working funds.

Return on Investments: The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and cash flow needs. The City investment strategy is passive and the portfolio shall be designed with the objective of regularly exceeding the weighted average return on thirteen-week Treasury bills. This is considered a benchmark for riskless investment transactions, and therefore, is a minimum standard for the portfolio's rate of return. For bond funds that fall under the arbitrage provisions of the Tax Reform Act of 1986, the City will attempt to earn allowable bond yield with market conditions permitting.

Delegation of Authority

The City designates the Investment Officers to be the City Manager with overall responsibilities to see that investment objectives are accomplished and the ~~Finance Manager~~ **Chief Financial Officer** and ~~Assistant Finance~~ **Accounting** Manager with the specific day-to-day performance of managing the funds of the City.

Ethics and Conflict of Interest

All investment Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or that could impair their ability to make impartial investment decisions. Employees shall disclose to the City of Colleyville and Texas Ethics Commission a statement under the following conditions:

A. If they have a personal business relationship with a business organization offering to engage in an investment transaction with the entity. Under the Public Funds Investment Act, a personal business relationship is defined as:

1. The investment officer owns 10 percent or more of the voting

stock or shares of the business organization or owns $5,000 or more of the fair market value of the business organization:

2. Funds received by the investment officer from the business organization exceed 10 percent of the investment officer's gross income for the previous year; or

3. The investment officer has acquired from the business organization during the previous year, investments with a book value of $2,500 or more for the personal account of the investment officer.

B. If they are related within the second degree by affinity or consanguinity, as determined by Chapter 573 V.A.T.C.S. to an individual seeking to sell an investment to the City of Colleyville.

Prudence

Investments shall be made with judgement and care – under circumstances then prevailing – which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the "prudent person", which means the officer may not be an expert but is obligated to act responsibly and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

Investment officers shall notify the City Council in writing of any conflicts of interest, as defined by the Public Funds Investment Act, no later than the next regularly scheduled Council meeting.

It is the policy of the City that the Investment Officers perform their duties in accordance with the policies and procedures set forth in this policy. The Investment Officers of the City (City Manager, **Chief Financial Officer** and ~~Finance~~ **Accounting** Manager.~~, and Assistant Finance Manager~~) shall be personally indemnified in the event of investment loss provided the

Investment Policy is followed.

Internal Controls

The **Chief Financial Officer** and ~~Finance~~ **Accounting** Manager ~~and Assistant Finance Manager~~ shall establish a system of written internal controls which shall be reviewed annually by the independent auditor. The controls shall be designed to prevent the loss of public funds due to fraud, error, misrepresentation, unanticipated market changes or imprudent actions.

Permissible Instruments

The following is a list of permissible instruments as authorized by the 70th Texas Legislature in the Public Funds Investment Act (TEX. REV. CIV. STAT. ANN. ACT 842A-2) and amended by the 71st Legislature:

1. Obligations of the United States or its agencies or instrumentalities;

2. Direct obligations of the State of Texas or its agencies;

3. Other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States or its agencies or instrumentalities;

4. Obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as to investment quality by nationally recognized investment rating firm and having received a rating of not less than "A" or its equivalent;

5. Certificates of deposit issued by state and national depository institutions that have its main office or branch office in this state that are:
   a. Guaranteed or insured by the Federal Deposit Insurance Corporation, FSLIC or its successors; or
   b. Secured by obligations that are described by subdivisions (1) through (4) of this subsection, which are intended to include all direct federal agency or instrumentality issued mortgage backed securities, and which have a market value of not less than the principal amount of the certificates or in any other manner and amount provided by law for deposits of the investing entities;

6. Invest in a local government investment pool as authorized by the Interlocal Cooperation Act (TEX. REV. CIV. STAT. ANN. ACT. 4413 (32c), as amended, and the Public Funds Investment Act (TEX. REV. CIV. STAT. ACT. 842a-2), as amended. The investment pool must comply with the requirements of the Public Funds Investment Act, as amended, as follows:
    a. The investment pool maintains a stable asset value of one dollar as defined in the Public Funds Investment Act;
    b. The investment pool maintains a AAA, or AAAm rating by one of the nationally recognized rating agencies;
    c. The investment pool's maximum average dollar weighted maturity does not exceed 90 days; and
    d. The investment pool's continued compliance with the remaining provisions of the Public Funds Investment Act.
    e. The eligible investments of the pool are as follows: obligations of the United States or its agencies and instrumentalities, other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the United States, fully collateralized repurchase agreements with a defined termination date secured by obligations of the United States or its agencies and instrumentalities, other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the United States, and SEC registered money market funds authorized by the Public Funds Investment Act and rated in the highest category by at least one nationally recognized rating agency, reverse repurchase agreements with a term of no longer than 90 days.
    f. Include in its investment policy and/or operating procedures the following information: a description of eligible investment securities and unacceptable investments, a written statement on investment policy and objectives, a description of interest calculations, distribution, and treatment of gains and losses, security safeguarding, valuation collateralization and auditing, and a fee schedule.

7. Direct repurchase agreements with primary security dealers or financial institutions doing business in the State of Texas having a defined termination date, and secured by U.S. Government or federal agency securities, provided that the ownership of collateral for the repurchase agreement is transferred to the City, and deposited with a safekeeping agent for the duration of the contract and a signed master repurchase agreement has been executed with the counterparty.

8. SEC-registered no-load money market mutual funds with a dollar weighted average portfolio of 90 days or less whose assets consist exclusively of United States Government Securities whose investment objectives include seeking to maintain a stable net asset value of $1.00 per share. Investment in mutual funds shall be limited to a maximum of ten percent (10%) of the City's available funds.

9. Certificate of Deposit Account Registry Service (CDARS) deposited with a certificate of deposit issued by a depository institution that has its main office or branch office in this state that is selected by the investing entity pursuant to the requirements of Section 2256.010 of the Government Code.

The City is not required to liquidate an investment that was authorized at the time of its purchase.

Unacceptable Investment Instruments

The following securities, although authorized by the Public Funds Investment Act, are not eligible investments for the City:

1. Collateralized mortgage obligations and/or obligations of the following structure
   a) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal;
   b) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security collateral and bears no interest;
   c) collateralized mortgage obligations that have a stated final maturity date of greater than 10 years; and
   d) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

2. Commercial paper

3. Banker's acceptances

4. Reverse repurchase agreements (Local Government Investment Pools which the City participates in may engage in reverse repurchase agreements if the term is 90 days or less)

5. No-load mutual funds other than SEC-registered no-load money market mutual funds with a dollar weighted average portfolio of 90 days or less whose assets consist exclusively of United States Government Securities whose investment objectives include seeking to maintain a stable net asset value of $1.00 per share.

6. Guaranteed investment contracts

7. Share certificates of qualifying credit unions

Effect of Loss of Required Rating

An investment that requires a minimum rating does not qualify as an authorized investment during the period the investment does not have a minimum rating. The Investment Officer shall take all prudent measures that are consistent with the City’s investment policy to liquidate the investment(s) that does not have the minimum rating (2256.021). In accordance with Section (2256.005(b)), the Investment Officer shall monitor rating changes in current investments by keeping a monthly record of ratings issued by three nationally recognized rating agencies.

Investment Strategy

The investment strategy by type of fund is as follows:

(1) Operating Funds

The investment strategy for operating fund(s) is to assure that anticipated cash flows are matched with adequate investment liquidity. A secondary objective is to create a portfolio, which will experience minimum volatility during economic cycles. These funds shall not have an investment with a stated maturity greater than two years and the weighted average maturity shall not exceed eighteen months.

(2) Debt Service Funds

The investment strategy for debt service fund(s) is the assurance of investment liquidity to cover the debt service obligations on the required payment date. Investments purchased shall not have a stated final maturity date which exceeds the corresponding debt service payment date. The weighted average maturity shall not exceed one year.

(3) Reserve Funds

The investment strategy for reserve fund(s) is the assurance of investment liquidity adequate to cover the debt service obligations not funded by debt service funds on the required payment date. Investment of reserve funds are controlled by their ordinance, resolution or indenture, and Federal and State law. Bond documents must be examined for each issue, for potential differences with this policy concerning investment instruments, maximum maturity or average life restrictions, call dates or sinking fund redemptions, and applicable arbitrage yields and rebate liability. Provisions contained in the bond documents will supersede provisions of this policy. Weighted average maturity shall be incompliance with bond requirements, as stated.

Reserve funds will be invested using a more conservative approach than the current standard investment strategy when arbitrage rebate rules require refunding excess earnings. All excess earnings received will be segregated to allow a proper determination of interest income to be used in the arbitrage calculation.

(4) Special Project or Special Purpose Funds

The investment strategy for special projects or special purpose fund portfolio(s) will have as their primary objective to assure that anticipated cash flows are matched with adequate investment liquidity. The city's final maturity dates of securities held shall not exceed the estimated project completion date. Funds in excess of defined construction payment schedules shall be limited to a maximum final maturity date of three years.

Maturity limitations for single issue reserve funds shall not exceed the sooner of five (5) years, the call provisions of the bond ordinance, or the final maturity of the bond issue.

Annually, the City Council shall formally review the Investment Policy and investment strategy contained with the Policy and record in writing that it has reviewed the Policy and record any changes to either the policy or strategy.

A. Diversification

The City will attempt to limit the risk of loss through diversification of its portfolio and to achieve the aforementioned investment strategies by diversification of instruments.

Diversification by Instrument of Portfolio	Maximum Percent
U.S. Treasury Obligations (Bills, Notes and Bonds),	100%
U.S. Government Agency Securities, and Instrumentalities of Government Sponsored Corporations	75%
Certificates of Deposit (CD's) Commercial Bank's	75%
Local Government Investment Pool	75%
Certificate of Deposit Account Registry Service (CDARS)	75%
Tri-Party Repurchase Agreement	75%
SEC registered, no-load mutual fund	10%

Investment Procedures

The City shall enter the following agreements (if applicable): safekeeping, PSA repurchase agreements, wire transfer agreements, banking services contracts, and collateral/depository agreements. These contracts shall include the explicit delegation of authority to persons responsible for the transactions involving these agreements. No person except those designated in the contract may engage in any investment transactions.

On all funds invested in instruments as listed in "Permissible Investments" numbers one through five, oral bids shall be requested from at least two broker/dealers or national banks. The City will accept the bid that provides the highest rate of return within the maturity required and within the parameters of this policy. Records will be kept of the bids offered, bids accepted, and a brief explanation of the decision that was made regarding the investment.

Qualified Institutions

Annually, the City Council shall approve four financial institutions for investment purposes as recommended by the **Chief Financial Officer** ~~Finance Manager~~. All firms shall answer the Broker/Dealer questionnaire (Appendix A) and submit their most recent audited financial statements to the City Council for evaluation of credit worthiness. All personnel in the firms who will be trading or quoting securities to the City Council must maintain a current NASD license and be registered to deal securities in the State of Texas. An investment certification form (Appendix B) on the firm's letterhead signed by a principal of the firm must be on file with the City.

Safekeeping

All marketable securities purchased by the City shall be held in third party safekeeping by an institution designated as primary agent. All securities will be delivered to the third party institution by seller. Personnel in the third party institution will verify the correct security was delivered by the seller ("delivery vs payment"). The third party institution shall issue a safekeeping receipt to the City listing the specific instrument, rate/yield, maturity, CUSIP, and other pertinent information. Collateral on deposit type securities which exceed the FDIC coverage shall be held in a third party safekeeping institution. In the event a third party safekeeping institution is used, a collateral agreement shall be executed between the City Council, depository which pledged the collateral, and the third party custodian of the collateral. The City will retain possession of all original safekeeping receipts and the receipts will state the security is pledged to the City. Either the City Manager, **Chief Financial Officer** or ~~Finance~~ **Accounting** Manager**,** ~~or the Assistant Finance Manager~~ must approve release of collateral in writing prior to its removal from the safekeeping account.

Selection of Financial Institutions

Depositories shall be selected through the City's banking services procurement process, which shall include a formal request for application. In selecting depositories, the services available, service costs, and credit-worthiness of institutions shall be considered, and the Investment Officers, shall conduct a comprehensive review of prospective depositories' credit characteristics and financial history.

The City shall select financial institutions from which the City may purchase certificates of deposit in accordance with the Act and this Policy. The City will have a written depository agreement with any financial institution with whom the City has time or demand deposits. The Investment Officer shall monitor the financial condition of financial institutions where certificates of deposit are held. A qualified representative of the financial institution must sign the investment certification form (Appendix B) on the financial institutions letterhead and it must be kept on file with the City.

Collateral Securities for Certificates of Deposit and Demand Accounts
The City will accept as collateral for its Certificates of Deposit and demand accounts the following securities:

A. FDIC coverage

B. U.S. Treasury bills, notes and bonds

C. United States Agency and instrumentalities bills or notes

D. GNMA mortgage backed fully modified pass through securities

E. Texas state, city, county or school bonds with a remaining maturity of seven years or less and a rating of "A" or better by Moody's, Fitch Ratings, and Standard and Poor's.

F. Surety Bond

G. Federal Home Loan Bank Letter of Credit issued to the City

Collateral shall be "marked to market" monthly by the Finance Manager. The following percentages constitute the minimum market value for collateral instruments that are pledged for the City's Certificates of Deposit and demand deposits.

Form of Collateral Pledged Collateral	Ratio
1. U.S. Treasury bills, notes, and bonds	
a. maturing within 1 year	102%
b. maturing in 1-5 years	105%
c. maturing in more than 5 years	110%
2. Actively traded U.S. Government Agency securities	
a. maturing in less than 1 year	103%
b. maturing in 1-5 years	107%
c. maturing in more than 5 years	115%
3. GNMA mortgage pass through securities	115%

4. Entities in the State of Texas bonds

General Obligation Bonds	
a. maturing in less than 1 year	102%
b. maturing in 1-5 years	105%
c. maturing in more than 5 years	107%
Revenue Bonds	
a. maturing in less than 1 year	105%
b. maturing in 1-5 years	110%
c. maturing in more than 5 years	115%

Collateral shall be audited annually be the City's independent auditor and may be audited by the City at anytime during normal business hours of the safekeeping bank.

Arbitrage

The Tax Reform Act of 1986 places limitations on the City's yield from investing certain tax-exempt bond proceeds, debt service funds and reserve funds. The rebate provisions require that the City compute earnings on investments from certain issues of bonds on a periodic basis to determine if rebate is required.

To determine the City's arbitrage position, the City is required to calculate the actual yield earned on the investment of the funds and compare it to the yield that would have been earned if the funds had been invested at a rate equal to the yield on the applicable bonds sold by the City. The rebate provisions state that periodically (not less than once every five years and not later than sixty days after maturity of the bonds), the City is required to pay the United States Treasury a rebate of any excess earnings. These restrictions require extreme precision in the monitoring and record keeping of investments, particularly in computing yields to ensure compliance. Failure to comply can dictate that the bonds become taxable, retroactively from the date of issuance.

The investment strategy for bond funds which fall under the arbitrage provisions of the Tax Reform Act of 1986, is that the City will attempt to earn maximum allowable bond yield with market conditions permitting.

Reporting Requirements

The **Chief Financial Officer** and ~~Finance~~ **Accounting** Manager ~~and Assistant Finance Manager~~ shall issue a written report quarterly to the Audit Committee and City Council concerning the City's investment transactions for the preceding quarter and describing in detail the investment position of the City as of the end of the quarter indicating the market values of all investments held during the quarter. The report shall list for each investment held during the quarter: the purchase price of the investment, the par value of the investment, the market value of the investment at the beginning of the quarter, market value of the investment at the end of the quarter, and fully accrued interest for the period. The portfolio shall be marked to market monthly and market pricing information is to be obtained through the use of appropriate external third party software, third party safekeeping service, or a third party independent pricing service. This report shall be in compliance with provisions of the Public Funds Investment Act, as amended. The report shall be signed by the **Chief Financial Officer** and ~~Finance~~ **Accounting** Manager ~~and Assistant Finance Manager~~, as the investment officers for the City, and state its compliance with the Public Funds Investment Act and adopted investment policy strategy. The quarterly investment reports must be reviewed annually by the City’s external audit firm as a part of the City’s annual audit and reported to the City Council.

Training Requirements

In accordance with the Act (2256.005 and 2256.008), the **Chief Financial Officer** and ~~Finance~~ **Accounting** Manager ~~and Assistant Finance Manager~~ shall attend 10 hours of investment training within 12 months of assuming duties and 8 hours not less than once in a two-year period that begins on the first day of the City’s fiscal year and consists of the two consecutive fiscal years after that date. Both the **Chief Financial Officer** and ~~Finance~~ **Accounting** Manager ~~and Assistant Finance Manager~~ shall complete ten hours of training every two years as required by the Public Funds Investment Act. This training may be obtained from the following sources: North Central Texas Council of Governments, Government Treasurer's Organization of Texas, Government Finance Officer's of Texas, Texas Municipal League or the University of North Texas Center for Professional Development. The training must include education in investment controls, security risks, strategy risks, market risks, and any other topics as required by the Public Funds Investment Act.

GLOSSARY

AGENCIES - Federal agency securities and/or Government-sponsored entities.

BENCHMARK – A comparative base for measuring the performance or risk tolerance of the investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

BROKER – A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT – A time deposit with a specific maturity evidenced by a certificate. Large- denomination CD's are typically negotiable.

COLLATERAL – Securities, evidence of deposit, or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

DEALER – A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DELIVERY VERSUS PAYMENT – Delivery verses payment is the delivery of a security and there is an exchange of money after the delivery of the security.

DISCOUNT SECURITIES – Non-interest bearing money market instruments that are being issued at a discount and redeemed at maturity for full face value, e.g. Treasury Bills.

DIVERSIFICATION – Dividing instruments among securities offering independent returns.

FEDERAL CREDIT AGENCIES – Agencies of the Federal government set up to supply credit to various classes of institutions and individuals e.g. savings and loans, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC) – A federal agency that insures bank deposits, currently up to $100,000 per deposit.

FEDERAL HOME LOAN BANKS (FHLB) – Government sponsored regional wholesale banks which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. `The mission of the FHLB is to liquefy the housing related assets of its members who must purchase stock in their district bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA) – FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. It is a federal corporation and the largest single provider of residential mortgage funds in the United States. FNMA's securities are highly liquid and widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA) – Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations. Security holder is backed by the full faith and credit of the US Government.

LIQUIDITY – An asset that can be converted quickly and easily to cash.

LOCAL GOVERNMENT INVESTMENT POOL – An investment by local governments in which their money is pooled as a method for managing local funds.

MARKET VALUE – The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT – A written contract that establishes each party's rights in the transactions. A master agreement will specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY – The date upon which the principal or stated value of an investment becomes due and payable.

MUTUAL FUND – An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by Securities and Exchange disclosure guidelines.

PORTFOLIO – Collection of securities held by an investor.

PRIMARY DEALER – A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to informal oversight.

PRUDENT PERSON RULE – An investment standard outlining fiduciary responsibilities of public funds investors relating to investment practices.

RATE OF RETURN – The yield obtainable on a security based on its purchase price or its current market price.

REPURCHASE AGREEMENT – An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

REVERSE REPURCHASE AGREEMENT – An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement by the first party to resell the securities at a specified price to the second party on demand or at a specified date.

SAFEKEEPING – Holding of assets (e.g. securities) by a financial institution.

TREASURY BILLS – A non-interest bearing discount security issued by the US Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year. The yields on these bills are monitored closely for interest rate trends.

TREASURY BONDS – Long term US government debt securities with maturities of ten to thirty years.

TREASURY NOTES – Intermediate term US government debt securities with maturities of one to ten years.

YIELD – The current rate of return on an investment security generally expressed as a percentage of the securities current price.

City of Colleyville
Audit Committee
Agenda Briefing

City Hall
100 Main Street
Colleyville, Texas 76034
www.colleyville.com

Agenda Number **Agenda Date** 08/10/2016 **Number**
Type Regular Agenda Items
Department City Manager

Title

Presentation of the quarterly investment report for the quarter ended June 30, 2016

Strategy Map Connection

F4- Adhere to the City's financial and budgetary policies

Explanation

During the period of April 1, 2016 through June 30, 2016, the City of Colleyville had an average of $52,454,642 invested on a daily basis, which earned $79,635, with an average yield of 0.61%. The average yield on investments for this quarter is 0.06% higher than the prior quarter's average of 0.55%. As of June 30, 2016, the City had $53,234,961 invested in the LOGIC Investment Pool, CDARS Certificates of Deposit, and various debt instruments in the following percentages:

Logic	44.85%	FFCB Notes	14.84%
FHLB Notes	19.91%	FHLMC Notes	5.63%
Treasury Note	2.44%	CDARS CD's	8.57%
FNMA Notes	3.76%		

These percentages are within the guidelines for portfolio diversification in the City's investment policy. The market value of the City's investments on June 30, 2016 was $24,854,961 as compared to a purchase price of $24,831,201 (this excludes LOGIC Investment Pool and CDARS Certificates of Deposit). The Colleyville Economic Development Corporation currently holds a Treasury Note ($500,000) with a market value of $500,489 and a purchase price of $499,750. Additionally, $1,002,126 was invested in the Corporation's name in the LOGIC Investment Pool. These funds earned interest of $2,158 for the quarter.

Attachments

1. June 30, 2016 Quarterly Investment Report
2. DFW Economic Indicators - June 2016
3. Legislative Changes - Effective 9/1/2015

QUARTERLY INVESTMENT REPORT

FOR QUARTER ENDING JUNE 30, 2016

THIS REPORT IS IN COMPLIANCE WITH THE PUBLIC FUNDS INVESTMENT ACT
AND ADOPTED INVESTMENT POLICY STRATEGY

OUTSTANDING INVESTMENTS AT JUNE 30, 2016

	PURCHASE PRICE	PAR VALUE	MARKET VALUE @ 6/30/16	MATURITY DATE	YIELD ON INVESTMENT
FHLB NOTE	$1,000,590	$1,000,000	$1,000,338	10/17/2016	0.470%
FFCB NOTE	$1,015,700	$1,000,000	$1,005,534	11/22/2016	0.375%
FHLB NOTE	$1,201,546	$1,200,000	$1,200,644	11/23/2016	0.560%
FHLB NOTE	$1,301,014	$1,300,000	$1,301,494	12/12/2016	0.660%
TREASURY NOTE	$1,301,219	$1,300,000	$1,301,331	12/15/2016	0.562%
FHLB NOTE	$1,003,800	$1,000,000	$1,003,460	4/7/2017	0.735%
FHLB NOTE	$750,000	$750,000	$751,913	6/12/2017	0.820%
FFCB NOTE	$1,001,230	$1,000,000	$1,001,651	6/16/2017	0.735%
FHLB NOTE	$1,000,390	$1,000,000	$1,001,888	6/30/2017	0.710%
FHLMC NOTE	$1,004,385	$1,000,000	$1,003,647	7/28/2017	0.600%
FFCB NOTE	$1,003,690	$1,000,000	$1,001,408	8/28/2017	0.580%
FFCB NOTE	$1,000,000	$1,000,000	$1,001,915	9/14/2017	0.780%
FFCB NOTE	$897,660	$900,000	$900,653	10/13/2017	0.765%
FHLB NOTE	$1,199,868	$1,200,000	$1,200,427	10/26/2017	0.630%
FNMA NOTE	$999,800	$1,000,000	$1,003,462	10/26/2017	0.665%
FFCB NOTE	$999,000	$1,000,000	$1,001,786	11/6/2017	0.811%
FHLB NOTE	$750,750	$750,000	$755,134	12/8/2017	1.072%
FHLB NOTE	$1,200,000	$1,200,000	$1,202,699	12/29/2017	1.010%
FFCB NOTE	$1,000,580	$1,000,000	$1,002,069	2/12/2018	0.771%
FHLMC NOTE	$999,030	$1,000,000	$1,001,643	3/7/2018	0.925%
FHLMC NOTE	$999,850	$1,000,000	$1,001,152	4/9/2018	0.756%
FNMA NOTE	$1,003,700	$1,000,000	$1,005,737	4/30/2018	0.811%
FFCB NOTE	$997,400	$1,000,000	$1,001,162	5/16/2018	0.882%
FHLB NOTE	$1,200,000	$1,200,000	$1,203,574	6/5/2018	0.850%
TOTAL OUTSTANDING INVESTMENTS	$24,831,201	$24,800,000	$24,854,961		

CITY OF COLLEYVILLE BALANCES AT JUNE 30, 2016

INVESTMENT PURCHASES	$24,800,000
CDAR'S CERTIFICATES OF DEPOSIT	$4,561,235
LOGIC INVESTMENT POOL	$23,873,726
TOTAL CITY INVESTMENTS HELD AT JUNE 30, 2016	$53,234,961

COLLEYVILLE ECONOMIC DEVELOPMENT CORPORATION (CEDC) BALANCES AT JUNE 30, 2016

INVESTMENT PURCHASES	$500,000
LOGIC INVESTMENT POOL	$1,002,126
TOTAL CEDC INVESTMENTS HELD AT JUNE 30, 2016	$1,502,126

TOTAL INVESTMENTS HELD BY CITY OF COLLEYVILLE AND COLLEYVILLE ECONOMIC DEVELOPMENT CORPORATION AT JUNE 30, 2016	$54,737,087

INTEREST EARNINGS ON CITY OF COLLEYVILLE INVESTMENTS FOR THE PERIOD OF APRIL 1 - JUNE 30, 2016

	PURCHASE PRICE	PAR VALUE	MATURITY DATE	YIELD ON INVESTMENT	INTEREST EARNED
FFCB NOTE	$1,004,070	$1,000,000	5/9/2016	0.375%	$401
FHLB NOTE	$1,198,200	$1,200,000	6/10/2016	0.450%	$1,050
FHLB NOTE	$1,000,590	$1,000,000	10/17/2016	0.470%	$1,172
FFCB NOTE	$1,015,700	$1,000,000	11/22/2016	0.375%	$936
FHLB NOTE	$1,201,546	$1,200,000	11/23/2016	0.560%	$1,676
FHLB NOTE	$1,301,014	$1,300,000	12/12/2016	0.660%	$2,140
TREASURY NOTE	$1,301,219	$1,300,000	12/15/2016	0.562%	$1,822
FHLB NOTE	$1,003,800	$1,000,000	4/7/2017	0.735%	$1,833
FHLB NOTE	$750,000	$750,000	6/12/2017	0.820%	$1,533
FFCB NOTE	$1,001,230	$1,000,000	6/16/2017	0.735%	$1,833
FHLB NOTE	$1,000,390	$1,000,000	6/30/2017	0.710%	$1,771
FHLMC NOTE	$1,004,385	$1,000,000	7/28/2017	0.600%	$1,496
FFCB NOTE	$1,003,690	$1,000,000	8/28/2017	0.580%	$1,446
FFCB NOTE	$1,000,000	$1,000,000	9/14/2017	0.780%	$1,945
FFCB NOTE	$897,660	$900,000	10/13/2017	0.785%	$1,762
FHLB NOTE	$1,199,868	$1,200,000	10/26/2017	0.630%	$1,886
FNMA NOTE	$999,800	$1,000,000	10/26/2017	0.885%	$2,207
FFCB NOTE	$999,000	$1,000,000	11/6/2017	0.811%	$2,022
FHLB NOTE	$750,750	$750,000	12/8/2017	1.072%	$2,005
FHLB NOTE	$1,200,000	$1,200,000	12/29/2017	1.010%	$3,022
FFCB NOTE	$1,000,580	$1,000,000	2/12/2018	0.771%	$1,921
FHLMC NOTE	$999,030	$1,000,000	3/7/2018	0.925%	$2,306
FHLMC NOTE	$999,850	$1,000,000	4/9/2018	0.758%	$249
FNMA NOTE	$1,003,700	$1,000,000	4/30/2018	0.811%	$866
FFCB NOTE	$997,400	$1,000,000	5/16/2018	0.882%	$1,208
FHLB NOTE	$1,200,000	$1,200,000	6/5/2018	0.850%	$1,984
TOTAL INTEREST EARNED ON CITY INVESTMENTS HELD APRIL 1, 2016 THROUGH JUNE 30, 2016					$42,493

RECAP OF MARKET VALUES ON CITY OF COLLEYVILLE INVESTMENTS HELD APRIL 1 - JUNE 30, 2016

INVESTMENT	PURCHASE DATE	MATURITY DATE	PURCHASE PRICE	PAR VALUE	MARKET VALUE @ 3-31-16	LESS MATURITY PROCEEDS	PLUS PERIOD PURCHASES	MARKET VALUE @ 6-30-16
FHLB NOTE	6/12/2014	6/10/2016	$1,198,200	$1,200,000	$1,199,952	$1,200,000	N/A	$0
FHLB NOTE	10/22/2014	10/17/2016	$1,000,590	$1,000,000	$1,000,249	N/A	N/A	$1,000,338
FFCB NOTE	11/14/2014	5/9/2016	$1,004,070	$1,000,000	$1,000,531	$1,000,000	N/A	$0
FHLB NOTE	11/24/2014	11/23/2016	$1,201,546	$1,200,000	$1,200,564	N/A	N/A	$1,200,644
FHLB NOTE	12/18/2014	12/12/2016	$1,301,014	$1,300,000	$1,301,846	N/A	N/A	$1,301,494
TREASURY NOTE	6/15/2015	12/15/2016	$1,301,219	$1,300,000	$1,300,660	N/A	N/A	$1,301,331
FHLB NOTE	6/19/2015	6/12/2017	$750,000	$750,000	$751,586	N/A	N/A	$751,913
FHLB NOTE	6/24/2015	4/7/2017	$1,003,800	$1,000,000	$1,001,818	N/A	N/A	$1,003,460
FHLB NOTE	7/6/2015	6/30/2017	$1,000,390	$1,000,000	$1,001,554	N/A	N/A	$1,001,888
FFCB NOTE	7/15/2015	6/16/2017	$1,001,230	$1,000,000	$1,000,657	N/A	N/A	$1,001,651
FFCB NOTE	9/16/2015	9/14/2017	$1,000,000	$1,000,000	$1,001,606	N/A	N/A	$1,001,915
FFCB NOTE	10/19/2015	8/28/2017	$1,003,690	$1,000,000	$1,001,358	N/A	N/A	$1,001,408
FHLB NOTE	10/19/2015	10/26/2017	$1,199,868	$1,200,000	$1,197,646	N/A	N/A	$1,200,427
FHLMC NOTE	10/22/2015	7/28/2017	$1,004,385	$1,000,000	$1,002,188	N/A	N/A	$1,003,647
FFCB NOTE	11/4/2015	11/22/2016	$1,015,700	$1,000,000	$1,007,900	N/A	N/A	$1,005,534
FFCB NOTE	11/4/2015	10/13/2017	$897,660	$900,000	$898,023	N/A	N/A	$900,653
FFCB NOTE	11/12/2015	11/6/2017	$999,000	$1,000,000	$999,568	N/A	N/A	$1,001,786
FNMA NOTE	11/13/2015	10/26/2017	$999,800	$1,000,000	$1,001,884	N/A	N/A	$1,003,482
FHLB NOTE	12/29/2015	12/29/2017	$1,200,000	$1,200,000	$1,202,483	N/A	N/A	$1,202,699
FHLB NOTE	1/5/2016	12/8/2017	$750,750	$750,000	$754,274	N/A	N/A	$755,134
FFCB NOTE	2/17/2016	2/12/2018	$1,000,580	$1,000,000	$999,719	N/A	N/A	$1,002,069
FHLMC NOTE	3/23/2016	3/7/2018	$999,030	$1,000,000	$1,001,494	N/A	N/A	$1,001,843
FHLMC NOTE	4/12/2016	4/9/2018	$999,850	$1,000,000	$0	N/A	$999,850	$1,001,152
FNMA NOTE	5/9/2016	4/30/2018	$1,003,700	$1,000,000	$0	N/A	$1,003,700	$1,005,737
FFCB NOTE	5/20/2016	5/16/2018	$997,400	$1,000,000	$0	N/A	$997,400	$1,001,182
FHLB NOTE	6/10/2016	6/5/2018	$1,200,000	$1,200,000	$0	N/A	$1,200,000	$1,203,574
TOTALS					$22,827,559	$2,200,000	$4,200,950	$24,854,961

LISTING OF INVESTMENTS

BY GENERAL LEDGER

ACCOUNT NUMBER

OUTSTANDING INVESTMENTS AT 6-30-16

INVESTMENT

DATE ACQUIRED

MATURITY DATE

26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE

YIELD TO MATURITY

CUSIP#

ACCOUNT	ALLOCATION OF INVESTMENT	INVESTMENT-G/L TOTAL
001-1172	GENERAL FUND OPERATING	$7,013,963.06
002-1166	UTILITY DEBT SERVICE RESERVE	$643,699.78
002-1172	UTILITY FUND OPERATING	$3,915,454.05
002-1178	CUSTOMER DEPOSITS	$443,236.29
002-1186	UTILITY LINE RENEWAL	$2,492,826.00
002-1557	THE RESERVE LIFT STATION	$62,103.77
003-1180	BEDFORD BRIDGE ESCROW	$35,907.83
003-1188	TOWN CENTER/HWY26	$36,326.67
003-1192	MCDONWELL WOODS EST ESCROW	$10,996.31
003-1200	LONGWOOD-PARKING ESCROW	$13,380.01
003-1204	BEDFORD LAKES/SOMERSET	$227,978.36
003-1231	LAKEWOOD ESCROW	$26,103.65
003-1236	E. GLADE CRANBROOK ESCROW	$117,794.09
003-1247	GLADE/WAYSIDE ESCROW	$42,420.01
003-1250	REATTA PLACE	$98,462.36
003-1301	LAKEWOOD PH IV	$77,530.57
003-1304	VILLAS DEL MAR	$60,324.37
003-1307	STREET RECONSTRUCTION	$247,753.20
003-1309	COVENANT CHRISTIAN	$140,343.10
003-1319	REMINGTON PARK	$27,855.96
003-1323	SHALIMAR	$69,691.33
003-1325	PECAN GARDENS	$32,389.09
003-1330	REMINGTON PARK	$81,068.37
003-1340	CASTLETON MANOR	$81,309.57
003-1357	CITGO/LD LOCKETT	$56,809.28
003-1392	CLAIRMONT-PH I	$104,974.96
003-1404	TANGLEWOOD	$26,111.30
003-1418	CLAIRMONT-PH II	$147,050.32
003-1429	WARWICK PARC	$89,131.60
003-1434	ROCKRIMMON	$65,055.06
003-1486	CHANEL'S COURT	$47,895.39
003-1563	VILLAS OF COLLEYVILLE	$52,979.48
005-1172	VOLUNTARY PARK FUND	$849,801.56
011-1172	LIBRARY DONATIONS FUND	$359,642.52
012-1172	PARK LAND DEDICATION FUND	$2,114,816.14
017-1172	DRAINAGE FUND OPERATING	$219,440.95
024-1172	CEDC OPERATING	$499,750.00
026-1172	TIF OPERATING	$3,873,133.23
032-1519	CAPITAL EQUIPMENT RESERVE	$450,000.00
034-1172	COLLEYVILLE TOMORROW	$375,441.76
PER GENERAL LEDGER		$25,330,951.35
MARKET VALUE		$25,355,449.80
VALUE AT MATURITY		$25,300,000.00
INTEREST RECEIVED TO MATURITY		$356,390.75

OUTSTANDING INVESTMENTS AT 6-30-16

INVESTMENT		FHLB NOTE	FHLB NOTE	FHLB NOTE	TREASURY	FHLB NOTE
DATE ACQUIRED		22-Oct-14	24-Nov-14	18-Dec-14	15-Jun-15	19-Jun-15
MATURITY DATE		17-Oct-16	23-Nov-16	12-Dec-16	15-Dec-16	12-Jun-17
26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE		0.060%	0.080%	0.120%	0.110%	0.050%
YIELD TO MATURITY		0.470%	0.560%	0.660%	0.562%	0.820%
CUSIP#		**3130A3CW2**	**3130A3J70**	**3130A3Q64**	**912828A59**	**3130A5PC7**
001-1172	GENERAL FUND OPERATING	0.00	1,060.29			
002-1166	UTILITY DEBT SERVICE RESERVE					
002-1172	UTILITY FUND OPERATING		449,796.28	0.00		190,762.23
002-1178	CUSTOMER DEPOSITS					
002-1186	UTILITY LINE RENEWAL			1,301,014.00		37,511.00
002-1557	THE RESERVE LIFT STATION					
003-1180	BEDFORD BRIDGE ESCROW				35,907.83	
003-1188	TOWN CENTER/HWY26					
003-1192	MCDONWELL WOODS EST ESCROW					
003-1200	LONGWOOD-PARKING ESCROW					
003-1204	BEDFORD LAKES/SOMERSET					
003-1231	LAKEWOOD ESCROW					
003-1236	E. GLADE CRANBROOK ESCROW					
003-1247	GLADE/WAYSIDE ESCROW					
003-1250	REATTA PLACE					
003-1301	LAKEWOOD PH IV					
003-1304	VILLAS DEL MAR					
003-1307	STREET RECONSTRUCTION					
003-1309	COVENANT CHRISTIAN					140,343.10
003-1319	REMINGTON PARK					
003-1323	SHALIMAR					
003-1325	PECAN GARDENS				32,389.09	
003-1330	REMINGTON PARK				81,068.37	
003-1340	CASTLETON MANOR					
003-1357	CITGO/LD LOCKETT					
003-1392	CLAIRMONT-PH I					
003-1404	TANGLEWOOD					
003-1418	CLAIRMONT-PH II					
003-1429	WARWICK PARC					89,131.60
003-1434	ROCKRIMMON					65,055.06
003-1486	CHANEL'S COURT					
003-1563	VILLAS OF COLLEYVILLE					
005-1172	VOLUNTARY PARK FUND		200,374.33		199,427.23	
011-1172	LIBRARY DONATIONS FUND	359,642.52				
012-1172	PARK LAND DEDICATION FUND	115,983.26	100,187.16		461,448.71	227,197.01
017-1172	DRAINAGE FUND OPERATING				69,440.95	
024-1172	CEDC OPERATING					
026-1172	TIF OPERATING	499,872.46	450,127.54		421,536.57	
032-1519	CAPITAL EQUIPMENT RESERVE					
034-1172	COLLEYVILLE TOMORROW	25,091.76				
PER GENERAL LEDGER		$1,000,590.00	$1,201,545.60	$1,301,014.00	$1,301,218.75	$750,000.00
MARKET VALUE		$1,000,338.00	$1,200,644.40	$1,301,493.70	$1,301,331.20	$751,913.25
VALUE AT MATURITY		$1,000,000.00	$1,200,000.00	$1,300,000.00	$1,300,000.00	$750,000.00
INTEREST RECEIVED TO MATURITY		$9,350.80	$13,441.03	$17,051.37	$10,991.92	$12,198.67

OUTSTANDING INVESTMENTS AT 6-30-16

INVESTMENT		FHLB NOTE	FHLB NOTE	FFCB NOTE	TREASURY NOTE	FFCB NOTE	FHLB
DATE ACQUIRED		24-Jun-15	06-Jul-15	15-Jul-15	31-Jul-15	16-Sep-15	19-Oct-15
MATURITY DATE		07-Apr-17	30-Jun-17	16-Jun-17	31-Jul-17	14-Sep-17	26-Oct-17
26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE		0.080%	0.080%	0.110%	0.140%	0.240%	0.120%
YIELD TO MATURITY		0.735%	0.710%	0.735%	0.650%	0.780%	0.630%
CUSIP#		**313379XB0**	**3130A5HF9**	**3133EEX62**	**912828XP0**	**3133EFCY1**	**3130A6LZ8**
001-1172	GENERAL FUND OPERATING		848,240.00			1,000,000.00	0.00
002-1166	UTILITY DEBT SERVICE RESERVE						
002-1172	UTILITY FUND OPERATING			850,729.00			499,868.00
002-1178	CUSTOMER DEPOSITS						
002-1186	UTILITY LINE RENEWAL	1,003,800.00		150,501.00			
002-1557	THE RESERVE LIFT STATION						
003-1180	BEDFORD BRIDGE ESCROW						
003-1188	TOWN CENTER/HWY26						
003-1192	MCDONWELL WOODS EST ESCROW						
003-1200	LONGWOOD-PARKING ESCROW						
003-1204	BEDFORD LAKES/SOMERSET						
003-1231	LAKEWOOD ESCROW						
003-1236	E. GLADE CRANBROOK ESCROW						
003-1247	GLADE/WAYSIDE ESCROW						
003-1250	REATTA PLACE						
003-1301	LAKEWOOD PH IV						
003-1304	VILLAS DEL MAR						
003-1307	STREET RECONSTRUCTION						
003-1309	COVENANT CHRISTIAN						
003-1319	REMINGTON PARK						
003-1323	SHALIMAR						
003-1325	PECAN GARDENS						
003-1330	REMINGTON PARK						
003-1340	CASTLETON MANOR						
003-1357	CITGO/LD LOCKETT						
003-1392	CLAIRMONT-PH I						
003-1404	TANGLEWOOD						
003-1418	CLAIRMONT-PH II						
003-1429	WARWICK PARC						
003-1434	ROCKRIMMON						
003-1486	CHANEL'S COURT						
003-1563	VILLAS OF COLLEYVILLE						
005-1172	VOLUNTARY PARK FUND						
011-1172	LIBRARY DONATIONS FUND						
012-1172	PARK LAND DEDICATION FUND						
017-1172	DRAINAGE FUND OPERATING						
024-1172	CEDC OPERATING				499,750.00		
026-1172	TIF OPERATING		152,150.00				700,000.00
032-1519	CAPITAL EQUIPMENT RESERVE						
034-1172	COLLEYVILLE TOMORROW						
PER GENERAL LEDGER		$1,003,800.00	$1,000,390.00	$1,001,230.00	$499,750.00	$1,000,000.00	$1,199,868.00
MARKET VALUE		$1,003,460.00	$1,001,888.00	$1,001,651.00	$500,488.50	$1,001,915.00	$1,200,427.20
VALUE AT MATURITY		$1,000,000.00	$1,000,000.00	$1,000,000.00	$500,000.00	$1,000,000.00	$1,200,000.00
INTEREST RECEIVED TO MATURITY		$13,155.46	$14,105.76	$14,141.86	$6,510.95	$15,578.55	$15,297.81

OUTSTANDING INVESTMENTS AT 6-30-16

INVESTMENT		FFCB NOTE	FHLMC	FFCB NOTE	FFCB NOTE	FFCB NOTE
DATE ACQUIRED		19-Oct-15	22-Oct-15	04-Nov-15	04-Nov-15	12-Nov-15
MATURITY DATE		28-Aug-17	28-Jul-17	22-Nov-16	13-Oct-17	06-Nov-17
26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE		0.120%	0.110%	0.270%	0.270%	0.340%
YIELD TO MATURITY		0.580%	0.600%	0.375%	0.785%	0.811%
CUSIP#		**3133EFEU7**	**3134G6AC7**	**31331J2M4**	**3133EFHY6**	**3133EFNE3**
001-1172	GENERAL FUND OPERATING				513,360.00	
002-1166	UTILITY DEBT SERVICE RESERVE					
002-1172	UTILITY FUND OPERATING	6,363.67	1,004,385.00	280,000.00	20,000.00	198,690.95
002-1178	CUSTOMER DEPOSITS					165,687.76
002-1186	UTILITY LINE RENEWAL					
002-1557	THE RESERVE LIFT STATION	62,103.77				
003-1180	BEDFORD BRIDGE ESCROW					
003-1188	TOWN CENTER/HWY26	36,326.67				
003-1192	MCDONWELL WOODS EST ESCROW	10,996.31				
003-1200	LONGWOOD-PARKING ESCROW	13,380.01				
003-1204	BEDFORD LAKES/SOMERSET	227,978.36				
003-1231	LAKEWOOD ESCROW	26,103.65				
003-1236	E. GLADE CRANBROOK ESCROW	117,794.09				
003-1247	GLADE/WAYSIDE ESCROW	42,420.01				
003-1250	REATTA PLACE	98,462.36				
003-1301	LAKEWOOD PH IV					77,530.57
003-1304	VILLAS DEL MAR	60,324.37				
003-1307	STREET RECONSTRUCTION	43,849.86				
003-1309	COVENANT CHRISTIAN					
003-1319	REMINGTON PARK					27,855.96
003-1323	SHALIMAR	69,691.33				
003-1325	PECAN GARDENS					
003-1330	REMINGTON PARK					
003-1340	CASTLETON MANOR					81,309.57
003-1357	CITGO/LD LOCKETT	56,809.28				
003-1392	CLAIRMONT-PH I	104,974.96				
003-1404	TANGLEWOOD	26,111.30				
003-1418	CLAIRMONT-PH II					147,050.32
003-1429	WARWICK PARC					
003-1434	ROCKRIMMON					
003-1486	CHANEL'S COURT					47,895.39
003-1563	VILLAS OF COLLEYVILLE					52,979.48
005-1172	VOLUNTARY PARK FUND			200,000.00		
011-1172	LIBRARY DONATIONS FUND					
012-1172	PARK LAND DEDICATION FUND			300,000.00		200,000.00
017-1172	DRAINAGE FUND OPERATING			150,000.00		
024-1172	CEDC OPERATING					
026-1172	TIF OPERATING					
032-1519	CAPITAL EQUIPMENT RESERVE			85,700.00	364,300.00	
034-1172	COLLEYVILLE TOMORROW					
PER GENERAL LEDGER		$1,003,690.00	$1,004,385.00	$1,015,700.00	$897,660.00	$999,000.00
MARKET VALUE		$1,001,408.00	$1,003,647.00	$1,005,534.00	$900,653.40	$1,001,786.00
VALUE AT MATURITY		$1,000,000.00	$1,000,000.00	$1,000,000.00	$900,000.00	$1,000,000.00
INTEREST RECEIVED TO MATURITY		$10,791.19	$10,602.95	$3,948.73	$13,726.27	$16,107.24

OUTSTANDING INVESTMENTS AT 6-30-16

INVESTMENT		FNMA NOTE	FHLB NOTE	FHLB NOTE	FFCB NOTE	FHLB NOTE
DATE ACQUIRED		13-Nov-15	29-Dec-15	05-Jan-16	17-Feb-16	23-Mar-16
MATURITY DATE		26-Oct-17	29-Dec-17	08-Dec-17	12-Feb-18	07-Mar-18
26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE		0.300%	0.490%	0.100%	0.420%	0.450%
YIELD TO MATURITY		0.885%	1.010%	1.072%	0.771%	0.925%
CUSIP#		**3135G0PQ0**	**3130A6UK1**	**3130A3HF4**	**3133EFZR1**	**3137EADP1**
001-1172	GENERAL FUND OPERATING	999,800.00	349,078.61	265,564.16	1,000,580.00	39,030.00
002-1166	UTILITY DEBT SERVICE RESERVE		643,699.78			
002-1172	UTILITY FUND OPERATING		175,106.74	239,752.18		
002-1178	CUSTOMER DEPOSITS		32,114.87	245,433.66		
002-1186	UTILITY LINE RENEWAL					
002-1557	THE RESERVE LIFT STATION					
003-1180	BEDFORD BRIDGE ESCROW					
003-1188	TOWN CENTER/HWY26					
003-1192	MCDONWELL WOODS EST ESCROW					
003-1200	LONGWOOD-PARKING ESCROW					
003-1204	BEDFORD LAKES/SOMERSET					
003-1231	LAKEWOOD ESCROW					
003-1236	E. GLADE CRANBROOK ESCROW					
003-1247	GLADE/WAYSIDE ESCROW					
003-1250	REATTA PLACE					
003-1301	LAKEWOOD PH IV					
003-1304	VILLAS DEL MAR					
003-1307	STREET RECONSTRUCTION					
003-1309	COVENANT CHRISTIAN					
003-1319	REMINGTON PARK					
003-1323	SHALIMAR					
003-1325	PECAN GARDENS					
003-1330	REMINGTON PARK					
003-1340	CASTLETON MANOR					
003-1357	CITGO/LD LOCKETT					
003-1392	CLAIRMONT-PH I					
003-1404	TANGLEWOOD					
003-1418	CLAIRMONT-PH II					
003-1429	WARWICK PARC					
003-1434	ROCKRIMMON					
003-1486	CHANEL'S COURT					
003-1563	VILLAS OF COLLEYVILLE					
005-1172	VOLUNTARY PARK FUND					250,000.00
011-1172	LIBRARY DONATIONS FUND					
012-1172	PARK LAND DEDICATION FUND					710,000.00
017-1172	DRAINAGE FUND OPERATING					
024-1172	CEDC OPERATING					
026-1172	TIF OPERATING					
032-1519	CAPITAL EQUIPMENT RESERVE					
034-1172	COLLEYVILLE TOMORROW					
PER GENERAL LEDGER		$999,800.00	$1,200,000.00	$750,750.00	$1,000,580.00	$999,030.00
MARKET VALUE		$1,003,482.00	$1,202,698.80	$755,133.75	$1,002,069.00	$1,001,843.00
VALUE AT MATURITY		$1,000,000.00	$1,200,000.00	$750,000.00	$1,000,000.00	$1,000,000.00
INTEREST RECEIVED TO MATURITY		$17,293.88	$24,273.21	$15,489.22	$15,325.68	$18,096.97

OUTSTANDING INVESTMENTS AT 6-30-16

INVESTMENT		FHLMC NOTE	FNMA NOTE	FFCB NOTE	FHLB NOTE
DATE ACQUIRED		12-Apr-16	09-May-16	20-May-16	10-Jun-16
MATURITY DATE		09-Apr-18	30-Apr-18	16-May-18	05-Jun-18
26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE		0.520%	0.370%	0.450%	0.410%
YIELD TO MATURITY		0.758%	0.811%	0.882%	0.850%
CUSIP#		**3137EAEA3**	**3136G0V57**	**3133EGAF2**	**3130A8EJ8**
001-1172	GENERAL FUND OPERATING	999,850.00	0.00	997,400.00	0.00
002-1166	UTILITY DEBT SERVICE RESERVE				
002-1172	UTILITY FUND OPERATING				
002-1178	CUSTOMER DEPOSITS				
002-1186	UTILITY LINE RENEWAL				
002-1557	THE RESERVE LIFT STATION				
003-1180	BEDFORD BRIDGE ESCROW				
003-1188	TOWN CENTER/HWY26				
003-1192	MCDONWELL WOODS EST ESCROW				
003-1200	LONGWOOD-PARKING ESCROW				
003-1204	BEDFORD LAKES/SOMERSET				
003-1231	LAKEWOOD ESCROW				
003-1236	E. GLADE CRANBROOK ESCROW				
003-1247	GLADE/WAYSIDE ESCROW				
003-1250	REATTA PLACE				
003-1301	LAKEWOOD PH IV				
003-1304	VILLAS DEL MAR				
003-1307	STREET RECONSTRUCTION		203,903.34		
003-1309	COVENANT CHRISTIAN				
003-1319	REMINGTON PARK				
003-1323	SHALIMAR				
003-1325	PECAN GARDENS				
003-1330	REMINGTON PARK				
003-1340	CASTLETON MANOR				
003-1357	CITGO/LD LOCKETT				
003-1392	CLAIRMONT-PH I				
003-1404	TANGLEWOOD				
003-1418	CLAIRMONT-PH II				
003-1429	WARWICK PARC				
003-1434	ROCKRIMMON				
003-1486	CHANEL'S COURT				
003-1563	VILLAS OF COLLEYVILLE				
005-1172	VOLUNTARY PARK FUND				
011-1172	LIBRARY DONATIONS FUND				
012-1172	PARK LAND DEDICATION FUND				
017-1172	DRAINAGE FUND OPERATING				
024-1172	CEDC OPERATING				
026-1172	TIF OPERATING		799,796.66		849,650.00
032-1519	CAPITAL EQUIPMENT RESERVE				
034-1172	COLLEYVILLE TOMORROW				350,350.00
PER GENERAL LEDGER		$999,850.00	$1,003,700.00	$997,400.00	$1,200,000.00
MARKET VALUE		$1,001,152.00	$1,005,737.00	$1,001,182.00	$1,203,573.60
VALUE AT MATURITY		$1,000,000.00	$1,000,000.00	$1,000,000.00	$1,200,000.00
INTEREST RECEIVED TO MATURITY		$15,089.51	$16,015.09	$17,546.43	$20,260.23

CDARS CERTIFICATE OF DEPOSIT ALLOCATION

CDARS CERTIFICATES OF DEPOSIT

FUND ALLOCATION	AMOUNT	PURCHASE DATE	MATURITY DATE	INTEREST RATE	INTEREST EARNED DURING QUARTER
UTILITY FUND	$508,338.65	7/30/2015	7/27/2017	0.40%	$506.95
GENERAL FUND	$510,929.49	6/23/2016	6/21/2018	0.40%	$128.78
GENERAL FUND	$508,285.09	3/24/2016	3/23/2017	0.30%	$380.17
GENERAL FUND	$1,518,932.34	9/24/2015	9/22/2016	0.40%	$1,511.82
GENERAL FUND	$504,998.83	9/25/2014	9/22/2016	0.50%	$629.52
GENERAL FUND	$504,752.03	9/24/2015	9/21/2017	0.40%	$503.37
GENERAL FUND	$504,998.84	3/24/2016	3/22/2018	0.50%	$629.52
TOTAL	$4,561,235.27				$4,290.12

LOGIC INVESTMENT POOL ALLOCATION

AND GENERAL INFORMATION

LOCAL GOVERNMENT INVESTMENT COOPERATIVE / "LOGIC"
ACCOUNT ALLOCATION AT JUNE 30, 2016

ACCT #	DESCRIPTION	BALANCE
	GENERAL FUND	
001-1115	GENERAL OPERATING	$1,116,711.11
	UTILITY FUND	
002-1115	UTILITY OPNS	$988,969.64
002-1116	IMPACT FEES WATER	$1,250,276.13
002-1119	UTILITY LINE RESTORATION	$1,368,309.14
002-1130	UTILITY INTEREST & SINKING FUND	$535,261.04
002-1294	IMPACT FEES SEWER	$366,720.99
	CAPITAL PROJECTS FUND	
003-1113	IMPACT FEES/SA I	$21,274.08
003-1508	MICRO-RESURFACING	$305,555.27
003-1509	STREET RESURFACING	$18,813.69
	DEBT SERVICE FUND	
004-1115	DEBT SERVICE OPERATING	$831,245.78
	DRAINAGE FUND	
017-1115	DRAINAGE OPERATING	$699,759.47
017-1159	DRAINAGE INT & SINKING FUND	$241,905.23
017-1380	2001 DRAINAGE BONDS	$2,334.81
	TIF FUND	
026-1115	TIF OPERATING	$11,505,879.00
026-1383	2001 TIF BONDS	$123,740.15
	CCCPD FUND	
027-1115	CCCPD OPERATING	$816,627.38
027-1147	99 POLICE/COURT BLDG FUND	$81.11
	SALES TAX INCENTIVE AGREEMENT FUND	
031-1115	SALES TAX INCENTIVE AGREEMENT OPERATING	$355,542.61
	CAPITAL EQUIPMENT REPLACEMENT FUND	
032-1115	CAPITAL EQUIPMENT REPLACEMENT FUND	$82,172.32
	COLLEYVILLE TOMORROW FUND	
034-1115	COLLEYVILLE TOMORROW FUND	$1,650,261.55
	PARKS TOMORROW FUND	
035-1115	PARKS TOMORROW FUND	$1,194,888.79
	STRATEGIC INITIATIVES FUND	
036-1115	STRATEGIC INITIATIVES FUND	$297,123.47
TOTAL LOGIC POOL BALANCE		$23,773,452.72

LOGIC Newsletter

June 2016

Performance

As of June 30, 2016

Current Invested Balance	**$4,098,495,182.80**
Weighted Average Maturity (1)*	**33 Days**
Weighted Average Maturity (2)*	**48 Days**
Net Asset Value	**1.000156**
Total Number of Participants	**493**
Management Fee on Invested Balance	**0.0875%**
Interest Distributed	**$2,156,920.39**
Management Fee Collected	**$289,041.69**
% of Portfolio Invested Beyond 1 Year	**0.98%**
Standard & Poor's Current Rating	**AAAm**

June Averages:

Average Invested Balance	**$4,030,084,351.83**
Average Monthly Yield, on a simple basis	**0.5640%**
Average Weighted Average Maturity (1)*	**38 Days**
Average Weighted Average Maturity (2)*	**54 Days**

*Definition of Weighted Average Maturity (1) & (2)

(1) This weighted average maturity calculation uses the SEC Rule 2a-7 definition for stated maturity for any floating rate instrument held in the portfolio to determine the weighted average maturity for the pool. This Rule specifies that a variable rate instrument to be paid in 397 calendar days or less shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate.

(2) This weighted average maturity calculation uses the final maturity of any floating rate instruments held in the portfolio to calculate the weighted average maturity for the pool.

Rates reflect historical information and are not an indication of future performance.

News

New Participants

We would like to welcome the following entities who joined the LOGIC program in June:

★ Greater Houston TIRZ 24
★ Harris County Redevelopment Authority
★ Red Oak EDC

Audit Confirmations

Please provide this new address to your auditors for any audit confirmations they may send to LOGIC regarding your account. There are no changes to our phone numbers, fax number or website address.

New Address:
LOGIC Participant Services
1201 Elm Street, Suite 3500
Dallas, Texas 75270

Economic Commentary

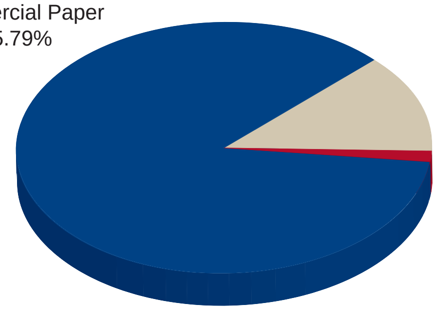
At the beginning of the quarter, oil prices stabilized, pressure on China receded and the Fed remained dovish on future rate hikes. Towards the end of the quarter, the U.K.'s vote to leave the EU was a surprise resulting in a spike in market volatility with risk assets selling off in favor of safe haven assets. Global stocks plunged, the British pound nosedived to its lowest levels against the U.S. dollar since 1985 and Treasuries rallied across the board. Within about a week, the market stabilized and regained some of its losses as equity markets finished the quarter slightly positive. The oil market delivered a strong performance as prices continued to rise, briefly touching $50 a barrel. The yield on the two-year U.S. Treasury note ended the quarter at 0.58% which is 14 bps lower since the beginning of the quarter and 30 bps lower since May month end. Throughout the quarter, the market probability for additional Fed rate hikes increased. The April FOMC minutes surprised the markets with its hawkish tone driven by stronger than expected retail sales, housing and consumer price data and propelled expectations higher for a potential hike this summer. The momentum was cut short with the release of the weak May non-farm payroll numbers along with the concerns over the U.K. referendum and resulted in the Fed's decision to keep rates on hold in June. The vote by the U.K. to leave the EU dealt the final blow in which the market ultimately priced out any chance of a Fed rate hike in 2016.

Negative rates across the globe continued to draw investors to the U.S. markets in search of higher yields. The surprise Brexit vote created an enormous amount of uncertainty in its wake. In the short run, the extraordinary accommodation that is being provided by the central banks, in aggregate, is helping to stave off the next recession and provide a backdrop for the extended sub-trend recovery to continue. A recent pickup in growth in the U.S., firming energy prices and the stabilization of Chinese economic and financial data has eased near-term risks but the probability of recession has increased from 5% to 25% and may grow as high as 40%. While one off events, such as Brexit, may continue to create market volatility, it is expected that these will be met with effective policy responses. Expectations are that a Fed rate hike is off the table at this point and that US dollar strengthening will tighten financial conditions. Further response is anticipated from central banks as they continue to be committed to doing whatever it takes to stimulate growth.

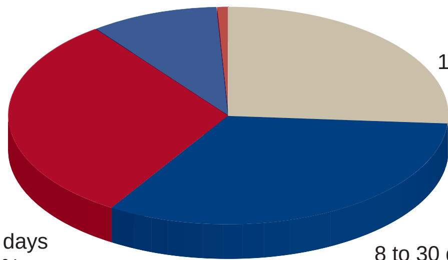
This information is an excerpt from an economic report dated June 2016 provided to LOGIC by JPMorgan Asset Management, Inc., the investment manager of the LOGIC pool.

Information at a Glance

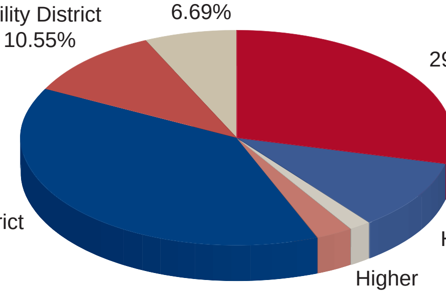
Portfolio by Type of Investment As of June 30, 2016



Portfolio by Maturity As of June 30, 2016



Distribution of Participants by Type As of June 30, 2016



History

Historical Program Information

Month	Average Rate	Book Value	Market Value	Net Asset Value	WAM (1)*	WAM (2)*	Number of Participants
Jun 16	0.5640%	$4,098,495,182.80	$4,099,137,783.02	1.000156	38	54	493
May 16	0.5496%	4,112,196,457.64	4,112,970,867.25	1.000188	41	61	490
Apr 16	0.5439%	4,225,726,061.33	4,226,329,499.91	1.000129	35	57	489
Mar 16	0.5206%	4,641,892,583.12	4,642,690,932.90	1.000171	38	59	488
Feb 16	0.4823%	4,916,962,940.50	4,917,463,027.96	1.000101	43	64	486
Jan 16	0.3922%	4,658,046,995.69	4,658,236,771.04	1.000040	41	59	486
Dec 15	0.2331%	3,937,397,581.06	3,937,328,740.05	0.999960	37	48	486
Nov 15	0.1637%	3,408,876,009.37	3,408,877,369.21	1.000000	41	55	485
Oct 15	0.1635%	3,299,010,020.32	3,299,149,338.22	1.000037	45	60	483
Sep 15	0.1354%	3,298,434,843.78	3,298,608,218.16	1.000052	37	48	482
Aug 15	0.1354%	3,481,714,713.30	3,481,787,250.61	1.000020	41	43	482
Jul 15	0.1265%	3,695,302,543.37	3,695,464,092.30	1.000035	45	47	482

Assets

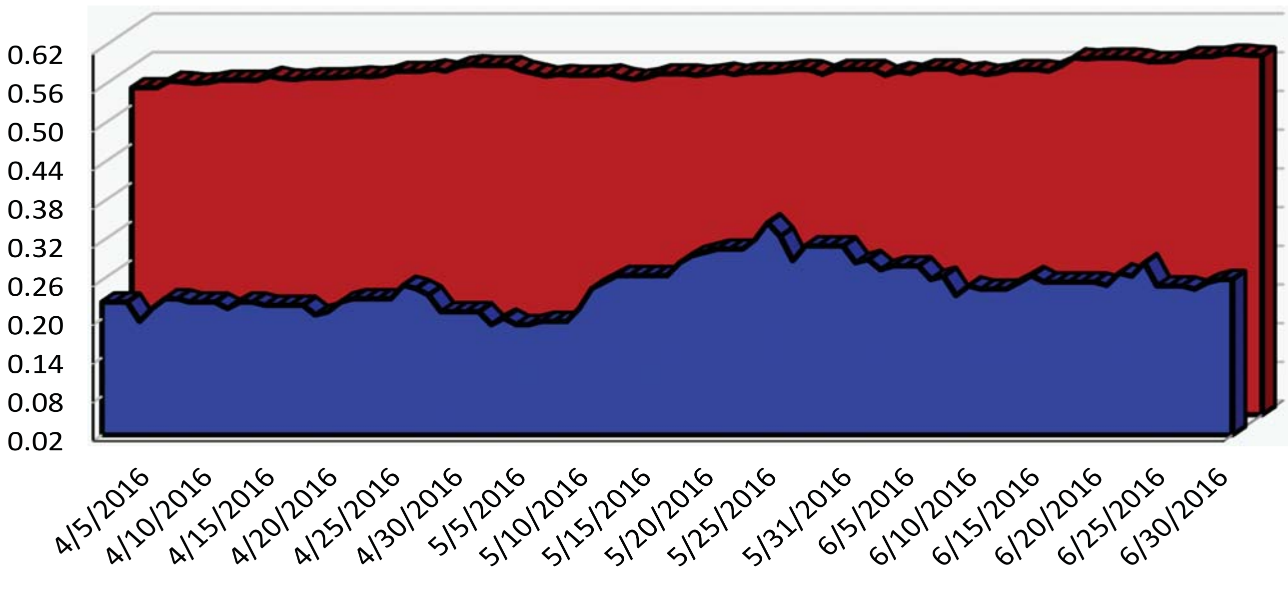
Portfolio Asset Summary as of June 30, 2016

	Book Value	Market Value
Uninvested Balance	$ 1,902,842.35	$ 1,902,842.35
Accrual of Interest Income	327,930.94	327,930.94
Interest and Management Fees Payable	(2,217,734.52)	(2,217,734.52)
Payable for Investment Purchased	0.00	0.00
Receivable for Investment Sold	0.00	0.00
Repurchase Agreements	522,705,999.89	522,705,999.89
Commercial Paper	3,515,783,301.63	3,516,452,544.36
Government Securities	59,992,842.51	59,966,200.00
Total	**$ 4,098,495,182.80**	**$ 4,099,137,783.02**

Market value of collateral supporting the Repurchase Agreements is at least 102% of the Book Value. The portfolio is managed by J.P. Morgan Chase & Co. and the assets are safekept in a separate custodial account at the Federal Reserve Bank in the name of LOGIC. The only source of payment to the Participants are the assets of LOGIC. There is no secondary source of payment for the pool such as insurance or guarantee. Should you require a copy of the portfolio, please contact LOGIC Participant Services.

Daily Rates

LOGIC versus 90-Day Treasury Bill



Daily Summary

Daily Summary for June 2016

Date	Mny Mkt Fund Equiv. [SEC Std.]	Daily Allocation Factor	LOGIC Invested Balance	Market Value Per Share	WAM Days (1)*	WAM Days (2)*
6/1/2016	0.5519%	0.000015121	$4,117,383,368.24	1.000176	41	59
6/2/2016	0.5491%	0.000015043	$4,111,998,023.23	1.000173	40	58
6/3/2016	0.5559%	0.000015229	$4,063,781,851.22	1.000144	41	60
6/4/2016	0.5559%	0.000015229	$4,063,781,851.22	1.000144	41	60
6/5/2016	0.5559%	0.000015229	$4,063,781,851.22	1.000144	41	60
6/6/2016	0.5496%	0.000015057	$4,061,350,935.52	1.000175	40	58
6/7/2016	0.5520%	0.000015124	$4,044,252,858.89	1.000178	41	58
6/8/2016	0.5474%	0.000014997	$4,067,526,340.15	1.000184	41	57
6/9/2016	0.5498%	0.000015063	$4,039,641,325.19	1.000185	41	59
6/10/2016	0.5550%	0.000015206	$4,054,176,511.58	1.000157	41	57
6/11/2016	0.5550%	0.000015206	$4,054,176,511.58	1.000157	41	57
6/12/2016	0.5550%	0.000015206	$4,054,176,511.58	1.000157	41	57
6/13/2016	0.5524%	0.000015135	$4,090,054,318.54	1.000181	40	56
6/14/2016	0.5606%	0.000015359	$4,104,788,636.85	1.000175	40	55
6/15/2016	0.5732%	0.000015705	$3,938,636,982.67	1.000182	40	57
6/16/2016	0.5715%	0.000015658	$3,944,786,029.88	1.000190	40	56
6/17/2016	0.5730%	0.000015699	$3,930,251,559.77	1.000166	37	54
6/18/2016	0.5730%	0.000015699	$3,930,251,559.77	1.000166	37	54
6/19/2016	0.5730%	0.000015699	$3,930,251,559.77	1.000166	37	54
6/20/2016	0.5713%	0.000015651	$3,944,876,797.49	1.000192	36	52
6/21/2016	0.5671%	0.000015536	$3,996,870,149.94	1.000188	35	51
6/22/2016	0.5672%	0.000015541	$3,993,037,212.86	1.000184	34	50
6/23/2016	0.5681%	0.000015565	$3,994,224,770.58	1.000174	34	49
6/24/2016	0.5752%	0.000015758	$4,020,382,013.37	1.000147	32	47
6/25/2016	0.5752%	0.000015758	$4,020,382,013.37	1.000147	32	47
6/26/2016	0.5752%	0.000015758	$4,020,382,013.37	1.000147	32	47
6/27/2016	0.5789%	0.000015861	$3,979,041,207.89	1.000169	32	47
6/28/2016	0.5789%	0.000015861	$4,088,067,286.71	1.000160	34	48
6/29/2016	0.5770%	0.000015809	$4,081,723,319.61	1.000162	34	49
6/30/2016	0.5764%	0.000015791	$4,098,495,182.80	1.000156	33	48
Average	0.5640%	0.000015452	$4,030,084,351.83		38	54

LOGIC Participant Services
FirstSouthwest, A Division of Hilltop Securities
1201 Elm Street, Suite 3500
Dallas, TX 75270

LOGIC Board

LOGIC Board Members

Philip G. Roberson	Arlington ISD	Board President
Fred L. Werner	Municipal Finance Director	Board Vice President
Judd R. Sanderson	North Texas Municipal Water District	Board Treasurer / Investment Officer
Sandra Newby	Tarrant Regional Water District	Board Member
Greg Jordan	City of Grapevine	Board Member

Contacts

For more information contact LOGIC Participant Services ★ 1-800-895-6442 ★ www.logic.org

FirstSouthwest
A Division of Hilltop Securities

J.P.Morgan
Asset Management

DFW Economic Indicators

DALLASFED

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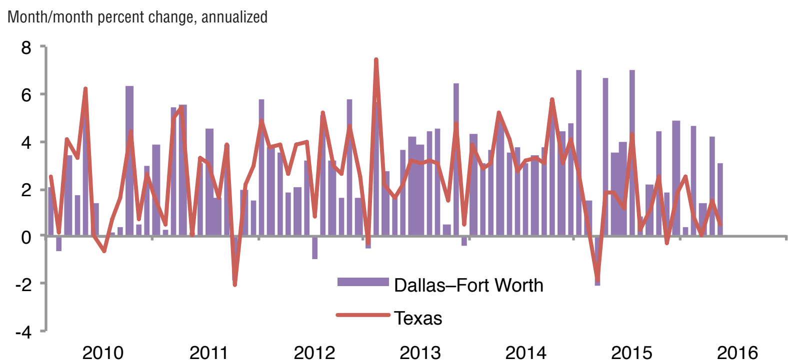
Summary

The Dallas–Fort Worth economy continued to expand in May. Year to date through May, DFW employment grew an annualized 2.7 percent, twice as fast as the nation's 1.3 percent rate. DFW home prices continued to climb in the first quarter, and sales were up in April. New-home construction was solid, and multifamily construction, although elevated, appears to be slowing. Unemployment remained near multiyear lows, suggesting continued tightness in the labor market. The Dallas Fed business-cycle indexes indicate continued growth for the metroplex.

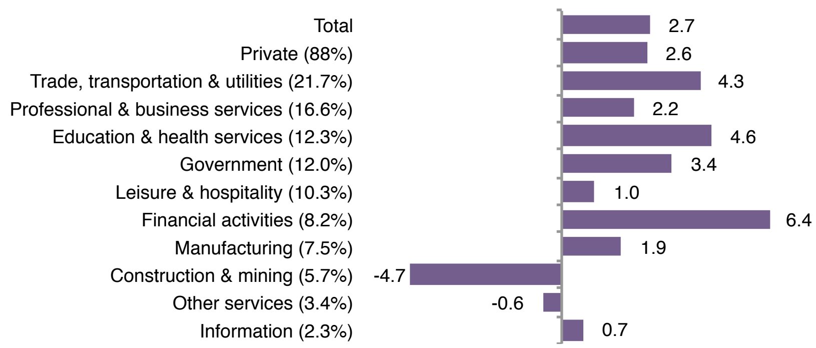
Employment

Employment Growth



SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by the Dallas Fed.

Employment Growth by Sector



NOTES: Data show seasonally adjusted and annualized percentage growth by industry supersector for December 2015–May 2016. Numbers in parentheses represent shares of total Dallas–Fort Worth nonfarm employment and may not sum to 100 due to rounding.

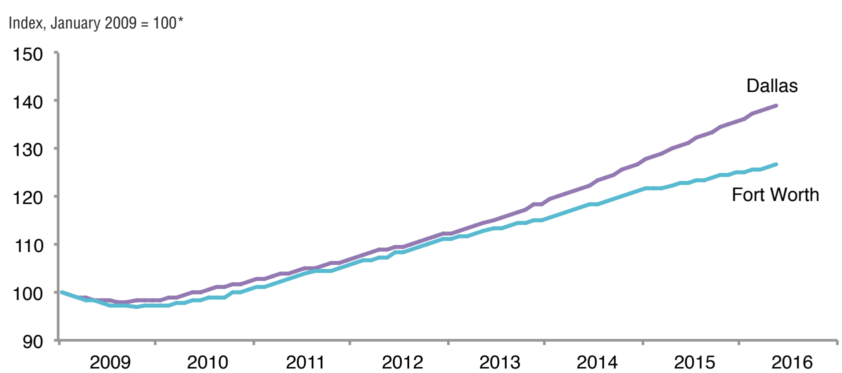
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by the Dallas Fed.

▸ DFW payroll employment grew at an annualized 3.1 percent pace in May, an addition of 8,800 jobs. Job gains were robust in Dallas at an annual 4.1 percent but sluggish in Fort Worth at 0.6 percent. Year to date, job growth in Dallas has outperformed Fort Worth, which is witnessing slow job gains likely due to its higher dependence on the energy and manufacturing sectors.

▸ The top three contributors to year-to-date growth remain the financial services, education and health services, and trade, transportation and utilities sectors, which added a combined 28,400 jobs. Losses in construction and mining continued, and year-to-date payrolls in the sector are down an annualized 4.7 percent (4,000 jobs).

▸ In May, the unemployment rate fell to 3.5 percent in Dallas and held steady at 3.8 percent in Fort Worth and 4.4 percent in Texas. All three figures remain lower than the U.S. rate, which fell to 4.7 percent. Unemployment in both Dallas and Fort Worth is at multiyear lows.

Business-Cycle Indexes



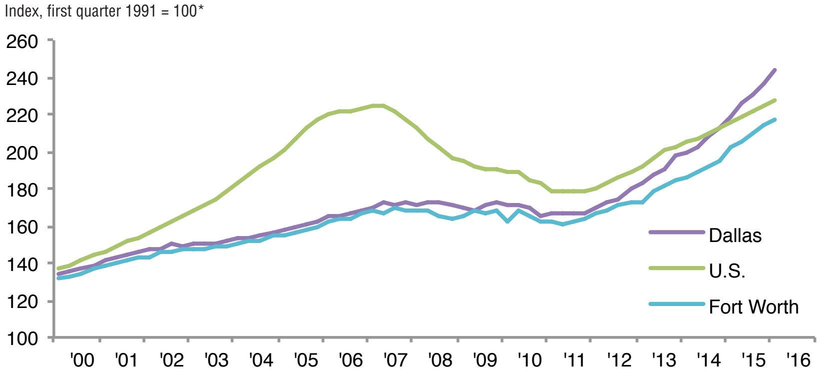
*Monthly, seasonally adjusted.

SOURCE: Dallas Fed.

▸ Overall economic growth was robust in Dallas but slowed in Fort Worth, according to the Dallas Fed's metro business-cycle indexes. The Dallas index rose an annualized 6.6 percent in May following a 6.6 percent increase in April. The Fort Worth index climbed 2.3 percent in May after posting a 4.6 percent increase in April. Year over year, the Dallas index was up 6.4 percent, while the Fort Worth index was 3.0 percent higher as a result of continued job creation and low unemployment.

Housing

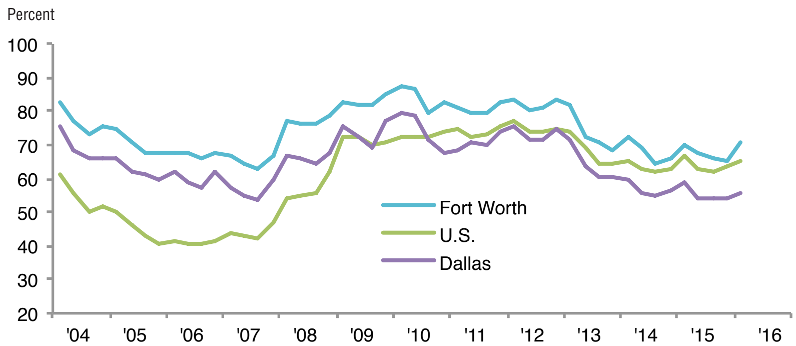
Home Prices



*Quarterly, seasonally adjusted.

SOURCE: Federal Housing Finance Agency.

Home Affordability



SOURCE: National Association of Home Builders/Wells Fargo Housing Opportunity Indexes.

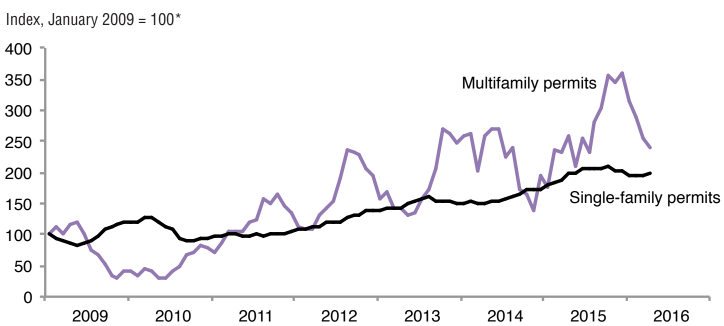
▶ The DFW housing market remains healthy, and home prices continue to trend upward. Home prices rose 3.1 percent in Dallas and 1.1 percent in Fort Worth in the first quarter, according to the Federal Housing Finance Agency purchase-only house price index. On a year-over-year basis, prices were up 11.0 percent in Dallas and 7.3 percent in Fort Worth—both higher than in Texas (7.1 percent) and the nation (5.7 percent). U.S. home prices have finally surpassed the highs seen during the housing boom, while prices in the metroplex are well above their prehousing bust peak, in part due to low inventories and continued strong demand. Home price appreciation will likely moderate this year.

▶ In April, existing-home inventories were at 2.2 months of supply in Dallas and 2.3 months in Fort Worth. Inventories in both metros have consistently been below the six-month level since early 2012, which indicates a balanced housing market.

▶ Existing-home sales climbed 2.7 percent in Dallas and 6.4 percent in Fort Worth in April. Year-over-year sales in April were up 11.5 percent in Dallas and 16.9 percent in Fort Worth, far outpacing the 8.0 percent increase for Texas. Even new-home sales remain healthy in the metroplex and are strongest for low- to mid-priced homes, according to Dallas Fed business contacts. Continued solid job growth is buoying DFW housing demand.

▶ Rapidly rising home prices have reduced affordability in the metroplex. The National Association of Home Builders/Wells Fargo Housing Opportunity Index (HOI) for Dallas was 55.9 in first quarter 2016, suggesting that about 56 percent of the homes sold during the quarter were affordable to median-income families. The HOI for Fort Worth came in at 70.8 during the same period. Affordability in Dallas is lower than the U.S., where 65 percent of homes sold during the quarter were affordable to median-income families.

Residential Construction



*Five-month moving average; seasonally adjusted.

SOURCE: Census Bureau.

▶ Apartment building in North Texas remains elevated in the first quarter, with just over 43,000 units under construction, according to MPF Research. However, we have seen a pullback in permits issued—a forward-looking indicator, with total multifamily permits down 9.3 percent through April compared with the same period last year.

▶ DFW has overtaken Houston as the top U.S. market in terms of annual new-home starts as of first quarter 2016, according to Metrostudy. DFW had 28,878 annual starts ending in the first quarter, a year-over-year increase of more than 5,300 starts. Although starts are up, single-family permitting appears to have slowed slightly, with total single-family permits down 2 percent through April versus the same period last year.

NOTE: Data may not match previously published numbers due to revisions.

Questions can be addressed to Laila Assanie at laila.assanie@dal.frb.org.

2015 PFIA Legislative Changes

Two Legislative bills were passed that will impact the Texas Public Funds Investment Act 2256 effective September 1, 2015:

HB 870

Reduces the amount of Public Funds Investment Act (Chapter 2256.008, Texas Government Code) training hours for city and school district finance and investment officers from ten hours every two years to eight hours every two years. City and school district finance and investment officers must still initially receive ten hours of training within 12 months after taking office or assuming investment duties. Effective September 1, 2015.

HB 1148

Provides that a city finance or investment officer must take only the initial 10 hour training under the Public Funds Investment Act (Chapter 2256.008, Texas Government Code) but no continuing investment training if the city: (1) does not invest city funds; or (2) only deposits city funds in interest-bearing deposit accounts or certificates of deposit. Effective September 1, 2015.

Since the phrase “does not invest city funds” is not defined in the bill, any city finance or investment officer desiring to forgo investment training under this bill may want to provide a definition of this phrase in the city’s approved investment policy, which is still a requirement under the Public Funds Investment Act.

Additionally, it is recommended that any city finance or investment officer desiring to forgo investment training under this bill may want to confirm the applicability of the training hour changes with their local attorney/auditor.