City of Colleyville
Audit Committee
Agenda

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

Tuesday, November 15, 2016 — City Manager's Conference Room
4:00 p.m. — Third Floor – City Hall

1. CALL TO ORDER

2. APPROVAL OF MINUTES

August 10, 2016

3. REGULAR AGENDA ITEMS

3a Meet with representatives from the City's audit firm Pattillo, Brown and Hill, L.L.P. to discuss the interim progress of the Fiscal Year ended September 30, 2016 audit

3b Presentation of the Quarterly Investment Report for the quarter ended September 30, 2016

3c Discussion of Commercial Paper in the local government investment pool

4. ADJOURNMENT

I hereby certify this agenda was posted on City Hall bulletin boards November 10, 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
DRAFT - MINUTES

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

Chief Financial Officer Brian Hogan called the Audit Committee meeting to order on August 10, 2016, at 4:34 p.m.

ROLL CALL: Committee members Nancy Coplen, Tammy Nakamura, and Chris Putnam were present.

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

2. APPROVAL OF MINUTES
May 3, 2016

Committee member Coplen made a motion to approve the May 3, 2016, meeting minutes. Committee member Putnam seconded. All approved by acclamation.

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

Nicole Bradshaw, Pattillo, Brown and Hill, L.L.P., Manager for the Government Audit Division, the City's audit firm, discussed the upcoming September 30, 2016 audit and answered questions of the committee.

Committee member Putnam asked Ms. Bradshaw if there were any new GASB pronouncements for 2016. Ms. Bradshaw replied there would be nothing major, only small disclosure changes.

Committee member Coplen asked about the Utility Fund transfer to the General Fund; why we did not charge the expenses, everything from the General Fund to the Utility Fund; and, would it help with audit testing. Chief Financial Officer Brian Hogan explained that the transfer is discretionary for every city. For Colleyville, the Franchise Fee and General and Administrative Charge was set by ordinance at four percent. It is not a requirement. Money spent from any fund must be for a legitimate expense and pertain to that fund. The auditors will test and verify that. For the CEDC, the 10 percent limit for advertising expenditures, relative to total fund expenditures, would also be tested so we did not violate the rules.

Committee member Coplen asked the Committee members if they are okay with the General Fund absorbing the Utility Fund's share of the overhead costs. Committee member Putnam replied he believed it would be a little cleaner since all the money remained in the fund and we would not be tracking the transfer. Chief Financial Officer Brian Hogan explained it is not a requirement that you do the transfer, but rather how you look at expenditures that are contained within each fund.

Committee member Coplen asked staff if they will be using ad valorem to cover the cost rather than the cost coming from water revenues, etc. Chief Financial Officer Brian Hogan replied yes. The transfer is used to cover the overhead allocation. By eliminating it, there would be a much cleaner cut off between fund expenditures. He explained there would be no crossing over of funds. Ms. Bradshaw concurred.

3b Discussion of update to City's Investment Policy

Chief Financial Officer Brian Hogan reviewed the City's Investment Policy and answered questions of the committee.

Committee member Putnam asked staff if the two changes included in the investment policy were to report training and a title change. Chief Financial Officer Brian Hogan replied yes. HB 870 changed the training requirement from 10 hours to 8 hours. All investment officers must complete 10 hours of training within the first 12 months of assuming duties. The 10 hour course was more an introduction whereas the eight hour course assumed you knew the basics of the Public Funds Investment Act.

Committee member Putnam asked staff if this includes some strikeouts or changes in policy. Chief Financial Officer Brian Hogan replied a change in policy, with a change in title for Karen Hines. She was the Finance Manager now she is the Accounting Manager.

4. PRESENTATIONS

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

Chief Financial Officer Brian Hogan presented the quarterly investment report for the quarter ended June 30, 2016.

Committee member Nakamura asked staff if anytime the money is needed, it can be converted. Chief Financial Officer Brian Hogan replied that we have money invested long term and in an overnight pool – Logic. With low rates, there is very little opportunity, with a very small gap in rates between the overnight investment pool rates and government securities, to earn a higher return. We review all opportunities as we work through the projects and determine our cash needs.

Committee member Coplen asked staff if it looks like we will not have enough cash. Chief Financial Officer Brian Hogan replied there is enough liquid cash to make all payments. In the event we needed cash, we can sell investments between our funds. Committee member Coplen stated she has never seen this with the City. Committee member Putnam stated it is a timing thing with the investment maturities.

Chief Financial Officer Brian Hogan stated the next meeting will be Tuesday, November 15, 2016, at 6:00 p.m.

5. ADJOURNMENT

The Audit Committee meeting adjourned at 5:00 p.m.

APPROVED BY A VOTE OF _ AYES, _ NAYS, AND _ ABSTENTIONS ON THIS THE 15TH DAY OF NOVEMBER 2016.

Minutes taken and prepared by:

Amy Shelley, TRMC
City Secretary

City of Colleyville
Audit Committee
Agenda Briefing

City Hall
100 Main Street
Colleyville, Texas 76034
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Agenda Number 3a **Agenda Date** 11/15/2016 **Number**
Type Regular Agenda Items
Department Finance

Title
Meet with representatives from the City's audit firm Pattillo, Brown and Hill, L.L.P. to discuss the interim progress of the Fiscal Year ended September 30, 2016 audit

Strategy Map Connection
F1- Protect and preserve the City's top financial ratings
F4- Adhere to the City's financial and budgetary policies

Explanation
John Manning, partner with Pattillo, Brown & Hill, L.L.P., will meet with the Audit Committee to discuss the interim progress of the Fiscal Year September 30, 2016 audit.

Attachments

City of Colleyville
Audit Committee
Agenda Briefing

City Hall
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Colleyville, Texas 76034
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Agenda Number 3b **Agenda Date** 11/15/2016 **Number**
Type Presentation
Department City Manager

Title
Presentation of the Quarterly Investment Report for the quarter ended September 30, 2016

Strategy Map Connection

Explanation
During the period of July 1, 2016 through September 30, 2016, the City of Colleyville had an average of $54,093,019 invested on a daily basis, which earned $88,779, with an average yield of 0.65%. The average yield on investments for this quarter is 0.04% higher than the prior quarter's average of 0.61%. As of September 30, 2016, the City had $55,788,299 invested in the LOGIC Investment Pool, CDARS Certificates of Deposit and various debt instruments in the following percentages:

Logic	44.05%		FFCB Notes	16.39%
FHLB Notes	19.53%		FHLMC Notes	5.53%
Treasury Note	2.40%		CDARS CD's	8.42%
FNMA Notes	3.68%			

These percentages are within the guidelines for portfolio diversification in the City's investment policy. The market value of the City's investments on September 30, 2016 was $25,818,223 as compared to a purchase price of $25,830,501 (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 $499,981 and a purchase price of $499,750. Additionally, $1,003,741 was invested in the Corporation's name in the LOGIC Investment Pool. These funds earned interest of $2,403 for the quarter.

Financial Impact

Recommendation

Attachments
1. September 2016 Investment Report Cover Letter

2. September 2016 Investment Report
3. Fund Classifications
4. Investment Terminology (for report)
5. LOGIC quarterly news letter
6. DFW Economic Indicators

City of Colleyville, Texas
Quarterly Investment Report
September 30, 2016

Report Highlights

I have made some changes to the Quarterly Investment Report to give the committee members, City Council, and all other readers of the report, a different view of the financial holdings and liquidity position of the City of Colleyville.

As with previously presented reports, this investment report is in compliance with the Public Funds Investment Act and the City's adopted Investment Policy.

The list of Outstanding Investments, Interest Earnings on Investments, Investments by Fund, the CDARS Certificate of Deposit Allocation, and Logic Investment Pool Allocation by Fund is included in the same format as previous reports. It is included in the report after the new additions listed below..

These reports give a better overall snapshot of the City's portfolio. I believe readers will find this information useful.

- **<u>CASH & INVESTMENT SUMMARY BY FUND</u>**
  This report is an overview of the positions held within each fund.
  The LOGIC, INVESTMENT, and CDARS holdings are detailed in the supplemental reports which are included.
  The funds are grouped by type of fund. There are two attachments – (1) describes the different types of funds used and (2) a more detailed description of each fund listed on the report.
- **<u>CONSOLIDATED INVESTMENT HOLDINGS MEASUREMENT DATA</u>**
  This report shows the City's current holdings with measurement data (yield and maturity) for each investment type. It includes the 13 week Treasury coupon rate equivalent which is our benchmark. This benchmark is provided by the Treasury.gov website.
- **<u>TREASURY & AGENCY INVESTMENTS BY MATURITY</u>**
  This report shows our treasury and agency holdings by maturity. The graphical presentation shows the maturity dates with investment yield for each holding.
- **<u>TREASURY & AGENCY INVESTMENTS BY TYPE</u>**
  This report shows our treasury and agency holdings by investment type. The graphical presentation shows the distribution by instrument for investments held.
- **<u>COLLEYVILLE ECONOMIC DEVELOPMENT COPORATION SUMMARY</u>**
  This is the same as the consolidated report but only for the CEDC holdings.

In addition, I have included the LOGIC (Local Government Investment Corporation) quarterly newsletter and the Dallas Federal Reserve's DFW Economic Indicators report. These reports give the readers additional background information that is important in understanding the report.

News in the Markets

Dallas-Fort Worth economic growth was solid in September.

EMPLOYMENT

DFW employment expanded at a rapid 5.3 percent annualized for September. Job growth was strong in Dallas and Fort Worth at annualized rates of 4.6 and 7.1 percent respectively. DFW outperformed Texas and the U.S. for the third straight month.

In September, the unemployment rate edged up to 4.7% in Dallas and 4.8% in Texas. However, the rate dropped in Fort Worth to 3.4%. All three of these figures remain lower than the U.S. rate which ticked up to 5.0%.

HOUSING

Home inventories remain tight. In September, supplies were 2.2 months in Dallas/Fort Worth and were 3.7 months in Texas. These figures are below the U.S. level of 4.3 months and well below the 6.0 month threshold that signals a balanced housing market. Inventories of homes priced $200,000 and above are even tighter at around 1 month for the DFW area.

RATES

At their September 2016 meeting, the Federal Open Markets Committee (FOMC) again decided not to raise interest rates. However, almost 90% of its members indicated a rate hike will likely be coming in December after the elections are over.

The current Fed Funds rate is targeted between 25-50 basis points. The expectation is this rate could end up at 60 basis points by the end of December.

The current rate has held steady at this level since the rate was last raised at the December 17th, 2015 meeting.

QUARTERLY INVESTMENT REPORT

FOR QUARTER ENDING SEPTEMBER 30, 2016

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

CITY OF COLLEYVILLE TEXAS

GOVERNMENTAL FUNDS
DEBT SERVICE FUNDS
CAPITAL PROJECT FUNDS
SPECIAL REVENUE FUNDS
ENTERPRISE FUNDS
FIDUCIARY FUNDS

Portfolio Investment Report
for the Quarter Ending September 30 2016
CONSOLIDATED INVESTMENT REPORT

		CASH	LOGIC	INVESTMENTS	CDARS	TOTAL
GOVERNMENTAL FUNDS						
001	GENERAL FUND	$ 2,605,354.57	$ 2,771,636.97	$ 5,016,278.72	$ -	$ 10,393,270.26
004	DEBT SERVICE FUND	2,354.38	632,585.89	-	-	634,940.27
003	CAPITAL PROJECTS	9,166,511.48	646,634.78	2,549,642.24	4,064,004.95	16,426,793.45
012	PARK LAND DEDICATION	158,186.20	-	1,614,816.14	-	1,773,002.34
014	KIMZEY PARK	-	-	-	-	-
032	VEHICLE AND CAPITAL REPLACEMENT	292,865.14	82,304.80	600,000.00	-	975,169.94
034	COLLEYVILLE TOMORROW	123,013.84	1,676,936.37	475,441.76	-	2,275,391.97
035	PARKS TOMORROW	2,462.94	1,047,599.35	-	-	1,050,062.29
005	VOLUNTEER PARK FUND	1,923.67	-	817,801.56	-	819,725.23
007	DONATIONS FUND	67,973.65	-	-	-	67,973.65
011	LIBRARY FUND	53,162.78	-	359,642.52	-	412,805.30
015	POLICE ASSET FORFEITURE	2,112.15	-	-	-	2,112.15
016	TDPA GRANT	8,132.93	-	-	-	8,132.93
018	TREE PRESERVATION	27,766.31	-	-	-	27,766.31
019	LIBRARY DONATION	139,222.62	-	-	-	139,222.62
020	RECREATIONAL EVENT	10,605.81	-	-	-	10,605.81
021	COLLEYVILLE CENTER DEVELOPMENT	5,857.27	-	-	-	5,857.27
022	RECYLCING	1,627.16	-	-	-	1,627.16
023	LEOSE	2,618.09	-	-	-	2,618.09
027	CRIME DISTRICT	477,280.55	818,025.18	-	-	1,295,305.73
028	KIDSVILLE MAINTENANCE	20,237.40	-	-	-	20,237.40
029	COURT TECHNOLOGY	121,820.28	-	-	-	121,820.28
030	COURT SECURITY	57,495.13	-	-	-	57,495.13
033	PUBLIC ART	7,904.05	-	-	-	7,904.05
037	JUVENILE CASE MANAGER	25,880.63	-	-	-	25,880.63
ENTERPRISE FUNDS						
002	UTILITY FUND	1,340,461.16	4,516,804.08	7,555,004.23	508,338.65	13,920,608.12
017	DRAINAGE FEE	412,436.79	945,521.37	419,440.95	-	1,777,399.11
FIDUCIARY FUNDS						
006	SESQUICENTINIAL FUND	19,715.90	-	-	-	19,715.90
008	EMPLOYEE ACTIVITY	5,772.93	-	-	-	5,772.93
COMPONENT UNIT						
026	TIF FUND	319,972.51	10,774,165.33	6,422,433.23	-	17,516,571.07
		$ 15,480,728.32	$ 23,912,214.12	$ 25,830,501.35	$ 4,572,343.60	$ 69,795,787.39
COLLEYVILLE ECON DEV CORP						
024	CEDC	$ 1,663,396.22	$ 938,650.46	$499,750.00	$ -	$ 3,101,796.68
025	CEDC - CAPITAL	703.10	65,090.83	-	-	65,793.93
		$ 1,664,099.32	$ 1,003,741.29	$ 499,750.00	$ -	$ 3,167,590.61

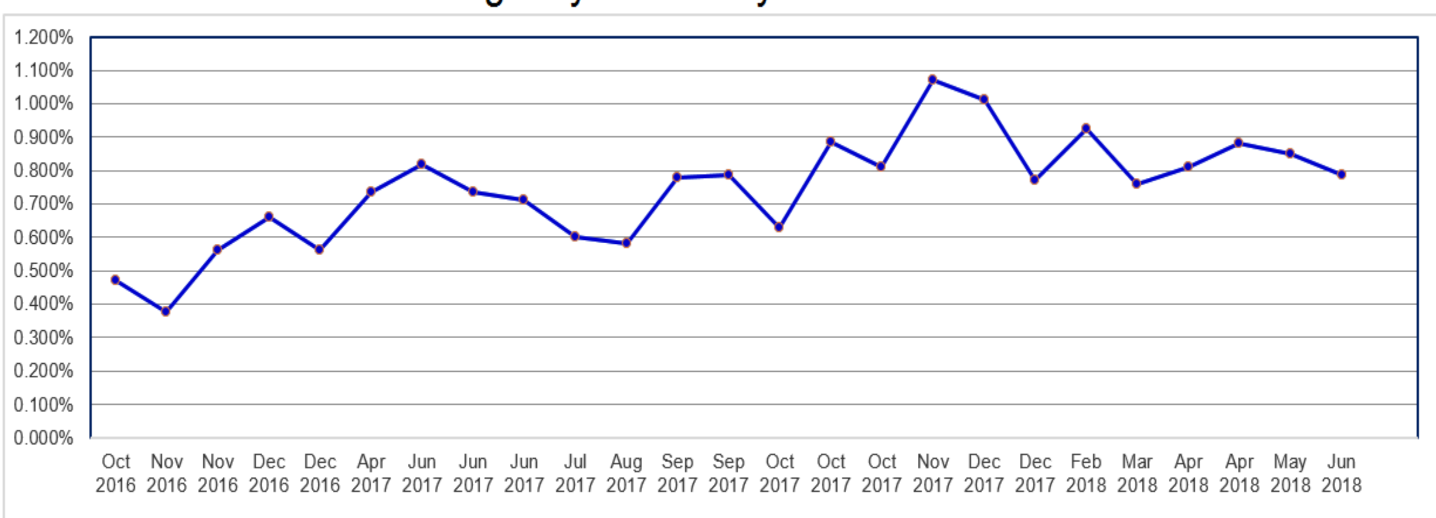
Portfolio Investment Report
for the Quarter Ending September 30 2016
CONSOLIDATED INVESTMENT REPORT

		Current As of 9/30/2016		Last Quarter As of 6/30/2016
Cash and Investment Balances				
Cash Balances	$	15,480,728.32	$	17,579,315.10
LOGIC Balances		23,912,214.12		23,873,722.21
Investment Portfolio Balances (cost)		25,830,501.35		24,831,201.35
Certificates of Deposit Balances		4,572,343.60		4,561,235.27
Total Cash, Logic, & Other Investments	$	69,795,787.39	$	70,845,473.93
Investment Yields, Maturities, and Interest				
Bank Earned Income Credit		0.60%		0.60%
13 Week Treasury Benchmark		0.28%		0.26%
Logic Average Quarterly Yield		0.64%		0.55%
Logic End of Quarter Weighted Maturity		56		48
Average Weighted Yield: Agency		0.74%		0.73%
Average Weighted Maturity: Agency		342		330
Average Weighted Yield: CDARS		0.48%		0.41%
Average Weighted Maturity: CDARS		421		311
Interest Earnings - Quarter	$	88,779	$	79,635
Interest Rate/Yield for the Quarter		0.65%		0.61%

Portfolio Investment Report
for the Quarter Ending September 30 2016
CONSOLIDATED INVESTMENT REPORT

Outstanding Portfolio (excluding Cash / Logic / CD)		Amount		Percent (Value)		Market Value
Distribution by Maturity	Number					
1 to 90 days	5	$	5,820,068.35	22.53%	$	5,804,782.40
91 to 180 days	0		-	0.00%		-
181 to 365 days	7		6,763,495.00	26.19%		9,298,654.03
Over 365 days	13		13,246,938.00	51.28%		14,778,845.18
Total	25	$	25,830,501.35	100.00%	$	29,882,281.61

INTEREST RATES BY MATURITY
Agency / Treasury Investments

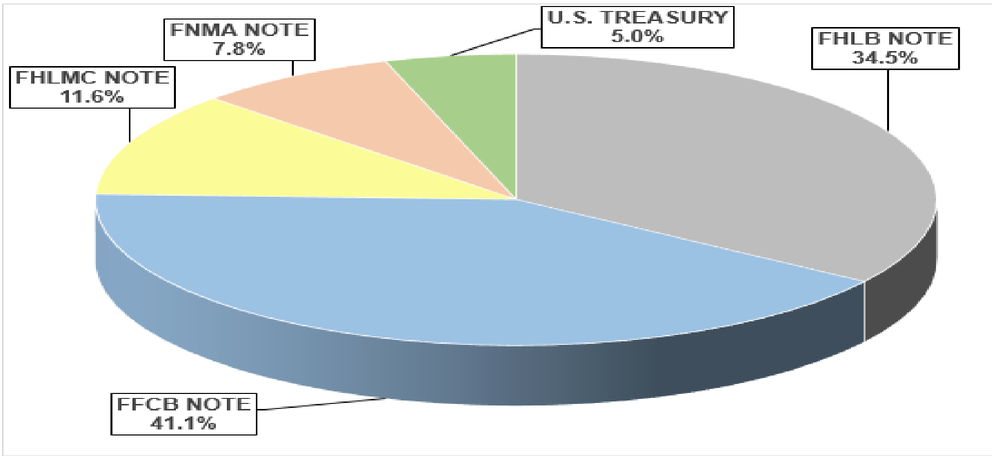


MATURITY DATES

Portfolio Investment Report
for the Quarter Ending September 30 2016
CONSOLIDATED INVESTMENT REPORT

Outstanding Portfolio (excluding Cash / Logic / CD) Distribution by Type of Investment	Number		Amount	Percent (Value)		Market Value
Federal Home Loan Bank	10	$	10,607,957.60	41.1%	$	10,609,107.10
Federal Farm Credit Bank	9		8,914,560.00	34.5%		8,902,395.90
Federal Home Loan Mortgage Corporation	3		3,003,265.00	11.6%		3,001,663.00
Federal National Mortgage Association	2		2,003,500.00	7.8%		2,004,138.00
U.S. Treasuries	1		1,301,218.75	5.0%		1,300,919.10
Total	25	$	25,830,501.35	100.0%	$	25,818,223.10

DISTRIBUTION BY TYPE



	S&P	Moody's
Federal Home Loan Bank	AA+	Aaa
Federal Farm Credit Bank	AA+	Aaa
Federal Home Loan Mortgage Corporation	AA+	Aaa
Federal National Mortgage Association	AA+	Aaa

AA+ = high quality, very low credit risk
Aaa = highest quality, lowest level of credit risk

Portfolio Investment Report
for the Quarter Ending September 30 2016
COLLEYVILLE ECONOMIC DEVELOPMENT CORPORATION (CEDC)

	Current As of 9/30/2016	Last Quarter As of 6/30/2016
Cash and Investment Balances		
Cash Balances	$ 1,664,099.32	$ 1,462,548.46
Logic Balances	1,003,741.29	1,002,125.70
Investment Portfolio Balances	499,750.00	499,750.00
Certificates of Deposit Balances	-	-
Total Cash, Logic, & Other Investments	$ 3,167,590.61	$ 2,964,424.16
Investment Yields, Maturities, and Interest		
Bank Earned Income Credit	0.60%	0.60%
13 Week Treasury Benchmark	0.28%	0.26%
Logic Average Quarterly Yield	0.64%	0.55%
Logic End of Quarter Weighted Maturity	56	48
Average Weighted Yield: Agency	0.74%	0.73%
Average Weighted Maturity: Agency	304	396
Interest Earnings - Quarter	$ 2,403	$ 2,158
Interest Rate/Yield for the Quarter	0.63%	0.58%

Outstanding Portfolio (excluding Cash & Logic) Distribution by Maturity	Number	Amount	Percent (Value)	Market Value
1 to 90 days	0	$ -	0.00%	$ -
91 to 180 days	0	-	0.00%	-
181 to 365 days	1	499,750.00	100.00%	499,980.50
Over 365 days	0	-	0.00%	-
Total	1	$ 499,750.00	100.00%	$ 499,980.50

Outstanding Portfolio (excluding Cash / Logic / CD) Distribution by Type of Investment	Number	Amount	Percent (Value)	Market Value
Federal Home Loan Bank	0	$ -	0.0%	$ -
Federal Farm Credit Bank	0	-	0.0%	-
Federal Home Loan Mortgage Corporation	0	-	0.0%	-
Federal National Mortgage Association	0	-	0.0%	-
U.S. Treasuries	1	499,750.00	100.0%	499,980.50
Total	1	$ 499,750.00	100.0%	$ 499,980.50

QUARTERLY INVESTMENT REPORT

FOR QUARTER ENDING SEPTEMBER 30, 2016
DETAILED INVESTMENT HOLDINGS

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

OUTSTANDING INVESTMENTS AT SEPTEMBER 30, 2016

	PURCHASE PRICE		PAR VALUE	MARKET VALUE @ 9/30/16	MATURITY DATE	YIELD ON INVESTMENT
FHLB NOTE	1,000,590.00	v	$1,000,000	1,000,100.00	10/17/2016	0.470%
FFCB NOTE	1,015,700.00		$1,000,000	1,002,248.00	11/22/2016	0.375%
FHLB NOTE	1,201,545.60		$1,200,000	1,200,552.00	11/23/2016	0.560%
FHLB NOTE	1,301,014.00		$1,300,000	1,300,963.30	12/12/2016	0.660%
TREASURY NOTE	1,301,218.75		$1,300,000	1,300,919.10	12/15/2016	0.562%
FHLB NOTE	1,003,800.00		$1,000,000	1,002,108.00	4/7/2017	0.735%
FHLB NOTE	750,000.00		$750,000	751,309.50	6/12/2017	0.820%
FFCB NOTE	1,001,230.00		$1,000,000	1,001,675.00	6/16/2017	0.735%
FHLB NOTE	1,000,390.00		$1,000,000	1,001,281.00	6/30/2017	0.710%
FHLMC NOTE	1,004,385.00		$1,000,000	1,001,783.00	7/28/2017	0.600%
FFCB NOTE	1,003,690.00		$1,000,000	1,001,191.00	8/28/2017	0.580%
FFCB NOTE	1,000,000.00		$1,000,000	1,001,224.00	9/14/2017	0.780%
FFCB NOTE	897,660.00		$900,000	899,424.90	10/13/2017	0.785%
FHLB NOTE	1,199,868.00		$1,200,000	1,198,930.80	10/26/2017	0.630%
FNMA NOTE	999,800.00		$1,000,000	1,001,639.00	10/26/2017	0.885%
FFCB NOTE	999,000.00		$1,000,000	999,743.00	11/6/2017	0.811%
FHLB NOTE	750,750.00		$750,000	753,424.50	12/8/2017	1.072%
FHLB NOTE	1,200,000.00		$1,200,000	1,200,961.20	12/29/2017	1.010%
FFCB NOTE	1,000,580.00		$1,000,000	999,759.00	2/12/2018	0.771%
FHLMC NOTE	999,030.00		$1,000,000	1,000,784.00	3/7/2018	0.925%
FHLMC NOTE	999,850.00		$1,000,000	999,096.00	4/9/2018	0.758%
FNMA NOTE	1,003,700.00		$1,000,000	1,002,499.00	4/30/2018	0.811%
FFCB NOTE	997,400.00		$1,000,000	999,237.00	5/16/2018	0.882%

OUTSTANDING INVESTMENTS AT SEPTEMBER 30, 2016

	PURCHASE PRICE	PAR VALUE	MARKET VALUE @ 9/30/16	MATURITY DATE	YIELD ON INVESTMENT
FHLB NOTE	1,200,000.00	$1,200,000	1,199,476.80	6/5/2018	0.850%
FFCB NOTE	999,300.00	$1,000,000	997,894.00	7/18/2018	0.785%
TOTAL OUTSTANDING INVESTMENTS	25,830,501.35	$25,800,000	25,818,223.10		

CITY OF COLLEYVILLE BALANCES AT SEPTEMBER 30, 2016

INVESTMENT PURCHASES	$25,800,000
CDAR'S CERTIFICATES OF DEPOSIT	$4,572,344
LOGIC INVESTMENT POOL	$23,912,214
TOTAL CITY INVESTMENTS HELD AT SEPTEMBER 30, 2016	$54,284,558

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

INVESTMENT PURCHASES	$500,000
LOGIC INVESTMENT POOL	$1,003,741
TOTAL CEDC INVESTMENTS HELD AT SEPTEMBER 30, 2016	$1,503,741

TOTAL INVESTMENTS HELD BY CITY OF COLLEYVILLE AND COLLEYVILLE ECONOMIC DEVELOPMENT CORPORATION AT SEPTEMBER 30, 2016	$55,788,299

INTEREST EARNINGS ON CITY OF COLLEYVILLE INVESTMENTS FOR THE PERIOD OF JULY 1 - SEPT 30, 2016

	PURCHASE PRICE	PAR VALUE	MATURITY DATE	YIELD ON INVESTMENT	INTEREST EARNED
FHLB NOTE	1,000,590.00	$1,000,000	10/17/2016	0.470%	$1,185
FFCB NOTE	1,015,700.00	$1,000,000	11/22/2016	0.375%	$946
FHLB NOTE	1,201,545.60	$1,200,000	11/23/2016	0.560%	$1,694
FHLB NOTE	1,301,014.00	$1,300,000	12/12/2016	0.660%	$2,164
TREASURY NOTE	1,301,218.75	$1,300,000	12/15/2016	0.562%	$1,842
FHLB NOTE	1,003,800.00	$1,000,000	4/7/2017	0.735%	$1,853
FHLB NOTE	750,000.00	$750,000	6/12/2017	0.820%	$1,550
FFCB NOTE	1,001,230.00	$1,000,000	6/16/2017	0.735%	$1,853
FHLB NOTE	1,000,390.00	$1,000,000	6/30/2017	0.710%	$1,790
FHLMC NOTE	1,004,385.00	$1,000,000	7/28/2017	0.600%	$1,512
FFCB NOTE	1,003,690.00	$1,000,000	8/28/2017	0.580%	$1,462
FFCB NOTE	1,000,000.00	$1,000,000	9/14/2017	0.780%	$1,966
FFCB NOTE	897,660.00	$900,000	10/13/2017	0.785%	$1,781
FHLB NOTE	1,199,868.00	$1,200,000	10/26/2017	0.630%	$1,907
FNMA NOTE	999,800.00	$1,000,000	10/26/2017	0.885%	$2,231
FFCB NOTE	999,000.00	$1,000,000	11/6/2017	0.811%	$2,044
FHLB NOTE	750,750.00	$750,000	12/8/2017	1.072%	$2,027
FHLB NOTE	1,200,000.00	$1,200,000	12/29/2017	1.010%	$3,055
FFCB NOTE	1,000,580.00	$1,000,000	2/12/2018	0.771%	$1,942
FHLMC NOTE	999,030.00	$1,000,000	3/7/2018	0.925%	$2,332
FHLMC NOTE	999,850.00	$1,000,000	4/9/2018	0.758%	$1,910

INTEREST EARNINGS ON CITY OF COLLEYVILLE INVESTMENTS FOR THE PERIOD OF JULY 1 - SEPT 30, 2016

	PURCHASE PRICE	PAR VALUE	MATURITY DATE	YIELD ON INVESTMENT	INTEREST EARNED
FNMA NOTE	1,003,700.00	$1,000,000	4/30/2018	0.811%	$2,044
FFCB NOTE	997,400.00	$1,000,000	5/16/2018	0.882%	$2,224
FHLB NOTE	1,200,000.00	$1,200,000	6/5/2018	0.850%	$2,571
FFCB NOTE	999,300.00	$1,000,000	7/18/2018	0.785%	$1,592
TOTAL INTEREST EARNED ON CITY INVESTMENTS HELD JULY 1, 2016 THROUGH SEPT 30, 2016					$47,477

RECAP OF MARKET VALUES ON CITY OF COLLEYVILLE INVESTMENTS HELD JULY 1 - SEPT 30, 2016

INVESTMENT	PURCHASE DATE	MATURITY DATE	PURCHASE PRICE	PAR VALUE	MARKET VALUE @ 6-30-16	LESS MATURITY PROCEEDS	PLUS PERIOD PURCHASES	MARKET VALUE @ 9-30-16
FHLB NOTE	10/22/2014	10/17/2016	$1,000,590	$1,000,000	$1,000,338	N/A	N/A	$1,000,100
FHLB NOTE	11/24/2014	11/23/2016	$1,201,545	$1,200,000	$1,200,644	N/A	N/A	$1,200,552
FHLB NOTE	12/18/2014	12/12/2016	$1,301,014	$1,300,000	$1,301,494	N/A	N/A	$1,300,963
TREASURY NOTE	6/15/2015	12/15/2016	$1,301,219	$1,300,000	$1,301,331	N/A	N/A	$1,300,919
FHLB NOTE	6/19/2015	6/12/2017	$750,000	$750,000	$751,913	N/A	N/A	$751,310
FHLB NOTE	6/24/2015	4/7/2017	$1,003,800	$1,000,000	$1,003,460	N/A	N/A	$1,002,108
FHLB NOTE	7/6/2015	6/30/2017	$1,000,390	$1,000,000	$1,001,888	N/A	N/A	$1,001,281
FFCB NOTE	7/15/2015	6/16/2017	$1,001,230	$1,000,000	$1,001,651	N/A	N/A	$1,001,675
FFCB NOTE	9/16/2015	9/14/2017	$1,000,000	$1,000,000	$1,001,915	N/A	N/A	$1,001,224
FFCB NOTE	10/19/2015	8/28/2017	$1,003,690	$1,000,000	$1,001,408	N/A	N/A	$1,001,191
FHLB NOTE	10/19/2015	10/26/2017	$1,199,868	$1,200,000	$1,200,427	N/A	N/A	$1,198,931
FHLMC NOTE	10/22/2015	7/28/2017	$1,004,385	$1,000,000	$1,003,647	N/A	N/A	$1,001,783
FFCB NOTE	11/4/2015	11/22/2016	$1,015,700	$1,000,000	$1,005,534	N/A	N/A	$1,002,248
FFCB NOTE	11/4/2015	10/13/2017	$897,660	$900,000	$900,653	N/A	N/A	$899,425
FFCB NOTE	11/12/2015	11/6/2017	$999,000	$1,000,000	$1,001,786	N/A	N/A	$999,743
FNMA NOTE	11/13/2015	10/26/2017	$999,800	$1,000,000	$1,003,482	N/A	N/A	$1,001,639
FHLB NOTE	12/29/2015	12/29/2017	$1,200,000	$1,200,000	$1,202,699	N/A	N/A	$1,200,961
FHLB NOTE	1/5/2016	12/8/2017	$750,750	$750,000	$755,134	N/A	N/A	$753,425
FFCB NOTE	2/17/2016	2/12/2018	$1,000,580	$1,000,000	$1,002,069	N/A	N/A	$999,759
FHLMC NOTE	3/23/2016	3/7/2018	$999,030	$1,000,000	$1,001,843	N/A	N/A	$1,000,784
FHLMC NOTE	4/12/2016	4/9/2018	$999,850	$1,000,000	$1,001,152	N/A	N/A	$999,096
FNMA NOTE	5/9/2016	4/30/2018	$1,003,700	$1,000,000	$1,005,737	N/A	N/A	$1,002,499
FFCB NOTE	5/20/2016	5/16/2018	$997,400	$1,000,000	$1,001,182	N/A	N/A	$999,237
FHLB NOTE	6/10/2016	6/5/2018	$1,200,000	$1,200,000	$1,203,574	N/A	N/A	$1,199,477
FFCB NOTE	7/18/2016	7/18/2018	$999,300	$1,000,000	$0	N/A	$999,300	$997,894
TOTALS			$25,830,501	$25,800,000	$24,854,961	$0	$999,300	$25,818,223

LISTING OF INVESTMENTS

BY GENERAL LEDGER

ACCOUNT NUMBER

OUTSTANDINGS INVESTMENTS AT 09/30/2016

INVESTMENT

DATE ACQUIRED

MATURITY DATE

26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE

YIELD TO MATURITY

COUPON RATE

CUSIP#

ACCOUNT	ALLOCATION OF INVESTMENT		INVESTMENT-G/L TOTAL
001-1172	GENERAL FUND OPERATING		$5,016,278.72
002-1166	UTILITY DEBT SERVICE RESERVE		$640,360.84
002-1172	UTILITY FUND OPERATING		$2,647,880.49
002-1178	CUSTOMER DEPOSITS		$443,070.13
002-1186	UTILITY LINE RENEWAL		$3,761,589.00
002-1557	THE RESERVE LIFT STATION		$62,103.77
003-1180	BEDFORD BRIDGE ESCROW		$567,907.83
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
003-1228	PLEASANT RUN HARDAGE ESTATES/ESC		$0.00
003-1229	GLADE RD SUMMERBROOK		$0.00
003-1231	LAKEWOOD ESCROW		$26,103.65
003-1236	E. GLADE CRANBROOK ESCROW		$117,794.09
003-1237	E. GLADE ASHMORE I ESCROW		$0.00
003-1247	GLADE/WAYSIDE ESCROW		$42,420.01
003-1250	REATTA PLACE		$98,462.36
003-1257	ASHMORE II A GLADE RD ESCROW		$0.00
003-1268	MILL CREEK/ GLADE ESCROW		$0.00
003-1271	ASHMORE III/ GLADE ESCROW		$0.00
003-1278	GLADE RD/ASHMORE IIB ESCROW		$0.00
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		$817,801.56
011-1172	LIBRARY DONATIONS FUND		$359,642.52
012-1172	PARK LAND DEDICATION FUND		$1,614,816.14
017-1172	DRAINAGE FUND OPERATING		$419,440.95
024-1172	CEDC OPERATING		$499,750.00
026-1172	TIF OPERATING		$6,422,433.23
032-1519	CAPITAL EQUIPMENT RESERVE		$600,000.00
034-1172	COLLEYVILLE TOMORROW		$475,441.76
PER GENERAL LEDGER			$26,330,251.35
MARKET VALUE			$26,318,203.60
VALUE AT MATURITY			$26,300,000.00
INTEREST RECEIVED TO MATURITY		9/30/16	$372,097.63

OUTSTANDINGS INVESTMENTS AT 09/30/2016

INVESTMENT		FHLB NOTE	FFCB NOTE	FHLB NOTE	FHLB NOTE	TREASURY	FHLB NOTE	FHLB NOTE
DATE ACQUIRED		22-Oct-14	04-Nov-15	24-Nov-14	18-Dec-14	15-Jun-15	24-Jun-15	19-Jun-15
MATURITY DATE		17-Oct-16	22-Nov-16	23-Nov-16	12-Dec-16	15-Dec-16	07-Apr-17	12-Jun-17
26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE		0.060%	0.270%	0.080%	0.120%	0.110%	0.080%	0.050%
YIELD TO MATURITY		0.470%	0.375%	0.560%	0.660%	0.562%	0.735%	0.820%
COUPON RATE		**0.500%**	**1.875%**	**0.625%**	**0.700%**	**0.625%**	**0.950%**	**0.820%**
CUSIP#		3130A3CW2	31331J2M4	3130A3J70	3130A3Q64	912828A59	313379XB0	3130A5PC7
001-1172	GENERAL FUND OPERATING	0.00		0.00				
002-1166	UTILITY DEBT SERVICE RESERVE							
002-1172	UTILITY FUND OPERATING		280,000.00	0.00	0.00			0.00
002-1178	CUSTOMER DEPOSITS							
002-1186	UTILITY LINE RENEWAL			449,796.28	1,301,014.00		1,003,800.00	228,273.23
002-1557	THE RESERVE LIFT STATION							
003-1180	BEDFORD BRIDGE ESCROW	115,983.26		132,187.16		319,737.41		
003-1188	TOWN CENTER/HWY26							
003-1192	MCDONWELL WOODS EST ESCROW							
003-1200	LONGWOOD-PARKING ESCROW							
003-1204	BEDFORD LAKES/SOMERSET							
003-1228	PLEASANT RUN HARDAGE ESTATES/ESC							
003-1229	GLADE RD SUMMERBROOK							
003-1231	LAKEWOOD ESCROW							
003-1236	E. GLADE CRANBROOK ESCROW							
003-1237	E. GLADE ASHMORE I ESCROW							
003-1247	GLADE/WAYSIDE ESCROW							
003-1250	REATTA PLACE							
003-1257	ASHMORE II A GLADE RD ESCROW							
003-1268	MILL CREEK/ GLADE ESCROW							
003-1271	ASHMORE III/ GLADE ESCROW							
003-1278	GLADE RD/ASHMORE IIB ESCROW							
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		200,000.00	168,374.33		199,427.23		
011-1172	LIBRARY DONATIONS FUND	359,642.52						
012-1172	PARK LAND DEDICATION FUND	0.00	300,000.00	0.00		177,619.13		227,197.01
017-1172	DRAINAGE FUND OPERATING		150,000.00			69,440.95		
024-1172	CEDC OPERATING							
026-1172	TIF OPERATING	499,872.46		451,187.83		421,536.57		
032-1519	CAPITAL EQUIPMENT RESERVE		85,700.00					
034-1172	COLLEYVILLE TOMORROW	25,091.76						
PER GENERAL LEDGER		$1,000,590.00	$1,015,700.00	$1,201,545.60	$1,301,014.00	$1,301,218.75	$1,003,800.00	$750,000.00
MARKET VALUE		$1,000,100.00	$1,002,248.00	$1,200,552.00	$1,300,963.30	$1,300,919.10	$1,002,108.00	$751,309.50
VALUE AT MATURITY		$1,000,000.00	$1,000,000.00	$1,200,000.00	$1,300,000.00	$1,300,000.00	$1,000,000.00	$750,000.00
INTEREST RECEIVED TO MATURITY		$9,350.80	$3,948.73	$13,441.03	$17,051.37	$10,991.92	$13,155.46	$12,198.67

OUTSTANDINGS INVESTMENTS AT 09/30/2016

INVESTMENT		FFCB NOTE	FHLB NOTE	FHLMC	TREASURY NOTE	FFCB NOTE	FFCB NOTE	FFCB NOTE
DATE ACQUIRED		15-Jul-15	06-Jul-15	22-Oct-15	31-Jul-15	19-Oct-15	16-Sep-15	04-Nov-15
MATURITY DATE		16-Jun-17	30-Jun-17	28-Jul-17	31-Jul-17	28-Aug-17	14-Sep-17	13-Oct-17
26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE		0.110%	0.080%	0.110%	0.140%	0.120%	0.240%	0.270%
YIELD TO MATURITY		0.735%	0.710%	0.600%	0.650%	0.580%	0.780%	0.785%
COUPON RATE		**0.800%**	**0.730%**	**0.850%**	**0.625%**	**0.780%**	**0.780%**	**0.650%**
CUSIP#		3133EEX62	3130A5HF9	3134G6AC7	912828XP0	3133EFEU7	3133EFCY1	3133EFHY6
001-1172	GENERAL FUND OPERATING		0.00				0.00	362,660.29
002-1166	UTILITY DEBT SERVICE RESERVE							
002-1172	UTILITY FUND OPERATING	222,524.51		1,004,385.00		6,363.67		20,000.00
002-1178	CUSTOMER DEPOSITS							
002-1186	UTILITY LINE RENEWAL	778,705.49						
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		
003-1228	PLEASANT RUN HARDAGE ESTATES/ESC							
003-1229	GLADE RD SUMMERBROOK							
003-1231	LAKEWOOD ESCROW					26,103.65		
003-1236	E. GLADE CRANBROOK ESCROW					117,794.09		
003-1237	E. GLADE ASHMORE I ESCROW							
003-1247	GLADE/WAYSIDE ESCROW					42,420.01		
003-1250	REATTA PLACE					98,462.36		
003-1257	ASHMORE II A GLADE RD ESCROW							
003-1268	MILL CREEK/ GLADE ESCROW							
003-1271	ASHMORE III/ GLADE ESCROW							
003-1278	GLADE RD/ASHMORE IIB ESCROW							
003-1301	LAKEWOOD PH IV							
003-1304	VILLAS DEL MAR					60,324.37		
003-1307	STREET RECONSTRUCTION					43,849.86		
003-1309	COVENANT CHRISTIAN							
003-1319	REMINGTON PARK							
003-1323	SHALIMAR					69,691.33		
003-1325	PECAN GARDENS							
003-1330	REMINGTON PARK							
003-1340	CASTLETON MANOR							
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							
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		1,000,390.00				1,000,000.00	150,699.71
032-1519	CAPITAL EQUIPMENT RESERVE							364,300.00
034-1172	COLLEYVILLE TOMORROW							
PER GENERAL LEDGER		$1,001,230.00	$1,000,390.00	$1,004,385.00	$499,750.00	$1,003,690.00	$1,000,000.00	$897,660.00
MARKET VALUE		$1,001,675.00	$1,001,281.00	$1,001,783.00	$499,980.50	$1,001,191.00	$1,001,224.00	$899,424.90
VALUE AT MATURITY		$1,000,000.00	$1,000,000.00	$1,000,000.00	$500,000.00	$1,000,000.00	$1,000,000.00	$900,000.00
INTEREST RECEIVED TO MATURITY		$14,141.86	$14,105.76	$10,602.95	$6,510.95	$10,791.19	$15,578.55	$13,726.27

OUTSTANDINGS INVESTMENTS AT 09/30/2016

INVESTMENT		FHLB	FNMA NOTE	FFCB NOTE	FHLB NOTE	FHLB NOTE	FFCB NOTE	FHLB NOTE
DATE ACQUIRED		19-Oct-15	13-Nov-15	12-Nov-15	05-Jan-16	29-Dec-15	17-Feb-16	23-Mar-16
MATURITY DATE		26-Oct-17	26-Oct-17	06-Nov-17	08-Dec-17	29-Dec-17	12-Feb-18	07-Mar-18
26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE		0.120%	0.300%	0.340%	0.100%	0.490%	0.420%	0.450%
YIELD TO MATURITY		0.630%	0.885%	0.811%	1.072%	1.010%	0.771%	0.925%
COUPON RATE		**0.625%**	**0.875%**	**0.760%**	**1.125%**	**1.010%**	**0.800%**	**0.875%**
CUSIP#		3130A6LZ8	3135G0PQ0	3133EFNE3	3130A3HF4060	3130A6UK1	3133EFZR1	3137EADP1
001-1172	GENERAL FUND OPERATING	0.00	999,800.00		265,564.16	351,394.27	1,000,580.00	39,030.00
002-1166	UTILITY DEBT SERVICE RESERVE					640,360.84		
002-1172	UTILITY FUND OPERATING	499,868.00		198,690.95	239,752.18	176,296.18		
002-1178	CUSTOMER DEPOSITS			165,687.76	245,433.66	31,948.71		
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							
003-1228	PLEASANT RUN HARDAGE ESTATES/ESC							
003-1229	GLADE RD SUMMERBROOK							
003-1231	LAKEWOOD ESCROW							
003-1236	E. GLADE CRANBROOK ESCROW							
003-1237	E. GLADE ASHMORE I ESCROW							
003-1247	GLADE/WAYSIDE ESCROW							
003-1250	REATTA PLACE							
003-1257	ASHMORE II A GLADE RD ESCROW							
003-1268	MILL CREEK/ GLADE ESCROW							
003-1271	ASHMORE III/ GLADE ESCROW							
003-1278	GLADE RD/ASHMORE IIB ESCROW							
003-1301	LAKEWOOD PH IV			77,530.57				
003-1304	VILLAS DEL MAR							
003-1307	STREET RECONSTRUCTION							
003-1309	COVENANT CHRISTIAN							
003-1319	REMINGTON PARK			27,855.96				
003-1323	SHALIMAR							
003-1325	PECAN GARDENS							
003-1330	REMINGTON PARK							
003-1340	CASTLETON MANOR			81,309.57				
003-1357	CITGO/LD LOCKETT							
003-1392	CLAIRMONT-PH I							
003-1404	TANGLEWOOD							
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							250,000.00
011-1172	LIBRARY DONATIONS FUND							
012-1172	PARK LAND DEDICATION FUND			200,000.00				710,000.00
017-1172	DRAINAGE FUND OPERATING							
024-1172	CEDC OPERATING							
026-1172	TIF OPERATING	700,000.00						
032-1519	CAPITAL EQUIPMENT RESERVE							
034-1172	COLLEYVILLE TOMORROW							
PER GENERAL LEDGER		$1,199,868.00	$999,800.00	$999,000.00	$750,750.00	$1,200,000.00	$1,000,580.00	$999,030.00
MARKET VALUE		$1,198,930.80	$1,001,639.00	$999,743.00	$753,424.50	$1,200,961.20	$999,759.00	$1,000,784.00
VALUE AT MATURITY		$1,200,000.00	$1,000,000.00	$1,000,000.00	$750,000.00	$1,200,000.00	$1,000,000.00	$1,000,000.00
INTEREST RECEIVED TO MATURITY		$15,297.81	$17,293.88	$16,107.24	$15,489.22	$24,273.21	$15,325.68	$18,096.97

OUTSTANDINGS INVESTMENTS AT 09/30/2016

INVESTMENT		FHLMC NOTE	FNMA NOTE	FFCB NOTE	FHLB NOTE	FFCB NOTE
DATE ACQUIRED		12-Apr-16	09-May-16	20-May-16	10-Jun-16	18-Jul-16
MATURITY DATE		09-Apr-18	30-Apr-18	16-May-18	05-Jun-18	18-Jul-18
26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE		0.520%	0.370%	0.450%	0.410%	0.430%
YIELD TO MATURITY		0.758%	0.811%	0.882%	0.850%	0.785%
COUPON RATE		**0.750%**	**1.000%**	**0.750%**	**0.850%**	**0.750%**
CUSIP#		3137EAEA3	3136G0V57	3133EGAF2060	3130A8EJ8	3133EGML6
001-1172	GENERAL FUND OPERATING	999,850.00	0.00	997,400.00		
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					
003-1228	PLEASANT RUN HARDAGE ESTATES/ESC					
003-1229	GLADE RD SUMMERBROOK					
003-1231	LAKEWOOD ESCROW					
003-1236	E. GLADE CRANBROOK ESCROW					
003-1237	E. GLADE ASHMORE I ESCROW					
003-1247	GLADE/WAYSIDE ESCROW					
003-1250	REATTA PLACE					
003-1257	ASHMORE II A GLADE RD ESCROW					
003-1268	MILL CREEK/ GLADE ESCROW					
003-1271	ASHMORE III/ GLADE ESCROW					
003-1278	GLADE RD/ASHMORE IIB ESCROW					
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					200,000.00
024-1172	CEDC OPERATING					
026-1172	TIF OPERATING		799,796.66		849,650.00	549,300.00
032-1519	CAPITAL EQUIPMENT RESERVE					150,000.00
034-1172	COLLEYVILLE TOMORROW				350,350.00	100,000.00
PER GENERAL LEDGER		$999,850.00	$1,003,700.00	$997,400.00	$1,200,000.00	$999,300.00
MARKET VALUE		$999,096.00	$1,002,499.00	$999,237.00	$1,199,476.80	$997,894.00
VALUE AT MATURITY		$1,000,000.00	$1,000,000.00	$1,000,000.00	$1,200,000.00	$1,000,000.00
INTEREST RECEIVED TO MATURITY		$15,089.51	$16,015.09	$17,546.43	$20,260.23	$15,706.88

CDARS CERTIFICATE OF DEPOSIT ALLOCATION

CDARS CERTIFICATES OF DEPOSIT

FUND ALLOCATION	AMOUNT	PURCHASE DATE	MATURITY DATE	INTEREST RATE	INTEREST EARNED DURING QUARTER
CAPITAL PROJECTS	$508,285.09	3/24/2016	3/23/2017	0.30%	$384.35
UTILITY FUND	$508,338.65	7/30/2015	7/27/2017	0.40%	$512.52
CAPITAL PROJECTS	$1,524,991.85	9/22/2016	9/21/2017	0.60%	$199.95
CAPITAL PROJECTS	$504,752.03	9/24/2015	9/21/2017	0.40%	$508.90
CAPITAL PROJECTS	$504,998.84	3/24/2016	3/22/2018	0.50%	$636.44
CAPITAL PROJECTS	$510,929.49	6/23/2016	6/21/2018	0.40%	$515.13
CAPITAL PROJECTS	$510,047.65	9/22/2016	9/20/2018	0.50%	$55.90
TOTAL	$4,572,343.60				$2,813.18

LOGIC INVESTMENT POOL ALLOCATION

AND GENERAL INFORMATION

LOCAL GOVERNMENT INVESTMENT COOPERATIVE / "LOGIC"
ACCOUNT ALLOCATION AT SEPTEMBER 2016

ACCT #	DESCRIPTION	BALANCE
	GENERAL FUND	
001-1115	GENERAL OPERATING	$2,117,918 67
	UTILITY FUND	
002-1115	UTILITY OPNS	$990,564.02
002-1116	IMPACT FEES WATER	$1,252,291.79
002-1119	UTILITY LINE RESTORATION	$1,370,515 09
002-1130	UTILITY INTEREST & SINKING FUND	$536,123 98
002-1294	IMPACT FEES SEWER	$367,309.20
	CAPITAL PROJECTS FUND	
003-1113	IMPACT FEES/SA I	$21,308 38
003-1495	2007 GO FIRE STATION BONDS	$100,434 51
003-1508	MICRO-RESURFACING	$306,047 87
003-1509	STREET RESURFACING	$218,844 02
	DEBT SERVICE FUND	
004-1115	DEBT SERVICE OPERATING	$632,585 89
	DRAINAGE FUND	
017-1115	DRAINAGE OPERATING	$700,887 58
017-1159	DRAINAGE INT & SINKING FUND	$242,295 22
017-1380	2001 DRAINAGE BONDS	$2,338 57
	TIF FUND	
026-1115	TIF OPERATING	$10,650,225 70
026-1383	2001 TIF BONDS	$123,939 63
	CCCPD FUND	
027-1115	CCCPD OPERATING	$817,943 93
027-1147	99 POLICE/COURT BLDG FUND	$81 25
	SALES TAX INCENTIVE AGREEMENT FUND	
031-1115	SALES TAX INCENTIVE AGREEMENT OPERATING	$356,115 81
	CAPITAL EQUIPMENT REPLACEMENT FUND	
032-1115	CAPITAL EQUIPMENT REPLACEMENT FUND	$82,304 80
	COLLEYVILLE TOMORROW FUND	
034-1115	COLLEYVILLE TOMORROW FUND	$1,676,936 37
	PARKS TOMORROW FUND	
035-1115	PARKS TOMORROW FUND	$1,047,599 35
	STRATEGIC INITIATIVES FUND	
036-1115	STRATEGIC INITIATIVES FUND	$297,602 49
TOTAL LOGIC POOL BALANCE		$23,912,214 12
Recon to Logic Investment Pool on Investment List		$23,912,214 12
	CEDC Logic Balance	$1,003,741.29
	Total Logic Balance	$24,915,955.41

The Governmental Accounting Standards Board (GASB) was created in 1984 to establish generally accepting accounting principles (GAAP) for state and local governments. There are three types of funds that are used and this document will give an overview of each.

GOVERNMENTAL FUNDS

Used to account for tax supported activities. This includes general government activities such as police, fire, parks, libraries, and administration.

- **General Fund** – Primary operating fund of the government. The largest source of income is ad valorem (property) taxes. It is used for all the resources except those required to be accounted for in another fund.
- **Special Revenue Fund** – Used to report for specific revenue sources that are limited to a specific purpose other than debt service or capital projects. These restrictions are placed by outside agencies or the governing body depending on the source of the revenue such as special assessments, ad valorem taxes, sales tax components, or donations.
- **Debt Service Fund** – Used to account for the accumulation of resources for repayment of debt. The funding source for this account is ad valorem (property) taxes.
- **Capital Projects Fund** – Used to track the accumulation of resources for constructing, acquiring, and rehabilitating capital assets such as buildings and roads. This fund has no source of income other than transfers from other governmental funds or bond issues.

ENTERPRISE FUNDS

Used to report any activity for which a fee is charged to users for goods or services. Enterprise funds report financial activities financed and operated similar to those of a private business. User fees are established and revised to ensure that revenues are adequate to meet all necessary expenditures. Revenues in the enterprise fund are restricted to pay for expenses for the fund they reside in. In other words Utility Fund revenues can only be spent on water and wastewater activities.

FIDUCIARY FUNDS

Used to report assets held in a trustee or agency capacity for others and can't be used to support the government's own programs. The key distinction is that trust funds are normally subject to an agreement that affects the degree of management involvement and the length of time the resources are held.

CITY OF COLLEYVILLE
INVESTMENT REPORT TERMINOLOGY

RATES/MEASUREMENT DATA

BANK EARNED INCOME CREDIT

This is the interest rate our depository bank (Wells Fargo) will pay us on our deposits to offset bank service charges. We will never "earn" more than the bank fees in a given month.

AVERAGE QUARTERLY YIELD

This is the average interest rate earned for each of the three months on our LOGIC (overnight investment pool).

AVERAGE WEIGHTED YIELD

The weighted average yield is the return on each investment that is "weighted" based on the value of the investment in relation to total value of investments held.

AVERAGE WEIGHTED MATURITY

The weighted average maturity is the number of days to maturity for each investment that is "weighted" based on the value of the investment in relation to total value of investments held.

13 WEEK TREASURY BENCHMARK

Treasury and Agency notes are backed 100% by the U.S Government. These are the most secure investment types and there is virtually no risk involved with loss of principal.

The securities have a 1 or 2 year maturity term. The Treasury.gov website gives a coupon equivalent for these securities for 13 weeks (1/4 or quarter of a fiscal year).

INVESTMENT PRICES

PURCHASE PRICE (BASIS)
This is what the City paid for the investment.

PAR VALUE
This represents what the investment will be worth at maturity date.

INVESTMENT TYPES

CDARS
Certificate of Deposit Account Registry Service
This is the most convenient way to access FDIC insurance on multi-million dollar CD deposits and to earn CD level rates. For Colleyville, the money is invested locally with Worthington Bank and Northstar Bank.

AGENCY SECURITIES
“Agency” is a term used to describe two types of bonds: (1) issued or guaranteed by the U.S. Federal Government or (2) issued by government sponsored enterprises. They are the highest quality debt instruments after Treasury securities.

The market believes these securities have an implicit backing of the U.S. Government.

FEDERAL HOME LOAN BANK
FEDERAL FARM CREDIT BANK
FEDERAL HOME LOAN MORTGAGE CORPORATION
FEDERAL NATIONAL MORTGAGE ASSOCIATION

The City does NOT invest in any non-agency mortgage backed securities. Non-agency mortgage backed securities were the instruments involved in the housing crisis that occurred in 2001-2007.

LOGIC Newsletter

September 2016

Performance

As of September 30, 2016

Current Invested Balance	$4,409,871,179.36
Weighted Average Maturity (1)*	39 Days
Weighted Average Maturity (2)*	56 Days
Net Asset Value	1.000194
Total Number of Participants	500
Management Fee on Invested Balance	0.0875%
Interest Distributed	$2,816,635.08
Management Fee Collected	$302,672.94
% of Portfolio Invested Beyond 1 Year	0.00%
Standard & Poor's Current Rating	AAAm

September Averages:

Average Invested Balance	$4,220,143,125.39
Average Monthly Yield, on a simple basis	0.7248%
Average Weighted Average Maturity (1)*	45 Days
Average Weighted Average Maturity (2)*	62 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

Holiday Reminder

In observance of **Columbus Day, LOGIC will be closed on Monday, October 10, 2016.** All ACH transactions initiated on Friday, October 7th will settle on Tuesday October 11th.

In observance of **Veterans Day, LOGIC will be closed Friday, November 11, 2016.** All ACH transactions initiated on Thursday, November 10th will settle on Monday, November 14th.

Conferences

LOGIC Representatives will be attending the following upcoming conferences. We look forward to visiting with those of you attending these events.

★ Texas Municipal League Annual Conference - October 6-8, Austin

★ Texas Association of County Auditors Annual Conference - October 18-21, Fort Worth

★ Government Finance Officers Association of Texas Fall Conference - October 27-28, Arlington

Economic Commentary

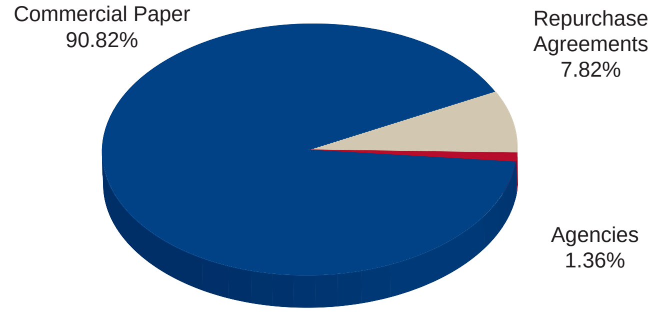
Market participants entered the quarter with many uncertainties but global markets rebounded as the UK Brexit referendum showed little evidence of contagion throughout the European Union, US payroll numbers bounced back averaging over 200,000 per month for the third quarter, and central banks continued to be accommodative. Negative rates in global bond markets, along with demand for high-quality credits, continued to put downward pressure on U.S. bond yields. Although they did not hike at the September Fed meeting the bias changed to that of a "Hawkish Hold" with the heightened expectation of a December hike.

Growth in much of the world is stabilizing, but at below historical levels. Businesses are investing like they're in a recession: the bulk of investment has not been in physical assets, but into the deadweight costs of security and control functions. These don't drive productivity and growth (one could argue that they actually sap growth), although they may have contributed to an environment of lower volatility. Globally, disinflationary forces are in control and a sub-trend recovery remains the base case. As central bank policy loses its effectiveness, what's needed is fiscal spending. However, fiscal policy, at best, will be incremental and not enough to replace other efforts. It is hard to see fiscal spending happening in a meaningful way over the coming quarters, particularly in the U.S., where the presidential election makes compromise in Washington unlikely. It's possible that we won't see meaningful fiscal policies implemented until the next recession. With global growth stabilizing at sub-trend levels and without any meaningful signs of inflation, the Fed is expected to remain extremely slow and cautious. Its members don't want to create an imbalance that would destroy the modest growth that exists. It was anticipated the Fed would to lower its future expectations, as it did on September 21 with one rate hike in December still expected. The ongoing failure by central banks to reflate the global economy and raise inflation expectations is frustrating to them as well as to most investors. As they begin to publicly second-guess the unconventional tools they have deployed, investors are left wondering what will happen to the economy and especially, to asset prices. In the absence of meaningful fiscal stimulus, ideally in combination with structural reform, the post-crisis deleveraging will have years to run and ultimately, have to be underwritten by the central banks reminding us that these unconventional tools have one unambiguous benefit: they make the debt burden sustainable.

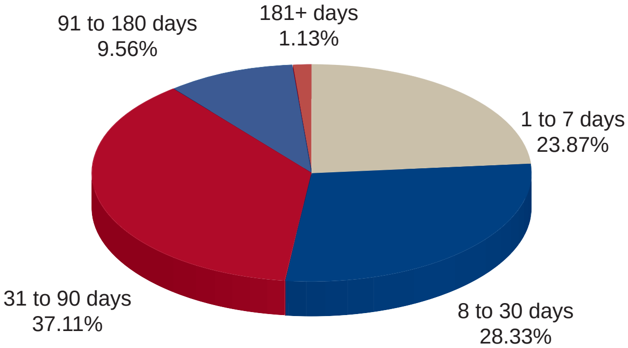
This information is an excerpt from an economic report dated September 2016 provided to LOGIC by JPMorgan Asset Management, Inc., the investment manager of the LOGIC pool.

Information at a Glance

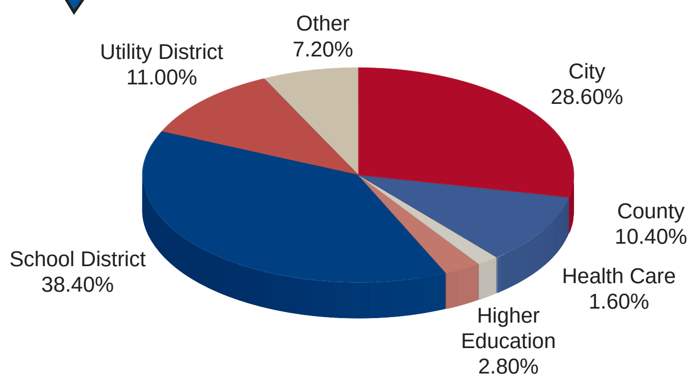
Portfolio by Type of Investment As of September 30, 2016



Portfolio by Maturity As of September 30, 2016



Distribution of Participants by Type As of September 30, 2016



History

Historical Program Information

Month	Average Rate	Book Value	Market Value	Net Asset Value	WAM (1)*	WAM (2)*	Number of Participants
Sep 16	0.7248%	$4,409,871,179.36	$4,410,883,048.03	1.000194	45	62	500
Aug 16	0.6218%	4,173,346,305.76	4,174,143,206.62	1.000190	39	57	500
Jul 16	0.5740%	4,222,463,139.86	4,222,665,438.59	1.000047	38	51	497
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

Assets

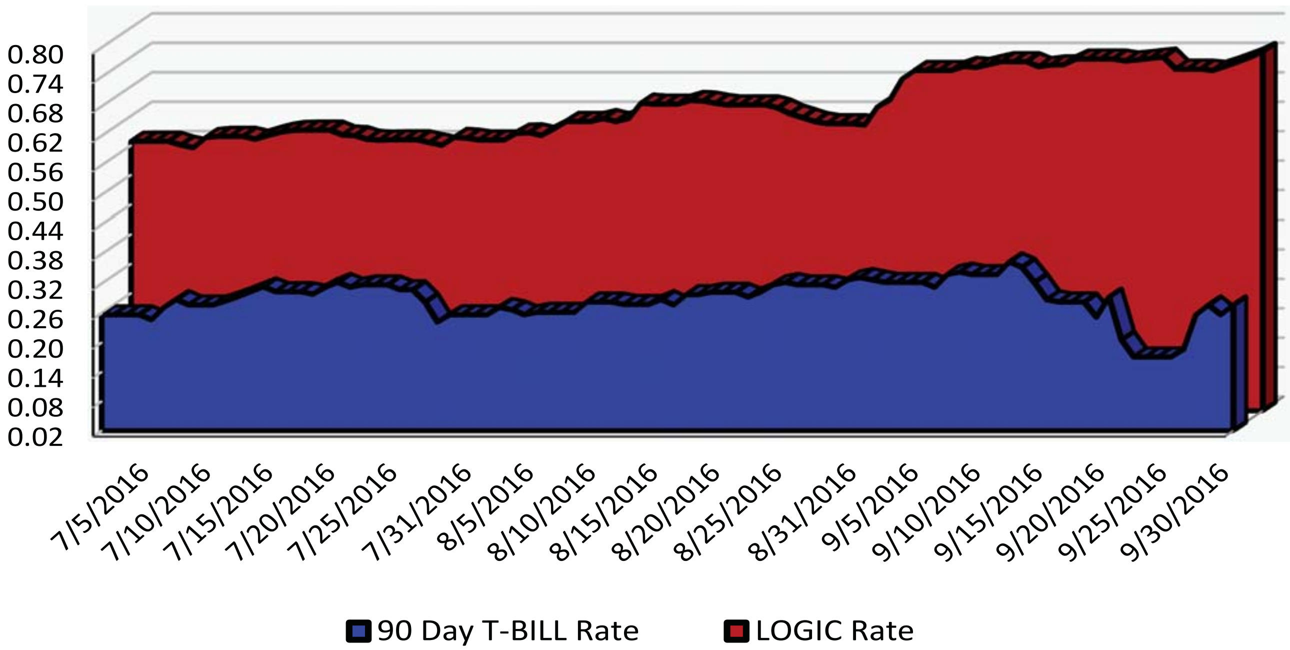
Portfolio Asset Summary as of September 30, 2016

	Book Value	Market Value
Uninvested Balance	$ 397.61	$ 397.61
Accrual of Interest Income	280,132.84	280,132.84
Interest and Management Fees Payable	(2,941,941.94)	(2,941,941.94)
Payable for Investment Purchased	0.00	0.00
Receivable for Investment Sold	0.00	0.00
Repurchase Agreements	345,163,999.93	345,163,999.93
Commercial Paper	4,007,373,964.37	4,008,359,899.59
Government Securities	59,994,626.55	60,020,560.00
Total	**$ 4,409,871,179.36**	**$ 4,410,883,048.03**

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



This material is for information purposes only. This information does not represent an offer to buy or sell a security. The above rate information is obtained from sources that are believed to be reliable; however, its accuracy or completeness may be subject to change. The LOGIC management fee may be waived in full or in part at the discretion of the LOGIC co-administrators and the LOGIC rate for the period shown reflects waiver of fees. This table represents historical investment performance/return to the customer, net of fees, and is not an indication of future performance. An investment in the security is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the issuer seeks to preserve the value of an investment at $1.00 per share, it is possible to lose money by investing in the security. Information about these and other program details are in the fund's Information Statement which should be read carefully before investing. The yield on the 90-Day Treasury Bill ("T-Bill Yield") is shown for comparative purposes only. When comparing the investment returns of the LOGIC pool to the T-Bill Yield, you should know that the LOGIC pool consist of allocations of specific diversified securities as detailed in the respective Information Statements. The T-Bill Yield is taken from Bloomberg Finance L.P. and represents the daily closing yield on the then current 90-day T-Bill.

Daily Summary

Daily Summary for September 2016

Date	Mny Mkt Fund Equiv. [SEC Std.]	Daily Allocation Factor	LOGIC Invested Balance	Market Value Per Share	WAM Days (1)*	WAM Days (2)*
9/1/2016	0.6947%	0.000019033	$4,159,100,210.99	1.000195	48	67
9/2/2016	0.7122%	0.000019512	$4,205,352,899.11	1.000150	48	66
9/3/2016	0.7122%	0.000019512	$4,205,352,899.11	1.000150	48	66
9/4/2016	0.7122%	0.000019512	$4,205,352,899.11	1.000150	48	66
9/5/2016	0.7122%	0.000019512	$4,205,352,899.11	1.000150	48	66
9/6/2016	0.7205%	0.000019739	$4,189,502,460.32	1.000221	49	67
9/7/2016	0.7182%	0.000019677	$4,213,892,093.19	1.000210	49	67
9/8/2016	0.7243%	0.000019845	$4,223,627,406.94	1.000195	49	67
9/9/2016	0.7301%	0.000020004	$4,214,441,758.82	1.000163	49	65
9/10/2016	0.7301%	0.000020004	$4,214,441,758.82	1.000163	49	65
9/11/2016	0.7301%	0.000020004	$4,214,441,758.82	1.000163	49	65
9/12/2016	0.7200%	0.000019725	$4,253,663,088.34	1.000207	48	64
9/13/2016	0.7232%	0.000019813	$4,242,146,465.51	1.000211	48	64
9/14/2016	0.7239%	0.000019834	$4,226,027,495.20	1.000213	47	63
9/15/2016	0.7354%	0.000020149	$4,149,948,201.63	1.000214	48	64
9/16/2016	0.7355%	0.000020150	$4,147,906,913.06	1.000184	46	63
9/17/2016	0.7355%	0.000020150	$4,147,906,913.06	1.000184	46	63
9/18/2016	0.7355%	0.000020150	$4,147,906,913.06	1.000184	46	63
9/19/2016	0.7314%	0.000020039	$4,129,095,113.48	1.000232	45	62
9/20/2016	0.7339%	0.000020106	$4,076,292,731.99	1.000278	45	62
9/21/2016	0.7367%	0.000020183	$4,077,766,261.38	1.000218	45	62
9/22/2016	0.7395%	0.000020261	$4,054,626,592.82	1.000214	44	61
9/23/2016	0.7149%	0.000019585	$4,263,224,619.37	1.000178	40	56
9/24/2016	0.7149%	0.000019585	$4,263,224,619.37	1.000178	40	56
9/25/2016	0.7149%	0.000019585	$4,263,224,619.37	1.000178	40	56
9/26/2016	0.7122%	0.000019511	$4,323,432,935.94	1.000218	39	55
9/27/2016	0.7203%	0.000019735	$4,327,891,027.21	1.000218	38	56
9/28/2016	0.7294%	0.000019984	$4,428,399,337.77	1.000218	40	57
9/29/2016	0.7389%	0.000020245	$4,420,879,689.51	1.000227	41	58
9/30/2016	0.7507%	0.000020567	$4,409,871,179.36	1.000194	39	56
Average	0.7248%	0.000019857	$4,220,143,125.39		45	62

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
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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

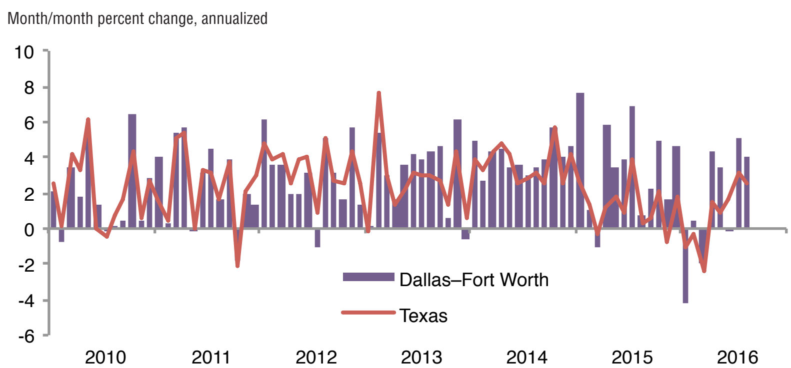
FEDERAL RESERVE BANK OF DALLAS • SEPTEMBER 20, 2016

Summary

Dallas–Fort Worth economic growth was solid in August. Employment expanded during the month and continued to outperform the state as a whole, and unemployment remained below state and national rates. The DFW housing market saw higher prices and reduced affordability in the second quarter, partly as a result of continued solid demand and tight inventories. The Dallas Fed business-cycle indexes point toward continued growth for the metroplex.

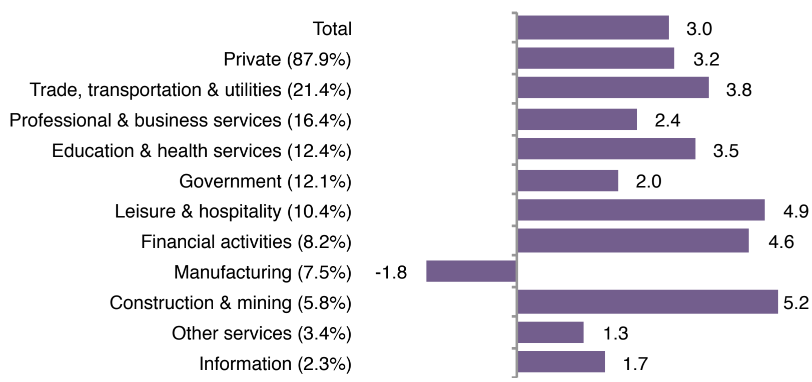
Employment

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 employment growth by industry supersector for June–August 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.

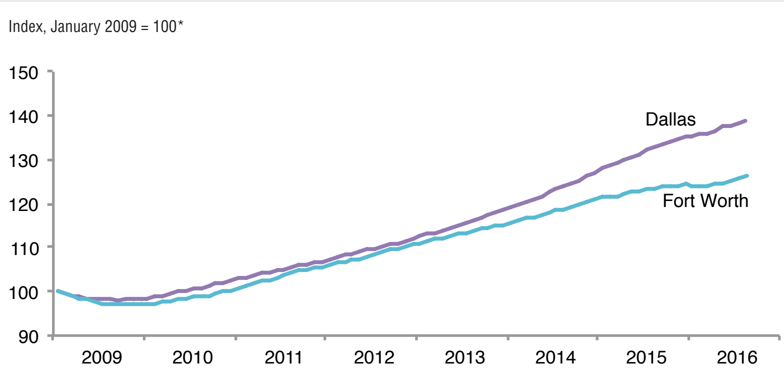
▶ Dallas–Fort Worth employment expanded at a fast clip in August as payrolls grew at an annual rate of 4.1 percent. August job growth was strong in Dallas at an annualized 5.3 percent but modest in Fort Worth at 1.1 percent. DFW outperformed Texas and the U.S. during the month.

▶ Job growth over the past three months has been mostly broad based across sectors, with payrolls in both the goods-producing and service-providing industries expanding. Employment gains have been particularly strong in the construction and mining sector, likely due to elevated building activity in the metroplex.

▶ Year to date, job growth in Dallas has outdone all other Texas major metros, including Fort Worth, which is witnessing slower gains likely due to its higher dependence on the energy and manufacturing sectors. The government sector has seen the fastest gains in employment year to date, followed by education and health services, and financial activities. Together, these three sectors account for 64 percent of the jobs added through August.

▶ In August, the unemployment rate rose to 4.6 percent in Dallas, 3.7 percent in Fort Worth and 4.7 percent in Texas. All three figures remain lower than the U.S. rate, which was unchanged at 4.9 percent. The unemployment rate in Fort Worth remains near multiyear lows but has increased in Dallas to its highest level in nearly two years.

Business-Cycle Indexes



*Monthly, seasonally adjusted.

SOURCE: Dallas Fed.

▶ Overall economic growth was strong in Dallas but slowed in Fort Worth, according to the Dallas Fed's metro business-cycle indexes. The Dallas index rose an annualized 6.2 percent in August, similar to last month's pace. The Fort Worth index climbed 2.4 percent in August after posting a 5.5 percent increase in July. Year over year, the Dallas index was up 4.6 percent, while the Fort Worth index was 1.9 percent higher as a result of continued job creation.

Median Household Income

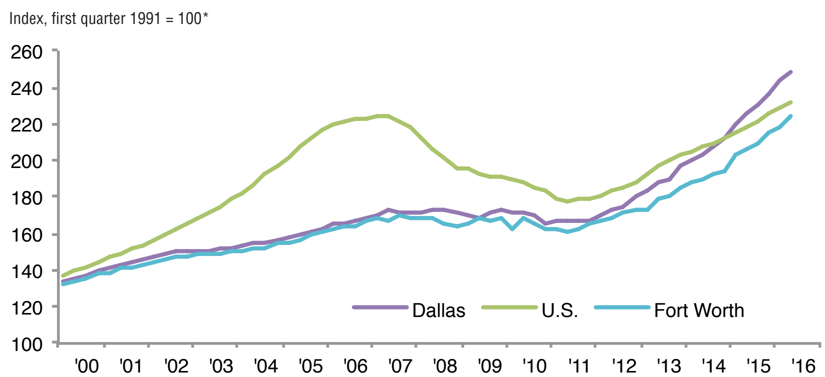
	2014 median household income	2015 median household income	Percent change
U.S.	$53,713	$55,775	3.8
Texas	$53,105	$55,653	4.8
DFW	$59,593	$61,644	3.4
Houston	$60,124	$61,465	2.2
San Antonio	$52,779	$55,083	4.4

SOURCE: Census Bureau, 2014 and 2015 American Community Surveys.

DFW real median household income rose to $61,644 in 2015—a 3.4 percent increase from 2014, according to data recently released by the Census Bureau. Growth in median household income was slower in the metroplex compared with the state and nation, where incomes grew by 4.8 percent and 3.8 percent, respectively. The median household income in DFW is above the comparable figures for San Antonio, Texas and the U.S. With rising incomes, the DFW poverty rate fell from 14.8 percent in 2014 to 13.4 percent in 2015.

Housing

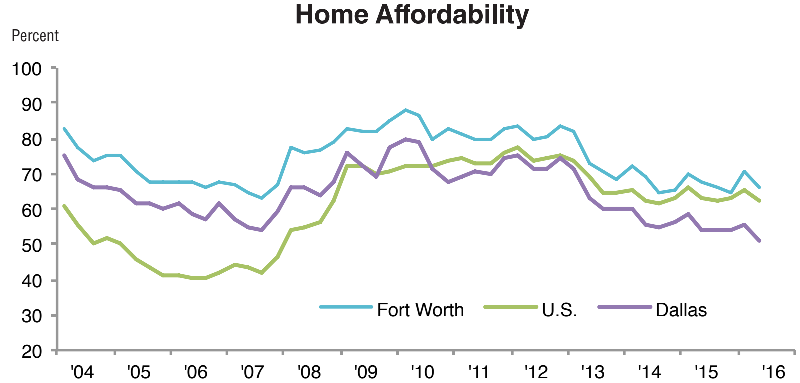
Home Prices



*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 tight, and home prices are rising faster than the state and national averages. Home prices rose 2.2 percent in Dallas and 2.8 percent in Fort Worth in the second quarter, according to the Federal Housing Finance Agency (FHFA) purchase-only house price index. This is in contrast to Houston, where prices held steady during the quarter. On a year-over-year basis, prices were up 10.3 percent in Dallas and 9.4 percent in Fort Worth—both higher than in Texas (7.0 percent) and the nation (5.6 percent). While prices in Dallas and Fort Worth are up significantly from their prehousing-bust peaks, U.S. home prices surpassed their housing-boom highs toward the end of last year.

The Multiple Listing Service (MLS) data, however, suggest July prices edged down 0.5 percent from June levels in Dallas while they rose 1.2 percent in Fort Worth. The MLS data are not as dependable as the FHFA purchase-only price index because MLS prices are influenced by the composition of homes sold. The Dallas Beige Book noted that demand is slowing at higher price points.

Continued rapid price appreciation has reduced housing affordability in the state, particularly the metroplex. The National Association of Home Builders/Wells Fargo Housing Opportunity Index (HOI) for Dallas fell from 55.9 in the first quarter to 50.9 in the second, suggesting just over half of the homes sold during the quarter were affordable to median-income families. The HOI for Fort Worth dropped from 70.8 to 66.0 during the same period. Affordability in Dallas is lower than the U.S., where 62 percent of homes sold during the quarter were affordable to median-income families.

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

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

City of Colleyville
Audit Committee
Agenda Briefing

City Hall
100 Main Street
Colleyville, Texas 76034
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Agenda Number 3c **Agenda Date** 11/15/2016 **Number**
Type Regular Agenda Items
Department Finance

Title
Discussion of Commercial Paper in the local government investment pool

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

Explanation
This item will discuss Commercial Paper and it's inclusion in the overnight investment pool. The City does not invest in Commercial Paper, but the Logic investment pool does. Staff will discuss potential alternatives (other local government pools) and the opportunity costs presented by each.

Attachments
1. Colleyville Investment Policy (2016)

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 Chief Financial Officer and 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 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. 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. 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 Accounting 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 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 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 Accounting 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 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. Both the Chief Financial Officer and Accounting 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.