City of Colleyville
Audit Committee
Agenda

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

Tuesday, September 5, 2017 — City Manager's Conference Room
5:00 p.m. — Third Floor – City Hall

1. CALL TO ORDER

2. APPROVAL OF MINUTES

May 16, 2017

3. PRESENTATION AND DISCUSSION

3a Meet with representatives(s) from the City's audit firm, Pattillo, Brown & Hill, L.L.P. to discuss the Fiscal Year September 30, 2017 audit

3b Presentation of the Quarterly Investment Report for the quarter ended June 30, 2017

3c Annual review of the City of Colleyville Investment Policy

4. ADJOURNMENT

I hereby certify this agenda was posted on City Hall bulletin boards Friday, September 1, 2017, by 5:00 p.m.

Christine Loven, TRMC
Assistant 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.

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Tuesday, May 16, 2017 City Manager's Conference Room
3:30 p.m. Third Floor – City Hall

Interim Chief Financial Officer Winston Duke called the Audit Committee to order on May 2, 2017, at 4:00 p.m.

ROLL CALL: Committee members Tammy Nakamura, Bobby Lindamood, and Susan Mathisen were present.

Absent: Committee member Nancy Coplen

City Manager Jennifer Fadden, Interim Assistant City Manager and Executive Director of Economic Development and Communications Mark Wood, Interim Chief Financial Officer Winston Duke, Accounting Manager Karen Hines, and City Secretary Amy Shelley were also present.

2. APPROVAL OF MINUTES

January 17, 2017

Committee member Nakamura made a motion to approve the January 17, 2017, meeting minutes. Committee member Lindamood seconded. All approved by acclamation.

3. PRESENTATION AND DISCUSSION

3a Review of the General and Utility Fund Balance policy

Interim Chief Financial Officer Winston Duke provided a review of the General and Utility Fund Balance policy.

Committee member Mathisen asked staff for clarification if the City is currently on track with the policy where it recommends maintaining a higher than the minimum level relative to the 90 day reserve. Interim Chief Financial Officer Winston Duke replied the GFOA provides recommended practices of having two months as the minimum for larger cities and this also depends on the city's size and circumstance. First Southwest, Colleyville's financial advisor, recommends 25 percent as the standard, whereas the GFOA's minimum recommendation is two months instead of three. Committee member Mathisen added Colleyville is maintaining a reserve higher than what is recommended. Interim Chief Financial Officer Winston Duke concurred and added based upon First Southwest's recommendation.

Committee member Mathisen asked staff to clarify what the 25 percent standard recommendation is based upon. Interim Chief Financial Officer Winston Duke replied 25 percent of budgeted expenditures.

Committee member Nakamura asked staff if the percentage is based upon a city's size. Interim Chief Financial Officer Winston Duke replied yes, the city's size, income level, and circumstances surrounding the city. For example, if you live on the coast, the advisors may require more in reserves in the case of an emergency.

Committee member Mathisen asked staff if Colleyville is at 25 percent. Interim Chief Financial Officer Winston Duke replied yes. City Manager Jennifer Fadden added we are above the policy recommendation.

Committee member Mathisen asked staff about the minimum unassigned fund balance on page 3 of 4, should we also include the Utility Fund, since it is another major fund. Interim Chief Financial Officer Winston Duke replied we could strike that phrase "in the General Fund" because it says both the General and Utility Funds.

Committee member Mathisen asked staff if there were similar policies in the other funds, besides General and Utility. Interim Chief Financial Officer Winston Duke replied these are the ones that are required. Committee member Mathisen suggested deleting the General Fund from this policy.

Committee member Mathisen asked staff if the Assistant City Manager should remain in the policy, as listed on page 3 of 4. Accounting Manager Karen Hines stated the Chief Financial Officer could be added instead. City Manager Jennifer Fadden stated staff can update the references in the policy.

Committee member Lindamood made a motion to approve the General Fund and Utility Fund Balance Policy. Committee member Nakamura seconded. All approved by acclamation.

3b Presentation of the Quarterly Investment Report for the quarter ended March 31, 2017

Interim Chief Financial Officer Winston Duke presented the Quarterly Investment Report for the quarter ended March 31, 2017.

Committee member Mathisen asked staff if they have information on how this report compares to March 2016. Interim Chief Financial Officer Winston Duke replied no.

Committee member Mathisen asked staff if a shift in the percentages from Federal Farm Credit (FFCB) and Federal Home Loan (FHLMC) should be recommended. Interim Chief Financial Officer Winston Duke replied no, but if there is ever an issue, the investment advisor can be contacted. It is not crucial for them to be equally balanced.

4. ADJOURNMENT

There being no further business before the Audit Committee, the meeting adjourned at 4:00 p.m.

APPROVED BY A VOTE OF __ AYES, __ NAYS, AND __ ABSTENTIONS ON THIS THE 5TH DAY OF SEPTEMBER 2017.

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** 09/05/2017 **Number** 3a
Type Regular Agenda Items
Department City Manager

Title
Meet with representatives(s) from the City's audit firm, Pattillo, Brown & Hill, L.L.P. to discuss the Fiscal Year September 30, 2017 audit

Strategic Plan
1.4 Communicate thoroughly and strategically
2.4 Demonstrate stewardship of public resources

Explanation
John Manning, who is a manager with the City's audit firm Pattillo, Brown & Hill, L.L.P., will meet with the Audit Committee to discuss the Fiscal Year September 30, 2017 audit.

Attachments

City of Colleyville
Audit Committee
Agenda Briefing

City Hall
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Agenda Number 3b **Agenda Date** 09/05/2017 **Number**
Type Presentation
Department City Manager

Title
Presentation of the Quarterly Investment Report for the quarter ended June 30, 2017

Strategic Plan
1.4 Communicate thoroughly and strategically
2.4 Demonstrate stewardship of public resources

Explanation
Investment Summary for period ending June 30, 2017:

Cash & Cash Equivalents (Logic) were $56,600,286. Investments other than CD's totaled $20,755,155 and the CD's totaled $4,573,864. Total funds held by the City of Colleyville equaled $81,929,305 and were allocated as follows:

- Logic 34%
- Government Issues 25%
- Certificates of Deposit 6%
- Cash 35%

Investment Benchmark 0.894%

- Logic 1.09%
- Agencies 0.86%
- CD's 0.48%
- Portfolio 0.96%

Interest earnings for the quarter were $121,658 with an average yield of 0.96% versus $111,994 and 0.89% for the prior quarter. These percentages were within the guidelines of the City investment policy.

Attachments
1. Quarterly Investment Report

QUARTERLY INVESTMENT REPORT

FOR QUARTER ENDING JUNE 30, 2017
DETAILED INVESTMENT HOLDINGS

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

SHEREEN GENDY
Karen Hines

City of Colleyville, Texas
Quarterly Investment Report
June 30, 2017

Report Highlights

The Investment Report is designed to provide the audit committee members, City Council, and all other readers of the report, a snapshot of the financial holdings and liquidity position of the City of Colleyville. The 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 provide an overall snapshot of the City's portfolio.

- **CASH & INVESTMENT SUMMARY BY FUND**
  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.

- **CONSOLIDATED INVESTMENT HOLDINGS MEASUREMENT DATA**
  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.

- **TREASURY & AGENCY INVESTMENTS BY MATURITY**
  This report shows our treasury and agency holdings by maturity. The graphical presentation shows the maturity dates with investment yield for each holding.

- **TREASURY & AGENCY INVESTMENTS BY TYPE**
  This report shows our treasury and agency holdings by investment type. The graphical presentation shows the distribution by instrument for investments held.

- **COLLEYVILLE ECONOMIC DEVELOPMENT COPORATION SUMMARY**
  This is the same as the consolidated report but only for the CEDC holdings.

The LOGIC (Local Government Investment Corporation) quarterly newsletter and the Dallas Federal Reserve's DFW Economic Indicators report are also included.

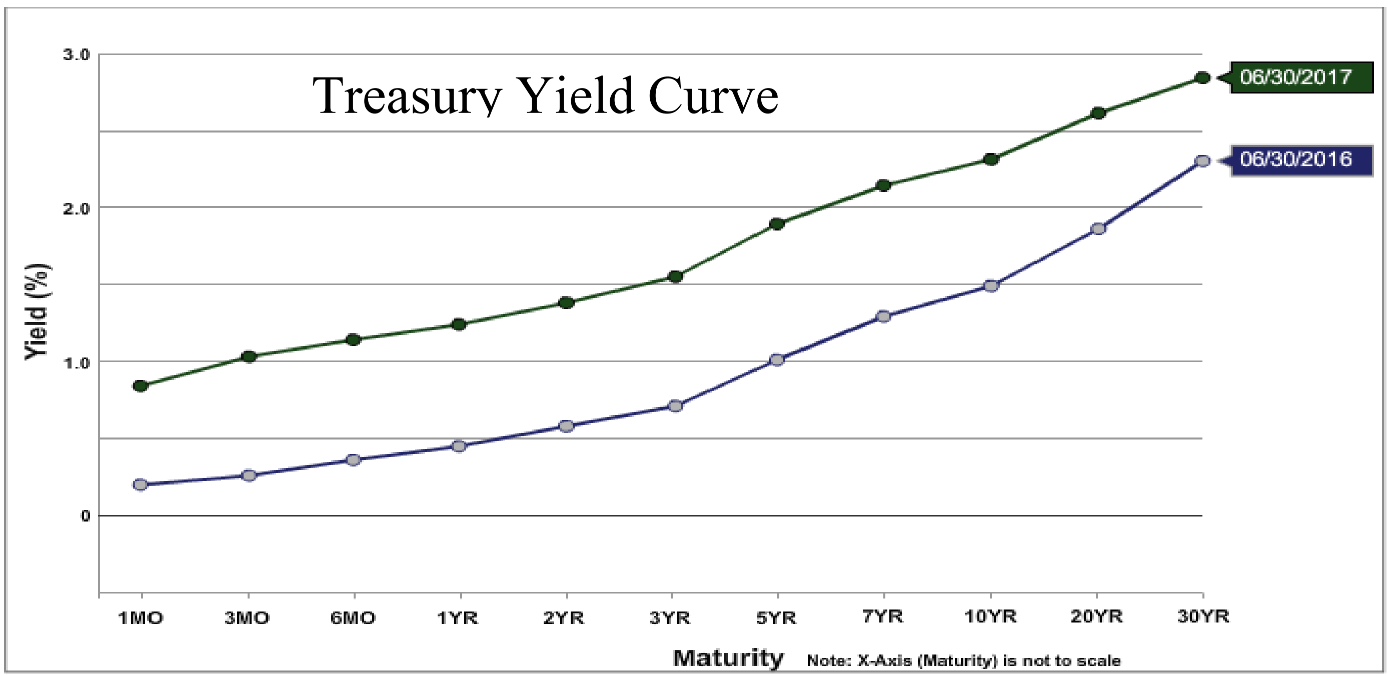
Portfolio Investment Report
for the Quarter Ending June 30 2017
CONSOLIDATED INVESTMENT REPORT

Cash and Investment Balances	Current As of 6/30/2017	Last Quarter As of 3/31/2017
Cash Balances	$ 28,502,256	$ 27,538,251
LOGIC Balances	$ 28,098,030	$ 25,028,528
Investment Portfolio Balances (cost)	$ 20,755,155	$ 23,510,575
Certificates of Deposit Balances	$ 4,573,864	$ 4,573,864
Total Cash, Logic, & Other Investments	$ 81,929,305	$ 80,651,218

Investment Yields, Maturities, and Interest	Current As of 6/30/2017	Last Quarter As of 3/31/2017
Bank Earned Income Credit	0.92%	0.57%
13 Week Treasury Benchmark	0.894%	0.74%
Logic Average Quarterly Yield	1.09%	0.98%
Logic Quarter's Average Weighted Maturity	28	37
Average Weighted Yield: Agency	0.86%	0.88%
Average Weighted Maturity: Agency	249	291
Average Weighted Yield: CDARS	0.48%	0.48%
Average Weighted Maturity: CDARS	188	329
Interest Earnings - Quarter	$ 121,658	$ 111,994
Interest Rate/Yield for the Quarter	0.96%	0.89%

Portfolio Investment Report
for the Quarter Ending June 30 2017
CONSOLIDATED INVESTMENT REPORT

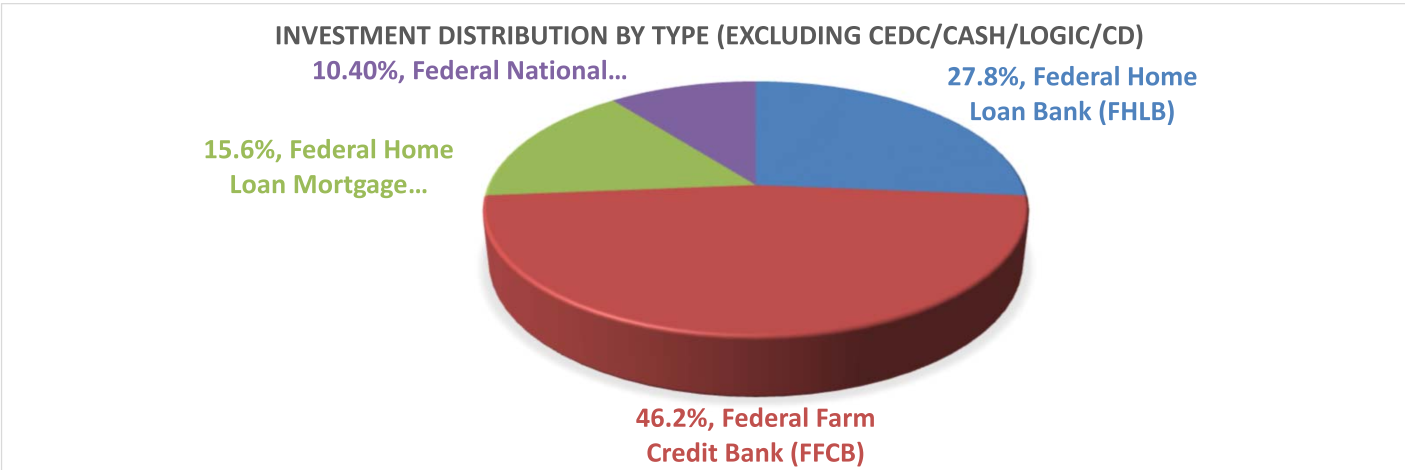
Outstanding Portfolio (excluding CEDC/Cash / Logic / CD)		Purchase Price	Percent (Value)	Market Value
Distribution by Maturity	Number			
1 to 90 days	3	$ 3,008,075.00	15.62%	$ 2,998,805.00
91 to 180 days	5	$ 4,847,078.00	25.17%	$ 4,844,942.20
181 to 365 days	7	$ 7,400,560.00	38.43%	$ 7,379,760.80
Over 365 days	4	$ 3,999,691.73	20.78%	$ 3,983,670.00
Total	19	$ 19,255,404.73	100.00%	$ 19,207,178.00



Source: https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/Historic-Yield-Data-Visualization.aspx

Portfolio Investment Report
for the Quarter Ending June 30 2017
CONSOLIDATED INVESTMENT REPORT

Outstanding Portfolio (excluding CEDC / Cash / Logic / CD)		Purchase Price	Percent (Value)	Market Value
Distribution by Type of Investment	Number			
Federal Home Loan Bank (FHLB)	5	$5,350,430	27.8%	$5,337,912
Federal Farm Credit Bank (FFCB)	9	$8,898,210	46.2%	$8,877,805
al Home Loan Mortgage Corporation (FHLMC)	3	$3,003,265	15.6%	$2,993,581
ederal National Mortgage Association (FHLMC)	2	$2,003,500	10.40%	$1,997,880
Total	19	$ 19,255,404.73	100.0%	$ 19,207,178.00



	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

CASH & INVESTMENTS BY FUND

GOVERNMENTAL FUNDS
DEBT SERVICE FUNDS
CAPITAL PROJECT FUNDS
SPECIAL REVENUE FUNDS

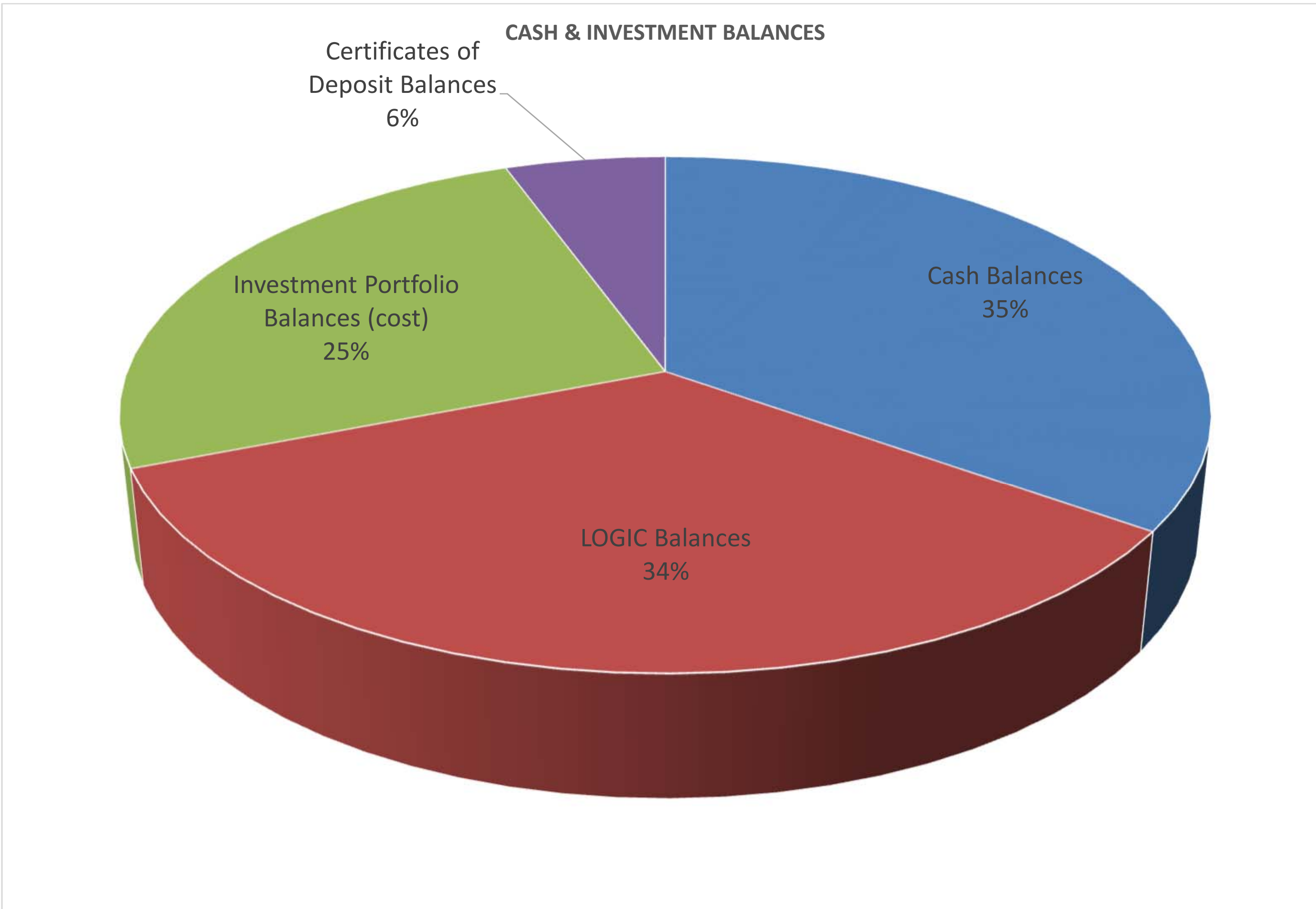
ENTERPRISE FUNDS

FIDUCIARY FUNDS

Portfolio Investment Report
for the Quarter Ending June 30, 2017
CONSOLIDATED INVESTMENT REPORT

		CASH	LOGIC	INVESTMENTS	CDARS	TOTAL
GOVERNMENTAL FUNDS						
001	GENERAL FUND	$ 741,294.53	$ 215,492.34	$ 7,666,978.43	$ 4,065,525.63	$ 12,689,290.93
031	SALES TAX INCENTIVE	2,857.97	358,680.70	0.00	0.00	361,538.67
036	STRATEGIC INCENTIVE	(2,537.67)	181,481.16	0.00	0.00	178,943.49
004	DEBT SERVICE FUND	(710,136.73)	838,443.83	0.00	0.00	128,307.10
003	CAPITAL PROJECTS	15,408,965.98	316,438.36	1,573,747.19	0.00	17,299,151.53
012	PARK LAND DEDICATION	365,624.98	0.00	1,025,973.26	0.00	1,391,598.24
014	KIMZEY PARK	0.00	0.00	0.00	0.00	0.00
032	VEHICLE AND CAPITAL REPLACEMENT	589,585.55	82,897.59	514,300.00	0.00	1,186,783.14
034	COLLEYVILLE TOMORROW	189,311.20	1,689,014.37	475,441.76	0.00	2,353,767.33
035	PARKS TOMORROW	2,330.78	1,028,029.98	0.00	0.00	1,030,360.76
039	UTILITY CAPITAL PROJECTS FUND	4,559,128.97	1,632,427.96	1,066,488.77	0.00	7,258,045.70
005	VOLUNTEER PARK FUND	598,084.84	0.00	250,000.00	0.00	848,084.84
007	DONATIONS FUND	73,823.86	0.00	0.00	0.00	73,823.86
011	LIBRARY FUND	51,319.25	0.00	359,642.52	0.00	410,961.77
015	POLICE ASSET FORFEITURE	9,686.88	0.00	0.00	0.00	9,686.88
016	TDPA GRANT	8,132.93	0.00	0.00	0.00	8,132.93
018	TREE PRESERVATION	314,233.81	0.00	0.00	0.00	314,233.81
019	LIBRARY DONATION	151,971.41	0.00	0.00	0.00	151,971.41
020	RECREATIONAL EVENT	11,794.79	0.00	0.00	0.00	11,794.79
021	COLLEYVILLE CENTER DEVELOPMENT	5,857.27	0.00	0.00	0.00	5,857.27
022	RECYLCING	(4,978.95)	0.00	0.00	0.00	(4,978.95)
023	LEOSE	3,431.95	0.00	0.00	0.00	3,431.95
027	CRIME DISTRICT	267,510.40	873,958.89	0.00	0.00	1,141,469.29
028	KIDSVILLE MAINTENANCE	18,938.26	0.00	0.00	0.00	18,938.26
029	COURT TECHNOLOGY	98,269.20	0.00	0.00	0.00	98,269.20
030	COURT SECURITY	73,761.04	0.00	0.00	0.00	73,761.04
033	PUBLIC ART	7,904.05	0.00	0.00	0.00	7,904.05
037	JUVENILE CASE MANAGER	24,341.63	0.00	0.00	0.00	24,341.63
038	HOTEL / MOTEL FUND	27,144.23	0.00	0.00	0.00	27,144.23
ENTERPRISE FUNDS						
002	UTILITY FUND	1,590,238.88	3,917,746.92	2,224,401.95	508,338.65	8,240,726.40
017	DRAINAGE FEE	874,335.70	1,085,892.77	200,000.00	0.00	2,160,228.47
FIDUCIARY FUNDS						
006	SESQUICENTINIAL FUND	20,420.42	0.00	0.00	0.00	20,420.42
008	EMPLOYEE ACTIVITY	4,666.60	0.00	0.00	0.00	4,666.60
COMPONENT UNIT						
026	TIF FUND	1,923,309.46	14,866,461.13	3,898,430.85	0.00	20,688,201.44
		27,300,623.47	27,086,966.00	19,255,404.73	4,573,864.28	78,216,858.48
COLLEYVILLE ECON DEV CORP						
024	CEDC	1,200,929.51	945,973.38	1,499,750.00	0.00	3,646,652.89
025	CEDC - CAPITAL	703.10	65,090.83	0.00	0.00	65,793.93
		1,201,632.61	1,011,064.21	1,499,750.00	0.00	3,712,446.82

Portfolio Investment Report
for the Quarter Ending June 30 2017
CONSOLIDATED INVESTMENT REPORT



INVESTMENTS DETAILS

CITY OF COLLEYVILLE BALANCES AT JUNE 30, 2017

INVESTMENT AT PAR VALUE	$19,250,000
CDAR'S CERTIFICATES OF DEPOSIT	$4,573,864
LOGIC INVESTMENT POOL	$27,086,966
TOTAL CITY INVESTMENTS HELD AT JUNE 30, 2017	**$50,910,830**

COLLEYVILLE ECONOMIC DEVELOPMENT CORPORATION (CEDC) BALANCES AT JUNE 30, 2017

INVESTMENT AT PAR VALUE	$1,499,901
LOGIC INVESTMENT POOL	$1,011,064
TOTAL CEDC INVESTMENTS HELD AT JUNE 30, 2017	**$2,510,965**

TOTAL INVESTMENTS HELD BY CITY OF COLLEYVILLE AND COLLEYVILLE ECONOMIC DEVELOPMENT CORPORATION AT JUNE 30, 2017	**$53,421,796**

LOCAL GOVERNMENT INVESTMENT COOPERATIVE / "LOGIC"
ACCOUNT ALLOCATION AT JUNE 2017

ACCT #	DESCRIPTION	BALANCE
	GENERAL FUND	
001-1115	GENERAL OPERATING	$215,492.34
	UTILITY FUND	
002-1115	UTILITY OPNS	$3,557,472.70
002-1130	UTILITY INTEREST & SINKING FUND	$360,274.22
	UTILITY FUND - CAPITAL PROJECTS	
039-1116	IMPACT FEES WATER	$1,261,311.30
039-1119	UTILITY LINE RESTORATION	$1,161.95
039-1294	IMPACT FEES SEWER	$369,954.71
	CAPITAL PROJECTS FUND	
003-1113	IMPACT FEES/SA I	$21,461.86
003-1495	2007 GO FIRE STATION BONDS	$101,167.28
003-1508	MICRO-RESURFACING	$174,690.79
003-1509	STREET RESURFACING	$19,118.43
	DEBT SERVICE FUND	
004-1115	DEBT SERVICE OPERATING	$838,443.83
	DRAINAGE FUND	
017-1115	DRAINAGE OPERATING	$962,437.55
017-1159	DRAINAGE INT & SINKING FUND	$121,099.81
017-1380	2001 DRAINAGE BONDS	$2,355.41
	TIF FUND	
026-1115	TIF OPERATING	$14,752,667.31
026-1383	2001 TIF BONDS	$113,793.82
	CCCPD FUND	
027-1115	CCCPD OPERATING	$873,877.05
027-1147	99 POLICE/COURT BLDG FUND	$81.84

LOCAL GOVERNMENT INVESTMENT COOPERATIVE / "LOGIC"
ACCOUNT ALLOCATION AT JUNE 2017

	SALES TAX INCENTIVE AGREEMENT FUND	
031-1115	SALES TAX INCENTIVE AGREEMENT OPERATING	$358,680.70
	CAPITAL EQUIPMENT REPLACEMENT FUND	
032-1115	CAPITAL EQUIPMENT REPLACEMENT FUND	$82,897.59
	COLLEYVILLE TOMORROW FUND	
034-1115	COLLEYVILLE TOMORROW FUND	$1,689,014.37
	PARKS TOMORROW FUND	
035-1115	PARKS TOMORROW FUND	$1,028,029.98
	STRATEGIC INITIATIVES FUND	
036-1115	STRATEGIC INITIATIVES FUND	$181,481.16
Subtotal - LOGIC balances excluding CEDC		**$27,086,966.02**
	CEDC Logic Balance	1,011,064.21
Total LOGIC Balance		**28,098,030.23**

CDARS CERTIFICATES OF DEPOSIT

FUND ALLOCATION	AMOUNT	PURCHASE DATE	MATURITY DATE	INTEREST RATE	INTEREST EARNED DURING QUARTER
UTILITY FUND	$508,338.65	7/30/2015	7/27/2017	0.40%	$506.95
GENERAL FUND	$510,929.49	6/23/2016	6/21/2018	0.40%	$509.53
GENERAL FUND	$509,805.77	3/23/2017	3/22/2018	0.30%	$381.31
GENERAL FUND	$1,524,991.85	9/22/2016	9/21/2017	0.60%	$2,274.45
GENERAL FUND	$510,047.65	9/22/2016	9/20/2018	0.50%	$635.81
GENERAL FUND	$504,752.03	9/24/2015	9/21/2017	0.40%	$503.37
GENERAL FUND	$504,998.84	3/24/2016	3/22/2018	0.50%	$629.52
TOTAL	**$4,573,864.28**				**$5,440.94**

OUTSTANDING INVESTMENTS AT JUNE 30, 2017

	PURCHASE PRICE	PAR VALUE	MARKET VALUE @ 6/30/17	MATURITY DATE	YIELD ON INVESTMENT
FHLMC NOTE	$1,004,385	$1,000,000	$999,922	7/28/2017	0.600%
FFCB NOTE	$1,003,690	$1,000,000	$999,493	8/28/2017	0.580%
FFCB NOTE	$1,000,000	$1,000,000	$999,390	9/14/2017	0.780%
FFCB NOTE	$897,660	$900,000	$898,951	10/13/2017	0.785%
FHLB NOTE	$1,199,868	$1,200,000	$1,198,192	10/26/2017	0.630%
FNMA NOTE	$999,800	$1,000,000	$999,294	10/26/2017	0.885%
FFCB NOTE	$999,000	$1,000,000	$998,728	11/6/2017	0.811%
FHLB NOTE	$750,750	$750,000	$749,778	12/8/2017	1.072%
FHLB NOTE	$1,200,000	$1,200,000	$1,199,599	12/29/2017	1.010%
FFCB NOTE	$1,000,580	$1,000,000	$997,907	2/12/2018	0.771%
FHLMC NOTE	$999,030	$1,000,000	$997,411	3/7/2018	0.925%
FHLMC NOTE	$999,850	$1,000,000	$996,248	4/9/2018	0.758%
FNMA NOTE	$1,003,700	$1,000,000	$998,586	4/30/2018	0.811%
FFCB NOTE	$997,400	$1,000,000	$996,408	5/16/2018	0.882%
FHLB NOTE	$1,200,000	$1,200,000	$1,193,602	6/5/2018	0.850%
FFCB NOTE	$999,300	$1,000,000	$994,254	7/18/2018	0.785%
FFCB NOTE	$1,000,580	$1,000,000	$995,005	10/5/2018	0.930%
FFCB NOTE	$1,000,000	$1,000,000	$997,669	2/1/2019	1.300%
FHLB NOTE	$999,812	$1,000,000	$996,742	2/8/2019	1.280%
SUBTOTAL- OUTSTANDING INVESTMENTS EXCLUDING CEDC	**$19,255,405**	**$19,250,000**	**$19,207,178**		
FFCB NOTE	$1,000,000	$1,000,000	$997,597	5/2/2019	1.350%
TOTAL- OUTSTANDING INVESTMENTS INCLUDING CEDC	**$20,255,405**	**$20,250,000**	**$20,204,775**		

RECAP OF MARKET VALUES ON CITY OF COLLEYVILLE INVESTMENTS HELD APR 1 - JUN 30, 2017

INVESTMENT	PURCHASE DATE	MATURITY DATE	PURCHASE PRICE	PAR VALUE	MARKET VALUE @ 3-31-17	LESS MATURITY PROCEEDS	PLUS PERIOD PURCHASES	MARKET VALUE @ 6-30-17	CUSIP
FHLB NOTE	6/24/2015	4/7/2017	$1,003,800	$1,000,000	$1,000,032	$1,004,750	N/A	$0	313379XB0
FHLB NOTE	6/19/2015	6/12/2017	$750,000	$750,000	$750,017	$753,075	N/A	$0	3130A5PC7
FFCB NOTE	6/15/2015	6/16/2017	$1,001,230	$1,000,000	$999,879	$1,004,000	N/A	$0	3133EEX62
FHLB NOTE	7/6/2015	6/30/2017	$1,000,390	$1,000,000	$999,721	$1,003,650	N/A	$0	3130A5HF9
FFCB NOTE	9/16/2015	9/14/2017	$1,000,000	$1,000,000	$999,045	N/A	N/A	$999,390	3133EFCY1
FFCB NOTE	10/19/2015	8/28/2017	$1,003,690	$1,000,000	$999,787	N/A	N/A	$999,493	3133EFEU7
FHLB NOTE	10/19/2015	10/26/2017	$1,199,868	$1,200,000	$1,197,656	N/A	N/A	$1,198,192	3130A6LZ8
FHLMC NOTE	10/22/2015	7/28/2017	$1,004,385	$1,000,000	$1,000,270	N/A	N/A	$999,922	3134G6AC7
FFCB NOTE	11/4/2015	10/13/2017	$897,660	$900,000	$898,994	N/A	N/A	$898,951	3133EFHY6
FFCB NOTE	11/12/2015	11/6/2017	$999,000	$1,000,000	$999,038	N/A	N/A	$998,728	3133EFNE3
FNMA NOTE	11/13/2015	10/26/2017	$999,800	$1,000,000	$999,277	N/A	N/A	$999,294	3135G0PQ0
FHLB NOTE	12/29/2015	12/29/2017	$1,200,000	$1,200,000	$1,199,915	N/A	N/A	$1,199,599	3130A6UK1
FHLB NOTE	1/5/2016	12/8/2017	$750,750	$750,000	$750,389	N/A	N/A	$749,778	3130A3HF4
FFCB NOTE	2/17/2016	2/12/2018	$1,000,580	$1,000,000	$997,236	N/A	N/A	$997,907	3133EFZR1
FHLMC NOTE	3/23/2016	3/7/2018	$999,030	$1,000,000	$997,738	N/A	N/A	$997,411	3137EADP1
FHLMC NOTE	4/12/2016	4/9/2018	$999,850	$1,000,000	$996,048	N/A	N/A	$996,248	3137EAEA3
FNMA NOTE	5/9/2016	4/30/2018	$1,003,700	$1,000,000	$999,047	N/A	N/A	$998,586	3136G0V57
FFCB NOTE	5/20/2016	5/16/2018	$997,400	$1,000,000	$995,913	N/A	N/A	$996,408	3133EGAF2
FHLB NOTE	6/10/2016	6/5/2018	$1,200,000	$1,200,000	$1,195,447	N/A	N/A	$1,193,602	3130A8EJ8
FFCB NOTE	7/18/2016	7/18/2018	$999,300	$1,000,000	$995,555	N/A	N/A	$994,254	3133EGML6
FFCB NOTE	10/17/2016	10/5/2018	$1,000,580	$1,000,000	$995,512	N/A	N/A	$995,005	3133EFX69
FFCB NOTE	2/1/2017	2/1/2019	$1,000,000	$1,000,000	$999,552	N/A	N/A	$997,669	3133EG5Q4

RECAP OF MARKET VALUES ON CITY OF COLLEYVILLE INVESTMENTS HELD APR 1 - JUN 30, 2017

INVESTMENT	PURCHASE DATE	MATURITY DATE	PURCHASE PRICE	PAR VALUE	MARKET VALUE @ 3-31-17	LESS MATURITY PROCEEDS	PLUS PERIOD PURCHASES	MARKET VALUE @ 6-30-17	CUSIP
FHLB NOTE	3/24/2017	2/8/2019	$999,812	$1,000,000	$998,926	N/A	N/A	$996,742	3130AAS41
FFCB NOTE	5/3/2017	5/2/2019	$1,000,000	$1,000,000	N/A	N/A	$1,000,000	$997,597	3133EHHN6
TOTALS					**$22,964,993**	**$3,765,475**	**$1,000,000**	**$20,204,775**	

INTEREST EARNINGS ON CITY OF COLLEYVILLE INVESTMENTS FOR THE PERIOD OF APR 1 - JUN 30, 2017

	PURCHASE PRICE	PAR VALUE	MATURITY DATE	YIELD ON INVESTMENT	INTEREST EARNED
FHLB NOTE	$1,003,800	$1,000,000	4/7/2017	0.735%	$141
FHLB NOTE	$750,000	$750,000	6/12/2017	0.820%	$1,230
FFCB NOTE	$1,001,230	$1,000,000	6/16/2017	0.735%	$1,833
FHLB NOTE	$1,000,390	$1,000,000	6/30/2017	0.710%	$1,771
FHLMC NOTE	$1,004,385	$1,000,000	7/28/2017	0.600%	$1,496
FFCB NOTE	$1,003,690	$1,000,000	8/28/2017	0.580%	$1,446
FFCB NOTE	$1,000,000	$1,000,000	9/14/2017	0.780%	$1,945
FFCB NOTE	$897,660	$900,000	10/13/2017	0.785%	$1,762
FHLB NOTE	$1,199,868	$1,200,000	10/26/2017	0.630%	$1,886
FNMA NOTE	$999,800	$1,000,000	10/26/2017	0.885%	$2,207
FFCB NOTE	$999,000	$1,000,000	11/6/2017	0.811%	$2,022
FHLB NOTE	$750,750	$750,000	12/8/2017	1.072%	$2,005
FHLB NOTE	$1,200,000	$1,200,000	12/29/2017	1.010%	$3,022
FFCB NOTE	$1,000,580	$1,000,000	2/12/2018	0.771%	$1,921
FHLMC NOTE	$999,030	$1,000,000	3/7/2018	0.925%	$2,306
FHLMC NOTE	$999,850	$1,000,000	4/9/2018	0.758%	$1,889
FNMA NOTE	$1,003,700	$1,000,000	4/30/2018	0.811%	$2,021
FFCB NOTE	$997,400	$1,000,000	5/16/2018	0.882%	$2,199
FHLB NOTE	$1,200,000	$1,200,000	6/5/2018	0.850%	$2,543
FFCB NOTE	$999,300	$1,000,000	7/18/2018	0.785%	$1,958
FFCB NOTE	$1,000,580	$1,000,000	10/5/2018	0.930%	$2,319
FFCB NOTE	$1,000,000	$1,000,000	2/1/2019	1.300%	$3,241
FHLB NOTE	$999,812	$1,000,000	2/8/2019	1.280%	$3,191
FFCB NOTE	$1,000,000	$1,000,000	5/2/2019	1.350%	$1,221

INTEREST EARNED ON CITY INVESTMENTS HELD APR 1, 2017 THROUGH JUN 30, 2017	$47,575
INTEREST EARNED ON CDARS HELD APR 1, 2017 THROUGH JUN 30, 2017	$5,441
LOGIC INTEREST EARNED	65,888.80
INTEREST EARNED EXCLUDING CEDC INTEREST	118,904.74
INTEREST EARNED ON CEDC INVESTMENTS HELD APR 1, 2017 THROUGH JUN 30, 2017	$2,753
TOTAL INTEREST EARNED APRIL 1, 2017 THROUGH JUNE 30, 2017	**121,658.04**

OUTSTANDING INVESTMENTS BY FUND AT 6-30-17

INVESTMENT

DATE ACQUIRED

MATURITY DATE

26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE
YIELD TO MATURITY

CUSIP#

ACCOUNT	ALLOCATION OF INVESTMENT	INVESTMENT- G/l TOTAL
001-1172	GENERAL FUND OPERATING	$7,666,978.43
002-1166	UTILITY DEBT SERVICE RESERVE	$0.00
002-1172	UTILITY FUND OPERATING	$1,767,851.95
002-1178	CUSTOMER DEPOSITS	$456,550.00
039-1186	UTILITY LINE RENEWAL	$1,004,385.00
039-1557	THE RESERVE LIFT STATION	$62,103.77
003-1121	INV-PERIMETER FEES	$965,220.10
003-1307	INV-ROAD RECONSTRUCTION	$527,217.52
003-1340	CASTLETON MANOR	$81,309.57
005-1172	VOLUNTARY PARK FUND	$250,000.00
011-1172	LIBRARY DONATIONS FUND	$359,642.52
012-1172	PARK LAND DEDICATION FUND	$1,025,973.26
017-1172	DRAINAGE FUND OPERATING	$200,000.00
024-1172	CEDC OPERATING	$1,499,750.00
026-1172	TIF OPERATING	$3,898,430.85
032-1519	CAPITAL EQUIPMENT RESERVE	$514,300.00
034-1172	COLLEYVILLE TOMORROW	$475,441.76
PER GENERAL LEDGER		**$20,755,154.73**
MARKET VALUE		**$20,704,675.50**
VALUE AT MATURITY		**$20,750,000.00**
INTEREST RECEIVED TO MATURITY		**$359,028.79**

OUTSTANDING INVESTMENTS BY FUND AT 6-30-17

INVESTMENT		FHLMC	TREASURY NOTE	FFCB NOTE	FFCB NOTE	FFCB NOTE	FHLB	FNMA NOTE	FFCB NOTE
DATE ACQUIRED		22-Oct-15	31-Jul-15	19-Oct-15	16-Sep-15	04-Nov-15	19-Oct-15	13-Nov-15	12-Nov-15
MATURITY DATE		28-Jul-17	31-Jul-17	28-Aug-17	14-Sep-17	13-Oct-17	26-Oct-17	26-Oct-17	06-Nov-17
26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE		0.110%	0.140%	0.120%	0.240%	0.270%	0.120%	0.300%	0.340%
YIELD TO MATURITY		0.600%	0.650%	0.580%	0.780%	0.785%	0.630%	0.885%	0.811%
CUSIP#		**3134G6AC7**	**912828XP0**	**3133EFEU7**	**3133EFCY1**	**3133EFHY6**	**3130A6LZ8**	**3135G0PQ0**	**3133EFNE3**
ACCOUNT	**ALLOCATION OF INVESTMENT**								
001-1172	GENERAL FUND OPERATING				1,000,000.00	513,360.00	0.00	999,800.00	
002-1166	UTILITY DEBT SERVICE RESERVE								
002-1172	UTILITY FUND OPERATING	0.00		6,363.67		20,000.00	499,868.00		185,211.08
002-1178	CUSTOMER DEPOSITS								179,167.63
039-1186	UTILITY LINE RENEWAL	1,004,385.00							
039-1557	THE RESERVE LIFT STATION			62,103.77					
003-1121	INV-PERIMETER FEES			712,783.25					252,436.85
003-1307	INV-ROAD RECONSTRUCTION			222,439.31					100,874.87
003-1340	CASTLETON MANOR								81,309.57
005-1172	VOLUNTARY PARK FUND								
011-1172	LIBRARY DONATIONS FUND								
012-1172	PARK LAND DEDICATION FUND								200,000.00
017-1172	DRAINAGE FUND OPERATING								
024-1172	CEDC OPERATING		499,750.00						
026-1172	TIF OPERATING						700,000.00		
032-1519	CAPITAL EQUIPMENT RESERVE					364,300.00			
034-1172	COLLEYVILLE TOMORROW								
PER GENERAL LEDGER		**$1,004,385.00**	**$499,750.00**	**$1,003,690.00**	**$1,000,000.00**	**$897,660.00**	**$1,199,868.00**	**$999,800.00**	**$999,000.00**
MARKET VALUE		**$999,922.00**	**$499,900.50**	**$999,493.00**	**$999,390.00**	**$898,950.60**	**$1,198,191.60**	**$999,294.00**	**$998,728.00**
VALUE AT MATURITY		**$1,000,000.00**	**$500,000.00**	**$1,000,000.00**	**$1,000,000.00**	**$900,000.00**	**$1,200,000.00**	**$1,000,000.00**	**$1,000,000.00**
INTEREST RECEIVED TO MATURITY		**$10,602.95**	**$6,510.95**	**$10,791.19**	**$15,578.55**	**$13,726.27**	**$15,297.81**	**$17,293.88**	**$16,107.24**

OUTSTANDING INVESTMENTS BY FUND AT 6-30-17

INVESTMENT		FHLB NOTE	FHLB NOTE	FFCB NOTE	FHLB NOTE	FHLMC NOTE	FNMA NOTE	FFCB NOTE	FHLB NOTE
DATE ACQUIRED		05-Jan-16	29-Dec-15	17-Feb-16	23-Mar-16	12-Apr-16	09-May-16	20-May-16	10-Jun-16
MATURITY DATE		08-Dec-17	29-Dec-17	12-Feb-18	07-Mar-18	09-Apr-18	30-Apr-18	16-May-18	05-Jun-18
26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE		0.100%	0.490%	0.420%	0.450%	0.520%	0.370%	0.450%	0.410%
YIELD TO MATURITY		1.072%	1.010%	0.771%	0.925%	0.758%	0.811%	0.882%	0.850%
CUSIP#		**3130A3HF4**	**3130A6UK1**	**3133EFZR1**	**3137EADP1**	**3137EAEA3**	**3136G0V57**	**3133EGAF2**	**3130A8EJ8**
ACCOUNT	**ALLOCATION OF INVESTMENT**								
001-1172	GENERAL FUND OPERATING	265,564.16	351,394.27	1,000,580.00	39,030.00	999,850.00	0.00	997,400.00	
002-1166	UTILITY DEBT SERVICE RESERVE		0.00						
002-1172	UTILITY FUND OPERATING	239,752.18	816,657.02						
002-1178	CUSTOMER DEPOSITS	245,433.66	31,948.71						
039-1186	UTILITY LINE RENEWAL								
039-1557	THE RESERVE LIFT STATION								
003-1121	INV-PERIMETER FEES								
003-1307	INV-ROAD RECONSTRUCTION						203,903.34		
003-1340	CASTLETON MANOR								
005-1172	VOLUNTARY PARK FUND				250,000.00				
011-1172	LIBRARY DONATIONS FUND								
012-1172	PARK LAND DEDICATION FUND				710,000.00				
017-1172	DRAINAGE FUND OPERATING								
024-1172	CEDC OPERATING								
026-1172	TIF OPERATING						799,796.66		849,650.00
032-1519	CAPITAL EQUIPMENT RESERVE								
034-1172	COLLEYVILLE TOMORROW								350,350.00
PER GENERAL LEDGER		**$750,750.00**	**$1,200,000.00**	**$1,000,580.00**	**$999,030.00**	**$999,850.00**	**$1,003,700.00**	**$997,400.00**	**$1,200,000.00**
MARKET VALUE		**$749,778.00**	**$1,199,599.20**	**$997,907.00**	**$997,411.00**	**$996,248.00**	**$998,586.00**	**$996,408.00**	**$1,193,601.60**
VALUE AT MATURITY		**$750,000.00**	**$1,200,000.00**	**$1,000,000.00**	**$1,000,000.00**	**$1,000,000.00**	**$1,000,000.00**	**$1,000,000.00**	**$1,200,000.00**
INTEREST RECEIVED TO MATURITY		**$15,489.22**	**$24,273.21**	**$15,325.68**	**$18,096.97**	**$15,089.51**	**$16,015.09**	**$17,546.43**	**$20,260.23**

OUTSTANDING INVESTMENTS BY FUND AT 6-30-17

INVESTMENT		FFCB NOTE	FFCB NOTE	FFCB NOTE	FHLB NOTE	FFCB NOTE	FHLB NOTE	FFCB NOTE	FHLB NOTE	FHLB NOTE
DATE ACQUIRED		18-Jul-16	17-Oct-16	01-Feb-17	24-Mar-17	03-May-17	06-Jul-15	15-Jul-15	19-Jun-15	24-Jun-15
MATURITY DATE		18-Jul-18	05-Oct-18	01-Feb-19	08-Feb-19	02-May-19	30-Jun-17	16-Jun-17	12-Jun-17	07-Apr-17
26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE		0.430%	0.480%	0.640%	0.870%	0.980%	0.080%	0.110%	0.050%	0.080%
YIELD TO MATURITY		0.785%	0.930%	1.300%	1.280%	1.350%	0.710%	0.735%	0.820%	0.735%
CUSIP#		**3133EGML6**	**3133EFX69**	**3133EG5Q4**	**3130AAS41**	**3133EHHN6**	**3130A5HF9**	**3133EEX62**	**3130A5PC7**	**313379XB0**
ACCOUNT	**ALLOCATION OF INVESTMENT**									
001-1172	GENERAL FUND OPERATING		0.00	1,000,000.00	500,000.00		848,240.00			
002-1166	UTILITY DEBT SERVICE RESERVE									
002-1172	UTILITY FUND OPERATING							780,023.41	190,762.23	
002-1178	CUSTOMER DEPOSITS									
039-1186	UTILITY LINE RENEWAL							221,206.59	37,511.00	1,003,800.00
039-1557	THE RESERVE LIFT STATION									
003-1121	INV-PERIMETER FEES								294,529.76	
003-1307	INV-ROAD RECONSTRUCTION									
003-1340	CASTLETON MANOR									
005-1172	VOLUNTARY PARK FUND									
011-1172	LIBRARY DONATIONS FUND		359,642.52							
012-1172	PARK LAND DEDICATION FUND		115,973.26						227,197.01	
017-1172	DRAINAGE FUND OPERATING	200,000.00								
024-1172	CEDC OPERATING					1,000,000.00				
026-1172	TIF OPERATING	549,300.00	499,872.46		499,811.73		152,150.00			
032-1519	CAPITAL EQUIPMENT RESERVE	150,000.00								
034-1172	COLLEYVILLE TOMORROW	100,000.00	25,091.76							
PER GENERAL LEDGER		**$999,300.00**	**$1,000,580.00**	**$1,000,000.00**	**$999,811.73**	**$1,000,000.00**	**$1,000,390.00**	**$1,001,230.00**	**$750,000.00**	**$1,003,800.00**
MARKET VALUE		**$994,254.00**	**$995,005.00**	**$997,669.00**	**$996,742.00**	**$997,597.00**	**$996,640.00**	**$996,990.00**	**$748,143.00**	**$998,973.00**
VALUE AT MATURITY		**$1,000,000.00**	**$1,000,000.00**	**$1,000,000.00**	**$1,000,000.00**	**$1,000,000.00**	**$1,000,000.00**	**$1,000,000.00**	**$750,000.00**	**$1,000,000.00**
INTEREST RECEIVED TO MATURITY		**$15,706.88**	**$18,296.88**	**$26,000.00**	**$24,056.99**	**$26,962.89**	**$14,105.76**	**$14,141.86**	**$12,198.67**	**$13,155.46**

OUTSTANDING INVESTMENTS BY FUND AT 6-30-17

INVESTMENT		TREASURY	FHLB NOTE	FHLB NOTE	FFCB NOTE	FHLB NOTE	FHLB NOTE	FFCB NOTE	FHLB NOTE
DATE ACQUIRED		15-Jun-15	18-Dec-14	24-Nov-14	04-Nov-15	22-Oct-14	12-Jun-14	14-Nov-14	23-Mar-15
MATURITY DATE		15-Dec-16	12-Dec-16	23-Nov-16	22-Nov-16	17-Oct-16	10-Jun-16	09-May-16	23-Mar-17
26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE		0.110%	0.120%	0.080%	0.270%	0.060%	0.060%	0.070%	0.110%
YIELD TO MATURITY		0.562%	0.660%	0.560%	0.375%	0.470%	0.451%	0.375%	0.750%
CUSIP#		**912828A59**	**3130A3Q64**	**3130A3J70**	**31331J2M4**	**3130A3CW2**	**3130A2C61**	**3133ECWT7**	**3130A4GM8**
ACCOUNT	**ALLOCATION OF INVESTMENT**								
001-1172	GENERAL FUND OPERATING			1,060.29		0.00	0.00	0.00	40,000.00
002-1166	UTILITY DEBT SERVICE RESERVE								
002-1172	UTILITY FUND OPERATING		0.00	449,796.28	280,000.00				
002-1178	CUSTOMER DEPOSITS								
039-1186	UTILITY LINE RENEWAL		1,301,014.00						
039-1557	THE RESERVE LIFT STATION								
003-1121	INV-PERIMETER FEES								
003-1307	INV-ROAD RECONSTRUCTION								
003-1340	CASTLETON MANOR								
005-1172	VOLUNTARY PARK FUND	199,427.23		200,374.33	200,000.00				250,000.00
011-1172	LIBRARY DONATIONS FUND					359,642.52			
012-1172	PARK LAND DEDICATION FUND	461,448.71		100,187.16	300,000.00	115,983.26			710,000.00
017-1172	DRAINAGE FUND OPERATING	69,440.95			150,000.00				
024-1172	CEDC OPERATING								
026-1172	TIF OPERATING	421,536.57		450,127.54		499,872.46	847,850.00	800,000.00	
032-1519	CAPITAL EQUIPMENT RESERVE				85,700.00				
034-1172	COLLEYVILLE TOMORROW					25,091.76	350,350.00		
PER GENERAL LEDGER		**$1,151,853.46**	**$1,301,014.00**	**$1,201,545.60**	**$1,015,700.00**	**$1,000,590.00**	**$1,198,200.00**	**$800,000.00**	**$1,000,000.00**
MARKET VALUE		**$1,297,969.40**	**$1,298,817.00**	**$1,197,649.20**	**$1,009,373.00**	**$997,854.00**	**$1,199,263.20**	**$1,000,731.00**	**$1,000,261.00**
VALUE AT MATURITY		**$1,300,000.00**	**$1,300,000.00**	**$1,200,000.00**	**$1,000,000.00**	**$1,000,000.00**	**$1,200,000.00**	**$1,000,000.00**	**$1,000,000.00**
INTEREST RECEIVED TO MATURITY		**$10,991.92**	**$17,051.37**	**$13,441.03**	**$3,948.73**	**$9,350.80**	**$10,809.17**	**$5,570.05**	**$15,020.55**

OUTSTANDING INVESTMENTS BY FUND AT 6-30-17

INVESTMENT		FHLB NOTE	FFCB NOTE	FFCB NOTE	FHLB NOTE	FFCB NOTE	FFCB NOTE	FFCB NOTE	FFCB NOTE
DATE ACQUIRED		03-Jan-14	06-Oct-14	27-Mar-14	12-May-15	01-Nov-13	03-Dec-13	04-Aug-14	25-Apr-14
MATURITY DATE		11-Dec-15	17-Dec-15	13-Nov-15	12-May-17	04-Nov-15	04-Nov-15	04-Aug-16	25-Apr-16
26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE		0.070%	0.050%	0.060%	0.090%	0.080%	0.100%	0.050%	0.050%
YIELD TO MATURITY		0.390%	0.268%	0.330%	0.745%	0.350%	0.300%	0.575%	0.400%
CUSIP#		**313371NW2**	**3133EDH54**	**3133ED7L0**	**3130A52C2**	**3133ED6J6**	**3133ED6J6**	**3133EDRL8**	**3133EDK84**
ACCOUNT	**ALLOCATION OF INVESTMENT**								
001-1172	GENERAL FUND OPERATING	366,098.61		1,000,000.00			500,478.00		
002-1166	UTILITY DEBT SERVICE RESERVE	648,072.20							
002-1172	UTILITY FUND OPERATING	176,296.18	239,484.06		199,190.95	300,000.00		999,500.00	2,273.67
002-1178	CUSTOMER DEPOSITS	32,333.01	245,159.19		165,687.76				
039-1186	UTILITY LINE RENEWAL								
039-1557	THE RESERVE LIFT STATION								62,103.77
003-1121	INV-PERIMETER FEES								
003-1307	INV-ROAD RECONSTRUCTION								
003-1340	CASTLETON MANOR				81,309.57				
005-1172	VOLUNTARY PARK FUND					200,000.00			
011-1172	LIBRARY DONATIONS FUND								
012-1172	PARK LAND DEDICATION FUND				200,000.00	300,000.00			
017-1172	DRAINAGE FUND OPERATING					150,000.00			
024-1172	CEDC OPERATING								
026-1172	TIF OPERATING								
032-1519	CAPITAL EQUIPMENT RESERVE					450,000.00			
034-1172	COLLEYVILLE TOMORROW								
PER GENERAL LEDGER		**$1,222,800.00**	**$484,643.25**	**$1,000,000.00**	**$646,188.28**	**$1,400,000.00**	**$500,478.00**	**$999,500.00**	**$64,377.44**
MARKET VALUE		**$1,206,207.60**	**$750,300.00**	**$1,000,673.00**	**$997,742.00**	**$1,400,828.80**	**$500,296.00**	**$1,000,038.00**	**$999,632.00**
VALUE AT MATURITY		**$1,200,000.00**	**$750,000.00**	**$1,000,000.00**	**$1,000,000.00**	**$1,400,000.00**	**$500,000.00**	**$1,000,000.00**	**$1,000,000.00**
INTEREST RECEIVED TO MATURITY		**$9,073.25**	**$2,406.49**	**$5,388.49**	**$14,925.08**	**$9,840.27**	**$2,880.82**	**$11,515.75**	**$8,010.96**

OUTSTANDING INVESTMENTS BY FUND AT 6-30-17

INVESTMENT		FFCB NOTE	FHLB NOTE	TREASURY NOTE	FFCB NOTE	FHLB NOTE	FFCB NOTE	FHLB NOTE	FFCB NOTE
DATE ACQUIRED		27-May-14	01-Nov-13	31-Dec-13	13-Aug-13	30-Mar-15	24-Jun-13	23-Jul-13	23-Jun-14
MATURITY DATE		27-Nov-15	16-Sep-15	31-Jul-15	13-Jul-15	30-Sep-16	24-Jun-15	19-Jun-15	23-Mar-16
26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE		0.130%	0.080%	0.090%	0.075%	0.140%	0.105%	0.070%	0.061%
YIELD TO MATURITY		0.250%	0.335%	0.200%	0.308%	0.625%	0.320%	0.320%	0.440%
CUSIP#		**3133EDM82**	**3130A04J6**	**912828VN7**	**3133ECX74**	**3130A4JR4**	**3133ECSP0060**		
ACCOUNT	**ALLOCATION OF INVESTMENT**								
001-1172	GENERAL FUND OPERATING	700,000.00	1,003,080.00			1,000,000.00			1,000,000.00
002-1166	UTILITY DEBT SERVICE RESERVE								
002-1172	UTILITY FUND OPERATING	499,280.00			849,349.00			230,846.13	
002-1178	CUSTOMER DEPOSITS								
039-1186	UTILITY LINE RENEWAL				150,501.00		1,000,200.00		
039-1557	THE RESERVE LIFT STATION								
003-1121	INV-PERIMETER FEES								
003-1307	INV-ROAD RECONSTRUCTION								
003-1340	CASTLETON MANOR								
005-1172	VOLUNTARY PARK FUND								
011-1172	LIBRARY DONATIONS FUND								
012-1172	PARK LAND DEDICATION FUND							227,626.32	
017-1172	DRAINAGE FUND OPERATING								
024-1172	CEDC OPERATING			500,395.19					
026-1172	TIF OPERATING								
032-1519	CAPITAL EQUIPMENT RESERVE								
034-1172	COLLEYVILLE TOMORROW								
PER GENERAL LEDGER		**$1,199,280.00**	**$1,003,080.00**	**$500,395.19**	**$999,850.00**	**$1,000,000.00**	**$1,000,200.00**	**$458,472.45**	**$1,000,000.00**
MARKET VALUE		**$1,200,014.40**	**$1,000,782.00**	**$500,039.00**	**$1,000,073.00**	**$1,000,510.00**	**$1,000,442.00**	**$750,653.00**	**$1,000,000.00**
VALUE AT MATURITY		**$1,200,000.00**	**$1,000,000.00**	**$500,000.00**	**$1,000,000.00**	**$1,000,000.00**	**$1,000,000.00**	**$750,000.00**	**$1,000,000.00**
INTEREST RECEIVED TO MATURITY		**$4,512.33**	**$6,278.90**	**$1,580.82**	**$5,895.81**	**$9,417.81**	**$6,399.20**	**$4,576.64**	**$7,703.01**

OUTSTANDING INVESTMENTS BY FUND AT 6-30-17

INVESTMENT		FHLB NOTE	TREASURY	FFCB NOTE	FFCB	FFCB NOTE
DATE ACQUIRED		30-Oct-14	31-Dec-13	25-Jun-13	12-Feb-13	25-Sep-14
MATURITY DATE		28-Oct-16	15-Jun-15	25-Feb-15	12-Feb-15	23-Sep-16
26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE		0.060%	0.090%	0.105%	0.120%	0.040%
YIELD TO MATURITY		0.513%	0.190%	0.330%	0.280%	0.693%
CUSIP#			**912828SZ4**			
ACCOUNT	**ALLOCATION OF INVESTMENT**					
001-1172	GENERAL FUND OPERATING	1,399,650.00		96,123.92	1,000,000.00	
002-1166	UTILITY DEBT SERVICE RESERVE					
002-1172	UTILITY FUND OPERATING					305,988.59
002-1178	CUSTOMER DEPOSITS					165,574.41
039-1186	UTILITY LINE RENEWAL					
039-1557	THE RESERVE LIFT STATION					
003-1121	INV-PERIMETER FEES					
003-1307	INV-ROAD RECONSTRUCTION					
003-1340	CASTLETON MANOR					81,253.94
005-1172	VOLUNTARY PARK FUND		199,589.18			
011-1172	LIBRARY DONATIONS FUND					
012-1172	PARK LAND DEDICATION FUND		461,823.45			200,000.00
017-1172	DRAINAGE FUND OPERATING		69,497.34			
024-1172	CEDC OPERATING					
026-1172	TIF OPERATING		376,301.66			
032-1519	CAPITAL EQUIPMENT RESERVE					
034-1172	COLLEYVILLE TOMORROW					
PER GENERAL LEDGER		**$1,399,650.00**	**$1,107,211.63**	**$96,123.92**	**$1,000,000.00**	**$1,199,700.00**
MARKET VALUE		**$1,398,363.00**	**$1,300,813.00**	**$1,000,219.00**	**$1,000,135.00**	**$1,200,078.00**
VALUE AT MATURITY		**$1,400,000.00**	**$1,300,000.00**	**$1,000,000.00**	**$1,000,000.00**	**$1,200,000.00**
INTEREST RECEIVED TO MATURITY		**$14,333.61**	**$3,593.34**	**$5,516.59**	**$5,600.00**	**$16,609.22**

LOGIC NEWSLETTER

LOGIC Newsletter

June 2017

Performance

As of June 30, 2017

Current Invested Balance	**$5,904,028,106.60**
Weighted Average Maturity (1)*	**24 Days**
Weighted Average Maturity (2)*	**71 Days**
Net Asset Value	**1.000122**
Total Number of Participants	**539**
Management Fee on Invested Balance	**0.0975%**
Interest Distributed	**$6,224,948.18**
Management Fee Collected	**$493,859.68**
% of Portfolio Invested Beyond 1 Year	**0.00%**
Standard & Poor's Current Rating	**AAAm**

June Averages:

Average Invested Balance	**$6,156,315,769.91**
Average Monthly Yield, on a simple basis	**1.1333%**
Average Weighted Average Maturity (1)*	**25 Days**
Average Weighted Average Maturity (2)*	**75 Days**

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

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

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

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

News

New Participants

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

- ★ Fort Bend County MUD No. 122
- ★ City of Oyster Creek
- ★ Prosper Economic Development Corp
- ★ Texas State University System

Audit Confirmations

Please provide our address to your auditors for any audit confirmations they may send to LOGIC regarding your account.

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

Economic Commentary

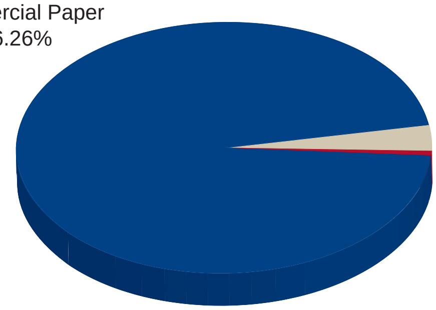
U.S. data released so far for Q2 has painted a muddled picture. Growth has accelerated while inflation has gone the other direction despite expectations that these two variables should be linked. The market consensus continues to be that economic growth will bounce back in the second quarter. When the Federal Reserve (Fed) looked at the overall picture, they took comfort in strong growth and healthy labor markets while viewing the inflation miss as transitory. As a result, the Federal Open Market Committee (FOMC) proceeded to raise rates by 25 bps to 1.00 - 1.25% at their June meeting for a fourth time in the cycle and announce more formal details on their strategy to reduce the size of the balance sheet. While this was consistent with market expectations, the announcement that balance sheet normalization would begin "later this year" was more hawkish than investors anticipated. While the median long-run Fed Funds rate was unchanged at 3%, the unemployment rate estimate was revised down for the next few years, reflecting recent improvements. On the other hand, the softer-than-expected inflation data in recent months led the committee to bring down their inflation forecast for this year. As part of the plan outlined for balance sheet reduction, caps will be put in place to limit the amount by which the balance can shrink in any given month. The balance sheet would be reduced at an initial rate of $10 billion per month, accelerating at three-month intervals to $50 billion per month for a total balance sheet reduction of $600 billion.

In light of disappointing hard data, reduced expectations for fiscal stimulus in 2017 and continued quantitative easing overseas, have muted our expectations for higher rates in the near term. We do expect, however, that growth in the U.S. will rebound later in the year, supporting another rate hike and the Fed's desire to begin tapering, and allowing yields on the U.S. 10-year Treasury to rise to between 2.50% and 3.00% by year-end. We believe the next 12 to 18 months will be a challenging investment environment. As the central banks reverse their policies and their aggregate balance sheet goes from expansion to contraction, the impact is likely to be volatile asset prices. Further, central banks will be "normalizing" their balance sheets at a time when growth and inflationary pressures should still be muted. Add to that, there may or may not be policy stimulus coming out of Washington and there may or may not be a hard Brexit. We'll be ready to expect the unexpected and will use our research-driven process to find value where we can.

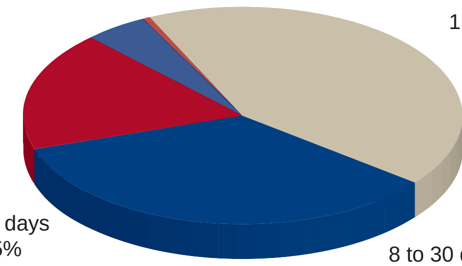
This information is an excerpt from an economic report dated June 2017 provided to LOGIC by JPMorgan Asset Management, Inc., the investment manager of the LOGIC pool.

Information at a Glance

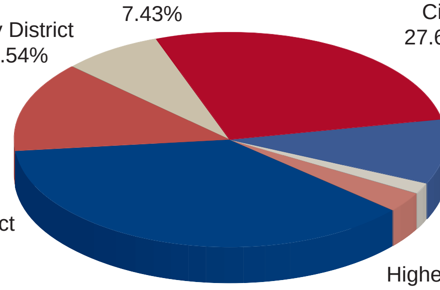
Portfolio by Type of Investment As of June 30, 2017



Portfolio by Maturity As of June 30, 2017



Distribution of Participants by Type As of June 30, 2017



History

Historical Program Information

Month	Average Rate	Book Value	Market Value	Net Asset Value	WAM (1)*	WAM (2)*	Number of Participants
Jun 17	1.1333%	$5,904,028,106.60	$5,904,946,555.34	1.000122	25	75	539
May 17	1.0761%	6,257,671,308.91	6,259,334,715.43	1.000265	27	71	535
Apr 17	1.0739%	6,573,201,990.89	6,574,453,965.11	1.000190	32	69	528
Mar 17	1.0089%	6,727,258,315.21	6,728,526,958.13	1.000151	35	74	522
Feb 17	0.9716%	6,899,050,894.78	6,900,939,892.08	1.000273	38	75	515
Jan 17	0.9642%	6,257,691,371.71	6,259,008,532.09	1.000210	33	68	509
Dec 16	0.8790%	5,345,321,204.93	5,347,040,518.20	1.000291	31	72	506
Nov 16	0.8364%	4,677,615,888.80	4,679,361,690.19	1.000373	35	73	504
Oct 16	0.8112%	4,286,771,305.76	4,288,329,393.30	1.000363	40	70	502
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

Assets

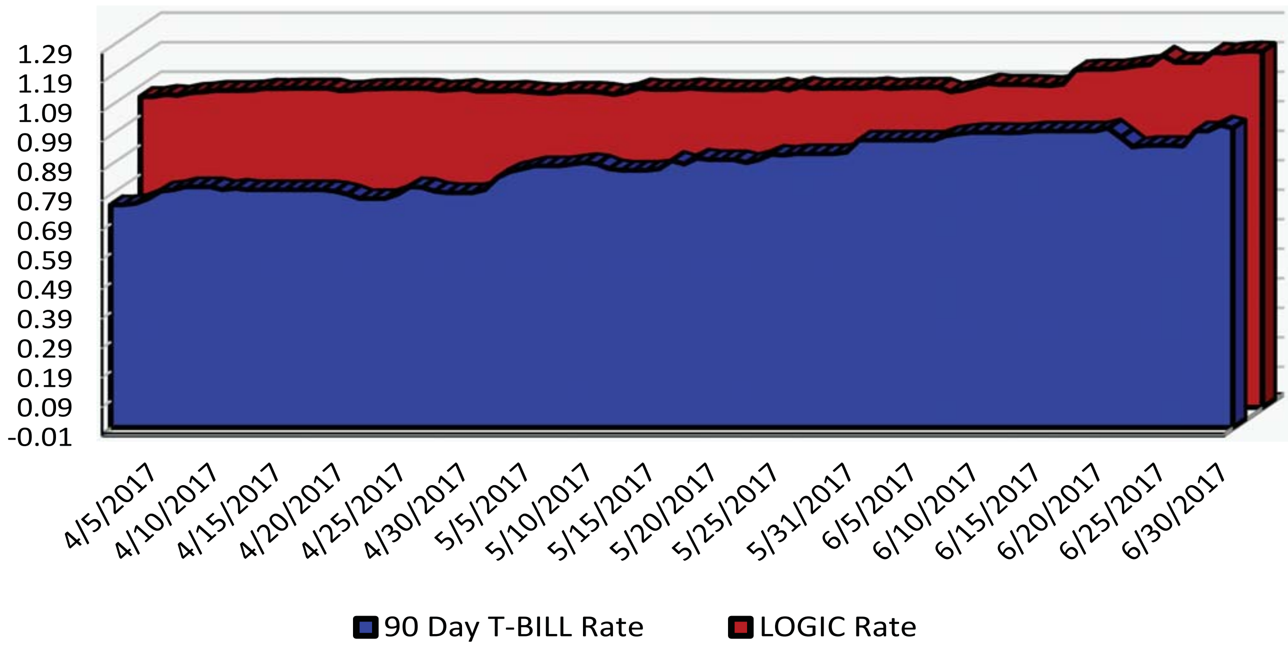
Portfolio Asset Summary as of June 30, 2017

	Book Value	Market Value
Uninvested Balance	$ 33,481.91	$ 33,481.91
Accrual of Interest Income	1,856,212.45	1,856,212.45
Interest and Management Fees Payable	(6,277,522.16)	(6,277,522.16)
Payable for Investment Purchased	0.00	0.00
Receivable for Investment Sold	0.00	0.00
Repurchase Agreements	180,854,999.97	180,854,999.97
Commercial Paper	5,687,561,571.19	5,688,468,943.17
Government Securities	39,999,363.24	40,010,440.00
Total	**$ 5,904,028,106.60**	**$ 5,904,946,555.34**

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 June be subject to change. The LOGIC management fee 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 June 2017

Date	Mny Mkt Fund Equiv. [SEC Std.]	Daily Allocation Factor	LOGIC Invested Balance	Market Value Per Share	WAM Days (1)*	WAM Days (2)*
6/1/2017	1.0825%	0.000029657	$6,265,213,349.60	1.000258	23	69
6/2/2017	1.0844%	0.000029709	$6,251,352,736.55	1.000231	24	73
6/3/2017	1.0844%	0.000029709	$6,251,352,736.55	1.000231	24	73
6/4/2017	1.0844%	0.000029709	$6,251,352,736.55	1.000231	24	73
6/5/2017	1.0696%	0.000029305	$6,256,485,316.97	1.000249	25	76
6/6/2017	1.0750%	0.000029452	$6,243,890,090.80	1.000250	25	76
6/7/2017	1.0868%	0.000029775	$6,231,270,860.62	1.000262	28	80
6/8/2017	1.0983%	0.000030090	$6,207,245,636.68	1.000282	29	81
6/9/2017	1.0938%	0.000029966	$6,226,477,469.99	1.000224	27	79
6/10/2017	1.0938%	0.000029966	$6,226,477,469.99	1.000224	27	79
6/11/2017	1.0938%	0.000029966	$6,226,477,469.99	1.000224	27	79
6/12/2017	1.0922%	0.000029923	$6,226,328,855.01	1.000259	26	78
6/13/2017	1.0903%	0.000029870	$6,261,226,920.78	1.000243	26	76
6/14/2017	1.0954%	0.000030012	$6,267,284,237.15	1.000240	26	76
6/15/2017	1.1432%	0.000031321	$6,162,924,854.19	1.000223	27	79
6/16/2017	1.1460%	0.000031396	$6,153,908,007.97	1.000146	26	77
6/17/2017	1.1460%	0.000031396	$6,153,908,007.97	1.000146	26	77
6/18/2017	1.1460%	0.000031396	$6,153,908,007.97	1.000146	26	77
6/19/2017	1.1517%	0.000031554	$6,151,042,734.47	1.000182	25	76
6/20/2017	1.1583%	0.000031734	$6,139,140,469.86	1.000163	25	75
6/21/2017	1.1617%	0.000031828	$6,166,565,892.74	1.000162	24	74
6/22/2017	1.1928%	0.000032679	$6,149,365,721.81	1.000159	23	74
6/23/2017	1.1694%	0.000032039	$6,036,681,476.13	1.000129	22	72
6/24/2017	1.1694%	0.000032039	$6,036,681,476.13	1.000129	22	72
6/25/2017	1.1694%	0.000032039	$6,036,681,476.13	1.000129	22	72
6/26/2017	1.2027%	0.000032951	$6,057,820,481.84	1.000172	22	71
6/27/2017	1.2000%	0.000032876	$6,068,092,945.90	1.000156	23	72
6/28/2017	1.2058%	0.000033035	$6,013,957,447.83	1.000159	24	73
6/29/2017	1.2074%	0.000033079	$5,912,330,102.28	1.000157	23	73
6/30/2017	1.2057%	0.000033032	$5,904,028,106.60	1.000122	24	71
Average	1.1333%	0.000031050	$6,156,315,769.90		25	75

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

LOGIC Board

LOGIC Board Members

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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

ECONOMIC UPDATES

DFW Economic Indicators

DALLASFED

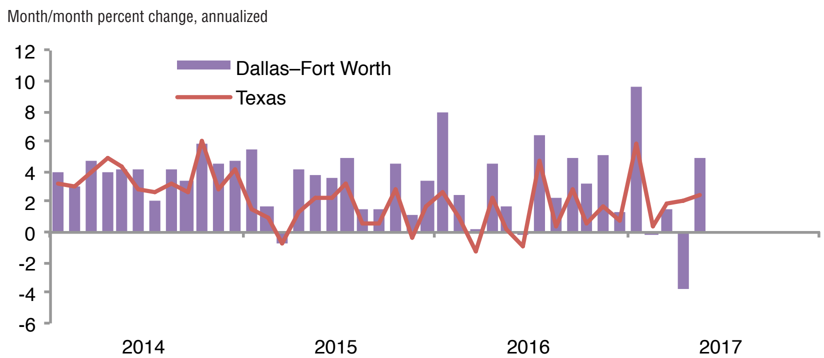
FEDERAL RESERVE BANK OF DALLAS • JUNE 20, 2017

Summary

The Dallas–Fort Worth economy expanded in May, with payroll employment rising and growth in the Dallas and Fort Worth business-cycle indexes accelerating during the month. The unemployment rate dipped in Dallas and held steady in Fort Worth. Home prices climbed in the first quarter, while housing demand remained healthy and inventories tight.

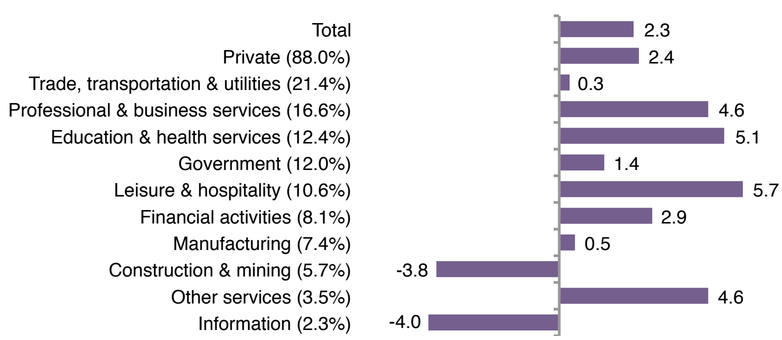
Employment

Employment Growth



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

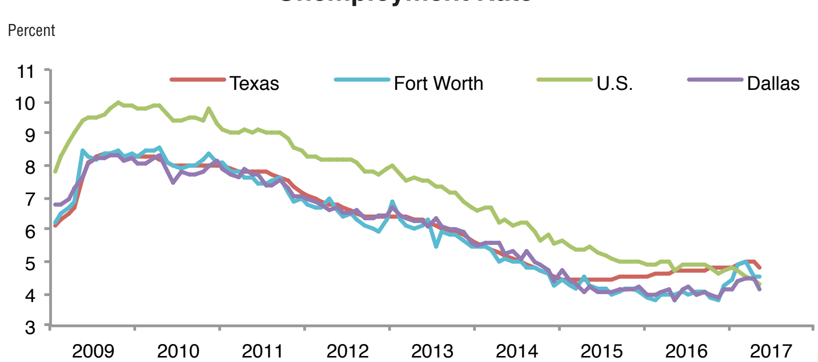
Employment Growth by Sector



NOTES: Data show seasonally adjusted, annualized percentage growth by sector for December 2016–May 2017. Numbers in parentheses are 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.

Unemployment Rate



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

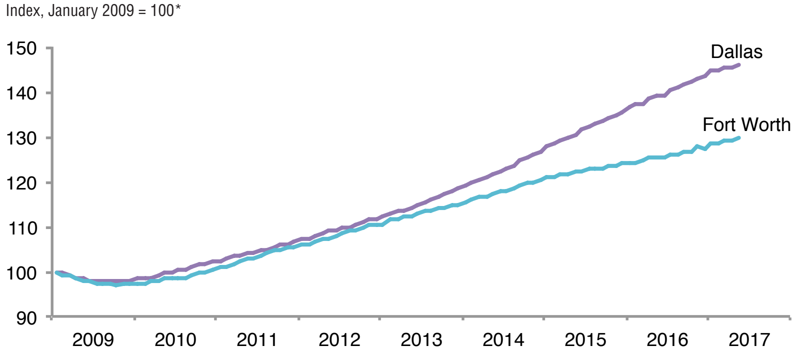
- DFW jobs grew at a 4.9 percent annualized rate in May, outpacing the state's 2.4 percent increase. Payrolls in Dallas expanded 5.8 percent during the month, and Fort Worth saw 2.5 percent growth.

- Year-to-date job growth in the metroplex has moderated to an annualized 2.3 percent, compared with last year's 3.3 percent pace, and is slower than the state's 2.5 percent increase. Among the major Texas metros, Houston leads in year-to-date job growth at 2.8 percent, followed by Fort Worth at 2.7 percent and Dallas at 2.2 percent.

- Service-providing industries continued to add jobs in the first five months of the year, while employment in goods-producing industries such as construction and mining contracted. Employment in leisure and hospitality has seen the fastest growth year to date at an annualized 5.7 percent, followed by education and health services at a strong 5.1 percent. Payrolls in professional and business services continued to grow at a rapid clip of 4.6 percent, in part due to business relocations and expansions.

- The labor market remained tight. The unemployment rate fell in Dallas from 4.3 percent in April to 3.9 percent in May and held steady in Fort Worth at 4.5 percent. The Texas jobless rate dipped to 4.8 percent, while the U.S. rate edged down from 4.4 percent to 4.3 percent. The spread between Dallas and Fort Worth's unemployment rates, which averaged around 0.1 percentage points from 2011 to 2014, has been gradually widening since 2015. This is likely due to stronger job gains in Dallas relative to Fort Worth in 2015 and 2016.

Business-Cycle Indexes



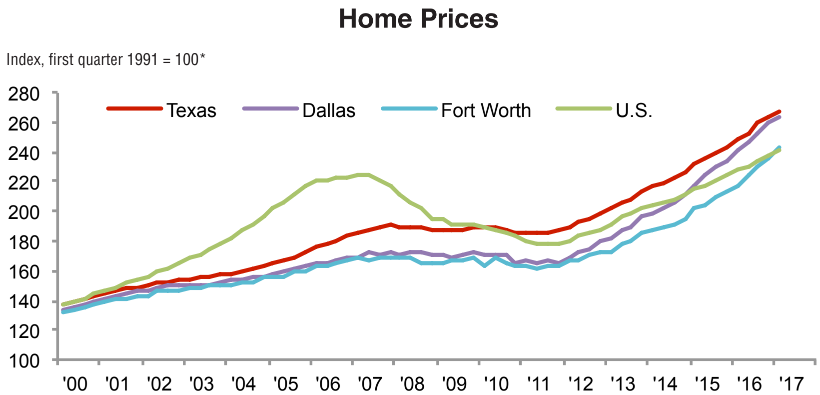
*Monthly, seasonally adjusted.

SOURCE: Dallas Fed.

▶Growth in the Dallas and Fort Worth business-cycle indexes accelerated in May, likely buoyed by healthy job growth. The Dallas index climbed 6.5 percent (annualized) during the month, faster than the previous month's 1.3 percent pace. Fort Worth's index rose 4.4 percent, outpacing April's 1.2 percent rate. Year over year, the indexes are up 5.2 percent in Dallas and 3.5 percent in Fort Worth. Growth in the Dallas business-cycle index has outperformed growth in the Fort Worth index since 2013.

Housing

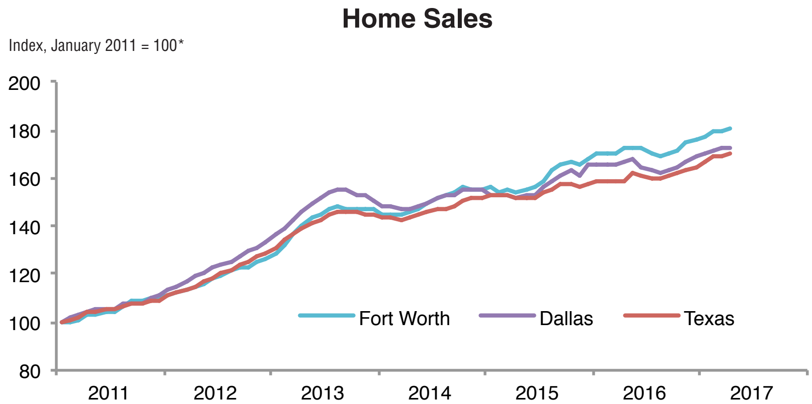
Home Prices



*Quarterly, seasonally adjusted.

SOURCE: Federal Housing Finance Agency.

Home Sales



*Six-month moving average, seasonally adjusted.

SOURCES: Multiple Listing Service; Real Estate Center at Texas A&M; seasonal adjustments by the Dallas Fed.

▶The DFW housing market remains solid, with home price gains outpacing those in the state and U.S. Prices rose 2.6 percent in Fort Worth and 1.8 percent in Dallas in first quarter 2017, faster than the 1.4 percent increase registered in both Texas and the U.S., according to the Federal Housing Finance Agency purchase-only house price index.

▶On a year-over-year basis in the first quarter, prices were up 11.7 percent in Fort Worth and 9.2 percent in Dallas—both higher than in Texas (7.2 percent) and the nation (6.0 percent). The price increases were also greater than in San Antonio, Austin and Houston, which were up 8.4, 6.3 and 5.2 percent, respectively. (See the *Southwest Economy* article "Texas Housing Market Soars, Pricing Out Many.")

▶DFW existing-home sales rose in April, and six-month moving averages show continued increases in the metroplex as well as the state. In April, sales rose 3.3 percent in Fort Worth, 2.6 percent in Dallas and 1.9 percent in Texas. New-home sales also remain healthy in the metroplex, according to Dallas Fed Beige Book contacts, with sales of lower-priced homes seeing the strongest growth. Solid job growth is driving demand in the metroplex. DFW home inventories remain low at just over two months of supply and are the tightest among the major Texas metros.

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

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

DALLASFED Economic Update

Texas

Texas Economy Strengthens

June 21, 2017

The Texas economy is growing at a moderate pace. Employment continued to expand in May and the Texas Business Outlook Survey (TBOS) indexes point to a pickup in the manufacturing and services sectors, but slightly slower growth in retail from April to May. The latest Dallas Fed Texas Employment Forecast for 2017 ticked up slightly from 2.4 to 2.6 percent. Downside risks are sharply declining oil prices, continued strength in the dollar and uncertainty regarding both U.S. trade and tax policy.

Employment Growth Picks Up in May

Texas added jobs at a 2.4 percent annualized rate in May, faster than the 2.1 percent increase in April. Texas employment has grown at an annualized 2.5 percent pace year to date, outpacing the nation's 1.3 percent increase.

The manufacturing and energy sectors saw continued job gains in May, as oil prices stabilized and the effect of the strong dollar on exports abated somewhat. The energy sector continues to make significant employment gains since fourth quarter 2016, after losing 1 in 3 jobs from its previous peak in fourth quarter 2014. Construction employment expanded 6.5 percent in May, following a 10.4 percent decline in April. Goods-producing sectors have added jobs at a 6.5 percent rate year to date, outpacing the 1.9 percent growth in private services. Most service sectors have added jobs year to date, though information services has contracted.

Boosted by the recent stability in oil prices, Houston employment expanded for a fifth consecutive month in May, registering the fastest year-to-date growth among the major metros. Payrolls in Dallas–Fort Worth recovered from April's 3.7 percent decline with 4.9 percent growth in May, and the metro has expanded 2.3 percent year to date. Of the major metros, only Austin reduced employment in May, though it still has registered 1.8 percent growth year to date *(Chart 1)*.

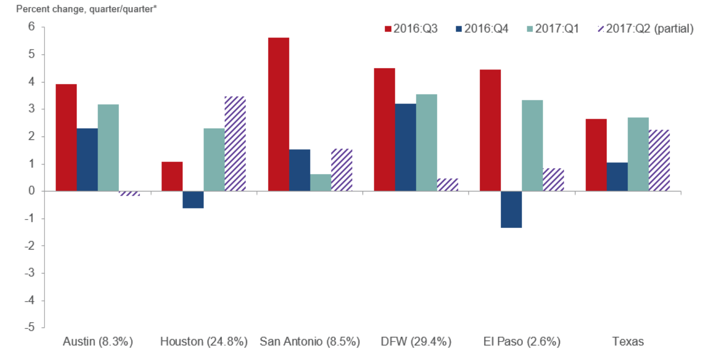
Labor Market Remains Tight

The state unemployment rate dropped from 5.0 percent to 4.8 percent in May, which exceeds the 4.3 percent May rate for the nation. This drop was driven by a decrease in the labor force that exceeded a slight decline in household employment. It is worth noting that, although the Texas unemployment rate is higher than the nation, the incidence of discouraged workers, the marginally attached and the underemployed have been more muted and remain mostly at or below their national rates *(Table 1)*.

TBOS Indexes Suggest Strong Growth in Manufacturing

The three-month moving averages of the TBOS headline indexes suggest a strong recovery in manufacturing in recent months, with some slowing in service sector growth *(Chart 2)*. Alternative indexes constructed using Texas Manufacturing Outlook Survey responses show positive

Chart 1
Houston's Job Growth Accelerates in Second Quarter



*Seasonally adjusted, annualized rate.
NOTES: Partial second quarter 2017 is based on April and May 2017 data. Numbers in parentheses are share of total Texas employment in May 2017.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by the Federal Reserve Bank of Dallas.

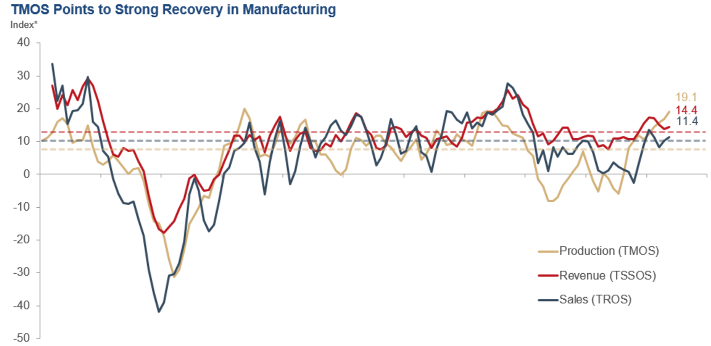
Table 1
Broader Measures of Labor Market

	April six-month moving average		Prerecession (2000–06) average	
	Texas	U.S.	Texas	U.S.
U-3 (headline unemployment rate)	5.1	4.6	5.7	5.2
Discouraged workers	0.2	0.3	0.2	0.3
Marginally attached	0.6	0.7	0.6	0.7
Part time for economic reasons	3.2	3.5	3.1	2.8
U-6 (broader unemployment rate)	9.2	9.1	9.7	9.0

NOTES: See www.bls.gov/lau/stalt.htm for definitions of special unemployment rates. U-6 (broader unemployment rate) equals U-3 (headline unemployment rate) plus discouraged workers, marginally attached, and part time for economic reasons, although U-6 may differ from the total due to rounding. The prerecession period excludes 2001.

SOURCES: Bureau of Labor Statistics; Current Population Survey; authors' calculations.

Chart 2
TMOS Points to Strong Recovery in Manufacturing



*Seasonally adjusted, three-month moving average.
NOTES: Data are through May 2017. Dashed lines are postrecession averages January 2010–December 2016.
SOURCE: Federal Reserve Bank of Dallas: Texas Manufacturing Outlook Survey (TMOS), Texas Service Sector Outlook Survey (TSSOS) and Texas Retail Outlook Survey (TROS).

growth in both energy- and exports-related manufacturing in Texas *(Chart 3)*. Slower growth in energy- and exports-related production relative to overall manufacturing output reflects that the energy and export sectors are still recovering from the oil bust and the impact of the strong dollar, respectively.

Residential Construction Recedes While Home Prices Appreciate

Most indicators of residential construction receded in April after posting gains in March. Housing starts, single-family permits, multifamily permits and real residential contract values fell in their most recent April readings. In contrast with the weak April numbers for residential construction, nonresidential construction contract values and nonbuilding construction contract values increased.

Existing-home sales edged up in April from March and have increased 6.0 percent year over year in April—a faster pace than the year-over-year rate of 4.9 percent in March. Inventory of existing homes in Texas held steady at 3.7 months in April, and the supply of homes remains tight in most metros.

With strong demand and inadequate supply, almost all house price measures suggest that house price appreciation continues. The Case-Shiller home price index for Dallas was up 8.6 percent year over year in March 2017. The index grew at a healthy 6.6 percent annual rate from February to March. The quarterly Federal Housing Finance Agency (FHFA) house price index for Texas also increased 5.7 percent (annualized) in first quarter 2017, following 6.1 percent growth in fourth quarter 2016.

Auto Delinquencies Rise Driven by Subprime Loans

Delinquency rates on auto loans have been trending up in both Texas and the U.S. *(Chart 4)*. Underlying this trend is an increase in auto loans to subprime borrowers *(Chart 5)*. From first quarter 2014 to first quarter 2017, the balance of subprime loans increased 41.0 percent, while that of other auto loans increased 31.6 percent. Additionally, the percent of subprime loans that are seriously delinquent has increased over the same period from 12.9 percent to 15.0 percent, while the percent of other loans that are seriously delinquent has decreased from 0.6 percent to 0.4 percent.

These trends corroborate anecdotal reports that loose credit standards and an increase in the incidence of subprime auto loans are likely behind the recent rise in auto delinquency rates. Contacts reported in the May Beige Book that auto lenders have tightened credit amid the increase in delinquencies. With rising interest rates, analysts expect both auto and credit card delinquencies to increase further in 2017.

Texas Leading Index Indicates Continued Growth

The Texas Leading Index rose 0.61 percent in April, and the three-month change in the index from February to April was 1.70 percent, indicating continued growth going forward *(Chart 6)*. The U.S. leading index contributed positively to the three-month change.

—Stephanie Gullo and Anil Kumar

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About the Authors

Gullo is a research assistant and Kumar is an economic policy advisor and senior economist in the Research Department at the Federal Reserve Bank of Dallas.

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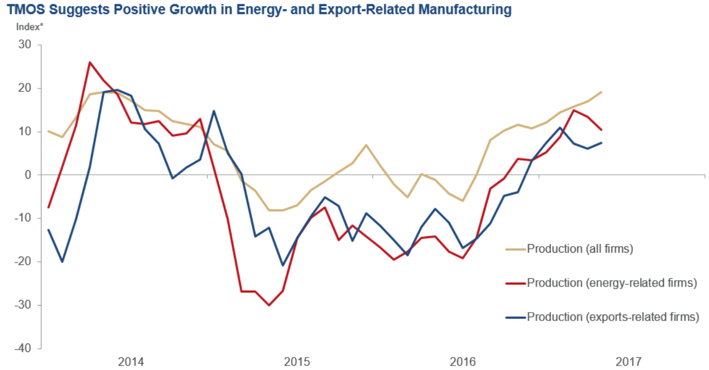
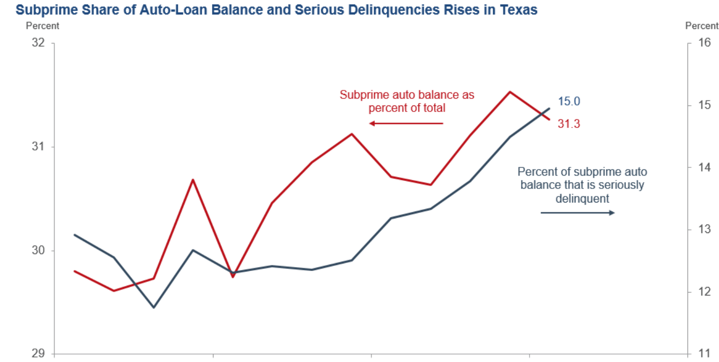
Chart 3
TMOS Suggests Positive Growth in Energy- and Export-Related Manufacturing



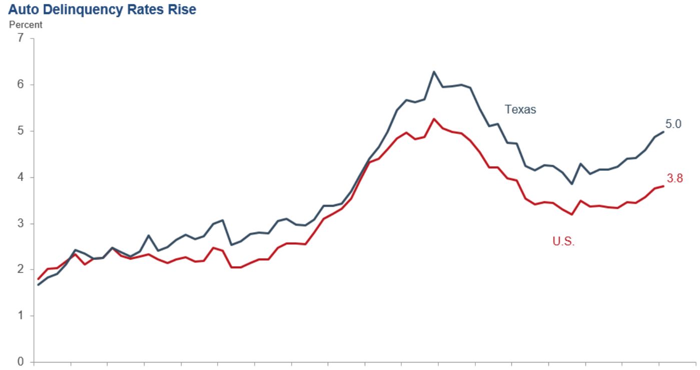
*Seasonally adjusted, three-month moving average.
NOTE: Data are through May 2017.
SOURCE: Federal Reserve Bank of Dallas, Texas Manufacturing Outlook Survey (TMOS).

Chart 5
Subprime Share of Auto-Loan Balance and Serious Delinquencies Rises in Texas



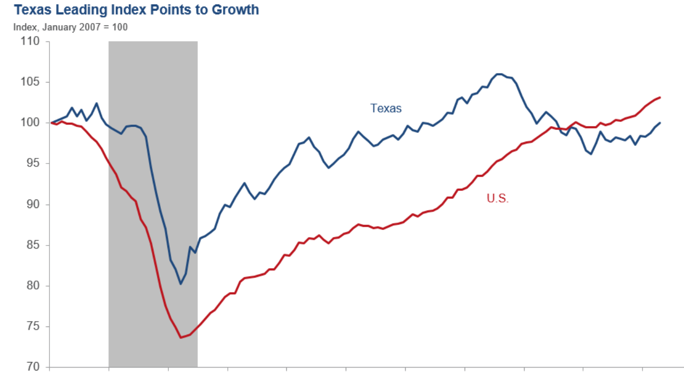
NOTES: Data are through first quarter 2017. Subprime refers to balance belonging to consumers with credit scores below 620. Seriously delinquent loans are 90 or more days past due and include severely derogatory loans.
SOURCE: Federal Reserve Bank of New York Consumer Credit Panel/Equifax.

Chart 4
Auto Delinquency Rates Rise



NOTES: Data are through first quarter 2017. Seriously delinquent loans are 90 or more days past due and include severely derogatory loans.
SOURCE: Federal Reserve Bank of New York Consumer Credit Panel/Equifax.

Chart 6
Texas Leading Index Points to Growth



NOTE: Data are through April 2017.
SOURCES: Conference Board; Federal Reserve Bank of Dallas.

U.S. ECONOMIC STATISTICS - QUARTERLY DATA

8/1/17

	2013	2014	2015	2016	Latest 4 qtrs	2016Q3	2016Q4	2017Q1	2017Q2
	(Q4 to Q4)				(Avg)				
Real GDP (percent change)	2.7	2.7	2.0	1.8	2.1	2.8	1.8	1.2	2.6
Consumption	2.0	3.6	3.0	2.8	2.6	2.8	2.9	1.9	2.8
Business Investment	4.8	6.1	0.3	0.7	4.0	3.4	0.2	7.2	5.2
Structures	5.8	8.8	-9.1	3.5	8.0	14.3	-2.2	14.8	4.9
Equipment	6.1	4.1	3.4	-3.7	3.1	-2.1	1.8	4.4	8.2
Intellectual Property Products	3.7	7.3	4.0	4.3	2.7	4.2	-0.4	5.7	1.4
Residential Construction	6.8	6.3	10.3	2.5	1.7	-4.5	7.1	11.1	-6.8
Exports	5.9	3.0	-1.8	0.6	3.5	6.4	-3.8	7.3	4.1
Imports	2.5	6.2	2.9	2.7	4.3	2.7	8.1	4.3	2.1
Federal	-6.7	-1.2	1.2	-0.3	0.3	1.6	-0.5	-2.4	2.3
State and Local	-0.1	1.5	1.9	0.8	0.2	-0.2	0.6	0.5	-0.2
Levels					(Avg)				
Net Export Balance (nominal)	-492.0	-509.5	-524.1	-521.2	-551.8	-492.8	-564.3	-582.8	-567.3
Current Account Balance as share of GDP (percent)	-2.1	-2.1	-2.4	-2.4	-2.4	-2.4	-2.4	-2.5	
Price Indexes (percent change, chain type)					(Avg)				
GDP	1.6	1.6	1.0	1.5	1.6	1.4	2.0	2.0	1.0
Gross Domestic Purchases	1.4	1.4	0.4	1.4	1.7	1.5	1.8	2.6	0.8
PCE	1.2	1.2	0.4	1.6	1.6	1.7	2.0	2.2	0.3
PCE excl food and energy	1.5	1.5	1.3	1.9	1.5	2.0	1.3	1.8	0.9
Saving (percent, 4Q average)					(Avg)				
Personal Saving Rate	5.0	5.7	6.1	4.9	4.0	4.8	3.6	3.9	3.8
Gross Saving as a Share of NNP	17.9	18.8	18.9	18.6	17.8	18.2	17.4	17.6	
Net Saving as a Share of NNP	2.9	4.1	4.3	4.0	2.5	3.0	2.1	2.3	
Productivity (percent change)					(Avg)				
Nonfarm	1.6	0.1	0.5	1.1	1.3	3.3	1.8	0.0	
Manufacturing	-0.5	0.3	-0.4	0.5	0.3	-0.5	2.0	0.5	
Unit Labor Costs - Nonfarm	-1.6	2.7	2.7	0.4	1.1	0.7	-4.6	2.2	
Hourly Compensation - Nonfarm	-0.1	2.9	3.2	1.5	2.4	4.1	-3.0	2.2	
Employment Cost Index, compensation, civilian	2.0	2.2	2.0	2.2	2.4	2.2	1.9	3.2	2.2

Source: https://www.treasury.gov/resource-center/data-chart-center/monitoring-the-economy/Documents/quarterly%20ECONOMIC%20DATA%20TABLES%208-2-17.pdf

CITY OF COLLEYVILLE
INVESTMENT REPORT TERMINOLOGY

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 are in a 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.

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 instrument 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.

City of Colleyville
Audit Committee
Agenda Briefing

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

Agenda Number 3c **Agenda Date** 09/05/2017 **Number**
Type Presentation and Discussion
Department City Manager

Title
Annual review of the City of Colleyville Investment Policy

Strategic Plan
B4- Cultivate a culture of transparency and consistent communication

Explanation
A section in the Public Funds Investment Act requires that the governing body of a public entity review the investment strategy annually. The City's investment strategy is contained in the section of the attached City of Colleyville Investment Policy entitled "Investment Strategy", and is presented for the Committee's review. No changes to the policy are proposed at this time.

Attachments
1. City of Colleyville Investment Policy

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.

Diversification:

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.