City of Colleyville
Audit Committee
Agenda

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

Tuesday, November 21, 2017 | City Manager's Conference Room
4:30 p.m. | Third Floor – City Hall

1. CALL TO ORDER

2. APPROVAL OF MINUTES

September 5, 2017

3. REGULAR AGENDA ITEMS

3a Meet with representatives from the City's audit firm Pattillo, Brown & Hill, L.L.P. to discuss the progress of the year end audit for the Fiscal Year ended September 30, 2017

3b Quarterly Investment Report for the quarter ended September 30, 2017

4. ADJOURNMENT

I hereby certify this agenda was posted on City Hall bulletin boards Friday, November 17, 2017, by 5:00 p.m.

Christine Loven, TRMC
City Secretary

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

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

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

City of Colleyville
Audit Committee
Agenda

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

Chief Financial Officer Shereen Gendy called the Audit Committee to order on September 5, 2017, at 5:00 p.m.

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

Absent: Committee member Nancy Coplen

City Manager Jerry Ducay, Chief Financial Officer Shereen Gendy, Strategic Services Manager Adrienne Lothery, Accounting Manager Karen Hines, and City Secretary Amy Shelley were also present.

2. APPROVAL OF MINUTES
May 16, 2017

Committee member Mathisen provided an amendment to the meeting minutes on page 2 to remove a redundant paragraph.

Committee member Nakamura made a motion to approve the May 16, 2017, amended meeting minutes. Committee member Mathisen seconded. All approved by acclamation.

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

John Manning, Pattillo, Brown and Hill, L.L.P., Manager for the Government Audit Division, the City's audit firm, discussed the upcoming September 30, 2017 audit and answered questions of the committee.

Committee member Nakamura asked Mr. Manning if the initial audit process is the avenue in which persons can speak out when something wrong may be happening. Mr. Manning replied yes, but there is nothing to report at this time.

Committee member Mathisen asked Mr. Manning if the persons/departments are selected randomly. Mr. Manning replied yes, but there are certain departments which are done each time, such as utility billing and building permits. Most departments have certain controls already in place. Committee member Mathisen added there have been some positive changes recently made to improve current processes and procedures.

Committee member Mathisen asked Mr. Manning about their estimated fees for this year compared to last year. Mr. Manning replied there will not be more than a three percent increase, as there are no huge costs to pass along to Colleyville given the organizational knowledge that he and his team acquired auditing the city for years.

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

Chief Financial Officer Shereen Gendy presented this item and provided an overview to the committee.

Committee member Mathisen pointed out, in the summary report, the Colleyville Tomorrow Funds were in the past split out between capital projects funds and special revenue funds, but those funds are now consolidated into capital projects.

Committee member Mathisen stated the utility fund balance, specifically at the enterprise, is $8.2 million, and that a portion of that is the operating. The capital projects has about $7.25 million. City Manager Jerry Ducay added there is now a new report which shows both to include cash balances.

Committee member Mathisen asked staff about the tree preservation fund increase. City Manager Jerry Ducay replied that is the deposit from TexRail for the tree mitigation.

Committee member Mathisen asked staff why the trash recycling is showing a negative balance. Accounting Manager Karen Hines replied there is a year-end entry made which moves money from the Drainage Fund to cover the annual clean sweep event. Strategic Services Manager Adrienne Lothery added this fund will go away when the new trash service, CWD, takes over.

Committee member Mathisen asked staff about what is included in the police asset forfeiture fund. Manager Lothery replied anything seized by the police department is placed in the asset forfeiture account and is used by the police department to purchase items.

3c Annual review of the City of Colleyville Investment Policy

Chief Financial Officer Shereen Gendy briefed the committee on the Investment Policy. Members agreed there was no need for changes at this time.

4. ADJOURNMENT

The Audit Committee adjourned at 5:34 p.m.

APPROVED BY A VOTE OF _ AYES, _ NAYS, AND _ ABSTENTIONS ON THIS THE ____DAY OF ____ 2018.

Minutes taken and prepared by:

Amy Shelley, TRMC
City Secretary

City of Colleyville
Audit Committee
Agenda Briefing

City Hall
100 Main Street
Colleyville, Texas 76034
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Agenda Number 3a **Agenda Date** 11/21/2017 **Number**
Type Regular Agenda Items
Department Finance

Title
Meet with representatives from the City's audit firm Pattillo, Brown & Hill, L.L.P. to discuss the progress of the year end audit for the Fiscal Year ended September 30, 2017

Strategic Plan
F1- Protect and preserve the City’s top financial ratings
F4- Adhere to the City’s financial and budgetary policies

Explanation
John Manning, partner with Pattillo, Brown & Hill, L.L.P., will meet with the Audit Committee to discuss the progress of the year end audit for the Fiscal Year ended September 30, 2017.

Attachments

City of Colleyville
City Council
Agenda Briefing

City Hall
100 Main Street
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Agenda Number 3b **Agenda Date** 11/21/2017 **Number**
Type Presentation
Department City Manager

Title
Quarterly Investment Report for the quarter ended September 30, 2017

Strategic Plan
1.4 Communicate thoroughly and strategically
1.3 Assure convenient access to public information
2.4 Demonstrate stewardship of public resources

Explanation

Investment Summary for period ending September 30, 2017:
Cash & Cash Equivalents (Logic) were $51,968,972. Investments other than CD's totaled $20,706,349 and the CD's totaled $4,591,089. Total funds held by the City equaled $77,266,410 and were allocated as follows:

- Logic 36%
- Government Issues 27%
- Certificates of Deposit 6%
- Cash 31%

Investment Benchmark 1.04%

- Logic 1.26%
- Agencies 0.95%
- CD's 0.50%
- Portfolio 1.09%

Interest earnings for the quarter were $147,235 with an average yield of 1.09% versus $121,658 and 0.96% for the prior quarter. These percentages are within the guidelines of the City investment policy.

Attachments
1. Investment report

QUARTERLY INVESTMENT REPORT

FOR QUARTER ENDING SEPTEMBER 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

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.

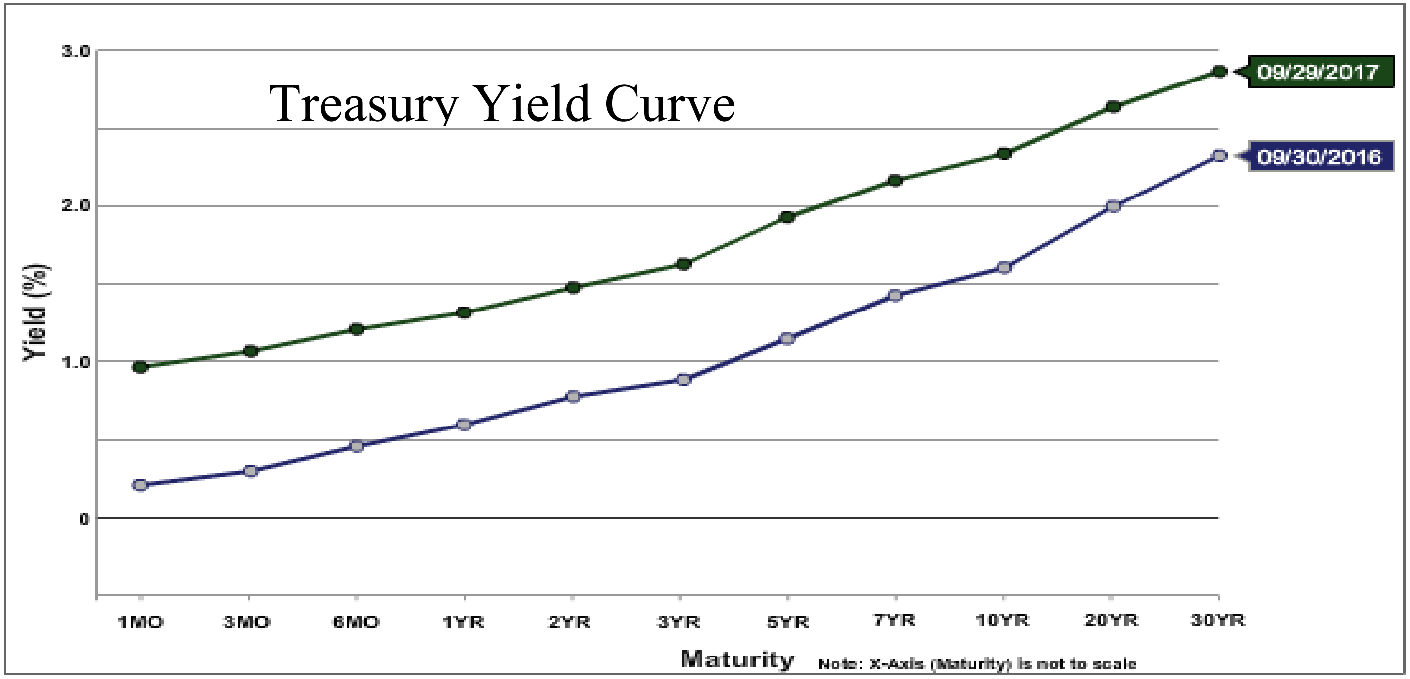
Portfolio Investment Report
for the Quarter Ending September 30 2017
CONSOLIDATED INVESTMENT REPORT

Cash and Investment Balances	Current As of 9/30/2017	Last Quarter As of 6/30/2017
Cash Balances	$ 23,882,893	$ 28,502,256
LOGIC Balances	$ 28,086,079	$ 28,098,030
Investment Portfolio Balances	$ 20,706,349	$ 20,775,155
Certificates of Deposit Balances	$ 4,591,089	$ 4,573,864
Total Cash, Logic, & Other Investments	$ 77,266,410	$ 81,949,305

Investment Yields, Maturities, and Interest	Current As of 9/30/2017	Last Quarter As of 6/30/2017
Bank Earned Income Credit	1.03%	0.92%
13 Week Treasury Benchmark	1.04%	0.89%
Logic Average Quarterly Yield	1.26%	1.09%
Logic Quarter's Average Weighted Maturity	34	28
Average Weighted Yield: Agency	0.95%	0.86%
Average Weighted Maturity: Agency	257	249
Average Weighted Yield: CDARS	0.50%	0.48%
Average Weighted Maturity: CDARS	379	188
Interest Earnings - Quarter	$ 147,235	$ 121,658
Interest Rate/Yield for the Quarter	1.09%	0.96%

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

Outstanding Portfolio (excluding CEDC/Cash / Logic / CD) Distribution by Maturity	Number	Purchase Price	Percent (Value)	Market Value
1 to 90 days	5	$ 4,847,078.00	25.18%	$ 4,849,057.50
91 to 180 days	3	$ 3,199,610.00	16.62%	$ 3,197,252.60
181 to 365 days	5	$ 5,200,250.00	27.02%	$ 5,189,036.80
Over 365 days	6	$ 5,999,759.73	31.18%	$ 5,976,376.00
Total	19	$ 19,246,697.73	100.00%	$ 19,211,722.90



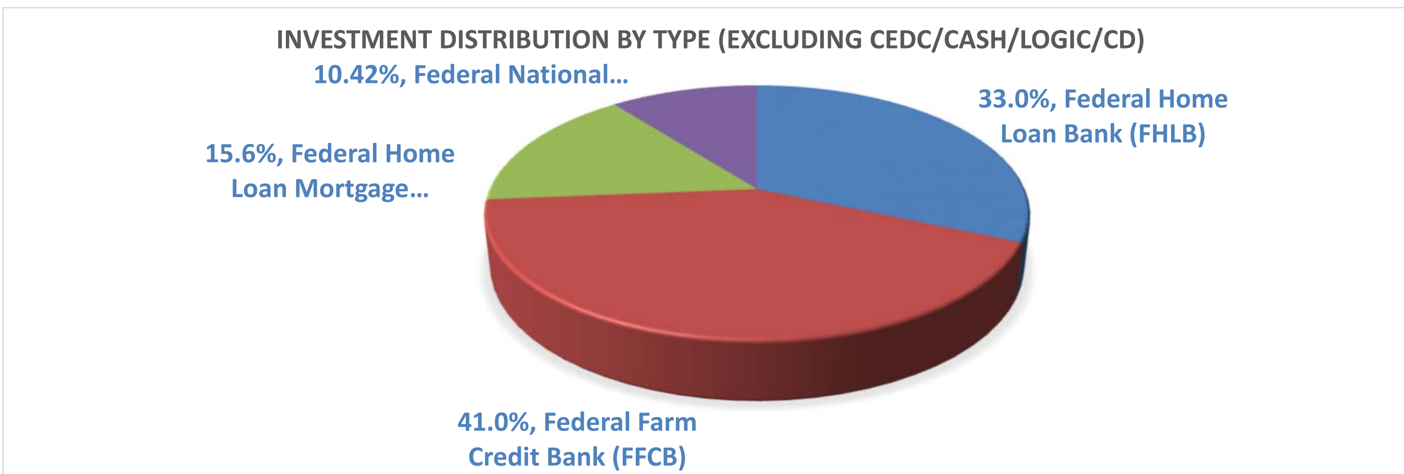
Source: https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/Historic-Yield-Data-Visualization.aspx

COLLEYVILLE

CITY OF COLLEYVILLE TEXAS

Portfolio Investment Report
for the Quarter Ending September 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)	6	$6,350,430	33.0%	$6,338,785
Federal Farm Credit Bank (FFCB)	8	$7,895,100	41.0%	$7,884,510
al Home Loan Mortgage Corporation (FHLMC)	3	$2,997,668	15.6%	$2,990,093
ederal National Mortgage Association (FHLMC)	2	$2,003,500	10.42%	$1,998,335
Total	19	$ 19,246,697.73	100.0%	$ 19,211,722.90



	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

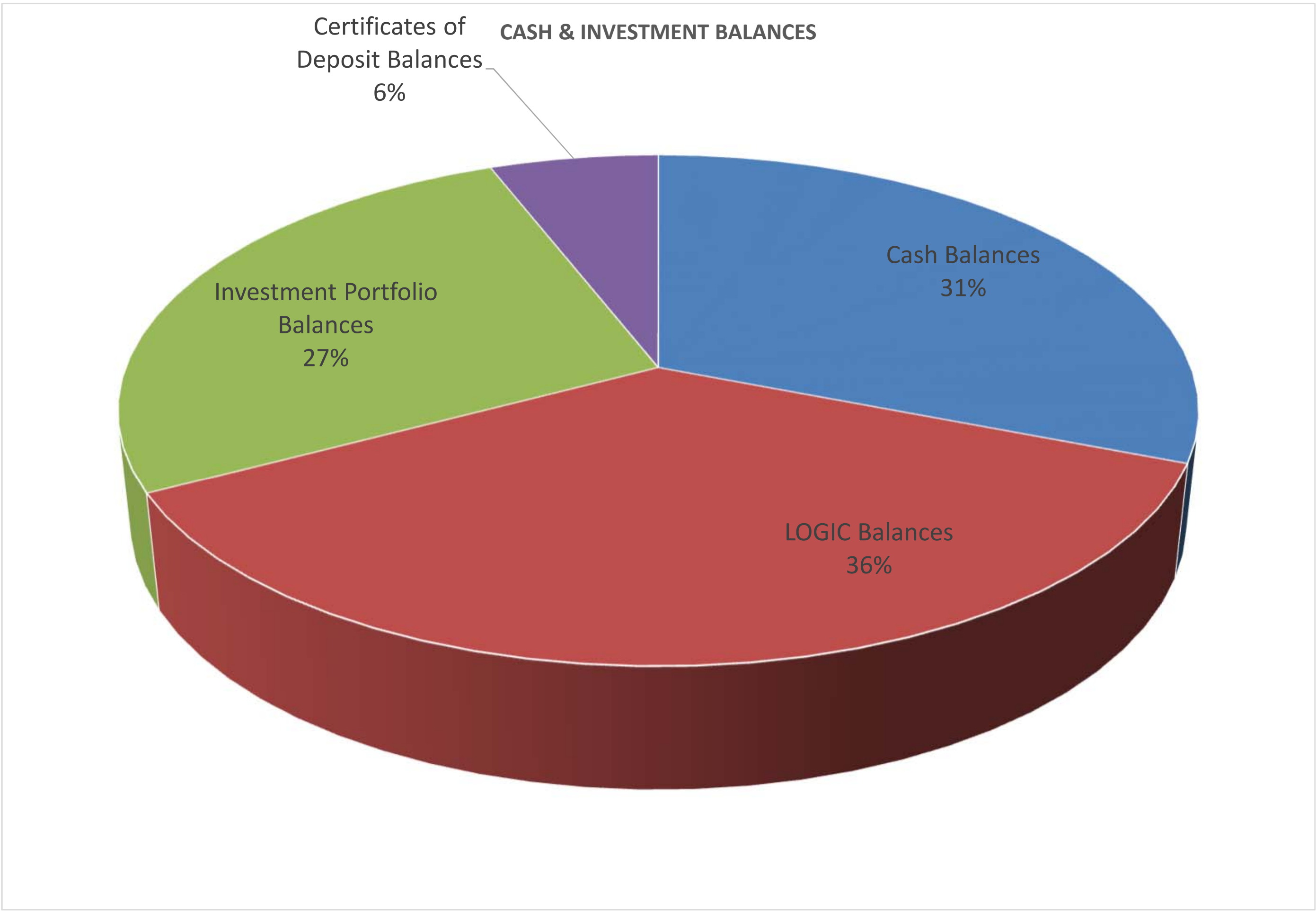
FIDUCIARY FUNDS

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

		CASH	LOGIC	INVESTMENTS*	CDARS	TOTAL
GOVERNMENTAL FUNDS						
001	GENERAL FUND	$ 133,001.37	$ 216,179.05	$ 5,741,751.48	$ 3,569,898.75	$ 9,660,830.65
036	STRATEGIC INITIATIVE	47,773.47	491,883.16	0.00	0.00	539,656.63
004	DEBT SERVICE FUND	656,700.56	34,400.50	0.00	0.00	691,101.06
003	CAPITAL PROJECTS	11,874,376.70	1,218,087.70	2,567,769.48	508,787.33	16,169,021.21
012	PARK LAND DEDICATION	400,573.08	0.00	1,023,994.72	0.00	1,424,567.80
032	VEHICLE AND CAPITAL REPLACEMENT	502,648.82	83,161.76	513,308.20	0.00	1,099,118.78
034	COLLEYVILLE TOMORROW	189,686.46	1,694,396.65	474,524.89	0.00	2,358,608.00
035	PARKS TOMORROW	2,330.78	1,031,305.94	0.00	0.00	1,033,636.72
039	UTILITY CAPITAL PROJECTS FUND	6,774,841.72	2,940,399.71	61,996.97	0.00	9,777,238.40
005	VOLUNTEER PARK FUND	626,248.15	0.00	249,517.89	0.00	875,766.04
007	DONATIONS FUND	61,586.54	0.00	0.00	0.00	61,586.54
011	LIBRARY FUND	70,774.73	0.00	358,948.97	0.00	429,723.70
015	POLICE ASSET FORFEITURE	9,076.88	0.00	0.00	0.00	9,076.88
016	TDPA GRANT	8,132.93	0.00	0.00	0.00	8,132.93
018	TREE PRESERVATION	311,696.31	0.00	0.00	0.00	311,696.31
019	LIBRARY DONATION	138,572.50	0.00	0.00	0.00	138,572.50
020	RECREATIONAL EVENT	10,700.67	0.00	0.00	0.00	10,700.67
023	LEOSE	3,396.95	0.00	0.00	0.00	3,396.95
027	CRIME DISTRICT	347,939.02	926,743.89	0.00	0.00	1,274,682.91
028	KIDSVILLE MAINTENANCE	8,408.03	0.00	0.00	0.00	8,408.03
029	COURT TECHNOLOGY	75,178.30	0.00	0.00	0.00	75,178.30
030	COURT SECURITY	60,113.42	0.00	0.00	0.00	60,113.42
033	PUBLIC ART	7,904.05	0.00	0.00	0.00	7,904.05
037	JUVENILE CASE MANAGER	24,537.58	0.00	0.00	0.00	24,537.58
038	HOTEL / MOTEL FUND	88,896.39	0.00	0.00	0.00	88,896.39
ENTERPRISE FUNDS						
002	UTILITY FUND	43,118.91	2,727,674.62	2,616,221.16	512,402.59	5,899,417.28
017	DRAINAGE FEE	574,810.34	1,495,216.02	199,614.31	0.00	2,269,640.67
FIDUCIARY FUNDS						
006	SESQUICENTINIAL FUND	20,545.56	0.00	0.00	0.00	20,545.56
008	EMPLOYEE ACTIVITY	4,700.16	0.00	0.00	0.00	4,700.16
COMPONENT UNIT						
026	TIF FUND	(651,730.26)	14,212,343.73	5,401,594.01	0.00	18,962,207.48
		22,426,540.12	27,071,792.73	19,209,242.08	4,591,088.67	73,298,663.60
COLLEYVILLE ECON DEV CORP						
024	CEDC	1,455,649.86	949,195.26	1,497,107.32	0.00	3,901,952.44
025	CEDC - CAPITAL	703.10	65,090.83	0.00	0.00	65,793.93
		1,456,352.96	1,014,286.09	1,497,107.32	0.00	3,967,746.37
GRAND TOTAL		**23,882,893.08**	**28,086,078.82**	**20,706,349.40**	**4,591,088.67**	**77,266,409.97**

*9/30 reports - Investments are shown at Market Value

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



INVESTMENTS DETAILS

CITY OF COLLEYVILLE BALANCES AT SEPTEMBER 30, 2017

INVESTMENT AT PAR VALUE	$19,250,000
CDAR'S CERTIFICATES OF DEPOSIT	$4,591,089
LOGIC INVESTMENT POOL	$27,071,793
TOTAL CITY INVESTMENTS HELD AT SEPTEMBER 30, 2017	**$50,912,881**

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

INVESTMENT AT PAR VALUE	$1,500,000
LOGIC INVESTMENT POOL	1,014,286.09
TOTAL CEDC INVESTMENTS HELD AT SEPTEMBER 30, 2017	**$2,514,286**

TOTAL INVESTMENTS HELD BY CITY OF COLLEYVILLE AND COLLEYVILLE ECONOMIC DEVELOPMENT CORPORATION AT SEPTEMBER 30, 2017	**$53,427,167**

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

ACCT #	DESCRIPTION	BALANCE
	GENERAL FUND	
001-1115	GENERAL OPERATING	$216,179.05
	UTILITY FUND	
002-1115	UTILITY OPNS	$2,366,252.34
002-1130	UTILITY INTEREST & SINKING FUND	$361,422.28
	UTILITY FUND - CAPITAL PROJECTS	
039-1116	IMPACT FEES WATER	$2,267,461.25
039-1119	UTILITY LINE RESTORATION	$1,165.65
039-1294	IMPACT FEES SEWER	$671,772.81
	CAPITAL PROJECTS FUND	
003-1113	IMPACT FEES/SA I	$21,530.25
003-1509	STREET RESURFACING	$1,196,557.45
	DEBT SERVICE FUND	
004-1115	DEBT SERVICE OPERATING	$34,400.50
	DRAINAGE FUND	
017-1115	DRAINAGE OPERATING	$1,371,367.39
017-1159	DRAINAGE INT & SINKING FUND	$121,485.71
017-1380	2001 DRAINAGE BONDS	$2,362.92
	TIF FUND	
026-1115	TIF OPERATING	$14,098,187.30
026-1383	2001 TIF BONDS	$114,156.43
	CCCPD FUND	
027-1115	CCCPD OPERATING	$876,661.78
027-1147	99 POLICE/COURT BLDG FUND	$82.11

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

	CAPITAL EQUIPMENT REPLACEMENT FUND	
032-1115	CAPITAL EQUIPMENT REPLACEMENT FUND	$83,161.76
	COLLEYVILLE TOMORROW FUND	
034-1115	COLLEYVILLE TOMORROW FUND	$1,694,396.65
	PARKS TOMORROW FUND	
035-1115	PARKS TOMORROW FUND	$1,031,305.94
	STRATEGIC INITIATIVES FUND	
036-1115	STRATEGIC INITIATIVES FUND	$541,883.16
Subtotal - LOGIC balances excluding CEDC		**$27,071,792.73**
	CEDC Logic Balance	1,014,286.09
Total LOGIC Balance		**28,086,078.82**

CDARS CERTIFICATES OF DEPOSIT

FUND ALLOCATION	AMOUNT	PURCHASE DATE	MATURITY DATE	INTEREST RATE	INTEREST EARNED DURING QUARTER
UTILITY FUND	$512,402.59	7/27/2017	7/25/2019	0.40%	$512.74
GENERAL FUND	$510,929.49	6/23/2016	6/21/2018	0.40%	$515.13
GENERAL FUND	$509,805.77	3/23/2017	3/22/2018	0.30%	$385.50
GENERAL FUND	$1,534,117.00	9/21/2017	9/20/2018	0.60%	$2,300.79
GENERAL FUND	$510,047.65	9/22/2016	9/20/2018	0.50%	$642.80
CAPITAL PROJECTS	$508,787.33	9/21/2017	9/19/2019	0.58%	$531.88
GENERAL FUND	$504,998.84	3/24/2016	3/22/2018	0.50%	$636.44
TOTAL	**$4,591,088.67**				**$5,525.28**

OUTSTANDING INVESTMENTS AT SEPTEMBER 30, 2017

	PURCHASE PRICE	PAR VALUE	MARKET VALUE @ 9/30/17	MATURITY DATE	YIELD ON INVESTMENT
FFCB NOTE	$897,660	$900,000	$899,843	10/13/2017	0.785%
FHLB NOTE	$1,199,868	$1,200,000	$1,199,680	10/26/2017	0.630%
FNMA NOTE	$999,800	$1,000,000	$999,887	10/26/2017	0.885%
FFCB NOTE	$999,000	$1,000,000	$999,571	11/6/2017	0.811%
FHLB NOTE	$750,750	$750,000	$750,077	12/8/2017	1.072%
FHLB NOTE	$1,200,000	$1,200,000	$1,199,698	12/29/2017	1.010%
FFCB NOTE	$1,000,580	$1,000,000	$998,977	2/12/2018	0.771%
FHLMC NOTE	$999,030	$1,000,000	$998,578	3/7/2018	0.925%
FHLMC NOTE	$999,850	$1,000,000	$997,243	4/9/2018	0.758%
FNMA NOTE	$1,003,700	$1,000,000	$998,448	4/30/2018	0.811%
FFCB NOTE	$997,400	$1,000,000	$997,520	5/16/2018	0.882%
FHLB NOTE	$1,200,000	$1,200,000	$1,196,081	6/5/2018	0.850%
FFCB NOTE	$999,300	$1,000,000	$999,745	7/18/2018	0.785%
FFCB NOTE	$1,000,580	$1,000,000	$995,725	10/5/2018	0.930%
FFCB NOTE	$1,000,580	$1,000,000	$996,048	10/5/2018	0.930%
FFCB NOTE	$1,000,000	$1,000,000	$997,081	2/1/2019	1.300%
FHLB NOTE	$999,812	$1,000,000	$996,275	2/8/2019	1.280%
FHLB NOTE	$1,000,000	$1,000,000	$996,975	9/13/2019	1.375%
FHLMC NOTE	$998,788	$1,000,000	$994,272	10/2/2019	1.310%
SUBTOTAL- OUTSTANDING INVESTMENTS EXCLUDING CEDC	**$19,246,698**	**$19,250,000**	**$19,211,723**		
FFCB NOTE	$1,000,000	$1,000,000	$996,128	5/2/2019	1.350%
FHLMC NOTE	$500,000	$500,000	$498,499	8/15/2019	1.375%
TOTAL- OUTSTANDING INVESTMENTS INCLUDING CEDC	**$20,746,698**	**$20,750,000**	**$20,706,349**		

RECAP OF MARKET VALUES ON CITY OF COLLEYVILLE INVESTMENTS HELD JUL 1 - SEP 30, 2017

INVESTMENT	PURCHASE DATE	MATURITY DATE	PURCHASE PRICE	PAR VALUE	MARKET VALUE @ 6-30-17	LESS MATURITY PROCEEDS	PLUS PERIOD PURCHASES	MARKET VALUE @ 9-30-17	CUSIP
FFCB NOTE	9/16/2015	9/14/2017	$1,000,000	$1,000,000	$999,390	$1,003,900	N/A	$0	3133EFCY1
FFCB NOTE	10/19/2015	8/28/2017	$1,003,690	$1,000,000	$999,493	$1,003,900	N/A	$0	3133EFEU7
FHLB NOTE	10/19/2015	10/26/2017	$1,199,868	$1,200,000	$1,198,192	N/A	N/A	$1,199,680	3130A6LZ8
FHLMC NOTE	10/22/2015	7/28/2017	$1,004,385	$1,000,000	$999,922	$1,004,250	N/A	$0	3134G6AC7
FFCB NOTE	11/4/2015	10/13/2017	$897,660	$900,000	$898,951	N/A	N/A	$899,843	3133EFHY6
FFCB NOTE	11/12/2015	11/6/2017	$999,000	$1,000,000	$998,728	N/A	N/A	$999,571	3133EFNE3
FNMA NOTE	11/13/2015	10/26/2017	$999,800	$1,000,000	$999,294	N/A	N/A	$999,887	3135G0PQ0
FHLB NOTE	12/29/2015	12/29/2017	$1,200,000	$1,200,000	$1,199,599	N/A	N/A	$1,199,698	3130A6UK1
FHLB NOTE	1/5/2016	12/8/2017	$750,750	$750,000	$749,778	N/A	N/A	$750,077	3130A3HF4
FFCB NOTE	2/17/2016	2/12/2018	$1,000,580	$1,000,000	$997,907	N/A	N/A	$998,977	3133EFZR1
FHLMC NOTE	3/23/2016	3/7/2018	$999,030	$1,000,000	$997,411	N/A	N/A	$998,578	3137EADP1
FHLMC NOTE	4/12/2016	4/9/2018	$999,850	$1,000,000	$996,248	N/A	N/A	$997,243	3137EAEA3
FNMA NOTE	5/9/2016	4/30/2018	$1,003,700	$1,000,000	$998,586	N/A	N/A	$998,448	3136G0V57
FFCB NOTE	5/20/2016	5/16/2018	$997,400	$1,000,000	$996,408	N/A	N/A	$997,520	3133EGAF2
FHLB NOTE	6/10/2016	6/5/2018	$1,200,000	$1,200,000	$1,193,602	N/A	N/A	$1,196,081	3130A8EJ8
FFCB NOTE	7/18/2016	7/18/2018	$999,300	$1,000,000	$994,254	N/A	N/A	$999,745	3133EGML6
FFCB NOTE	10/17/2016	10/5/2018	$1,000,580	$1,000,000	$995,005	N/A	N/A	$996,048	3133EFX69
FFCB NOTE	2/1/2017	2/1/2019	$1,000,000	$1,000,000	$997,669	N/A	N/A	$997,081	3133EG5Q4
FHLB NOTE	3/24/2017	2/8/2019	$999,812	$1,000,000	$996,742	N/A	N/A	$996,275	3130AAS41
FFCB NOTE	7/18/2016	7/18/2018	$999,300	$1,000,000	$994,254	N/A	N/A	$995,725	3133EGML6
FHLB NOTE	8/29/2017	9/13/2019	$1,000,000	$1,000,000	$0	N/A	$1,006,340	$996,975	313380FB8
FHLMC NOTE	9/14/2017	10/2/2019	$998,788	$1,000,000	$0	N/A	$1,004,413	$994,272	3137EADM8
TOTALS					**$20,201,432**	**$3,012,050**	**$2,010,753**	**$19,211,723**	

EXCLUDES CEDC INVESTMENTS
** EARLY CALL ON INVESTMENT

OUTSTANDING INVESTMENTS BY FUND AT 9-30-17

INVESTMENT

DATE ACQUIRED

MATURITY DATE

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

CUSIP#

ACCOUNT	**ALLOCATION OF INVESTMENT**	**TOTAL INVESTMENT- Purchase Value**
001-1172	GENERAL FUND OPERATING	$5,753,618.43
002-1166	UTILITY DEBT SERVICE RESERVE	$0.00
002-1172	UTILITY FUND OPERATING	$2,150,043.29
002-1178	CUSTOMER DEPOSITS	$470,460.00
039-1186	UTILITY LINE RENEWAL	$0.00
039-1557	THE RESERVE LIFT STATION	$62,116.76
003-1121	INV-PERIMETER FEES	$1,964,157.23
003-1307	INV-ROAD RECONSTRUCTION	$527,264.06
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	$1,500,000.00
026-1172	TIF OPERATING	$5,412,030.85
032-1519	CAPITAL EQUIPMENT RESERVE	$514,300.00
034-1172	COLLEYVILLE TOMORROW	$475,441.76
PER GENERAL LEDGER		**$20,746,357.73**
MARKETVALUE		**$20,706,349.40**
VALUE AT MATURITY		**$20,750,000.00**
INTERESTRECEIVED TO MATURITY		**$394,589.28**

OUTSTANDING INVESTMENTS BY FUND AT 9-30-17

INVESTMENT		FFCB NOTE	FHLB	FNMA NOTE	FFCB NOTE
DATE ACQUIRED		04-Nov-15	19-Oct-15	13-Nov-15	12-Nov-15
MATURITY DATE		13-Oct-17	26-Oct-17	26-Oct-17	06-Nov-17
26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE		0.270%	0.120%	0.300%	0.340%
YIELD TO MATURITY		0.785%	0.630%	0.885%	0.811%
CUSIP#		**3133EFHY6**	**3130A6LZ8**	**3135G0PQ0**	**3133EFNE3**
ACCOUNT	**ALLOCATION OF INVESTMENT**				
001-1172	GENERAL FUND OPERATING	0.00	0.00	999,800.00	
002-1166	UTILITY DEBT SERVICE RESERVE				
002-1172	UTILITY FUND OPERATING	20,000.00	499,868.00		171,301.08
002-1178	CUSTOMER DEPOSITS				193,077.63
039-1186	UTILITY LINE RENEWAL				
039-1557	THE RESERVE LIFT STATION				
003-1121	INV-PERIMETER FEES				252,436.85
003-1307	INV-ROAD RECONSTRUCTION				100874.87
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				
026-1172	TIF OPERATING	513,360.00	700,000.00		
032-1519	CAPITAL EQUIPMENT RESERVE	364,300.00			
034-1172	COLLEYVILLE TOMORROW				
PER GENERAL LEDGER		**$897,660.00**	**$1,199,868.00**	**$999,800.00**	**$999,000.00**
MARKET VALUE		**$899,843.40**	**$1,199,679.60**	**$999,887.00**	**$999,571.00**
VALUE AT MATURITY		**$900,000.00**	**$1,200,000.00**	**$1,000,000.00**	**$1,000,000.00**
INTEREST RECEIVED TO MATURITY		**$13,726.27**	**$15,297.81**	**$17,293.88**	**$16,107.24**

OUTSTANDING INVESTMENTS BY FUND AT 9-30-17

INVESTMENT		FHLB NOTE	FHLB NOTE	FFCB NOTE	FHLB NOTE
DATE ACQUIRED		05-Jan-16	29-Dec-15	17-Feb-16	23-Mar-16
MATURITY DATE		08-Dec-17	29-Dec-17	12-Feb-18	07-Mar-18
26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE		0.100%	0.490%	0.420%	0.450%
YIELD TO MATURITY		1.072%	1.010%	0.771%	0.925%
CUSIP#		**3130A3HF4**	**3130A6UK1**	**3133EFZR1**	**3137EADP1**
ACCOUNT	**ALLOCATION OF INVESTMENT**				
001-1172	GENERAL FUND OPERATING	0.00	216,958.43	1,000,580.00	39,030.00
002-1166	UTILITY DEBT SERVICE RESERVE		0.00		
002-1172	UTILITY FUND OPERATING	505,316.34	951,092.86		
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				
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				
032-1519	CAPITAL EQUIPMENT RESERVE				
034-1172	COLLEYVILLE TOMORROW				
PER GENERAL LEDGER		**$750,750.00**	**$1,200,000.00**	**$1,000,580.00**	**$999,030.00**
MARKETVALUE		**$750,076.50**	**$1,199,697.60**	**$998,977.00**	**$998,578.00**
VALUE AT MATURITY		**$750,000.00**	**$1,200,000.00**	**$1,000,000.00**	**$1,000,000.00**
INTERESTRECEIVED TO MATURITY		**$15,489.22**	**$24,273.21**	**$15,325.68**	**$18,096.97**

OUTSTANDING INVESTMENTS BY FUND AT 9-30-17

INVESTMENT		FHLMC NOTE	FNMA NOTE	FFCB NOTE	FHLB NOTE
DATE ACQUIRED		12-Apr-16	09-May-16	20-May-16	10-Jun-16
MATURITY DATE		09-Apr-18	30-Apr-18	16-May-18	05-Jun-18
26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE		0.520%	0.370%	0.450%	0.410%
YIELD TO MATURITY		0.758%	0.811%	0.882%	0.850%
CUSIP#		**3137EAEA3**	**3136G0V57**	**3133EGAF2**	**3130A8EJ8**
ACCOUNT	**ALLOCATION OF INVESTMENT**				
001-1172	GENERAL FUND OPERATING	999,850.00	0.00	997,400.00	
002-1166	UTILITY DEBT SERVICE RESERVE				
002-1172	UTILITY FUND OPERATING				
002-1178	CUSTOMER DEPOSITS				
039-1186	UTILITY LINE RENEWAL				
039-1557	THE RESERVE LIFT STATION				
003-1121	INV-PERIMETER FEES				
003-1307	INV-ROAD RECONSTRUCTION		203903.34		
003-1340	CASTLETON MANOR				
005-1172	VOLUNTARY PARK FUND				
011-1172	LIBRARY DONATIONS FUND				
012-1172	PARK LAND DEDICATION FUND				
017-1172	DRAINAGE FUND OPERATING				
024-1172	CEDC OPERATING				
026-1172	TIF OPERATING		799,796.66		849,650.00
032-1519	CAPITAL EQUIPMENT RESERVE				
034-1172	COLLEYVILLE TOMORROW				350,350.00
PER GENERAL LEDGER		**$999,850.00**	**$1,003,700.00**	**$997,400.00**	**$1,200,000.00**
MARKETVALUE		**$997,243.00**	**$998,448.00**	**$997,520.00**	**$1,196,080.80**
VALUE AT MATURITY		**$1,000,000.00**	**$1,000,000.00**	**$1,000,000.00**	**$1,200,000.00**
INTERESTRECEIVED TO MATURITY		**$15,089.51**	**$16,015.09**	**$17,546.43**	**$20,260.23**

OUTSTANDING INVESTMENTS BY FUND AT 9-30-17

INVESTMENT		FHLB NOTE	FFCB NOTE	FFCB NOTE	FFCB NOTE
DATE ACQUIRED		05-Jul-17	18-Jul-16	17-Oct-16	01-Feb-17
MATURITY DATE		08-Jun-18	18-Jul-18	05-Oct-18	01-Feb-19
26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE		1.130%	0.430%	0.480%	0.640%
YIELD TO MATURITY		1.224%	0.785%	0.930%	1.300%
CUSIP#		**313379DT3**	**3133EGML6**	**3133EFX69**	**3133EG5Q4**
ACCOUNT	**ALLOCATION OF INVESTMENT**				
001-1172	GENERAL FUND OPERATING	0.00		0.00	1,000,000.00
002-1166	UTILITY DEBT SERVICE RESERVE				
002-1172	UTILITY FUND OPERATING				
002-1178	CUSTOMER DEPOSITS				
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				
005-1172	VOLUNTARY PARK FUND				
011-1172	LIBRARY DONATIONS FUND			359,642.52	
012-1172	PARK LAND DEDICATION FUND			115,973.26	
017-1172	DRAINAGE FUND OPERATING		200,000.00		
024-1172	CEDC OPERATING				
026-1172	TIF OPERATING	1,000,240.00	549,300.00	499,872.46	
032-1519	CAPITAL EQUIPMENT RESERVE		150,000.00		
034-1172	COLLEYVILLE TOMORROW		100,000.00	25,091.76	
PER GENERAL LEDGER		**$1,000,240.00**	**$999,300.00**	**$1,000,580.00**	**$1,000,000.00**
MARKET VALUE		**$999,745.00**	**$995,725.00**	**$996,048.00**	**$997,081.00**
VALUE AT MATURITY		**$1,000,000.00**	**$1,000,000.00**	**$1,000,000.00**	**$1,000,000.00**
INTEREST RECEIVED TO MATURITY		**$11,334.51**	**$15,706.88**	**$18,296.88**	**$26,000.00**

OUTSTANDING INVESTMENTS BY FUND AT 9-30-17

INVESTMENT		FHLB NOTE	FFCB NOTE	REASURY NOT	FHLB NOTE
DATE ACQUIRED		24-Mar-17	03-May-17	31-Jul-17	29-Aug-17
MATURITY DATE		08-Feb-19	02-May-19	15-Aug-19	13-Sep-19
26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE		0.870%	0.980%	1.110%	1.130%
YIELD TO MATURITY		1.280%	1.350%	1.375%	1.375%
CUSIP#		**3130AAS41**	**3133EHHN6**	**3137EAEH8**	**313380FB8**
ACCOUNT	**ALLOCATION OF INVESTMENT**				
001-1172	GENERAL FUND OPERATING	500,000.00			
002-1166	UTILITY DEBT SERVICE RESERVE				
002-1172	UTILITY FUND OPERATING				2,465.01
002-1178	CUSTOMER DEPOSITS				
039-1186	UTILITY LINE RENEWAL				
039-1557	THE RESERVE LIFT STATION				62,116.76
003-1121	INV-PERIMETER FEES				712,932.38
003-1307	INV-ROAD RECONSTRUCTION				222485.85
003-1340	CASTLETON MANOR				
005-1172	VOLUNTARY PARK FUND				
011-1172	LIBRARY DONATIONS FUND				
012-1172	PARK LAND DEDICATION FUND				
017-1172	DRAINAGE FUND OPERATING				
024-1172	CEDC OPERATING		1,000,000.00	500,000.00	
026-1172	TIF OPERATING	499,811.73			
032-1519	CAPITAL EQUIPMENT RESERVE				
034-1172	COLLEYVILLE TOMORROW				
PER GENERAL LEDGER		**$999,811.73**	**$1,000,000.00**	**$500,000.00**	**$1,000,000.00**
MARKETVALUE		**$996,275.00**	**$996,128.00**	**$498,498.50**	**$996,975.00**
VALUE AT MATURITY		**$1,000,000.00**	**$1,000,000.00**	**$500,000.00**	**$1,000,000.00**
INTERESTRECEIVED TO MATURITY		**$24,056.99**	**$26,962.89**	**$14,029.82**	**$28,063.35**

OUTSTANDING INVESTMENTS BY FUND AT 9-30-17

INVESTMENT	FHLMC NOTE
DATE ACQUIRED	14-Sep-17
MATURITY DATE	02-Oct-19
26 WEEK T-BILL AUCTION DISCOUNT/WEEK OF PURCHASE	1.170%
YIELD TO MATURITY	1.250%
CUSIP#	**3137EADM8**

ACCOUNT	ALLOCATION OF INVESTMENT	
001-1172	GENERAL FUND OPERATING	
002-1166	UTILITY DEBT SERVICE RESERVE	
002-1172	UTILITY FUND OPERATING	
002-1178	CUSTOMER DEPOSITS	
039-1186	UTILITY LINE RENEWAL	
039-1557	THE RESERVE LIFT STATION	
003-1121	INV-PERIMETER FEES	998,788.00
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	
017-1172	DRAINAGE FUND OPERATING	
024-1172	CEDC OPERATING	
026-1172	TIF OPERATING	
032-1519	CAPITAL EQUIPMENT RESERVE	
034-1172	COLLEYVILLE TOMORROW	

PER GENERAL LEDGER	**$998,788.00**
MARKET VALUE	**$994,272.00**
VALUE AT MATURITY	**$1,000,000.00**
INTEREST RECEIVED TO MATURITY	**$25,616.44**

LOGIC NEWSLETTER

LOGIC Newsletter

September 2017

Performance

As of September 30, 2017

Current Invested Balance	**$5,995,123,374.79**
Weighted Average Maturity (1)*	**43 Days**
Weighted Average Maturity (2)*	**78 Days**
Net Asset Value	**1.000070**
Total Number of Participants	**551**
Management Fee on Invested Balance	**0.0975%**
Interest Distributed	**$6,772,707.23**
Management Fee Collected	**$478,922.48**
% of Portfolio Invested Beyond 1 Year	**0.00%**
Standard & Poor's Current Rating	**AAAm**

September Averages:

Average Invested Balance	**$5,970,112,839.99**
Average Monthly Yield, on a simple basis	**1.2827%**
Average Weighted Average Maturity (1)*	**40 Days**
Average Weighted Average Maturity (2)*	**77 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 September:

- ★ Town of Annetta
- ★ Kelly Lane WCID No. 1
- ★ Kelly Lane WCID No. 2

Holiday Reminder

In observance of **Columbus Day, LOGIC will be closed on Monday, October 9, 2017.** All ACH transactions initiated on Friday, October 6th, will settle on Tuesday October 10th. Please plan accordingly for your liquidity needs.

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

The third quarter was dominated by a multitude of factors: geopolitical tensions flared between the U.S. and North Korea; political concerns in Europe increased as the results of the German elections showed a Merkel win, but her conservative alliance lost ground; the announcement of a potential tax reform plan in Washington; and multiple natural disasters globally. The global economy grew at its fastest pace since the recovery, with over 80% of countries reporting higher year-over-year GDP growth. In the U.S., 2nd quarter GDP growth was revised upward and inflation surprised to the upside in September after five consecutive down months, leading market participants to increase expectations of an additional rate hike this year. Over the quarter, the White House and Congress focused their efforts on Healthcare and averting the debt ceiling, which they extended to be re-addressed again in December. The next agenda item is tax reform, which the Republicans would like to pass by year-end.

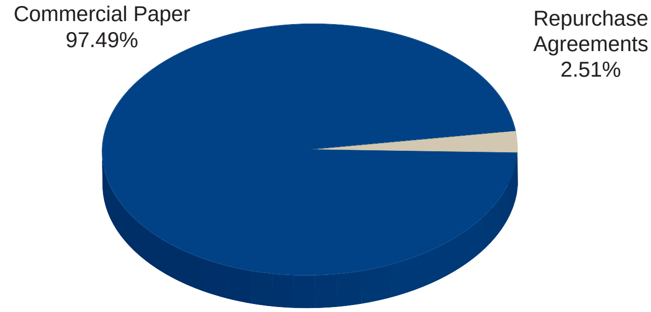
The Federal Reserve (Fed) kept rates unchanged at 1.00%-1.25% at its September Federal Open Market Committee (FOMC) meeting. Consistent with market expectations, the Fed also announced that balance sheet normalization would begin on October 1st. The committee will stop reinvesting the proceeds from Treasury and mortgage securities at a maximum run-off rate of $10 billion per month initially, accelerating at three-month intervals to $50 billion per month. The committee lowered its outlook on core inflation but prepared the market for one more rate hike this year, and forecast three rates hikes in 2018. The unemployment rate estimates continued to be revised down for the next few years and the median long-run Fed Funds rate was lowered from 3% to 2.75%. We expect the Fed to raise rates in December, supported by both higher growth and higher inflation.

We still think synchronous global growth, tepid global inflation and very slow policy normalization are the dominant market themes. Global growth is arguably even stronger than three months ago, and is the strongest since the recovery. Cyclical inflation, which has been stubbornly stuck at low levels, may be poised to move higher. In the U.S., a weaker dollar should be a tailwind to inflation, as should the strong labor market.

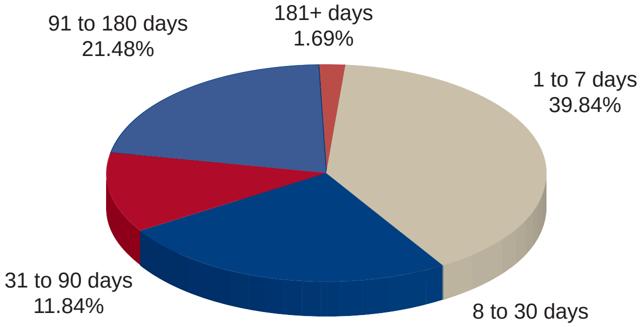
This information is an excerpt from an economic report dated September 2017 provided to LOGIC by JPMorgan Asset Management, Inc., the investment manager of the LOGIC pool.

Information at a Glance

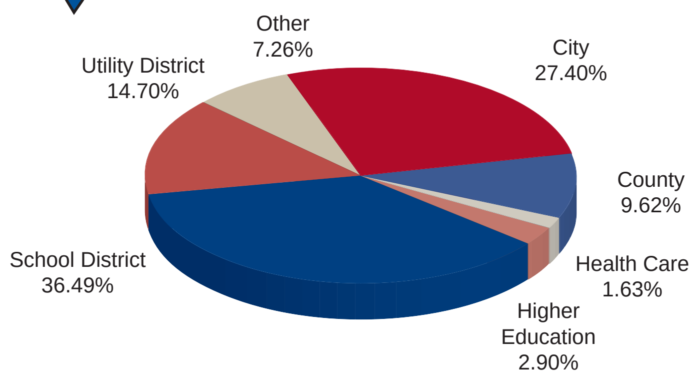
Portfolio by Type of Investment As of September 30, 2017



Portfolio by Maturity As of September 30, 2017



Distribution of Participants by Type As of September 30, 2017



History

Historical Program Information

Month	Average Rate	Book Value	Market Value	Net Asset Value	WAM (1)*	WAM (2)*	Number of Participants
Sep 17	1.2827%	$5,995,123,374.79	$5,995,667,106.47	1.000070	40	77	551
Aug 17	1.2660%	5,912,248,825.24	5,912,933,387.09	1.000115	32	70	548
Jul 17	1.2408%	6,097,733,914.84	6,098,596,876.56	1.000141	29	71	543
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

Assets

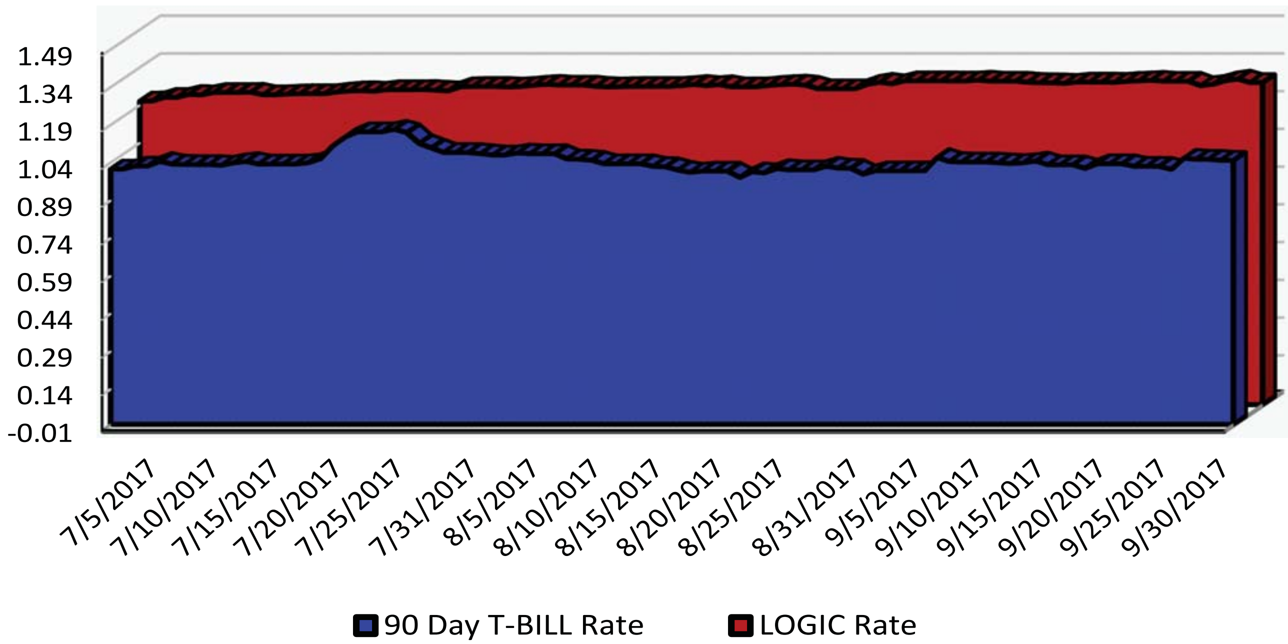
Portfolio Asset Summary as of September 30, 2017

	Book Value	Market Value
Uninvested Balance	$ 202,259.24	$ 202,259.24
Accrual of Interest Income	1,661,378.18	1,661,378.18
Interest and Management Fees Payable	(6,886,823.51)	(6,886,823.51)
Payable for Investment Purchased	0.00	0.00
Receivable for Investment Sold	0.00	0.00
Repurchase Agreements	150,491,999.98	150,491,999.98
Commercial Paper	5,849,654,560.90	5,850,198,292.58
Government Securities	0.00	0.00
Total	**$ 5,995,123,374.79**	**$ 5,995,667,106.47**

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 September 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 September 2017

Date	Mny Mkt Fund Equiv. [SEC Std.]	Daily Allocation Factor	LOGIC Invested Balance	Market Value Per Share	WAM Days (1)*	WAM Days (2)*
9/1/2017	1.2859%	0.000035229	$5,886,904,073.79	1.000055	35	77
9/2/2017	1.2859%	0.000035229	$5,886,904,073.79	1.000055	35	77
9/3/2017	1.2859%	0.000035229	$5,886,904,073.79	1.000055	35	77
9/4/2017	1.2859%	0.000035229	$5,886,904,073.79	1.000055	35	77
9/5/2017	1.2852%	0.000035211	$5,889,786,575.68	1.000120	37	78
9/6/2017	1.2854%	0.000035216	$5,897,837,022.64	1.000121	37	77
9/7/2017	1.2889%	0.000035312	$5,883,257,874.53	1.000125	39	78
9/8/2017	1.2847%	0.000035198	$5,898,833,747.97	1.000088	38	76
9/9/2017	1.2847%	0.000035198	$5,898,833,747.97	1.000088	38	76
9/10/2017	1.2847%	0.000035198	$5,898,833,747.97	1.000088	38	76
9/11/2017	1.2801%	0.000035072	$5,996,361,333.90	1.000125	37	74
9/12/2017	1.2787%	0.000035033	$5,998,325,210.06	1.000124	41	78
9/13/2017	1.2779%	0.000035012	$6,017,045,019.47	1.000125	40	77
9/14/2017	1.2761%	0.000034963	$6,080,080,972.93	1.000123	41	77
9/15/2017	1.2810%	0.000035096	$5,937,243,516.45	1.000088	39	76
9/16/2017	1.2810%	0.000035096	$5,937,243,516.45	1.000088	39	76
9/17/2017	1.2810%	0.000035096	$5,937,243,516.45	1.000088	39	76
9/18/2017	1.2799%	0.000035066	$5,963,320,821.28	1.000125	40	78
9/19/2017	1.2839%	0.000035174	$5,973,584,806.78	1.000124	41	81
9/20/2017	1.2858%	0.000035227	$5,962,782,532.41	1.000124	42	82
9/21/2017	1.2881%	0.000035291	$5,976,101,214.61	1.000120	41	78
9/22/2017	1.2844%	0.000035189	$5,947,798,570.18	1.000050	42	79
9/23/2017	1.2844%	0.000035189	$5,947,798,570.18	1.000050	42	79
9/24/2017	1.2844%	0.000035189	$5,947,798,570.18	1.000050	42	79
9/25/2017	1.2666%	0.000034702	$6,252,620,911.44	1.000109	39	75
9/26/2017	1.2724%	0.000034859	$6,244,032,738.55	1.000106	42	76
9/27/2017	1.2861%	0.000035235	$6,050,525,059.63	1.000112	43	78
9/28/2017	1.2930%	0.000035424	$6,028,232,557.33	1.000111	43	80
9/29/2017	1.2793%	0.000035050	$5,995,123,374.79	1.000070	43	78
9/30/2017	1.2793%	0.000035050	$5,995,123,374.79	1.000070	43	78
Average	1.2827%	0.000035142	$5,970,112,839.99		40	77

LOGIC Participant Services
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ECONOMIC UPDATES

Dallas–Fort Worth Economic Indicators

Federal Reserve Bank of Dallas

September 19, 2017

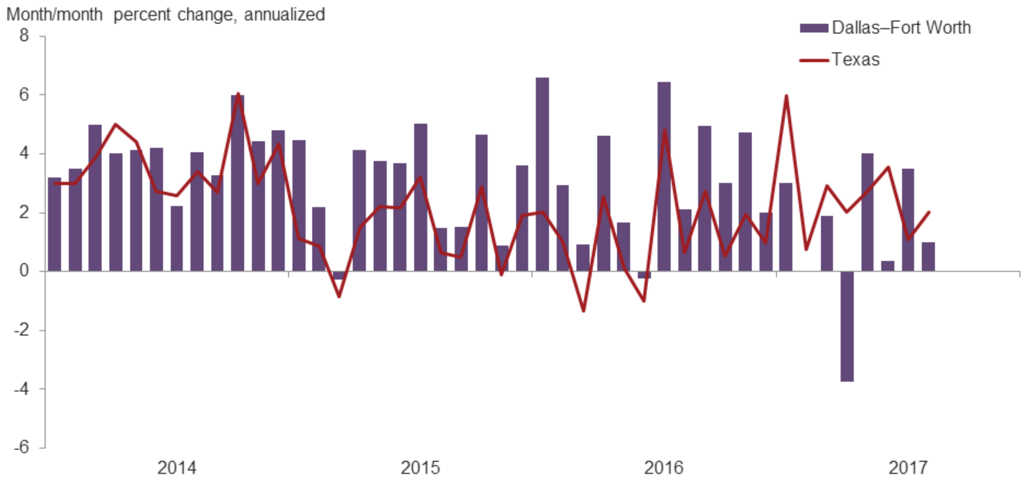
The Dallas–Fort Worth (DFW) economy continued to expand in August. Job growth was modest, and the unemployment rate edged up in both metros. While recent job growth has been below last year's strong pace, labor market indicators suggest this is likely due to continued tightness in labor markets rather than an underlying weakness in the local economy.

Labor Market

Employment Gains Modest in August

DFW jobs grew at a 1 percent annualized rate in August, slower than July's downwardly revised 3.5 percent increase (*Chart 1*). Payrolls in Fort Worth contracted 2.1 percent, while in Dallas they expanded by 2.3 percent in August. Fort Worth year-to-date employment growth of 1.6 percent annualized has outperformed Dallas at 1.1 percent. Considerably slower employment gains in Dallas this year relative to 2016 are likely due to a tight labor market.

Chart 1
Employment Growth

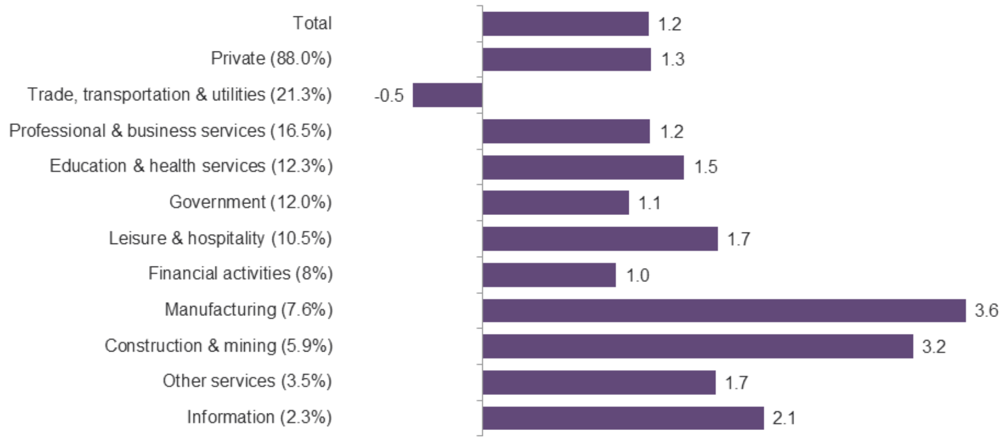


SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by the Dallas Fed.

Employment Growth Is Broad Based

DFW jobs increased at a modest 1.2 percent annualized rate year to date (*Chart 2*). Job gains have been broad based across major sectors. The top two contributors to year-to-date growth were the manufacturing and construction and mining sectors, which added a combined 10,700 jobs. Large service sectors such as professional and business services, education and health services, leisure and hospitality and financial activities have seen modest growth year to date compared with the same period last year. Job losses were limited to the trade, transportation and utilities sector (2,600 jobs), which makes up more than a fifth of the metro area's employment.

Chart 2
Employment Growth by Sector

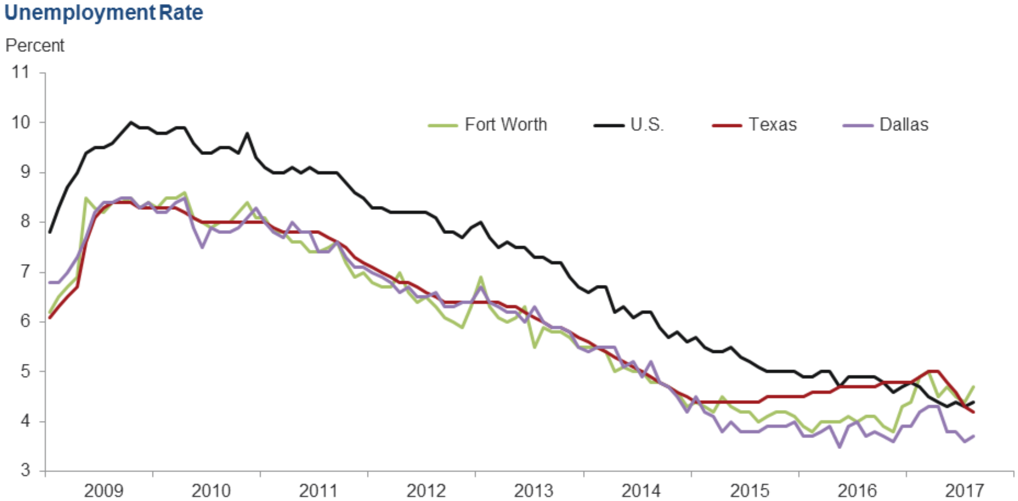


NOTES: Data show seasonally adjusted annualized percentage growth by sector for December 2016–August 2017. Numbers in parentheses are shares of total Dallas–Fort Worth nonfarm employment in August 2017 and may not sum to 100 due to rounding.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by the Dallas Fed.

Unemployment Edges Up

Unemployment in Dallas ticked up to 3.7 percent in August, and the rate in Fort Worth rose from 4.4 percent to 4.7 percent (*Chart 3*). The labor market in the metroplex remained tight, with unemployment in Dallas lower than both the state and the U.S. figures at 4.2 percent and 4.4 percent, respectively.

Chart 3
Unemployment Rate

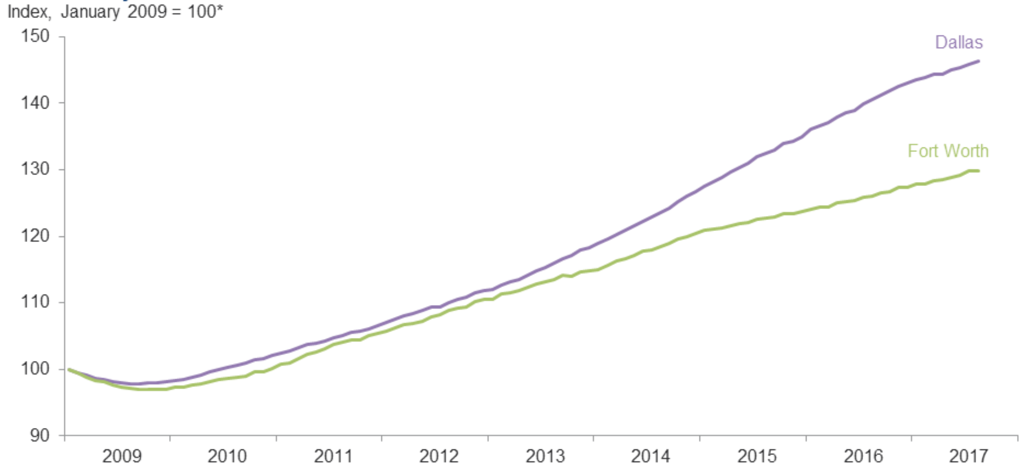


SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal adjustments by the Dallas Fed.

Business-Cycle Indexes

The Dallas business-cycle index grew an annualized 4.5 percent in August, ahead of July's 3.8 percent pace (*Chart 4*). Growth in Fort Worth's business-cycle index was nearly flat in August, following July's strong 7.0 percent annualized increase. Year over year, the Dallas index was up a solid 4.2 percent, and the Fort Worth index was up 3.0 percent.

Chart 4
Business-Cycle Indexes



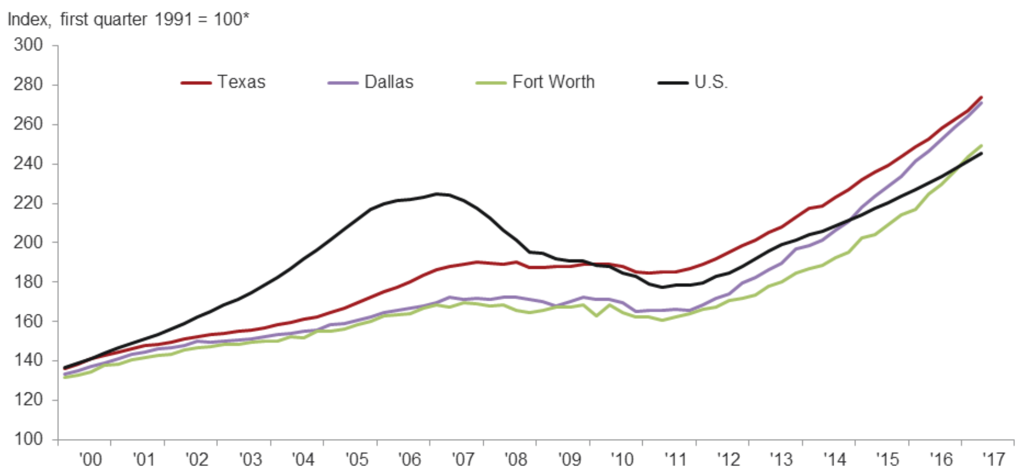
*Monthly, seasonally adjusted.
SOURCE: Dallas Fed.

Housing Market

Home Prices Rise

Home price gains in the metroplex continued to outpace those in the U.S. (*Chart 5*). Prices rose 2.5 percent in Dallas and 2.4 percent in Fort Worth in second quarter 2017, matching the state's 2.4 percent increase but faster than the nation's 1.6 percent increase, according to the Federal Housing Finance Agency purchase-only house price index. On a year-over-year basis, prices were up 9.9 percent in Dallas and 10.8 percent in Fort Worth—both higher than in Texas at 8.3 percent and the nation at 6.6 percent.

Chart 5
House Price Indexes

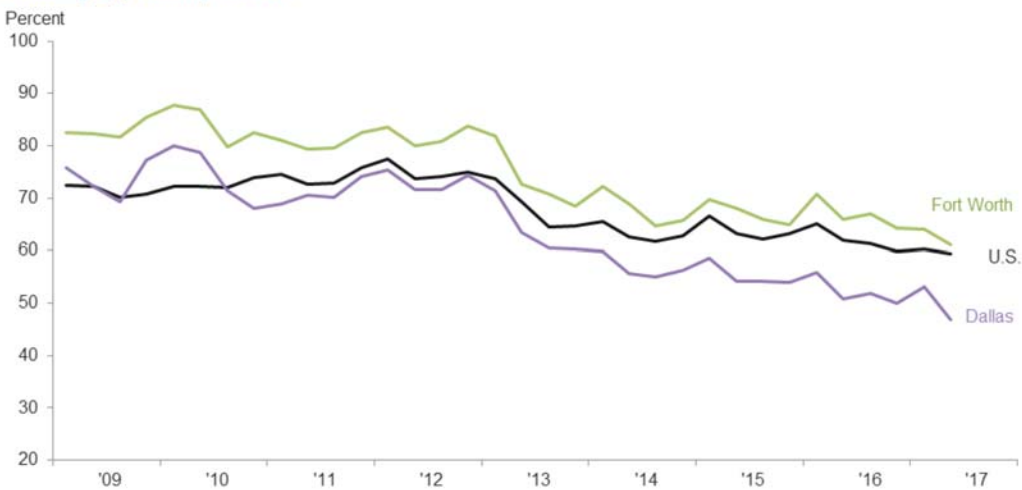


*Quarterly; seasonally adjusted.
SOURCE: Federal Housing Finance Agency.

Affordability Dips Further

Record home price appreciation since 2012 has eroded housing affordability in the metroplex. According to the National Association of Home Builders/Wells Fargo Housing Opportunity indexes, only 47 percent of the homes (new and existing) sold in Dallas in second quarter 2017 were affordable for a median-income family—below the national figure of 59.4 percent (*Chart 6*). Affordability has been declining in Dallas since 2010, and the index has dropped markedly from its peak set in first quarter 2010 amid the U.S. housing bust. Despite having a lower median home sales price than Austin, affordability in Dallas is the lowest among major Texas metros. Affordability in Fort Worth dipped as well from 64 percent in the first quarter to 61.2 percent in the second, but the metro remains more affordable relative to Dallas and the nation.

Chart 6
Housing Opportunity Indexes



SOURCE: National Association of Home Builders/Wells Fargo.

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

About Dallas–Fort Worth Economic Indicators

Questions can be addressed to Laila Assanie at laila.assanie@dal.frb.org. *Dallas–Fort Worth Economic Indicators* is published every month on the Tuesday after state and metro employment data are released.

DALLASFED Economic Update
Texas

Hurricane Harvey Unlikely to Throw Texas Off Course

September 29, 2017

Hurricane Harvey caused widespread damage and broad disruption to the Southeast Texas economy. Preliminary estimates indicate that Harvey will be one of the costliest U.S. hurricanes, ahead of Sandy and behind Katrina. However, the storm's negative impact on employment and business activity is expected to be transitory and should not derail the state's positive economic momentum. The Federal Reserve Bank of Dallas' forecast for 2017 job growth is unchanged at 2.6 percent (December to December).

Before Harvey's initial landfall, Aug. 25, state job gains were solid and unemployment was at its lowest level in a decade. After Harvey, initial unemployment claims soared, and the Dallas Fed's analysis suggests that employment will decline in September before likely rebounding to trend growth in subsequent months.

Employment Gains Strengthen in August

The impact of Hurricane Harvey was not reflected in the August employment figures because payroll data are typically collected around the 12th day of the month.

Texas payroll employment expanded an annualized 2.0 percent in August, up from 1.1 percent in July. Job gains were relatively broad based, with the fastest growth seen in oil and gas extraction and mining support activities, construction, and leisure and hospitality. The picture across the major metros was mixed, with Houston employment flat and Fort Worth down 2.1 percent in August. Employment in both metros is up year to date. Through August, the state has grown at a strong 2.6 percent annual rate.

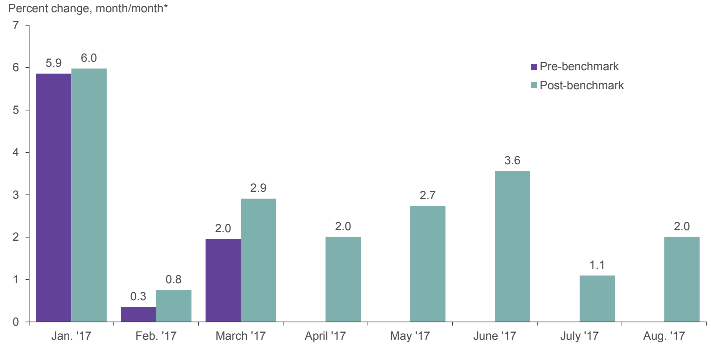
First-Quarter Job Growth Revised Upward

The Texas Workforce Commission releases a more comprehensive employment series, the Quarterly Census of Employment and Wages (QCEW), which is used to benchmark the monthly Current Employment Statistics data series. With the release of first quarter 2017 QCEW data, Texas nonfarm employment was revised upward by 0.5 percentage points in the first quarter, from 2.69 percent to 3.19. Revisions to employment growth were substantial in February and March (*Chart 1*).

Initial Jobless Claims Surge with Impact of Hurricane

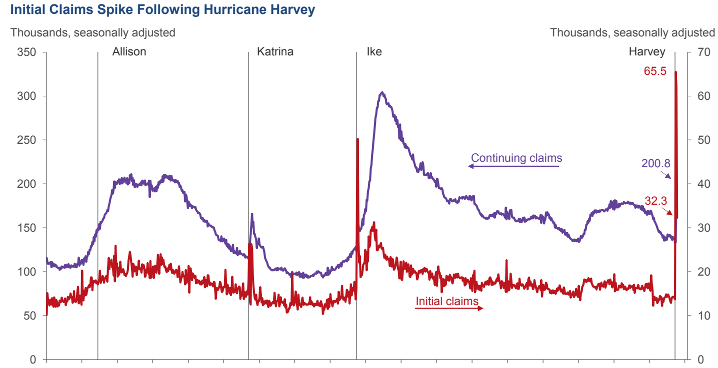
Texas initial unemployment claims climbed to 65,524 in the week ended Sept. 2, nearly five times the level seen in the previous week (*Chart 2*). Claims have since come

Chart 1
Benchmark Revision Reveals Stronger First-Quarter Job Gains for Texas



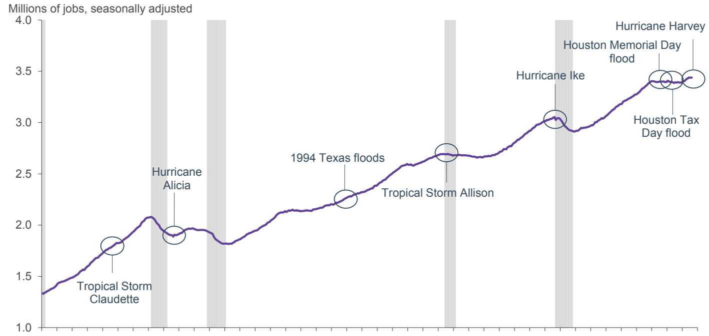
*Seasonally adjusted, annualized rate.
NOTES: Data are through August 2017. Early benchmarking is through first quarter 2017.
SOURCES: Bureau of Labor Statistics; Texas Workforce Commission; seasonal and other adjustments by the Federal Reserve Bank of Dallas.

Chart 2
Initial Claims Spike Following Hurricane Harvey



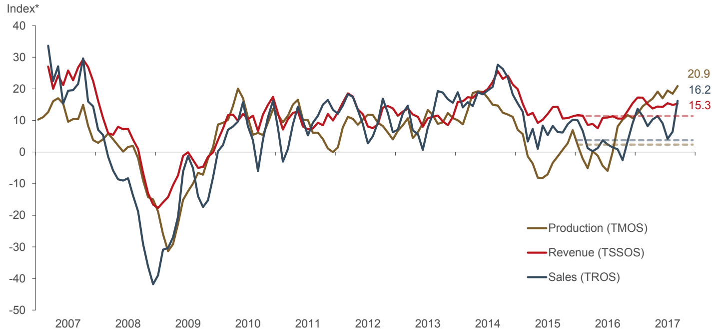
NOTE: Initial claims data are through Sept. 16, 2017, and continuing claims data are through Sept. 9, 2017.
SOURCE: U.S. Department of Labor.

Chart 3
Past Severe Weather Impacts on Texas Gulf Coast Job Growth Short-Lived



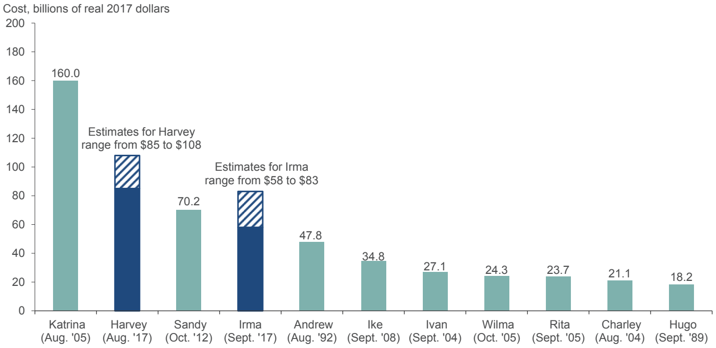
NOTES: Gray bars represent Texas recessions. Gulf Coast employment refers to the Houston, Beaumont, Corpus Christi and Victoria metros.
SOURCES: Bureau of Labor Statistics; National Oceanic and Atmospheric Administration; adjustments by the Federal Reserve Bank of Dallas.

Chart 4
TBOS Points to Strong Recovery in Manufacturing, Stable Growth in Services



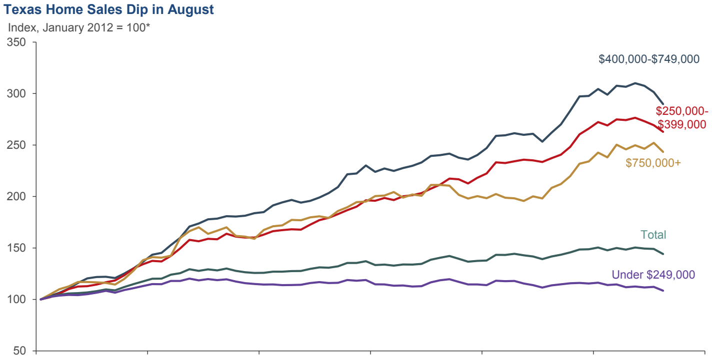
*Three-month moving average, seasonally adjusted.
NOTES: Data are through September 2017. Dashed lines are 2016 averages.
SOURCES: Federal Reserve Bank of Dallas' Texas Manufacturing Outlook Survey (TMOS), Texas Service Sector Outlook Survey (TSSOS) and Texas Retail Outlook Survey (TROS).

Chart 5
Harvey Projected to Be Among Costliest U.S. Hurricanes



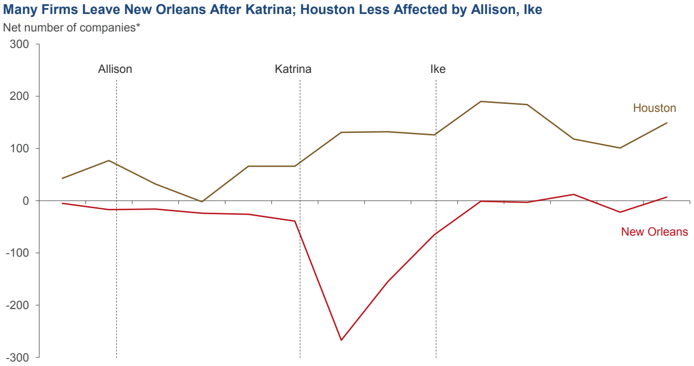
NOTE: Costs include loss of personal and commercial property, public and private infrastructure, vehicles, livestock, and time-element losses (e.g., time costs for businesses, and hotel costs for loss of living quarters).
SOURCES: National Oceanic and Atmospheric Administration; National Centers for Environmental Information; Moody's Analytics; Enki Research.

Chart 6
Texas Home Sales Dip in August



*Three-month moving average, seasonally adjusted.
NOTE: Last data point is August 2017.
SOURCES: Texas A&M Real Estate Center; Multiple Listing Service; seasonal and other adjustments by Federal Reserve Bank of Dallas.

Chart 7
Many Firms Leave New Orleans After Katrina; Houston Less Affected by Allison, Ike



*The net number is the difference between firms moving in and those moving out of the metro area each year.
SOURCE: National Establishment Time Series Database.

down to around 32,000 in the week ended Sept. 16 but are still elevated relative to the 2017 pre-Harvey average of 13,900. Following Hurricane Ike in September 2008, Texas initial jobless claims rose 142 percent and remained elevated for at least five weeks. Given that the disruption caused by Harvey is of a larger magnitude, initial claims will likely remain elevated for a similar or slightly longer period. Prior to Harvey, state initial jobless claims were below their 2000–06 averages.

Harvey's Employment Impact Expected to Be Short Lived

Historically, the impact of extreme weather events on Texas Gulf Coast payroll employment has been transitory as employment resumes its normal growth path following a temporary decline (*Chart 3*). Many of the weather events highlighted in Chart 3 were not as severe as Harvey but still point to the resiliency of the area's economy.

A Dallas Fed analysis of the effect of Hurricane Harvey on employment suggests that jobs will fall sharply in September, by 54,200 to 73,700 on the Gulf Coast and 37,800 to 60,400 statewide.[1] Employment will likely rebound to trend growth along the Gulf Coast by year-end and in Texas in October.

Texas Business Outlook Survey Reflects Continued Expansion

Texas factory activity increased in September, and retail and service sector activity continued to reflect expansion, according to business executives responding to the Dallas Fed's Texas Business Outlook Surveys (TBOS). Factory production and service revenue continued growing in September, exceeding last year's averages (*Chart 4*). Retail sales climbed markedly in September as well.

Hurricane Harvey had a negative effect on the revenue and/or production of 41 percent of firms responding to the TBOS special questions that focused on its impact. Over the next six months, 33 percent of all special question respondents expect a decrease in their revenue and/or production as a result of the storm. These firms identified loss of customer base, personnel disruptions and transportation and/or supply chain disruptions as the most significant impediments to getting back to business as usual.

Harvey's Economic Losses Daunting

Despite the transitory impact of Harvey on employment and business activity, the damage to property and infrastructure is severe. Moreover, insured losses are expected to be a smaller share of the total compared with other major U.S. hurricanes because a larger-than-usual proportion of the property damage was from flooding. Harvey's damage costs are estimated at $85 billion and up, putting the storm's losses ahead of most major U.S. hurricanes (*Chart 5).*

Labor Shortages May Worsen as Texas Gulf Coast Repairs, Rebuilds

Labor markets tightened further in August, with the state unemployment rate falling to 4.2 percent—its lowest level since July 2007. Labor markets in Austin and Dallas were even tighter, with unemployment below 4 percent.

With a limited labor pool from which to choose, companies are reporting worker shortages and difficulty hiring. Shortages are particularly acute in construction, where wages have rapidly increased since 2012. Labor demand will rise as post-hurricane repair and restoration work gets underway, further squeezing the Texas construction market and pushing up labor and material costs.

When asked about the impact of Hurricane Harvey on the labor market, 27 percent of firms responding to the TBOS special questions survey expected their ability to find and hire workers to become more difficult over the next six months.

Home Sales Dip, May Decline Further Post-Harvey

Overall, statewide home sales have plateaued at elevated levels and dipped in August (*Chart 6*). Sales of entry-level homes (priced under $250,000) have been mostly flat to down throughout the current expansion as home prices have rapidly increased. Sales of homes priced between $250,000 and $749,000, which had been expanding at a solid pace and accounted for 35 percent of the overall market in 2016, have softened in recent months as well. Sales of homes priced above $750,000 have increased 3.9 percent year to date. Home sales will likely slow further in the near term in Houston and other affected areas due to the widespread storm damage to homes but will gradually return to normal as recovery begins.

Longer-Run Economic Impact Likely Limited

Research suggests that the longer-term impact of the hurricane is expected to be limited.[2] Houston will rebound because of its importance as the energy capital of the U.S. and as a center for business and trade. Other parts of the coast will gradually recover as well, although some small-business owners may find it difficult to reopen.

One indicator of Houston's resilience is the sustained in-migration of firms following previous severe weather events (*Chart 7*). New Orleans was in economic decline before Katrina made landfall in 2005, with more firms moving out of the metro area relative to those coming in. Katrina accelerated the out-migration from New Orleans. In contrast, Houston's economy was adding new firms on net prior to Allison and Ike and continued attracting employers after the storms' immediate impacts passed.

—Laila Assanie and Stephanie Gullo

Notes

1. For the Gulf Coast, growth is expected to rebound by an annualized 15.7 to 21.1 percent in October and rise 8.7 to 11.2 percent in November. A slight rise of 3.6 to 4.3 percent is anticipated in December. For Texas, growth will likely rebound by an annualized 11.8 to 15.0 percent in October while staying close to what had been forecast absent the hurricane for November and December.
2. "The Economic Growth Impact of Hurricanes: Evidence from U.S. Coastal Counties," by Eric Strobl, *The Review of Economics and Statistics*, vol. 93, no. 02, 2011, pp. 575–89; and "Local Economic Impacts of Natural Disasters," by Yu Xiao, *Journal of Regional Science*, vol. 51, no. 4, 2011, pp. 804–20.

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About the Authors

Assanie is a senior business economist and Gullo is a research analyst in the Research Department at the Federal Reserve Bank of Dallas.

DALLASFED Economic Update
U.S.

National Economy on Solid Footing Before Arrival of Hurricanes Harvey and Irma

September 25, 2017

Hurricanes Harvey and Irma, if taken together, would rank among the costliest weather-related disasters in U.S. history based on the estimated value of destroyed or damaged property and infrastructure. Moreover, the back-to-back storms in late August and early September have introduced substantial uncertainty into the economy's near-term outlook.

Previous natural disasters suggest that despite interruption of economic activity in the immediate term and hardship for those living in affected areas, the impact on the national economy—an impact that includes subsequent boosts to activity from rebuilding—tends to be modest.

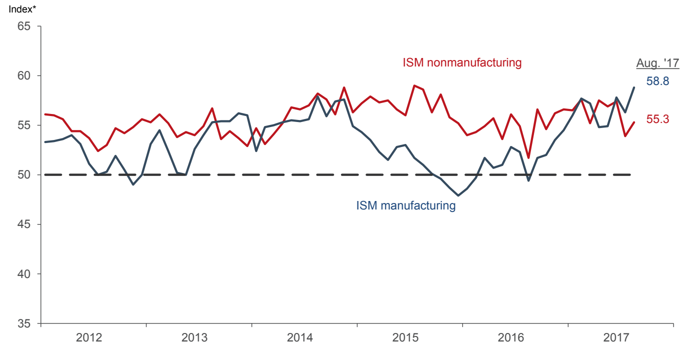
Whether past experience will be a good guide to the recent hurricanes will depend, among other factors, on the strength of the economy before the storms. To that end, this report examines the health of the national economy just before the hurricanes and the storms' likely impact on the outlook.

GDP Growth Revised Higher

Real (inflation-adjusted) gross domestic product (GDP) grew at a 3.0 percent annual rate during the second quarter, a 0.4 percent upward revision of the first estimate. The increase followed weak first-quarter growth of 1.2 percent. The latest result reflected a pickup in real personal consumption spending growth and a smaller drag from inventory investment.

The Institute for Supply Management (ISM) manufacturing index increased to 58.8 in August from 56.3 in July. The ISM nonmanufacturing index also rose in August, to 55.3 from 53.9 in July (*Chart 1*). Readings above 50 indicate general expansion; those below 50 indicate general contraction. The manufacturing index is at its highest level since 2011. The nonmanufacturing index, though below recent highs, suggests moderate growth in services.

Chart 1
August ISM Indexes Point to Solid Growth

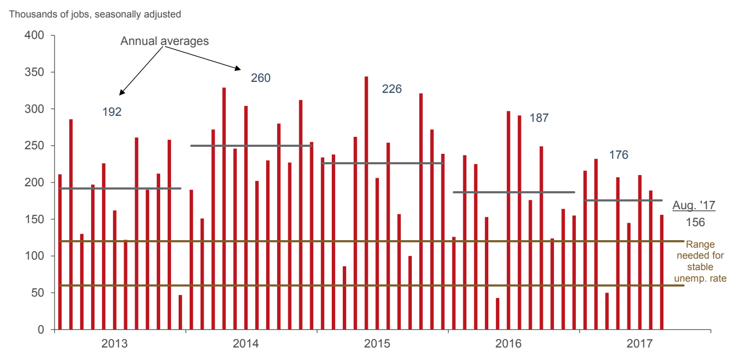


*Values above 50 indicate expansion.
SOURCE: Institute for Supply Management (ISM).

Hiring Slows, Unemployment Near Prerecession Low

Nonfarm payrolls increased by 156,000 in August, below the consensus forecast and less than the downwardly revised July number of 189,000. Payroll gains have averaged roughly 176,000 per month in 2017, a slower pace than during the three prior years (*Chart 2*). While hiring has slowed, it remains above the range estimated to be consistent with stable unemployment.

Chart 2
Payroll Growth Continues Slowing in 2017



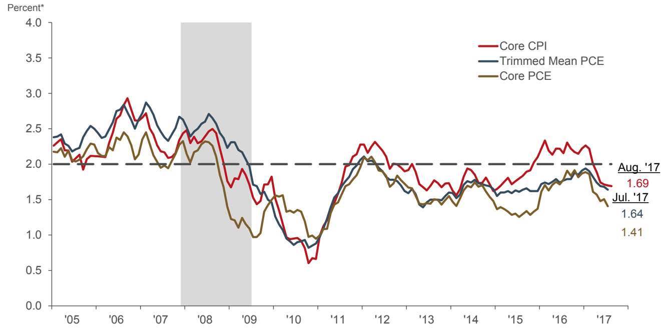
SOURCES: Bureau of Labor Statistics; authors' calculations.

The labor force participation rate of 62.9 percent and broad U-6 unemployment rate of 8.6 percent were unchanged in August (the U-6 rate includes discouraged workers, other marginally attached workers and those working part time for economic reasons). The headline, or U-3, unemployment rate ticked up 0.1 percent in August to 4.4 percent. The U-3 rate matched its prerecession low, in May 2007, while the U-6 rate remained about 0.7 percentage points above its prerecession low. U-3 unemployment remains below the Congressional Budget Office's estimate of its natural rate, roughly 4.7 percent.

Inflation Remains Low

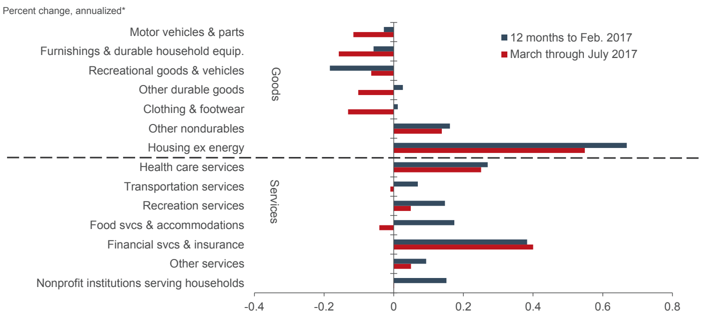
Measures of core consumer price inflation trended lower in June, July and August and remain below levels consistent with the Federal Reserve's long-run goal of 2 percent (*Chart 3*). Measured on a 12-month basis, the price index for personal consumption expenditures (PCE) excluding food and energy ticked down 0.1 percent in July to 1.4 percent. The Federal Reserve Bank of Dallas' Trimmed Mean PCE inflation rate edged down 0.1 percent in July to 1.6 percent. The Consumer Price Index (CPI) excluding food and energy—for

Chart 3
12-month Core Inflation Rates Trending Lower



*Year over year, seasonally adjusted.
NOTES: Shaded area indicates recession. Dashed line indicates 2 percent personal consumption expenditures (PCE) inflation target.
SOURCES: Bureau of Economic Analysis; Bureau of Labor Statistics; Federal Reserve Bank of Dallas.

Chart 4
Inflation Deceleration is Broad Based



*Contributions to core personal consumption expenditures inflation.
SOURCES: Bureau of Economic Analysis; authors' calculations.

which there is an additional month of data—was unchanged at 1.7 percent in June, July and August.

Inflation has slowed noticeably since early 2017. Monthly rates were soft across a range of core measures from March through July. August's one-month core CPI rate of an annualized 3 percent may represent a break with this trend.

A few items' price movement contributed to the March-to-July deceleration—for example, cellular telephone services, which fell 7 percent in March in the PCE, and hotel and motel services, which fell a combined 7 percent over June and July.

Chart 4 breaks down inflation in PCE excluding food and energy into its broad components; the bars show each component's contribution to core PCE inflation for the 12 months through February 2017 (blue) and for March-July (red). With two exceptions, the broad components of core PCE contributed less from March to July than during the prior 12 months. Despite the recent low readings, professional forecasters still anticipate inflation to be anchored around the Fed's long-run goal of 2 percent, suggesting price strength in coming quarters.

Hurricanes' Impact on the Outlook

Natural disasters such as Hurricanes Harvey and Irma destroy physical capital and disrupt economic activity. They also displace some amount of production, consumption and investment that would have otherwise occurred. Some of these foregone activities are simply postponed, while others are permanently lost. The disruption effect by itself would lead to an immediate dip and subsequent partial recovery in the level of economic activity. Indeed, industrial production slipped in August.

In subsequent months and quarters, the rebuilding of lost capital plus the realization of some amount of postponed consumption and investment tend to raise the level of economic activity above what otherwise would have been the case. Rebuilding is typically a very gradual process, spread out over many quarters.

In terms of GDP, these patterns lead to an expectation of slower growth in the third quarter relative to the predisaster outlook, followed by slightly more rapid growth over the next several quarters. A similar pattern is expected in the labor market, with slower job gains for a couple of months, followed by slightly greater increases later in the year and into 2018. Indeed, initial claims for unemployment insurance jumped by 62,000 in the week following Harvey; further increases over the next few weeks seem likely.

Given Hurricane Harvey's impact on the nation's oil refining capacity, a temporary jump in headline inflation from higher gasoline prices is likely. Some inflation may already have been present in August's CPI data, but the bulk will likely show up in data for September. Whether the hurricanes will affect core measures of inflation is less clear, though prices for vehicles, shelter and energy-intensive services such as airlines represent potential channels for transitory core inflation pressures.

—Jim Dolmas and Laton Russell

About the Authors

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DALLASFED Economic Update

International

Global Outlook Improves

September 28, 2017

Recent data on global gross domestic product (GDP) growth point to a modest and broad-based increase in real economic activity. In the Federal Reserve Bank of Dallas' Database of Global Economic Indicators (DGEI), world GDP growth (excluding the U.S.) was 3.5 percent in the second quarter on a year-over-year basis, up from 3.1 percent in the first quarter.[1]

Global GDP Growth Broad Based

Second quarter 2017 saw positive economic expansion among almost all trade partners. Real GDP grew faster in both advanced economies (excluding the U.S.) and emerging economies, continuing a trend seen since the beginning of 2016 (*Chart 1*). Canada posted the strongest growth among advanced economies, expanding 4.5 percent on an annualized quarter-over-quarter basis. This solid performance can be attributed to a rebound in commodity prices, benefiting Canada's resource sector. The DGEI euro area grew 2.8 percent, with all nine countries showing increased economic activity. Japan's GDP picked up in the second quarter from 1.2 percent to 2.5 percent. This marks Japan's longest growth run in over a decade. The U.K. was the weakest performer at 1.2 percent, an increase from first quarter's 0.85 percent growth.

The strongest performer among the emerging economies in the second quarter was China, with a 6.7 percent annualized quarter-over-quarter increase. This is slightly less than its first-quarter growth of 7.3 percent. Mexico's GDP grew 2.3 percent, showing signs of stabilization. Growth in India slowed from 7.2 percent in the first quarter to 4.2 percent in the second as weakness in manufacturing and mining weighed on activity. Brazil continued to recover from the deepest recession in its history with a 1 percent growth rate. Russia, also emerging from a recession, grew 4.0 percent, up from the previous two quarters. South African GDP expanded 2.5 percent, its first increase since third quarter 2016.

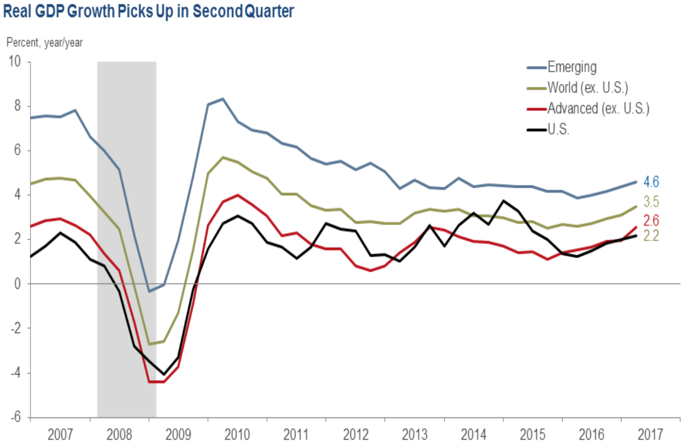
Central Banks Respond to Growth

The Bank of Canada was the only advanced-economy central bank to tighten policy rates since the last week of July, raising the overnight target rate 25 basis points to 1 percent at its Sept. 6 meeting (*Table 1*). The bank cited stronger-than-expected Canadian growth as a reason for the increase and synchronous global economic expansion, leading to higher industrial commodity prices. This hike follows the Bank of Canada's July increase of 25 basis points, the bank's first increase in seven years. The Bank of England maintained its 0.25 percent rate at its Sept. 13 meeting but implied that it will likely raise rates in coming months.

The Central Bank of Brazil reduced the SELIC overnight rate by 1 percentage point in August, followed by an additional 1 percentage-point cut at the September meeting. The central bank cited stabilization of the domestic economy, a favorable global outlook and widespread disinflation as reasons for the cut. The Reserve Bank of India voted to reduce its repo rate by 25 basis points to 6.0 percent, noting that inflation had fallen to a historic low. The Bank of Russia cut its one-week repo rate by 50 basis points to 8.5 percent at its Sept. 15 meeting.

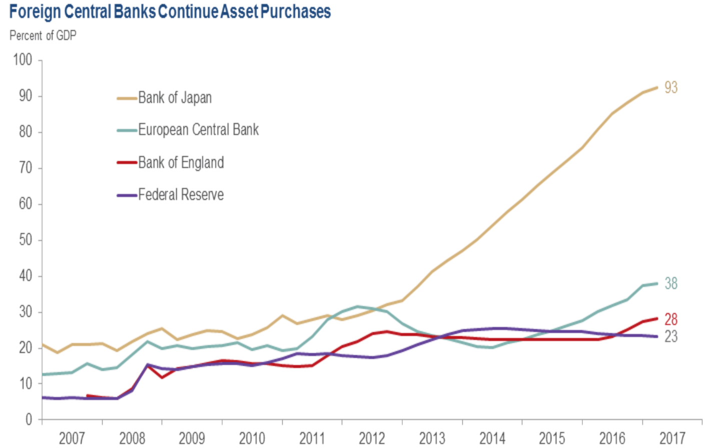
Policy rates in the U.K., Japan and Europe are still up against their effective lower bound. Shadow policy rates, which are estimates of effective policy rates not bounded by zero, further declined in recent months.[2] Shadow rates are at or near historic lows due to long-term asset purchases by central banks.

Chart 1
Real GDP Growth Picks Up in Second Quarter



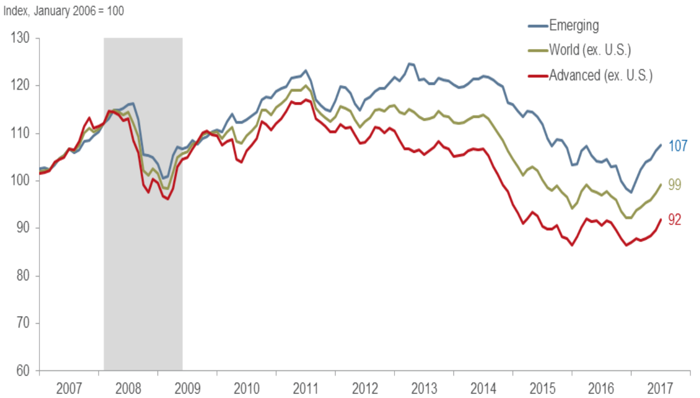
NOTES: Calculations are based on a representative sample of 40 countries and aggregated using U.S. trade weights. The last data point is second quarter 2017. The shaded bar indicates global recession.
SOURCES: Database of Global Economic Indicators; Haver Analytics.

Chart 2
Foreign Central Banks Continue Asset Purchases



NOTE: The last data point is second quarter 2017.
SOURCES: Federal Reserve Board; Bank of England; European Central Bank; Bank of Japan; Haver Analytics.

Chart 3
Global Currencies Appreciate Against the Dollar



NOTES: Calculations are based on a representative sample of 40 countries and aggregated using U.S. trade weights. An increase in the index means depreciation of the U.S. dollar against a basket of foreign currencies, and a decrease means appreciation. Shaded bar indicates global recession. Data were last updated August 2017.
SOURCES: Database of Global Economic Indicators; Federal Reserve Board; Haver Analytics; national sources.

The European Central Bank (ECB), Bank of Japan (BOJ) and Bank of England (BoE) all continued their asset purchase programs, as Chart 2 illustrates. The ECB purchased public- and private-sector securities at a rate of €60 billion per month. BOJ continued to purchase government bonds, bringing the Japanese government's 10-year yield to near zero percent as of Sept. 26. BOJ's balance sheet is approximately 90 percent of Japan's annual nominal GDP.

The Bank of England voted in August 2016 to expand the government bond purchase program by £60 billion, bringing the cap to £435 billion. At the Sept. 13 meeting, the bank decided to maintain this level. As of Sept. 20, the BoE holds £434 billion worth of gilts, bonds issued by the U.K. government. The BoE stopped purchasing corporate bonds in April 2017 but unanimously voted to continue holding the £10 billion stock of corporate bonds in September.

Global Currencies Appreciate Against the Dollar

The DGEI aggregated real exchange rate for the dollar indicates continued appreciation of other currencies against the dollar. The aggregate real exchange rate in advanced countries has grown 6.2 percent and increased 9.2 percent in emerging economies since the start of 2017 (*Chart 3*). As of Sept. 26, the Canadian dollar, euro and pound all have appreciated against the U.S. dollar since July 27.

—Daniel Crowley

About the Author

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Notes

1. Calculations are based on a representative sample of 40 countries aggregated using U.S. trade weights.

2. For details on methodology, see "Measuring the Macroeconomic Impact of Monetary Policy at the Zero Lower Bound," by Jing Cynthia Wu and Fan Dora Xia, *Journal of Money, Credit and Banking*, vol. 48, no. 2–3, 2016, pp. 253–91. Estimates for the U.K. and euro area are updated by Wu at the Chicago Booth School of Business, and estimates for Japan are updated by Leo Krippner at the Reserve Bank of New Zealand.

Table 1: Policy Rates

	Latest (percent)	Percentage-point change since July FOMC meeting (July 27, 2017)	Percentage-point change since last year (Sept. 6, 2016)
U.S.	1.125	0.00	0.75
World (ex. U.S.)	–	–	–
Advanced (ex. U.S.)	–	–	–
Canada	1.00	0.25	0.50
Euro area	0.00	0.00	0.00
Japan	-0.10	0.00	0.00
United Kingdom	0.25	0.00	0.00
Emerging	–	–	–
China	4.35	0.00	0.00
Mexico	7.00	0.00	2.75
India	6.00	-0.25	-0.50
Brazil	8.25	-2.00	-6.00
Russia	8.50	-0.50	-2.00
South Africa	6.75	0.00	-0.25

NOTES: The last data are from Sept. 26, 2017. Country data are arranged in descending order of trade weight. The advanced-country policy rates are: U.S. fed funds rate, Canada target rate, European Central Bank main refinancing operation rate, Japan complementary deposit facility rate, U.K. official bank rate. The emerging country policy rates are: China one-year lending rate, Mexico target rate, India repo rate, Brazil overnight SELIC target rate, Russia one-week repo auctions loan rate, South Africa average repo rate.

SOURCES: Haver Analytics; national sources.

CITY OF COLLEYVILLE
INVESTMENT REPORT TERMINOLOGY

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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.