

**CITY OF TYLER
CITY COUNCIL COMMUNICATION**

Agenda Number: C-A-2

Date: December 11, 2013

Subject: Request that the City Council consider reviewing and accepting the Investment Report for the quarter ending September 30, 2013.

Page: 1 of 2

Item Reference:

The attached City of Tyler Investment Portfolio Summary includes all of the core information required under the Public Funds Investment plus some additional supporting information that has been prepared to assist the City Council in the quarterly review process.

Investments held on September 30, 2013 by type and major fund are shown below:

Investment Category	Book Value	Market Value	Average Yield	Average Maturity
Pools/Bank	35,563,064	35,563,064	0.23	1 day
Securities/CD's	40,648,142	40,648,142	0.38	294 days
	77,211,206	77,211,206	0.31	155 days

Benchmarks: Rolling 3 month Treasury average yield was 0.07 percent
Rolling 6 month Treasury average yield was 0.11 percent
The Tex Pool average yield for this quarter was 0.09 percent

INVESTMENT OFFICER APPROVAL


Keidric Trimble 9/30/2013

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RECOMMENDATION:

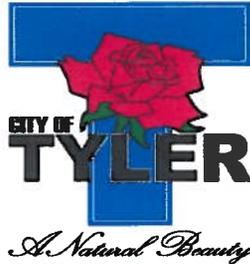
It is recommended that the City Council review and accept the Investment Report for the quarter ending September 30, 2013.

Drafted/Recommended By:
Department Leader


Keidric Trimble, CFO

Edited/Submitted By:
City Manager





INVESTMENT PORTFOLIO SUMMARY

For the Quarter Ended

September 30, 2013

Prepared by

Valley View Consulting, L.L.C.

The investment portfolio of the City of Tyler is in compliance with the Public Funds Investment Act and the Investment Policy.

A handwritten signature in black ink, appearing to read "Kerdiel Trulls", is written over a horizontal line.

Chief Financial Officer

Accounting Manager

A handwritten signature in black ink, appearing to read "E. Parkhouse", is written over a horizontal line.

Accountant

Disclaimer: These reports were compiled using information provided by the City. No procedures were performed to test the accuracy or completeness of this information. The market values included in these reports were obtained by Valley View Consulting, L.L.C. from sources believed to be accurate and represent proprietary valuation. Due to market fluctuations these levels are not necessarily reflective of current liquidation values. Yield calculations are not determined using standard performance formulas, are not representative of total return yields and do not account for investment advisor fees.

City of Tyler, Texas Annual Comparison of Portfolio Performance

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range between 0.00% and 0.25% (actual Fed Funds traded +/-10 bps). The FOMC shifted the Quantitative Easing (QE3) focus to target unemployment below 6.5% and inflation between 2.0% and 2.5%. International and domestic economic and employment data posted modest but erratic growth. Overall US economic activity remains low to moderate with GDP +/-2.0%. The US stock markets maintained their bullish tone, pushing to new highs. During the summer the FOMC discussed a tapered reduction of the monthly QE3 security purchases - although they chose not to at the September meeting. The market reacted quickly by pushing interest rates higher. The partial Federal Government shutdown and debt ceiling issues have increased uncertainty. Financial institution deposits and laddering targeted cash flows still provide the best interest earnings opportunity.

FYE Results by Investment Category:

<u>Asset Type</u>	<u>September 30, 2013</u>			<u>September 30, 2012</u>		
	<u>Ave. Yield</u>	<u>Book Value</u>	<u>Market Value</u>	<u>Ave. Yield</u>	<u>Book Value</u>	<u>Market Value</u>
Pools/Bank	0.23%	\$ 36,563,064	\$ 36,563,064	0.17%	\$ 37,731,588	\$ 37,731,588
Securities/CDs	0.38%	40,648,142	40,648,142	0.46%	40,603,405	40,603,405
Totals		\$ 77,211,206	\$ 77,211,206		\$ 78,334,993	\$ 78,334,993
				<u>2013</u>	<u>2012</u>	<u>Change</u>
			Total Portfolio	0.34%	0.47%	-0.13%
			Rolling Three Mo. Treas. Yield	0.07%	0.07%	0.00%
			Rolling Six Mo. Treas. Yield	0.11%	0.11%	0.00%
			Quarterly TexPool Yield	0.09%	0.12%	-0.03%

(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(2) Fiscal Year-to-Date Average Yields calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

Strategy Summary:

The Federal Open Market Committee (FOMC) maintained the Fed Funds target range between 0.00% and 0.25% (actual Fed Funds traded <10 bps). The FOMC continued Quantitative Easing (QE3), but openly discussed the potential tapering of the monthly security purchases. The fixed income market reacted quickly, raising 10 year rates over 1.00% to +/-2.75%. Mortgage rates also jumped quickly and dramatically. Domestic employment posted erratic, uninspiring growth. Overall economic activity remains moderate with second quarter GDP of 2.5%. The US stock markets touched new highs. The partial Federal Government shut down and debt ceiling cap increase uncertainty. Financial institution deposits and laddering targeted cash flows still provide the best interest earnings opportunity.

Quarter End Results by Investment Category:

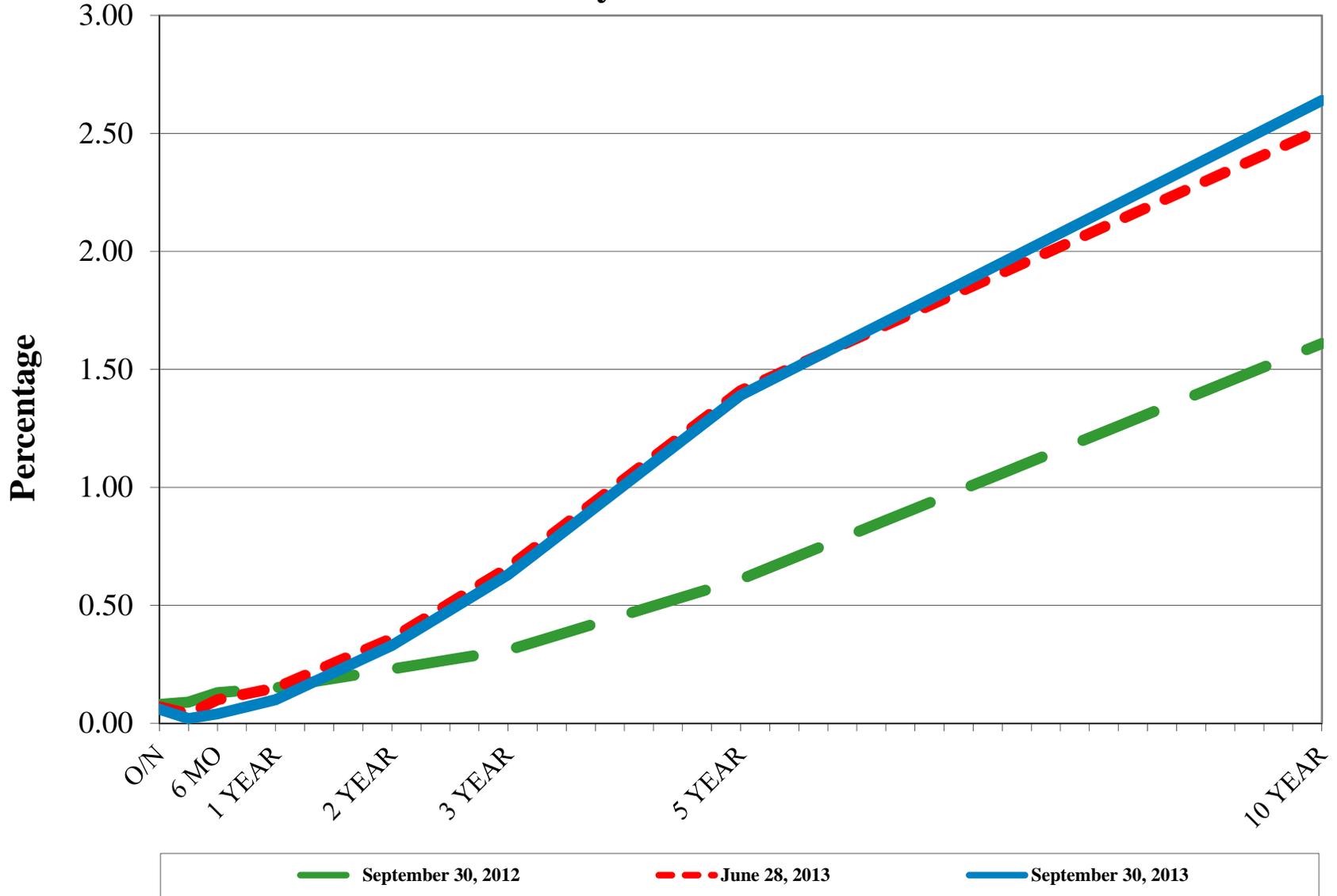
<u>Asset Type</u>	<u>Ave. Yield</u>	<u>September 30, 2013</u>		<u>June 30, 2013</u>	
		<u>Book Value</u>	<u>Market Value</u>	<u>Book Value</u>	<u>Market Value</u>
Pools/Bank	0.23%	\$ 36,563,064	\$ 36,563,064	\$ 37,731,588	\$ 37,731,588
Securities/CDs	0.38%	40,648,142	40,648,142	40,603,405	40,603,405
Totals		\$ 77,211,206	\$ 77,211,206	\$ 78,334,993	\$ 78,334,993

<u>Average Yield (1)</u>		<u>Fiscal Year-to-Date Average Yield (2)</u>	
Total Portfolio	0.31%	Total Portfolio	0.34%
Rolling Three Mo. Treas. Yield	0.04%	Rolling Three Mo. Treas. Yield	0.07%
Rolling Six Mo. Treas. Yield	0.08%	Rolling Six Mo. Treas. Yield	0.11%
		Quarterly TexPool Yield	0.09%
Quarterly Interest Income	\$ 63,804	Approximate	
Year-to-date Interest Income	\$ 281,663	Approximate	

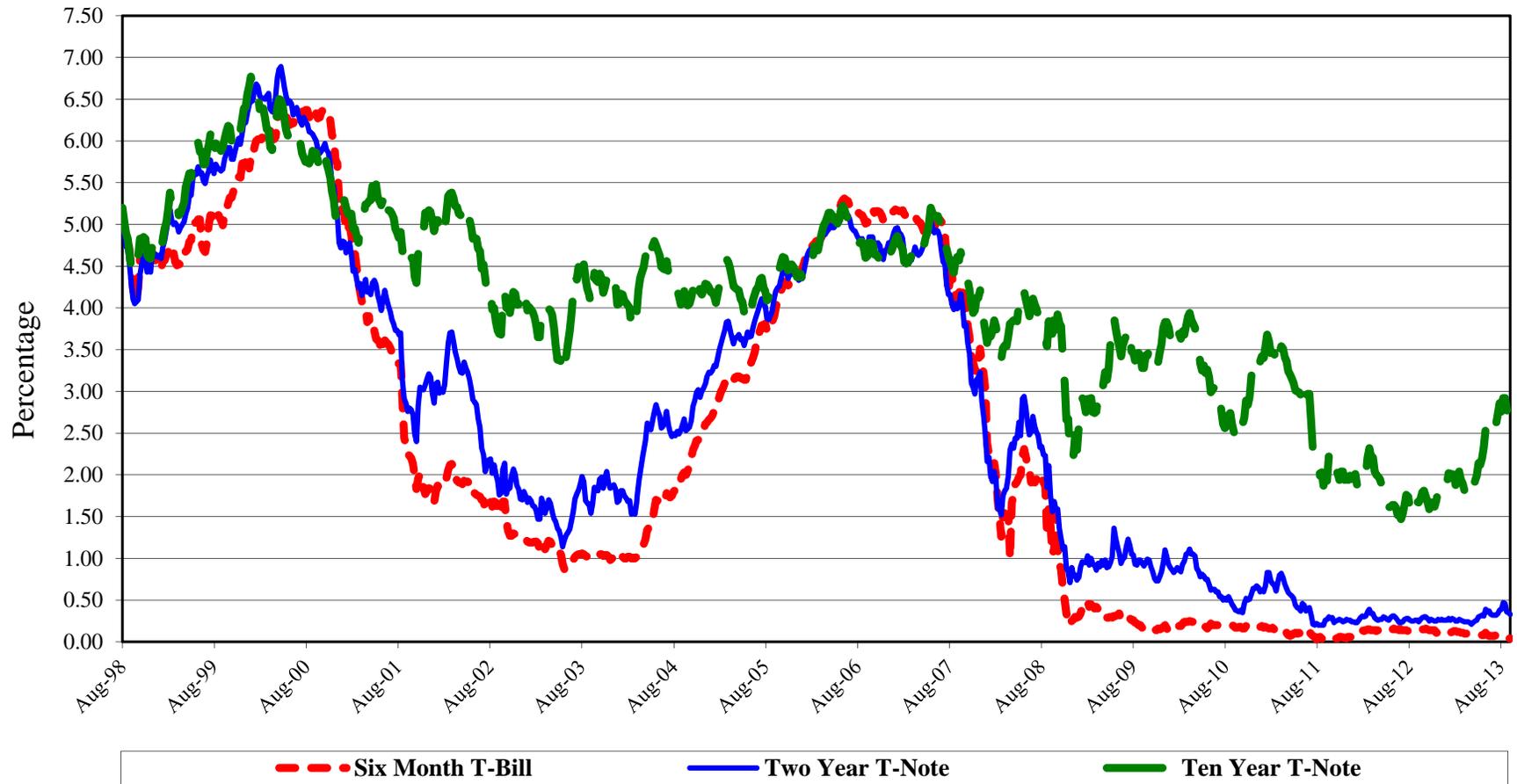
(1) Average Yield calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

(2) Fiscal Year-to-Date Average Yields calculated using quarter end report yields and adjusted book values and does not reflect a total return analysis or account for advisory fees.

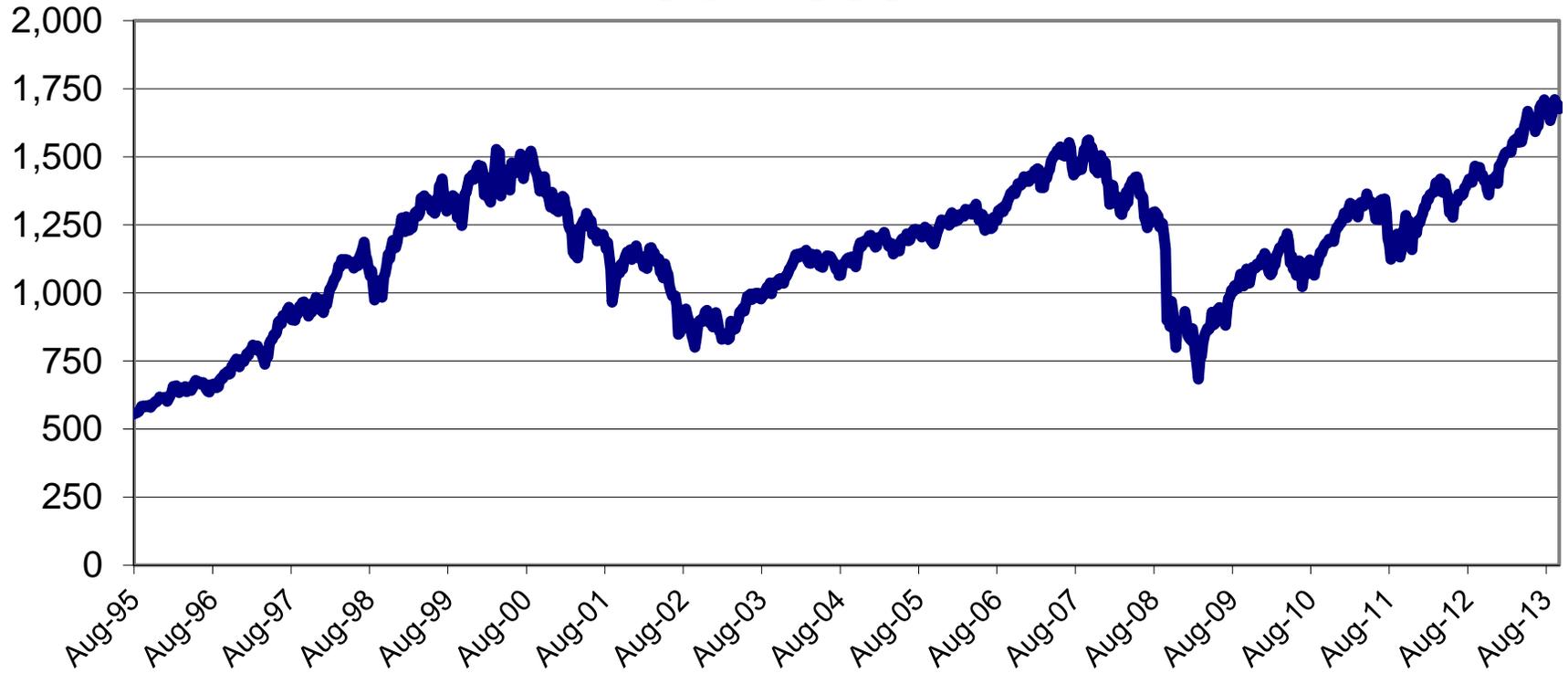
Treasury Yield Curves



US Treasury Historical Yields



S&P 500



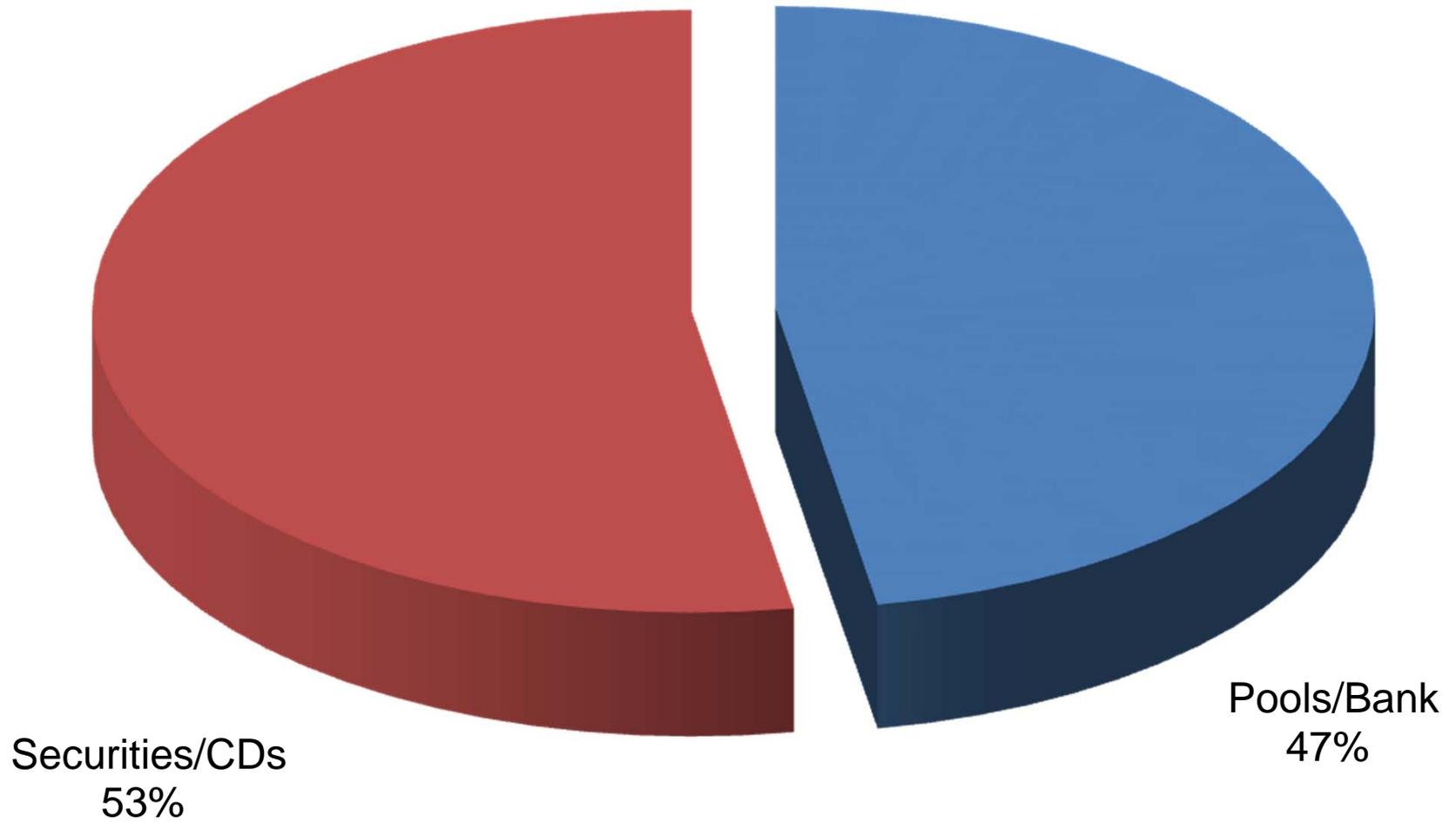
Detail of Investment Holdings
September 30, 2013

Description	Ratings	Coupon/ Discount	Maturity Date	Settlement Date	Par Value	Purchased Value	Book Value	Market Price	Market Value	Life (days)	Yield
Cash - Pooled		0.00%	10/01/13	09/30/13	\$ 13,543,114	\$ 13,543,114	\$ 13,543,114	1.00	\$ 13,543,114	1	0.00%
MMA		0.50%	10/01/13	09/30/13	16,650,482	16,650,482	16,650,482	1.00	16,650,482	1	0.50%
TexPool	AAAm	0.04%	10/01/13	09/30/13	3,147,983	3,147,983	3,147,983	1.00	3,147,983	1	0.04%
TexSTAR - Bond	AAAm	0.04%	10/01/13	09/30/13	3,101,683	3,101,683	3,101,683	1.00	3,101,683	1	0.04%
TexSTAR	AAAm	0.04%	10/01/13	09/30/13	119,802	119,802	119,802	1.00	119,802	1	0.04%
SSB CD		0.26%	12/25/13	03/25/13	3,017,724	3,017,724	3,017,724	100.00	3,017,724	86	0.26%
SSB CD		0.38%	01/20/14	11/20/12	3,008,535	3,008,535	3,008,535	100.00	3,008,535	112	0.38%
SSB CD		0.37%	02/11/14	03/01/12	3,018,132	3,018,132	3,018,132	100.00	3,018,132	134	0.37%
SSB CD - Bond		0.54%	03/25/14	09/25/12	1,858,591	1,858,591	1,858,591	100.00	1,858,591	176	0.54%
SSB CD		0.27%	05/21/14	05/21/13	3,002,042	3,002,042	3,002,042	100.00	3,002,042	233	0.27%
SSB CD		0.24%	06/18/14	06/18/13	3,014,743	3,014,743	3,014,743	100.00	3,014,743	261	0.24%
SSB CD		0.25%	07/31/14	07/31/13	3,012,620	3,012,620	3,012,620	100.00	3,012,620	304	0.25%
SSB CD		0.26%	08/08/14	08/08/13	3,014,312	3,014,312	3,014,312	100.00	3,014,312	312	0.26%
SSB CD		0.49%	08/14/14	12/21/12	3,011,049	3,011,049	3,011,049	100.00	3,011,049	318	0.49%
SSB CD		0.63%	09/19/14	09/19/12	3,018,945	3,018,945	3,018,945	100.00	3,018,945	354	0.63%
SSB CD		0.25%	09/20/14	07/20/13	3,013,695	3,013,695	3,013,695	100.00	3,013,695	355	0.25%
SSB CD		0.60%	10/17/14	10/17/13	3,013,483	3,013,483	3,013,483	100.00	3,013,483	382	0.60%
SSB CD		0.37%	11/21/14	05/21/13	3,002,798	3,002,798	3,002,798	100.00	3,002,798	417	0.37%
SSB CD		0.48%	08/04/15	08/05/13	2,641,475	2,641,475	2,641,475	100.00	2,641,475	673	0.48%
					\$ 77,211,206	\$ 77,211,206	\$ 77,211,206		\$ 77,211,206	155	0.31%
										(1)	(2)

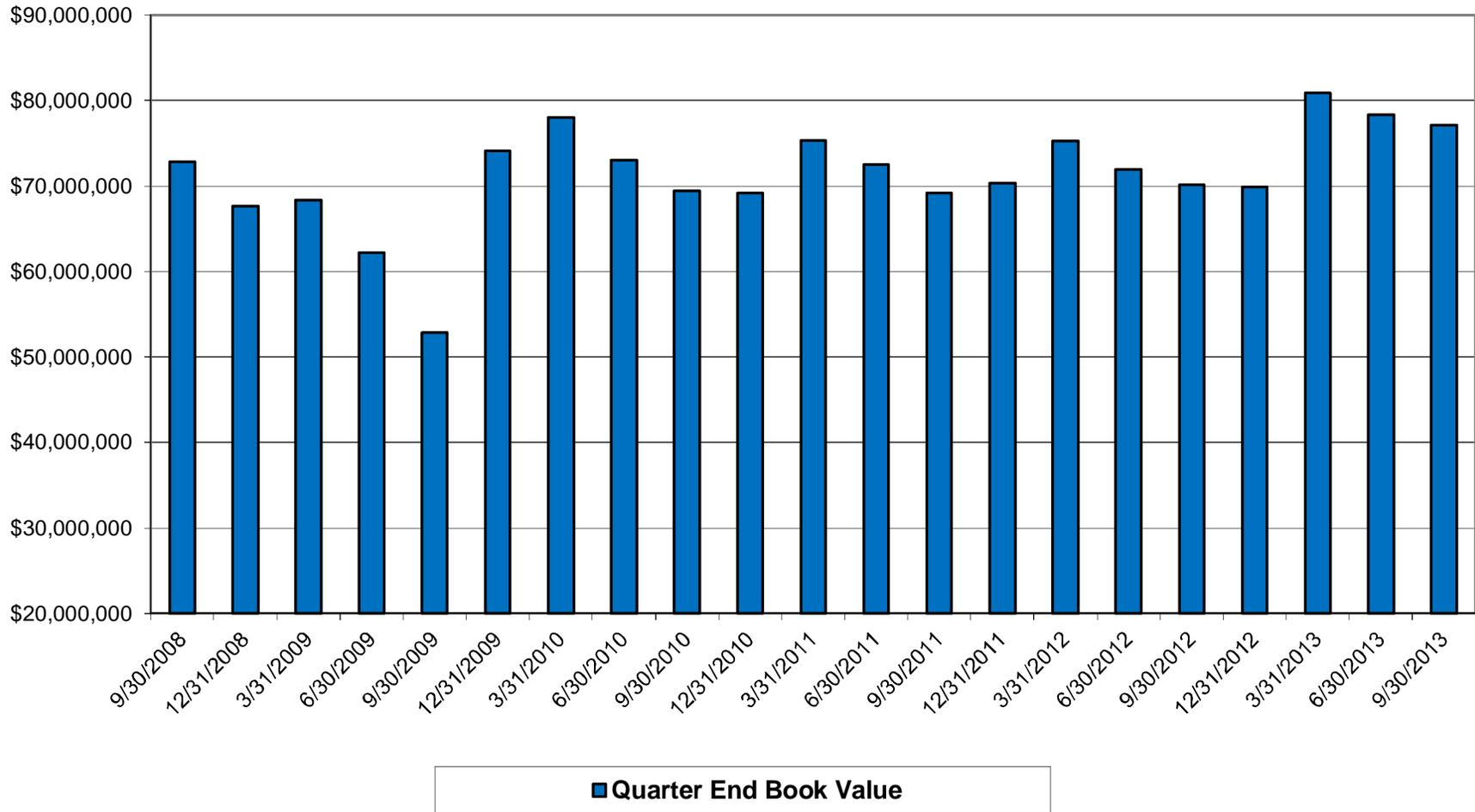
(1) **Weighted average life** - For purposes of calculating weighted average life, TexPool, TexSTAR, and bank account investments are assumed to have a one day maturity.

(2) **Weighted average yield to maturity** - The weighted average yield to maturity is based on adjusted book value, realized and unrealized gains/losses and investment advisory fees are not considered. The yield for the reporting month is used for TexPool, TexSTAR, and bank account investments.

Portfolio Composition



Total Portfolio



Book Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2013		Purchases/ Adjustments	Sales/Adjust/ Maturities	September 30, 2013	
			Par Value	Book Value			Par Value	Book Value
Cash - Pooled	0.00%	10/01/13	\$ 9,784,120	\$ 9,784,120	\$ 3,758,994	\$ -	\$ 13,543,114	\$ 13,543,114
MMA	0.50%	10/01/13	20,125,299	20,125,299		(3,474,818)	16,650,482	16,650,482
TexPool	0.04%	10/01/13	3,147,623	3,147,623	361		3,147,983	3,147,983
TexSTAR - Bond	0.04%	10/01/13	3,555,985	3,555,985		(454,302)	3,101,683	3,101,683
TexSTAR	0.04%	10/01/13	1,118,561	1,118,561		(998,759)	119,802	119,802
SSB CD	0.44%	07/18/13	3,013,222	3,013,222		(3,013,222)		
SSB CD	0.45%	07/31/13	3,009,434	3,009,434		(3,009,434)		
SSB CD	0.95%	08/01/13	2,635,097	2,635,097		(2,635,097)		
SSB CD	0.42%	08/20/13	3,009,469	3,009,469		(3,009,469)		
SSB CD	0.26%	12/25/13	3,015,748	3,015,748	1,976		3,017,724	3,017,724
SSB CD	0.38%	01/20/14	3,005,656	3,005,656	2,879		3,008,535	3,008,535
SSB CD	0.43%	02/11/14	3,015,320	3,015,320	2,812		3,018,132	3,018,132
SSB CD - Bond	0.54%	03/25/14	1,856,065	1,856,065	2,526		1,858,591	1,858,591
SSB CD	0.27%	05/21/14	3,000,000	3,000,000	2,042		3,002,042	3,002,042
SSB CD	0.24%	06/18/14	3,012,921	3,012,921	1,823		3,014,743	3,014,743
SSB CD	0.25%	07/31/14			3,012,620		3,012,620	3,012,620
SSB CD	0.26%	08/08/14			3,014,312		3,014,312	3,014,312
SSB CD	0.49%	08/14/14	3,007,334	3,007,334	3,714		3,011,049	3,011,049
SSB CD	0.63%	09/19/14	3,014,158	3,014,158	4,786		3,018,945	3,018,945
SSB CD	0.25%	09/20/14			3,013,695		3,013,695	3,013,695
SSB CD	0.60%	10/17/14	3,008,982	3,008,982	4,501		3,013,483	3,013,483
SSB CD	0.37%	11/21/14	3,000,000	3,000,000	2,798		3,002,798	3,002,798
SSB CD	0.48%	08/04/15			2,641,475		2,641,475	2,641,475
TOTAL			\$ 78,334,993	\$ 78,334,993	\$ 15,471,313	\$ (16,595,100)	\$ 77,211,206	\$ 77,211,206

Market Value Comparison

Description	Coupon/ Discount	Maturity Date	June 30, 2013		Qtr to Qtr Change	September 30, 2013	
			Par Value	Market Value		Par Value	Market Value
Cash - Pooled	0.00%	10/01/13	\$ 9,784,120	\$ 9,784,120	\$ 3,758,994	\$ 13,543,114	\$ 13,543,114
MMA	0.50%	10/01/13	20,125,299	20,125,299	(3,474,818)	16,650,482	16,650,482
TexPool	0.04%	10/01/13	3,147,623	3,147,623	361	3,147,983	3,147,983
TexSTAR - Bond	0.04%	10/01/13	3,555,985	3,555,985	(454,302)	3,101,683	3,101,683
TexSTAR	0.04%	10/01/13	1,118,561	1,118,561	(998,759)	119,802	119,802
SSB CD	0.44%	07/18/13	3,013,222	3,013,222	(3,013,222)		
SSB CD	0.45%	07/31/13	3,009,434	3,009,434	(3,009,434)		
SSB CD	0.95%	08/01/13	2,635,097	2,635,097	(2,635,097)		
SSB CD	0.42%	08/20/13	3,009,469	3,009,469	(3,009,469)		
SSB CD	0.26%	12/25/13	3,015,748	3,015,748	1,976	3,017,724	3,017,724
SSB CD	0.38%	01/20/14	3,005,656	3,005,656	2,879	3,008,535	3,008,535
SSB CD	0.43%	02/11/14	3,015,320	3,015,320	2,812	3,018,132	3,018,132
SSB CD - Bond	0.54%	03/25/14	1,856,065	1,856,065	2,526	1,858,591	1,858,591
SSB CD	0.27%	05/21/14	3,000,000	3,000,000	2,042	3,002,042	3,002,042
SSB CD	0.24%	06/18/14	3,012,921	3,012,921	1,823	3,014,743	3,014,743
SSB CD	0.25%	07/31/14			3,012,620	3,012,620	3,012,620
SSB CD	0.26%	08/08/14			3,014,312	3,014,312	3,014,312
SSB CD	0.49%	08/14/14	3,007,334	3,007,334	3,714	3,011,049	3,011,049
SSB CD	0.63%	09/19/14	3,014,158	3,014,158	4,786	3,018,945	3,018,945
SSB CD	0.25%	09/20/14			3,013,695	3,013,695	3,013,695
SSB CD	0.60%	10/17/14	3,008,982	3,008,982	4,501	3,013,483	3,013,483
SSB CD	0.37%	11/21/14	3,000,000	3,000,000	2,798	3,002,798	3,002,798
SSB CD	0.48%	08/04/15			2,641,475	2,641,475	2,641,475
TOTAL			\$ 78,334,993	\$ 78,334,993	\$ (1,123,786)	\$ 77,211,206	\$ 77,211,206

**Allocation
Book & Market
Value**

September 30, 2013

	<u>Security Total</u>	<u>Pooled Funds</u>	<u>Revenue Bond</u>
Cash	\$ 13,543,114	\$ 13,543,114	\$ -
MMA	\$ 16,650,482	16,650,482	
TexPool	\$ 3,147,983	3,147,983	
TexSTAR	\$ 3,221,485	119,802	3,101,683
12/25/13	3,017,724	3,017,724	
01/20/14	3,008,535	3,008,535	
02/11/14	3,018,132	3,018,132	
03/25/14	1,858,591		1,858,591
05/21/14	3,002,042	3,002,042	
06/18/14	3,014,743	3,014,743	
07/31/14	3,012,620	3,012,620	
08/08/14	3,014,312	3,014,312	
08/14/14	3,011,049	3,011,049	
09/19/14	3,018,945	3,018,945	
09/20/14	3,013,695	3,013,695	
10/17/14	3,013,483	3,013,483	
11/21/14	3,002,798	3,002,798	
08/04/15	2,641,475	2,641,475	
Totals	\$ 77,211,206	\$ 72,250,932	\$ 4,960,274

Allocation

June 30, 2013

Book & Market Value	Security Total	Pooled Funds	Revenue Bond
Cash	\$ 9,784,120	\$ 9,784,120	\$ -
MMA	20,125,299	20,125,299	
TexPool	3,147,623	3,147,623	
TexSTAR	4,674,546	1,118,561	3,555,985
07/18/13	3,013,222	3,013,222	
07/31/13	3,009,434	3,009,434	
08/01/13	2,635,097	2,635,097	
08/20/13	3,009,469	3,009,469	
12/25/13	3,015,748	3,015,748	
01/20/14	3,005,656	3,005,656	
02/11/14	3,015,320	3,015,320	
03/25/14	1,856,065		1,856,065
05/21/14	3,000,000	3,000,000	
06/18/14	3,012,921	3,012,921	
08/14/14	3,007,334	3,007,334	
09/19/14	3,014,158	3,014,158	
10/17/14	3,008,982	3,008,982	
11/21/14	3,000,000	3,000,000	
Totals	\$ 78,334,993	\$ 72,922,943	\$ 5,412,050

CITY OF TYLER
Equity in Pooled Cash and Investments

		9/30/2013	6/30/2013
General Fund	101	5,466,842	6,290,306
General Capital Projects Fund	102	1,022,334	1,347,980
Development Services Fund	202	1,285,614	1,261,449
Cemeteries Operating Fund	204	66,333	129,349
Forfeitures Fund	205	274,245	252,317
Court Technology Fund	207	344,913	460,051
TIF/TIRZ # 2	209	0	(275)
Hotel-Motel Tax Fund	211	2,122,073	1,798,130
Donations Fund	216	1,015,466	946,346
TIF/TIRZ # 3	218	32,715	30,210
Tyler Tourism & Convention Facilities Fund	219	221,639	245,786
Half Cent Sales Tax Fund	231	15,817,793	13,731,594
Passenger Facility Fund	234	351,162	314,811
Oil & Natural Gas Fund	235	2,901,042	2,874,489
PEG Fee Fund	236	132,425	112,960
Fair Plaza Fund	240	149,987	135,955
Retained HUD Admin Fee Fund	274	55,761	55,710
Housing Assistance Fund	276	257,224	352,706
State/Federal Grants Fund	285	(110,184)	(246,358)
Transit System Fund	286	(137,130)	(348,959)
CDBG Grant Fund	294	4,983	23,616
HOME Grant Fund	295	145,960	61,815
Utilities Fund	502	5,826,124	3,169,094
Utilities Construction Fund	503	8,971,620	9,619,186
Utilities Debt Service Fund	504	1,263,579	4,435,558
Utilities Debt Reserve Fund	505	1,493,353	1,493,737
Revenue Bond Series 2008	514	129	129
Revenue Bond Series 2009	516	4,960,275	5,412,050
Airport Fund	524	874,971	1,474,316
Airport Grant Fund	525	(59,648)	(80,672)
Solid Waste Fund	560	1,500,654	834,820
Solid Waste Capital Projects Fund	562	1,598,198	1,648,873
Productivity Improvement Fund	639	832,853	1,444,482
Fleet Replacement Fund	640	7,284,310	7,582,842
Prop, Liab, W/C Insurance Fund	650	906,549	775,473
Employee Benefits Fund	661	1,251,484	916,628
Prop & Facility Management Fund	663	950,141	1,048,559
Technology Fund	671	585,303	1,659,851
Payroll Fund	710	740,927	673,656
Cemetery Trust Fund	713	2,675,739	2,663,767
Landfill Trust Fund	720	2,376,211	2,365,074
Retiree Benefits Fund	761	615,044	1,311,514
Section 125 Trust Fund	772	165,956	157,314
Total		76,234,968	78,436,240

Total Portfolio Performance

