



Quarterly Investment Report

As of September 30, 2014

Tim Paulissen, Mayor

Andy Mann, Mayor Pro Tem

Dan Becker, Councilmember

Tommy Cones, Councilmember

Heidi Thiess, Councilmember

Todd Kinsey, Councilmember

Geri Bentley, Councilmember

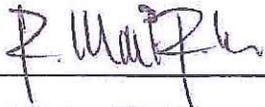
Nick Long, Councilmember

R. Mark Rohr, City Manager

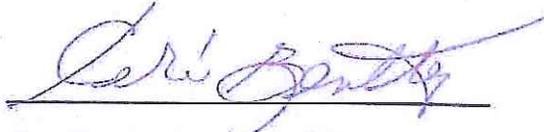
Rebecca Underhill, CPA, Finance Director

Compliance Certification

We certify that the Quarterly Investment Report represents the investment position of the City of League City as of September 30, 2014 and that all investments have been and are in compliance with the Texas Public Funds Investment Act and the City's Investment Policy as adopted by City Council on February 25, 2014.



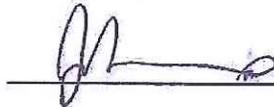
R. Mark Rohr, City Manager



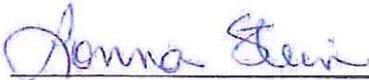
Geraldine Bentley, Council Member



Rebecca Underhill, Finance Director



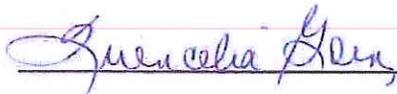
Juan Guerrero, Finance Committee



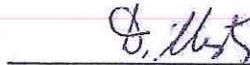
Lonna Stein, Controller



Peggy Zahler, Finance Committee Chair



Quencelia Goins, Accounting Manager



Darius Mistry, Finance Committee



Vicki Lilly-Tallman, Finance Committee



Jean Kranz, Finance Committee Vice Chair

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Introduction

Under the Public Funds Investment Act (PFIA), the City is required to have City Council approved investment policies, defining authorized investments which are limited to those allowed by the Act. Quarterly reports are to be presented to the City Council to disclose the book and market values of the investments and to demonstrate compliance with the approved policy.

The City of League City is in compliance with PFIA and adopted policy. All investments purchased meet the three basic tenets of the investment policy – investment safety is first, followed by liquidity and yield.

The day to day management of the City’s cash and investment position is the responsibility of the Finance Director, Controller and the Accounting Manager, who have been designated as the City’s investment officers.

The investment activity of the City is reviewed by the Finance Committee prior to presentation to the City Council.

Quarterly Compliance Review

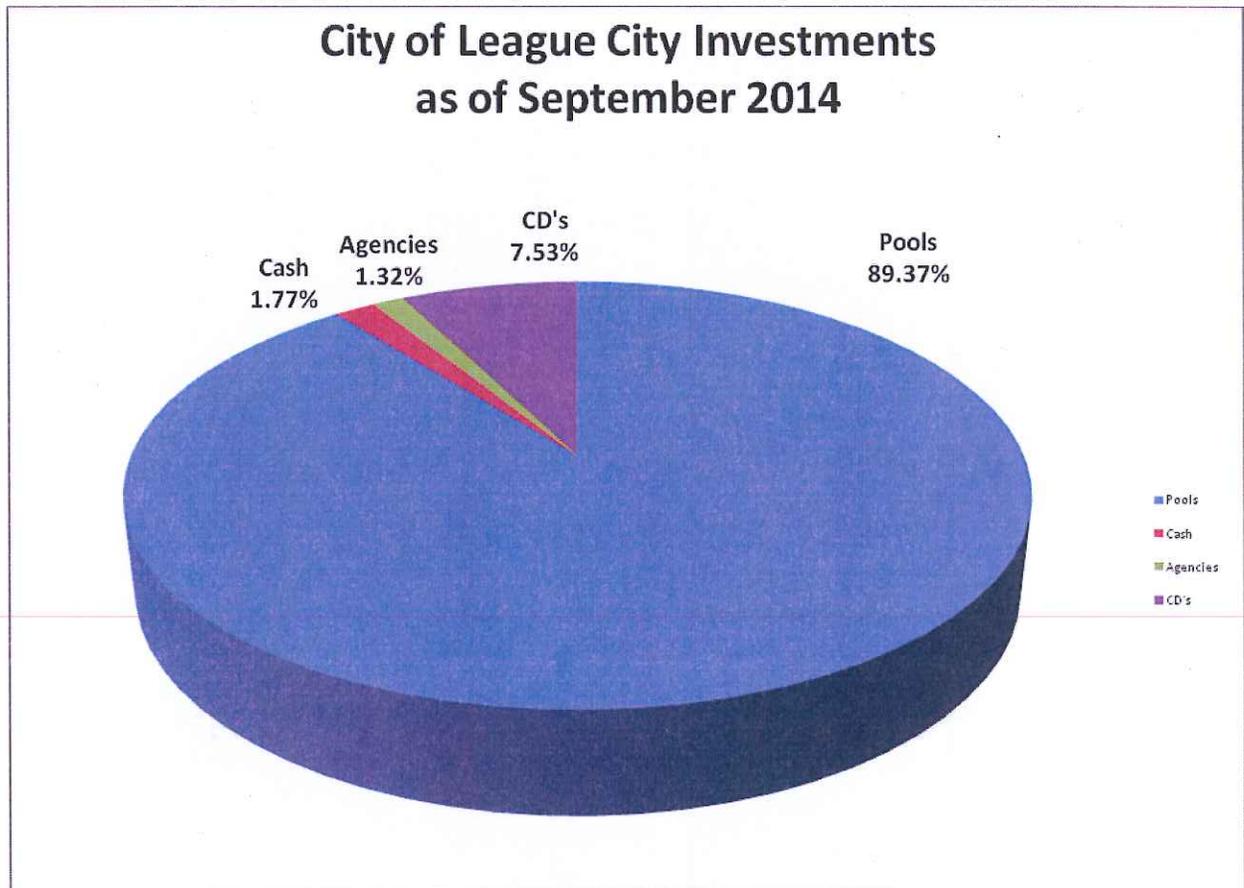
Investment Policy	Yes	Reviewed and Approved by Council 02/25/14
Distribution to brokers, entities	Yes	Distribution this year = 6
Returned Acknowledgements	Yes	Signed affidavits on file = 6
Investment Officers	Yes	Named by City Council - 2/25/14
Training	Yes	Investment officers completed 10 hours during FY 2013 & 2014
Investments	Yes	As authorized by PFIA and COLC Policy
Collateral pledges	Yes	Minimum of 102% maintained
Ratings of Pools	Yes	AAAm - As required by PFIA and COLC Policy
Internal Reports	Yes	Quarterly reports reviewed by Finance Committee and City Council

Investment Priorities and Compliance

Safety Ensuring the return of principle invested, credit risk is minimized by investing in highly rated investments as defined by the City of League City’s investment policy and the Texas Public Funds Investment Act.

- Current Investments held
 - U.S. Agency Securities and Municipal Bonds are purchased directly by the City from investment brokerage firms approved to do business with the City. These securities are issued in the City’s name, and held in safekeeping by JP Morgan Chase Bank.

- Certificates of Deposit are issued by commercial banks against funds deposited for specified periods and earn specified rates of interest. Funds in excess of \$250,000 FDIC coverage are collateralized by funds of the bank.
- Tex Pool is a public funds investment pool, rated AAAM and overseen by the State Comptroller's Office and administered and managed by Federated Investors.
- TexSTAR is a public funds investment pool, rated AAAM and administered by First Southwest Asset Management, Inc. and JP Morgan Fleming Investment Management, Inc.



Liquidity Ensuring funds are available to meet the cash flow needs of the City's operations.

- Due to the state of investment returns, it has been difficult to attract higher rates by extending maturities. Therefore, as of September 30, 2014, approximately 91.15% of the City's investment portfolio was entirely liquid, in cash or investment pools.

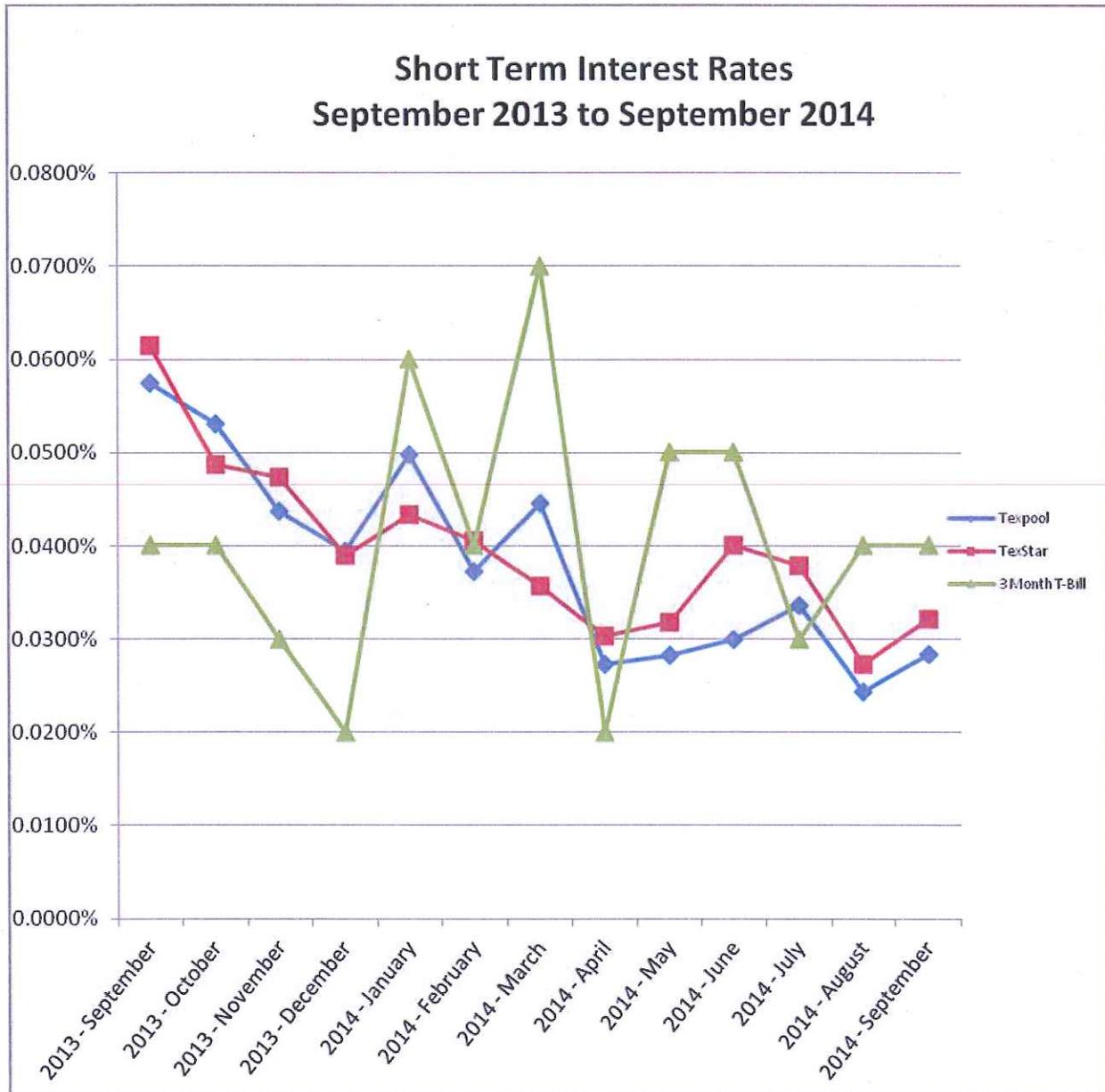
Yield Attaining a reasonable return without risking safety or liquidity needs.

- The yield outlook remains bleak, with the fed funds rate near 0%.
- As of September 30, 2014, the City has compared favorably to the benchmarks comparable to our investment strategy.

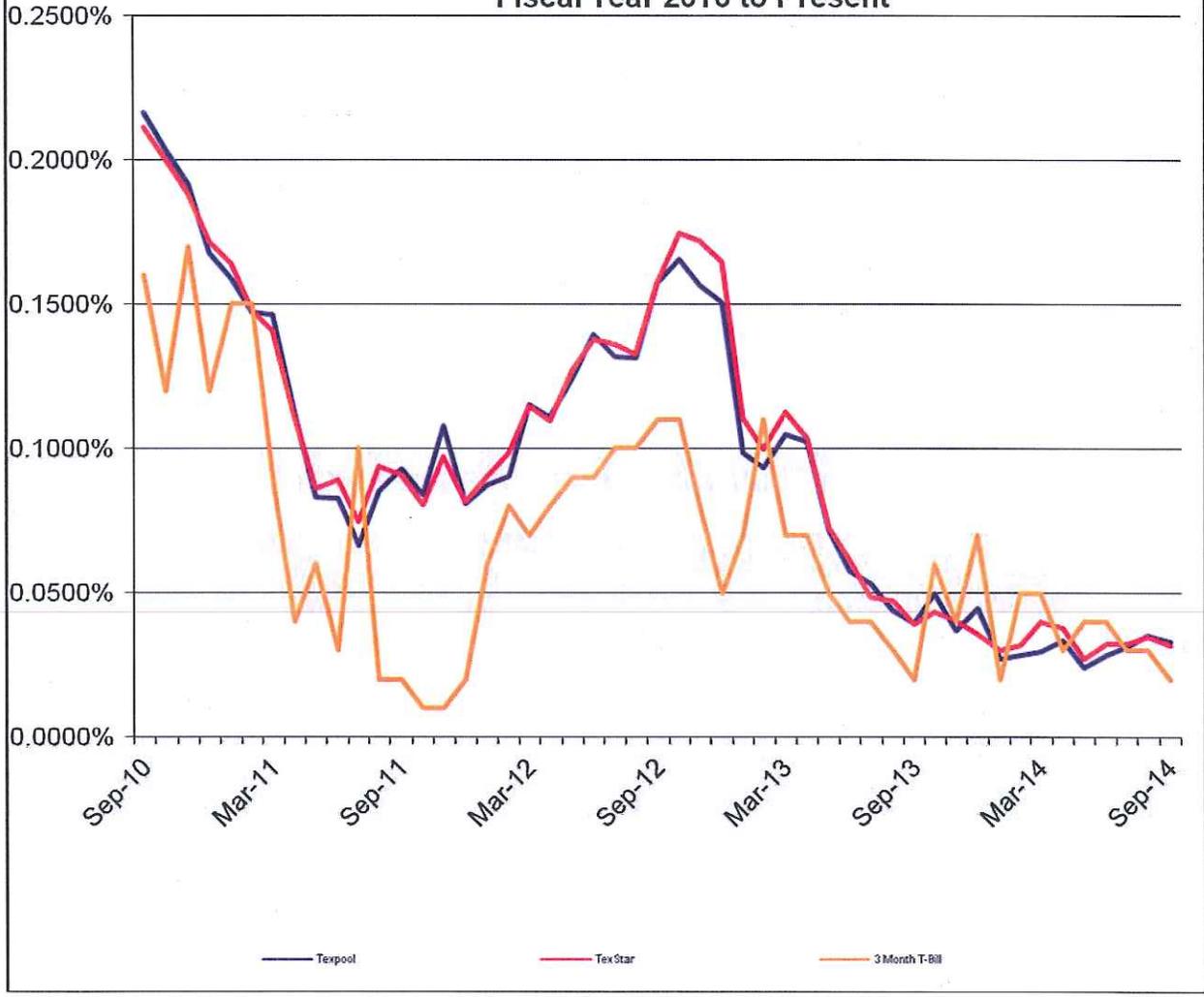
	Sep-14	Jun-14	Mar-14	Dec-13
Investment Earnings	\$ 24,202	\$ 24,706	\$ 29,639	\$ 29,818
City of League City Portfolio Return	0.0677%	0.0632%	0.0697%	0.0715%

Benchmarks

TexPool - avg monthly rate	0.0333%	0.0288%	0.0285%	0.0439%
TexSTAR - avg monthly rate	0.0330%	0.0325%	0.0340%	0.0399%
3 month T Bill - avg monthly rate	0.0267%	0.0367%	0.0400%	0.0566%



City of League City
Monthly Interest Rates
Fiscal Year 2010 to Present



Portfolio Activity for the Quarter

For the quarter, the total portfolio declined \$14,036,703. The change by fund type is as follows

	<u>9/30/2014</u>	<u>6/30/2014</u>	<u>Change</u>
Major Operating Funds	\$ 32,906,099	\$ 41,645,807	\$ (8,689,039)
Special Revenue Funds	7,391,185	6,915,919	413,302
Capital Project Funds	87,474,502	93,173,581	(5,699,079)
Internal Service Funds	1,982,305	1,646,512	347,088
Component Units	7,700,684	8,109,659	(408,975)
	<u>\$ 137,454,775</u>	<u>\$ 151,491,478</u>	<u>\$(14,036,703)</u>

The major funds show a decline in balance due to the cash flow cycle of the general fund. Property taxes are collected in the first two quarters of the fiscal year. These funds finance the general fund operations through the remainder of the year.

The capital project funds are spending down, with a decrease of \$5.7 million, as projects continue to progress.

Security Activity For The Quarter

Maturities/Called

FHLMC - Called \$ 700,000
Call Date - 9/19/2014

Purchases

None

CD Activity For The Quarter

Maturities/Redemptions

Wells Fargo CD - Beal Bank \$ 250,000
Maturity Date - 9-17-14

Purchases

None

CD Renewals

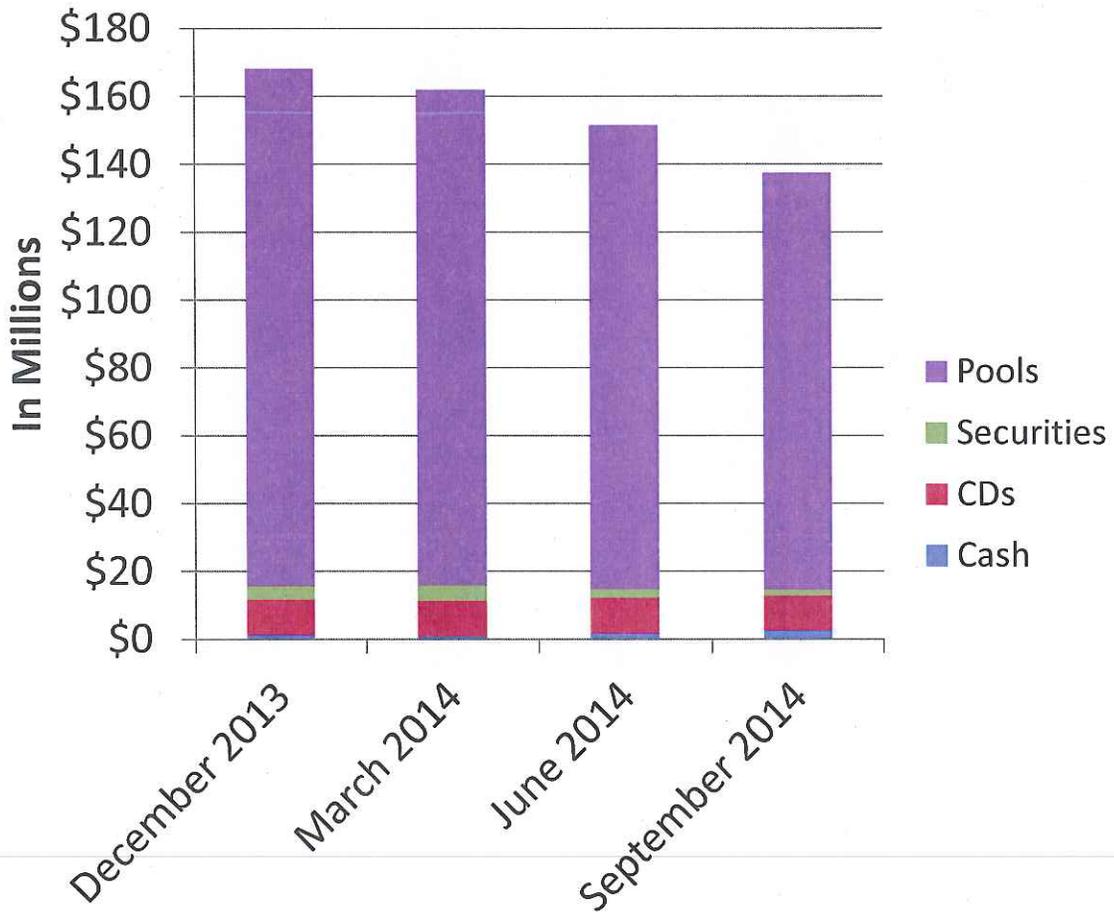
Prosperity CD \$ 3,010,514
Renewal Date 9/17/14

Portfolio Inventory
At September 30, 2014

Investment Type	Maturity Date	Book Value 06/30/14	Market Value 06/30/14	Book Value 09/30/14	Market Value 09/30/14	Interest Rate
Cash						
Cash	Open	\$ 1,580,711	\$ 1,580,711	\$ 2,438,906	\$ 2,438,906	0.0200%
Pools						
TexPool	Open	\$ 94,739,408	\$ 94,739,408	\$ 79,597,729	\$ 79,597,729	0.0299%
TexSTAR	Open	\$ 42,043,789	\$ 42,043,789	\$ 43,247,393	\$ 43,247,393	0.0400%
		\$ 136,783,197	\$ 136,783,197	\$ 122,845,122	\$ 122,845,122	
Agencies						
FHLMC - 09/19/13 - 3134G4FK9	09/19/2016	\$ 700,000	\$ 700,623	\$ -	\$ -	1.0000%
		\$ 700,000	\$ 700,623	\$ -	\$ -	
Municipal Bonds						
Alief ISD GO - 06/05/13 016249JF2 Aa1	02/15/2015	\$ 424,054	\$ 423,793	\$ 422,425	\$ 422,276	0.4500%
Denton County GO - 08/01/13 248775L89 Aaa	04/15/2016	\$ 204,603	\$ 205,162	\$ 203,956	\$ 204,292	0.7000%
Garland Tx Rev Bond - 12/23/13 366168JS2 AA	03/01/2015	\$ 536,243	\$ 534,060	\$ 533,879	\$ 532,544	0.2200%
Gregory Portland Tx Ref Bond - 03/12/14 397586LH9 Aaa	02/15/2015	\$ 660,161	\$ 658,674	\$ 654,070	\$ 653,662	0.2210%
		\$ 1,825,061	\$ 1,821,689	\$ 1,814,330	\$ 1,812,775	
Certificates of Deposit						
CD Prosperity - 09/04/13	03/04/2015	\$ 1,057,352	\$ 1,057,352	\$ 1,058,117	\$ 1,058,117	0.4000%
CD Prosperity - 10/22/13	10/22/2014	\$ 5,031,328	\$ 5,031,328	\$ 5,032,540	\$ 5,032,540	0.4000%
CD Prosperity - 02/27/14	02/27/2015	\$ 1,004,687	\$ 1,004,687	\$ 1,005,246	\$ 1,005,246	0.3500%
CD Prosperity - 09/17/14	09/17/2015	\$ 3,008,235	\$ 3,008,235	\$ 3,010,514	\$ 3,010,514	0.3500%
CD Wells Fargo - Beal Bank - 12/18/13	09/17/2014	\$ 250,397	\$ 250,397	\$ -	\$ -	0.3000%
CD Wells Fargo-Town N. Bank - 08/26/13	08/26/2015	\$ 250,510	\$ 250,510	\$ 250,000	\$ 250,000	0.6000%
		\$ 10,602,509	\$ 10,602,509	\$ 10,356,416	\$ 10,356,416	
Totals		<u>\$ 151,491,478</u>	<u>\$ 151,488,729</u>	<u>\$ 137,454,775</u>	<u>\$ 137,453,219</u>	

Weighted Maturity Average (WAM) at 09/30/14 is 14.82 days.

Portfolio Inventory



CITY OF LEAGUE CITY
MONTHLY INVESTMENT REPORT
FOR THE MONTH ENDED JULY 31, 2014

Fund	Cash in Bank	Investment in TexPool	Investment in TexStar	Certificates of Deposit	(Book Value) Portfolio Investments	Total	Percent of Total Investments
MAJOR FUNDS							
General Fund	\$ 290,950	\$ 6,107,323	\$ 8,484,430	\$ 4,317,301	\$ 700,000	\$ 19,900,004	13.19%
Debt Service	125,157	2,914,931	1,726,913	250,637	-	5,017,638	3.33%
WW/W Debt Service	49,242	3,346,617	609	-	-	3,396,468	2.25%
Water/Wastewater	266,919	10,409,165	1,424,564	-	1,617,060	13,717,708	9.09%
Subtotal Major Funds	\$ 732,268	\$ 22,778,036	\$ 11,636,516	\$ 4,567,938	\$ 2,317,060	\$ 42,031,818	27.85%
SPECIAL REVENUE FUNDS							
Police Activities Fund	\$ 175,322	\$ -	\$ -	\$ -	\$ -	\$ 175,322	0.12%
Animal Control Donation Fund	6,921	44,030	-	-	-	50,951	0.03%
Library Gift Fund	8,318	3,124	-	-	-	11,442	0.01%
Tree Preservation Fund	30,833	-	-	-	-	30,833	0.02%
Mun. Court Bldg Security Fund	22,633	262	-	-	-	22,895	0.02%
Emergency Mgmt Response Fd	5,140	48,646	-	-	-	53,786	0.04%
Mun. Court Technology Fund	29,583	4,073	-	-	-	33,656	0.02%
Hotel/Motel Tax	86,531	329,908	205,782	-	-	622,221	0.41%
SRL Grant	-	-	-	-	-	-	0.00%
Park Facilities & Maintenance	114,288	1,779,059	687,917	-	-	2,581,264	1.71%
Sidewalk Fund	161	355	-	-	-	516	0.00%
Safelight Fund	2,811	-	-	-	-	2,811	0.00%
Public Access Channel Fund	57,644	646,582	-	-	-	704,226	0.47%
Right of Way Fund	50,271	694,711	-	-	-	744,982	0.49%
Technology Fund	49,700	1,031,840	-	-	-	1,081,540	0.72%
Public Safety Tech Fund	4,413	20,005	-	-	-	24,418	0.02%
4B Industrial Dev Park Maint & Ops	125,632	805,002	-	-	204,385	1,135,019	0.75%
Subtotal Special Revenue Funds	\$ 770,201	\$ 5,407,597	\$ 893,699	\$ -	\$ 204,385	\$ 7,275,882	4.82%
CAPITAL PROJECT FUNDS							
Water Capital Improvement	\$ 167,302	\$ 5,024,086	\$ 3,010,963	\$ -	\$ -	\$ 8,202,351	5.44%
Wastewater Capital Improvement	157,480	5,190,390	2,924,639	-	-	8,272,509	5.48%
Bayridge Utility District	4,750	3,259	-	-	-	8,009	0.01%
South Shore MUD #3	2,504	122,263	-	-	-	124,767	0.08%
South Shore MUD #2	8,835	990,306	-	-	-	999,141	0.66%
Galveston County MUD #2	36,589	-	-	-	-	36,589	0.02%
Misc Capital Project Fund	47,772	4,061,401	283,708	-	-	4,392,881	2.91%
W/W Capital Project Fund	41,812	3,287,245	1,013,263	-	-	4,342,320	2.88%
2008 Revenue Bonds	1,682	737,443	-	-	-	739,125	0.49%
2008 Certificates of Obligation	7,190	1,606,881	-	-	-	1,614,071	1.07%
2009 Revenue Bonds	13,160	4,917,738	45,465	-	-	4,976,363	3.30%
2009 Certificates of Obligation	3,556	6,359,684	-	-	-	6,363,240	4.22%
2011 Revenue Bond	8,980	-	4,269,927	-	-	4,278,907	2.84%
2011A Certificates of Obligation	2,278	6,724,761	-	5,033,036	-	11,760,075	7.79%
2012B Certificates of Obligation	5,721	-	18,442,153	1,004,986	-	19,452,860	12.89%
2011 Certificates of Obligation	6,891	261,847	-	-	-	268,738	0.18%
2012A Certificates of Obligation	9,773	15,719,355	-	-	-	15,729,128	10.42%
Subtotal Capital Project Funds	\$ 526,275	\$ 55,006,659	\$ 29,990,118	\$ 6,038,022	\$ -	\$ 91,561,074	60.68%
INTERNAL SERVICE FUNDS							
Motor Pool Fund	54,985	1,676,365	70,248	-	-	1,801,598	1.19%
Employee Benefit Fund	\$ 54,177	\$ -	\$ -	\$ -	\$ -	\$ 54,177	0.04%
Subtotal Internal Service Fund	\$ 109,162	\$ 1,676,365	\$ 70,248	\$ -	\$ -	\$ 1,855,775	1.23%
COMPONENT UNITS							
TIF#1-Magnolia Creek	\$ 6,355	\$ 940,756	\$ 83,706	\$ -	\$ -	\$ 1,030,817	0.68%
PID #1 Magnolia Creek	144,139	415,611	-	-	-	559,750	0.37%
TIF #2 Victory Lakes	3,914	5,665,280	670,664	-	-	6,339,858	4.20%
PID #2 Victory Lakes	9,665	24,120	-	-	-	33,785	0.02%
TIF #3 Centerpointe	12,462	-	-	-	-	12,462	0.01%
PID #3 Centerpointe	7,230	152,578	-	-	-	159,808	0.11%
TIF #4 Westwood	4,767	1,334	-	-	-	6,101	0.00%
PID #5 Park on Clear Creek	22,603	8,144	-	-	-	30,747	0.02%
Subtotal Component Units	\$ 211,135	\$ 7,207,823	\$ 754,370	\$ -	\$ -	\$ 8,173,328	5.42%
TOTAL	\$ 2,349,041	\$ 92,076,480	\$ 43,344,951	\$ 10,605,960	\$ 2,521,445	\$ 150,897,877	100.00%
Portfolio Diversification Ratio	1.56%	61.02%	28.72%	7.03%	1.67%	100.0%	
TexPool Average Yield Rate		0.0313%			Wells Fargo Certificate of Dep(Beal Bank)	\$ 250,460	12/18/2013
Texpool Interest Earned	\$	2,477			Wells Fargo Certificate of Dep(Town North Be	\$ 250,637	08/26/2013
					Total - Wells Fargo	\$ 501,097	
TexSTAR Average Yield Rate		0.0323%			FDIC Insured	\$ 250,000	
TexSTAR Interest Earned	\$	1,159			FDIC Insured	\$ 250,000	
JPMorgan Chase Bank Collateral							
Par Value of Collateral	\$	3,200,000			Prosperity Certificate of Deposit	\$ 5,033,036	10/22/2013
Market Value of Collateral	\$	3,308,000			Prosperity Certificate of Deposit	\$ 1,004,986	02/27/2014
FDIC Insured	\$	250,000			Prosperity Certificate of Deposit	\$ 1,057,711	09/04/2013
					Prosperity Certificate of Deposit	\$ 3,009,129	09/17/2013
JPMorgan Chase Bank Sweep Account					Total - Prosperity	\$ 10,104,863	
Bank Balance per Sweep Acct @0.02%	\$	2,214,814			Market Value Collateral	\$ 10,585,428	
Par Value of Collateral	\$	2,214,306			FDIC Insured	\$ 250,000	
Market Value of Collateral	\$	2,259,110					
					Total CD's	\$ 10,605,960	

CITY OF LEAGUE CITY
MONTHLY INVESTMENT REPORT
FOR THE MONTH ENDED SEPTEMBER 30, 2014

Fund	Cash in Bank	Investment in TexPool	Investment in TexStar	Certificates of Deposit	(Book Value) Portfolio Investments	Total	Percent of Total Investments
MAJOR FUNDS							
General Fund	\$ 324,932	\$ 1,955,004	\$ 8,384,903	\$ 4,068,630	\$ -	\$ 14,733,469	10.72%
Debt Service	51,824	916,657	1,727,010	250,000	-	2,945,491	2.14%
W/WW Debt Service	86,331	3,086,782	609	-	-	3,173,722	2.31%
Water/Wastewater	295,232	8,588,159	1,559,651	-	1,610,375	12,053,417	8.77%
Subtotal Major Funds	\$ 758,319	\$ 14,546,602	\$ 11,672,173	\$ 4,318,630	\$ 1,610,375	\$ 32,906,099	23.94%
SPECIAL REVENUE FUNDS							
Police Activities Fund	\$ 234,724	\$ -	\$ -	\$ -	\$ -	\$ 234,724	0.17%
Animal Control Donation Fund	6,588	34,033	-	-	-	40,621	0.03%
Library Gift Fund	9,496	3,124	-	-	-	12,620	0.01%
Tree Preservation Fund	30,833	-	-	-	-	30,833	0.02%
Mun. Court Bldg Security Fund	26,851	262	-	-	-	27,113	0.02%
Emergency Mgmt Response Fd	5,140	48,649	-	-	-	53,789	0.04%
Mun. Court Technology Fund	17,469	4,073	-	-	-	21,542	0.02%
Hotel/Motel Tax	46,004	329,928	205,794	-	-	581,726	0.42%
SRL Grant	-	-	-	-	-	-	0.00%
Park Facilities & Maintenance	18,746	1,754,167	687,955	-	-	2,460,868	1.79%
Sidewalk Fund	161	355	-	-	-	516	0.00%
Safelight Fund	2,911	-	-	-	-	2,911	0.00%
Public Access Channel Fund	41,900	716,625	-	-	-	758,525	0.55%
Right of Way Fund	35,205	759,756	-	-	-	794,961	0.58%
Technology Fund	63,788	1,081,904	-	-	-	1,145,692	0.83%
Public Safety Tech Fund	4,413	20,007	-	-	-	24,420	0.32%
EMS/Fire Donation	109,443	-	-	-	-	109,443	1.42%
4B Industrial Dev Park Maint & Ops	7,749	879,176	-	-	203,956	1,090,881	0.79%
Subtotal Special Revenue Funds	\$ 661,421	\$ 5,632,059	\$ 893,749	\$ -	\$ 203,956	\$ 7,391,185	5.38%
CAPITAL PROJECT FUNDS							
Water Capital Improvement	\$ 141,911	\$ 4,705,324	\$ 3,276,141	\$ -	\$ -	\$ 8,123,376	5.91%
Wastewater Capital Improvement	62,425	5,685,719	2,924,805	-	-	8,672,949	6.31%
Bayridge Utility District	4,750	3,259	-	-	-	8,009	0.01%
South Shore MUD #3	4,029	117,270	-	-	-	121,299	0.09%
South Shore MUD #2	8,835	990,365	-	-	-	999,200	0.73%
Galveston County MUD #2	36,451	-	-	-	-	36,451	0.03%
Misc Capital Project Fund	85,813	4,426,659	283,724	-	-	4,796,196	3.49%
W/W Capital Project Fund	86,225	4,447,493	1,013,320	-	-	5,547,038	4.04%
2008 Revenue Bonds	2,386	702,485	-	-	-	704,871	0.51%
2008 Certificates of Obligation	3,325	1,576,976	-	-	-	1,580,301	1.15%
2009 Revenue Bonds	75,920	4,318,015	45,467	-	-	4,439,402	3.23%
2009 Certificates of Obligation	5,512	5,484,855	-	-	-	5,490,367	3.99%
2011 Revenue Bond	6,887	-	4,020,160	-	-	4,027,047	2.93%
2011A Certificates of Obligation	13,911	5,877,942	-	5,032,540	-	10,924,393	7.95%
2012B Certificates of Obligation	18,758	-	18,293,189	1,005,246	-	19,317,193	14.05%
2011 Certificates of Obligation	7,990	201,860	-	-	-	209,850	0.15%
2012A Certificates of Obligation	2,353	12,474,207	-	-	-	12,476,560	9.08%
Subtotal Capital Project Funds	\$ 567,481	\$ 51,012,429	\$ 29,856,806	\$ 6,037,786	\$ -	\$ 87,474,502	63.64%
INTERNAL SERVICE FUNDS							
Motor Pool Fund	\$ 120,577	\$ 1,741,469	\$ 70,252	\$ -	\$ -	\$ 1,932,298	1.41%
Employee Benefit Fund	\$ 50,007	\$ -	\$ -	\$ -	\$ -	\$ 50,007	0.04%
Subtotal Internal Service Fund	\$ 170,584	\$ 1,741,469	\$ 70,252	\$ -	\$ -	\$ 1,982,305	1.44%
COMPONENT UNITS							
TIF#1-Magnolia Creek	\$ 5,483	\$ 895,809	\$ 83,711	\$ -	\$ -	\$ 985,003	0.72%
PID #1 Magnolia Creek	47,124	485,640	-	-	-	532,764	0.39%
TIF #2 Victory Lakes	113,825	5,114,734	670,702	-	-	5,899,261	4.29%
PID #2 Victory Lakes	22,027	24,122	-	-	-	46,149	0.03%
TIF #3 Centerpointe	21,233	2,800	-	-	-	24,033	0.02%
PID #3 Centerpointe	12,079	132,586	-	-	-	144,665	0.11%
TIF #4 Westwood	5,626	1,334	-	-	-	6,960	0.01%
PID #5 Park on Clear Creek	53,704	8,145	-	-	-	61,849	0.04%
Subtotal Component Units	\$ 281,101	\$ 6,665,170	\$ 754,413	\$ -	\$ -	\$ 7,700,684	5.60%
TOTAL	\$ 2,438,906	\$ 79,597,729	\$ 43,247,393	\$ 10,356,416	\$ 1,814,331	\$ 137,454,775	100.00%
Portfolio Diversification Ratio	1.77%	57.91%	31.46%	7.53%	1.32%	100.0%	
TexPool Average Yield Rate		0.0333%					
Texpool Interest Earned	\$	2,243					
TexSTAR Average Yield Rate		0.0317%					
TexSTAR Interest Earned	\$	1,127					
JPMorgan Chase Bank Collateral							
Par Value of Collateral	\$	3,200,000					
Market Value of Collateral	\$	3,309,251					
FDIC Insured	\$	250,000					
JPMorgan Chase Bank Sweep Account							
Bank Balance per Sweep Acct @0.02%	\$	2,392,342					
Par Value of Collateral	\$	2,420,719					
Market Value of Collateral	\$	2,440,188					
				Total CD's		\$ 10,356,416	