

Memorandum



CITY OF DALLAS

DATE February 11, 2005

TO Members of the Finance and Audit Committee:
Chair Donald W. Hill, Vice-Chair Bill Blaydes,
Gary Griffith, Ed Oakley, Mitchell Rasansky, Steve Salazar

SUBJECT Quarterly Investment Report as of December 31, 2004

The City of Dallas Investment Policy, adopted by the City Council on November 10, 2004 requires that the City Council and City Manager receive quarterly investment reports. The City's Investment Policy provides the general framework for the investment of City funds, both operating and capital. Bond funds, including debt service and reserve funds, are managed by governing bond ordinances as well as the Investment Policy and the Tax Reform Act of 1986. The Policy emphasizes the City's investment objectives of safety, liquidity and yield, in that order, and complies with the Public Funds Investment Act as amended September 1, 2003.

The purpose of this report is to provide a means for Council members, Council committee members and staff to regularly review and monitor the City's investment position and to demonstrate compliance with the City's Investment Policy and the Public Funds Investment Act. Detail and summary reports on each of the City's portfolios are included as well as summary information on the portfolio as a whole. Trade activity for the quarter is shown on page three and includes the percentages of opportunities offered and awarded to MWBE dealers.

Although not an investment, per se, we include in this report information concerning money held by the City in its checking account with JPMorgan Chase Bank (the City's depository bank, Bank One, merged with JPMorgan Chase Bank and, effective November 13, 2004, the merged entity assumed the JPMorgan Chase Bank name). As of the close of business on December 31, 2004 the collected balance in our JPMorgan Chase checking account was \$1,021,103.78. This account was fully collateralized by U.S. Treasury securities and the Federal Deposit Insurance Corporation (FDIC).

Memorandum

DATE February 11, 2005

TO Chair and Members of the Finance and Audit Committee

SUBJECT Quarterly Investment Report as of December 31, 2004
Page 2

For the quarter ending December 31, 2004 the City's individual portfolios and the combined portfolio are in compliance with the relevant provisions of the City's Investment Policy and the Public Funds Investment Act.

David Cook
Chief Financial Officer

Nancy Buschmann
Assistant Director/Treasury Manager

c: Honorable Mayor & Members of the City Council
Mary K. Suhm, Acting City Manager
Paul Garner, Assistant City Auditor
Ryan S. Evans, Assistant City Manager
Ramon F. Miguez, Assistant City Manager
Charles W. Daniels, Assistant City Manager
Jill A. Jordan, Assistant City Manager
Ramiro Salazar, Interim Assistant City Manager

City of Dallas, Texas
Investment Summary by Portfolio Type
As of December 31, 2004

By Portfolio	ID #	Face Value	Book Value	Market Value	Accrued Interest	Cash Value (Mkt Val + Acc Int)	*Unrealized Gain(Loss)	Weighted Average Maturity (days)	Buy Yield
Investment Pool	1	\$ 1,108,127,000.00	\$ 1,109,035,442.14	\$ 1,104,348,262.19	\$ 7,008,146.93	\$ 1,111,356,409.12	\$ (4,687,179.95)	274	2.12%
Convention Center Reserve	2	20,580,000.00	20,249,073.01	19,923,975.01	85,098.33	20,009,073.34	(325,098.00)	690	2.16%
Water Reserve	3	53,989,000.00	53,824,748.58	53,318,308.76	421,805.99	53,740,114.75	(506,439.82)	889	2.77%
Art Endowment	4	915,000.00	914,460.03	908,137.50	8,149.22	916,286.72	(6,322.53)	411	2.43%
Ida Green Library Fund	5	1,000,000.00	999,638.42	992,812.50	2,656.25	995,468.75	(6,825.92)	319	2.17%
Library Endowment	6	0.00	0.00	0.00	0.00	0.00	0.00	0	0.00%
TU Electric Reserve	7	13,590,000.00	13,265,588.84	14,011,053.13	285,996.09	14,297,049.22	745,464.29	411	5.79%
Sec 108 - Intown Housing	8	3,910,000.00	3,901,719.63	3,901,413.13	0.00	3,901,413.13	(306.50)	42	1.73%
DWU Commercial Paper Program	10	104,038,837.56	104,038,837.56	104,038,837.56	139,342.12	104,178,179.68	0.00	1	1.50%
Sports Arena Reserve 1998A	12	6,000,000.00	6,006,339.55	5,927,812.50	24,218.75	5,952,031.25	(78,527.05)	484	2.09%
Sports Arena Reserve 1998B	13	2,500,000.00	2,498,421.12	2,456,250.00	1,953.13	2,458,203.13	(42,171.12)	531	1.92%
Trinity Parkway Escrow	14	830,107.78	830,107.78	830,107.78	1,047.77	831,155.55	0.00	1	1.49%
Cityplace TIF Reserve	15	2,395,000.00	2,388,463.06	2,383,773.44	2,549.62	2,386,323.06	(4,689.62)	151	1.92%
Total Portfolio		\$ 1,317,874,945.34	\$ 1,317,952,839.72	\$ 1,313,040,743.50	\$ 7,980,964.20	\$ 1,321,021,707.70	\$ (4,912,096.22)	286	2.13%

Note: For all non-pooled portfolios, these values do not exactly correspond to the accounting balances for the respective funds. This report summarizes direct investments only; a fund's accounting balance also includes its equity in the Investment Pool (see individual portfolio summary pages for Investment Pool balances).

* Unrealized gain/loss is the difference between the market value and book value and does not represent an actual gain or loss. Gains and losses are realized only when a security is sold prior to maturity. Since it is the City's practice to hold investments until they mature, the temporary gains and losses shown above are unlikely to be realized.

City of Dallas, Texas
Investment Summary by Security Type & Agency Issuer
As of December 31, 2004

All Portfolios Combined

By Security Type	Face Value	Book Value	Market Value	*Unrealized Gain(Loss)	Weighted Average Maturity (days)	Buy Yield	% of Total Portfolio
Money Market Mutual Funds and Pools	\$ 226,473,945.34	\$ 226,473,945.34	\$ 226,473,945.34	\$ -	1	1.81%	17.18%
Treasury Securities	261,465,000.00	260,163,694.91	259,866,692.83	(297,002.08)	299	2.07%	19.74%
Agency Securities	829,936,000.00	831,315,199.47	826,700,105.33	(4,615,094.14)	359	2.24%	63.08%
Total Portfolio	\$1,317,874,945.34	#####	\$1,313,040,743.50	\$ (4,912,096.22)	286	2.13%	100.00%

Agency Securities By Issuer	Face Value	Book Value	Market Value	*Unrealized Gain(Loss)	% of Total Portfolio	S&P/Moody's Ratings
Federal National Mortgage Assoc. (FNMA)	\$ 264,000,000.00	\$ 264,845,031.67	\$ 263,900,312.50	\$ (944,719.17)	20.10%	AAA/Aaa
Federal Home Loan Mortgage Corp. (FHLMC)	236,430,000.00	236,399,021.11	235,411,337.50	(987,683.61)	17.94%	AAA/Aaa
Federal Home Loan Bank (FHLB)	241,135,000.00	241,644,742.32	239,820,575.01	(1,824,167.31)	18.33%	AAA/Aaa
Federal Farm Credit Bank (FFCB)	88,371,000.00	88,426,404.37	87,567,880.32	(858,524.05)	6.71%	AAA/Aaa
Total Agency Securities	\$ 829,936,000.00	\$ 831,315,199.47	\$ 826,700,105.33	\$ (4,615,094.14)	63.08%	AAA/Aaa

* Unrealized gain/loss is the difference between the market value and book value and does not represent an actual gain or loss. Gains and losses are realized only when a security is sold prior to maturity. Since it is the City's practice to hold investments until they mature, the temporary gains and losses are unlikely to be realized.

City of Dallas, Texas
 Activity Summary - All Portfolios Combined
 For the quarter ending December 31, 2004

	Trade Activity		Dealer Activity			
	Face Value		Face Value		Percent of Total Awarded	
			Offered	Awarded	1Q FY05	FY to Date
Beginning Balance	\$ 1,213,435,454.08					
Purchased	515,164,336.36	Primary Dealers (1)	\$ 362,040,000	\$ 92,970,000	31.41%	31.41%
Matured	(400,724,845.10)	MWBE Secondary Dealers	441,970,000	147,000,000	49.66%	49.66%
Called	(10,000,000.00)	Other Secondary Dealers	109,050,000	56,050,000	18.93%	18.93%
Sold	0.00		\$ 913,060,000 (2)	\$ 296,020,000 (3)	100.00%	100.00%
Ending Balance	<u>\$ 1,317,874,945.34</u>					

(1) Primary dealers report directly to the Market Reports Division of the New York Federal Reserve Bank and must meet minimum volume and capital guidelines. Primary dealers are generally able to offer the best price because they have access to the inside market and are able to inventory securities. There are no MWBE primary dealers at this time. Secondary dealers are smaller, regional firms that generally do not hold securities in inventory and must purchase them from primary dealers or other clients.

(2) The amount of trades exceeds the actual amount awarded because three or more competitive bids/offers are sought on each trade.

(3) Dealer Activity summary includes only those trades (purchases and sales) shown to dealers by our Investment Advisor, First Southwest Asset Management, Inc.; it does not include Section 108 escrow funds, repurchase agreements, money market mutual funds, or local government investment pool activity.

SUMMARY STATEMENT

	Current 12/31/2004	3 Months Ago 9/30/2004	Period Net Change
Money Market Mutual Funds & Pools	\$ 121,605,000	\$ 155,033,000	\$ (33,428,000)
Face Value - Treasuries	231,000,000	172,000,000	59,000,000
Face Value - Agencies	755,522,000	665,052,000	90,470,000
Total Face Value	\$ 1,108,127,000	\$ 992,085,000	\$ 116,042,000
Money Market Mutual Funds & Pools	\$ 121,605,000	\$ 155,033,000	\$ (33,428,000)
Book Value - Treasuries	230,345,026	172,108,143	58,236,883
Book Value - Agencies	757,085,416	668,678,191	88,407,225
Total Book Value	\$ 1,109,035,442	\$ 995,819,334	\$ 113,216,108
Money Market Mutual Funds & Pools	\$ 121,605,000	\$ 155,033,000	\$ (33,428,000)
Market Value - Treasuries	229,504,688	171,427,500	58,077,188
Market Value - Agencies	753,238,574	666,472,747	86,765,827
Total Market Value	\$ 1,104,348,262	\$ 992,933,247	\$ 111,415,015
Accrued Interest	7,008,147	4,818,766	\$ 2,189,381
Cash Value (Total Market Value + Accrued Interest)	1,111,356,409	997,752,013	\$ 113,604,396
Unrealized Gain(Loss)	(4,687,180)	(2,886,087)	\$ (1,801,093)
Change in Fair Value since 9/30/04 (per GASB 31)	(2,712,670)	(13,711,752)	\$ 10,999,082
Weighted Average Days to Maturity	274	276	(2)
Buy Yield	2.12%	1.79%	0.33%
Portfolio Composition - % of Book Value			
Money Market Mutual Funds and Pools	10.97%	15.57%	-4.60%
Treasuries	20.77%	17.28%	3.49%
Agencies	68.26%	67.15%	1.12%

STRATEGY STATEMENT

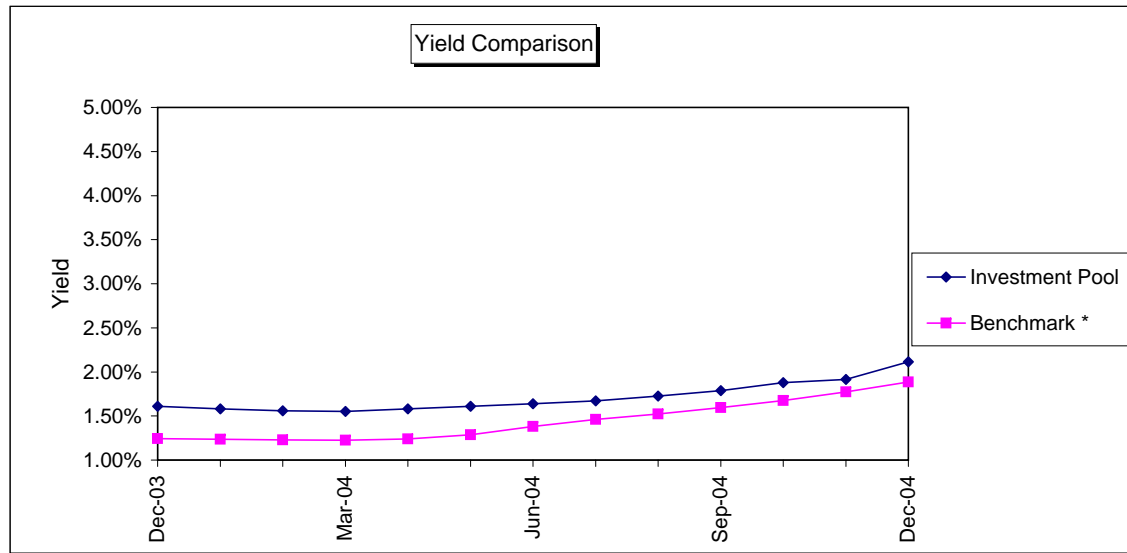
The City's Investment Pool is an aggregation of the majority of City funds that includes tax receipts, enterprise fund revenues, fine and fee revenues, as well as some, but not all, bond proceeds, grants, gifts and endowments. This portfolio is maintained to meet anticipated daily cash needs for City of Dallas operations, capital projects and debt service. In order to ensure the ability of the City to meet obligations and to minimize potential liquidation losses, the dollar-weighted average stated maturity of the Investment Pool shall not exceed 1.5 years. The objectives of this portfolio are to: a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists; b) ensure that anticipated cash flows are matched with adequate investment liquidity; c) limit market and credit risk through diversification; and d) attain the best feasible yield commensurate with the objectives and restrictions set forth in the Investment Policy by actively managing the portfolio to meet or exceed the 12 month moving average yield on treasury one-year constant maturities as reported by Federal Reserve Statistical Release H.15.

STRATEGY COMPLIANCE STATEMENT

For the quarter ending December 31, 2004 the Investment Pool is in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.1 of the City's Investment Policy.

yield_wam history

	Investment Pool	12 mo moving average of 1 yr Treasury Benchmark *	1 yr Constant Maturity		Maximum	Investment Pool
3/31/2002	3.59%	2.91%	2.57%	3/31/2002	547	302
4/30/2002	3.70%	2.79%	2.48%	4/30/2002	547	299
5/31/2002	3.69%	2.67%	2.35%	5/31/2002	547	271
6/30/2002	3.69%	2.55%	2.20%	6/30/2002	547	248

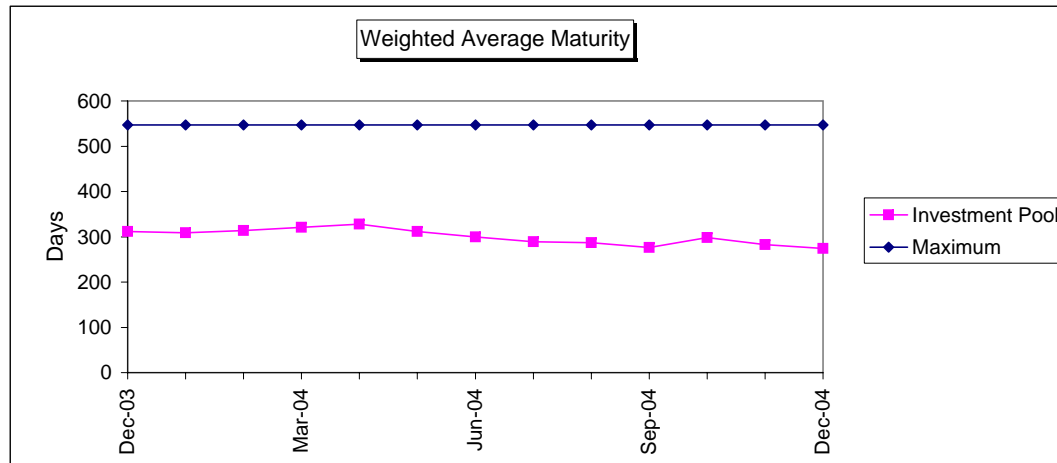


The consensus interest rate forecasts of over 40 economists polled by Blue Chip Financial Forecasts during the months of September and December are summarized below and reflect the change in expectations between the two surveys. The Federal Reserve raised its target overnight Federal Funds rate by 25 basis points at both its November and December meetings bringing it to 2.25%. The consensus forecast now expects the FOMC will continue to boost rates at a "measured" pace in 2005 producing a year end funds rate target of between 3.50% to 3.75%. Real GDP growth over the next 12 months is expected to average 3.5% and the rate of change for inflation, as measured by the Consumer Price Index, is anticipated to be up 2.4%. The yield on the Investment Pool has begun to reflect a slightly higher yield environment. Continued gradual yield improvement should occur in 2005 as the economy continues to gain momentum.

Blue Chip Interest Rate Forecast

Forecast Survey	1Q-05		2Q-05		3Q-05		4Q-05	
	Dec-04	Sep-04	Dec-04	Sep-04	Dec-04	Sep-04	Dec-04	Sep-04
3 mo T-Bill	2.5	2.3	2.8	2.7	3.2	3.1	3.5	3.4
6 mo T-Bill	2.7	2.5	3.1	2.9	3.4	3.2	3.7	3.5
1 yr T-Bill	2.9	2.8	3.3	3.2	3.6	3.5	3.9	3.8
2 yr T-Note	3.3	3.3	3.6	3.6	3.9	3.9	4.1	4.1
5 yr T-Note	3.9	4.1	4.2	4.3	4.4	4.6	4.6	4.7
10 yr T-Note	4.5	4.7	4.7	4.9	4.9	5.1	5.1	5.3
20 yr T-Note	5.1	5.4	5.3	5.5	5.5	5.6	5.6	5.7

* As per Section 17.1 of the City's Investment Policy, the benchmark for the Investment Pool is the 12-month moving average yield on treasury 1-year constant maturities as reported by Federal Reserve Statistical Release H.15.



Investment Maturity Schedule - % of Total Pool					
Mnths/Yrs to Maturity	Current 12/31/2004	3 Months Ago 9/30/2004	3 Months Net Change	1 Year Ago 12/31/2003	1 Year Net Change
Less than 3 months:	27.2%	28.4%	-1.2%	24.0%	3.2%
3 months to 6 months:	10.5%	13.1%	-2.6%	11.6%	-1.1%
6 months to 9 months:	19.6%	11.7%	7.9%	20.8%	-1.2%
9 months to 1 year:	11.6%	20.9%	-9.3%	12.1%	-0.5%
1 year to 2 years:	30.2%	19.6%	10.6%	23.9%	6.3%
2 years to 5 years:	0.9%	6.3%	-5.4%	7.6%	-6.7%
5 years to 10 years:	0.0%	0.0%	0.0%	0.0%	0.0%
More than 10 years:	0.0%	0.0%	0.0%	0.0%	0.0%
Total:	100.0%	100.0%		100.0%	

SUMMARY STATEMENT

	Current 12/31/2004	3 Months Ago 9/30/2004	Period Net Change
Face Value - Treasuries	\$ 10,570,000	\$ 10,570,000	\$ -
Face Value - Agencies	10,010,000	10,010,000	-
Total Face Value	\$ 20,580,000	\$ 20,580,000	\$ -
Book Value - Treasuries	\$ 10,262,897	\$ 10,219,585	\$ 43,312
Book Value - Agencies	9,986,176	9,983,964	2,211
Total Book Value	\$ 20,249,073	\$ 20,203,549	\$ 45,524
Market Value - Treasuries	\$ 10,065,766	\$ 10,059,303	\$ 6,463
Market Value - Agencies	9,858,209	9,908,263	(50,053)
Total Market Value	\$ 19,923,975	\$ 19,967,566	\$ (43,591)
Accrued Interest	\$ 85,098	\$ 20,967	\$ 64,131
Cash Value (Market Value + Accrued Interest)	\$ 20,009,073	\$ 19,988,533	\$ 20,541
Unrealized Gain(Loss)	\$ (325,098)	\$ (235,983)	\$ (89,115)
Change in Fair Value since 9/30/04 (per GASB 31)	\$ (43,591)	\$ (51,735)	\$ 8,144
Weighted Average Days to Maturity	690	782	(92)
Buy Yield	2.16%	2.17%	-0.01%
Portfolio Composition - % of Book Value			
Treasuries	50.68%	50.58%	0.10%
Agencies	49.32%	49.42%	-0.10%

STRATEGY STATEMENT

Non-pooled reserve funds for outstanding revenue bonds are set at levels required by their respective bond ordinances. These funds will be used to pay principal and/or interest if required to prevent a default. The objectives of this portfolio are to: a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists; b) ensure that anticipated cash flows are matched with adequate investment liquidity; c) manage market and credit risk through diversification; and d) attain the best feasible yield commensurate with the objectives and the restrictions set forth in the Investment Policy and the bond ordinance by actively managing the portfolio to meet or exceed the bond yield.

STRATEGY COMPLIANCE STATEMENT

For the quarter ending December 31, 2004 the Convention Center Reserve portfolio is in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.3 of the City's Investment Policy.

NOTE: This report summarizes direct investments only; a fund's accounting balance also includes its equity in the Investment Pool.

SUMMARY STATEMENT

	Current 12/31/2004	3 Months Ago 9/30/2004	Period Net Change
Face Value - Treasuries	\$ -	\$ 8,440,000	\$ (8,440,000)
Face Value - Agencies	53,989,000	45,019,000	8,970,000
Total Face Value	\$ 53,989,000	\$ 53,459,000	\$ 530,000
Book Value - Treasuries	\$ -	\$ 8,424,035	\$ (8,424,035)
Book Value - Agencies	53,824,749	44,879,967	8,944,782
Total Book Value	\$ 53,824,749	\$ 53,304,002	\$ 520,747
Market Value - Treasuries	\$ -	\$ 8,424,175	\$ (8,424,175)
Market Value - Agencies	53,318,309	44,568,189	8,750,120
Total Market Value	\$ 53,318,309	\$ 52,992,364	\$ 325,945
Accrued Interest	\$ 421,806	\$ 248,700	\$ 173,106
Cash Value (Market Value + Accrued Interest)	\$ 53,740,115	\$ 53,241,064	\$ 499,051
Unrealized Gain(Loss)	\$ (506,440)	\$ (311,638)	\$ (194,802)
Change in Fair Value since 9/30/04 (per GASB 31)	\$ (167,547)	\$ (414,686)	\$ 247,139
Weighted Average Days to Maturity	889	693	196
Buy Yield	2.77%	2.36%	0.41%
Portfolio Composition - % of Book Value			
Treasuries	0.00%	15.80%	-15.80%
Agencies	100.00%	84.20%	15.80%

STRATEGY STATEMENT

Non-pooled reserve funds for outstanding revenue bonds are set at levels required by their respective bond ordinances. These funds will be used to pay principal and/or interest if required to prevent a default. The objectives of this portfolio are to: a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists; b) ensure that anticipated cash flows are matched with adequate investment liquidity; c) manage market and credit risk through diversification; and d) attain the best feasible yield commensurate with the objectives and the restrictions set forth in the Investment Policy and the bond ordinance by actively managing the portfolio to meet or exceed the bond yield.

STRATEGY COMPLIANCE STATEMENT

For the quarter ending December 31, 2004 the Water Reserve portfolio is in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.3 of the City's Investment Policy.

NOTE: This report summarizes direct investments only; a fund's accounting balance also includes its equity in the Investment Pool.

SUMMARY STATEMENT

	Current 12/31/2004	3 Months Ago 9/30/2004	Period Net Change
Face Value - Treasuries	\$ -	\$ -	\$ -
Face Value - Agencies	915,000	915,000	-
Total Face Value	\$ 915,000	\$ 915,000	\$ -
Book Value - Treasuries	\$ -	\$ -	\$ -
Book Value - Agencies	914,460	914,342	118
Total Book Value	\$ 914,460	\$ 914,342	\$ 118
Market Value - Treasuries	\$ -	\$ -	\$ -
Market Value - Agencies	908,138	912,427	(4,289)
Total Market Value	\$ 908,138	\$ 912,427	\$ (4,289)
Accrued Interest	\$ 8,149	\$ 2,716	\$ 5,433
Cash Value (Market Value + Accrued Interest)	\$ 916,287	\$ 915,143	\$ 1,144
Unrealized Gain(Loss)	\$ (6,322)	\$ (1,915)	\$ (4,407)
Change in Fair Value since 9/30/04 (per GASB 31)	\$ (4,289)	\$ (12,295)	\$ 8,006
Weighted Average Days to Maturity	411	503	(92)
Buy Yield	2.43%	2.43%	0.00%
Portfolio Composition - % of Book Value			
Treasuries	0.00%	0.00%	0.00%
Agencies	100.00%	100.00%	0.00%

STRATEGY STATEMENT

The Art Endowment Fund was created from a repayment to the General Fund from the Convention Center pursuant to Resolution No. 84-311. Funds received as gifts to the City with instructions that the income generated by the investment of said funds be used for specified purposes are invested as separate non-pooled portfolios in order to maximize return. The objectives of this portfolio are to: a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists; b) ensure that anticipated cash flows are matched with adequate investment liquidity; c) manage market and credit risk through diversification; and d) attain the best feasible yield commensurate with the objectives and the restrictions set forth in the Investment Policy.

STRATEGY COMPLIANCE STATEMENT

For the quarter ending December 31, 2004 the Art Endowment portfolio is in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.4 of the City's Investment Policy.

NOTE: This report summarizes direct investments only; a fund's accounting balance also includes its equity in the Investment Pool.

SUMMARY STATEMENT

	Current 12/31/2004	3 Months Ago 9/30/2004	Period Net Change
Face Value -Treasuries	\$ -	\$ -	\$ -
Face Value - Agencies	1,000,000	1,000,000	-
Total Face Value	\$ 1,000,000	\$ 1,000,000	\$ -
Book Value - Treasuries	\$ -	\$ -	\$ -
Book Value - Agencies	999,638	999,540	98
Total Book Value	\$ 999,638	\$ 999,540	\$ 98
Market Value - Treasuries	\$ -	\$ -	\$ -
Market Value - Agencies	992,813	996,875	(4,062)
Total Market Value	\$ 992,813	\$ 996,875	\$ (4,062)
Accrued Interest	\$ 2,656	\$ 7,969	\$ (5,313)
Cash Value (Market Value + Accrued Interest)	\$ 995,469	\$ 1,004,844	\$ (9,375)
Unrealized Gain(Loss)	\$ (6,825)	\$ (2,665)	\$ (4,160)
Change in Fair Value since 9/30/04 (per GASB 31)	\$ (4,063)	\$ (8,575)	\$ 4,512
Weighted Average Days to Maturity	319	411	(92)
Buy Yield	2.17%	2.17%	0.00%
Portfolio Composition - % of Book Value			
Treasuries	0.00%	0.00%	0.00%
Agencies	100.00%	100.00%	0.00%

STRATEGY STATEMENT

The Ida M. Green Endowment Fund was created with the proceeds from the sale of stock from the estate of Ms. Green pursuant to Resolution No. 87-0836. Its purpose is to provide funds for the operating and capital expenses of the library's Texas Center for the Book and Children's Center. Funds received as gifts to the City with instructions that the income generated by the investment of said funds be used for specified purposes are invested as separate non-pooled portfolios in order to maximize return. The objectives of this portfolio are to: a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists; b) ensure that anticipated cash flows are matched with adequate investment liquidity; c) manage market and credit risk through diversification; and d) attain the best feasible yield commensurate with the objectives and the restrictions set forth in the Investment Policy.

STRATEGY COMPLIANCE STATEMENT

For the quarter ending December 31, 2004 the Ida Green Library Fund portfolio is in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.4 of the City's Investment Policy.

NOTE: This report summarizes direct investments only; a fund's accounting balance also includes its equity in the Investment Pool.

SUMMARY STATEMENT

	Current * 12/31/2004	3 Months Ago 9/30/2004	Period Net Change
Face Value -Treasuries	\$ -	\$ -	\$ -
Face Value - Agencies	-	-	-
Total Face Value	\$ -	\$ -	\$ -
Book Value - Treasuries	\$ -	\$ -	\$ -
Book Value - Agencies	-	-	-
Total Book Value	\$ -	\$ -	\$ -
Market Value - Treasuries	\$ -	\$ -	\$ -
Market Value - Agencies	-	-	-
Total Market Value	\$ -	\$ -	\$ -
Accrued Interest	\$ -	\$ -	\$ -
Cash Value (Market Value + Accrued Interest)	\$ -	\$ -	\$ -
Unrealized Gain(Loss)	\$ -	\$ -	\$ -
Change in Fair Value since 9/30/04 (per GASB 31)	\$ -	\$ -	\$ -
Weighted Average Days to Maturity	0	0	0
Buy Yield	0.00%	0.00%	0.00%
Portfolio Composition - % of Book Value			
Treasuries	0.00%	0.00%	0.00%
Agencies	0.00%	0.00%	0.00%

STRATEGY STATEMENT

The Library Endowment Fund was created from the sale of the former downtown public library pursuant to Resolution No. 81-2936. Its purpose, as amended by Resolution No. 95-1568, is to provide a permanent and perpetual source of revenue to be dedicated to equipment acquisition, maintenance and enhancement of the library automation system. Funds received as gifts to the City with instructions that the income generated by the investment of said funds be used for specified purposes are invested as separate non-pooled portfolios in order to maximize return. The objectives of this portfolio are to: a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists; b) ensure that anticipated cash flows are matched with adequate investment liquidity; c) manage market and credit risk through diversification; and d) attain the best feasible yield commensurate with the objectives and the restrictions set forth in the Investment Policy.

STRATEGY COMPLIANCE STATEMENT

For the quarter ending December 31, 2004 the Library Endowment portfolio is in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.4 of the City's Investment Policy.

NOTE: This report summarizes direct investments only; a fund's accounting balance also includes its equity in the Investment Pool.
 * As of 12/31/04 all of the Library Endowment Fund was invested in the Investment Pool.

SUMMARY STATEMENT

	Current 12/31/2004	3 Months Ago 9/30/2004	Period Net Change
Face Value -Treasuries	\$ 13,590,000	\$ 13,590,000	\$ -
Face Value - Agencies	-	-	-
Total Face Value	\$ 13,590,000	\$ 13,590,000	\$ -
Book Value - Treasuries	\$ 13,265,589	\$ 13,264,161	\$ 1,428
Book Value - Agencies	-	-	-
Total Book Value	\$ 13,265,589	\$ 13,264,161	\$ 1,428
Market Value - Treasuries	\$ 14,011,053	\$ 14,189,814	\$ (178,761)
Market Value - Agencies	-	-	-
Total Market Value	\$ 14,011,053	\$ 14,189,814	\$ (178,761)
Accrued Interest	\$ 285,996	\$ 95,332	\$ 190,664
Cash Value (Market Value + Accrued Interest)	\$ 14,297,049	\$ 14,285,146	\$ 11,903
Unrealized Gain(Loss)	\$ 745,464	\$ 925,653	\$ (180,189)
Change in Fair Value since 9/30/04 (per GASB 31)	\$ (178,761)	\$ (648,858)	\$ 470,097
Weighted Average Days to Maturity	411	503	(92)
Buy Yield	5.79%	5.79%	0.00%
Portfolio Composition - % of Book Value			
Treasuries	100.00%	100.00%	0.00%
Agencies	0.00%	0.00%	0.00%

STRATEGY STATEMENT

The TU Electric Reserve portfolio was established by City Ordinance for the deposit of Texas Utilities Electric Company prepaid franchise fees. Interest earnings on this portfolio will be used to fund future ratemaking expenses pursuant to the TUEC franchise ordinance and to provide an additional source of funds for the General Fund during the 15-year franchise term. In order to maximize the interest income generated by this portfolio, City Council adopted Ordinance 21665 on May 12, 1993 authorizing investments in securities purchased for this portfolio to have maturities up to 15 years. The TUEC franchise term ends in October 2008 and therefore investment maturities should not exceed that date. The objectives of this portfolio are to: a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists; b) ensure that anticipated cash flows are matched with adequate investment liquidity; c) manage market and credit risk through diversification; and d) attain the best feasible yield commensurate with the objectives and the restrictions set forth in the Investment Policy and Ordinance 21665.

STRATEGY COMPLIANCE STATEMENT

For the quarter ending December 31, 2004 the TU Electric Reserve portfolio is in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.6 of the City's Investment Policy.

NOTE: This report summarizes direct investments only; a fund's accounting balance also includes its equity in the Investment Pool.

SUMMARY STATEMENT

	Current 12/31/2004	3 Months Ago 9/30/2004	Period Net Change
Face Value -Treasuries	\$ 3,910,000	\$ 3,582,000	\$ 328,000
Face Value - Agencies	-	-	-
Total Face Value	\$ 3,910,000	\$ 3,582,000	\$ 328,000
Book Value - Treasuries	\$ 3,901,720	\$ 3,562,868	\$ 338,852
Book Value - Agencies	-	-	-
Total Book Value	\$ 3,901,720	\$ 3,562,868	\$ 338,852
Market Value - Treasuries	\$ 3,901,413	\$ 3,561,206	\$ 340,207
Market Value - Agencies	-	-	-
Total Market Value	\$ 3,901,413	\$ 3,561,206	\$ 340,207
Accrued Interest	\$ -	\$ -	\$ -
Cash Value (Market Value + Accrued Interest)	\$ 3,901,413	\$ 3,561,206	\$ 340,207
Unrealized Gain(Loss)	\$ (307)	\$ (1,662)	\$ 1,355
Change in Fair Value since 9/30/04 (per GASB 31)	\$ 16,396	\$ 26,947	\$ (10,551)
Weighted Average Days to Maturity	42	117	(75)
Buy Yield	1.73%	1.65%	0.08%
Portfolio Composition - % of Book Value			
Treasuries	100.00%	100.00%	0.00%
Agencies	0.00%	0.00%	0.00%

STRATEGY STATEMENT

The Section 108 Loan Guarantee portfolios were established in compliance with the agreement between the City of Dallas and HUD regarding the safekeeping of Section 108 Loan funds. Funds received under Contract for Loan Guarantee Assistance Under Section 108 of the Housing and Community Development Act are required to be held in trust for the benefit of the Secretary of Housing and Urban Development and may only be invested in direct obligations of, or obligations which are unconditionally guaranteed by, the United States of America with maturities of one year or less. The objectives of these portfolios are to: a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists; b) ensure that anticipated cash flows are matched with adequate investment liquidity; c) manage market and credit risk through diversification; and d) attain the best feasible yield commensurate with the objectives and the restrictions set forth in the Investment Policy and the City's agreement with HUD.

STRATEGY COMPLIANCE STATEMENT

For the quarter ending December 31, 2004 the Section 108 Loan Guarantee-In Town Housing portfolio is in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.5 of the City's Investment Policy.

NOTE: This report summarizes direct investments only; a fund's accounting balance also includes its cash balance in the escrow account.

SUMMARY STATEMENT

	Current 12/31/2004	3 Months Ago 9/30/2004	Period Net Change
Face Value - Money Market Mutual Funds	\$ 104,038,838	\$ 116,399,231	\$ (12,360,394)
Book Value - Money Market Mutual Funds	\$ 104,038,838	\$ 116,399,231	\$ (12,360,394)
Market Value - Money Market Mutual Funds	\$ 104,038,838	\$ 116,399,231	\$ (12,360,394)
Accrued Interest	\$ 139,342	\$ 118,117	\$ 21,225
Cash Value (Market Value + Accrued Interest)	\$ 104,178,180	\$ 116,517,348	\$ (12,339,169)
Unrealized Gain(Loss)	\$ -	\$ -	\$ -
Change in Fair Value since 9/30/04 (per GASB 31)	\$ -	\$ -	\$ -
Weighted Average Days to Maturity	1	1	0
Buy Yield	1.50%	1.21%	0.28%
Portfolio Composition - % of Book Value			
Money Market Mutual Funds	100.00%	100.00%	0.00%

STRATEGY STATEMENT

Water Utilities issues tax-exempt commercial paper notes as an interim financing tool for construction projects. Proceeds from the issuance of commercial paper debt must be liquid in order to fund periodic payments to contractors and must be invested in tax-exempt securities in order to avoid costly and complex arbitrage rebate computations. In order to meet these requirements, commercial paper proceeds will be invested in tax-exempt money market mutual funds. The objectives of this portfolio are to: a) ensure safety of principal by investing only in AAA-rated tax-exempt money market mutual funds; b) ensure that anticipated cash flows are matched with adequate investment liquidity; c) manage market and credit risk through diversification; and d) attain the best feasible yield commensurate with the objectives and the restrictions set forth in the Investment Policy and governing bond ordinances.

STRATEGY COMPLIANCE STATEMENT

For the quarter ending December 31, 2004 the Water Commercial Paper Program Portfolio is in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.7 of the City's Investment Policy.

SUMMARY STATEMENT

	Sports Arena Reserve 1998A			Sports Arena Reserve 1998B - Taxable		
	Current 12/31/2004	3 Months Ago 9/30/2004	Period Net Change	Current 12/31/2004	3 Months Ago 9/30/2004	Period Net Change
Face Value - Treasuries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Face Value - Agencies	6,000,000	6,000,000	-	2,500,000	2,500,000	-
Total Face Value	\$ 6,000,000	\$ 6,000,000	\$ -	\$ 2,500,000	\$ 2,500,000	\$ -
Book Value - Treasuries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Book Value - Agencies	6,006,340	6,007,737	(1,397)	2,498,421	2,498,153	268
Total Book Value	\$ 6,006,340	\$ 6,007,737	\$ (1,397)	\$ 2,498,421	\$ 2,498,153	\$ 268
Market Value - Treasuries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Market Value - Agencies	5,927,813	5,955,938	(28,125)	2,456,250	2,467,188	(10,938)
Total Market Value	\$ 5,927,813	\$ 5,955,938	\$ (28,125)	\$ 2,456,250	\$ 2,467,188	\$ (10,938)
Accrued Interest	\$ 24,219	\$ 19,531	\$ 4,688	\$ 1,953	\$ 13,672	\$ (11,719)
Cash Value (Market Value + Accrued Interest)	\$ 5,952,032	\$ 5,975,469	\$ (23,437)	\$ 2,458,203	\$ 2,480,860	\$ (22,657)
Unrealized Gain(Loss)	\$ (78,527)	\$ (51,799)	\$ (26,728)	\$ (42,171)	\$ (30,965)	\$ (11,206)
Change in Fair Value since 9/30/04 (per GASB 31)	\$ (28,125)	\$ (76,875)	\$ 48,750	\$ (10,938)	\$ (21,875)	\$ 10,937
Weighted Average Days to Maturity	484	576	-92	531	623	-92
Buy Yield	2.09%	2.09%	0.00%	1.92%	1.92%	0.00%
Portfolio Composition - % of Book Value						
Treasuries	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Agencies	100.00%	100.00%	0.00%	100.00%	100.00%	0.00%

STRATEGY STATEMENT

Non-pooled reserve funds for outstanding revenue bonds are set at levels required by their respective bond ordinances. These funds will be used to pay principal and/or interest if required to prevent a default. The objectives of this portfolio are to: a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists; b) ensure that anticipated cash flows are matched with adequate investment liquidity; c) manage market and credit risk through diversification; and d) attain the best feasible yield commensurate with the objectives and the restrictions set forth in the Investment Policy and the bond ordinance by actively managing the portfolio to meet or exceed the bond yield.

STRATEGY COMPLIANCE STATEMENT

For the quarter ending December 31, 2004 the Sports Arena Reserve portfolios are in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.3 of the City's Investment Policy.

NOTE: This report summarizes direct investments only; a fund's accounting balance also includes its equity in the Investment Pool.

SUMMARY STATEMENT

	Current 12/31/2004	3 Months Ago 9/30/2004	Period Net Change
Face Value - Money Market Mutual Funds	\$ 830,108	\$ 930,223	\$ (100,115)
Book Value - Money Market Mutual Funds	\$ 830,108	\$ 930,223	\$ (100,115)
Market Value - Money Market Mutual Funds	\$ 830,108	\$ 930,223	\$ (100,115)
Accrued Interest	\$ 1,048	\$ 834	\$ 214
Cash Value (Market Value + Accrued Interest)	\$ 831,156	\$ 931,057	\$ (99,901)
Unrealized Gain(Loss)	\$ -	\$ -	\$ -
Change in Fair Value since 9/30/04 (per GASB 31)	\$ -	\$ -	\$ -
Weighted Average Days to Maturity	1	1	0
Buy Yield	1.49%	1.05%	0.44%
Portfolio Composition - % of Book Value			
Money Market Mutual Funds	100.00%	100.00%	0.00%

STRATEGY STATEMENT

The Trinity Parkway Escrow portfolio was created with the deposit of \$5,000,000 on November 16, 1999 in an escrow account in accordance with an Agreement dated as of January 1, 1999 between the City and the North Texas Tollway Authority ("NTTA") pertaining to development of the Trinity Parkway. These funds will be used to reimburse NTTA for specified payments related to project feasibility. Permitted investments for this account are defined in the Escrow Agreement as those that are consistent with the Public Funds Investment Act. The objectives of this portfolio are to: a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists; b) ensure that anticipated cash flows are matched with adequate investment liquidity; c) manage market and credit risk through diversification; and d) attain the best feasible yield commensurate with the objectives and restrictions set forth in the Agreement.

STRATEGY COMPLIANCE STATEMENT

For the quarter ending December 31, 2004 the Trinity Parkway Escrow portfolio is in compliance with the provisions of the Public Funds Investment Act and the investment strategy

For the quarter ending December 31, 2007 the Fund's Portfolio is in compliance with the provisions of the Fund's Fund Investment List and the investment strategy adopted in Sec. 17.8 of the City's Investment Policy.

SUMMARY STATEMENT

	Current 12/31/2004	3 Months Ago 9/30/2004	Period Net Change
Face Value - Treasuries	\$ 2,395,000	2,395,000	\$ -
Face Value - Agencies	-	-	-
Total Face Value	\$ 2,395,000	\$ 2,395,000	\$ -
Book Value - Treasuries	\$ 2,388,463	\$ 2,384,496	\$ 3,967
Book Value - Agencies	-	-	-
Total Book Value	\$ 2,388,463	\$ 2,384,496	\$ 3,967
Market Value - Treasuries	\$ 2,383,773	\$ 2,382,277	\$ 1,496
Market Value - Agencies	-	-	-
Total Market Value	\$ 2,383,773	\$ 2,382,277	\$ 1,496
Accrued Interest	\$ 2,550	\$ 9,979	\$ (7,429)
Cash Value (Market Value + Accrued Interest)	\$ 2,386,323	\$ 2,392,256	\$ (5,933)
Unrealized Gain(Loss)	\$ (4,690)	\$ (2,219)	\$ (2,471)
Change in Fair Value since 9/30/04 (per GASB 31)	\$ 1,497	\$ 2,713	\$ (1,216)
Weighted Average Days to Maturity	151	242	-91
Buy Yield	1.92%	1.92%	0.00%
Portfolio Composition - % of Book Value			
Treasuries	100.00%	100.00%	0.00%
Agencies	0.00%	0.00%	0.00%

STRATEGY STATEMENT

Non-pooled reserve funds for outstanding revenue bonds are set at levels required by their respective bond ordinances. These funds will be used to pay principal and/or interest if required to prevent a default. The objectives of this portfolio are to: a) ensure safety of principal by investing only in high-quality securities for which a strong secondary market exists; b) ensure that anticipated cash flows are matched with adequate investment liquidity; c) manage market and credit risk through diversification; and d) attain the best feasible yield commensurate with the objectives and the restrictions set forth in the Investment Policy and the bond ordinance by actively managing the portfolio to meet or exceed the bond yield.

STRATEGY COMPLIANCE STATEMENT

For the quarter ending December 31, 2004 the Cityplace TIF Reserve portfolio is in compliance with the relevant provisions of the Public Funds Investment Act and the investment strategy adopted in Sec. 17.3 of the City's Investment Policy.

NOTE: This report summarizes direct investments only; a fund's accounting balance also includes its equity in the Investment Pool.