

# Port of Houston Authority Investment Report



For the Quarter Ended  
December 31, 2014

# *Table of Contents*

• Certification	3
• Executive Summary	4
• Investments	
– Detail of Investment Holdings	7
– Investment Transactions	9
– Changes in Book and Market Values	11
– Investment Income	13
• Compliance	15
• Glossary	17

Distribution

Commissioners (7)

R. Guenther

T. Heidt

# ***Certification***

The undersigned have prepared this report for the Port of Houston Authority (the "Authority") and certify that investment transactions entered into during the quarter ended December 31, 2014 were made in compliance with our Investment Policy and Chapter 2256 of the Texas Government Code (the "Public Funds Investment Act" or "PFIA"), which states: "Not less than quarterly, the investment officer shall prepare and submit to the governing body of the entity a written report of the investment transactions for all funds covered by this chapter for the preceding reporting period." The report includes the disclosures required by the Policy and the PFIA. To the extent possible, market prices have been obtained from independent pricing sources.

  
\_\_\_\_\_  
Ramon Yi, Managing Director, Finance and Administration

  
\_\_\_\_\_  
R. Timothy Finley, Controller

  
\_\_\_\_\_  
Thomas J. Heidt, Deputy Executive Director, Finance and Administration

February 10, 2015

# *Executive Summary*

- The Authority continues to follow a conservative investment strategy, with the following objectives, in order of priority
  - Preservation and safety of principal
  - Liquidity
  - Yield
- Total Cash and Investments\* at December 31, 2014
  - General and Operating Funds \$ 392.0 Million
  - Promotion and Development Fund \$ 3.1
  - Debt Service Fund \$ 13.9
  - Construction and Bond Funds \$ 0.0

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  - Total \$ 409.0 Million

\* Investments at market value, and includes cash in regular bank accounts, some of which may not be considered part of the investment portfolio

# Executive Summary (cont.)

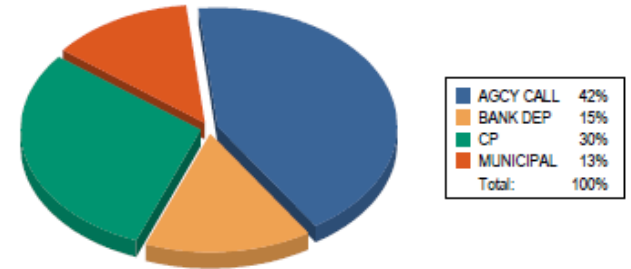
## Account Summary

## Allocation by Security Type

Beginning Values as of 09/30/14

Ending Values as of 12/31/14

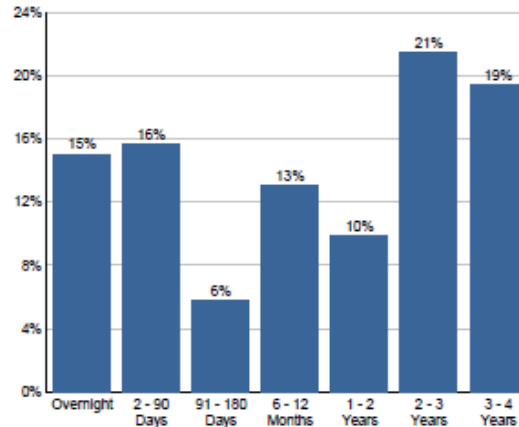
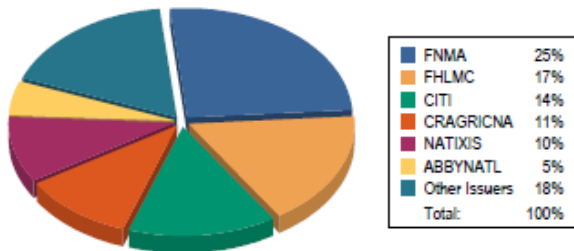
Par Value	434,278,146.81	409,923,830.15
Market Value	433,123,225.07	409,034,811.56
Book Value	434,789,479.17	410,387,088.94
Unrealized Gain / Loss	(1,666,254.10)	(1,352,277.38)
<b>Market Value %</b>	<b>99.62%</b>	<b>99.67%</b>
Weighted Avg. YTW	0.657%	0.680%
Weighted Avg. YTM	0.657%	0.680%



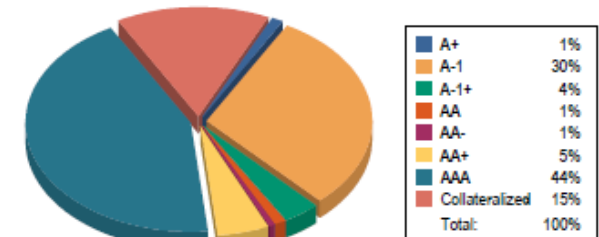
## Allocation by Issuer

## Maturity Distribution %

## Credit Quality

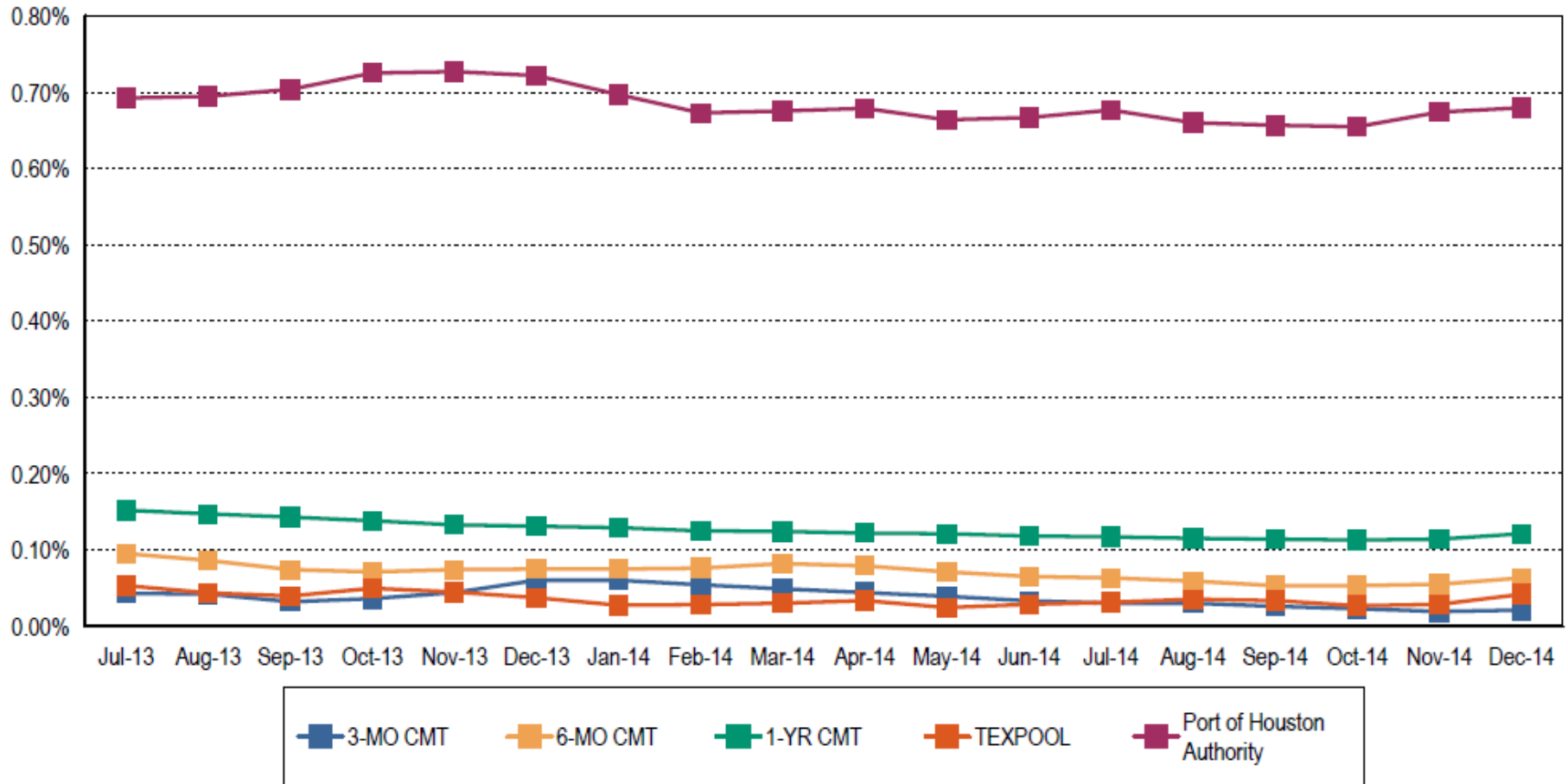


Weighted Average Days to Maturity: 524



# Executive Summary (cont.)

## Yield on Investments



Note 1: CMT stands for Constant Maturity Treasury. This data is published in Federal Reserve Statistical Release H.15 and represents an average of all actively traded Treasury securities having that time remaining until maturity. This is a standard industry benchmark for Treasury securities. The CMT benchmarks are moving averages. The 3-month CMT is the daily average for the previous 3 months, the 6-month CMT is the daily average for the previous 6 months, and the 1-year and 2-year CMT's are the daily averages for the previous 12-months.

Note 2: Benchmark data for TexPool is the monthly average yield.

# Detail of Investment Holdings

As of December 31, 2014

CUSIP	Settle Date	Sec. Type	Sec. Description	CPN	Mty Date	Next Call	Call Type	Par Value	Purch Price	Orig Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW
<b>Debt Service Fund</b>																	
CB-PORHOU		BANK DEP	Citibank					13,854,427.59	100.000	13,854,427.59	13,854,427.59	100.000	13,854,427.59	1		0.370	0.370
<b>Total for Debt Service Fund</b>								<b>13,854,427.59</b>	<b>100.000</b>	<b>13,854,427.59</b>	<b>13,854,427.59</b>	<b>100.000</b>	<b>13,854,427.59</b>	<b>1</b>		<b>0.370</b>	<b>0.370</b>
<b>General Fund</b>																	
CB-PORHOU		BANK DEP	Citibank					41,840,166.89	100.000	41,840,166.89	41,840,166.89	100.000	41,840,166.89	1		0.370	0.370
JPM-PHA		BANK DEP	JPM Chase Bk					2,449,254.59	100.000	2,449,254.59	2,449,254.59	100.000	2,449,254.59	1		0.000	0.000
4546246W2	06/19/13	MUNICIPAL	Indiana Bond Bk Rev	0.661	01/15/15			5,000,000.00	100.000	5,000,000.00	5,000,000.00	100.016	5,000,780.00	15		0.661	0.661
6323A1NP7	04/29/14	CP - DISC	Natixis Finance		01/23/15			25,000,000.00	99.694	24,923,409.72	24,993,736.00	99.991	24,997,725.00	23		0.411	0.411
25153KNV5	05/06/14	CP - DISC	Deutsche Bk Fina LLC		01/29/15			17,500,000.00	99.702	17,447,888.89	17,494,555.58	99.982	17,496,780.00	29		0.401	0.401
6323A1P34	05/09/14	CP - DISC	Natixis Finance		02/03/15			15,000,000.00	99.685	14,952,750.00	14,994,225.00	99.985	14,997,810.00	34		0.421	0.421
64990EPP6	09/01/14	MUNICIPAL	NY ST Dorm Auth Tax Rev	0.705	02/15/15			115,000.00	100.000	115,000.00	115,000.00	100.016	115,017.94	46		0.705	0.705
64990EPQ4	09/01/14	MUNICIPAL	NY ST Dorm Auth Tax Rev	0.705	02/15/15			1,385,000.00	100.000	1,385,000.00	1,385,000.00	100.047	1,385,649.57	46		0.705	0.705
22533UTC7	09/19/14	CP - DISC	Credit Agricole		06/12/15			20,000,000.00	99.675	19,934,977.78	19,960,400.00	99.855	19,970,900.00	163		0.441	0.441
6459186M0	05/06/14	MUNICIPAL	NJ Eco Develop Auth Sch Const	0.599	06/15/15	Anytime	CONT	3,565,000.00	100.000	3,565,000.00	3,565,000.00	99.922	3,562,215.74	166	5	0.599	0.599
22533UU76	10/10/14	CP - DISC	Credit Agricole		07/07/15			25,000,000.00	99.678	24,919,375.00	24,944,159.75	99.812	24,952,925.00	188		0.431	0.431
0027A1VE6	11/18/14	CP - DISC	Abbey Natl N America		08/14/15			20,000,000.00	99.679	19,935,738.89	19,946,250.00	99.655	19,930,940.00	226		0.431	0.431
730146AN7	10/27/14	MUNICIPAL	PMA Wl Levy & Aid	1.000	10/23/15			7,300,000.00	100.561	7,340,953.00	7,333,465.76	100.359	7,326,236.20	296		0.430	0.430
467578FW5	05/31/14	MUNICIPAL	Jackson Cty, MO	3.000	12/01/15			1,050,000.00	102.593	1,077,230.05	1,066,697.08	102.188	1,072,968.75	335		1.249	1.249
64990EJD0	03/31/14	MUNICIPAL	NY ST Dorm Auth Tax Rev	1.003	02/15/16			1,500,000.00	100.000	1,500,000.00	1,500,000.00	100.359	1,505,391.00	411		1.003	1.003
791697DB8	02/12/13	MUNICIPAL	St. Louis MO Spl Admin Sch Dist	4.000	04/01/16			1,250,000.00	109.238	1,365,475.00	1,296,456.89	103.719	1,296,485.00	457		1.000	1.000
592112LG9	02/28/14	MUNICIPAL	Metro Nashville & Davidson Cty TN GO	1.007	07/01/16			2,000,000.00	100.000	2,000,000.00	2,000,000.00	100.078	2,001,562.00	548		1.007	1.007
14329NDR2	12/27/12	MUNICIPAL	City of Carmel, IN Redevel Auth	0.990	08/01/16			2,155,000.00	100.000	2,155,000.00	2,155,000.00	99.719	2,148,940.14	579		0.990	0.990
35824NCE7	05/31/14	MUNICIPAL	Fresno Cty CA Fina Auth Lease Rev	3.000	08/01/16			1,955,000.00	103.727	2,027,869.93	2,008,451.97	102.953	2,012,733.11	579		1.250	1.250
20772JKJ0	03/31/14	MUNICIPAL	State of CT GO	1.032	10/15/16			1,000,000.00	100.000	1,000,000.00	1,000,000.00	100.281	1,002,813.00	654		1.032	1.032
413890DM3	12/23/14	MUNICIPAL	Harris Cty Hou Sports Auth Rev	1.324	11/15/16			3,770,000.00	100.000	3,770,000.00	3,770,000.00	99.953	3,768,228.10	685		1.324	1.324
64985HHZ3	03/31/14	MUNICIPAL	NY ST Envrnmntl Fac Rev	0.986	11/15/16	Anytime	CONT	1,485,000.00	100.000	1,485,000.00	1,485,000.00	99.422	1,476,415.22	685	5	0.986	0.986
3134G5MS1	11/25/14	AGCY CALL	FHLMC	0.650	11/25/16	02/25/15		25,000,000.00	100.000	25,000,000.00	25,000,000.00	99.850	24,962,500.00	695	56	0.650	0.650

# Detail of Investment Holdings (cont.)

As of December 31, 2014

CUSIP	Settle Date	Sec. Type	Sec. Description	CPN	Mty Date	Next Call	Call Type	Par Value	Purch Price	Orig Cost	Book Value	Mkt Price	Market Value	Days to Mty	Days to Call	YTM	YTW
<b>General Fund</b>																	
14329NDS0	12/27/12	MUNICIPAL	City of Carmel, IN Redev Auth	1.188	02/01/17			2,695,000.00	100.000	2,695,000.00	2,695,000.00	99.344	2,677,315.41	763		1.188	1.188
3134G36K1	03/21/13	AGCY CALL	FHLMC	0.800	03/21/17	03/21/15	QRTLY	20,000,000.00	100.000	20,000,000.00	20,000,000.00	99.840	19,968,000.00	811	80	0.800	0.800
791697DC6	02/12/13	MUNICIPAL	St. Louis MO Spl Admin Sch Dist	4.000	04/01/17			2,000,000.00	110.879	2,217,580.00	2,119,798.46	105.406	2,108,126.00	822		1.290	1.290
3135G0WU3	05/15/13	AGCY CALL	FNMA	0.750	05/15/17	02/15/15	QRTLY	35,000,000.00	100.000	35,000,000.00	35,000,000.00	99.210	34,723,500.00	866	46	0.750	0.750
3136G1GJ2	03/27/13	AGCY CALL	FNMA	0.850	06/27/17	03/27/15	QRTLY	20,000,000.00	100.000	20,000,000.00	20,000,000.00	99.220	19,844,000.00	909	86	0.850	0.850
14329NDT8	12/27/12	MUNICIPAL	City of Carmel, IN Redev Auth	1.238	08/01/17			2,805,000.00	100.000	2,805,000.00	2,805,000.00	99.313	2,785,715.63	944		1.238	1.238
661334DR0	02/14/13	MUNICIPAL	N Orange Cty CA CC Dist	1.240	08/01/17			4,250,000.00	100.000	4,250,000.00	4,250,000.00	100.156	4,256,642.75	944		1.240	1.240
796720JG6	05/02/13	MUNICIPAL	San Bernardino CA Cmty Ctg	1.686	08/01/17			1,250,000.00	100.000	1,250,000.00	1,250,000.00	99.906	1,248,828.75	944		1.686	1.686
3135G0TK9	01/30/13	AGCY CALL	FNMA	1.050	01/30/18	01/30/15	QRTLY	30,000,000.00	99.995	29,998,500.00	29,999,066.70	99.100	29,730,000.00	1,126	30	1.051	1.051
67868UDN0	04/05/13	MUNICIPAL	OK Cty Fina Auth Est Rev	4.000	03/01/18			4,650,000.00	112.334	5,223,531.00	5,024,661.20	107.609	5,003,837.10	1,156		1.390	1.390
3134G43V8	05/15/13	AGCY CALL	FHLMC	1.050	05/15/18	02/15/15	QRTLY	25,000,000.00	100.000	25,000,000.00	25,000,000.00	99.000	24,750,000.00	1,231	46	1.050	1.050
3135G0XG3	05/21/13	AGCY CALL	FNMA	1.000	05/21/18	02/21/15	QRTLY	20,000,000.00	99.900	19,980,000.00	19,986,334.40	98.550	19,710,000.00	1,237	52	1.021	1.021
<b>Total for General Fund</b>								<b>392,969,421.48</b>	<b>100.180</b>	<b>393,609,700.74</b>	<b>393,432,680.27</b>	<b>99.784</b>	<b>392,080,402.89</b>	<b>547</b>		<b>0.693</b>	<b>0.693</b>
<b>Promotion &amp; Development Fund 74</b>																	
CB-PORHOU		BANK DEP	Citibank					3,099,981.08	100.000	3,099,981.08	3,099,981.08	100.000	3,099,981.08	1		0.370	0.370
<b>Total for Promotion &amp; Development Fund 74</b>								<b>3,099,981.08</b>	<b>100.000</b>	<b>3,099,981.08</b>	<b>3,099,981.08</b>	<b>100.000</b>	<b>3,099,981.08</b>	<b>1</b>		<b>0.370</b>	<b>0.370</b>
<b>Total for Port of Houston Authority</b>								<b>409,923,830.15</b>	<b>100.172</b>	<b>410,564,109.41</b>	<b>410,387,088.94</b>	<b>99.793</b>	<b>409,034,811.56</b>	<b>524</b>		<b>0.680</b>	<b>0.680</b>

Note: Bank deposits at Citibank and JPMorgan Chase are fully collateralized in accordance with Chapter 2257, Texas Government Code ("Public Funds Collateral Act").



# Investment Transactions

Quarter Ended December 31, 2014

Trade Date	Settle Date	CUSIP	Security Type	Security Description	Coupon	Mty Date	Call Date	Par Value	Price	Principal Amount	Int Purchased / Received	Total Amount	Realized Gain / Loss	YTM	YTW
<b>General Fund</b>															
<b>Calls</b>															
10/29/14	10/29/14	3134G5CP8	AGCY CALL	FHLMC	0.650	07/29/16	10/29/14	20,000,000.00	100.000	20,000,000.00	32,500.00	20,032,500.00		0.650	0.650
<b>Total for: Calls</b>								<b>20,000,000.00</b>		<b>20,000,000.00</b>	<b>32,500.00</b>	<b>20,032,500.00</b>		<b>0.650</b>	<b>0.650</b>
<b>Maturities</b>															
10/10/14	10/10/14	22532CKA1	CP - DISC	Credit Agricole		10/10/14		25,000,000.00	100.000	25,000,000.00	0.00	25,000,000.00		0.462	
10/16/14	10/16/14	6323A1KG0	CP - DISC	Natixis Finance		10/16/14		15,000,000.00	100.000	15,000,000.00	0.00	15,000,000.00		0.441	
10/16/14	10/16/14	83365SKG7	CP - DISC	Societe Generale		10/16/14		15,000,000.00	100.000	15,000,000.00	0.00	15,000,000.00		0.452	
<b>Total for: Maturities</b>								<b>55,000,000.00</b>		<b>55,000,000.00</b>	<b>0.00</b>	<b>55,000,000.00</b>		<b>0.453</b>	
<b>Purchases</b>															
10/10/14	10/10/14	22533UU76	CP - DISC	Credit Agricole		07/07/15		25,000,000.00	99.678	24,919,375.00	0.00	24,919,375.00		0.431	0.431
10/24/14	10/27/14	730146AN7	MUNICIPAL	PMA Wl Levy & Aid	1.000	10/23/15		7,300,000.00	100.561	7,340,953.00	0.00	7,340,953.00		0.430	0.430
10/24/14	11/25/14	3134G5MS1	AGCY CALL	FHLMC	0.650	11/25/16	02/25/15	25,000,000.00	100.000	25,000,000.00	0.00	25,000,000.00		0.650	0.650
11/18/14	11/18/14	0027A1VE6	CP - DISC	Abbey Nat'l N America		08/14/15		20,000,000.00	99.679	19,935,738.89	0.00	19,935,738.89		0.431	0.431
12/10/14	12/23/14	413890DM3	MUNICIPAL	Harris Cty Hou Sports Auth F	1.324	11/15/16		3,770,000.00	100.000	3,770,000.00	0.00	3,770,000.00		1.324	1.324
<b>Total for: Purchases</b>								<b>81,070,000.00</b>		<b>80,966,066.89</b>	<b>0.00</b>	<b>80,966,066.89</b>		<b>0.540</b>	<b>0.540</b>

# Investment Transactions (cont.)

Quarter Ended December 31, 2014

Trade Date	Settle Date	CUSIP	Security Type	Security Description	Coupon	Mty Date	Call Date	Par Value	Price	Principal Amount	Int Purchased / Received	Total Amount	Realized Gain / Loss	YTM	YTW
<b>General Fund</b>															
<i>Income Payments</i>															
10/01/14	10/01/14	791697DB8	MUNICIPAL	St. Louis MO Spl Admin Sch	4.000	04/01/16				0.00	25,000.00	25,000.00			
10/01/14	10/01/14	791697DC6	MUNICIPAL	St. Louis MO Spl Admin Sch	4.000	04/01/17				0.00	40,000.00	40,000.00			
10/15/14	10/15/14	20772JKJ0	MUNICIPAL	State of CT GO	1.032	10/15/16				0.00	5,160.00	5,160.00			
11/16/14	11/15/14	3134G43V8	AGCY CALL	FHLMC	1.050	05/15/18				0.00	131,250.00	131,250.00			
11/16/14	11/15/14	3135G0WU3	AGCY CALL	FNMA	0.750	05/15/17				0.00	131,250.00	131,250.00			
11/17/14	11/15/14	64985HHZ3	MUNICIPAL	NY ST Envrnmntl Fac Rev	0.986	11/15/16				0.00	7,321.05	7,321.05			
11/21/14	11/21/14	3135G0XG3	AGCY CALL	FNMA	1.000	05/21/18				0.00	100,000.00	100,000.00			
12/01/14	12/01/14	467578FW5	MUNICIPAL	Jackson Cty, MO	3.000	12/01/15				0.00	15,750.00	15,750.00			
12/15/14	12/15/14	6459186M0	MUNICIPAL	NJ Eco Develop Auth Sch C	0.599	06/15/15				0.00	12,990.56	12,990.56			
<b>Total for: Income Payments</b>										<b>0.00</b>	<b>468,721.61</b>	<b>468,721.61</b>			

# Changes in Book and Market Values

CUSIP	Security Type	Security Description	09/30/14 Book Value	Cost of Purchases	Maturities / Calls / Sales	Amortization / Accretion	Realized Gain/(Loss)	12/31/14 Book Value	09/30/14 Market Value	12/31/14 Market Value	Change in Mkt Value
<b>Debt Service Fund</b>											
CB-PORHOU	BANK DEP	Citibank	35,365,303.55	12,127,281.17	(33,638,157.13)	0.00	0.00	13,854,427.59	35,365,303.55	13,854,427.59	(21,510,875.96)
<b>Total for Debt Service Fund</b>			<b>35,365,303.55</b>	<b>12,127,281.17</b>	<b>(33,638,157.13)</b>	<b>0.00</b>	<b>0.00</b>	<b>13,854,427.59</b>	<b>35,365,303.55</b>	<b>13,854,427.59</b>	<b>(21,510,875.96)</b>
<b>General Fund</b>											
CB-PORHOU	BANK DEP	Citibank	50,458,793.83	47,818,699.35	(56,437,326.29)	0.00	0.00	41,840,166.89	50,458,793.83	41,840,166.89	(8,618,626.94)
JPM-PHA	BANK DEP	JPM Chase Bk	1,913,066.16	576,914.47	(40,726.04)	0.00	0.00	2,449,254.59	1,913,066.16	2,449,254.59	536,188.43
22532CKA1	CP - DISC	Credit Agricole 0.000 10/10/14	24,997,125.00	0.00	(25,000,000.00)	2,875.00	0.00	0.00	24,999,275.00	0.00	(24,999,275.00)
6323A1KG0	CP - DISC	Natixis Finance 0.000 10/16/14	14,997,250.05	0.00	(15,000,000.00)	2,749.95	0.00	0.00	14,999,250.00	0.00	(14,999,250.00)
83365SKG7	CP - DISC	Societe Generale 0.000 10/16/14	14,997,187.50	0.00	(15,000,000.00)	2,812.50	0.00	0.00	14,999,250.00	0.00	(14,999,250.00)
4546246W2	MUNICIPAL	Indiana Bond Bk Rev 0.661 01/15/15	5,000,000.00	0.00	0.00	0.00	0.00	5,000,000.00	5,006,250.00	5,000,780.00	(5,470.00)
6323A1NP7	CP - DISC	Natixis Finance 0.000 01/23/15	24,967,541.75	0.00	0.00	26,194.25	0.00	24,993,736.00	24,973,650.00	24,997,725.00	24,075.00
25153KNV5	CP - DISC	Deutsche Bk Fina LLC 0.000 01/29/15	17,476,666.73	0.00	0.00	17,888.85	0.00	17,494,555.58	17,482,937.50	17,496,780.00	13,842.50
6323A1P34	CP - DISC	Natixis Finance 0.000 02/03/15	14,978,125.05	0.00	0.00	16,099.95	0.00	14,994,225.00	14,982,675.00	14,997,810.00	15,135.00
64990EPP6	MUNICIPAL	NY ST Dorm Auth Tax Rev 0.705 02/15/15	115,000.00	0.00	0.00	0.00	0.00	115,000.00	115,203.55	115,017.94	(185.61)
64990EPQ4	MUNICIPAL	NY ST Dorm Auth Tax Rev 0.705 02/15/15	1,385,000.00	0.00	0.00	0.00	0.00	1,385,000.00	1,386,966.70	1,385,649.57	(1,317.13)
22533UTC7	CP - DISC	Credit Agricole 0.000 06/12/15	19,937,911.20	0.00	0.00	22,488.80	0.00	19,960,400.00	19,937,911.20	19,970,900.00	32,988.80
6459186M0	MUNICIPAL	NJ Eco Develop Auth Sch Const 0.599 06/1	3,565,000.00	0.00	0.00	0.00	0.00	3,565,000.00	3,563,003.60	3,562,215.74	(787.86)
22533UU76	CP - DISC	Credit Agricole 0.000 07/07/15	0.00	24,919,375.00	0.00	24,784.75	0.00	24,944,159.75	0.00	24,952,925.00	24,952,925.00
0027A1VE6	CP - DISC	Abbey Nat'l N America 0.000 08/14/15	0.00	19,935,738.89	0.00	10,511.11	0.00	19,946,250.00	0.00	19,930,940.00	19,930,940.00
730146AN7	MUNICIPAL	PMA WI Levy & Aid 1.000 10/23/15	0.00	7,340,953.00	0.00	(7,487.24)	0.00	7,333,465.76	0.00	7,326,236.20	7,326,236.20
467578FW5	MUNICIPAL	Jackson Cty, MO 3.000 12/01/15	1,071,216.57	0.00	0.00	(4,519.49)	0.00	1,066,697.08	1,079,367.45	1,072,968.75	(6,398.70)
64990EJD0	MUNICIPAL	NY ST Dorm Auth Tax Rev 1.003 02/15/16	1,500,000.00	0.00	0.00	0.00	0.00	1,500,000.00	1,505,391.00	1,505,391.00	0.00
791697DB8	MUNICIPAL	St. Louis MO Spl Adm'n Sch Dist 4.000 04/0	1,305,692.76	0.00	0.00	(9,235.87)	0.00	1,296,456.89	1,308,203.75	1,296,485.00	(11,718.75)
592112LG9	MUNICIPAL	Metro Nashville & Davidson Cty TN GO 1.00	2,000,000.00	0.00	0.00	0.00	0.00	2,000,000.00	2,003,438.00	2,001,562.00	(1,876.00)
3134G5CP8	AGCY CALL	FHLMC 0.650 07/29/16	20,000,000.00	0.00	(20,000,000.00)	0.00	0.00	0.00	19,942,000.00	0.00	(19,942,000.00)
14329NDR2	MUNICIPAL	City of Carmel, IN Redev Auth 0.990 08/01/	2,155,000.00	0.00	0.00	0.00	0.00	2,155,000.00	2,152,306.25	2,148,940.14	(3,366.11)
35824NCE7	MUNICIPAL	Fresno Cty CA Fina Auth Lease Rev 3.000 1	2,016,792.55	0.00	0.00	(8,340.58)	0.00	2,008,451.97	2,023,729.98	2,012,733.11	(10,996.87)
20772JKJ0	MUNICIPAL	State of CT GO 1.032 10/15/16	1,000,000.00	0.00	0.00	0.00	0.00	1,000,000.00	1,004,219.00	1,002,813.00	(1,406.00)
413890DM3	MUNICIPAL	Harris Cty Hou Sports Auth Rev 1.324 11/11	0.00	3,770,000.00	0.00	0.00	0.00	3,770,000.00	0.00	3,768,228.10	3,768,228.10
64985HHZ3	MUNICIPAL	NY ST Envmnt'l Fac Rev 0.986 11/15/16	1,485,000.00	0.00	0.00	0.00	0.00	1,485,000.00	1,476,878.54	1,476,415.22	(463.32)
3134G5MS1	AGCY CALL	FHLMC 0.650 11/25/16	0.00	25,000,000.00	0.00	0.00	0.00	25,000,000.00	0.00	24,962,500.00	24,962,500.00
14329NDS0	MUNICIPAL	City of Carmel, IN Redev Auth 1.188 02/01/	2,695,000.00	0.00	0.00	0.00	0.00	2,695,000.00	2,679,420.21	2,677,315.41	(2,104.80)

# Changes in Book and Market Values (cont.)

CUSIP	Security Type	Security Description	09/30/14 Book Value	Cost of Purchases	Maturities / Calls / Sales	Amortization / Accretion	Realized Gain/(Loss)	12/31/14 Book Value	09/30/14 Market Value	12/31/14 Market Value	Change in Mkt Value
<b>General Fund</b>											
3134G36K1	AGCY CALL	FHLMC 0.800 03/21/17	20,000,000.00	0.00	0.00	0.00	0.00	20,000,000.00	19,950,000.00	19,968,000.00	18,000.00
791697DC6	MUNICIPAL	St. Louis MO Spl Admin Sch Dist 4.000 04/1	2,132,920.12	0.00	0.00	(13,121.66)	0.00	2,119,798.46	2,120,000.00	2,108,126.00	(11,874.00)
3135G0WU3	AGCY CALL	FNMA 0.750 05/15/17	35,000,000.00	0.00	0.00	0.00	0.00	35,000,000.00	34,653,500.00	34,723,500.00	70,000.00
3136G1GJ2	AGCY CALL	FNMA 0.850 06/27/17	20,000,000.00	0.00	0.00	0.00	0.00	20,000,000.00	19,816,000.00	19,844,000.00	28,000.00
14329NDT8	MUNICIPAL	City of Carmel, IN Redev Auth 1.238 08/01/	2,805,000.00	0.00	0.00	0.00	0.00	2,805,000.00	2,789,221.88	2,785,715.63	(3,506.25)
661334DR0	MUNICIPAL	N Orange Cty CA CC Dist 1.240 08/01/17	4,250,000.00	0.00	0.00	0.00	0.00	4,250,000.00	4,255,975.50	4,256,642.75	667.25
796720JG6	MUNICIPAL	San Bernardino CA Cmty Clg 1.686 08/01/1	1,250,000.00	0.00	0.00	0.00	0.00	1,250,000.00	1,251,953.75	1,248,828.75	(3,125.00)
3135G0TK9	AGCY CALL	FNMA 1.050 01/30/18	29,998,992.30	0.00	0.00	74.40	0.00	29,999,066.70	29,655,000.00	29,730,000.00	75,000.00
67868UDN0	MUNICIPAL	OK Cty Fina Auth Ed Rev 4.000 03/01/18	5,053,565.78	0.00	0.00	(28,904.58)	0.00	5,024,661.20	5,057,600.40	5,003,837.10	(53,763.30)
3134G43V8	AGCY CALL	FHLMC 1.050 05/15/18	25,000,000.00	0.00	0.00	0.00	0.00	25,000,000.00	24,662,500.00	24,750,000.00	87,500.00
3135G0XG3	AGCY CALL	FNMA 1.000 05/21/18	19,985,345.00	0.00	0.00	989.40	0.00	19,986,334.40	19,622,000.00	19,710,000.00	88,000.00
<b>Total for General Fund</b>			<b>395,493,192.35</b>	<b>129,361,680.71</b>	<b>(131,478,052.33)</b>	<b>55,859.54</b>	<b>0.00</b>	<b>393,432,680.27</b>	<b>393,826,938.25</b>	<b>392,080,402.89</b>	<b>(1,746,535.36)</b>
<b>Promotion &amp; Development Fund 74</b>											
CB-PORHOU	BANK DEP	Citibank	3,930,983.27	691,169.24	(1,522,171.43)	0.00	0.00	3,099,981.08	3,930,983.27	3,099,981.08	(831,002.19)
<b>Total for Promotion &amp; Development Fund 74</b>			<b>3,930,983.27</b>	<b>691,169.24</b>	<b>(1,522,171.43)</b>	<b>0.00</b>	<b>0.00</b>	<b>3,099,981.08</b>	<b>3,930,983.27</b>	<b>3,099,981.08</b>	<b>(831,002.19)</b>
<b>Total for Port of Houston Authority</b>			<b>434,789,479.17</b>	<b>142,180,131.12</b>	<b>(166,838,380.89)</b>	<b>55,859.54</b>	<b>0.00</b>	<b>410,387,088.94</b>	<b>433,123,225.07</b>	<b>409,034,811.56</b>	<b>(24,088,413.51)</b>

# Investment Income

Quarter Ended December 31, 2014

CUSIP	Security Type	Security Description	Beg. Accrued	Interest Earned	Interest Rec'd / Sold / Matured	Interest Purchased	Ending Accrued	Disc Accr / Prem Amort	Net Income
<b>Debt Service Fund</b>									
CB-PORHOU	BANK DEP	Citibank	0.00	12,143.24	12,143.24	0.00	0.00	0.00	12,143.24
<b>Total for Debt Service Fund</b>			<b>0.00</b>	<b>12,143.24</b>	<b>12,143.24</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>12,143.24</b>
<b>General Fund</b>									
CB-PORHOU	BANK DEP	Citibank	0.00	59,319.80	59,319.80	0.00	0.00	0.00	59,319.80
22532CA1	CP - DISC	Credit Agricole 0.000 10/10/14	0.00	0.00	0.00	0.00	0.00	2,875.00	2,875.00
6323A1KG0	CP - DISC	Natixis Finance 0.000 10/16/14	0.00	0.00	0.00	0.00	0.00	2,749.95	2,749.95
83365SKG7	CP - DISC	Societe Generale 0.000 10/16/14	0.00	0.00	0.00	0.00	0.00	2,812.50	2,812.50
4546246W2	MUNICIPAL	Indiana Bond Bk Rev 0.661 01/15/15	6,977.22	8,262.50	0.00	0.00	15,239.72	0.00	8,262.50
6323A1NP7	CP - DISC	Natixis Finance 0.000 01/23/15	0.00	0.00	0.00	0.00	0.00	26,194.25	26,194.25
25153KNV5	CP - DISC	Deutsche Bk Fina LLC 0.000 01/29/15	0.00	0.00	0.00	0.00	0.00	17,888.85	17,888.85
6323A1P34	CP - DISC	Natixis Finance 0.000 02/03/15	0.00	0.00	0.00	0.00	0.00	16,099.95	16,099.95
64990EPP6	MUNICIPAL	NY ST Dorm Auth Tax Rev 0.705 02/15/15	103.60	202.68	0.00	0.00	306.28	0.00	202.68
64990EPO4	MUNICIPAL	NY ST Dorm Auth Tax Rev 0.705 02/15/15	1,247.65	2,441.07	0.00	0.00	3,688.72	0.00	2,441.07
22533UTC7	CP - DISC	Credit Agricole 0.000 06/12/15	0.00	0.00	0.00	0.00	0.00	22,488.80	22,488.80
6459186M0	MUNICIPAL	NJ Eco Develop Auth Sch Const 0.599 06/15/15	8,601.06	5,338.58	12,990.56	0.00	949.08	0.00	5,338.58
22533UU76	CP - DISC	Credit Agricole 0.000 07/07/15	0.00	0.00	0.00	0.00	0.00	24,784.75	24,784.75
0027A1VE6	CP - DISC	Abkley Natl N America 0.000 08/14/15	0.00	0.00	0.00	0.00	0.00	10,511.11	10,511.11
730146AN7	MUNICIPAL	PMA WI Levy & Aid 1.000 10/23/15	0.00	12,977.78	0.00	0.00	12,977.78	(7,487.24)	5,490.54
467578FW5	MUNICIPAL	Jackson Cty, MO 3.000 12/01/15	10,500.00	7,875.00	15,750.00	0.00	2,625.00	(4,519.49)	3,355.51
64990EJD0	MUNICIPAL	NY ST Dorm Auth Tax Rev 1.003 02/15/16	1,922.42	3,761.25	0.00	0.00	5,683.67	0.00	3,761.25
791697DB8	MUNICIPAL	St. Louis MO Spl Admin Sch Dist 4.000 04/01/16	25,000.00	12,500.00	25,000.00	0.00	12,500.00	(9,235.87)	3,264.13
592112LG9	MUNICIPAL	Metro Nashville & Davidson Cty TN GO 1.007 07/01/16	5,035.00	5,035.00	0.00	0.00	10,070.00	0.00	5,035.00
3134G5CP8	AGCY CALL	FHLMC 0.650 07/29/16	22,388.89	10,111.11	32,500.00	0.00	0.00	0.00	10,111.11
14329NDR2	MUNICIPAL	City of Carmel, IN Redev Auth 0.990 08/01/16	3,555.75	5,333.63	0.00	0.00	8,889.38	0.00	5,333.63
35824NCE7	MUNICIPAL	Fresno Cty CA Fina Auth Lease Rev 3.000 08/01/16	9,775.00	14,662.50	0.00	0.00	24,437.50	(8,340.58)	6,321.92
20772JKJ0	MUNICIPAL	State of CT GO 1.032 10/15/16	4,758.67	2,580.00	5,160.00	0.00	2,178.67	0.00	2,580.00
413890DM3	MUNICIPAL	Harris Cty Hou Sports Auth Rev 1.324 11/15/16	0.00	1,109.22	0.00	0.00	1,109.22	0.00	1,109.22
64985HHZ3	MUNICIPAL	NY ST Environmtl Fac Rev 0.986 11/15/16	5,531.46	3,660.53	7,321.05	0.00	1,870.94	0.00	3,660.53
3134G5MS1	AGCY CALL	FHLMC 0.650 11/25/16	0.00	16,250.00	0.00	0.00	16,250.00	0.00	16,250.00
14329NDS0	MUNICIPAL	City of Carmel, IN Redev Auth 1.188 02/01/17	5,336.10	8,004.15	0.00	0.00	13,340.25	0.00	8,004.15
3134G36K1	AGCY CALL	FHLMC 0.800 03/21/17	4,444.44	40,000.00	0.00	0.00	44,444.44	0.00	40,000.00

# Investment Income (cont.)

Quarter Ended December 31, 2014

CUSIP	Security Type	Security Description	Beg. Accrued	Interest Earned	Interest Rec'd / Sold / Matured	Interest Purchased	Ending Accrued	Disc Accr / Prem Amort	Net Income
<b>General Fund</b>									
791697DC6	MUNICIPAL	St. Louis MO Spl Admin Sch Dist 4.000 04/01/17	40,000.00	20,000.00	40,000.00	0.00	20,000.00	(13,121.66)	6,878.34
3135G0WU3	AGCY CALL	FNMA 0.750 05/15/17	99,166.67	65,625.00	131,250.00	0.00	33,541.67	0.00	65,625.00
3136G1GJ2	AGCY CALL	FNMA 0.850 06/27/17	1,888.89	42,500.00	0.00	0.00	44,388.89	0.00	42,500.00
14329NDT8	MUNICIPAL	City of Carmel, IN Redev Auth 1.238 08/01/17	5,787.65	8,681.48	0.00	0.00	14,469.13	0.00	8,681.48
661334DR0	MUNICIPAL	N Orange Cty CA CC Dist 1.240 08/01/17	8,783.33	13,175.00	0.00	0.00	21,958.33	0.00	13,175.00
796720JG6	MUNICIPAL	San Bernardino CA Cmty Clg 1.686 08/01/17	3,512.50	5,268.75	0.00	0.00	8,781.25	0.00	5,268.75
3135G0TK9	AGCY CALL	FNMA 1.050 01/30/18	53,375.00	78,750.00	0.00	0.00	132,125.00	74.40	78,824.40
67868UDN0	MUNICIPAL	OK Cty Fina Auth Ed Rev 4.000 03/01/18	15,500.00	46,500.00	0.00	0.00	62,000.00	(28,904.58)	17,595.42
3134G43V8	AGCY CALL	FHLMC 1.050 05/15/18	99,166.67	65,625.00	131,250.00	0.00	33,541.67	0.00	65,625.00
3135G0XG3	AGCY CALL	FNMA 1.000 05/21/18	72,222.22	50,000.00	100,000.00	0.00	22,222.22	989.40	50,989.40
<b>Total for General Fund</b>			<b>514,580.19</b>	<b>615,550.03</b>	<b>560,541.41</b>	<b>0.00</b>	<b>569,588.81</b>	<b>55,859.54</b>	<b>671,409.57</b>
<b>Promotion &amp; Development Fund 74</b>									
CB-PORHOU	BANK DEP	Citibank	0.00	2,304.81	2,304.81	0.00	0.00	0.00	2,304.81
<b>Total for Promotion &amp; Development Fund 74</b>			<b>0.00</b>	<b>2,304.81</b>	<b>2,304.81</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,304.81</b>
<b>Total for Port of Houston Authority</b>			<b>514,580.19</b>	<b>629,998.08</b>	<b>574,989.46</b>	<b>0.00</b>	<b>569,588.81</b>	<b>55,859.54</b>	<b>685,857.62</b>

# Compliance

## Requirement

### **4.5 Maturity**

- Weighted average maturity excluding construction, debt service and bond reserve funds  $\leq 2$  years
- Bond reserve funds  $\leq$  maturity date of the bonds
- Operating funds  $\leq 5$  years, Debt service funds  $\leq 1$  year, and Construction funds  $\leq 5$  years

### **4.6 Diversification**

- Avoid undue concentration of assets by staggering maturities
- Select maturities to provide stability of income and reasonable liquidity

## Actual Performance

### **4.5 Maturity**

- Compliant (weighted average days to call of 128 days, and weighted average final maturity of 524 days)
- Compliant (no investments in bond reserve funds currently)
- Compliant (operating and construction funds mature in less than 5 years; debt service funds invested in overnight bank deposits)

### **4.6 Diversification**

- Compliant (maturities through May 2018, with call dates through March 2015)
- Compliant (\$61.2 million in bank deposits, and \$122.5 million in CP)



# ***Compliance (cont.)***

## **Requirement**

### ***4.6 Diversification Limitations***

- No more than 40% of the portfolio (excluding major capex, debt service, bond reserve and capitalized interest) invested beyond 24 months
- Average maturity of portfolio shall not exceed two years
- Maximum 25% of portfolio invested in time deposits of a single issuer
- Maximum 20% of portfolio invested in a single municipal or Commercial Paper issuer
- Maximum 30% of portfolio invested in a single Federal agency issuer

## **Actual Performance**

### ***4.6 Diversification Limitations***

- Compliant (40% of the portfolio is invested beyond 24 months)
- Compliant (weighted average final maturity of 524 days, or 128 days to the call/put dates)
- Compliant (there are no investments in time deposits or CD's presently)
- Compliant (highest concentration for any single CP issuer is currently 11% of the portfolio)
- Compliant (highest concentration is 25% in FNMA)



# ***Glossary***

- Funds
- Terms
- Investment Types

## Glossary - Funds

<b>Bond Reserve Fund</b>	A restricted fund where monies are set aside to meet covenants under revenue bond indentures, and the total amount is typically equivalent to the one year average of principal and interest due on all outstanding revenue bonds.
<b>Construction Fund</b>	A restricted fund where proceeds of bond issuances are designated for construction projects, and which may be invested in longer-dated maturities structured to meet the timing of the construction projects.
<b>Debt Service Fund</b>	Also referred to as an Interest and Redemption (“I&R”) Fund, as monies in this fund are used to cover principal and interest payments due on our outstanding General Obligations tax bonds. Monies are received from the Harris County Tax Assessor-Collector representing ad valorem taxes levied and collected annually from Harris County taxpayers, net of collection fees. Any shortfalls due to timing differences may be met from temporary transfers from the Operating Fund, but Harris County should be contacted to resolve the issue.
<b>General Fund</b>	An unrestricted fund.
<b>General Obligations Fund</b>	Another term for a Construction Fund which is funded from proceeds of General Obligations bond issuances.
<b>Operating Fund</b>	A highly liquid General Fund used to meet current spending needs.
<b>P &amp; D Fund #74</b>	The Promotion and Development Fund was created by action of the Port Commission in accordance with Section 60.201 of the Texas Water Code, and is maintained pursuant to Section 5007.219 of the Texas Special District Local Laws Code. A navigation district may set aside up to 5% of gross income from operations to pay expenses connected with (1) any activity or matter incidental to the advertising, development, or promotion of the district or its ports, waterways, harbors or terminals; (2) furthering the general welfare of the district and its facilities; and/or (3) the betterment of the district's relations with steamship and rail lines, shippers, governmental officials, or others interested in ports, waterways, harbors or terminals. The P&D Fund has been audited by the State Auditor’s Office in the past and found to be in compliance with the statutes. On an ongoing basis, the Port Authority’s Internal Audit department monitors the P&D Fund for compliance with statutory and internal policy requirements.

## **Glossary - Terms**

<b>Basis Points</b>	One basis point is equal to 0.01% per annum. One hundred basis points is the equivalent of 1.00% per annum.
<b>Book Value</b>	The cost basis of an investment, plus or minus any discount or premium paid.
<b>Bullet Maturity</b>	An investment with no (further) calls or put options prior to the final maturity date.
<b>Call or Call Option</b>	An instrument which may be “called” (i.e., redeemed) at the option of the issuer.
<b>Coupon Rate</b>	The interest rate specified in the debt instrument.
<b>Discount</b>	The difference between the par value of an investment and the price at which it is issued, when issued at a price below par.
<b>Effective Maturity</b>	The date used in place of the final stated maturity date of a security issued with call, put or prepayment features. Effective maturity takes into consideration the effect of such optional call, put or prepayment dates relative to the prevailing interest rate environment. For example, during periods of declining interest rates, bonds with call features tend to have shorter lifespans as the issuers have opportunity to refinance those bonds at lower rates.
<b>Effective Rate</b>	Another term for Yield.
<b>Face Value</b>	Another term for Par Value.
<b>In the Money</b>	For a callable security, when the market price is greater than the call price, it is referred to as “in the money”, indicating that the holder of the security should be able to sell the security at a premium (i.e., profit) as it is worth more than comparable securities or investments available at that time.
<b>Market Price or Market Value</b>	The price a willing buyer is willing to pay for an instrument.
<b>Muni or Municipal</b>	A debt security (bond or note) issued by a State, governmental or political subdivision or municipality.
<b>Par Value</b>	The face amount or principal amount of an investment which the borrower agrees to repay at maturity and the amount on which interest payments are based. Par is often shown as a price of 100.00.

<b>Premium</b>	The difference between the par value of an investment and the price at which it is issued, when issued at a price above par.
<b>Put or Put Option</b>	An instrument which may be “put” back to the issuer (i.e., redeemed) at the option of the holder.
<b>Stated Rate</b>	Another term for Coupon Rate.
<b>Step Up or Step Note</b>	Investments which offer one or more increases in the Coupon Rate if the instruments are not called by specific date(s).
<b>Swap Transaction</b>	Exchanging one security or investment for another. This may include selling a security and purchasing another security that may have similar or different features (e.g., principal amount, call features, final maturity date, etc.).
<b>Yield, YTW, YTM</b>	The true interest rate (i.e., total interest received divided by the cost of the investment) on an annualized basis, often expressed as “Yield to Worst (call/put date)” and “Yield to Maturity”.

## **Glossary – Investment Types**

<b>Abbey Nat'l N America</b>	CP notes issued by Abbey National North America LLC, a Delaware limited liability company, guaranteed by parent company Santander UK plc
<b>AGCY</b>	Federal agency paper (may be callable, have bullet maturity and/or offer “step up” in interest rate)
<b>AGCY CALL</b>	Federal agency paper, callable at the agency’s option
<b>BANK DEP</b>	Bank deposit (generally collateralized or insured by FDIC)
<b>Citibank or Citi</b>	Citibank, N.A.
<b>CMO</b>	Collateralized Mortgage Obligations
<b>CP</b>	Commercial Paper
<b>CP-DISC or DCP</b>	Commercial Paper purchased at a discount
<b>CRAGRICNA or Credit Agricole</b>	CP notes issued by Credit Agricole North America, Inc, a Delaware corporation, guaranteed by Credit Agricole Corporate and Investment Bank, a multinational French banking institution
<b>Deutsche Bk or DBKFIN</b>	CP notes issued by Deutsche Bank Financial LLC, a Delaware limited liability company, guaranteed by Deutsche Bank AG New York Branch
<b>FAMC or Farmer Mac</b>	Federal Agriculture Mortgage Corporation
<b>FCAR Owner Trust</b>	CP notes backed by Ford Motor retail sale contracts
<b>FDIC</b>	Federal Deposit Insurance Corporation
<b>FFCB</b>	Federal Farm Credit Bureau
<b>FHLB</b>	Federal Home Loan Bank
<b>FHLMC or Freddie Mac</b>	Federal Home Loan Mortgage Corporation
<b>FMCC</b>	Ford Motor Credit Company
<b>FNMA or Fannie Mae</b>	Federal National Mortgage Association
<b>FSC or FSW</b>	First Southwest Company
<b>FSN</b>	FHLMC Step Note
<b>GECC</b>	General Electric Capital Corp.

<b>GMAC</b>	General Motors Acceptance Corp.
<b>GO or GOB</b>	General Obligation Bond
<b>ING Funding LLC</b>	CP notes issued by ING (U.S.) Funding LLC, a Delaware limited liability company, guaranteed by ING Bank N.V., a Netherlands entity and one of the world’s largest financial institutions
<b>JPM Chase Bk</b>	JPMorgan Chase Bank
<b>JPM US Gov MM Cap</b>	JPMorgan US Govt Money Market – Capital Class
<b>LGIP</b>	Local Government Investment Pool (e.g., TexSTAR, TexPool, TexPool Prime)
<b>MM or MMF</b>	Money Market Fund
<b>Muni or Municipal</b>	Notes, bonds and other debt obligations issued by municipalities, state and local governments
<b>Natixis Finance</b>	CP notes issued by Natixis U.S. Finance Company, LLC, a Delaware limited liability company, guaranteed by Natixis, a French banking institution
<b>PMA WI Levy Aid</b>	Taxable Note Participations issued under the Wisconsin PMA Levy and Aid Participation Notes Program, payable from taxes and other revenues of participating school districts
<b>Rev</b>	Revenue bonds
<b>SLMA or Sallie Mae</b>	Student Loan Marketing Association
<b>Societe Generale</b>	CP notes issued by Societe Generale North America, Inc., a Delaware limited liability company, guaranteed by Societe Generale, a multinational French banking institution, also known as “Soc Gen”
<b>TexPool Prime</b>	A local government investment pool
<b>TexSTAR</b>	A local government investment pool
<b>Toyota Credit PR</b>	Toyota Credit de Puerto Rico Corp.
<b>Toyota Mtr Cr</b>	Toyota Motor Credit Corporation
<b>USTB</b>	U.S. Treasury Bill
<b>USTN</b>	U.S. Treasury Note