

# Port of Houston Authority Investment Report



For the Quarter Ended  
December 31, 2012

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## Distribution

Commissioners (7)

L. Waterworth

T. Heidt

Controller (3)

# ***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, 2012 were made in compliance with Chapter 2256 of the Texas Government Code (the “Public Funds Investment Act” or “PFIA”) and our Investment Policy guidelines. 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.



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Thomas J. Heidt

Deputy Executive Director,  
Finance and Administration



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Ramon Yi

Senior Director, Finance

# *Executive Summary*

- The Port 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, 2012
  - General Funds
    - Operating Fund \$ 356.1 Million
  - Promotion & Development Fund \$ 4.1
  - Debt Service Fund \$ 8.8
  - General Obligation Bond Funds
    - Construction Fund \$ 34.5
  - Total \$ 403.5 Million

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

# Executive Summary (cont.)

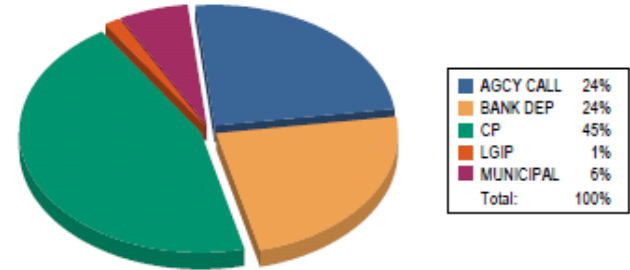
## Account Summary

## Allocation by Security Type

Beginning Values as of 09/30/12

Ending Values as of 12/31/12

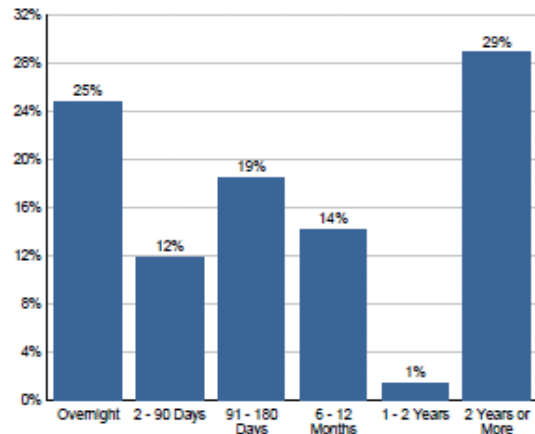
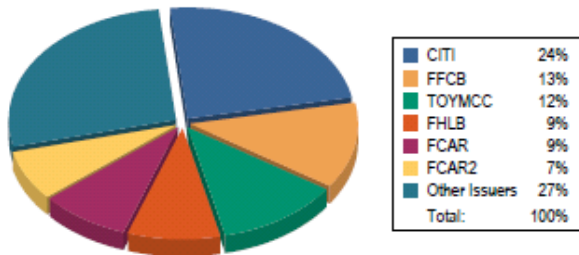
Par Value	420,695,749.19	399,125,417.84
Market Value	420,556,682.94	399,070,338.94
Book Value	420,199,409.00	398,786,851.05
Unrealized Gain / Loss	357,273.94	283,487.89
<b>Market Value %</b>	<b>99.97%</b>	<b>99.99%</b>
Weighted Avg. YTW	0.631%	0.634%
Weighted Avg. YTM	0.631%	0.634%



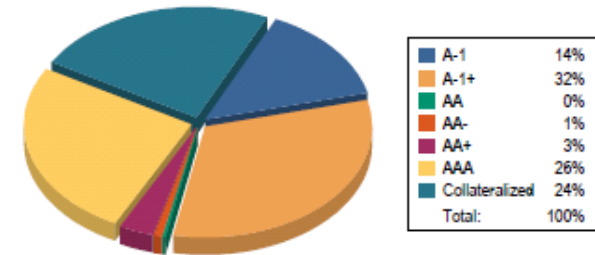
## Allocation by Issuer

## Maturity Distribution %

## Credit Quality

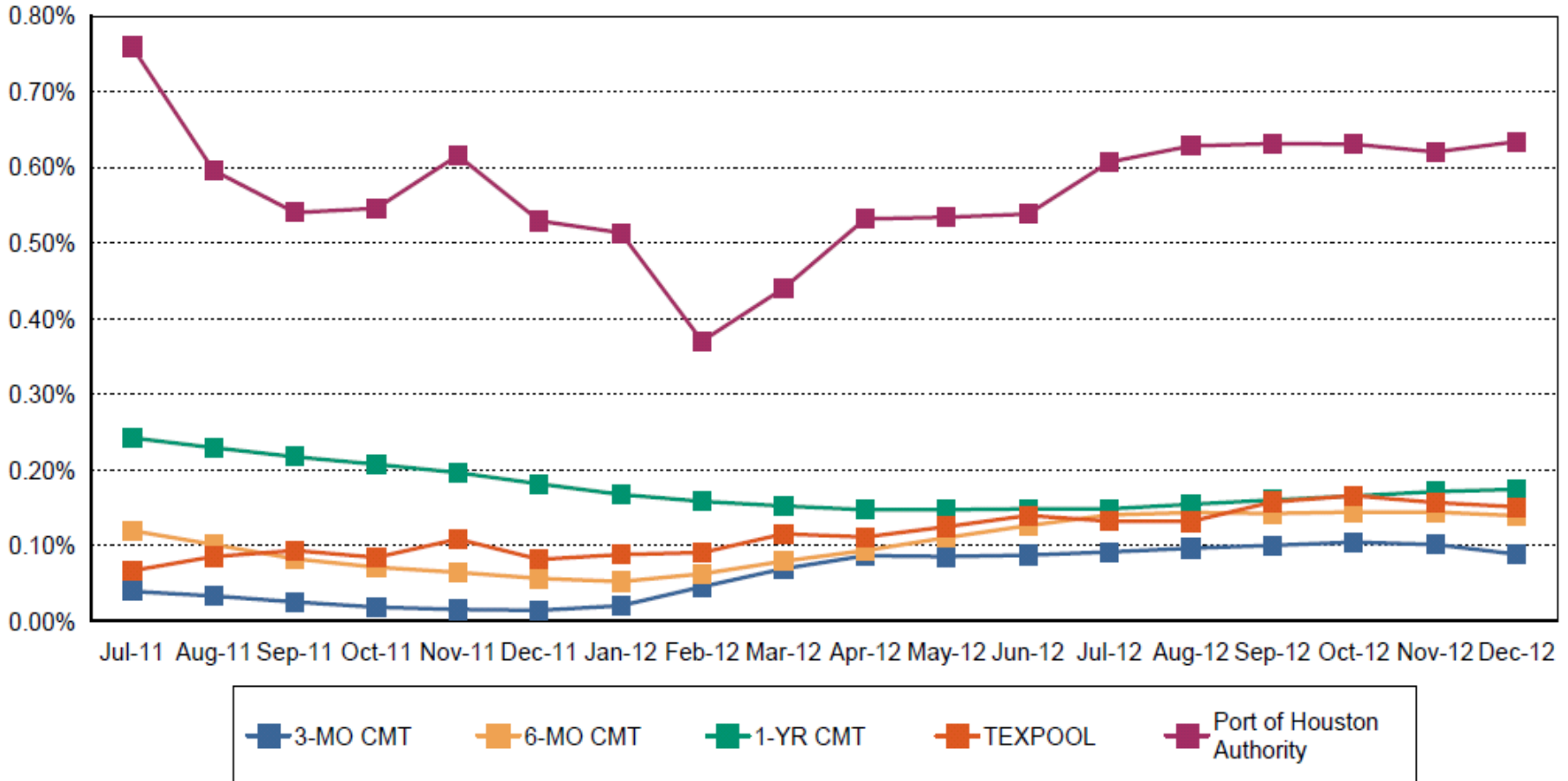


Weighted Average Days to Maturity: 441



# 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 CMTs 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, 2012

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>2010 D2 Bond Construction Fund</b>																	
467578FW5	09/04/12	MUNICIPAL	Jackson Cty, MO	3.000	12/01/15			1,050,000.00	105.541	1,108,180.50	1,102,449.83	104.290	1,095,045.00	1,065		1.249	1.249
64990EJD0	10/18/12	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	100.413	1,506,195.00	1,141		1.003	1.003
592112LG9	08/15/12	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	99.492	1,989,840.00	1,278		1.007	1.007
35824NCE7	10/09/12	MUNICIPAL	Fresno Cty CA Fina Auth Lease Rev	3.000	08/01/16			1,955,000.00	106.492	2,081,918.60	2,074,483.07	107.332	2,098,340.60	1,309		1.251	1.251
20772JKJ0	11/16/12	MUNICIPAL	State of CT GO	1.032	10/15/16			1,000,000.00	100.000	1,000,000.00	1,000,000.00	99.891	998,906.00	1,384		1.032	1.032
64985HHZ3	11/15/12	MUNICIPAL	NY ST Envrmmntl Fac Rev	0.986	11/15/16	Anytime	CONT	1,485,000.00	100.000	1,485,000.00	1,485,000.00	99.872	1,483,099.20	1,415	5	0.986	0.986
<b>Total for 2010 D2 Bond Construction Fund</b>								<b>8,990,000.00</b>	<b>102.137</b>	<b>9,175,099.10</b>	<b>9,161,932.90</b>	<b>102.100</b>	<b>9,171,425.80</b>	<b>1,271</b>		<b>1.090</b>	<b>1.090</b>
<b>Debt Service Fund</b>																	
CB-PORHOU		BANK DEP	Citibank					8,780,908.97	100.000	8,780,908.97	8,780,908.97	100.000	8,780,908.97	1		0.460	0.460
<b>Total for Debt Service Fund</b>								<b>8,780,908.97</b>	<b>100.000</b>	<b>8,780,908.97</b>	<b>8,780,908.97</b>	<b>100.000</b>	<b>8,780,908.97</b>	<b>1</b>		<b>0.460</b>	<b>0.460</b>
<b>Promotion &amp; Development Fund 74</b>																	
CB-PORHOU		BANK DEP	Citibank					4,052,195.00	100.000	4,052,195.00	4,052,195.00	100.000	4,052,195.00	1		0.460	0.460
<b>Total for Promotion &amp; Development Fund 74</b>								<b>4,052,195.00</b>	<b>100.000</b>	<b>4,052,195.00</b>	<b>4,052,195.00</b>	<b>100.000</b>	<b>4,052,195.00</b>	<b>1</b>		<b>0.460</b>	<b>0.460</b>

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

# Detail of Investment Holdings (cont.)

As of December 31, 2012

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>																	
CB-PORHOU		BANK DEP	Citibank					81,073,339.51	100.000	81,073,339.51	81,073,339.51	100.000	81,073,339.51	1		0.460	0.460
TEXPRIME		LGIP	TexPool Prime					3,969,038.67	100.000	3,969,038.67	3,969,038.67	100.000	3,969,038.67	1		0.170	0.170
TEXSTAR		LGIP	TexSTAR					1,294,935.69	100.000	1,294,935.69	1,294,935.69	100.000	1,294,935.69	1		0.165	0.165
89233GP42	05/10/12	CP - DISC	Toyota Mtr Cr		02/04/13			22,750,000.00	99.558	22,649,331.25	22,737,323.25	99.983	22,746,018.75	35		0.593	0.593
89233GPB6	05/17/12	CP - DISC	Toyota Mtr Cr		02/11/13			25,000,000.00	99.520	24,880,000.00	24,981,777.75	99.979	24,994,750.00	42		0.643	0.643
8923A0R54	07/10/12	CP - DISC	Toyota Credit PR		04/05/13			25,000,000.00	99.589	24,897,256.94	24,964,097.25	99.939	24,984,825.00	95		0.552	0.552
3024A0RG2	07/20/12	CP - DISC	FCAR Owner Trust		04/16/13			15,000,000.00	99.558	14,933,625.00	14,974,187.55	99.903	14,985,420.00	106		0.593	0.593
3024A0RS6	07/31/12	CP - DISC	FCAR Owner Trust		04/26/13			20,000,000.00	99.559	19,911,827.78	19,962,305.60	99.894	19,978,740.00	116		0.593	0.593
3024A6RS3	07/31/12	CP - DISC	FCAR Owner Trust II		04/26/13			14,000,000.00	99.552	13,937,233.33	13,973,166.62	99.884	13,983,760.00	116		0.603	0.603
4497W0V21	11/13/12	CP - DISC	ING Funding LLC		08/02/13			22,000,000.00	99.563	21,903,933.33	21,921,900.00	99.840	21,964,690.00	214		0.603	0.603
25153JV98	11/14/12	CP - DISC	Deutsche Bk		08/09/13			20,000,000.00	99.583	19,916,622.22	19,931,555.60	99.595	19,918,960.00	221		0.562	0.562
3024A6V90	11/14/12	CP - DISC	FCAR Owner Trust II		08/09/13			15,000,000.00	99.620	14,943,050.00	14,953,249.95	99.705	14,955,795.00	221		0.512	0.512
058219RG3	08/17/12	MUNICIPAL	Baldwin Park USD, CA GO		08/01/14			4,310,000.00	98.163	4,230,825.30	4,246,017.10	97.474	4,201,129.40	578		0.953	0.953
058219RG3	09/14/12	MUNICIPAL	Baldwin Park USD, CA GO		08/01/14			1,750,000.00	98.233	1,719,077.50	1,723,990.84	97.474	1,705,795.00	578		0.953	0.953
64990EJC2	10/18/12	MUNICIPAL	NY ST Dom Auth Tax Rev	0.705	02/15/15			1,500,000.00	100.000	1,500,000.00	1,500,000.00	100.091	1,501,365.00	776		0.705	0.705
313378TU5	04/11/12	AGCY CALL	FHLB	1.115	04/11/16	04/11/13	QRTLY	15,000,000.00	100.000	15,000,000.00	15,000,000.00	100.280	15,042,000.00	1,197	101	1.115	1.115
3135G0MX8	08/06/12	AGCY CALL	FNMA	0.750	07/26/16	07/26/13	QRTLY	12,000,000.00	100.000	12,000,000.00	12,000,000.00	100.220	12,026,400.00	1,303	207	0.750	0.750
14329NDR2	12/27/12	MUNICIPAL	City of Carmel, IN Redeem Auth	0.990	08/01/16			2,155,000.00	100.000	2,155,000.00	2,155,000.00	99.348	2,140,949.40	1,309		0.990	0.990
3133805K9	08/09/12	AGCY CALL	FHLB	0.720	08/08/16	Anytime	CONT	20,000,000.00	99.863	19,972,600.00	19,975,268.80	100.010	20,002,000.00	1,316	5	0.755	0.755
3133EAJ33	08/15/12	AGCY CALL	FFCB	0.730	08/15/16	08/15/13	CONT	50,000,000.00	99.900	49,950,000.00	49,954,660.00	100.270	50,135,000.00	1,323	227	0.755	0.755
14329NDS0	12/27/12	MUNICIPAL	City of Carmel, IN Redeem Auth	1.188	02/01/17			2,695,000.00	100.000	2,695,000.00	2,695,000.00	99.516	2,681,956.20	1,493		1.188	1.188
14329NDT8	12/27/12	MUNICIPAL	City of Carmel, IN Redeem Auth	1.238	08/01/17			2,805,000.00	100.000	2,805,000.00	2,805,000.00	99.071	2,778,941.55	1,674		1.238	1.238
<b>Total for General Fund</b>								<b>377,302,313.87</b>	<b>99.745</b>	<b>376,337,696.52</b>	<b>376,791,814.18</b>	<b>99.938</b>	<b>377,065,809.17</b>	<b>436</b>		<b>0.628</b>	<b>0.628</b>
<b>Total for Port of Houston Authority</b>								<b>399,125,417.84</b>	<b>99.808</b>	<b>398,345,899.59</b>	<b>398,786,851.05</b>	<b>99.990</b>	<b>399,070,338.94</b>	<b>441</b>		<b>0.634</b>	<b>0.634</b>

Note: General Fund above includes Construction Bond Funds



# Investment Transactions

## Quarter Ended December 31, 2012

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>2010 D2 Bond Construction Fund</b>															
<b>Purchases</b>															
10/03/12	10/09/12	35824NCE7	MUNICIPAL	Fresno Cty CA Fina Auth Le	3.000	08/01/16		1,955,000.00	106.492	2,081,918.60	0.00	2,081,918.60		1.251	1.251
10/12/12	10/18/12	64990EJD0	MUNICIPAL	NY ST Dorm Auth Tax Rev	1.003	02/15/16		1,500,000.00	100.000	1,500,000.00	0.00	1,500,000.00		1.003	1.003
11/15/12	11/15/12	64985HHZ3	MUNICIPAL	NY ST Envmntl Fac Rev	0.986	11/15/16		1,485,000.00	100.000	1,485,000.00	0.00	1,485,000.00		0.986	0.986
11/16/12	11/16/12	20772JKJ0	MUNICIPAL	State of CT GO	1.032	10/15/16		1,000,000.00	100.000	1,000,000.00	0.00	1,000,000.00		1.032	1.032
<b>Total for: Purchases</b>								<b>5,940,000.00</b>		<b>6,066,918.60</b>	<b>0.00</b>	<b>6,066,918.60</b>		<b>1.085</b>	<b>1.085</b>
<b>General Fund</b>															
<b>Calls</b>															
11/15/12	11/15/12	129461AA7	MUNICIPAL	Caledonia, WI Swr Sys	1.000	06/01/13	11/15/12	5,900,000.00	100.000	5,900,000.00	20,158.33	5,920,158.33		0.838	1.000
<b>Total for: Calls</b>								<b>5,900,000.00</b>		<b>5,900,000.00</b>	<b>20,158.33</b>	<b>5,920,158.33</b>		<b>0.838</b>	<b>1.000</b>
<b>Maturities</b>															
10/01/12	10/01/12	64966HMM9	MUNICIPAL	New York City, NY	2.045	10/01/12		5,000,000.00	100.000	5,000,000.00	0.00	5,000,000.00		2.045	
11/13/12	11/13/12	89233GLD6	CP - DISC	Toyota Mtr Cr		11/13/12		25,000,000.00	100.000	25,000,000.00	0.00	25,000,000.00		0.653	
11/14/12	11/14/12	3024A6LE0	CP - DISC	FCAR Owner Trust II		11/14/12		25,000,000.00	100.000	25,000,000.00	0.00	25,000,000.00		0.633	
<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>0.770</b>	
<b>Purchases</b>															
10/12/12	10/18/12	64990EJC2	MUNICIPAL	NY ST Dorm Auth Tax Rev	0.705	02/15/15		1,500,000.00	100.000	1,500,000.00	0.00	1,500,000.00		0.705	0.705
11/13/12	11/13/12	4497W0V21	CP - DISC	ING Funding LLC		08/02/13		22,000,000.00	99.563	21,903,933.33	0.00	21,903,933.33		0.603	0.603
11/14/12	11/14/12	3024A6V90	CP - DISC	FCAR Owner Trust II		08/09/13		15,000,000.00	99.620	14,943,050.00	0.00	14,943,050.00		0.512	0.512
11/14/12	11/14/12	25153JV98	CP - DISC	Deutsche Bk		08/09/13		20,000,000.00	99.583	19,916,622.22	0.00	19,916,622.22		0.562	0.562
12/12/12	12/27/12	14329NDT8	MUNICIPAL	City of Carmel, IN Redevel Au	1.238	08/01/17		2,805,000.00	100.000	2,805,000.00	0.00	2,805,000.00		1.238	1.238
12/12/12	12/27/12	14329NDS0	MUNICIPAL	City of Carmel, IN Redevel Au	1.188	02/01/17		2,695,000.00	100.000	2,695,000.00	0.00	2,695,000.00		1.188	1.188
12/12/12	12/27/12	14329NDR2	MUNICIPAL	City of Carmel, IN Redevel Au	0.990	08/01/16		2,155,000.00	100.000	2,155,000.00	0.00	2,155,000.00		0.990	0.990
<b>Total for: Purchases</b>								<b>66,155,000.00</b>		<b>65,918,605.55</b>	<b>0.00</b>	<b>65,918,605.55</b>		<b>0.636</b>	<b>0.636</b>

# Investment Transactions (cont.)

Quarter Ended December 31, 2012

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>															
10/01/12	10/01/12	64966HMM9	MUNICIPAL	New York City, NY	2.045	10/01/12				0.00	51,125.00	51,125.00			
10/11/12	10/11/12	313378TU5	AGCY CALL	FHLB	1.115	04/11/16				0.00	83,625.00	83,625.00			
12/01/12	12/01/12	129461AA7	MUNICIPAL	Caledonia, WI Swr Sys	1.000	06/01/13				0.00	22,780.56	22,780.56			
12/01/12	12/01/12	129461AA7	MUNICIPAL	Caledonia, WI Swr Sys	1.000	06/01/13				0.00	(22,780.56)	(22,780.56)			
<b>Total for: Income Payments</b>										<b>0.00</b>	<b>134,750.00</b>	<b>134,750.00</b>			

# Changes in Book and Market Values

GUSIP	Security Type	Security Description	09/30/12 Book Value	Cost of Purchases	Maturities / Calls / Sales	Amortization / Accretion	Realized Gain/(Loss)	12/31/12 Book Value	09/30/12 Market Value	12/31/12 Market Value	Change in Mkt Value
<b>2010 D2 Bond Construction Fund</b>											
467578FW5	MUNICIPAL	Jackson Cty, MO 3.000 12/01/15	1,106,858.04	0.00	0.00	(4,408.21)	0.00	1,102,449.83	1,106,973.00	1,095,045.00	(11,928.00)
64990EJD0	MUNICIPAL	NY ST Dorm Auth Tax Rev 1.003 02/15/16	0.00	1,500,000.00	0.00	0.00	0.00	1,500,000.00	0.00	1,506,195.00	1,506,195.00
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	1,991,120.00	1,989,840.00	(1,280.00)
35824NCE7	MUNICIPAL	Fresno Cty CA Fina Auth Lease Rev 3.000 1	0.00	2,081,918.60	0.00	(7,435.53)	0.00	2,074,483.07	0.00	2,098,340.60	2,098,340.60
20772JKJ0	MUNICIPAL	State of CT GO 1.032 10/15/16	0.00	1,000,000.00	0.00	0.00	0.00	1,000,000.00	0.00	998,906.00	998,906.00
64985HHZ3	MUNICIPAL	NY ST Envmntl Fac Rev 0.986 11/15/16	0.00	1,485,000.00	0.00	0.00	0.00	1,485,000.00	0.00	1,483,099.20	1,483,099.20
<b>Total for 2010 D2 Bond Construction Fund</b>			<b>3,106,858.04</b>	<b>6,066,918.60</b>	<b>0.00</b>	<b>(11,843.74)</b>	<b>0.00</b>	<b>9,161,932.90</b>	<b>3,098,093.00</b>	<b>9,171,425.80</b>	<b>6,073,332.80</b>
<b>Debt Service Fund</b>											
CB-PORHOU	BANK DEP	Citibank	32,922,254.11	8,662,466.38	(32,803,811.52)	0.00	0.00	8,780,908.97	32,922,254.11	8,780,908.97	(24,141,345.14)
<b>Total for Debt Service Fund</b>			<b>32,922,254.11</b>	<b>8,662,466.38</b>	<b>(32,803,811.52)</b>	<b>0.00</b>	<b>0.00</b>	<b>8,780,908.97</b>	<b>32,922,254.11</b>	<b>8,780,908.97</b>	<b>(24,141,345.14)</b>
<b>Promotion &amp; Development Fund 74</b>											
CB-PORHOU	BANK DEP	Citibank	3,403,463.69	751,889.09	(103,157.78)	0.00	0.00	4,052,195.00	3,403,463.69	4,052,195.00	648,731.31
<b>Total for Promotion &amp; Development Fund 74</b>			<b>3,403,463.69</b>	<b>751,889.09</b>	<b>(103,157.78)</b>	<b>0.00</b>	<b>0.00</b>	<b>4,052,195.00</b>	<b>3,403,463.69</b>	<b>4,052,195.00</b>	<b>648,731.31</b>

# Changes in Book and Market Values (cont.)

CUSIP	Security Type	Security Description	09/30/12 Book Value	Cost of Purchases	Maturities / Calls / Sales	Amortization / Accretion	Realized Gain/(Loss)	12/31/12 Book Value	09/30/12 Market Value	12/31/12 Market Value	Change in Mkt Value
<b>General Fund</b>											
CB-PORHOU	BANK DEP	Citicbank	90,348,390.55	7,202,989.84	(16,478,040.88)	0.00	0.00	81,073,339.51	90,348,390.55	81,073,339.51	(9,275,051.04)
TEXPRIME	LGIP	TexPool Prime	3,967,261.14	1,777.53	0.00	0.00	0.00	3,969,038.67	3,967,261.14	3,969,038.67	1,777.53
TEXSTAR	LGIP	TexSTAR	1,294,379.70	555.99	0.00	0.00	0.00	1,294,935.69	1,294,379.70	1,294,935.69	555.99
64966HMM9	MUNICIPAL	New York City, NY 2.045 10/01/12	5,000,000.00	0.00	(5,000,000.00)	0.00	0.00	0.00	5,000,000.00	0.00	(5,000,000.00)
89233GLD6	CP - DISC	Toyota Mtr Cr 0.000 11/13/12	24,980,590.25	0.00	(25,000,000.00)	19,409.75	0.00	0.00	24,995,725.00	0.00	(24,995,725.00)
3024A6LE0	CP - DISC	FCAR Owner Trust II 0.000 11/14/12	24,980,750.00	0.00	(25,000,000.00)	19,250.00	0.00	0.00	24,990,625.00	0.00	(24,990,625.00)
89233GP42	CP - DISC	Toyota Mtr Cr 0.000 02/04/13	22,703,021.25	0.00	0.00	34,302.00	0.00	22,737,323.25	22,733,142.25	22,746,018.75	12,876.50
89233GPB6	CP - DISC	Toyota Mtr Cr 0.000 02/11/13	24,940,889.00	0.00	0.00	40,888.75	0.00	24,981,777.75	24,980,450.00	24,994,750.00	14,300.00
8923A0R54	CP - DISC	Toyota Credit PR 0.000 04/05/13	24,928,958.25	0.00	0.00	35,139.00	0.00	24,964,097.25	24,962,350.00	24,984,825.00	22,475.00
3024A0RG2	CP - DISC	FCAR Owner Trust 0.000 04/16/13	14,951,570.85	0.00	0.00	22,616.70	0.00	14,974,187.55	14,967,000.00	14,985,420.00	18,420.00
3024A0RS6	CP - DISC	FCAR Owner Trust 0.000 04/26/13	19,932,150.00	0.00	0.00	30,155.60	0.00	19,962,305.60	19,953,780.00	19,978,740.00	24,960.00
3024A6RS3	CP - DISC	FCAR Owner Trust II 0.000 04/26/13	13,951,700.00	0.00	0.00	21,466.62	0.00	13,973,166.62	13,967,646.00	13,983,760.00	16,114.00
129461AA7	MUNICIPAL	Caledonia, WI Swr Sys 1.000 06/01/13	5,906,359.67	0.00	(5,900,000.00)	(6,359.67)	0.00	0.00	5,902,767.10	0.00	(5,902,767.10)
4497W0V21	CP - DISC	ING Funding LLC 0.000 08/02/13	0.00	21,903,933.33	0.00	17,966.67	0.00	21,921,900.00	0.00	21,964,690.00	21,964,690.00
25153JV98	CP - DISC	Deutsche Bk 0.000 08/09/13	0.00	19,916,622.22	0.00	14,933.38	0.00	19,931,555.60	0.00	19,918,960.00	19,918,960.00
3024A6V90	CP - DISC	FCAR Owner Trust II 0.000 08/09/13	0.00	14,943,050.00	0.00	10,199.95	0.00	14,953,249.95	0.00	14,955,795.00	14,955,795.00
058219RG3	MUNICIPAL	Baldwin Park USD, CA GO 0.000 08/01/14	5,955,659.10	0.00	0.00	14,348.84	0.00	5,970,007.94	5,869,655.40	5,906,924.40	37,269.00
64990EJC2	MUNICIPAL	NY ST Dorm Auth Tax Rev 0.705 02/15/15	0.00	1,500,000.00	0.00	0.00	0.00	1,500,000.00	0.00	1,501,365.00	1,501,365.00
313378TU5	AGCY CALL	FHLB 1.115 04/11/16	15,000,000.00	0.00	0.00	0.00	0.00	15,000,000.00	15,067,500.00	15,042,000.00	(25,500.00)
3135G0MX8	AGCY CALL	FNMA 0.750 07/26/16	12,000,000.00	0.00	0.00	0.00	0.00	12,000,000.00	12,031,200.00	12,026,400.00	(4,800.00)
14329NDR2	MUNICIPAL	City of Carmel, IN Redev Auth 0.990 08/01/	0.00	2,155,000.00	0.00	0.00	0.00	2,155,000.00	0.00	2,140,949.40	2,140,949.40
3133805K9	AGCY CALL	FHLB 0.720 08/08/16	19,973,577.40	0.00	0.00	1,691.40	0.00	19,975,268.80	19,956,000.00	20,002,000.00	46,000.00
3133EAJ33	AGCY CALL	FFCB 0.730 08/15/16	49,951,576.00	0.00	0.00	3,084.00	0.00	49,954,660.00	50,145,000.00	50,135,000.00	(10,000.00)
14329NDS0	MUNICIPAL	City of Carmel, IN Redev Auth 1.188 02/01/	0.00	2,695,000.00	0.00	0.00	0.00	2,695,000.00	0.00	2,681,956.20	2,681,956.20
14329NDT8	MUNICIPAL	City of Carmel, IN Redev Auth 1.238 08/01/	0.00	2,805,000.00	0.00	0.00	0.00	2,805,000.00	0.00	2,778,941.55	2,778,941.55
<b>Total for General Fund</b>			<b>380,766,833.16</b>	<b>73,123,928.91</b>	<b>(77,378,040.88)</b>	<b>279,092.99</b>	<b>0.00</b>	<b>376,791,814.18</b>	<b>381,132,872.14</b>	<b>377,065,809.17</b>	<b>(4,067,062.97)</b>
<b>Total for Port of Houston Authority</b>			<b>420,199,409.00</b>	<b>88,805,202.98</b>	<b>(110,285,010.18)</b>	<b>267,249.25</b>	<b>0.00</b>	<b>398,786,851.05</b>	<b>420,556,682.94</b>	<b>399,070,338.94</b>	<b>(21,486,344.00)</b>

# Investment Income

## Quarter Ended December 31, 2012

CUSIP	Security Type	Security Description	Beg. Accrued	Interest Eamed	Interest Rec'd / Sold / Matured	Interest Purchased	Ending Accrued	Disc Accr / Prem Amort	Net Income
<b>2010 D2 Bond Construction Fund</b>									
467578FW5	MUNICIPAL	Jackson Cty, MO 3.000 12/01/15	2,362.50	7,875.00	0.00	0.00	10,237.50	(4,408.21)	3,466.79
64990EJD0	MUNICIPAL	NY ST Dorm Auth Tax Rev 1.003 02/15/16	0.00	3,050.79	0.00	0.00	3,050.79	0.00	3,050.79
592112LG9	MUNICIPAL	Metro Nashville & Davidson Cty TN GO 1.007 07/01/16	2,573.44	5,035.00	0.00	0.00	7,608.44	0.00	5,035.00
35824NCE7	MUNICIPAL	Fresno Cty CA Fina Auth Lease Rev 3.000 08/01/16	0.00	13,359.17	0.00	0.00	13,359.17	(7,435.53)	5,923.64
20772JKJ0	MUNICIPAL	State of CT GO 1.032 10/15/16	0.00	1,290.00	0.00	0.00	1,290.00	0.00	1,290.00
64985HHZ3	MUNICIPAL	NY ST Envmntl Fac Rev 0.986 11/15/16	0.00	1,870.94	0.00	0.00	1,870.94	0.00	1,870.94
<b>Total for 2010 D2 Bond Construction Fund</b>			<b>4,935.94</b>	<b>32,480.90</b>	<b>0.00</b>	<b>0.00</b>	<b>37,416.84</b>	<b>(11,843.74)</b>	<b>20,637.16</b>
<b>Debt Service Fund</b>									
CB-PORHOU	BANK DEP	Citibank	0.00	12,636.42	12,636.42	0.00	0.00	0.00	12,636.42
<b>Total for Debt Service Fund</b>			<b>0.00</b>	<b>12,636.42</b>	<b>12,636.42</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>12,636.42</b>
<b>Promotion &amp; Development Fund 74</b>									
CB-PORHOU	BANK DEP	Citibank	0.00	2,743.94	2,743.94	0.00	0.00	0.00	2,743.94
<b>Total for Promotion &amp; Development Fund 74</b>			<b>0.00</b>	<b>2,743.94</b>	<b>2,743.94</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>2,743.94</b>

# Investment Income (cont.)

Quarter Ended December 31, 2012

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>									
CB-PORHOU	BANK DEP	Citibank	0.00	67,710.81	67,710.81	0.00	0.00	0.00	67,710.81
TEXPRIME	LGIP	TexPool Prime	0.00	1,777.53	1,777.53	0.00	0.00	0.00	1,777.53
TEXSTAR	LGIP	TexSTAR	0.00	555.99	555.99	0.00	0.00	0.00	555.99
64966HMM9	MUNICIPAL	New York City, NY 2.045 10/01/12	51,125.00	0.00	51,125.00	0.00	0.00	0.00	0.00
89233GLD6	CP - DISC	Toyota Mtr Cr 0.000 11/13/12	0.00	0.00	0.00	0.00	0.00	19,409.75	19,409.75
3024A6LE0	CP - DISC	FCAR Owner Trust II 0.000 11/14/12	0.00	0.00	0.00	0.00	0.00	19,250.00	19,250.00
89233GP42	CP - DISC	Toyota Mtr Cr 0.000 02/04/13	0.00	0.00	0.00	0.00	0.00	34,302.00	34,302.00
89233GPB6	CP - DISC	Toyota Mtr Cr 0.000 02/11/13	0.00	0.00	0.00	0.00	0.00	40,888.75	40,888.75
8923A0R54	CP - DISC	Toyota Credit PR 0.000 04/05/13	0.00	0.00	0.00	0.00	0.00	35,139.00	35,139.00
3024A0RG2	CP - DISC	FCAR Owner Trust 0.000 04/16/13	0.00	0.00	0.00	0.00	0.00	22,616.70	22,616.70
3024A0RS6	CP - DISC	FCAR Owner Trust 0.000 04/26/13	0.00	0.00	0.00	0.00	0.00	30,155.60	30,155.60
3024A6RS3	CP - DISC	FCAR Owner Trust II 0.000 04/26/13	0.00	0.00	0.00	0.00	0.00	21,466.62	21,466.62
129461AA7	MUNICIPAL	Caledonia, WI Swr Sys 1.000 06/01/13	12,947.22	7,211.11	20,158.33	0.00	0.00	(6,359.67)	851.44
4497W0V21	CP - DISC	ING Funding LLC 0.000 08/02/13	0.00	0.00	0.00	0.00	0.00	17,966.67	17,966.67
25153JV98	CP - DISC	Deutsche Bk 0.000 08/09/13	0.00	0.00	0.00	0.00	0.00	14,933.38	14,933.38
3024A6V90	CP - DISC	FCAR Owner Trust II 0.000 08/09/13	0.00	0.00	0.00	0.00	0.00	10,199.95	10,199.95
058219RG3	MUNICIPAL	Baldwin Park USD, CA GO 0.000 08/01/14	0.00	0.00	0.00	0.00	0.00	14,348.84	14,348.84
64990EJC2	MUNICIPAL	NY ST Dom Auth Tax Rev 0.705 02/15/15	0.00	2,144.38	0.00	0.00	2,144.38	0.00	2,144.38
313378TU5	AGCY CALL	FHLB 1.115 04/11/16	78,979.17	41,812.50	83,625.00	0.00	37,166.67	0.00	41,812.50
3135G0MX8	AGCY CALL	FNMA 0.750 07/26/16	16,250.00	22,500.00	0.00	0.00	38,750.00	0.00	22,500.00
14329NDR2	MUNICIPAL	City of Carmel, IN Redeem Auth 0.990 08/01/16	0.00	237.05	0.00	0.00	237.05	0.00	237.05
3133805K9	AGCY CALL	FHLB 0.720 08/08/16	21,200.00	36,000.00	0.00	0.00	57,200.00	1,691.40	37,691.40
3133EAJ33	AGCY CALL	FFCB 0.730 08/15/16	46,638.89	91,250.00	0.00	0.00	137,888.89	3,084.00	94,334.00
14329NDS0	MUNICIPAL	City of Carmel, IN Redeem Auth 1.188 02/01/17	0.00	355.74	0.00	0.00	355.74	0.00	355.74
14329NDT8	MUNICIPAL	City of Carmel, IN Redeem Auth 1.238 08/01/17	0.00	385.84	0.00	0.00	385.84	0.00	385.84
<b>Total for General Fund</b>			<b>227,140.28</b>	<b>271,940.95</b>	<b>224,952.86</b>	<b>0.00</b>	<b>274,128.57</b>	<b>279,092.99</b>	<b>551,033.94</b>
<b>Total for Port of Houston Authority</b>			<b>232,076.22</b>	<b>319,802.21</b>	<b>240,333.02</b>	<b>0.00</b>	<b>311,545.41</b>	<b>267,249.25</b>	<b>587,051.46</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 159 days, and weighted average final maturity of 441 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 2017, with call dates through August 2013)
- Compliant (\$99 million in MMF, LGIP and bank deposits, \$179 million in CP)

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

## **Requirement**

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

- No more than 40% of operating funds (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 (only 28% of operating and construction funds are actually invested beyond 24 months)
- Compliant (weighted average maturity of 441 days, or 159 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 18% of the portfolio)
- Compliant (highest concentration is 13% in FFCB)



# ***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. 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 and found to be in compliance with statute. As with all other expenditures, the Harris County Auditor’s Office reviews and approves expenditures from the P&D Fund.

## 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>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</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>Deutsche Bk</b>	CP notes guaranteed by Deutsche Bank AG
<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 Corporation
<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 guaranteed by ING Bank N.V.
<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>Rev</b>	Revenue bonds
<b>SLMA or Sallie Mae</b>	Student Loan Marketing Association
<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