

**CITY OF TEXAS CITY
INVESTMENT REPORT
FOR THE QUARTER ENDING SEPTEMBER 30, 2008**

The City's Investment Policy requires the Director of Finance to submit quarterly reports to the City Commission.

A summary of the transactions in the portfolio for the quarter ending September 30, 2008 are as follows:

	<u>BOOK VALUE</u>	<u>MARKET VALUE</u>
INVESTMENTS-BEG. OF PERIOD	\$44,141,863	\$44,214,548
INVESTMENT PURCHASES/ADDITIONS	1,215,201	1,215,201
INVESTMENT MATURITIES/DELETIONS	(9,775,787)	(9,775,787)
AMORTIZATION(PREMIUM/DISCOUNT)	3,260	-
CHANGE IN FAIR MARKET VALUE	-	(90,170)
INVESTMENTS-END OF PERIOD	<u>\$35,584,538</u>	<u>\$35,563,792</u>
ACCRUED INTEREST 09-30-08	<u>178,844</u>	<u>178,844</u>
INVESTMENTS-END OF PERIOD PLUS ACCRUED INTEREST	<u>\$35,763,381</u>	<u>\$35,742,636</u>

Portfolio Composition:

Agency Securities	59%
Bank Deposits	41%

Benchmark Rate of Return:

1 Year T-Note	1.8007
6 Month T-Bill	1.3700
3 Month T-Bill	.06850
City's Portfolio	2.8083 (101 bp over 1 Year T-Note)

Weighted Average Maturity of Portfolio:

195 days

CITY OF TEXAS CITY
Investment Report
All Funds Combined

Portfolio Summary
Activity for Quarter Ending
September 30, 2008

CITY OF TEXAS CITY
Investment Report
All Funds Combined

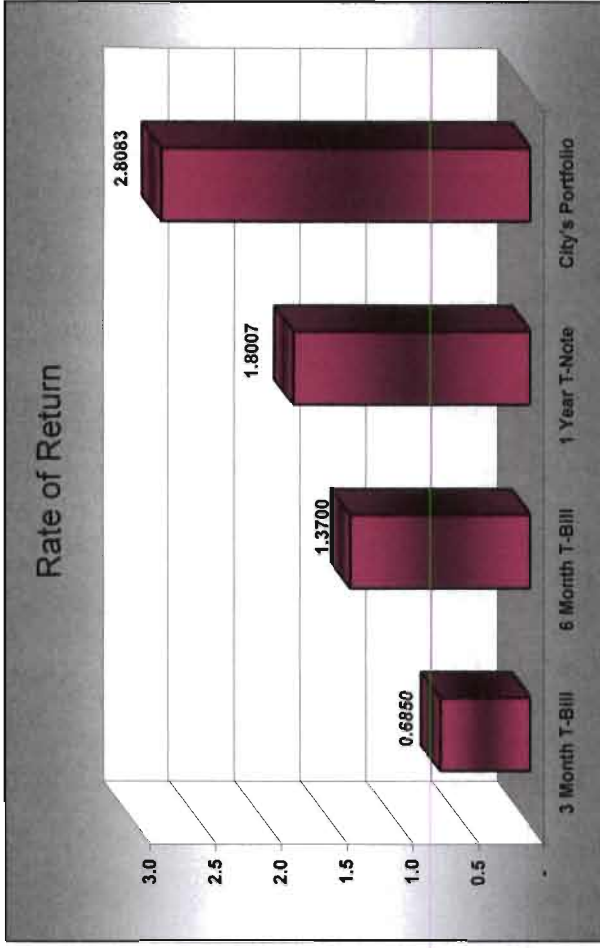
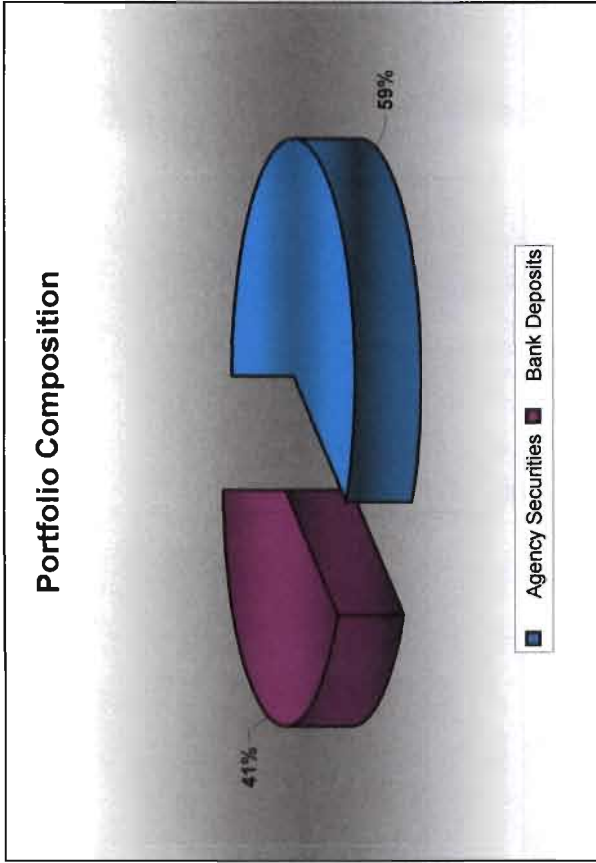
Portfolio Summary
 Activity for Quarter Ending
 September 30, 2008

	Book Value	Market Value	Ratio
Investments at Beginning of Period	\$44,141,863	\$44,214,548	1.0016
Investment Purchases/Deposits	1,215,201	1,215,201	
Investment Maturities/Withdrawals	(9,775,787)	(9,775,787)	
Amortization of Premium/Discount or Change in Fair Market Value	3,260	(90,170)	
Investments at End of Period	<u>\$35,584,538</u>	<u>\$35,563,762</u>	<u>0.9994</u>
Accrued Interest 09-30-08	178,844	178,844	
Investments at End of Period Plus Accrued Interest	<u>\$ 35,763,381</u>	<u>\$ 35,742,606</u>	

I, Cheryl T. Hunter, hereby certify that, to the best of my knowledge and belief, all investments have been made in compliance with the investment strategy of the City of Texas City, Texas, and the requirements of the Texas Public Funds Investment Act (TPFIA).

Cheryl T. Hunter

CITY OF TEXAS CITY
Investment Report
 All Funds Combined



CITY OF TEXAS CITY
Investment Report
All Funds Combined

Description	Buy Dates	Maturity	Face Amount	09/30/08			Change in Market Value	Amortization Prem./Dis.	Retirements	09/30/08			Yield to Maturity	Weighted Average Maturity	
				Book Value	Market Value	Accrued Interest				Book Value	Market Value	Accrued Interest			
<u>Treasury Bills</u>				0	0	0	0	0	0	0	0	0	0.00%	0	
<u>Treasury Notes</u>				0	0	0	0	0	0	0	0	0	0.00%	0	
<u>Agency Discount Notes</u>				0	0	0	0	0	0	0	0	0	0.00%	0	
<u>Agency Coupon Notes</u>															
FNMA Notes	06/27/07	07/28/08	1,000,000	998,479	1,000,310	7,750	(310)	1,521	(1,000,000)	0	0	0	0.000%	0	
FHLB Notes	09/27/07	08/14/08	1,000,000	1,000,814	1,003,130	13,125	(3,130)	(814)	(1,000,000)	0	0	0	0.000%	0	
FNMA Notes	06/27/07	09/02/08	1,000,000	999,865	1,004,380	12,813	(4,380)	135	(1,000,000)	0	0	0	0.000%	0	
FHLMC Notes	06/27/07	09/19/08	1,000,000	998,485	1,004,000	11,200	(4,000)	1,505	(1,000,000)	0	0	0	0.000%	0	
FHLMC Notes	06/27/07	11/03/08	1,000,000	999,089	1,007,930	7,894	(6,500)	672	(1,000,000)	999,761	1,001,430	12,250	5.180%	33	
FHLMC Notes	06/27/07	11/17/08	1,000,000	999,409	1,009,060	6,111	(6,560)	391	(1,000,000)	999,800	1,002,500	12,500	5.160%	47	
FHLB Notes	06/27/07	12/12/08	1,000,000	998,375	1,009,380	2,507	(6,250)	908	(1,000,000)	999,284	1,003,130	11,875	5.130%	72	
FHLB Notes	09/27/07	12/29/08	1,000,000	1,003,039	1,011,880	285	(6,880)	(1,537)	(1,000,000)	1,001,502	1,005,000	12,813	4.480%	89	
FHLB Notes	09/27/07	01/14/09	1,000,000	1,003,988	1,013,130	13,125	(7,190)	(1,860)	(1,000,000)	1,002,128	1,005,940	11,229	4.471%	133	
FHLB Notes	09/27/07	02/13/09	1,000,000	1,004,891	1,015,000	13,125	(7,190)	(1,983)	(1,000,000)	1,002,908	1,007,810	7,000	4.420%	104	
FNMA Notes	09/27/07	03/16/09	1,000,000	991,005	1,001,880	7,813	(2,820)	3,175	(1,000,000)	994,180	999,060	1,302	4.450%	166	
FNMA Notes	09/27/07	04/14/09	1,000,000	995,551	1,007,500	8,235	(5,000)	1,415	(1,000,000)	996,966	1,002,500	9,625	4.441%	194	
FNMA Notes	09/27/07	05/05/09	1,000,000	1,004,736	1,017,810	7,778	(6,120)	(1,402)	(1,000,000)	1,003,334	1,009,690	12,500	4.410%	215	
FFCB Bonds	06/17/08	06/17/09	3,000,000	3,000,000	3,002,850	3,646	(2,850)	0	(3,000,000)	0	0	0	3.125%	0	
FFCB Bonds	04/07/08	10/07/09	5,000,000	5,000,000	4,968,750	32,083	(6,250)	0	(5,000,000)	5,000,000	4,962,500	34,375	2.750%	568	
FHLMC Notes	04/28/08	04/28/10	3,500,000	3,500,000	3,492,580	18,681	(6,370)	0	(3,500,000)	3,500,000	3,486,210	26,688	3.050%	568	
FHLMC Notes	05/23/08	04/28/10	3,500,000	3,491,728	3,492,580	11,268	(6,370)	1,133	(3,500,000)	3,492,862	3,486,210	26,688	3.184%	367	
				27,989,465	28,062,150	177,438	(90,170)	3,260	(7,000,000)	20,982,725	20,971,980	178,844		195	
<u>Certificates of Deposit</u>															
Certificates of Deposit	07/14/06	07/31/08	1,000,000	1,099,946	1,099,946	12,658	0	0	(1,117,787)	0	0	0	0.000%	0	
				1,099,946	1,099,946	12,658	0	0	(1,117,787)	0	0	0			
<u>Bank Deposits</u>															
Savings Account	05/15/06	01/01/07	9,000,000	15,052,452	15,052,452	0	0	0	(1,657,999)	14,591,812	14,591,812	0	1.150%	1	
				15,052,452	15,052,452	0	0	0	(1,657,999)	14,591,812	14,591,812	0		1	
<u>Summary:</u>															
Treasury Securities				0	0	0	0	0	0	0	0	0			
Agency Securities				27,989,465	28,062,150	177,438	(90,170)	3,260	(7,000,000)	20,992,725	20,971,980	178,844			
Certificates of Deposit				1,099,946	1,099,946	12,658	0	0	(1,117,787)	0	0	0			
Bank Deposits				15,052,452	15,052,452	0	0	0	(1,657,999)	14,591,812	14,591,812	0			
				\$44,141,863	\$44,214,548	\$190,096	(\$90,170)	\$3,260	(\$9,775,787)	\$35,584,538	\$35,563,792	\$178,844		2.806%	195

Investment Report

City of Texas City

07/01/08 - 09/30/08

This report summarizes the investment position of City of Texas City for the period 07/01/08 to 09/30/08.

	06/30/08	09/30/08
Book Value	44,141,863.15	35,584,537.56
Market Value	44,214,547.93	35,563,792.37
Par Value	44,152,397.93	35,591,812.37
Change in Market Value		-90,170.00
Weighted Average Maturity (in Days)	229	195
Weighted Average Yield-to-Maturity of Portfolio	3.0826%	2.8083%
Yield-to-Maturity of 1 Yr. Treasury Note	2.3555%	1.8007%
Accrued Interest		178,843.75

This report is presented in accordance with the Texas Government Code Title 10 Section 2256.023. The below signed hereby certify that, to the best of their knowledge on the date this report was created, City of Texas City is in compliance with the provisions of Government Code 2256 and with the stated policies and strategies of City of Texas City.

Chris Hunter

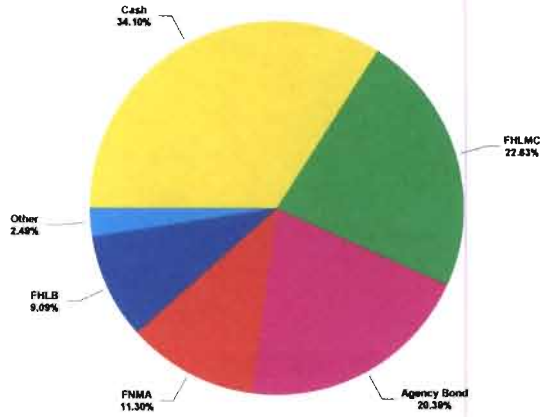
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Investment Report

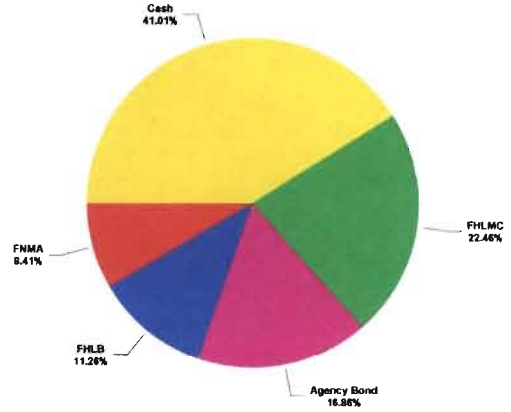
City of Texas City

07/01/08 - 09/30/08

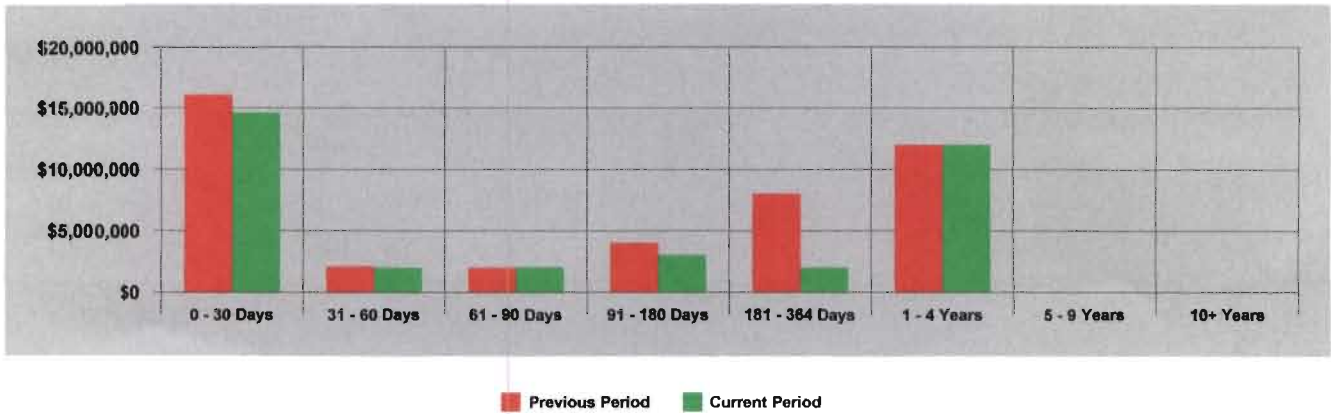
Portfolio Composition - 06/30/08



Portfolio Composition - 09/30/08



Maturity Aging - 06/30/08 vs 09/30/08



Portfolio Performance - 07/01/08 to 09/30/08

