

Department of Finance

Interoffice Memorandum

TO: Mayor and Commissioners,
Robert DiSpirito, City Manager
Board of Finance

FROM: Jeff Streder, Interim Director of Finance
Jason Miller, Budget/Financial Analyst

DATE: June 5, 2015

RE: Monthly Investment Report for the Period Ended April 30, 2015

This regular reporting fulfills the reporting requirements as outlined in the City's investment policy.

Background

The City's investment policy, adopted by Commission on November 7, 2002 (Resolution 02-39) and revised January 21, 2010 (Resolution 10-05), sets out the guidelines concerning the permitted types of investments, minimum ratings of the investments, maximum lengths of investment, and the diversification standards of the portfolio.

The primary objectives, in priority order, of the City's investment activities shall be: Safety, Liquidity, Transparency, and Return on Investment.

With these objectives in mind, the policy established aggregate limits of eligible securities, as set forth below:

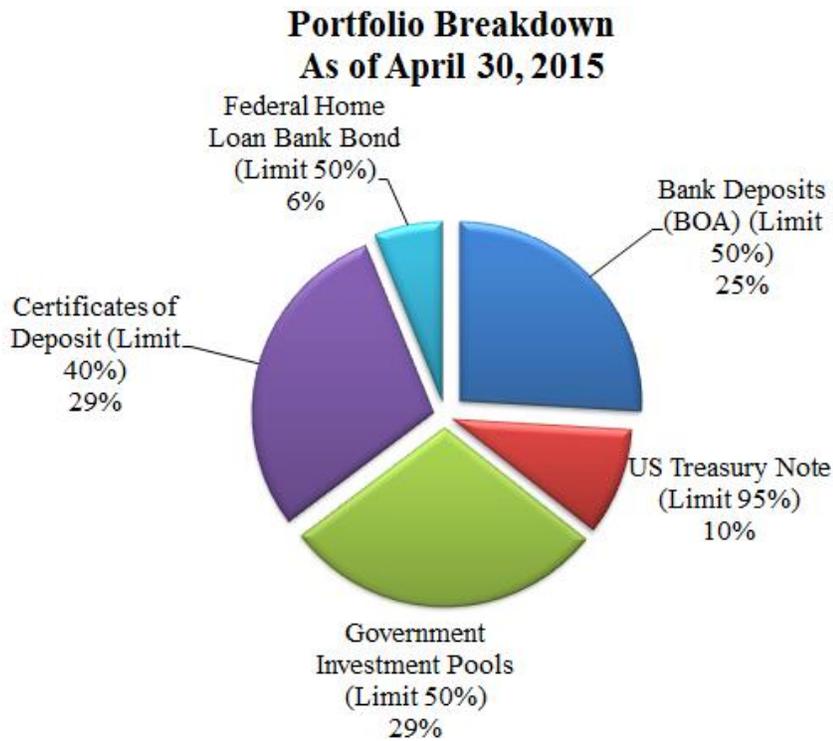
U.S. Treasuries and Federal Agencies	95%
Government Sponsored Enterprises	50%
Local Government Investment Pools	50%
State Board of Administration (Pool A)	5%
State and Local Governments	10%
Money Market Mutual Funds	25%
Certificates of Deposit (Qualified Public Depositories)	40%
Corporate Debt Securities/Commercial Paper	10%
Repurchase Agreements	10%

The policy also further safeguards the portfolio by authorizing a maximum level of investment, in aggregate, by security type, by which no more than 25 percent of the City's investment portfolio will be invested in a

single security. No more than 50 percent of the City's total investment portfolio will be invested with, or handled by, a single financial institution or broker/dealer.

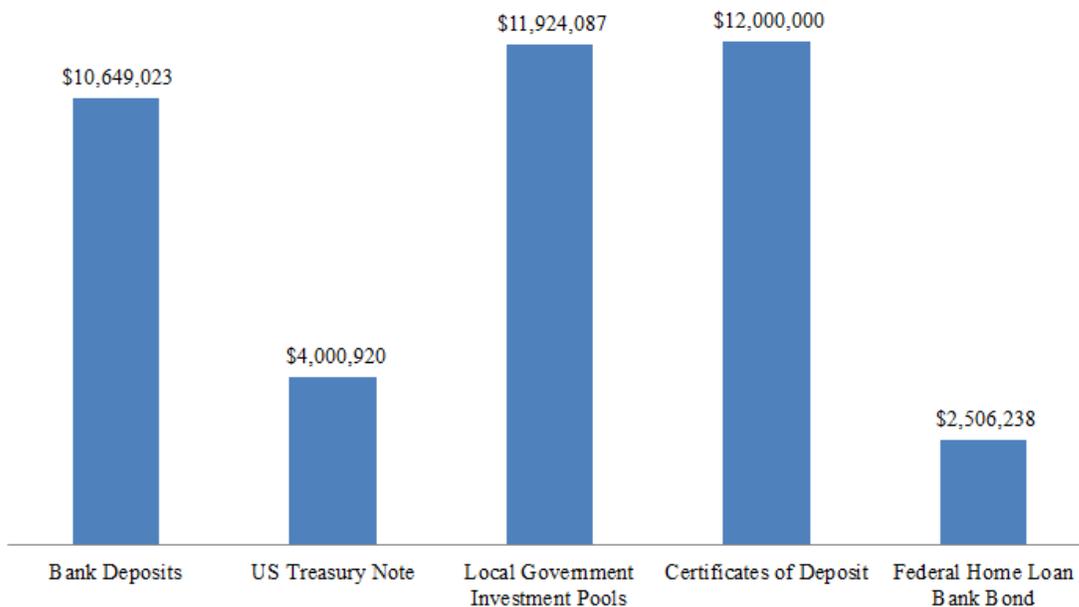
Current Portfolio at a Glance

The graphs below break down our portfolio by type of investment, and show amounts invested:



Balance by Investment Type at April 30, 2015

TOTAL \$41,080,268



Equity in Pooled Cash

The table below lists the equity in pooled cash by fund.

Equity In Pooled Cash By Major Fund As of April 30, 2015

General Fund	\$	5,622,487
Stadium Fund	\$	(213,256)
Impact Fees	\$	148,740
Library Cooperative	\$	24,101
County Gas Tax Fund	\$	957,247
Parks & Rec Capital Projects	\$	123,405
I.T. Services Fund	\$	432,773
One Cent Sales Tax	\$	2,092,996
Refuse Collection Fund	\$	108,906
Water/Sewer Utility Fund	\$	14,753,908
Marina Fund	\$	1,241,793
Stormwater Utility Fund	\$	6,642,618
Vehicle Maintenance Fund	\$	3,392,295
Facility Maintenance Fund	\$	1,241,309
Self-Insurance Fund	\$	3,552,885
CRA Fund	\$	466,857
Unallocated Interest Balance	\$	50,175

Total as of April 30, 2015: \$ 40,639,241

The variance between the Investment Portfolio's balance and the Pooled Cash balance is due to timing, i.e. deposits in transit and checks, outstanding items and the use of Market Value versus Book Value when valuing investments.

Key National Economic Indicators

Federal Funds Rate – A press release dated March 18, 2015, information received since the Federal Open Market Committee met in January suggests that economic growth has moderated somewhat. Labor market conditions have improved further, with strong job gains and a lower unemployment rate. A range of labor market indicators suggests that underutilization of labor resources continues to diminish. Household spending is rising moderately; declines in energy prices have boosted household purchasing power. Business fixed investment is advancing, while the recovery in the housing sector remains slow and export growth has weakened. Inflation has declined further below the Committee's longer-run objective, largely reflecting declines in energy prices. Market-based measures of inflation compensation remain low; survey-based measures of longer-term inflation expectations have remained stable.

Consumer Confidence – The Conference Board *Consumer Confidence Index*®, which had declined in April, increased moderately in May. The Index now stands at 95.4 (1985=100), up from 94.3 in April. The Present

Situation Index increased from 105.1 last month to 108.1 in May. The Expectations Index edged down to 86.9 from 87.1 in April.

Consumer Price Index (CPI) – The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.1 percent in April on a seasonally adjusted basis, the U.S. Bureau of Labor Statistics reported today. Over the last 12 months, the all items index declined 0.2 percent before seasonal adjustment. The index for all items less food and energy rose 0.3 percent in April and led to the slight increase in the seasonally adjusted all items index. The index for shelter rose, as did the indexes for medical care, household furnishings and operations, used cars and trucks, and new vehicles. In contrast, the indexes for apparel and airline fares declined in April. The energy index declined in April, while the food index was unchanged. The indexes for gasoline, natural gas, and fuel oil all declined, while the electricity index was unchanged. The food at home index declined for the second month in a row, offsetting an increase in the index for food away from home. Major grocery store food group indexes were mixed.

Key Local Economic Indicators

Florida Unemployment - Florida’s seasonally adjusted unemployment rate was 5.6 percent in April 2015, down 0.1 percentage point from the March 2015 rate of 5.7 percent, and down 0.8 percentage point from 6.4 percent a year ago. There were 542,000 jobless Floridians out of a labor force of 9,639,000. The U.S. unemployment rate was 5.4 percent in April. Florida’s unemployment rate has been less than or equal to the national rate for 23 of the last 29 months.

Area Statistic	April 2015	March 2015	Change
Florida (Seasonally adjusted)	5.6%	5.7%	-0.1%
Pinellas County (Not seasonally adjusted)	4.8%	5.2%	-0.4%
Tampa-St. Petersburg-Clearwater (Not seasonally adjusted)	5.0%	5.4%	-0.4%

Florida Consumer Sentiment Index

- Consumer sentiment among Floridians unexpectedly fell in April by more than three points to 94.1. All five of the components that make up the index declined. Perceptions of personal finances now compared to a year ago fell nearly four points from 88.1 to 84.3 while expectations of personal finances a year from now fell from 104.7 to 103.3. Expectations of U.S. economic conditions over the next year fell from 95.4 to 91.8 while expectations of U.S. economic conditions over the next five years fell from 92.4 to 90.2. Perceptions as to whether it is a good time to buy big ticket items, such as a car or appliance fell more than five points from 106 to 100.7.
- “The overall sentiment index had been rising in most months since May to a post-recession high of 97.3 last month,” said Chris McCarty, the Survey Director. “This decline comes at a time when most other economic indicators are positive. It appears that upper income households are anticipating a slowdown in those parts of the economy that affect them the most. We think that increasing talk about the Federal Reserve raising short term interest rates and the effect this may have on assets such as stock market investments and housing values, is the most likely source of that uncertainty.”

Florida housing indicators

- RealtyTrac® (www.realtytrac.com) released its U.S. Foreclosure Market Report™ for February 2015, which shows foreclosure filings were reported on 101,938 U.S. properties in February, a decrease of 4 percent from revised January numbers and down 9 percent from a year ago to the

lowest level since July 2006. The report also shows a U.S. foreclosure rate of one in every 1,295 housing units with a foreclosure filing in February. Florida posted the nation's third highest state foreclosure rate — one in every 570 housing units with a foreclosure filing — despite a 35 percent decrease in foreclosure activity from a year ago.

- The median sale price for a home in Florida was \$195,000 in April 2015, up 11.4 percent from \$175,000 a year ago, according to the Monthly Market Summary (Single Family Homes) Report published by *FloridaRealtors.org*. There were 25,206 closed home sales in April, up 17.9% from 21,385 a year ago.

Florida sales and tax revenue

- Florida Sales and Use Tax collections were roughly \$1.92B in March 2015. March 2014 collections were slightly lower coming in at \$1.8B.
- Pinellas County Sales and Use Tax collections totaled \$75.28M in March 2015, compared to \$71.75M a year ago.