

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: May 19, 2015

RE: Monthly Investment Report for the Period Ended March 31, 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:

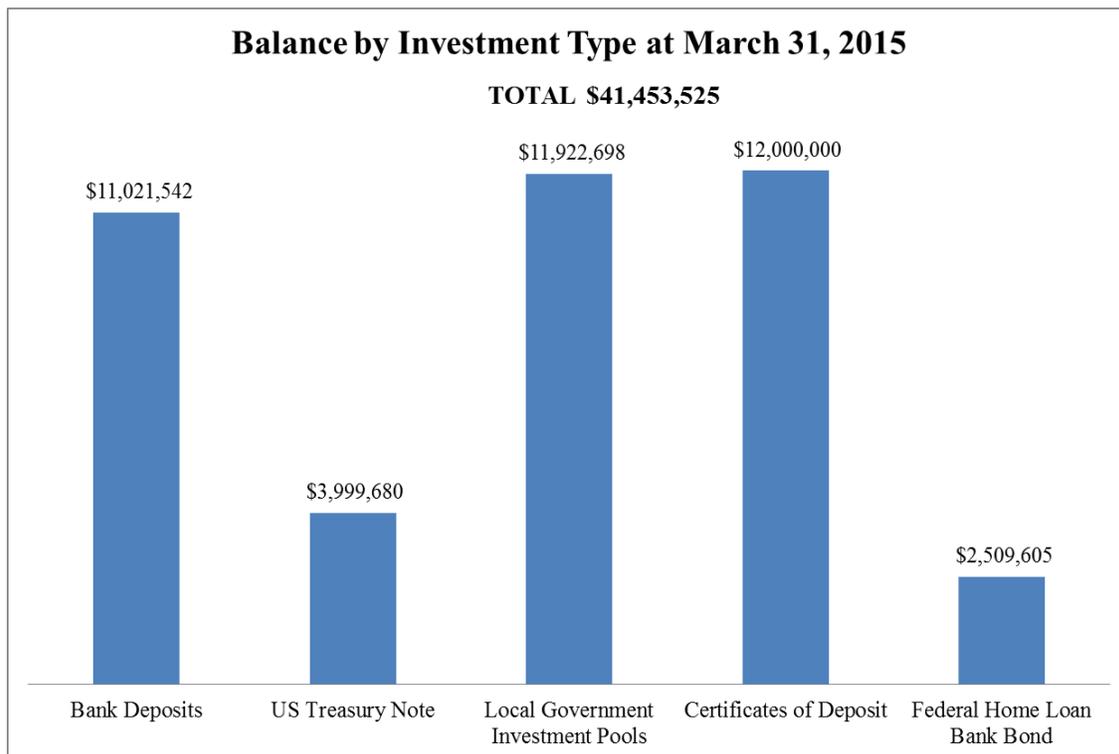
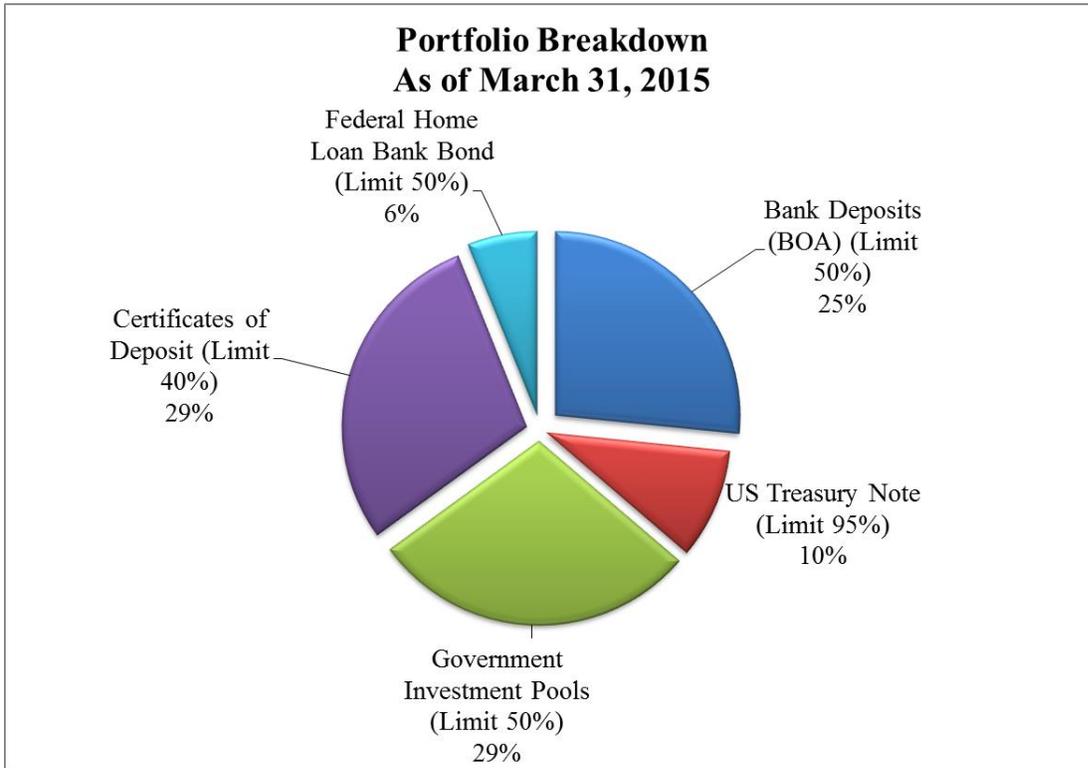
U.S. Treasuries and Federal Agencies	95%
Government Sponsored Enterprises	50%
Local Government Investment Pools	50%
State Board of Administration (Pool A)	5%
State and Local Governments	10%
Money Market Mutual Funds	25%
Certificates of Deposit (Qualified Public Depositories)	40%
Corporate Debt Securities/Commercial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



Equity in Pooled Cash

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

Equity In Pooled Cash By Major Fund As of March 31, 2015

General Fund	\$	6,615,128
Impact Fees	\$	148,011
County Gas Tax Fund	\$	969,575
Parks & Rec Capital Projects	\$	108,558
I.T. Services Fund	\$	6,952
One Cent Sales Tax	\$	2,388,309
Refuse Collection Fund	\$	473,755
Water/Sewer Utility Fund	\$	15,516,573
Marina Fund	\$	1,249,291
Stormwater Utility Fund	\$	6,985,605
Vehicle Maintenance Fund	\$	2,770,403
Facility Maintenance Fund	\$	1,050,698
Self-Insurance Fund	\$	3,190,224
CRA Fund	\$	236,062
All other Funds	\$	(50,149)

TOTAL as of March 31, 2015: \$ 41,658,997

The variance between the “books” balance of \$41,658,997 and the bank and investment statements is due to timing, i.e. deposits in transit and checks, etc., outstanding.

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 increased in January, declined in February. The Index now stands at 96.4 (1985=100), down from 103.8 in January.

Consumer Price Index (CPI) – The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.2 percent in March on a seasonally adjusted basis, the U.S. Bureau of Labor Statistics reported today. Over the last 12 months, the all items index declined 0.1 percent before seasonal adjustment. The energy index rose

1.1 percent as advances in the gasoline and fuel oil indexes outweighed declines in the electricity and natural gas indexes. In contrast, the food index declined 0.2 percent, with the food at home index posting its largest decline since April 2009.

Key Local Economic Indicators

Florida Unemployment - Florida’s seasonally adjusted unemployment rate was 5.7 percent in March 2015, unchanged from the revised February 2015 rate of 5.7 percent, and down 0.8 percentage point from 6.5 percent a year ago. There were 548,000 jobless Floridians out of a labor force of 9,672,000. The U.S. unemployment rate was 5.5 percent in March. Florida’s unemployment rate has been less than or equal to the national rate for 23 of the last 28 months.

Area Statistic	March 2015	February 2015	Change
Florida (Seasonally adjusted)	5.7%	5.7%	0.0%
Pinellas County (Not seasonally adjusted)	5.1%	5.3%	-0.2%
Tampa-St. Petersburg-Clearwater (Not seasonally adjusted)	5.3%	5.5%	-0.2%

Florida Consumer Sentiment Index

- Consumer sentiment among Floridians increased in March by more than 3 points to 96.8, the highest reading in 10 years. The survey showed increases in all five of the components that make up the index. Perceptions of personal finances now compared to a year ago increase 1.3 points to 86.2 while expectations of personal finances a year from now increased 2.4 points to 103.6. The latter component has not been that high since August 2004. Perceptions of U.S. economic conditions over the next year rose 1.2 points to 94.6 while expectations of U.S. economic conditions over the next five years rose 3.4 points to 93.6, the highest since July 2004. Perceptions as to whether it is a good time to buy big ticket items, such as a car or appliance surged 7.4 points to 106.1.
- “Florida consumers are particularly optimistic in March about the future,” said Chris McCarty, director of UF’s Survey Research Center in the Bureau of Economic and Business Research. “The three components that are forward-looking are much higher than they have been for quite some time. Overall the index reflects a Florida consumer who is really feeling a recovery. Increases in the overall index were broad-based across age and income groups. There were some differences in the components by these groups. Gains in the component comparing personal finances now to a year ago were higher among households making less than \$50,000 (+4.5) compared to those making more than \$50,000 (-1.9). An even greater difference was in perceptions of U.S. economic conditions over the next five years as those making under \$50,000 decreased (-2) while those making more than \$50,000 surged (+9.4). This reflects lower income households who have made some gains recently but are less optimistic about the future. Upper income households appear to be happy with future trends.”

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 \$190,000 in March 2015, up 9.2 percent from \$174,000 a year ago, according to the Monthly Market Summary (Single Family Homes) Report published by *FloridaRealtors.org*. There were 24,811 closed home sales in January, up 24.6% from 19,911 a year ago.

Florida sales and tax revenue

- Florida Sales and Use Tax collections were roughly \$1.9B in February 2015. February 2014 collections were slightly lower coming in at \$1.7B.
- Pinellas County Sales and Use Tax collections totaled \$73.5M in February 2015, compared to \$66.3M a year ago.