

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: July 1, 2015

RE: Monthly Investment Report for the Period Ended May 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:

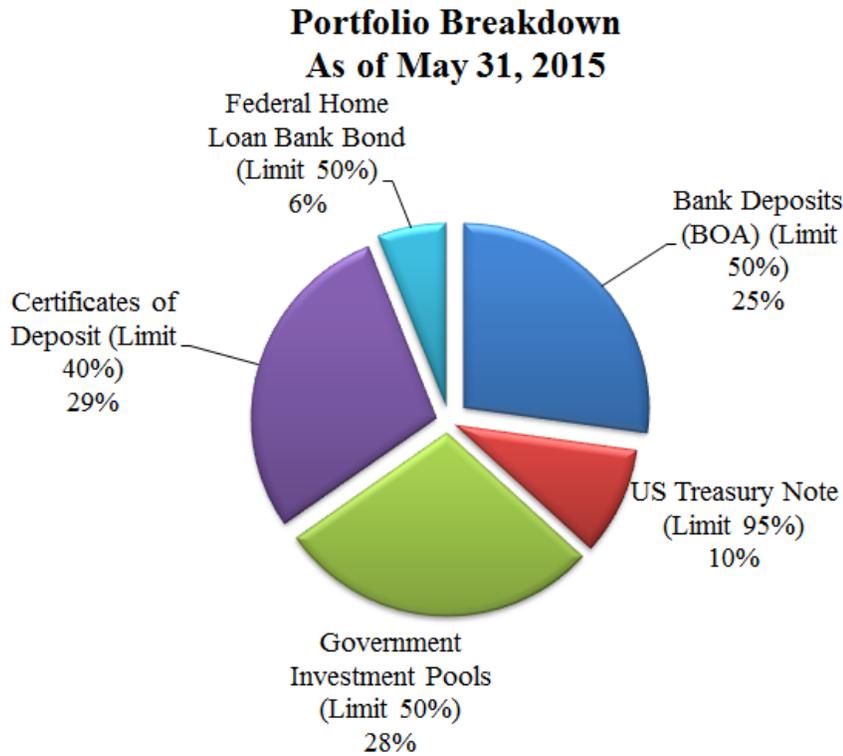
U.S. Treasuries and Federal Agencies	95%
Government Sponsored Enterprises	50%
Local Government Investment Pools	50%
State Board of Administration (Pool A)	5%
State and Local Governments	10%
Money Market Mutual Funds	25%
Certificates of Deposit (Qualified Public Depositories)	40%
Corporate Debt Securities/Commercial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

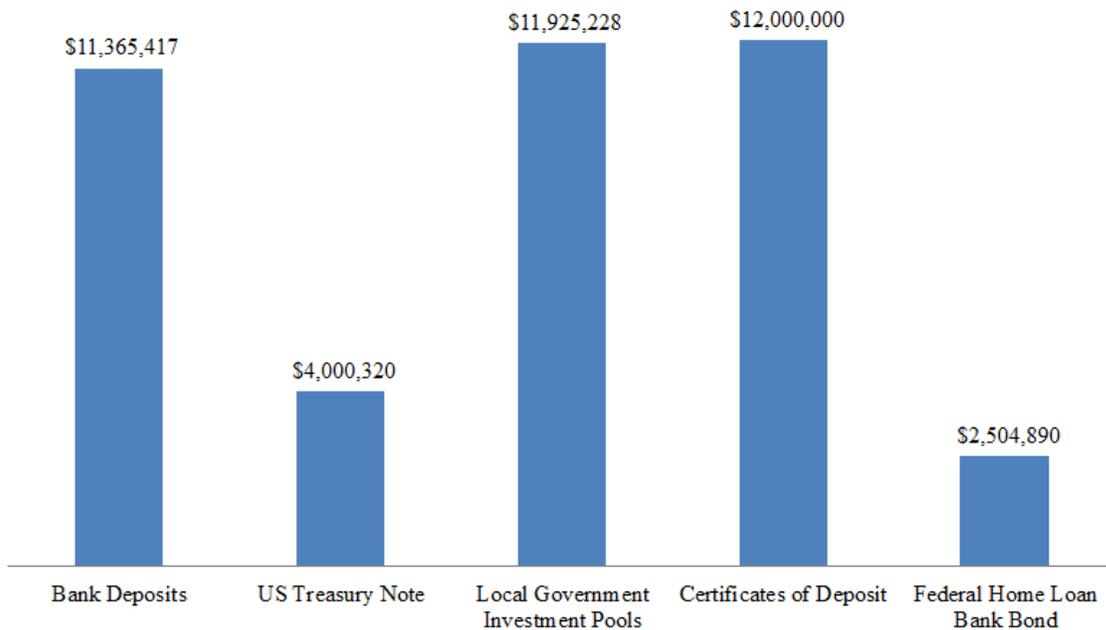
Current Portfolio at a Glance

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



Balance by Investment Type at May 31, 2015

TOTAL \$41,795,855



Equity in Pooled Cash

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

Equity In Pooled Cash By Major Fund As of May 31, 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	\$	<u>50,175</u>

Total as of May 31, 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 June 17, 2015. Information received since the Federal Open Market Committee met in April suggests that economic activity has been expanding moderately after having changed little during the first quarter. The pace of job gains picked up while the unemployment rate remained steady. On balance, a range of labor market indicators suggests that underutilization of labor resources diminished somewhat. Growth in household spending has been moderate and the housing sector has shown some improvement; however, business fixed investment and net exports stayed soft. Inflation continued to run below the Committee's longer-run objective, partly reflecting earlier declines in energy prices and decreasing prices of non-energy imports; energy prices appear to have stabilized. 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 0.4 percent in May on a seasonally adjusted basis, the U.S. Bureau of Labor Statistics reported today. Over the last 12 months, the all items index was unchanged before seasonal adjustment. The gasoline index increased sharply in May, rising 10.4 percent and accounting for most of the seasonally adjusted all items increase. Other energy indexes were mixed, with the fuel oil index rising but the electricity index declining and the index for natural gas unchanged. The food index was unchanged for the second month in a row, as a decline in the food at home index offset an increase in the index for food away from home. The index for all items less food and energy rose 0.1 percent in May, its smallest increase since December. The indexes for shelter, airline fares, and medical care all increased, as did the indexes for personal care, recreation, new vehicles, alcoholic beverages, and tobacco. In contrast, the indexes for apparel, for household furnishings and operations, and for used cars and trucks all declined in May. The all items index was unchanged for the 12 months ending May after showing a 0.2-percent decline for the 12 months ending April. The energy index fell 16.3 percent over the last 12 months, with the gasoline index down 25.0 percent despite rising in May. The food index increased 1.6 percent over the last year, and the index for all items less food and energy rose 1.7 percent.

Key Local Economic Indicators

Florida Unemployment - Florida’s seasonally adjusted unemployment rate was 5.7 percent in May 2015, up 0.1 percentage point from the April 2015 rate of 5.6 percent, and down 0.6 percentage point from 6.3 percent a year ago. There were 545,000 jobless Floridians out of a labor force of 9,614,000. The U.S. unemployment rate was 5.5 percent in May. Florida’s unemployment rate has been less than or equal to the national rate for 23 of the last 30 months.

Area Statistic	April 2015	May 2015	Change
Florida (Seasonally adjusted)	5.6%	5.7%	0.1%
Pinellas County (Not seasonally adjusted)	4.8%	5.1%	0.3%
Tampa-St. Petersburg-Clearwater (Not seasonally adjusted)	5.1%	5.4%	0.3%

Florida Consumer Sentiment Index

- Consumer sentiment among Floridians fell seven points in May to 87.6, the lowest since December. The sharp decline is in line with the University of Michigan’s mid-month reading for the U.S. which also fell by seven points. Four of the five components that make up the index fell in May. Perceptions of personal finances now compared to a year ago rose by less than a point to 86.1 while expectations of personal finances a year from now fell by nearly 10 points to 93.4. Expectations of U.S. economic conditions over the next year fell nearly nine points to 84.3 while long term expectations of U.S. economic conditions over the next five years fell more than 10 points to 79.7. Perceptions as to whether it is a good time to buy big-ticket items fell nearly 8 points to 94.2.
- “Our expectation was for a slight increase in consumer sentiment rather than a reversal of this magnitude,” said Chris McCarty, the Survey Director. “Most of the pessimism in May stems from expectations about future conditions. Perceptions of current finances remained largely unchanged across age and income groups. But younger and lower income respondents see difficult times over the next year in terms of their personal finances. Meanwhile older and

higher income respondents are pessimistic about U.S. economic conditions over the next year. The largest overall decline was in the component measuring expectations of U.S. economic conditions over the next five years among older respondents. That component fell by more than 20 points.”

Florida housing indicators

- RealtyTrac® (www.realtytrac.com) released its U.S. Foreclosure Market Report™ for May 2015 U.S. Foreclosure Market Report which shows foreclosure filings — default notices, scheduled auctions and bank repossessions — were reported on 126,868 U.S. properties in May 2015, up 1 percent from the previous month and up 16 percent from a year ago to a 19-month high. The U.S. foreclosure rate in May was one in every 1,041 housing units with a foreclosure filing.
- The median sale price for a home in Florida was \$200,000 in May 2015, up 11.1% from \$180,000 a year ago, according to the Monthly Market Summary (Single Family Homes) Report published by *FloridaRealtors.org*. There were 24,789 closed home sales in May, up 7.7% from 23,013 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.