

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 23, 2015

RE: Monthly Investment Report for the Period Ended June 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:

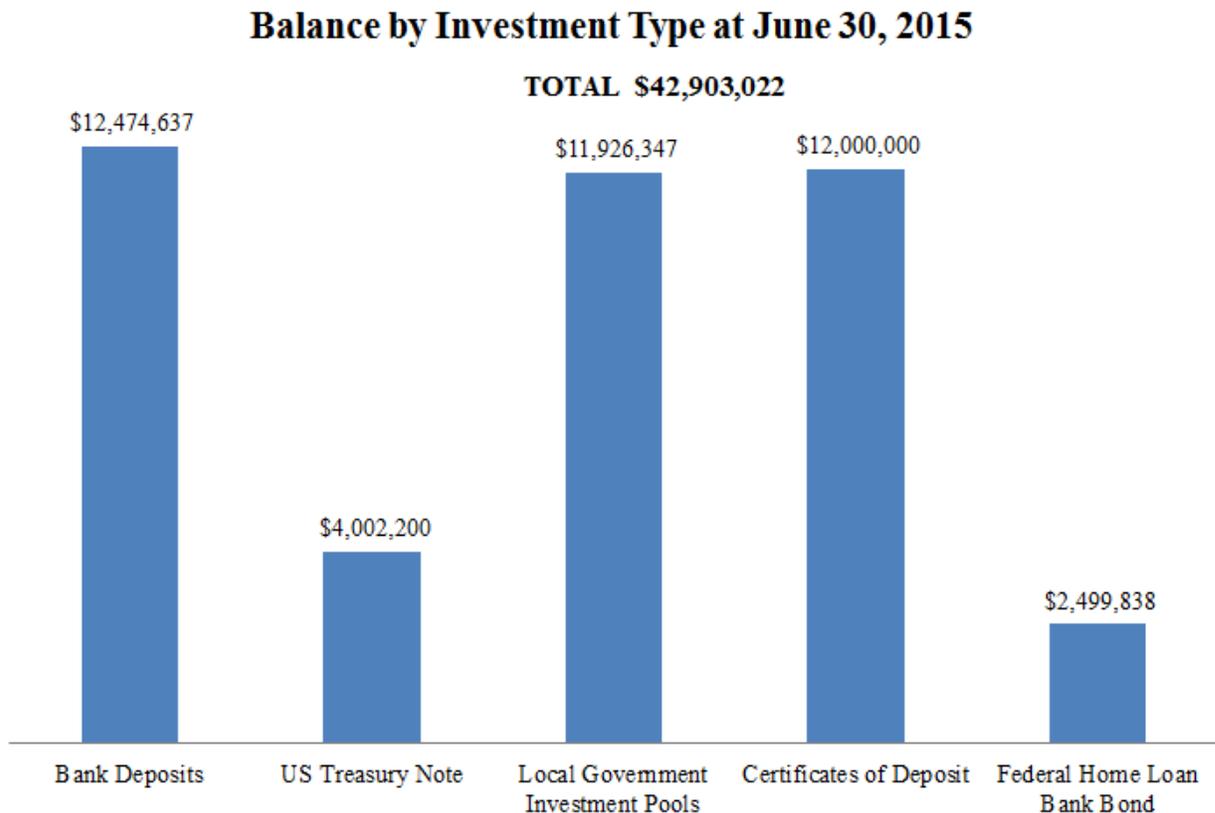
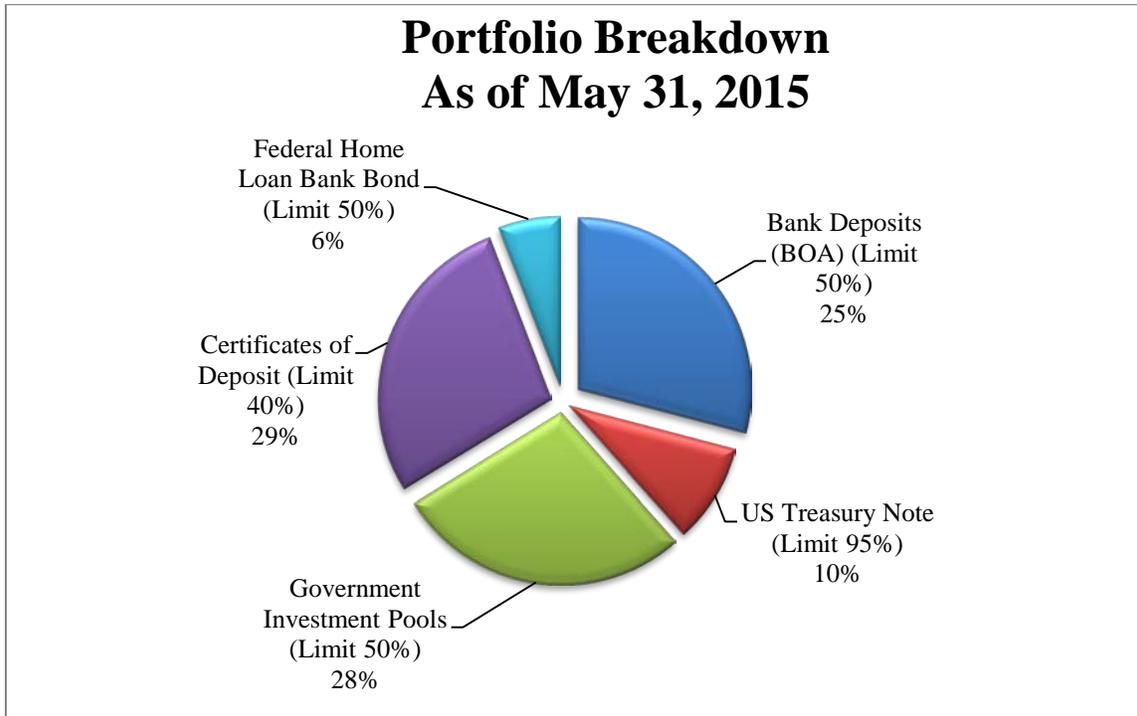
U.S. Treasuries and Federal Agencies	95%
Government Sponsored Enterprises	50%
Local Government Investment Pools	50%
State Board of Administration (Pool A)	5%
State and Local Governments	10%
Money Market Mutual Funds	25%
Certificates of Deposit (Qualified Public Depositories)	40%
Corporate Debt Securities/Commercial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



Equity in Pooled Cash

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

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

General Fund	\$	5,068,298
Stadium Fund	\$	36,276
Impact Fees	\$	146,541
Library Cooperative	\$	60,220
County Gas Tax Fund	\$	1,037,235
Parks & Rec Capital Projects	\$	404,977
I.T. Services Fund	\$	25,820
One Cent Sales Tax	\$	3,028,214
Refuse Collection Fund	\$	510,095
Water/Sewer Utility Fund	\$	15,962,470
Marina Fund	\$	1,188,251
Stormwater Utility Fund	\$	6,973,765
Vehicle Maintenance Fund	\$	3,089,102
Facility Maintenance Fund	\$	1,101,645
Self-Insurance Fund	\$	3,550,941
CRA Fund	\$	575,599
Unallocated Interest Balance	\$	52,435

Total as of April 30, 2015: \$ 42,811,884

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 improved moderately in May, increased further in June. The Index now stands at 101.4 (1985=100), up from 94.6 in May. The Present Situation Index increased from 107.1 last month to 111.6 in June, while the Expectations Index advanced to 94.6 from 86.2 in May.

Consumer Price Index (CPI) – The Consumer Price Index for All Urban Consumers (CPI-U) increased 0.3 percent in June on a seasonally adjusted basis, the U.S. Bureau of Labor Statistics reported today. Over the last 12 months, the all items index rose 0.1 percent before seasonal adjustment. The seasonally adjusted all items increase was broad-based, with advances in the indexes for gasoline, shelter, and food all contributing. The energy index rose for the second straight month as the indexes for gasoline, electricity, and natural gas all increased. The food index posted its largest increase since September 2014, partly due to a sharp increase in the eggs index. The index for all items less food and energy rose 0.2 percent in June. In addition to the rise in the shelter index, the indexes for recreation, airline fares, personal care, tobacco, and new vehicles were among the indexes that increased in June. These advances more than offset declines in the indexes for medical care, household furnishings and operations, used cars and trucks, and apparel. The all items index showed a 12-month increase for the first time since December, rising 0.1 percent for the 12 months ending June. Despite rising in May and June, the energy index has still declined 15.0 percent over the past year. However, the indexes for food and for all items less food and energy have both risen 1.8 percent over the past 12 months.

Key Local Economic Indicators

Florida Unemployment - Florida’s seasonally adjusted unemployment rate was 5.5 percent in June 2015, down 0.2 percentage point from the May 2015 rate of 5.7 percent, and down 0.6 percentage point from 6.1 percent a year ago. There were 529,000 jobless Floridians out of a labor force of 9,552,000. The U.S. unemployment rate was 5.3 percent in June. Florida’s unemployment rate has been less than or equal to the national rate for 23 of the last 31 months.

Area Statistic	May 2015	June 2015	Change
Florida (Seasonally adjusted)	5.7%	5.5%	-0.2%
Pinellas County (Not seasonally adjusted)	5.1%	4.9%	-0.2%
Tampa-St. Petersburg-Clearwater (Not seasonally adjusted)	5.4%	5.3%	-0.1%

Florida Consumer Sentiment Index

- Consumer sentiment among Floridians rebounded 1.6 points in June to 89.5 after a nearly 7-point tumble in May. Of the five components that make up the index three increased and two decreased. Perceptions of personal finances now compared to a year ago fell 5.9 points to 78.3 following a 1.1 point decline in May. However expectations about personal finances a year from now surged 9 points to 103.3, erasing a large decline in May. Expectations of U.S. economic conditions over the next year was down 1.7 points at 83.9 while expectations of U.S. economic conditions over the next five years rose 2.8 points to 84.1. Perceptions as to whether it is a good time to buy big-ticket items rose 3.5 points to 97.8.
- “The overall gains in the Florida index in June were among older and low income households,” said Chris McCarty, the Survey Director. “These two demographics showed particular strength in their expectations about their personal finances a year from now, and were the only demographic to report their current finances being better than a year ago. In contrast, households with more than \$50,000 in income reported a 12-point decline in their perceptions of their current personal finances. This is a sharp decline given that this

component had been at or near 100 since February. It is also unusual given that most economic indicators that would affect upper income households remain positive.”

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 \$2.19B in April 2015. April 2014 collections were slightly lower coming in at \$1.99B.
- Pinellas County Sales and Use Tax collections totaled \$90.04M in April 2015, compared to \$81.27M a year ago.