City of Birmingham
A Walkable Community

MEMORANDUM

Finance Department

DATE: **October 15, 2014**

TO: **Joseph A. Valentine, City Manager**

FROM: **B. Sharon Ostin, Director of Finance/Treasurer**

SUBJECT: **September 2014 Investment Report**

Public Act 213 of 2007 requires investment reporting on the City's general investments to be provided to the City Commission on a quarterly basis. This information is also required to be provided annually, which the City has and will continue to include within the audited financial statements.

General investments of the City are governed by state law and the City's General Investment Policy approved by the City Commission. The services of an outside investment advisor are utilized to assist the treasurer in determining which types of investments are most appropriate and permitted under the investment policy, maximize the return on the City's investments within investment policy constraints and provide for cash flow needs.

The two primary objectives for investment of City funds are the preservation of principal and liquidity to protect against losses and provide sufficient funds to enable the City to meet all operating requirements that might be reasonably anticipated. Investment activities include all City funds except the retirement and retiree health-care funds as follows:

- General Fund
- Special Revenue Funds
- Capital Projects Fund
- Enterprise Funds
- Debt Service Funds
- Component Unit Funds
- Internal Service Funds

The City has two pooled funds (CLASS Pool and J-Fund), which are used to meet payroll, contractor and other accounts payable needs. As indicated on the attached schedule, there is approximately $7.7 million invested in pooled funds at the end of September. A maximum of 50% of the portfolio may be invested in pooled funds that meet state guidelines. The amount currently invested in pooled funds is 11.07%.

Currently there is approximately $6.5 million, or 9.36%, of the City's portfolio invested in commercial paper. A maximum of 20% of the City's investments may be held in commercial paper with the highest rating of A-1/P-1 by at least two standard rating services.

Investments in certificates of deposit total approximately $.2 million, or 0.36%, of the portfolio. A maximum of 20% of the City's investments may be held in these investment instruments.

The City also holds approximately $22.6 million, or 32.53%, of its investments in government securities, which are obligations of the United States. The maximum amount of investments that may be held in government securities is 100%.

Investments in federal agencies total approximately $30.9 million, or 44.49%, of the City's investments. The maximum amount of the portfolio that may be invested in federal agencies is 75%.

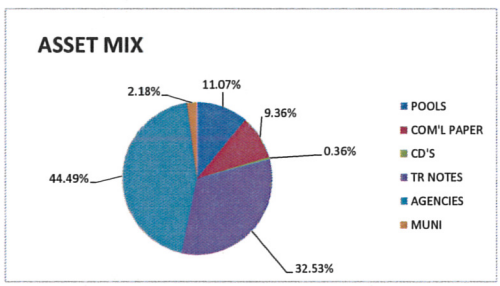
Currently the City has $1.5 million, or 2.18%, of the City's portfolio invested in State of Michigan obligations. A maximum of 20% of the City's investments may be held in obligations of the State with the highest rating of A-1/P-1 by at least two standard rating services.

The Investment Policy requires that the average maturity of the portfolio may not exceed two and one-half years. The current average maturity of the portfolio is 2.34 years.

CITY OF BIRMINGHAM
GENERAL INVESTMENT PORTFOLIO SUMMARY

9/30/2014

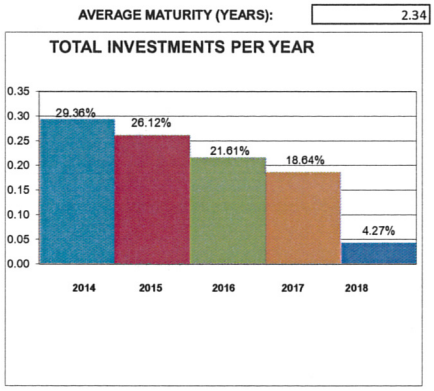
YEAR	MATURITY DATE	DESCRIPTION	% YIELD	*	ISSUER	PAR VALUE	COST	CURRENT MARKET VALUE	YEARLY TOTAL	% OF TOTAL
2014	9/30/2014	CLASS POOL	0.010%	CITY	MICHIGAN CLASS	3,012,391.21	3,012,391.21	3,012,391.21		
	9/30/2014	J FUND	0.016%	CITY	COMERICA BANK	4,668,025.61	4,668,025.61	4,668,025.61		
	10/16/2014	AGENCY	0.870%	CAM	FNMA	1,500,000.00	1,501,950.00	1,483,875.00		
	10/25/2014	AGENCY	1.010%	CAM	FHLMC	2,000,000.00	2,002,500.00	1,975,340.00		
	10/30/2014	AGENCY	0.600%	CAM	FNMA	2,000,000.00	1,998,000.00	1,996,400.00		
	11/3/2014	COM'L PAPER	0.290%	CAM	INGFDG	1,000,000.00	998,509.72	999,972.96		
	11/6/2014	CD	0.950%	CITY	THE PRIVATE BANK	251,647.57	251,647.57	251,647.57		
	11/28/2014	AGENCY	1.000%	CAM	FNMA	1,000,000.00	1,000,000.00	987,890.00		
	11/28/2014	AGENCY	1.000%	CAM	FHLMC	2,000,000.00	2,000,000.00	1,997,660.00		
	12/8/2014	COM'L PAPER	0.200%	CAM	INGFND	1,500,000.00	1,499,208.33	1,499,433.33		
	12/12/2014	AGENCY	1.050%	CAM	FHLMC	1,500,000.00	1,499,250.00	1,495,155.00		
									20,367,790.68	29.36%
2015	1/31/2015	TR NOTE	0.410%	CAM	U.S.	2,000,000.00	2,122,968.75	2,014,540.00		
	2/5/2015	COM'L PAPER	0.150%	CAM	GECC	1,000,000.00	999,379.71	999,470.84		
	3/9/2015	COM'L PAPER	0.235%	CAM	UBSFIN	2,000,000.00	1,997,636.94	1,997,924.16		
	3/15/2015	TR NOTE	0.275%	CAM	U.S.	1,500,000.00	1,503,750.00	1,502,220.00		
	4/15/2015	TR NOTE	0.240%	CAM	U.S.	1,500,000.00	1,503,046.88	1,502,520.00		
	5/31/2015	TR NOTE	0.270%	CAM	U.S.	1,500,000.00	1,499,531.25	1,501,875.00		
	6/1/2015	COM'L PAPER	0.290%	CAM	UBSFIN	1,000,000.00	997,825.00	998,042.50		
	7/20/2015	AGENCY	1.330%	CAM	FFCB	1,500,000.00	1,501,185.00	1,514,370.00		
	9/9/2015	AGENCY	1.010%	CAM	FNMA	1,000,000.00	1,033,420.00	1,015,640.00		
	9/11/2015	AGENCY	0.880%	CAM	FHLB	1,000,000.00	1,078,360.00	1,025,060.00		
	9/30/2015	TR NOTE	0.700%	CAM	U.S.	1,500,000.00	1,533,281.25	1,516,470.00		
	10/31/2015	TR NOTE	0.700%	CAM	U.S.	1,500,000.00	1,533,984.38	1,517,460.00		
	11/30/2015	TR NOTE	1.290%	CAM	U.S.	1,000,000.00	1,003,515.63	1,013,550.00		
									18,119,142.50	26.12%
2016	2/15/2016	TR NOTE	0.340%	CAM	U.S.	1,000,000.00	1,000,859.38	1,001,250.00		
	4/11/2016	AGENCY	1.020%	CAM	FNMA	1,000,000.00	1,053,700.00	1,029,400.00		
	5/31/2016	TR NOTE	0.410%	CAM	U.S.	1,500,000.00	1,574,179.69	1,532,460.00		
	6/30/2016	TR NOTE	0.410%	CAM	U.S.	1,000,000.00	1,035,234.38	1,017,690.00		
	9/9/2016	AGENCY	0.790%	CAM	FHLB	1,500,000.00	1,552,815.00	1,539,180.00		
	9/26/2016	AGENCY	1.180%	CAM	FFCB	2,000,000.00	1,997,500.00	1,997,460.00		
	10/11/2016	AGENCY	0.700%	CAM	FHLB	857,142.86	857,142.86	857,203.00		
	10/11/2016	AGENCY	0.600%	CAM	FFCB	1,500,000.00	1,500,000.00	1,498,215.00		
	11/1/2016	AGENCY	0.870%	CAM	FHLMC	1,500,000.00	1,488,795.00	1,495,815.00		
	11/14/2016	AGENCY	0.600%	CAM	FHLB	1,000,000.00	999,140.00	998,600.00		
	12/9/2016	AGENCY	0.700%	CAM	FHLB	1,000,000.00	1,021,180.00	1,019,310.00		
	12/31/2016	TR NOTE	0.750%	CAM	U.S	1,000,000.00	1,002,812.50	1,002,660.00		
									14,989,243.00	21.61%
2017	1/31/2017	TR NOTE	0.780%	CAM	U.S.	1,000,000.00	1,002,187.50	1,001,880.00		
	3/31/2017	TR NOTE	1.020%	CAM	U.S	2,000,000.00	1,998,750.00	2,006,100.00		
	4/17/2017	AGENCY	0.820%	CAM	FFCB	1,000,000.00	998,750.00	989,170.00		
	4/27/2017	AGENCY	0.770%	CAM	FNMA	1,500,000.00	1,523,970.00	1,507,530.00		
	5/15/2017	MUNI	1.100%	CAM	MI	1,500,000.00	1,521,405.00	1,513,725.00		
	7/31/2017	TR NOTE	1.000%	CAM	U.S.	1,500,000.00	1,476,210.94	1,477,260.00		
	9/8/2017	AGENCY	0.840%	CAM	FHLB	1,500,000.00	1,493,565.00	1,479,870.00		
	10/31/2017	TR NOTE	1.000%	CAM	U.S.	1,500,000.00	1,486,523.44	1,481,010.00		
	12/31/2017	TR NOTE	1.120%	CAM	U.S.	1,500,000.00	1,479,375.00	1,476,090.00		
									12,932,635.00	18.64%
2018	2/20/2018	AGENCY	1.060%	CAM	FHLB	2,000,000.00	2,000,680.00	1,974,280.00		
	4/24/2018	AGENCY	1.080%	CAM	FFCB	1,000,000.00	999,000.00	990,220.00		
									2,964,500.00	4.27%
			0.617%			69,289,207.25	69,803,142.92	69,373,311.18	69,373,311.18	100.00%



POOLS	$7,680,416.82	11.07%
COM'L PAPER	$6,494,843.79	9.36%
CD'S	$251,647.57	0.36%
TR NOTES	$22,565,035.00	32.53%
AGENCIES	$30,867,643.00	44.49%
MUNI	$1,513,725.00	2.18%
TOTAL	$69,373,311.18	100.00%

COMPARATIVE RETURNS			
	City Portfolio	1-Yr TR	2-Yr TR
Currrent Month	0.62%	0.11%	0.57%
Previous Month	0.48%	0.11%	0.47%
1 Year Ago	0.66%	0.12%	0.40%

AVERAGE MATURITY (YEARS): 2.34



*ASSIGNED TO CAM:	$61,441,246.79	88.57%
*ASSIGNED TO CITY:	$7,932,064.39	11.43%
	$69,373,311.18	100.00%