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Attachments: 1. City of Ann Arbor Investment Portfolio Report - September 30 2017.pdf

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| 12/4/2017 | 1 | City Council | Approved | Pass |

Third Quarter 2017 Investment Portfolio Report

Attached for your information is the City’s investment portfolio report for the third quarter 2017. At September 30, the weighted average yield for the portfolio for the quarter was 1.27%, which exceeded our benchmark by 4 basis points. Our benchmark is the 12-month trailing rate of the 2-year Treasury Note, which earned 1.23% as of September 30. The weighted average effective maturity at quarter end was 613 days.

In addition to the securities disclosed in the attached portfolio report, as of September 30, the City owned Certificates of Deposit as described below:

| <u>Institution</u> | <u>Certificate Amount</u> | <u>Maturity Date</u> | <u>Yield</u> |
|----------------------|---------------------------|----------------------|--------------|
| Bank of Ann Arbor | \$251,507.82 | October 6, 2017 | 0.40 |
| Ann Arbor State Bank | \$250,000.00 | May 19, 2018 | 1.25 |
| Flagstar Bank | \$251,322.22 | October 6, 2017 | 0.85 |

The City also invests in a short-term liquidity investment as described below:

| <u>Institution</u> | <u>Balance at Quarter End</u> | <u>Maturity Date</u> | <u>Yield</u> |
|--|-------------------------------|----------------------|--------------|
| Michigan Cooperative Liquid Assets Securities System | \$9,030,829.81 | NA | 1.18 |

The Governmental Accounting Standards Board requires under Statement 31 that all investments be recorded at fair value versus amortized cost. At quarter end, the amortized cost value of the portfolio was \$258,652,611.53. If investments were recorded using the fair value method, the value of the portfolio would be \$257,442,424.70. Recording investments at fair market value, the portfolio experienced an unrealized loss of \$1,210,186.83.

Prepared by: Matthew V. Horning, Treasurer

Reviewed by: Tom Crawford, Financial Services Area Administrator and CFO
Approved by: Howard S. Lazarus, City Administrator