



City Manager Report

The City of
OKLAHOMA CITY

NO: 574

DATE: FEBRUARY 17, 2015

TO: THE MAYOR AND MEMBERS OF THE CITY COUNCIL

SUBJECT: DECEMBER 31, 2014 QUARTERLY INVESTMENT REPORT

Annualized return on the portfolio was 0.49% for the quarter and 0.49% for the year. Amortized earnings for the quarter were \$1.34 million and \$2.54 million for the year. Short-term interest rates have been anchored near zero due to the Federal Reserve's interest rate policy since 2008 and interest earnings have suffered as a result. The Federal Reserve's Open Market Committee (FOMC) reaffirmed at the December meeting the view that a highly accommodative stance of monetary policy is appropriate. The Committee stated that if incoming information indicates faster progress toward the Committee's employment and inflation objectives, then increases in the target range for the federal funds rate are likely to occur sooner. Conversely, if progress proves slower than expected, then increases in the target range are likely to occur later than currently anticipated. Many economists are predicting a first federal funds rate increase will occur mid-2015.

The City's investment policy incorporates City Charter, Municipal Code, and state statute requirements and establishes objectives for the investment of City funds. These objectives, in order of priority, are safety, liquidity and return on investment. The investment policy also requires an investment report be submitted to the Mayor and Council on a quarterly basis.

Following is an executive summary of the investment activity for City, trust, and authority funds administered by the City Treasurer for the quarter ended December 31, 2014. This information meets reporting requirements outlined in the investment policy. The following has been summarized for your review:

Exhibit 1	Portfolio Summary
Exhibit 2	Portfolio Holdings Distribution by Security Type
Exhibit 3	Portfolio Holdings Distribution by Maturity Range
Exhibit 4	Comparison of Yield to Benchmark (0 – 3 Year U.S. Treasury Index)
Exhibit 5	General Fund Interest Earnings, Budget vs. Actual
Exhibit 6	Economic Review

Staff is available should you have questions or require additional information.

A handwritten signature in black ink, appearing to read "James D. Couch".

James D. Couch
City Manager