

City of Greenville
Investment Advisory Committee Meeting
Wednesday, April 20, 2016
City Hall, Room 126
12:00pm-1:30pm
Attendees:

Scott Below, *Chair*

PJ Connelly, *City Council Liaison*

Bernita Demery, *Director of Financial Services*

Barbara Lipscomb, *City Manager*

Michael Cowin, *Assistant City Manager*

Kimberly Branch, *Financial Services Manager*

Cameron Evans, *Secretary*

1. Review April 22, 2015 Meeting Minutes (Attached)

2. North Carolina Capital Management Trust (NCCMT Presentation by Gary Porter)

3. C2 Group's Investment Report Review
A. Performance Report as of December 31, 2015 (Attached)
B. Information to Management (Attached)

4. Investment Report as of March 31, 2016

5. Annual Review of City's Investment Policy (Attached)

6. Other Vendors - Discussion

7. Upcoming meetings:

Wednesday, August 17, 2016
Wednesday, October 12, 2016

Investment Advisory Committee Meeting (IAC)

Minutes

Wednesday, April 22, 2015

Members present

Dr. Scott Below, *Chair*; Tilwanda Steinberg, *Co-Chair*

City Staff present

Calvin Mercer, *City Council Liaison*; Barbara Lipscomb, *City Manager*; Bernita Demery, *Director of Financial Services*; Kimberly Branch, *Senior Financial Services Manager*

The meeting of the Investment Advisory Committee took place at 12:00 noon on Wednesday, April 22, 2015 in City Hall Conference Room 337. Dr. Below opened the meeting by welcoming everyone in attendance.

1. Review of December 3, 2014 Meeting Minutes

The minutes were approved without exception by the committee.

2. March 31, 2015 Quarterly Report

The Committee reviewed the quarterly report for March 31st. Mrs. Demery highlighted the South Greenville expansion and bond package that will possibly be finalized in November of 2015.

3. Annual Review as of December 31, 2014

Next, the committee reviewed the Performance Report/Annual Review. Mrs. Demery explained that the City's investments are currently meeting the Merrill Lynch benchmark. Dr. Below added that the returns in the performance report looked good. Mrs. Demery then asked that the attendees direct their attention to page 3 of the report to highlight the performance of the City's investment from 2008-2014. She stated that it was a good decision to make Merrill Lynch the City's benchmark. Page 4 of the report shows the gross fees and Mrs. Demery explained that the City's investments beat the Merrill Lynch benchmark.

Page 15 of the annual review report was then mentioned and it was highlighted that City returns would have accrued less had the opportunity not been taken to invest in options aside from North Carolina Capital Management Trust (NCCMT). Mrs. Demery stated that it was a good decision to invest in other plans versus solely in NCCMT.

4. Best Practices Market Value

It was mentioned by Mrs. Demery that the City is in line with the Government Finance Officers Association's (GFOA) best practices. Dr. Below agreed with Mrs. Demery's statement and added that it makes perfect sense to invest in the C2 Group. The reporting structure was also discussed and it was mentioned that the recommended reporting from C2 Group be made available at the next meeting. Ms. Lipscomb questioned whether or not the City would need to buy software in order to gain this information from the C2 Group and Mrs. Demery clarified, that it would be an added cost, therefore, no additional software will be purchased.

5. Other Vendors

Mrs. Demery inquired to find out what other vendors the committee members would like to see in the future. It was agreed by all attendees that this could be a topic of discussion at the next meeting.

It was mentioned that NCCMT is to be the next possible vendor to come back since the City's cash is invested with them.

Also, it has been confirmed that the C2 Group will be presenting at the June meeting.

Dr. Below asked the question of whether or not there were any other municipalities that had experience with vendors. Ms. Lipscomb added to that question, whether or not GUC has used C2 Group. Mrs. Demery and Mrs. Branch informed the attendees that GUC was not currently utilizing services offered by the C2 Group, nor have they used them in the past.

6. Next Meeting – August 19, 2015 from 12-2 pm

Date unanimously confirmed by committee.

PERFORMANCE REPORT

DECEMBER 31, 2014 - DECEMBER 31, 2015



CITY OF GREENVILLE

Optimizer

c2 Investment Group

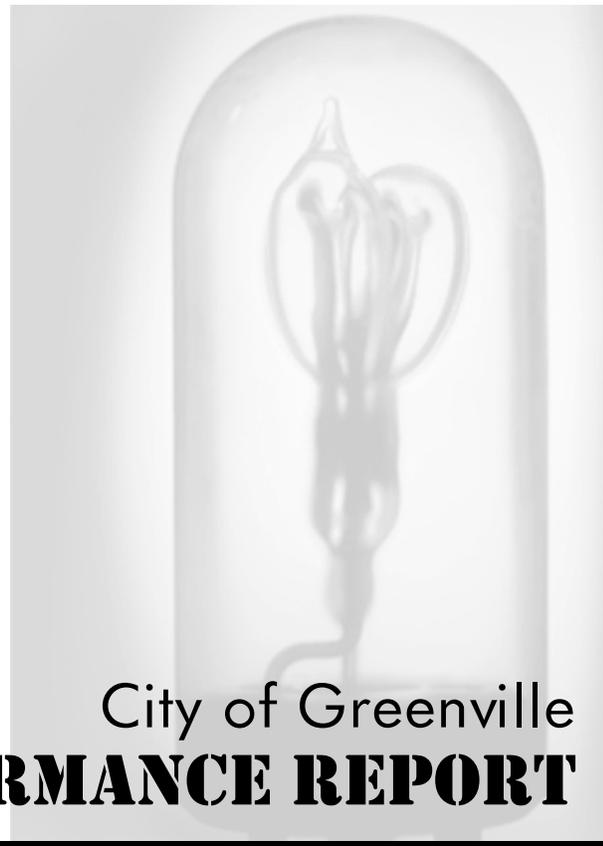
Trusted Performance. Lasting Value.

MARCH 2016



CITY OF GREENVILLE
BERNITA DEMERY, FINANCE DIRECTOR

OPTIMIZER 1 - 3 agency/bullet



City of Greenville
PERFORMANCE REPORT

DECEMBER 31, 2014 - DECEMBER 31, 2015

ANNUAL REPORT CITY OF GREENVILLE



Performance Date Range: July 9, 2008 - December 31, 2015

Optimizer

Optimizer 1 - 3 Agency / Bullet Index

PERFORMANCE REPORT since inception

	July 9, 2008
PORTFOLIO VALUE	10,012,015.63
Accrued Interest	81,215.59
Contributions	44,247,884.57
Withdrawals	- 41,469,993.90
Realized-Unrealized Gain/Loss	- 943,861.94
Interest	2,434,328.65
Dividends	.00
Change in Accrued Interest	- 13,660.90

	December 31, 2015
PORTFOLIO VALUE	14,280,373.01
Accrued Interest	67,554.69
Total Gains - Gross of Fees	1,476,805.81
Annualized IRR - Gross of Fees	1.86 %
Merrill Lynch 1-3 A/B Index	1.89 %

C2 Investment Group / City of Greenville

C2 Investment Group believes the information contained in this report was reliably obtained; no guarantees or warranties are made or intended as to accuracy or completeness. This historical information represents past performance and should not be considered indicative of future results. Principal value and investment return will fluctuate.

ANNUAL REPORT

CITY OF GREENVILLE



Performance Date Range: December 31, 2014 - December 31, 2015

Optimizer

Optimizer 1 - 3 Agency / Bullet Index

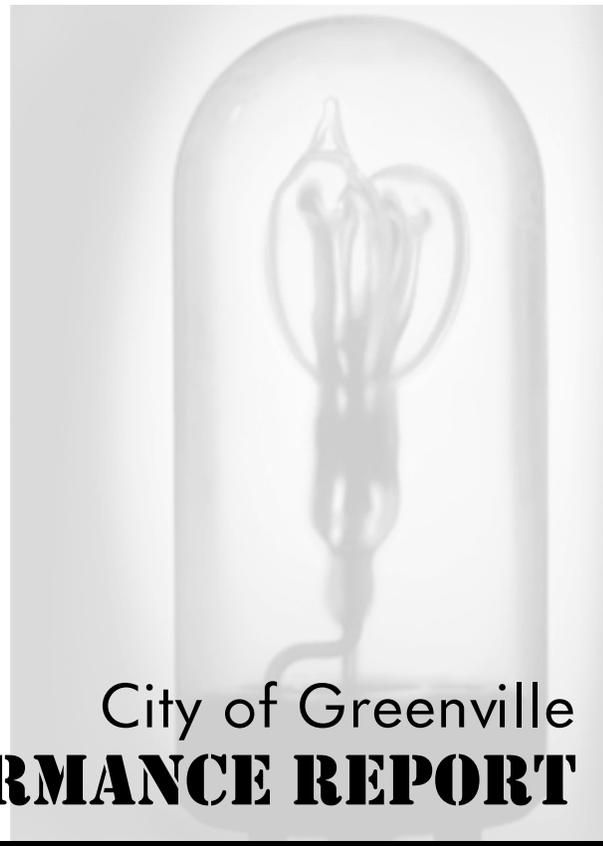
PERFORMANCE REPORT

	December 31, 2014	December 31, 2013
PORTFOLIO VALUE	14,749,439.02	13,097,243.72
Accrued Interest	87,400.36	84,487.03
Contributions	5,394,153.14	7,227,319.14
Withdrawals	-5,965,088.35	-5,679,015.23
Realized-Unrealized Gain/Loss	-250,710.51	-294,381.05
Interest	352,579.71	398,272.44
Dividends	0.00	0.00
Change in Accrued Interest	-19,845.68	2,913.33
	December 31, 2015	December 31, 2014
PORTFOLIO VALUE	14,280,373.01	14,749,439.02
Accrued Interest	67,554.69	87,400.36
Total Gains - Gross of Fees	82,023.53	106,804.72
Annualized IRR - Gross of Fees	0.55 %	0.74 %
Merrill Lynch 1-3 A/B Index	0.64 %	0.73 %

C2 Investment Group / City of Greenville

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OPTIMIZER 3 - 5 agency/bullet



City of Greenville
PERFORMANCE REPORT

DECEMBER 31, 2014 - DECEMBER 31, 2015

ANNUAL REPORT CITY OF GREENVILLE



Performance Date Range: June 11, 2007 - December 31, 2015

Optimizer

Optimizer 3 - 5 Agency / Bullet

PERFORMANCE REPORT since inception

June 11, 2007	
PORTFOLIO VALUE	7,940,082.81
Accrued Interest	137,489.41
Contributions	37,655,124.56
Withdrawals	-43,687,750.15
Realized-Unrealized Gain/Loss	911,428.13
Interest	2,439,712.07
Dividends	0.00
Change in Accrued Interest	-116,200.35
December 31, 2015	
PORTFOLIO VALUE	5,258,597.42
Accrued Interest	21,289.06
Total Gains - Gross of Fees	3,234,939.85
Annualized IRR - Gross of Fees	4.57 %
Merrill Lynch 3-5 A/B Index	4.64 %

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ANNUAL REPORT

CITY OF GREENVILLE



Performance Date Range: December 31, 2014 - December 31, 2015

Optimizer

Optimizer 3 - 5 Agency / Bullet Index

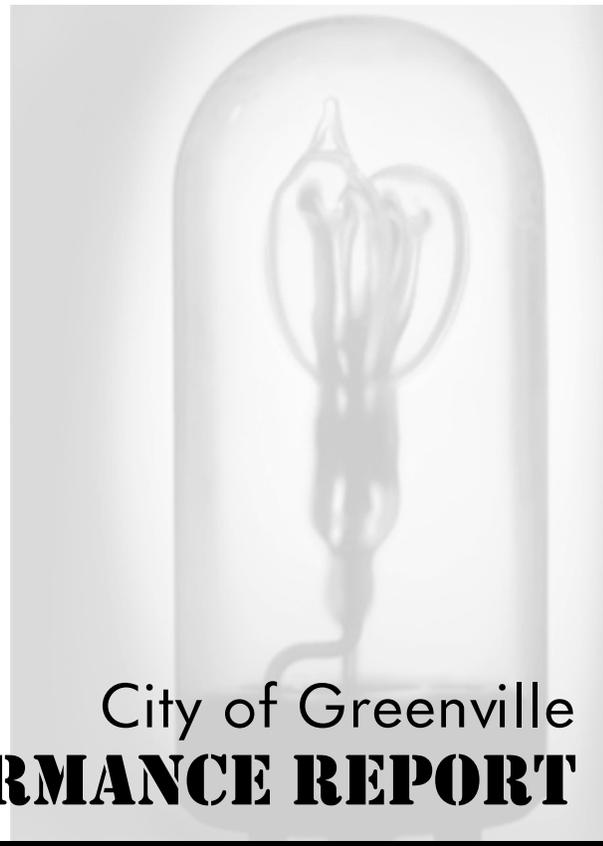
PERFORMANCE REPORT

	December 31, 2014	December 31, 2013
PORTFOLIO VALUE	5,015,959.17	6,706,075.68
Accrued Interest	20,785.66	35,997.73
Contributions	3,290,906.32	2,599,700.43
Withdrawals	-3,136,888.89	-4,427,925.06
Realized-Unrealized Gain/Loss	-27,849.45	2,604.69
Interest	116,470.27	135,503.43
Dividends	0.00	0.00
Change in Accrued Interest	503.40	-15,212.07
	December 31, 2015	December 31, 2014
PORTFOLIO VALUE	5,258,597.42	5,015,959.17
Accrued Interest	21,289.06	20,785.66
Total Gains - Gross of Fees	89,124.23	122,896.05
Annualized IRR - Gross of Fees	1.76 %	2.23 %
Merrill Lynch 3-5 A/B Index	1.60 %	2.30 %

C2 Investment Group / City of Greenville

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OPTIMIZER 3 - 5 treasury



City of Greenville
PERFORMANCE REPORT

DECEMBER 31, 2014 - DECEMBER 31, 2015

ANNUAL REPORT

CITY OF GREENVILLE



Performance Date Range: October 6, 2009 - December 31, 2015

Optimizer

Optimizer 3 - 5 Treasury

PERFORMANCE REPORT since inception

October 6, 2009	
PORTFOLIO VALUE	6,018,029.80
Accrued Interest	29,799.94
Contributions	20,584,119.37
Withdrawals	-22,357,369.54
Realized-Unrealized Gain/Loss	47,768.78
Interest	871,135.23
Dividends	0.00
Change in Accrued Interest	-12,179.14
December 31, 2015	
PORTFOLIO VALUE	5,163,683.65
Accrued Interest	17,620.80
Total Gains - Gross of Fees	906,724.87
Annualized IRR - Gross of Fees	2.45 %
Merrill Lynch 3-5 Treasury	2.49 %

C2 Investment Group / City of Greenville

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ANNUAL REPORT

CITY OF GREENVILLE



Performance Date Range: December 31, 2014 - December 31, 2015

Optimizer

Optimizer 3 - 5 Treasury

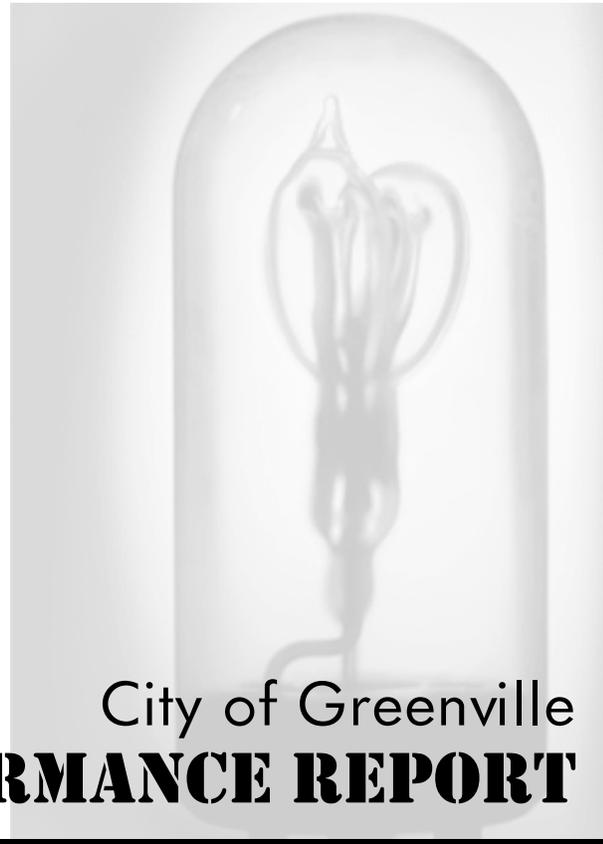
PERFORMANCE REPORT

	December 31, 2014	December 31, 2013
PORTFOLIO VALUE	5,175,678.43	5,353,748.23
Accrued Interest	26,298.90	23,430.74
Contributions	2,802,914.17	2,860,920.87
Withdrawals	-2,902,592.64	- 3,145,771.81
Realized-Unrealized Gain/Loss	-22,074.09	3,592.89
Interest	109,757.77	103,188.25
Dividends	0.00	0.00
Change in Accrued Interest	-8,678.10	2,868.16
	December 31, 2015	December 31, 2014
PORTFOLIO VALUE	5,163,683.65	5,353,748.23
Accrued Interest	17,620.80	26,298.90
Total Gains - Gross of Fees	79,005.58	109,649.31
Annualized IRR - Gross of Fees	1.55 %	2.13 %
Merrill Lynch 3-5 Treasury	1.59 %	2.14 %

C2 Investment Group / City of Greenville

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INVESTMENT INCOME



City of Greenville
PERFORMANCE REPORT

DECEMBER 31, 2014 - DECEMBER 31, 2015

ANNUAL REPORT CITY OF GREENVILLE



Performance Date Range: December 31, 2014 - December 31, 2015

Optimizer

Optimizer 1 - 3 Year, 3 - 5 Year
Agency / Bullet and 3 - 5 Year Treasury Indexes
Report: Investment Income - Combined

	"Received" Interest Earned	"Change in Market Value"		Investment Income Market Value
		Change in Accrued Interest	Realized/Un-Realized Gain/Loss	
1 - 3 Year A/B 12/31/2014 - 12/31/2015	352,579.71	-19,845.68	-250,710.51	82,023.53
3 - 5 Year A/B 12/31/2014 - 12/31/2015	116,470.27	503.40	-27,849.45	89,124.23
3 - 5 Year Treasury 12/31/2014 - 12/31/2015	109,757.77	-8,678.10	-22,074.09	79,005.58
Investment Income - Combined	578,807.75	-28,020.38	-300,634.05	250,153.34

OPTIMIZER PERFORMANCE

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ANNUAL REPORT CITY OF GREENVILLE



Performance Date Range: June 11, 2007 - December 31, 2015

Optimizer

Optimizer 1 - 3 Year, 3 - 5 Year
Agency / Bullet and 3 - 5 Year Treasury Indexes
Report: Investment Income - Combined

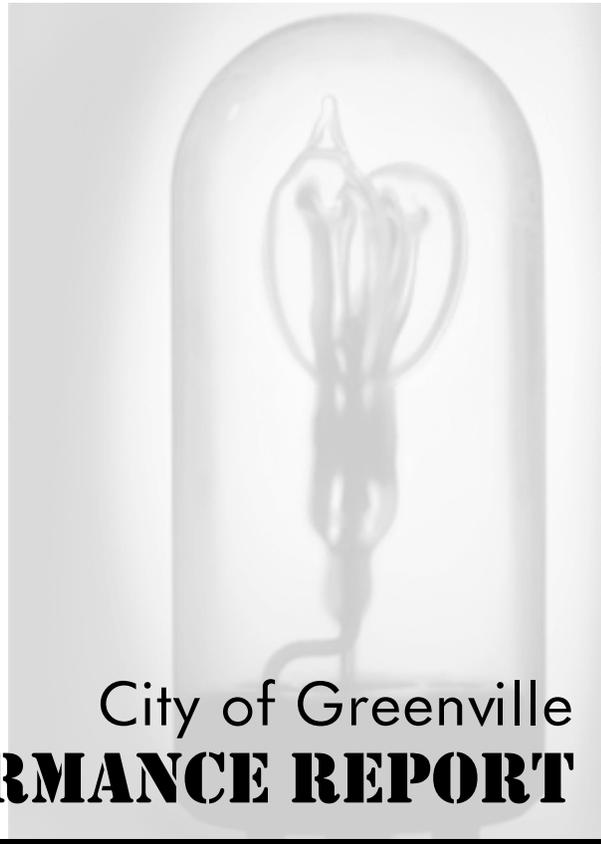
	"Received" Interest Earned	"Change in Market Value"		
		Change in Accrued Interest	Realized/Un-Realized Gain/Loss	Investment Income Market Value
1 - 3 Year A/B 07/08/2008 - 12/31/2015	2,434,328.65	-13,660.90	-943,861.94	1,476,805.81
3 - 5 Year A/B 06/11/2007 - 12/31/2015	2,439,712.07	-116,200.35	911,428.13	3,234,939.85
3 - 5 Year Treasury 10/06/2009 - 12/31/2015	871,135.23	-12,179.14	47,768.78	906,724.87
Investment Income - Combined	5,745,175.95	-142,040.39	15,334.97	5,618,470.53

OPTIMIZER PERFORMANCE

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C2 Investment Group / City of Greenville

PERFORMANCE HISTORY



City of Greenville
PERFORMANCE REPORT

DECEMBER 31, 2014 - DECEMBER 31, 2015

PERFORMANCE HISTORY



Performance Date Range: December 31, 1999 - December 31, 2015

Optimizer

NCCMT vs Merrill Lynch Agency / Bullet Indexes 1 - 3 Year and 3 - 5 Year

Total Rate of Return		NCCMT	Merrill Lynch Agency / Bullet		
			1-3 Year	3-5 Year	
Date Range					
12/31/1999	12/31/2000	6.14	8.64	10.88	
12/31/2000	12/31/2001	4.01	9.21	9.90	
12/31/2001	12/31/2002	1.64	6.76	12.39	
12/31/2002	12/31/2003	0.98	2.37	2.87	
12/31/2003	12/31/2004	1.21	1.15	2.75	
12/31/2004	12/31/2005	3.05	1.72	0.94	
12/31/2005	12/31/2006	4.84	4.46	4.52	
12/31/2006	12/31/2007	5.19	7.12	9.16	
12/31/2007	12/31/2008	2.93	7.78	10.61	
12/31/2008	12/31/2009	0.59	2.23	3.22	
12/31/2009	12/31/2010	0.13	2.68	5.80	
12/31/2010	12/31/2011	0.07	1.60	5.89	
12/31/2011	12/31/2012	0.06	0.89	2.89	
12/31/2012	12/31/2013	0.02	0.43	- 0.54	
12/31/2013	12/31/2014	.01	0.73	2.30	
12/31/2014	12/31/2015	0.06	0.64	1.60	
12/31/1999	12/31/2015	1.91	3.61	5.25	

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PERFORMANCE HISTORY



Performance Date Range: December 31, 1999 - December 31, 2015

Optimizer

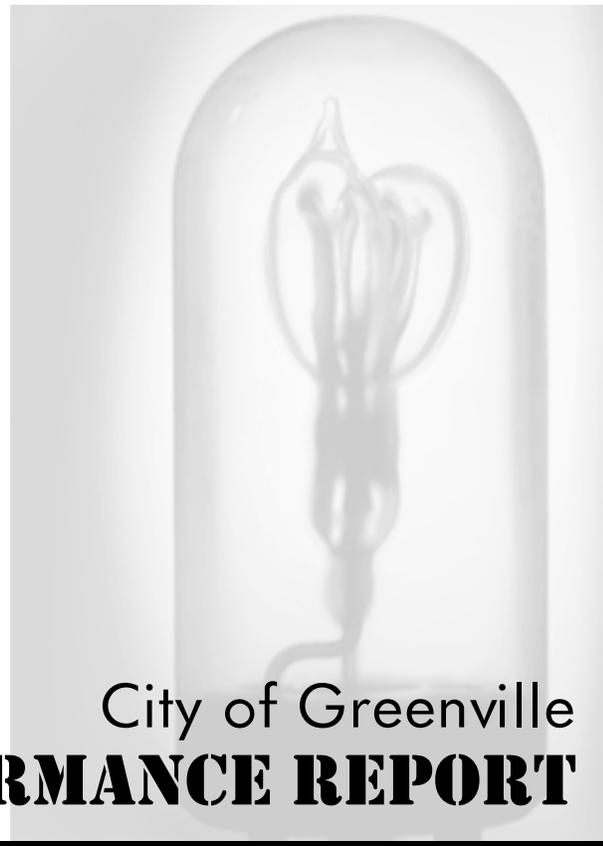
NCCMT vs Merrill Lynch Agency / Bullet Indexes 1 - 3 Year and 3 - 5 Year

Asset Growth Comparison \$ 20,000,000

Date Range	NCCMT	Merrill Lynch Agency / Bullet		Merrill Lynch Agency / Bullet	
		1-3 Year	Gain/Loss Comparison	3-5 Year	Gain/Loss Comparison
12/31/1999 - 12/31/2015	27,084,000	35,248,000	- 8,164,000	45,368,000	- 18,284,000

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PORTFOLIO COMPOSITION



City of Greenville
PERFORMANCE REPORT

DECEMBER 31, 2014 - DECEMBER 31, 2015

ANNUAL REPORT

CITY OF GREENVILLE



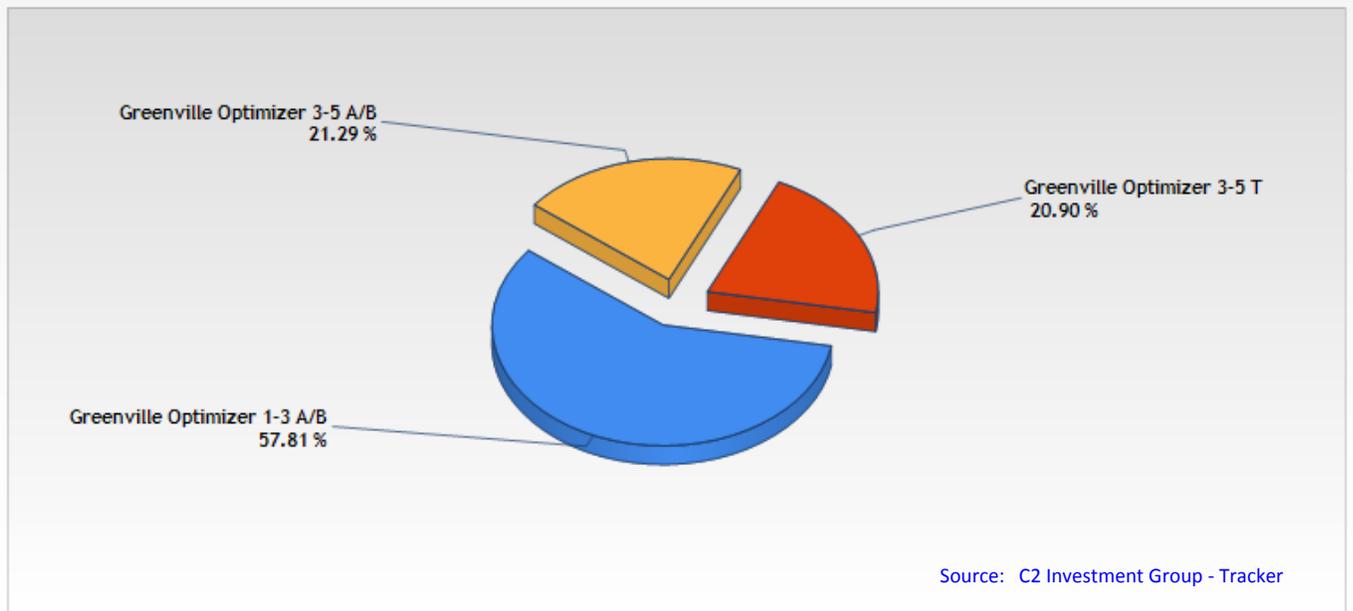
PORTFOLIO COMPOSITION

Report: by Investment Portfolio

Optimizer

Date: 12/31/2015

Portfolio Holdings Distribution by Portfolio Name



Optimizer Portfolio: 24,702,654

PORTFOLIO - market value

C2 Investment Group / City of Greenville

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ANNUAL REPORT

CITY OF GREENVILLE



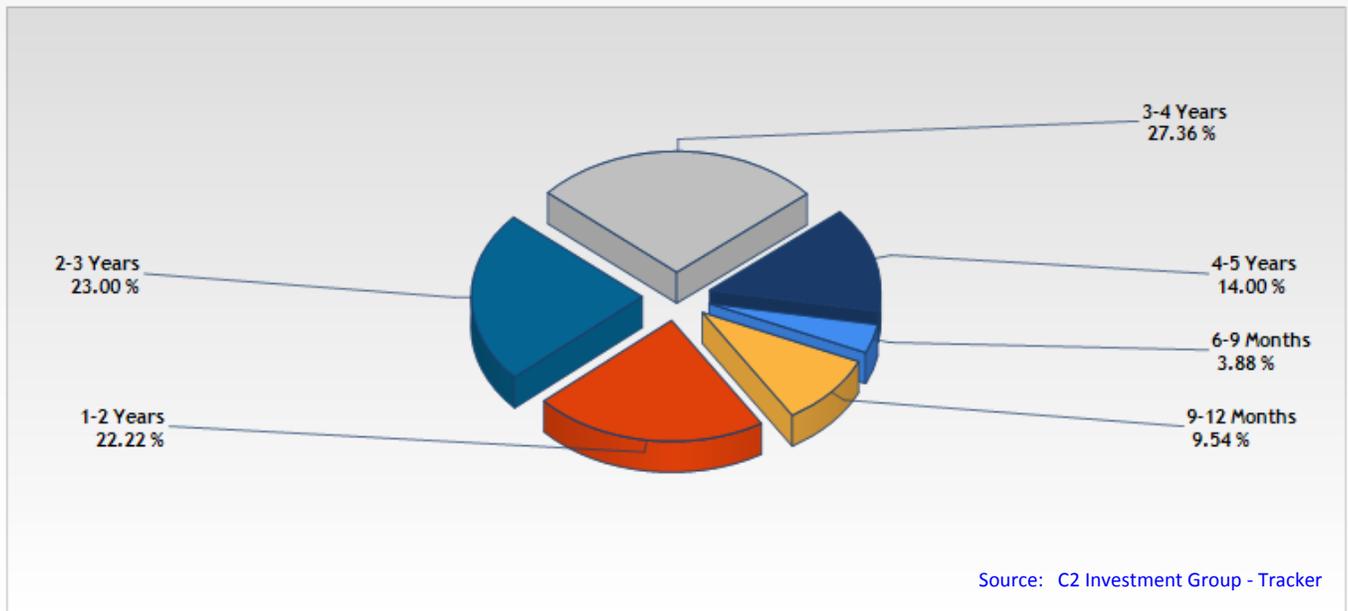
PORTFOLIO COMPOSITION

Report: by Maturity Range

Optimizer

Date: 12/31/2015

Portfolio Holdings Distribution by Maturity Range



Optimizer Portfolio: 24,702,654

PORTFOLIO - market value

C2 Investment Group / City of Greenville

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C2 Investment Group

Trusted Performance. Lasting Value.



CORPORATE HEADQUARTERS
161 Village View - Suite 101
 Mooresville, North Carolina 28117

704.987.8728 Telephone / 704.987.8730 FAX

FINANCIAL SERVICES

To: Michael Cowin, Assistant City Manager

From: Bernita Demery, Director of Financial Services *BD*

Date: April 18, 2016

Re: Investment Earnings – 5-year History and Benchmark Cities

The following detail shows the investment earnings performance over the past five years for the General Fund. Also illustrated are the investment earnings results of the City's benchmark cities for the past five years. Investment Earnings has been somewhat volatile over the past few years with the uncertainty of rates. As rates remain low, the City of Greenville has continued its investment strategy of trying to meet the Merrill Lynch Benchmark in order to maximize returns. This has been a secure method for the investment of City funds, as approved by the Local Government Commission (LGC).

Over the past five years the city has experienced a decrease in investment earnings. Investment earnings are directly driven by the current market rate of return and cash balances on hand. The recognition of investment earnings is directly linked to the timing of coupon (interest) payments. While the city has maintained its investments in accordance with the city investment policy, the market has experienced all-time lows. In order to avoid large year-end market-to-market adjustments, as was done in FY 2013, staff began booking monthly adjustments to market beginning FY2014. The low rates of return have drastically reduced the city's investment earnings since 2011 averaging over \$900,000 and dropped to just under \$400,000 in 2015.

Municipality	Earnings / \$1M	2011	Earnings / \$1M	2012	Earnings / \$1M	2013	Earnings / \$1M	2014	Earnings / \$1M	2015	Avg	Total over 5 years
Concord	\$ 0.81	\$ 807,519.00	\$ 0.56	\$ 555,228.00	\$ (0.16)	\$ (156,206.00)	\$ 0.87	\$ 869,188.00	\$ 0.43	\$ 430,002.00	\$ 0.50	\$ 2,505,731.00
Asheville	\$ 0.11	\$ 109,528.00	\$ 0.14	\$ 142,546.00	\$ 0.07	\$ 69,340.00	\$ 0.16	\$ 158,368.00	\$ 0.13	\$ 134,192.00	\$ 0.12	\$ 613,974.00
Gastonia	\$ 0.20	\$ 199,467.00	\$ 0.31	\$ 309,695.00	\$ 0.49	\$ 489,797.00	\$ 0.48	\$ 475,214.00	\$ 0.47	\$ 473,265.00	\$ 0.39	\$ 1,947,438.00
Greenville	\$ 0.90	\$ 897,060.00	\$ 0.95	\$ 951,899.00	\$ 0.06	\$ 62,192.00	\$ 0.46	\$ 457,877.00	\$ 0.36	\$ 361,635.00	\$ 0.55	\$ 2,730,663.00
High Point	\$ 0.23	\$ 227,275.00	\$ 0.32	\$ 318,343.00	\$ 0.06	\$ 62,215.00	\$ 0.25	\$ 253,779.00	\$ 0.19	\$ 185,156.00	\$ 0.21	\$ 1,046,768.00
Wilmington	\$ 0.15	\$ 148,093.00	\$ 0.16	\$ 159,833.00	\$ (0.06)	\$ (63,194.00)	\$ 0.18	\$ 179,217.00	\$ 0.16	\$ 157,524.00	\$ 0.12	\$ 581,473.00
Jacksonville	\$ 0.12	\$ 118,629.00	\$ 0.06	\$ 61,201.00	\$ 0.07	\$ 69,271.00	\$ 0.05	\$ 47,715.00	\$ 0.01	\$ 13,220.00	\$ 0.06	\$ 310,036.00
GUC	\$ 0.64	\$ 637,104.00	\$ 0.33	\$ 334,874.00	\$ 0.23	\$ 226,385.00	\$ 0.21	\$ 208,075.00	\$ 0.28	\$ 283,767.00	\$ 0.34	\$ 1,690,205.00

To further support the City's investment earnings history, attached is a summary of investment and rate of return performance, for the City of Greenville, as summarized by the C2 Group. The C2 Group assists with managing part of the City's portfolio.

Attachment
 Doc # 1025942

CITY OF GREENVILLE Performance History



Performance Date Range: June 30, 2011 - December 31, 2015

Optimizer

NCCMT vs Greenville 1 - 3 Year A/B, 3 - 5 Year A/B and 3-5 Year Treasury

Total Rate of Return		NCCMT	Greenville Portfolios		
			1-3 Year A/B	3-5 Year A/B	3-5 Year T
Date Range					
06/30/2011	06/30/2012	0.06	1.06	5.00	4.24
06/30/2012	06/30/2013	0.05	0.28	-0.49	-0.51
06/30/2013	06/30/2014	0.01	0.83	2.48	1.73
06/30/2014	06/30/2015	0.02	0.94	2.08	2.07
06/30/2015	03/31/2016	0.05	-0.05	0.46	0.23
06/30/2011	12/31/2015	.04	0.68	2.10	1.71

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C2 Investment Group / City of Greenville

CITY OF GREENVILLE Performance History



Performance Date Range: June 30, 2011 - December 31, 2015

Optimizer

NCCMT vs Greenville 1 - 3 Year A/B, 3 - 5 Year A/B and
3-5 Year Treasury

Asset Growth Comparison \$ 1,000,000

Date Range	NCCMT	1-3 Year A/B	Gain/Loss Comparison	3-5 Year A/B	Gain/Loss Comparison	3-5 Year Treasury	Gain/Loss Comparison
06/30/2011 - 12/31/2015	1,001,784	1,030,928	- 29,144	1,098,185	- 96,401	1,079,302	- 77,518

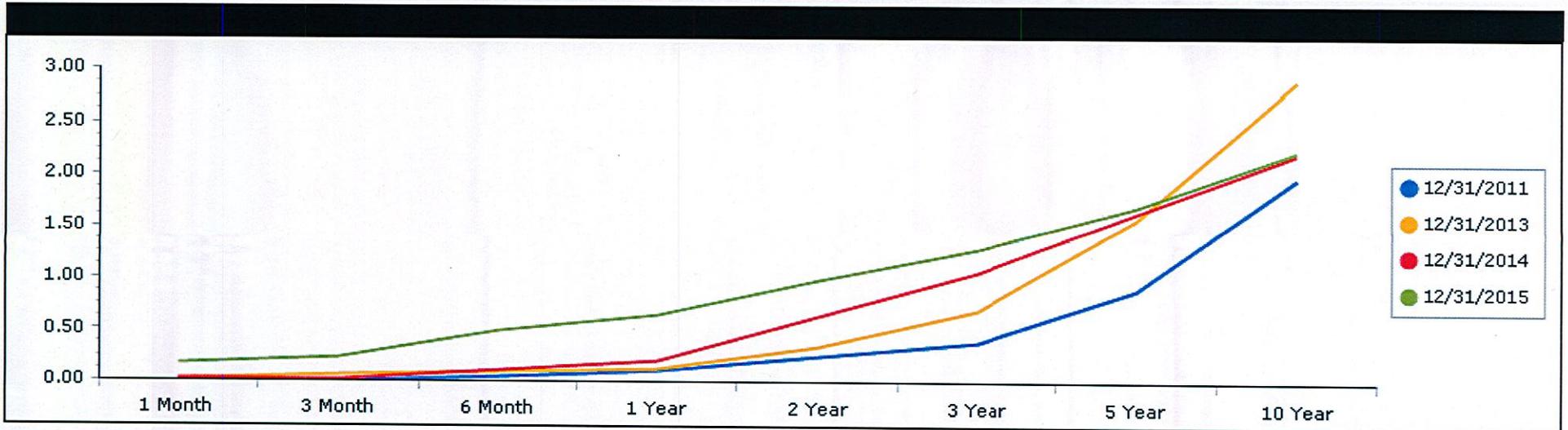
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C2 Investment Group / City of Greenville



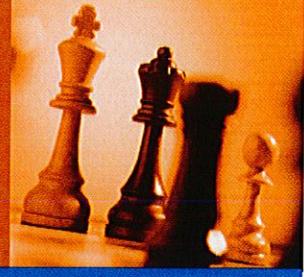
City of Greenville Treasury Yield Curve

Treasury	12/31/2011	12/31/2013	12/31/2014	12/31/2015
1 Month	0.00	0.02	0.03	0.17
3 Month	0.01	0.07	0.03	0.23
6 Month	0.05	0.10	0.11	0.50
1 Year	0.12	0.13	0.21	0.65
2 Year	0.26	0.34	0.64	0.98
3 Year	0.39	0.69	1.06	1.28
5 Year	0.89	1.58	1.64	1.70
10 Year	1.98	2.90	2.21	2.24



CITY OF GREENVILLE

Investment Income



Performance Date Range: June 30, 2011 - December 31, 2015

Optimizer

Greenville 1 - 3 Year and 3 - 5 Year Agency / Bullet
and 3 - 5 Year Treasury

Report: Investment Income - Combined

	"Received" Interest Earned	"Change in Market Value"		
		Change in Accrued Interest	Realized/Un-Realized Gain/Loss	Investment Income Market Value
1 - 3 Year A/B 06/30/2011 - 12/31/2015	1,384,658	-1,192	-1,009,007	374,459
3 - 5 Year A/B 06/30/2011 - 12/31/2015	928,046	-60,400	-148,810	718,836
3 - 5 Year Treasury 06/30/2011 - 12/31/2015	597,948	-25,148	-124,972	447,828
Investment Income - Combined	2,910,652	-86,740	-1,282,789	1,541,123

OPTIMIZER PERFORMANCE

C2 Investment Group believes the information contained in this report was reliably obtained; no guarantees or warranties are made or intended as to accuracy or completeness. This historical information represents past performance and should not be considered indicative of future results. Principal value and investment return will fluctuate.

C2 Investment Group / City of Greenville



Find yourself in good company

MEMORANDUM

To: Barbara Lipscomb, City Manager
Michael Cowin, Assistant City Manager

From: Bernita W. Demery, CPA, MBA, Director of Financial Services *BD*

Date: April 18, 2016

Subject: Cash/Investment Report as of Quarter ending March 31, 2016 – FY 2016

Attached is the City of Greenville's Cash/Investment Portfolio Report as of March 31, 2016. The information below will provide a quarterly review of the activity that occurred in the cash portfolio for the period, January 2016 through March 2016.

During the third quarter of fiscal year 2016, there were no unusual occurrences within the cash / investment categories. The overall cash portfolio reflects a decrease as of March 31, 2016, decreasing to \$62,785,673, which is a cumulative face value change of only \$1,147,330 or 1.8% when compared to the previous year. The decrease is due to spending of construction funds for phase three of the CVA expansion project.

Attached is a historical presentation of the cash portfolio performance for the past five years. The pattern remains consistent to prior year(s).

Investment Earnings are directly dependent on the cash balances on-hand, the timing of coupon payments and the C2 monthly buys and sells. As of March 31, 2016, the year-to-date investment earnings have decreased when compared to same time prior years, as the rate of return has decreased. However, rates are showing an increase in the last few months. The table below illustrates a 2-year history of investment earnings.

Year	March 2016	March 2015
Investment Earnings	\$67,110	\$494,339

The investment transactions for the third quarter are:

Transactions	Cusip	Amount	Realized Gain/(Loss)
C2 Buys	C2	\$3,275,000	-\$0-
C2 Sells	C2	\$3,275,000	(\$7,058.12)

The tables on the next page illustrate the portfolio's performance, market amounts, and rate of returns, and include a comparison to the Federal 91-day T-Bill. The City's monthly portfolio outpaces the Federal Reserve Treasury bill rates on the 91 day. The City's Optimizer investment returns are in line with the Merrill Lynch benchmarks, as illustrated on the "Group Summary Total Portfolio Holdings".

The diversification of the portfolio and the percentages held in investment types complies with the City's investment policy.

Investment Portfolio Update		
	March 31, 2016	March 31, 2015
Market Amount	\$63,419,858.90	\$64,444,828
% Return	.67%	.44%

City versus Federal T-Bill Comparison as of March 31, 2016		
	City Returns	Federal T-Bill Benchmark
91 Day Benchmark Return	.04%	.03%
1-3 Year Benchmark Return	.87%	.66%
3-5 Year Benchmark Return	2.66%	1.38%

Let me know if you have questions.

Cc: City Council
Investment Advisory Committee

Group Summary Portfolio Holdings
City of Greenville
March 31, 2016

Description	Face Amount/Shares	Cost Value	Market Value	Days To Maturity	% of Portfolio	YTM @ Cost
Cash	2,484,136.55	2,484,136.55	2,484,136.55	1	3.96	0.048
Certificate Of Deposit	1,000,000.00	1,000,000.00	1,000,000.00	92	1.59	1
FHLB Bond	2,285,000.00	2,462,172.45	2,336,161.84	354	3.64	0.781
FHLMC Bond	6,470,000.00	6,720,473.47	6,684,485.54	825	10.3	1.218
FNMA Bond	10,450,000.00	10,484,003.48	10,561,043.57	922	16.64	1.19
Local Government Investment Pool	28,162,119.12	28,162,119.12	28,162,119.12	1	44.85	0.383
Money Market	6,794,417.50	6,794,417.50	6,794,417.50	1	10.82	0.043
Treasury Bond	4,785,000.00	4,966,227.54	5,035,921.60	1441	7.62	1.5
Treasury Note	355,000.00	354,112.50	361,573.18	1096	0.57	1.554
Total / Average	62,785,673.17	63,427,662.61	63,419,858.90	369	100	0.669

C2 information included above

Description	Face Amount/Shares	Cost Value	Market Value	Days To Maturity	% of Portfolio	YTM @ Cost
C-2 Optimizer 1-3	14,010,000.00	14,401,502.75	14,243,217.90	617	22.31%	0.983
C-2 Optimizer 3-5	5,195,000.00	5,265,146.65	5,338,473.05	1372	8.27%	1.6
C- 2 Optimizer 3-5 Treasury	5,140,000.00	5,320,340.04	5,397,494.78	1417	8.19%	1.5
Total / Average	24,345,000.00	24,986,989.44	24,979,185.73	1,135	38.77%	1.36

	City 1-3 Agencies Year to Year	M/L 1-3 Agencies Year to Year	City 3-5 Agencies Year to Year	M/L 3-5 Agencies Year to Year	City Treasuries Year to Year	M/L Treasuries Year to Year
Net of Fees	0.87%	N/A	2.52%	N/A	2.44%	N/A
Gross of Fees	0.96%	1.00%	2.62%	2.66%	2.54%	2.56%

Total Group Portfolio Holdings
City of Greenville
March 31, 2016

Description	CUSIP/Ticker	Broker/Dealer	Settlement Date	Face Amount/Shares	Cost Value	Market Value	Maturity Date	Days To	% of Portfolio	YTM @ Cost
Select Bank										
Select Bank 1 6/30/2016	SELECT	Select BankCD	7/1/2015	1,000,000.00	1,000,000.00	1,000,000.00	6/30/2016	92	1.59	1
Sub Total / Average				1,000,000.00	1,000,000.00	1,000,000.00		92	1.59	1
Bank of America										
BANK OF AMERICA Cash	BOABOND	None	6/30/2011	53,406.47	53,406.47	53,406.47	N/A	1	0.09	0.002
Sub Total / Average				53,406.47	53,406.47	53,406.47		1	0.09	0.002
BB&T										
BB&T MM	BBTCASH15	None	12/31/2015	2,096,131.53	2,096,131.53	2,096,131.53	N/A	1	3.34	0.001
BBT Cash	BBTCASH	None	6/30/2009	319,833.71	319,833.71	319,833.71	N/A	1	0.51	0.37
Sub Total / Average				2,415,965.24	2,415,965.24	2,415,965.24		1	3.85	0.05
FCSB										
First Carolina MM	FCSB	None	10/31/2009	253,747.42	253,747.42	253,747.42	N/A	1	0.4	0.35
Sub Total / Average				253,747.42	253,747.42	253,747.42		1	0.4	0.35
First Citizens MM										
FIRST CITIZENS MM MM	FIRSTCITIZENSM	None	9/30/2010	4,011,417.68	4,011,417.68	4,011,417.68	N/A	1	6.39	0.05
Sub Total / Average				4,011,417.68	4,011,417.68	4,011,417.68		1	6.39	0.05
FIRSTTEN										
FIRST TENNESSEE MM	FIRSTTEN	None	4/10/2014	433,120.87	433,120.87	433,120.87	N/A	1	0.69	0.002
Sub Total / Average				433,120.87	433,120.87	433,120.87		1	0.69	0.002
NCCMT927TERM										
NCCMT LGIP	NCCMT927TERM	None	2/28/2013	2,455,892.75	2,455,892.75	2,455,892.75	N/A	1	3.91	0.44
Sub Total / Average				2,455,892.75	2,455,892.75	2,455,892.75		1	3.91	0.44
NCCMTCSTERM										
NCCMT LGIP	NCCMTCSTERM	None	2/28/2013	469,127.11	469,127.11	469,127.11	N/A	1	0.75	0.44
Sub Total / Average				469,127.11	469,127.11	469,127.11		1	0.75	0.44
NCCMTFFTERM										
NCCMT LGIP	NCCMTFFTERM	None	2/28/2013	374,868.62	374,868.62	374,868.62	N/A	1	0.6	0.44
Sub Total / Average				374,868.62	374,868.62	374,868.62		1	0.6	0.44
NCCMTTERM										
NCCMT LGIP	NCCMTTERM	None	6/30/2012	1,823,635.18	1,823,635.18	1,823,635.18	N/A	1	2.9	0.44
Sub Total / Average				1,823,635.18	1,823,635.18	1,823,635.18		1	2.9	0.44
O NCCMT										
NCCMT LGIP	NCCMT192	NC Capital Management Trust	5/31/2006	20,715,235.45	20,715,235.45	20,715,235.45	N/A	1	32.99	0.37
Sub Total / Average				20,715,235.45	20,715,235.45	20,715,235.45		1	32.99	0.37
O Wells Fargo Cash										
wells fargo Cash	WELLSFARGO120	None	7/1/2012	269,786.73	269,786.73	269,786.73	N/A	1	0.43	0
wells fargo Cash	WELLSFARGO635	None	7/31/2012	8,696.37	8,696.37	8,696.37	N/A	1	0.01	0
Sub Total / Average				278,483.10	278,483.10	278,483.10		1	0.44	0
O Optimizer 1-3 Agency										
FHLB 4.875 5/17/2017	3133XKQX6	Synovus Securities, Inc.	4/4/2014	345,000.00	385,568.55	361,202.24	5/17/2017	413	0.55	1.034
FHLMC 0.875 3/17/2018	3137EADP1	Zions Bank	3/5/2015	250,000.00	247,952.50	250,373.50	3/17/2018	717	0.4	1.151
FHLMC 0.875 3/17/2018	3137EADP1	Rice	2/4/2015	355,000.00	354,105.40	355,530.37	3/17/2018	717	0.57	0.957
FHLMC 0.875 3/17/2018	3137EADP1	Rice	1/7/2015	430,000.00	426,624.50	430,642.42	3/17/2018	717	0.68	1.126
FHLMC 1 3/8/2017	3137EADC0	Synovus Securities, Inc.	3/1/2014	350,000.00	352,888.90	351,069.25	3/8/2017	343	0.56	0.723
FHLMC 1 3/8/2017	3137EADC0	Synovus Securities, Inc.	4/5/2012	200,000.00	197,665.80	200,611.00	3/8/2017	343	0.32	1.245
FHLMC 1 6/21/2017	313379DD8	Synovus Securities, Inc.	7/6/2012	110,000.00	110,750.20	110,415.34	6/21/2017	448	0.18	0.859
FHLMC 1 6/21/2017	313379DD8	Synovus Securities, Inc.	10/4/2012	635,000.00	644,613.90	637,396.49	6/21/2017	448	1.01	0.673
FHLMC 1 6/21/2017	313379DD8	Sterne Agee	5/7/2014	105,000.00	105,118.65	105,396.27	6/21/2017	448	0.17	0.963
FHLMC 1 7/28/2017	3137EADJ5	Synovus Securities, Inc.	6/6/2014	225,000.00	225,555.75	225,812.92	7/28/2017	485	0.36	0.92
FHLMC 1 9/29/2017	3137EADL0	ALAMO	8/6/2014	365,000.00	363,886.75	366,326.78	9/29/2017	548	0.58	1.099
FHLMC 3.75 3/27/2019	3137EACA5	Bonwick Capital	2/3/2016	210,000.00	227,338.65	227,231.76	3/27/2019	1092	0.33	1.077
FHLMC 4.75 12/16/2016	3133XH2K1	Rice	2/6/2014	250,000.00	279,218.75	257,282.50	12/16/2016	261	0.4	0.622
FHLMC 4.75 12/16/2016	3133XH2K1	Synovus Securities, Inc.	1/8/2014	840,000.00	936,902.40	864,469.20	12/16/2016	261	1.34	0.772
FHLMC 5 2/16/2017	3137EAAM1	Zions Bank	3/5/2014	415,000.00	467,236.05	430,610.22	2/16/2017	323	0.66	0.679
FHLMC 5 2/16/2017	3137EAAM1	Synovus Securities, Inc.	2/1/2014	390,000.00	438,984.00	404,669.85	2/16/2017	323	0.62	0.811
FNMA 0.875 10/26/2017	3135G0PQ0	Sterne Agee	9/4/2014	365,000.00	361,871.60	365,687.66	10/26/2017	575	0.58	1.153
FNMA 0.875 10/26/2017	3135G0PQ0	Synovus Securities, Inc.	10/6/2014	795,000.00	787,765.50	796,497.78	10/26/2017	575	1.27	1.179
FNMA 0.875 12/20/2017	3135G0RT2	Synovus Securities, Inc.	11/5/2014	540,000.00	536,112.00	540,854.82	12/20/2017	630	0.86	1.109

Description	CUSIP/Ticker	Broker/Dealer	Settlement Date	Face Amount/Shares	Cost Value	Market Value	Maturity Date	Days To	% of Portfolio	YTM @ Cost
FNMA 0.875 2/8/2018	3135GOTG8	Synovus Securities, Inc.	12/3/2014	405,000.00	401,856.80	405,929.88	2/8/2018	680	0.65	1.124
FNMA 0.875 5/21/2018	3135GOWJ8	Zions Bank	11/4/2015	420,000.00	418,630.80	420,516.18	5/21/2018	782	0.67	1.005
FNMA 0.875 5/21/2018	3135GOWJ8	Synovus Securities, Inc.	7/6/2015	510,000.00	507,621.36	510,626.79	5/21/2018	782	0.81	1.04
FNMA 0.875 5/21/2018	3135GOWJ8	Zions Bank	4/6/2015	640,000.00	638,278.40	640,786.56	5/21/2018	782	1.02	0.963
FNMA 0.875 5/21/2018	3135GOWJ8	Rice	6/3/2015	505,000.00	502,439.65	505,620.64	5/21/2018	782	0.8	1.049
FNMA 0.875 8/28/2017	3135GOMZ3	Synovus Securities, Inc.	7/3/2014	605,000.00	601,593.25	606,363.06	8/28/2017	516	0.96	1.057
FNMA 1.375 11/15/2016	3135G0E58	Rice	12/4/2013	220,000.00	225,024.80	221,162.48	11/15/2016	230	0.35	0.592
FNMA 1.375 11/15/2016	3135G0E58	Sterne Agee	12/1/2013	410,000.00	419,040.50	412,166.44	11/15/2016	230	0.65	0.621
FNMA 1.875 9/18/2018	3135GOYM9	Synovus Securities, Inc.	8/5/2015	495,000.00	506,345.40	507,057.21	9/18/2018	902	0.79	1.125
FNMA 1.875 9/18/2018	3135GOYM9	Bonwick Capital	3/3/2016	665,000.00	679,490.35	681,198.07	9/18/2018	902	1.06	1.005
FNMA 1.875 9/18/2018	3135GOYM9	Synovus Securities, Inc.	10/7/2015	655,000.00	673,372.75	670,954.49	9/18/2018	902	1.04	0.908
FNMA 1.875 9/18/2018	3135GOYM9	Synovus Securities, Inc.	1/7/2016	645,000.00	655,565.10	660,710.91	9/18/2018	902	1.03	1.255
FNMA 4.875 6/13/2018	3137EABP3	Bonwick Capital	12/4/2015	590,000.00	643,858.74	641,888.73	6/13/2018	805	0.94	1.194
FNMA 4.875 6/13/2018	3137EABP3	Rice	5/5/2015	70,000.00	78,225.00	76,156.29	6/13/2018	805	0.11	1.021
Sub Total / Average				14,010,000.00	14,401,502.75	14,243,217.90		617	22.31	0.983
O Optimizer 3-5 Agency										
FHLMC 1.25 8/1/2019	3137EADK2	Synovus Securities, Inc.	3/5/2015	495,000.00	487,635.89	499,016.92	8/1/2019	1219	0.79	1.601
FHLMC 1.25 8/1/2019	3137EADK2	Synovus Securities, Inc.	9/4/2014	315,000.00	306,850.95	317,556.22	8/1/2019	1219	0.5	1.803
FHLMC 1.375 5/1/2020	3137EADR7	Synovus Securities, Inc.	6/3/2015	260,000.00	257,222.16	262,040.48	5/1/2020	1493	0.41	1.602
FHLMC 1.75 5/30/2019	3137EADG1	Synovus Securities, Inc.	7/3/2014	35,000.00	35,104.65	35,838.42	5/30/2019	1156	0.06	1.686
FHLMC 1.75 5/30/2019	3137EADG1	Synovus Securities, Inc.	11/5/2014	530,000.00	532,247.20	542,696.15	5/30/2019	1156	0.84	1.653
FHLMC 3.75 3/27/2019	3137EACA5	Rice	4/6/2015	225,000.00	247,049.33	243,462.60	3/27/2019	1092	0.36	1.217
FHLMC 3.75 3/27/2019	3137EACA5	Sterne Agee	10/6/2014	125,000.00	135,867.50	135,257.00	3/27/2019	1092	0.2	1.723
FHLMC 3.75 3/27/2019	3137EACA5	Synovus Securities, Inc.	4/4/2014	120,000.00	131,050.80	129,846.72	3/27/2019	1092	0.19	1.808
FHLMC 3.75 3/27/2019	3137EACA5	Synovus Securities, Inc.	8/5/2015	415,000.00	450,868.45	449,053.24	3/27/2019	1092	0.66	1.313
FNMA 1.5 11/30/2020	3135G0F73	Synovus Securities, Inc.	1/7/2016	690,000.00	680,912.70	696,948.30	11/30/2020	1706	1.1	1.782
FNMA 1.5 6/22/2020	3135G0D75	Synovus Securities, Inc.	7/6/2015	495,000.00	489,399.08	500,466.28	6/22/2020	1545	0.79	1.739
FNMA 1.5 6/22/2020	3135G0D75	Zions Bank	11/4/2015	480,000.00	477,456.00	485,300.64	6/22/2020	1545	0.76	1.619
FNMA 1.75 11/26/2019	3135G0Q22	Synovus Securities, Inc.	1/7/2015	525,000.00	529,299.75	537,197.32	11/26/2019	1336	0.84	1.575
FNMA 1.875 12/28/2020	3135G0H55	Bonwick Capital	3/3/2016	385,000.00	391,927.69	394,998.06	12/28/2020	1734	0.61	1.487
FNMA 4.875 6/13/2018	3137EABP3	Rice	4/6/2015	100,000.00	112,254.50	108,794.70	6/13/2018	805	0.16	0.96
Sub Total / Average				5,195,000.00	5,265,146.65	5,338,473.05		1372	8.27	1.603
O Optimizer 3-5 Treasury										
T-Bond 1 11/30/2019	912828UB4	Zions Bank	2/4/2015	530,000.00	524,368.75	529,772.10	11/30/2019	1340	0.84	1.228
T-Bond 1 11/30/2019	912828UB4	Zions Bank	12/3/2014	470,000.00	456,891.41	469,797.90	11/30/2019	1340	0.75	1.583
T-Bond 1.125 5/31/2019	912828SX9	Synovus Securities, Inc.	7/3/2014	230,000.00	224,250.00	231,536.40	5/31/2019	1157	0.37	1.657
T-Bond 1.125 5/31/2019	912828SX9	Zions Bank	10/6/2014	215,000.00	209,524.22	216,436.20	5/31/2019	1157	0.34	1.697
T-Bond 1.125 5/31/2019	912828SX9	ALAMO	8/6/2014	240,000.00	234,187.30	241,603.20	5/31/2019	1157	0.38	1.65
T-Bond 1.125 5/31/2019	912828SX9	Rice	9/4/2014	320,000.00	312,462.50	322,137.60	5/31/2019	1157	0.51	1.644
T-Bond 1.25 2/29/2020	912828UQ1	Rice	4/6/2015	255,000.00	254,023.83	256,663.36	2/29/2020	1431	0.41	1.331
T-Bond 1.25 2/29/2020	912828UQ1	Zions Bank	6/3/2015	615,000.00	606,207.42	619,011.64	2/29/2020	1431	0.98	1.564
T-Bond 2.125 8/31/2020	912828VV9	Zions Bank	10/7/2015	410,000.00	425,182.81	426,816.56	8/31/2020	1615	0.65	1.341
T-Bond 2.625 11/15/2020	912828PC8	Zions Bank	12/4/2015	370,000.00	384,973.44	393,529.78	11/15/2020	1691	0.59	1.767
T-Bond 2.625 11/15/2020	912828PC8	Zions Bank	2/3/2016	320,000.00	339,300.00	340,350.08	11/15/2020	1691	0.51	1.319
T-Bond 3.625 2/15/2021	912828PX2	Bonwick Capital	3/3/2016	360,000.00	398,264.06	400,682.88	2/15/2021	1783	0.57	1.397
T-Bond 8.75 5/15/2020	912810EF1	Zions Bank	8/5/2015	325,000.00	433,544.92	424,366.15	5/15/2020	1507	0.52	1.482
T-Bond 8.75 5/15/2020	912810EF1	Zions Bank	12/4/2015	125,000.00	163,046.88	163,217.75	5/15/2020	1507	0.2	1.628
T-Note 1.5 3/31/2019	912828SN1	Rice	6/6/2014	355,000.00	354,112.50	361,573.18	3/31/2019	1096	0.57	1.554
Sub Total / Average				5,140,000.00	5,320,340.04	5,397,494.78		1417	8.19	1.504
R Wells Fargo Cash										
wells fargo Cash	WELLSFARGO879	None	7/1/2012	150,834.68	150,834.68	150,834.68	N/A	1	0.24	0
wells fargo Cash	WELLSFARGO175	None	7/1/2012	41,960.68	41,960.68	41,960.68	N/A	1	0.07	0
wells fargo Cash	WELLSFARGO934	None	7/1/2012	604,527.88	604,527.88	604,527.88	N/A	1	0.96	0
wells fargo Cash	WELLSFARGO159	None	7/1/2012	1,035,090.03	1,035,090.03	1,035,090.03	N/A	1	1.65	0
Sub Total / Average				1,832,413.27	1,832,413.27	1,832,413.27		1	2.92	0
R NCCMT										
NCCMT LGIP	NCCMT567	None	1/13/2015	192,255.73	192,255.73	192,255.73	N/A	1	0.31	0.37
NCCMT LGIP	NCCMT417	None	10/31/2011	416,454.80	416,454.80	416,454.80	N/A	1	0.66	0.37
NCCMT LGIP	NCCMT325	None	5/31/2006	1,714,649.48	1,714,649.48	1,714,649.48	N/A	1	2.73	0.37
Sub Total / Average				2,323,360.01	2,323,360.01	2,323,360.01		1	3.7	0.37
Total / Average				62,785,673.17	63,427,662.61	63,419,858.90		369	100	0.669

**City of Greenville
Date to Date Interest**

March 31, 2016

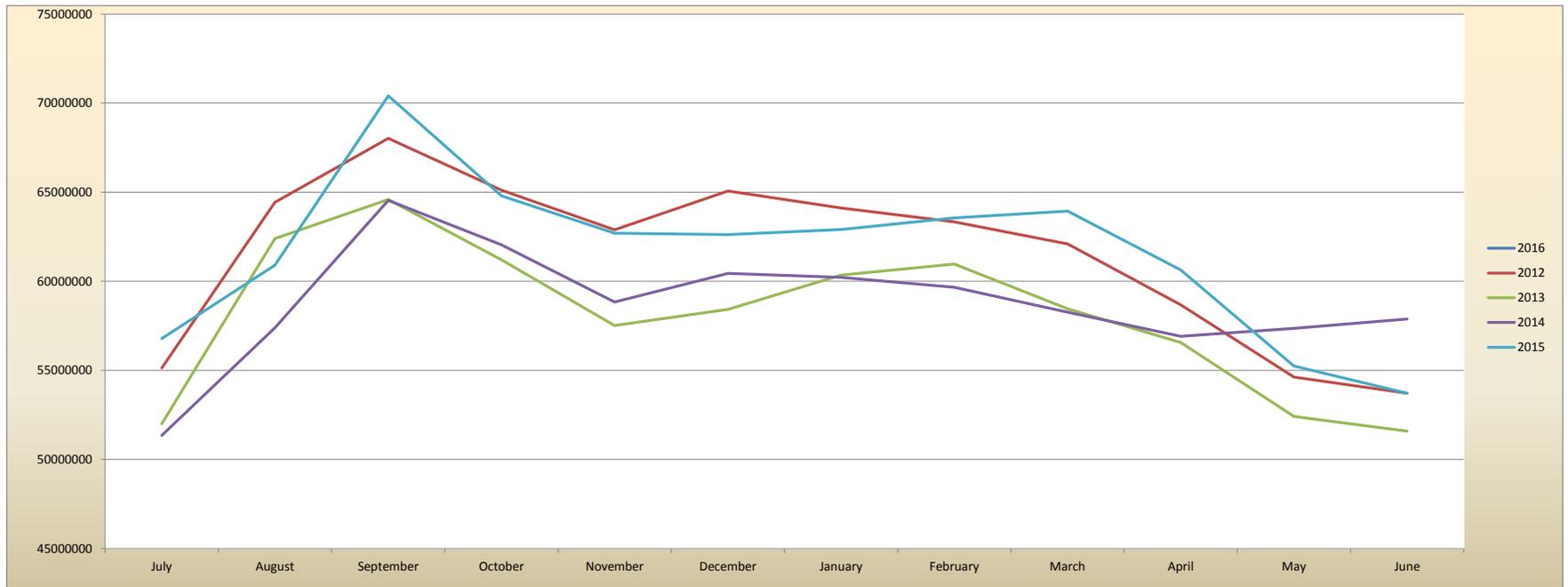
Description	CUSIP/Ticker	Ending Face Amount/Shares	Buy Accrued Interest	Sell Accrued Interest	Interest/Dividends	Unrealized Gain/Loss-MV	Realized Gain/Loss-MV	Ending MV	Beginning MV	Beginning MV + Accrued Interest	Ending Market Accrued Interest	Investment Income-MV	Interest Earned During Period-MV
Select Bank													
select Bank 1 6/30/2016	SELECT	1,000,000.00	0	0	0	0	0	1,000,000.00	1,000,000.00	1,000,821.92	1,643.84	821.92	821.92
Sub Total/Average 09 Street Improvement		1,000,000.00	0	0	0	0	0	1,000,000.00	1,000,000.00	1,000,821.92	1,643.84	821.92	821.92
Bank of America													
BANK OF AMERICA Cash	BOABOND	53,406.47	0	0	8.46	0	0	53,406.47	53,398.01	53,398.01	N/A	8.46	8.46
Sub Total/Average Bank of America		53,406.47	0	0	8.46	0	0	53,406.47	53,398.01	53,398.01	0	8.46	8.46
BB&T													
BB&T MM	BBTCASH15	2,096,131.53	0	0	0	0	0	2,096,131.53	2,096,131.53	2,096,131.53	N/A	0	0
BBT Cash	BBTCASH	319,833.71	0	0	0	0	0	319,833.71	319,833.71	319,833.71	N/A	0	0
Sub Total/Average BB&T		2,415,965.24	0	0	0	0	0	2,415,965.24	2,415,965.24	2,415,965.24	0	0	0
FCSB													
First Carolina MM	FCSB	253,747.42	0	0	0	0	0	253,747.42	253,747.42	253,747.42	N/A	0	0
Sub Total/Average FCSB		253,747.42	0	0	0	0	0	253,747.42	253,747.42	253,747.42	0	0	0
First Citizens MM													
FIRST CITIZENS MM MM	FIRSTCITIZENSMN	4,011,417.68	0	0	0	0	0	4,011,417.68	4,011,417.68	4,011,417.68	N/A	0	0
Sub Total/Average First Citizens MM		4,011,417.68	0	0	0	0	0	4,011,417.68	4,011,417.68	4,011,417.68	0	0	0
FIRSTTEN													
FIRST TENNESEE MM	FIRSTTEN	433,120.87	0	0	0	0	0	433,120.87	433,120.87	433,120.87	N/A	0	0
Sub Total/Average FIRSTTEN		433,120.87	0	0	0	0	0	433,120.87	433,120.87	433,120.87	0	0	0
NCCMT927TERM													
NCCMT LGIP	NCCMT927TERM	2,455,892.75	0	0	923.89	0	0	2,455,892.75	2,454,968.86	2,454,968.86	N/A	923.89	923.89
Sub Total/Average NCCMT927TERM		2,455,892.75	0	0	923.89	0	0	2,455,892.75	2,454,968.86	2,454,968.86	0	923.89	923.89
NCCMTCSTERM													
NCCMT LGIP	NCCMTCSTERM	469,127.11	0	0	176.48	0	0	469,127.11	468,927.52	468,927.52	N/A	176.48	176.48
Sub Total/Average NCCMTCSTERM		469,127.11	0	0	176.48	0	0	469,127.11	468,927.52	468,927.52	0	176.48	176.48
NCCMTFFTERN													
NCCMT LGIP	NCCMTFFTERM	374,868.62	0	0	141.02	0	0	374,868.62	374,727.60	374,727.60	N/A	141.02	141.02
Sub Total/Average NCCMTFFTERN		374,868.62	0	0	141.02	0	0	374,868.62	374,727.60	374,727.60	0	141.02	141.02
NCCMTTERM													
NCCMT LGIP	NCCMTTERM	1,823,635.18	0	0	0	0	0	1,823,635.18	1,823,635.18	1,823,635.18	N/A	0	0
Sub Total/Average NCCMTTERM		1,823,635.18	0	0	0	0	0	1,823,635.18	1,823,635.18	1,823,635.18	0	0	0
O NCCMT													
NCCMT LGIP	NCCMT192	20,715,235.45	0	0	6,878.31	0	0	20,715,235.45	20,156,251.71	20,156,251.71	N/A	6,878.31	6,878.31
Sub Total/Average O NCCMT		20,715,235.45	0	0	6,878.31	0	0	20,715,235.45	20,156,251.71	20,156,251.71	0	6,878.31	6,878.31
O Wells Fargo Cash													
wells fargo Cash	WELLSFARGO120	269,786.73	0	0	0	0	0	269,786.73	2,278,222.78	2,278,222.78	N/A	0	0
wells fargo Cash	WELLSFARGO635	8,696.37	0	0	0	0	0	8,696.37	8,696.37	8,696.37	N/A	0	0
Sub Total/Average O Wells Fargo Cash		278,483.10	0	0	0	0	0	278,483.10	2,286,919.15	2,286,919.15	0	0	0
O Optimizer 1-3 Agency													
FHLB 4.875 5/17/2017	3133XKQX6	345,000.00	0	0	0	-853.52	0	361,202.24	362,055.76	366,821.08	6,213.59	594.76	1,448.28
FHLMC 0.875 3/17/2018	3137EADP1	430,000.00	0	0	1,881.25	808.83	0	430,642.42	429,833.59	431,631.23	240.38	1,132.82	323.99
FHLMC 0.875 3/17/2018	3137EADP1	355,000.00	0	0	1,553.13	667.75	0	355,530.37	354,862.62	356,346.71	198.45	935.23	267.48
FHLMC 0.875 3/17/2018	3137EADP1	250,000.00	0	0	1,093.75	470.25	0	250,373.50	249,903.25	250,948.39	139.76	658.62	188.37
FHLMC 1 3/8/2017	3137EADC0	350,000.00	0	0	1,750.00	164.85	0	351,069.25	350,904.40	352,566.90	213.89	466.24	301.39
FHLMC 1 3/8/2017	3137EADC0	200,000.00	0	0	1,000.00	94.2	0	200,611.00	200,516.80	201,466.80	122.22	266.42	172.22
FHLMC 1 6/21/2017	313379DD8	105,000.00	0	0	0	63.11	0	105,396.27	105,333.16	105,531.50	288.75	153.53	90.42
FHLMC 1 6/21/2017	313379DD8	110,000.00	0	0	0	66.11	0	110,415.14	110,349.03	110,556.81	302.5	160.83	94.72
FHLMC 1 6/21/2017	313379DD8	635,000.00	0	0	0	381.63	0	637,396.49	637,014.86	638,214.30	1,746.25	928.44	546.81
FHLMC 1 7/28/2017	3137EADJ5	225,000.00	0	0	0	201.6	0	225,812.92	225,611.32	225,805.07	387.5	395.35	193.75
FHLMC 1 9/29/2017	3137EADLO	365,000.00	0	0	0	417.93	0	366,326.78	365,908.85	367,429.68	10.14	-1,092.76	-1,510.69
FHLMC 3.75 3/27/2019	3137EACA5	210,000.00	0	0	0	250.11	0	227,231.76	226,981.65	230,306.65	65.62	-3,009.27	-3,259.38
FHLMC 4.75 12/16/2016	3133XH2K1	840,000.00	0	0	0	-1,829.52	0	864,469.20	866,298.72	874,500.39	11,637.50	1,606.31	3,435.83
FHLMC 4.75 12/16/2016	3133XH2K1	250,000.00	0	0	0	-544.5	0	257,282.50	257,827.00	260,267.97	3,463.54	478.07	1,022.57
FHLMC 5 2/16/2017	3137EAAM1	390,000.00	0	0	0	-1,191.45	0	404,669.85	405,861.30	406,565.47	2,383.33	487.71	1,679.16

Description	CUSIP/Ticker	Ending Face Amount/Shares	Buy Accrued Interest	Sell Accrued Interest	Interest/Dividends	Unrealized Gain/Loss-MV	Realized Gain/Loss-MV	Ending MV	Beginning MV	Beginning MV + Accrued Interest	Ending Market Accrued Interest	Investment Income-MV	Interest Earned During Period-MV
R Wells Fargo Cash													
wells fargo Cash	WELLSFARGO159	1,035,090.03	0	0	0	0	0	1,035,090.03	923,813.57	923,813.57	N/A	0	0
wells fargo Cash	WELLSFARGO175	41,960.68	0	0	0	0	0	41,960.68	41,960.68	41,960.68	N/A	0	0
wells fargo Cash	WELLSFARGO879	150,834.68	0	0	0	0	0	150,834.68	176,496.66	176,496.66	N/A	0	0
wells fargo Cash	WELLSFARGO934	604,527.88	0	0	0	0	0	604,527.88	0	0	N/A	0	0
Sub Total/Average R Wells Fargo Cash		1,832,413.27	0	0	0	0	0	1,832,413.27	1,142,270.91	1,142,270.91	0	0	0
R NCCMT													
NCCMT LGIP	NCCMT325	1,714,649.48	0	0	551.16	0	0	1,714,649.48	1,714,098.32	1,714,098.32	N/A	551.16	551.16
NCCMT LGIP	NCCMT417	416,454.80	0	0	131.74	0	0	416,454.80	416,323.06	416,323.06	N/A	131.74	131.74
NCCMT LGIP	NCCMT567	192,255.73	0	0	19.41	0	0	192,255.73	192,214.30	192,214.30	N/A	19.41	19.41
NCCMT LGIP	NCCMT694	0	0	0	0	0	0	0	23.11	23.11	0	0	0
Sub Total/Average R NCCMT		2,323,360.01	0	0	702.31	0	0	2,323,360.01	2,322,658.79	2,322,658.79	0	702.31	702.31
Total / Average		62,785,673.17	7,627.71	12,381.28	16,108.60	35,316.48	-7,739.10	63,419,858.90	64,134,883.99	64,263,319.32	114,001.86	34,006.08	6,428.70

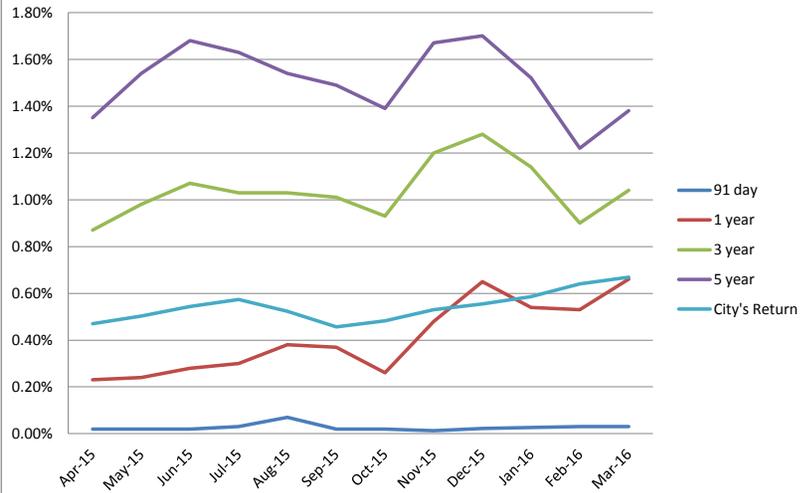
Five Year Cash Balance History

March 31, 2016

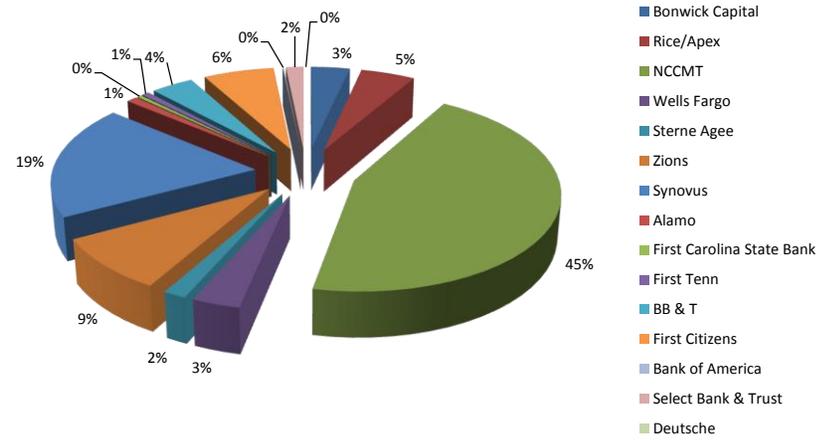
	July	August	September	October	November	December	January	February	March	April	May	June
2012	\$ 55,124,027	\$ 64,431,405	\$ 68,019,719	\$ 65,121,098	\$ 62,886,340	\$ 65,064,973	\$ 64,120,461	\$ 63,332,851	\$ 62,094,891	\$ 58,668,148	\$ 54,624,154	\$ 53,715,274
2013	\$ 52,000,058	\$ 62,392,393	\$ 64,590,786	\$ 61,206,265	\$ 57,520,891	\$ 58,420,820	\$ 60,347,448	\$ 60,960,773	\$ 58,450,807	\$ 56,558,139	\$ 52,413,894	\$ 51,578,642
2014	\$ 51,352,660	\$ 57,395,276	\$ 64,540,959	\$ 62,047,458	\$ 58,834,586	\$ 60,437,803	\$ 60,212,035	\$ 59,663,899	\$ 58,256,279	\$ 56,909,045	\$ 57,361,453	\$ 57,884,519
2015	\$ 56,785,306	\$ 60,898,082	\$ 70,418,155	\$ 64,796,426	\$ 62,695,965	\$ 62,616,455	\$ 62,909,838	\$ 63,553,009	\$ 63,933,003	\$ 60,631,985	\$ 55,246,726	\$ 53,715,274
2016	\$ 52,477,471	\$ 58,246,943	\$ 67,951,555	\$ 65,489,692	\$ 60,958,128	\$ 65,126,593	\$ 66,868,418	\$ 63,553,009	\$ 62,785,673			



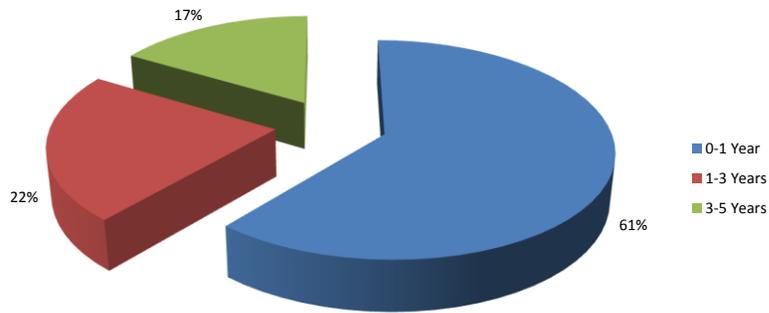
**Investments by Rate of Return
March 31, 2016**



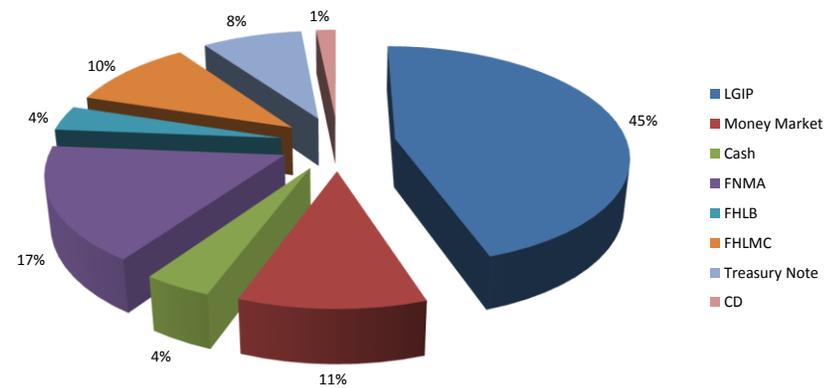
**Investment Percentage by Broker
March 31, 2016**



**Days to Maturity Percentage
March 31, 2016**



**Investment by Type
March 31, 2016**



City of Greenville Investment Policy

Authority:	G.S. 159-30: Investment of Idle Funds
Supersedes:	City of Greenville Investment Policy dated March 6, 2006
Review Responsibility:	Investment Committee
Review Schedule:	Annually or as needed
Approval Needed:	City Council
Supersedes:	January 11, 2010
Updated:	September 10, 2012

PURPOSE

The purpose of this investment policy is to establish guidelines for the City of Greenville for the efficient and prudent management of public funds, in accordance with North Carolina General Statutes. This document also sets forth the Investment Policy for Risk Management to ensure that an effective risk management system is in place to monitor the risk levels. This Policy does not require the elimination of risk but instead strives to achieve a balance between risk and return. The City of Greenville, at times, takes on low levels of risk to achieve appropriate levels of return.

SCOPE

This policy applies to the investment of all funds of the City of Greenville with the exception of investment of employee's retirement funds, 401K funds and Other Post Employment Benefits (OPEB) (which are invested by the State of North Carolina) and certain restricted bond issues. These funds are accounted for in the City of Greenville's Comprehensive Annual Financial Report. Except for cash in certain restricted and special funds, the City of Greenville will consolidate cash balances from all funds to maximize investment earnings (pooling of funds). The accounting for the individual fund's cash balances will continue to be maintained separately. Investment income will be allocated to the individual funds based on each fund's respective participation and in accordance with generally accepted accounting principles. Greenville Utilities Commission adopted a separate investment policy for the Enterprise Funds (Water, Sewer, Electric, and Gas). Where applicable, this policy also incorporates the following Government Accounting Standards Board Statements:

- I. GASB Statement No. 31 - *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, implemented July 1, 1997. It should be noted that GASB Statement No. 32 amends No. 31 but only as it applies to Section 457 plans so it is not applicable to the City of Greenville.

II. GASB Statement No. 40 – *Deposit and Investment Risk Disclosure, effective July 1, 2004.*

STRATEGIC OBJECTIVES

The City of Greenville’s primary investment objectives, in priority order, shall be safety, liquidity, and yield:

- I. Safety – Safety of principal is the highest objective of this policy. Investments shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to minimize credit risk and interest rate risk as well as identifying, measuring and communicating risks. The strategic objective is also to monitor whether investment returns are reasonable for the government.
 - a. Credit Risk – The City of Greenville will minimize credit risk, the risk of loss due to the failure of the security issuer or backer, by:
 - Limiting investments to the safest type of securities
 - Pre-qualifying the financial institutions, advisers, brokers/dealers and intermediaries with which the City of Greenville will do business with (as described under the Suitable and Authorized Investment section of this policy)
 - Diversifying the investment portfolio to minimize the risk of loss resulting from over concentration of assets in a specific maturity, issuer, financial institution, or class of securities
 - b. Interest Rate Risk – The City of Greenville will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by:
 - Evaluating cash flow requirements and structuring the maturity of investments accordingly in order to avoid selling securities on the open market prior to maturity
 - Investing primarily in shorter-term securities, such as bank money market accounts, when long-term rates are less attractive.
- II. Liquidity – The investment portfolio shall remain sufficiently liquid to meet all operating and debt service requirements that may be reasonably anticipated. This is accomplished by structuring the maturity of investments to meet the anticipated cash needs. In addition, since all possible cash demands cannot be anticipated, the portfolio will consist largely of securities with active resale markets.
- III. Yield – The portfolio shall be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, commensurate with the City of Greenville’s investment portfolio constraints and the cash flow characteristics of the portfolio. Return on investment is of secondary importance compared to the safety and liquidity objectives described above. The investments prescribed in this policy are limited to relatively low risk securities and therefore, it

is anticipated they will earn a fair return relative to the risk being assumed. Securities shall not be sold prior to maturity with the following exceptions:

1. A security swap would improve the quality, yield, or target duration in the portfolio
2. Liquidity needs of the portfolio require that the security be sold
3. A security with declining credit may be sold prematurely to minimize loss of principal
4. An investment held as part of a portfolio intended to match the return on a benchmark index where the sale of such is essential to matching the benchmark.

STANDARDS OF CARE

- I. Prudent Person Rule – The standard of prudence to be used by investment officials shall be the “prudent person” standard and shall be applied in the context of managing an overall portfolio. The standard states, “Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital, as well as, the probable income to be derived.”

Investment Officers acting in accordance with written procedures and this investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security’s credit risk or market price changes, provided the deviations from expectations are reported in a timely fashion and the subsequent liquidity and sale of securities are carried out in accordance with the terms of this policy.

- II. Responsibility – In accordance with North Carolina General Statute 159-30, the Director of Financial Services is designated as the Investment Officer of the City of Greenville. The Investment Officer will establish and maintain procedures for operation of the investment program which are consistent with this policy. The Director of Financial Services shall have the power to purchase, sell, and exchange securities on behalf of the City Council. In order to promote efficiency of investment duties and related activities, the Director of Financial Services may, at his/her option, designate one or more staff members to serve as investment staff and perform the functions of cash management and investing. Employees involved in these functions shall act in accordance with established written procedures and internal controls for the operation of the investment program consistent with this investment policy. The Director and Investment Staff will select and maintain risk management tools to provide analyses that inform and support the investment actions. The Director and Staff shall monitor and report material changes on all violations of guidelines to the Investment Committee.

In the absence of the Director and those to which she/he has delegated investment authority, the City Manager or his or her designee is authorized to execute investment activities.

- III. Investment Committee – The investment committee will consist of the City Manager, Assistant City Manager, Director of Financial Services, and Financial Services Manager. Members of the investment committee meet every other month to determine general strategies and evaluate results. At which point, the committee advises the Director of Financial Services on investment options. The committee includes in its deliberations such topics as: economic outlook, portfolio diversification, maturity structure, potential risks to the government’s funds, authorized depositories, brokers and dealers, and the investment portfolio’s target rate of return.

The investment committee will review the investment policy periodically and recommend approval of changes to City Council. The committee shall perform such other duties as may be assigned to it by this policy or by action of the City Council.

- IV. Investment Advisory Committee – This Advisory Committee will consist of three Greenville, NC residents with qualifications related to investing (i.e. bankers, stock brokers, accountants, economists, etc.). These members will be appointed by City Council and will meet three times a year (normally during April, August and December). At inception, this committee will meet initially with the Investment Committee during November. Initial appointments are staggered and will be for one (1) year, two (2) year, and three (3) year terms. Thereafter, appointments will be for three (3) year terms. Additional appointments of the same members may be made for a maximum of two terms. Members filling a partial term (less than three years) may be appointed for three additional terms. The appointments shall be effective each November 1st and expire on October 31st three years later.

Members of the Advisory Committee will meet to review the City’s current portfolio and any recommendations for new investments that the committee has, in order to determine general strategies and monitor results. At which point, it advises the Investment Committee on investment options. The Advisory Committee will receive three-month (quarterly) investment reports from the Investment Committee at the end of each quarter in order to facilitate discussion topics. Similar to the Investment Committee, this committee includes in its deliberations such topics as: economic outlook, portfolio diversification, maturity structure, potential risks to the government’s funds, authorized depositories, brokers and dealers, and the target rate of return on the investment portfolio.

Annually, the Advisory Committee will report to the City Council on investment strategies and accomplishments that have occurred. The committee shall perform such other duties as may be assigned to it by this policy or upon action of the City Council.

- V. Conflicts of Interest – Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose any material interests in financial institutions that conduct business with the City of Greenville. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. This disclosure need not include normal banking or brokerage relationships that are at normal market rates and conditions available to the general public.
- VI. Investment Procedures – The Director of Financial Services, or delegate, shall establish written investment procedures for the operation of the investment program consistent with this policy. The procedures should include reference to: safekeeping, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Director of Financial Services.

SUITABLE AND AUTHORIZED INVESTMENTS

I. Investment Instruments

North Carolina General Statute 159-30 provides the legal limitations of types of investments permitted for local governments. Within these limitations, the following investments are authorized:

- a. United States Treasury Bills, Notes, and Bonds or those for which the full faith and credit of the United States are pledged for payment of principal and interest. There shall be no limit on the percentage of the portfolio invested in these instruments
- b. U.S. Government Agency Securities or U.S. Government Instrumentality Securities – the Federal Home Loan Mortgage Corporation (FHLMC or Freddie Macs); the Federal Home loan Banks; the Federal National Mortgage Association; and others as allowed by state statute
- c. North Carolina Capital Management Trust
- d. Certificates of Deposit with banks and savings and loan associations having their principal office in North Carolina
- e. Banker's Acceptances provided that the accepting bank or its holding company bank is either 1) incorporated in the State of North Carolina or 2) has outstanding publicly held obligations bearing the highest rating of at least one nationally recognized rating service

- f. Commercial Paper of the highest quality as defined by the North Carolina General Statute
- g. North Carolina State and Local Bonds of the highest rating

This policy specifically limits the purchase of Stripped Instruments (Derivative Security) and Repurchase Agreements. Although, these are allowed by State Statute, the Stripped Instruments have considerable market risk attached to them and the Repurchase Agreements have strict compliance rules. This exclusion does not apply to permissible Government Agencies.

SELECTION OF INVESTMENTS

The Director of Financial Services or designee will determine which investments will be purchased and sold and the desired maturity date(s) that are in the best interest of the City. The selection of an investment will involve the evaluation of, but not limited to, the following factors: cash flow projections and requirements; current market conditions; and overall portfolio balance and makeup.

Selection of investments will be made in one of two ways. Some investments, particularly Certificates of Deposit, will be selected based on a competitive basis through quotes. Alternatively, electronic information sources (e.g. Bloomberg) may also be utilized to verify a dealer's pricing by accessing real-time market data.

DEALERS AND FINANCIAL INSTITUTIONS

A list will be maintained of financial institutions that are approved for investment purposes. A list will also be maintained of approved security broker/dealers selected by creditworthiness, which will largely be the "primary" dealers or regional dealers that qualify under the Securities and Exchange Commission (SEC) Rule. All financial institutions and brokers/dealers who desire to become qualified for investment transactions with the City of Greenville may be required to submit the following as appropriate:

- Audited financial statements
- Proof of National Association of Securities Dealers (NASD) certification
- Proof of state registration
- Completed broker/dealer questionnaire
- Certification of having read and understood and agreeing to comply with the City of Greenville's investment policy.

With the exception of the "primary" dealers/brokers, a periodic review of the financial condition and registration of qualified financial institutions and broker/dealers will be conducted by the Director of Financial Services or designee as deemed necessary. The SEC closely monitors the primary dealers/brokers and hence a review will not be required. In addition, approved financial institution lists supplied by the Local

Government Commission or Government Finance Officers Association or other reputable source will not require additional review by the Financial Services Department.

DIVERSIFICATION AND MAXIMUM MATURITIES

I. Diversification – The investments shall be diversified by:

- The City will identify three categories of funds as a base for how much of the cash portfolio will be invested in specific investment instrument. Definitions are:
 - Immediate Need/Reserve – a segment of the portfolio that consist of funds that are readily available for unexpected events/occurrences.
 - General Operating – a segment of the portfolio that will provide funds for investment after obligations are met over a 12 month period. This category will include restricted bond funds.
 - Long Term – 1-5 years – a segment of the portfolio that is in excess of the immediate needs and general operating. This category is treated with an assertive approach to achieve maximum performance.

<u>Type of Segment</u>	<u>% Maintained</u>	<u>Investment Types</u>	<u>Return Goal</u>
Immediate Need /Unexpected	5%-10%	NCCMT	Market Rate of Return
General Operating	20%-60%	CD's, Commercial Paper, Money Markets	Market Rate of Return
Long – Term (1-5 years)	20%-60%	Buy/Sell US Treasury/Agency Securities	Achieves a Market Rate of Return

To summarize the above investment diversification, the City of Greenville’s portfolio will:

- Limit investment in securities that have higher credit risks,
- Invest in securities with varying maturities, and
- Continuously invest a portion of the portfolio in readily available funds to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.
- The Financial Services Director is responsible for monitoring compliance with the above restrictions. If a violation occurs, in a timely manner, the Director shall report such violation to the Investment Committee along with a plan to address the violation.

II. Maximum Maturities – To the extent possible, the City of Greenville shall attempt to match the maturity of investments with anticipated cash flow requirements. Investments will be limited to maturities not exceeding 5 years from the settlement date. However, with specific approval of the Investment Committee, for a specific reserve, project, etc. the maturity may extend beyond 5 years.

SAFEKEEPING AND CUSTODY

I. Internal Controls – The Director of Financial Services or designee is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City of Greenville are protected from loss, theft, or misuse. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. The internal controls shall address the following points:

- Control of collusion
- Separation of transaction authority from accounting and record keeping
- Custodial safekeeping
- Clear delegation of authority to subordinate staff members
- Written confirmation of transactions for investments and wire transfers
- Development and maintenance of a wire transfer agreement

II. Safekeeping Arrangement – All securities purchased by the City of Greenville shall be held in third party safekeeping by the bank designated as the primary agent. A detailed receipt shall be issued by the primary agent (bank) for each security transaction, as well as, a monthly report detailing all securities held by the Trust Department of this bank.

III. Delivery vs. Payment (DVP) – All trades where applicable will be executed by delivery versus payment to ensure that securities are deposited in an eligible financial institution prior to the release of funds. A third-party custodian as evidenced by safekeeping receipts will hold securities.

IV. Collateralization – In accordance with the Government Finance Officers Association Recommended Practices on the Collateralization of Public Deposits, and as required by state law, full collateralization will be required on checking accounts and non-negotiable certificates of deposit. North Carolina General Statutes allow the State Treasurer and the Local Government Commission (LGC) to prescribe rules to regulate the collateralization of public deposits in North Carolina banks. The method of “pooling investments” transfers the responsibility for monitoring each bank’s collateralization and financial condition from the City to the State Treasurer and LGC. The City will only maintain deposits with institutions using the Pooling Method of Collateralization.

REPORTING AND ANALYSIS

I. Reporting – The Director of Financial Services, or designee, shall prepare an investment report monthly, which will be provided to the Investment Committee and a three-month report to be distributed to the Investment Advisory Committee. The report(s) will, at a minimum, include the following:

- Listing of securities held at the end of the reporting period

- Listing or chart of investments by maturity date
 - Percentage of the total portfolio that each type of investment represents (e.g. Certificate of Deposit, Government Agencies, etc.)
 - Percentage of the total portfolio “of” each issuer (e.g. Federal Home Loan Bank)
- II. Performance Standards and Market – The City of Greenville’s investment strategy is passive. Given this strategy, the basis used by the Director of Financial Services to determine whether market yields are being achieved shall be to identify one or more comparable benchmarks to the portfolio investment duration, (e.g. 90-day T-bill, 6-month T-bill, etc.). Benchmarks will be identified and approved by the Investment Committee with advice from the Investment Advisory Committee. However, undue emphasis will not be placed on achieving any specific return. The safety and liquidity of the funds will remain the primary objectives.
- III. Marking to Market – A report of the market value for the portfolio will also be prepared monthly. The Financial Services Director or designee will use the reports to review the investment portfolio in terms of value and price volatility, as well as for compliance with GASB Statement 31.

POLICY CONSIDERATIONS

- I. Approval and Amendments - The investment policy shall be adopted by the City Council. The policy shall be reviewed annually by the Investment Committee and the Investment Advisory Committee. Any recommended modifications made thereto must be approved by the City Council.
- II. Exemption – Any investment currently held that does not meet the guidelines of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested only as provided by this policy.
- III. Changes in state law incorporated – Changes in the North Carolina General Statutes that are applicable to this policy will be incorporated, with subsequent notification provided to City Council.
- IV. List of Attachments
- a. Glossary of Terms
 - b. Investment trading relationship agreement
 - c. G.S. 159-30 – Investment of idle funds
 - d. G.S. 159-31 – Selection of depository; deposits to be secured

Glossary of Terms City of Greenville, NC Investment Policy

Following is a listing and a more detailed definition of the investing terms that appear in the City of Greenville's Investment Policy. This glossary has been adapted from: 1) "Investment Terms for Everyday Use," and an article which was published in the *Public Investor*, April 5, 1996, 2) "Collateralization of Public Deposits in North Carolina," Harlan E. Boyles, State Treasurer, 3) "An Elected Official's Guide to Investing," Government Finance Officers Association.

Agency – A debt security issued by a federal or federally sponsored agency. Federal agencies are backed by the full faith and credit of the U.S. Government. Federally sponsored agencies (FSAs) are backed by each particular agency with a market perception that there is an implicit government guarantee. An example of a federal agency is the Government National Mortgage Association (GNMA). An example of an FSA is the Federal National Mortgage Association (FNMA).

Bankers' Acceptances – A time draft drawn on and accepted by a bank to pay a specified amount of money on a specified date. The draft is a primary and unconditional liability of the accepting bank. They are typically created for international trade transactions. They are backed by the issuers' guarantee to pay, the underlying goods being financed, and the guarantee of the accepting bank (triple-barreled guarantee).

Benchmark – A comparative base for measuring the performance or risk tolerance of some or the entire investment portfolio. A benchmark should represent a close correlation to the level of risk and the average duration of the portfolio's investments.

Bid – The indicated price at which a buyer is willing to purchase a security or commodity.

Broker – One who brings buyers and sellers together for a commission.

Certificate of Deposit – A time deposit that bears a specified interest rate, for a specified dollar amount, for a specified time period. They may be issued in negotiable or nonnegotiable form. Nonnegotiable CDS carry penalties for early redemptions and are the least liquid money market instrument available.

Collateralization – Process by which a borrower pledges securities, property, or other deposits for the purpose of securing the repayment of a loan and/or security. Collateralization of public funds requires the financial institution to pledge government securities sufficient to cover public funds in excess of the FDIC guaranteed amount. There are two methods. The first is the "Dedicated Method," which each public depositor's deposits are secured separately, and which requires the establishing of a separate escrow account for each public depositor. The second is the "Pooling Method,"

under which all public depositors' deposits are secured through a single escrow account established by the depository with the State Treasurer for the benefit of the State and the participating units.

Commercial Paper – An unsecured short-term promissory note issued by corporations, with maturities, ranging from 2 to 270 days.

Comprehensive Annual Financial Report (CAFR) – The official annual financial report for the City of Greenville. It includes five combined statements for each individual fund and is prepared in conformity with Generally Accepted Accounting Principles (GAAP).

Credit quality – The measurement of the financial strength of a bond issuer. This measurement helps an investor to understand an issuer's ability to make timely interest payments and repay the loan principal upon maturity. Generally, the higher the credit quality of a bond issuer, the lower the interest rate paid by the issuer because the risk of default is lower. Credit quality ratings are provided by nationally recognized rating agencies.

Credit risk – The risk to an investor that an issuer will default in the payment of interest and/or principal on a security.

Dealer – Makes markets in money market instruments by quoting bid and asked prices at which they are prepared to buy and sell for their own accounts.

Delivery Versus Payment (DVP) – A type of securities transaction in which the purchaser pays for the securities when they are delivered either to the purchaser or his/her custodian.

Derivative Security – Financial instrument created from, or whose value depends upon, one or more underlying assets or indexes of asset values.

Diversification - A process of investing assets among a range or security types by sector, maturity, and quality.

Fair Value – The amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Government Securities – An obligation of the U.S. government, backed by the full faith and credit of the government. These securities are regarded as the highest quality of investment securities available in the U.S. securities market. See “Treasury Bills, Notes, and Bonds.”

Interest Rate Risk - The risk associated with declines or rises in interest rates that cause an investment in a fixed-income security to increase or decrease in value.

Internal Controls – An internal control structure designed to ensure that the assets of the entity are protected from loss, theft, or misuse. The internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that 1) the cost of a control should not exceed the benefits likely to be derived and 2) the valuation of costs and benefits requires estimates and judgments by management. Internal controls should address the following points:

1. **Control of collusion** – Collusion is a situation where two or more employees are working in conjunction to defraud their employer.
2. **Separation of transaction authority from accounting and record keeping** – By separating the person who authorizes or performs the transaction from the people who record or otherwise account for the transaction, a separation of duties is achieved.
3. **Custodial safekeeping** - Securities purchased from any bank or dealer including appropriate collateral (as defined by state law) shall be placed with an independent third party for custodial safekeeping.
4. **Avoidance of physical delivery securities** – Book-entry securities are much easier to transfer and account for since actual delivery of a document never takes place. Delivered securities must be properly safeguarded against loss or destruction. The potential for fraud and loss increases with physically delivered securities.
5. **Clear delegation of authority to subordinate staff members** – Subordinate staff members must have a clear understanding of their authority and responsibilities to avoid improper actions. Clear delegation of authority also preserves the internal control structure that is contingent on the various staff positions and their respective responsibilities.
6. **Written confirmation of transactions for investments and wire transfers** – Due to the potential for error and improprieties arising from telephone and electronic transactions, all transactions should be supported by written communications and approved by the appropriate person. Written communications may be via FAX if on letterhead and if the safekeeping institution has a list of authorized signatures.
7. **Development of a wire transfer agreement with the lead bank and third-party custodian** – The designated official should ensure that an agreement will be entered into and will address the following points: controls, security provisions, and responsibilities of each party making and receiving wire transfers.

Investment Policy – A concise and clear statement of the objectives and parameters formulated by an investor or investment manager for a portfolio of investment securities.

Liquidity – A characteristic of an asset that can be converted easily and quickly into cash.

Local Government Investment Pool (LGIP) – An investment by local governments in which their money is pooled as a method for managing local funds.

Mark-to-market – The process whereby the book value or collateral value of a security is adjusted to reflect its current market value.

Market Risk – The risk that the value of a security will rise or decline as a result of changes in market conditions.

Market Value – The current market price of a security.

Maturity – The date on which payment of a financial obligation is due. The final stated maturity is the date on which the issuer must retire a bond and pay the face value to the bondholder.

Money Market Mutual Fund – Mutual funds that invest solely in money market instruments (short-term debt instruments, such as Treasury bills, commercial paper, bankers' acceptances, repos and federal funds).

Mutual Fund – An investment company that pools money and can invest in a variety of securities, including fixed-income securities and money market instruments. Mutual funds are regulated by the Investment Company Act of 1940 and must abide by the following Securities and Exchange Commission (SEC) disclosure guidelines:

1. Report standardized performance calculations.
2. Disseminate timely and accurate information regarding the fund's holdings, performance, management, and general investment policy.
3. Have the fund's investment policies and activities supervised by a board of trustees, which are independent of the adviser, administrator or other vendor of the fund.
4. Maintain the daily liquidity of the fund's shares.
5. Value their portfolios on a daily basis.
6. Have all individuals who sell SEC-registered products licenses with a self-regulating organization (SRO) such as the National Association of Securities Dealers (NASD).
7. Have an investment policy governed by a prospectus that is updated and filed by the SEC annually.

National Association of Securities Dealers (NASD) – A self-regulatory organization (SRO) of brokers and dealers in the over-the-counter securities business. Its regulatory mandate includes authority over firms that distribute mutual fund shares as well as other securities.

Portfolio – The collection of securities held by an investee.

Primary Dealer – A dealer that buys government securities directly from the Federal Reserve Bank (the Fed) and that has met certain minimum financial criteria set by the Markets Reports Division of the Federal Reserve Bank of New York. To ensure that

dealers have sufficient capital to support their activities and manage their risk exposure, the Fed requires primary dealers to maintain a minimum capital adequacy ratio.

Principal – The face value or par value of a debt instrument. Also may refer to the amount of capital invested in a given security.

Prudent Person Rule – An investment standard outlining the fiduciary responsibilities of public funds investors relating to investment practices.

Repurchase Agreement (Repo or RP) – An agreement of one party to sell securities at a specified price to a second party and a simultaneous agreement of the first party to repurchase the securities at a specified price or at a specified later date.

Safekeeping – Holding of assets (e.g. securities) by a financial institution.

Swap – Trading one asset for another.

Treasury Bills – Short-term U.S. government non-interest bearing debt securities with maturities of no longer than one year and issued in minimum denominations of \$10,000. Auctions of three-and six-month bills are weekly, while auctions of one-year bills are monthly. The yields on these bills are monitored closely in the money markets for signs of interest rate trends.

Treasury Notes – Intermediate U.S. government debt securities with maturities of one to 10 years and issued in denominations ranging from \$1,000 to \$1 million or more.

Treasury Bonds – Long-term U.S. government debt securities with maturities of ten years or longer and issued in minimum denominations of \$1,000. Currently, the longest outstanding maturity for such securities is 30 years.

Volatility – A degree of fluctuation in the price and valuation of securities.

Yield – The current rate of return of an investment security generally expressed as a percentage of the security's current price.

CITY OF GREENVILLE
INVESTMENT TRADING RELATIONSHIP AGREEMENT

In consideration of and as a prerequisite to conducting investment business with the City of Greenville, North Carolina, the undersigned investment/financial firm (hereafter firm) agrees to the following terms and conditions:

Eligible Investment Securities – The firm acknowledges that it has reviewed and is aware of the North Carolina State Statutes governing the investments that are eligible for purchase by local governments in North Carolina. The firm agrees to offer no investment to the City that does not meet these statutory and regulatory guidelines. A copy of the applicable general statute (NCGS 159-30) is enclosed. The investment/financial firm also certifies that they are a “primary dealer.” The Director of Financial Services will authorize any other financial institution.

Confirmation and Monthly Statements – The firm agrees that it will send or email confirmation on every transaction promptly to the following address:

City of Greenville	-or-	Director of Financial Services
Financial Services Department		bdemery@greenvillenc.gov
P.O. Box 7207		
Greenville, NC 27835		Senior Financial Services Manager
		kbranch@greenvillenc.gov

Delivery Instructions – The firm agrees to deliver securities to the City delivery versus payment.

Financial Statements – The firm agrees to send its annual audited financial statements to the City within 180 days after the end of each fiscal year.

Cancellation – The City or the firm may immediately cancel this agreement upon written notification.

The undersigned authorized representative of the firm agrees, on behalf of the firm, that the provisions of this agreement will be followed and that if the city sustains losses as a result of the firm’s failure to abide by this agreement, then the firm will be liable for the losses and will reimburse the City the amount of those losses. The firm also agrees that any changes to this agreement will not be effective unless authorized in writing by the Director of Financial Services.

Firm

Person Authorized to Bind Firm

Date

The City of Greenville reserves the right to limit the number of firms authorized to do business with the City, regardless of the qualifications of any particular firm. Following outlines a checklist that all providers must review and signoff on prior to conducting business with the City of Greenville.

1. Has your firm been in existence for more than 5 years? (check one)

Yes No

2. Does your firm carry adequate insurance coverage including liability, errors and omissions and worker's compensation? (check one)

Yes No

3. Has your firm conducted trades with any other North Carolina Municipality or other agency? (check one)

Yes No

4. If your answer to number 3 was yes, please list at least two references below contact names and phones numbers.

a. _____

b. _____

5. Has your firm been subject to any litigation, arbitration, or regulatory proceedings, either pending, adjudicated, or settled within the last year, that involved allegations of improper, fraudulent, disreputable or unfair activities related to the sale of securities to or the purchase of securities from institutional clients? (check one)

Yes No If "Yes", please describe each matter briefly.

6. Has your firm been subject to a regulatory, state, or federal agency investigation, within the last year, for alleged improper, fraudulent, disreputable, or unfair activities related to the purchase or sale of securities? (check one)

Yes

No If "Yes", please describe each matter briefly.

7. If you are not on the State of North Carolina Treasurer's listing for "pooling method," has your firm submitted its annual financial statements for the City's review? (check one)

Yes

No

8. Is any official or employee of the City of Greenville directly or indirectly interested in this agreement for any reason or personal gain? (check one)

Yes

No If "Yes", please describe relationship

CERTIFICATION

We hereby certify that we have read and that we understand the investment policies and objectives of the City of Greenville as reflected in the City’s Investment Policy, as amended January 2010. Our firm will ensure that all affected sales personnel will be routinely informed of the City’s investment objectives, horizon, outlook, strategies, and risk constraints, as the City provides such information.

Our firm will notify the Director of Financial Services, the Senior Financial Services Manager, or a designated Financial Services staff member, by telephone, and, in writing, in the event of a material adverse change in the firm’s financial condition.

Our firm pledges to exercise due diligence in informing the Director of Financial Services, the Senior Financial Services Manager, or a designated Financial Services staff member of all foreseeable risks associated with any financial transactions that our firm undertakes with the City. We guarantee the accuracy and dedication to the services our firm performs for the City.

Signing of this Certification is only part of the City of Greenville’s review process and DOES NOT guarantee that the candidate will be authorized to provide financial services to the City.

Firm: _____

Name: _____

Signed: _____

Title: _____

Date: _____