

LOCAL BANKING DEPOSIT PROGRAM



MAG Economic Development Committee
September 11, 2012

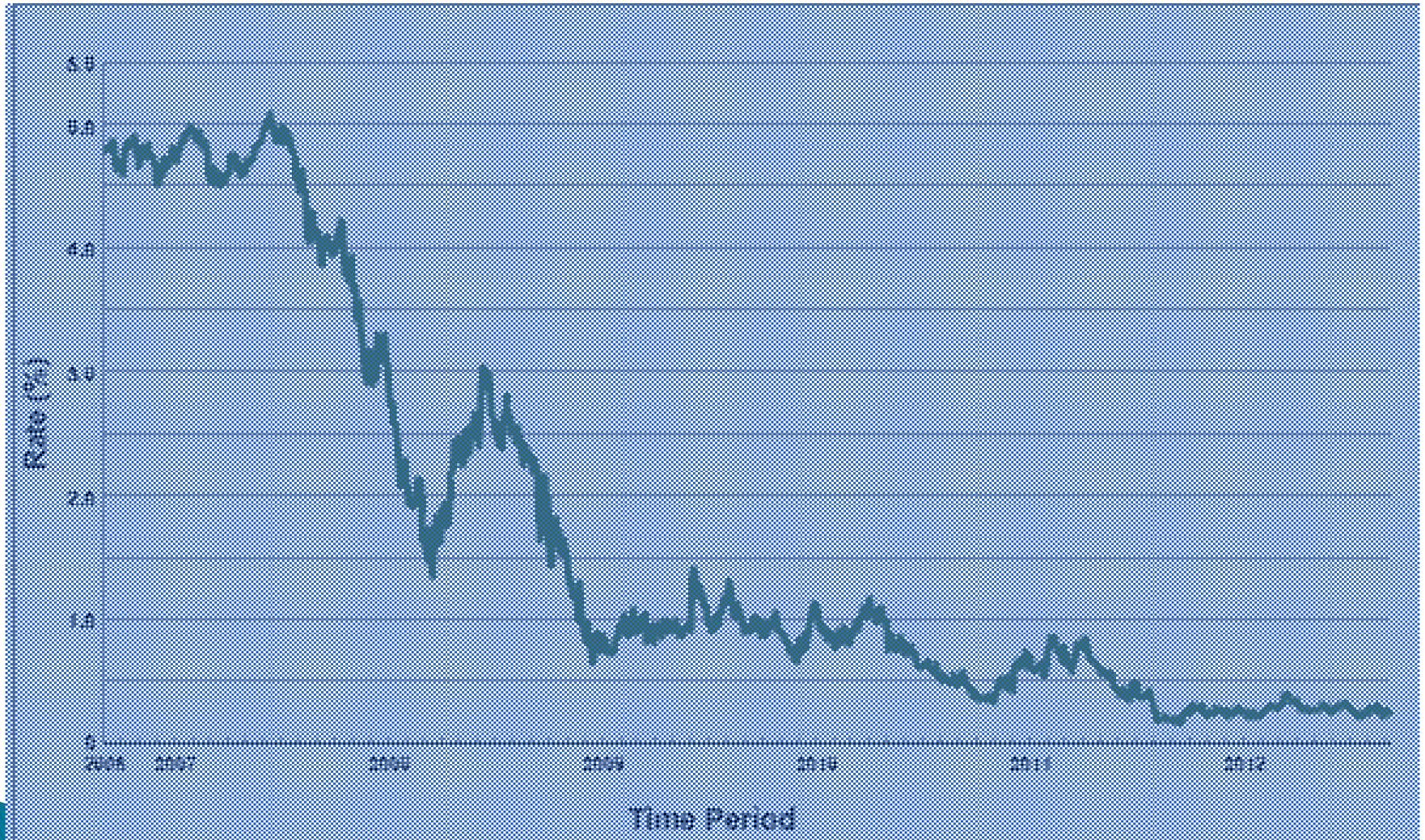
City Current Investment Policy

- **Goals of Investments (priority order)**
 - ❖ Preservation of Principal
 - ❖ Liquidity (cash to pay bills)
 - ❖ Yield (interest earnings)
- **All available cash is invested daily (primarily in U.S. Government backed securities)**
- **Any cash held by any bank must be FDIC insured or collateralized at 102% of Value (*State Statute and City investment Policy*)**

Challenges of Current Investment Climate

- **U.S. Government Securities are highly sought after as investments driving yields down (safe haven for investors)**
 - **Two year U.S. Treasuries at near record low yield levels (0.25% as of September 10, 2012)**
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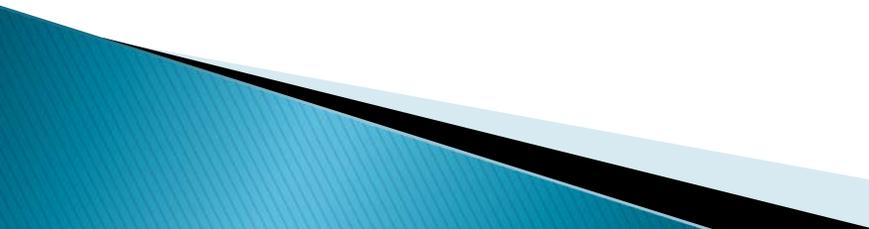
Historical 2-Year Treasury Rates



Local Banking Deposit Program

- Set aside \$50 million in cash that is planned to be invested two years or more.
 - Buy 2– year CDs from any bank with physical presence in Maricopa Count with yields above 2–Year Treasury Notes
 - All deposits are FDIC Insured Up to \$250,000 per bank
 - Work with local banks for options or products available to secure deposits above \$250,000 to comply with State Law and the City Investment Policy
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Benefits of Local Banking Initiative

- Provides capital to local banks to loan to the local community providing local jobs
 - Banks providing yields above 2-year Treasury notes are more likely to be providing loans to the community
 - The City is provided yields in excess of current investment options
 - Banking relationships for other City projects are developed
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Local Participating Banks to Date

September 10, 2012

Arizona Bank and Trust
Arizona Business Bank
Arizona Federal Credit Union
Bank 1440
Bank of Arizona
Bankers Trust Company
BBVA Compass Bank
Commerce Bank of Arizona
Enterprise Bank & Trust
First Scottsdale Bank
FirstBank
M&I Bank
Meridian Bank
Metro Phoenix Bank
MidFirst Bank
Mutual of Omaha
National Bank of Arizona
Pinnacle Bank
Republic Bank AZ
Sunrise Bank of Arizona
The Biltmore Bank
UMB Bank Arizona
West Valley National Bank
Western Alliance Bank

Yields ranging from 0.28% to 1.24%