

Charter Township of Independence

Third Quarter 2011 Investment Report

- ❑ December 6, 2011
- ❑ For Quarter Ending, September 30, 2011
- ❑ Curt Carson, Treasurer

Charter Township of Independence

Third Quarter 2011 Investment Report

The Investment Policy of the Charter Township of Independence requires quarterly investment reports and a year end report. The Treasurer's Report and the Munder Capital Management Report are being presented to the Township Board of Trustees to meet the requirements of our Investment Policy.

The requirements of our Investment Policy and those included in P.A. 20 of 1943, as amended, are what guides investments held by the Charter Township of Independence.

The Treasurer's Investment Report is not meant to provide the overall financial condition of the Township, but is one piece of the pie of the overall financial picture. This report is broken down into two sections. The first section is the Treasurer's report on short term investments. This report shows each account, the cost value or current value in each, the maturity date if the investment is not liquid and the yield. The second section covers our fixed income account managed by Munder Capital Management and held in safe keeping by Comerica Bank.

At a Glance

Short term investments used to fund current year expenditures	\$ 6,341,797.91
Long Term Fixed Income Account – Market Value	<u>\$ 15,334,812.50</u>
Total at the end of quarter	\$ 21,676,610.41

We benchmark our Investment Portfolio to the Bank of America US Treasury/Agency Index and to the Barclays Capital Intermediate Government Bond Index. The Munder report shows our portfolio compared to both. The township has historically favored U.S. Agencies over U.S. Treasuries based on long term performance. Our strategy has changed under the ongoing economic and financial uncertainties that have existed since late 2008. We have increased Treasuries to 65 percent from 30 percent since December 2008 as you will see in this report. Agencies have been reduced to 26.8 percent by the end of the third quarter of 2011 and now stand at 21.4 percent in the long term portfolio.

Charter Township of Independence

Third Quarter 2011 Investment Report

State Shared Revenues continue to come in ahead of State projections this year. To date receipts have been \$256,048 over what was anticipated. With one payment left, we have received \$1,969,876, year to date, compared to \$1,699,738 for the same period a year ago.

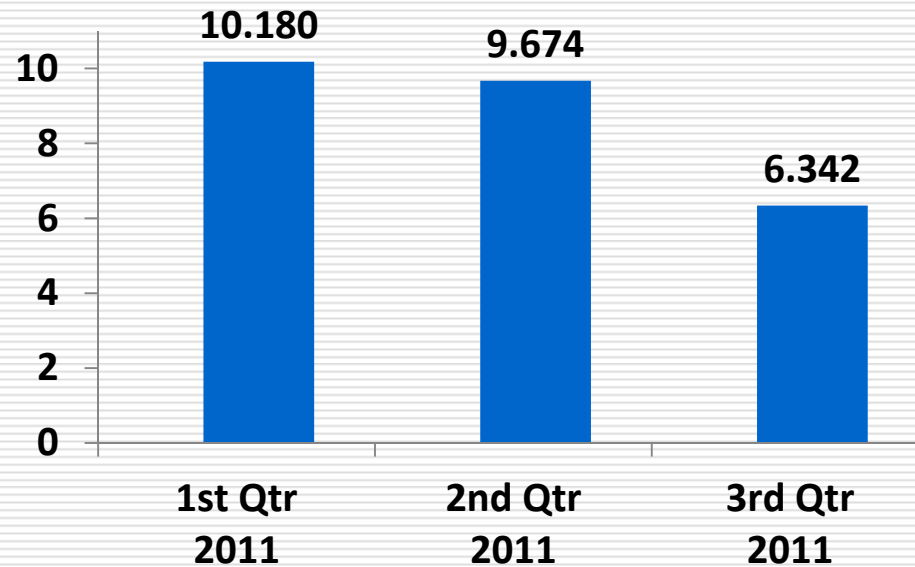
We have had very positive response from Township citizens to our changes on the Treasurer's web pages. The ease of viewing and paying taxes on our web site has been very popular. Dollar volume for Summer taxes collected on the web are up 282% over 2010. Most residents can go to indtwptax.com, at any time, and pull up every tax statement back to 1994. Tax statements from the current year can be paid right on the site.

The Treasurer's Office keeps an eye on foreclosures, bankruptcy's and delinquent accounts. Recently the Treasurer collected \$534,558 in special assessments, delinquent taxes and fees, including \$287,000 due the County for the 2008 tax year.

Charter Township of Independence

Short Term Investments – 2011 Third Quarter

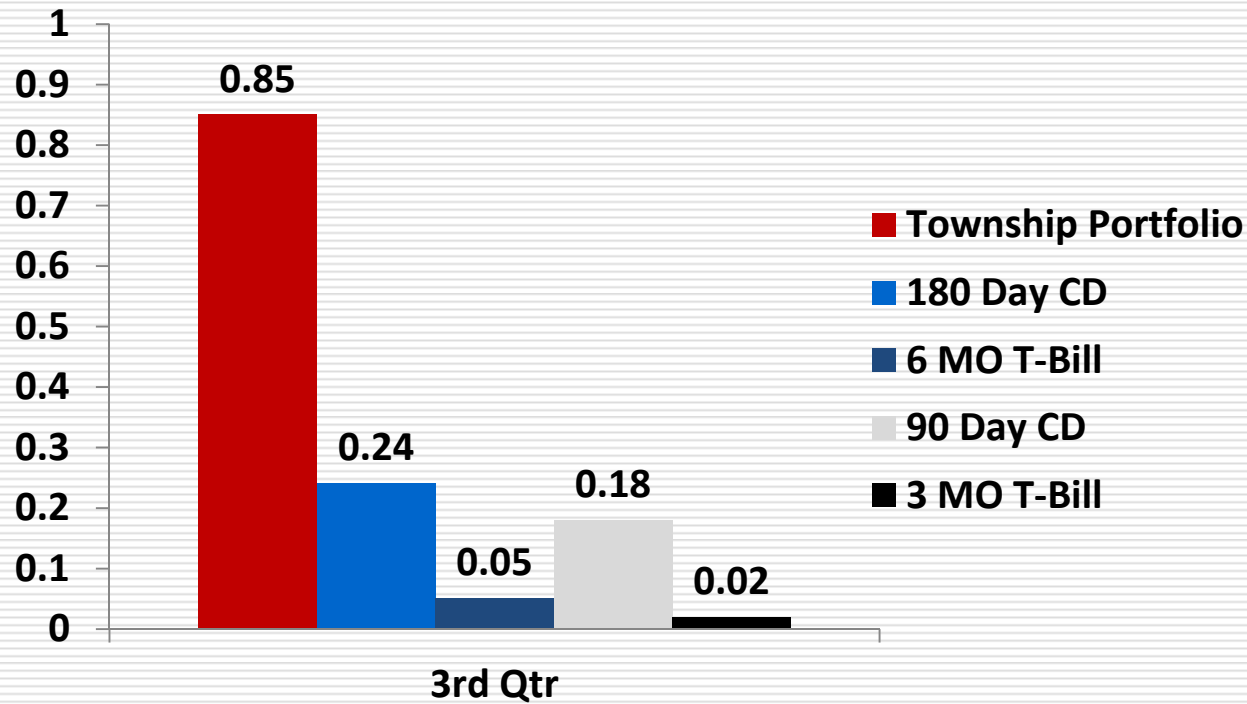
Short Term Investments, in Millions, on last day of Quarter



Charter Township of Independence

Short Term Investments – 2011 Third Quarter

Yield in Percent compared to typical 90-180 day benchmarks



Charter Township of Independence

Long Term Investments – 2011 Third Quarter

PERFORMANCE SUMMARY
Charter Township of Independence
September 30, 2011

Reporting Currency: US Dollar

PORTFOLIO COMPOSITION			PORTFOLIO ACTIVITY				
	Market Value	Pct. Assets					
Cash and Equivalent	365,206.20	2.4	Portfolio Value on 06-30-11		15,337,266.86		
Fixed Income	14,969,606.30	97.6	Portfolio Value on 09-30-11		15,334,812.50		
			Change in Value		(2,454.37)		
			Net Additions/Withdrawals		(247,219.80)		
			Interest/Dividend Received		129,164.45		
Total	15,334,812.50	100.00					
			Quarter	Year	One	Annualized	
			To Date	To Date	Year	Three	
			Return (%)	Return	Return (%)	Year	
						Return (%)	
Total Portfolio			1.60	3.22	2.39	4.77	5.37
BofA Merrill Lynch 1-5 Yr U.S. Treasury/Agency Index			1.30	2.78	2.18	3.83	4.84
Barclays Intermediate Gov't Index			3.19	5.36	3.72	5.38	5.91
Fixed Income			1.61	3.24	2.37	4.87	5.45

Charter Township of Independence

Long Term Investments – 2011 Third Quarter

Charter Township of Independence
Appraisal of Assets
September 30, 2011

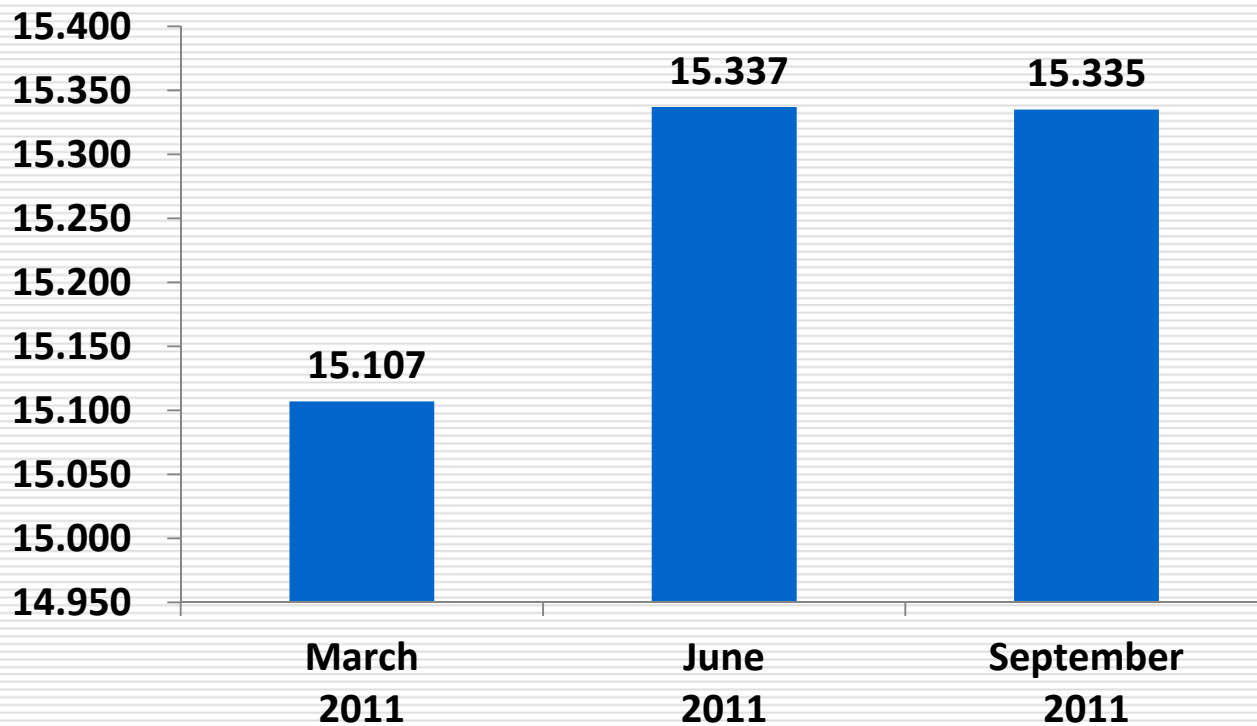
Reporting Currency: US Dollar

	Market Value As of 06/30/2011	Market Value As of 09/30/2011	% Portfolio
Cash and Equivalents			
Cash and Equivalents	\$ 4,257.12	\$ 365,206.20	2.4
Cash and Equivalents Totals	<u>4,257.12</u>	<u>365,206.20</u>	<u>2.4</u>
Fixed Income			
Agencies	4,613,930.80	4,084,979.47	26.6
Pass-Throughs	869,799.59	810,658.37	5.3
Treasuries	<u>9,722,576.88</u>	<u>9,973,970.79</u>	<u>65.0</u>
Fixed Income Total	<u>15,206,307.27</u>	<u>14,869,608.63</u>	<u>97.0</u>
Total Portfolio (Excluding Accrued Interest)	<u>15,210,564.39</u>	<u>15,234,814.83</u>	<u>99.3</u>
Accrued Interest	126,702.47	99,997.67	0.7
Total Portfolio	<u>\$ 15,337,266.86</u>	<u>\$ 15,334,812.50</u>	<u>100.0</u>

Charter Township of Independence

Long Term Investments – 2011 Third Quarter

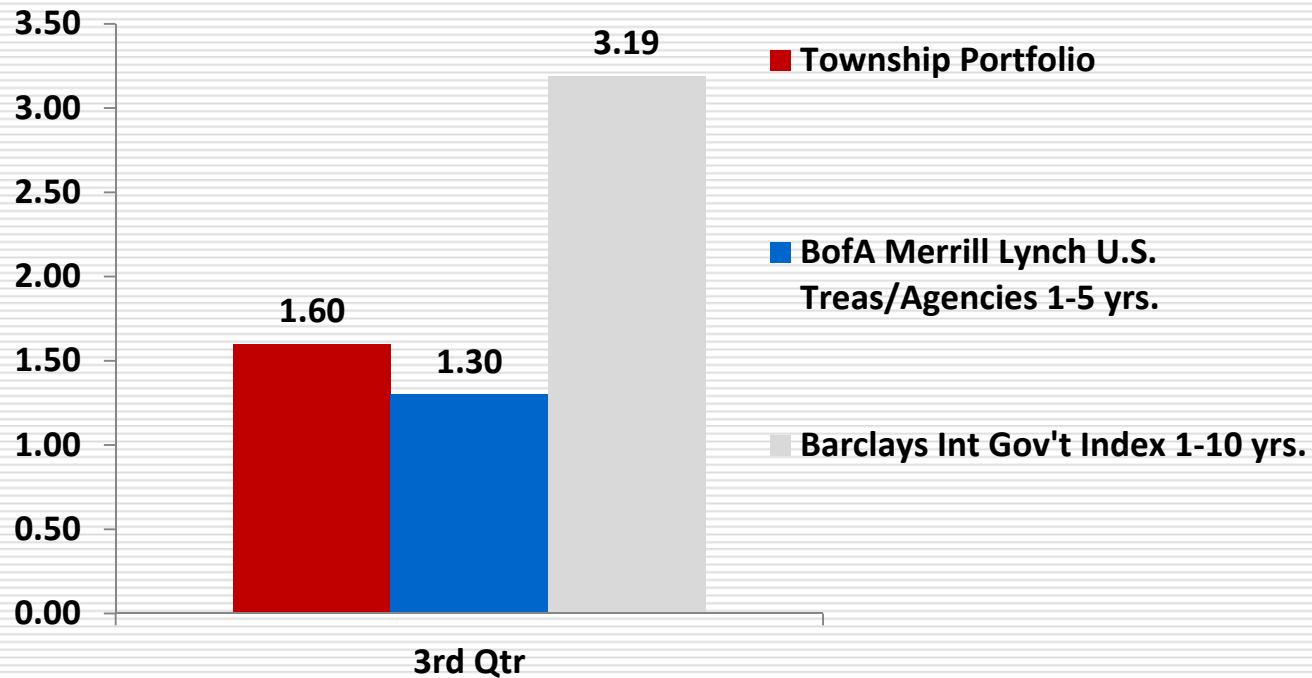
Long Term Investments, in Millions, on last day of September



Charter Township of Independence

Long Term Investments – 2011 Third Quarter

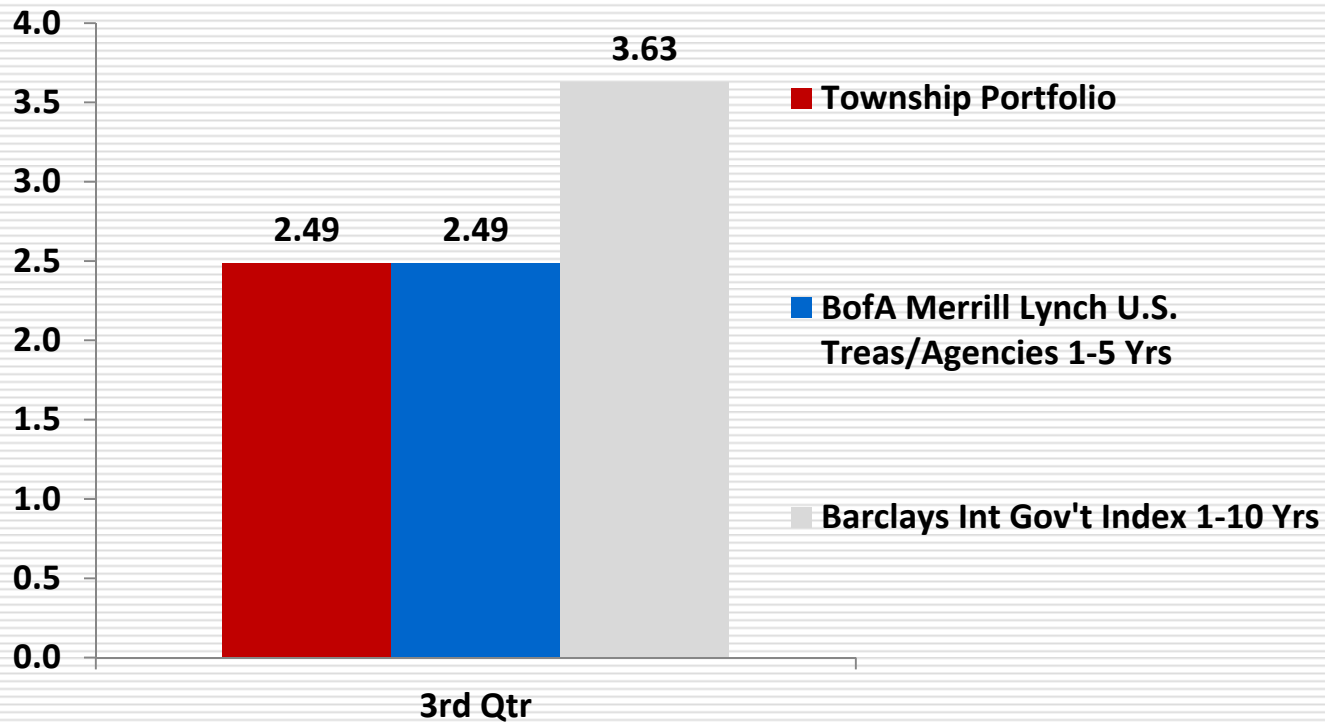
Third Quarter Return in Percent compared to benchmarks



Charter Township of Independence

Long Term Investments – 2011 Third Quarter

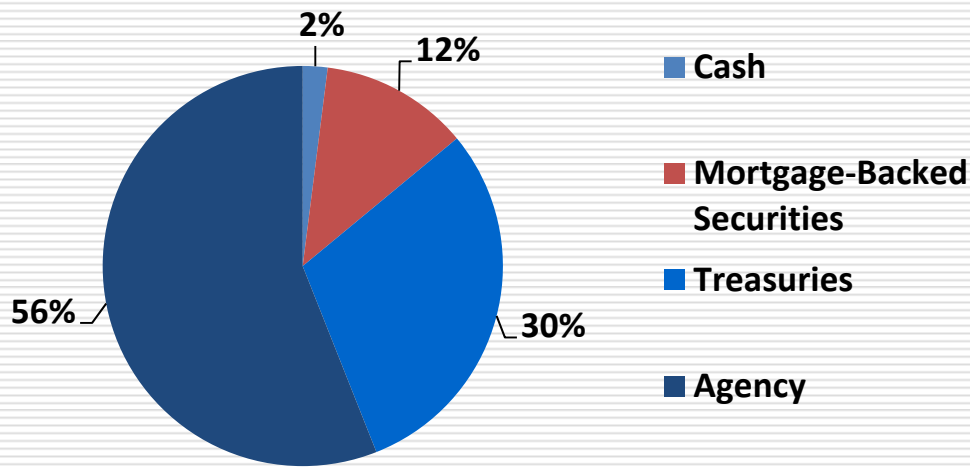
Duration in Years



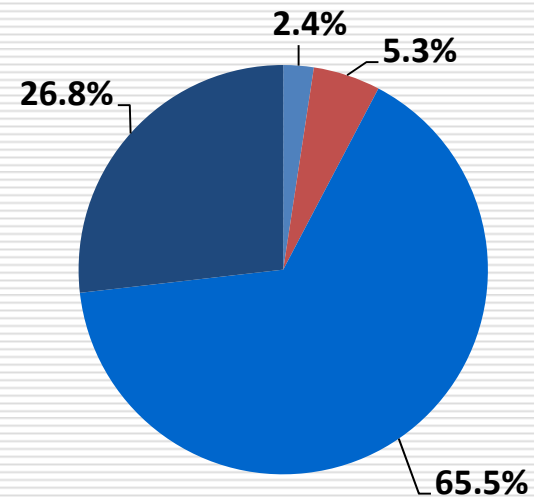
Charter Township of Independence

Long Term Investments – 2011 Third Quarter

Sector Diversification



December 31, 2008

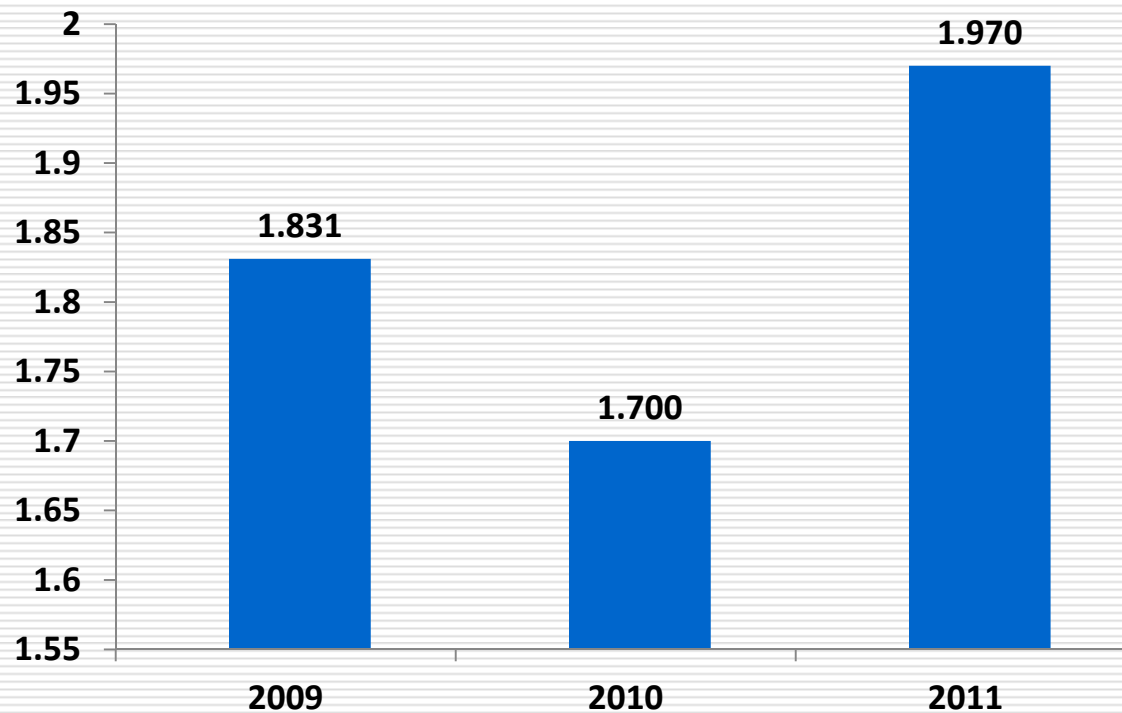


September 30, 2011

Charter Township of Independence

Investment Report – 2011 Third Quarter

State Revenue Sharing YTD – In Millions



Charter Township of Independence
 2011 Investment Report to the Board
 Tuesday, December 6, 2011
 Third Quarter ending September 30, 2011

Short Term Investments through September 30, 2011

<u>Maturity Date</u>	<u>Investment Description</u>	<u>Rate</u>	<u>Cost Value</u>	<u>Interest</u>	<u>Value at Maturity</u>
9/15/2011	Muni Bond - Comerica	3.25	\$ 250,000.00	\$ 971.27	\$ 257,542.84
9/22/2011	TCF Bank CD	0.65	\$ 248,500.00	\$ 1,126.19	\$ 249,626.19
9/22/2011	The Private Bank CD	0.45	\$ 249,000.00	\$ 681.64	\$ 249,681.64
10/28/2011	First Michigan Bank CD	0.55	\$ 248,900.00	\$ 345.05	A \$ 249,912.64
11/30/2011	Oxford Bank CD	1	\$ 247,800.00	\$ 624.59	A \$ 250,002.66
12/29/2011	Bank of Michigan CD	1	\$ 248,000.00	\$ 625.10	A \$ 250,480.00
6/13/2012	Huntington Bank CD	0.5	\$ 248,900.00	\$ 139.79	A \$ 249,919.44
8/24/2012	Flagstar CDARS	0.75	\$ 496,000.00	\$ 61.15	A \$ 499,720.00
			<u>\$ 2,237,100.00</u>	<u>\$ 4,574.78</u>	

A = Accrued Interest

Third Quarter Interest Income from Accounts

	<u>Rate</u>	<u>Interest Income</u>	<u>Current Balance</u>
Ambassador Money Market	0	\$ 0.01	\$ 482.42
Bank of Michigan	0.05	\$ 0.08	\$ 605.45
Chase general sweep	0.05	\$ 0.68	\$ 1.00
Chase tax sweep	0.05	\$ -	\$ 1.00
Chase tax account	0.45	\$ -	\$ 450,415.20
Chase checking	0.45	\$ -	\$ 421,222.07
Clarkston State Bank	0.617	\$ 386.12	\$ 249,756.50
First Place Bank	0.25	\$ 91.99	\$ -
Flagstar Bank	0.65	\$ 407.76	\$ 249,155.30
Flagstar tax account	0	\$ -	\$ 32.56
Huntington Bank	0.3	\$ 100.38	\$ -
Huron Valley State Bank	0.456	\$ 284.57	\$ 80.22
Level One Bank	0.546	\$ 341.03	\$ 249,048.61
mBank	0.773	\$ 483.44	\$ 250,437.00
Michigan First Credit Union	0.566	\$ 713.01	\$ 499,110.74
Oakland County LGIP	1.1123	\$ 8,203.86	\$ 2,930,524.41
Private Bank	0.24	\$ 0.89	\$ 1,773.19
		<u>\$ 11,013.82</u>	

Total of Short Term funds invested as of September 30, 2011	\$ 6,792,245.67
Funds belonging to others	\$ 450,447.76
Interest Income on Short Term Investments through September 30, 2011	\$ 13,792.92
Accrued Interest on Short Term Investments as of September 30, 2011	\$ 1,795.68

State Shared Revenue

	<u>2009</u>	<u>2010</u>	<u>2011</u>
December	\$ 433,375.00	\$ 335,304.00	\$ 338,220.00
February	\$ 408,536.00	\$ 365,673.00	\$ 389,946.00
April	\$ 305,491.00	\$ 307,004.00	\$ 334,076.00
June	\$ 347,469.00	\$ 352,849.00	\$ 481,999.00
August	\$ 336,414.00	\$ 338,908.00	\$ 425,635.00
Total to date	<u>\$ 1,831,285.00</u>	<u>\$ 1,699,738.00</u>	<u>\$ 1,969,876.00</u>

Anticipated State Shared Revenue \$ 1,713,828.00
 Over/(Under) original projection \$ 256,048.00

Charter Township of Independence
Appraisal of Assets - Detail
September 30, 2011

Reporting Currency: US Dollar

Quantity	Security	Symbol	Total Cost	Market Price	Market Value	% Assets
Cash and Equivalents						
365,206.20	Comerica Government Cash Investment Fund J	CMMM06012	\$ 365,206.20	1.00	\$ 365,206.20	2.4
Cash and Equivalents Total			<u>365,206.20</u>		<u>365,206.20</u>	<u>2.4</u>
Fixed Income						
Agencies						
350,000.00	Federal Farm Credit Bank 4.875% Due 12-16-15 AA+/Aaa	31331VGU4	351,873.82	115.95	405,824.30	2.6
500,000.00	Federal Home Loan Bank 5.750% Due 05-15-12 AA+/Aaa	3133MNVV0	499,665.08	103.38	516,917.50	3.4
300,000.00	Federal Home Loan Bank 4.500% Due 11-15-12 AA+/Aaa	3133MTZL5	299,869.97	104.58	313,731.30	2.0
250,000.00	Federal Home Loan Mortgage Corp 4.875% Due 11-15-13 AA+/Aaa	3134A4UK8	250,241.00	109.42	273,552.50	1.8
100,000.00	Federal Home Loan Mortgage Corp 2.500% Due 04-23-14 AA+/Aaa	3137EACB3	98,589.00	104.98	104,983.90	0.7
100,000.00	Federal Home Loan Mtg Corp 2.125% Due 03-23-12 AA+/Aaa	3137EABY4	100,098.09	100.91	100,905.80	0.7
100,000.00	Federal National Mortgage Assn 5.000% Due 05-11-17 AA+/Aaa	31359M7X5	111,244.66	119.09	119,085.40	0.8
700,000.00	Federal National Mortgage Assn 5.000% Due 04-15-15 AA+/Aaa	31359MA45	724,386.17	114.37	800,608.90	5.2
1,085,000.00	Federal National Mortgage Assn 6.125% Due 03-15-12 AA+/Aaa	31359MMQ3	1,091,803.29	102.66	1,113,906.57	7.3
300,000.00	Federal National Mortgage Assn 4.625% Due 10-15-14 AA+/Aaa	31359MWJ8	301,243.85	111.82	335,463.30	2.2
Agencies Subtotal			<u>3,829,014.93</u>		<u>4,084,979.47</u>	<u>26.6</u>
Pass-Throughs						
267,254.92	FHLMC Gold Pool #A46897 4.500% Due 09-01-35 AA+/Aaa	3128K7UW6	249,641.38	106.40	284,349.48	1.9
68,123.11	FHLMC Gold Pool #M80993 5.500% Due 09-01-12 AA+/Aaa	31282SC67	68,159.09	101.89	69,408.90	0.5
40,053.43	FHLMC Gold Pool #M80996 5.500% Due 10-01-12 AA+/Aaa	31282SC91	40,079.23	101.89	40,809.42	0.3
129,761.96	FHLMC Gold Pool #M80999 5.500% Due 11-01-12 AA+/Aaa	31282SDC3	129,761.96	101.89	132,211.15	0.9
27,442.57	FNMA COFI ARM Pool #790362 Due 08-01-34 AA+/Aaa	31405JB78	27,756.01	104.79	28,756.60	0.2
4,586.92	FNMA Pool #535009 6.000% Due 10-01-14 AA+/Aaa	31384VKW1	4,526.72	108.48	4,975.67	0.0
25,531.02	FNMA Pool #254805 5.000% Due 06-01-13 AA+/Aaa	31371LAE9	25,612.65	104.77	26,748.95	0.2
72,063.62	FNMA Pool #721084 5.000% Due 10-01-33 AA+/Aaa	31401XCV7	70,306.38	108.08	77,883.51	0.5
108,451.93	FNMA Pool #918160 5.500% Due 05-01-22 AA+/Aaa	31411YB51	108,377.07	108.46	117,623.93	0.8

Charter Township of Independence
Appraisal of Assets - Detail
September 30, 2011

Reporting Currency: US Dollar

Quantity	Security	Symbol	Total Cost	Market Price	Market Value	% Assets
2,622.44	GNMA II Pool #8528 Due 10-01-24 AA+/Aaa	36202KPM1	2,623.50	103.65	2,718.08	0.0
10,962.16	GNMA Pool #381430 7.500% Due 01-01-24 AA+/Aaa	36204VVX4	10,896.21	116.56	12,777.64	0.1
8,725.01	GNMA Pool #509932 6.500% Due 06-01-29 AA+/Aaa	36211DPR5	8,533.34	115.64	10,089.90	0.1
1,938.35	GNMA Pool #528175 8.000% Due 03-01-30 AA+/Aaa	36212AXC4	1,941.48	118.92	2,305.15	0.0
Pass-Throughs Subtotal			748,215.02		810,658.37	5.3
Treasuries						
420,000.00	US Treasury Bond 9.875% Due 11-15-15 AA+/Aaa	912810DT2	505,610.91	137.33	576,778.02	3.8
150,000.00	US Treasury Inflation Index Note 1.625% Due 01-15-18 AA+/Aaa	912828HN3	164,226.23	111.88	180,976.58	1.2
595,000.00	US Treasury Note 3.875% Due 02-15-13 AA+/Aaa	912828AU4	594,027.49	104.95	624,470.95	4.1
350,000.00	US Treasury Note 4.250% Due 08-15-13 AA+/Aaa	912828BH2	352,700.22	107.38	375,812.50	2.5
300,000.00	US Treasury Note 4.000% Due 02-15-14 AA+/Aaa	912828CA6	300,189.99	108.58	325,734.30	2.1
300,000.00	US Treasury Note 4.875% Due 08-15-16 AA+/Aaa	912828FQ8	308,445.98	118.89	356,671.80	2.3
400,000.00	US Treasury Note 4.625% Due 07-31-12 AA+/Aaa	912828GZ7	406,467.56	103.67	414,687.60	2.7
600,000.00	US Treasury Note 4.750% Due 08-15-17 AA+/Aaa	912828HA1	638,153.42	120.41	722,437.20	4.7
180,000.00	US Treasury Note 3.750% Due 11-15-18 AA+/Aaa	912828JR2	199,687.55	115.68	208,223.44	1.4
300,000.00	US Treasury Note 1.125% Due 01-15-12 AA+/Aaa	912828KB5	299,697.11	100.31	300,925.78	2.0
270,000.00	US Treasury Note 2.750% Due 02-15-19 AA+/Aaa	912828KD1	269,175.64	108.72	293,540.76	1.9
260,000.00	US Treasury Note 1.750% Due 03-31-14 AA+/Aaa	912828KJ8	263,735.28	103.41	268,876.66	1.8
100,000.00	US Treasury Note 1.875% Due 04-30-14 AA+/Aaa	912828KN9	97,980.54	103.80	103,804.69	0.7
250,000.00	US Treasury Note 2.375% Due 03-31-16 AA+/Aaa	912828KT6	249,754.73	106.80	267,011.72	1.7
900,000.00	US Treasury Note 2.375% Due 08-31-14 AA+/Aaa	912828LK4	924,031.74	105.62	950,554.69	6.2
495,000.00	US Treasury Note 1.375% Due 09-15-12 AA+/Aaa	912828LM0	498,913.73	101.12	500,549.41	3.3
415,000.00	US Treasury Note 3.000% Due 09-30-16 AA+/Aaa	912828LP3	426,064.67	109.93	456,208.20	3.0
300,000.00	US Treasury Note 1.125% Due 12-15-12 AA+/Aaa	912828MB3	301,651.46	101.10	303,304.80	2.0

Charter Township of Independence
 Appraisal of Assets - Detail
 September 30, 2011

Reporting Currency: US Dollar

Quantity	Security	Symbol	Total Cost	Market Price	Market Value	% Assets
75,000.00	US Treasury Note 3.000% Due 02-28-17 AA+/Aaa	912828MS6	73,887.09	110.17	82,628.93	0.5
325,000.00	US Treasury Note 1.125% Due 06-15-13 AA+/Aaa	912828NH9	326,337.17	101.44	329,683.25	2.1
170,000.00	US Treasury Note 1.250% Due 08-31-15 AA+/Aaa	912828NV8	174,530.14	102.31	173,931.25	1.1
730,000.00	US Treasury Note 0.750% Due 09-15-13 AA+/Aaa	912828NY2	728,476.76	100.89	736,529.85	4.8
300,000.00	US Treasury Note 0.750% Due 12-15-13 AA+/Aaa	912828PL8	298,042.60	100.95	302,835.90	2.0
320,000.00	US Treasury Note 0.625% Due 04-30-13 AA+/Aaa	912828QE3	321,097.87	100.61	321,936.00	2.1
540,000.00	US Treasury Note 0.750% Due 06-15-14 AA+/Aaa	912828QS2	539,511.57	100.97	545,231.52	3.6
250,000.00	US Treasury Note 1.000% Due 08-31-16 AA+/Aaa	912828RF9	251,589.17	100.25	250,625.00	1.6
Treasuries Subtotal			<u>9,513,986.62</u>		<u>9,973,970.79</u>	<u>65.0</u>
Fixed Income Total			14,091,216.57		14,869,608.63	97.0
Total Portfolio (Excluding Accrued Interest)			<u>14,456,422.77</u>		<u>15,234,814.83</u>	<u>99.3</u>
Accrued Interest					99,997.67	0.7
Total Portfolio			<u>\$ 14,456,422.77</u>		<u>\$ 15,334,812.50</u>	<u>100.0</u>