

MEMORANDUM

To: City Council
From: Laura Hoshaw, Treasurer 
Subject: Quarterly Investment Report
Date: April 26, 2024

We are earning interest rates ranging from 0% to 5.41% on our money market, savings, and checking accounts held at various financial institutions. We have two accounts that are earning 0% interest at Old National Bank. One is a small balance account, which allows our Police officers no fee money orders for out of county court warrants. The other is a tax account that gives our citizens another location to pay their property taxes. These funds are liquid in nature and are available to use on demand. We currently have six CDs ranging from \$251,180 to \$299,982. They range from 6 months to 18 months in length with interest rates from 5% to 5.40%. We also added two CDARS (Certificate of Deposit Account Registry Service) at CIBC Bank. CDARS allows investments in CDs held by many different FDIC insured banking institutions so it can achieve full FDIC coverage for the total sum. One account is for \$1,006,131 at 4.85% for 1 year and the other is for \$1,005,370 for 2 years. Municipalities are required to use Michigan banks for investment purposes.

Home sales based on contract signings unexpectedly jumped in March despite elevated mortgage rates. In addition to elevated mortgage rates, housing affordability is also being hampered by rising home prices and a persistent lack of homes on the market. Despite the March gain, pending home sales are still in a narrow range over the last 12 months without a measurable breakout. Meaningful gains will only occur with declining mortgage rates and rising inventory.

U.S. economic growth slowed in the first three months of the year after more than a year and a half of rapid expansion. A welcome cool off that raises questions about how the rest of the year might shake out. The U.S. economy grew by 1.6% in the first three months of the year, a sharp slowdown from the previous quarter's growth rate of 3.4%. The deceleration reflects swings in business inventory and trade, as well as weakening household and government spending. In the most recent quarter, Americans bought more foreign made goods while selling fewer U.S. made items overseas, both of which dragged down economic growth. Markets were decidedly downbeat on the potential of a lower economic growth and higher inflation, commonly referred to as "stagnation."

The Committee decided to maintain the target range for the federal funds rate at 5 ¼ % to 5 ½%. Recent indicators suggest that economic activity has been expanding at a solid pace. Job gains have remained strong, and the unemployment rate has remained low. Inflation has eased over the past year but remains elevated. The Committee does not expect it will be appropriate to reduce the target range until it has gained greater confidence that inflation is moving sustainably towards 2%.

CITY OF BRIGHTON
 QUARTERLY INVESTMENT REPORT
 AS OF MARCH 31, 2024

Investment Accounts	Account Balance	Maturity Date	Current % Interest Rate	Average R.O.R.
OLD NATIONAL BANK-Checking	41,462	Immediate	0.00%	0.00%
OLD NATIONAL BANK-Juvenile	11,905	Immediate	0.00%	0.00%
Total Old National Bank	53,367			
BANK OF ANN ARBOR	58,518	Immediate	0.90%	0.00%
Total Bank of Ann Arbor	58,518			
FIRST NATIONAL BANK OF AMERICA	1,024	Immediate	0.25%	0.00%
Total First National Bank of America	1,024			
HORIZON BANK-MM	2,716	Immediate	1.26%	0.00%
Total Horizon Bank	2,716			
FLAGSTAR BANK-Refundable Deposit	779,691	Immediate	4.22%	0.13%
FLAGSTAR BANK-Combined Savings	215,611	Immediate	4.22%	0.04%
FLAGSTAR BANK-Flexible Spending	11,677	Immediate	1.05%	0.00%
FLAGSTAR BANK-A/P Checking	6,629,436	Immediate	3.80%	0.97%
Total Flagstar Bank	7,636,415			
CHIEF FINANCIAL CREDIT UNION-Platinum Sav	65	Immediate	0.05%	0.00%
Total Chief Financial Credit Union	65			
THE STATE BANK-Savings Account	1,637,877	Immediate	4.00%	0.25%
Total The State Bank	1,637,877			
INDEPENDENT BANK UTILITY LB CHECKING	9,197,612	Immediate	3.75%	1.33%
Total Independent Bank	9,197,612			
MICHIGAN CLASS	3,749,359	Immediate	5.41%	0.78%
Total Michigan Class	3,749,359			
CD-COMERICA BANK	262,552	02/25/25	5.05%	0.05%
CD-CIBC BANK	258,531	11/21/24	5.40%	0.05%
CDARS-CIBC	1,006,131	02/13/25	4.85%	0.19%
CDARS-CIBC	1,005,370	02/12/26	4.25%	0.16%
CD-HORIZON BANK	267,509	08/07/24	5.18%	0.05%
CD-FIRST NATIONAL BANK OF AMERICA	251,180	02/14/25	5.15%	0.05%
CD-BANK OF ANN ARBOR	299,982	11/21/24	5.10%	0.06%
CD-CHIEF FINANCIAL CREDIT UNION	280,622	08/13/24	5.00%	0.05%
Total Certificate of Deposits	3,631,878		5.00%	
TOTAL	25,968,832			4.17%
Three Month Treasury Bill Rate*				5.47%
Average Fed Funds Rate**				5.33%
City's Avg. R.O.R. over/(under) the 3-month T-Bill Rate				-1.30%
City's Avg. R.O.R. over/(under) the Avg. Fed Funds Rate				-1.16%