

NORTHFIELD TOWNSHIP
TREASURER

July 23, 2013

To: Northfield Township Board

After our last board meeting we were informed by PNC Bank that they would not be willing to handle our investment portfolio through their Institutional Investment Division because we do not have at least five million dollars. PNC is willing to accept transfer of the portfolio from Multibank, however, they would not be providing us with professional investment advice. Additionally our investment portfolio would be handled by a PNC representative from Ohio.

Howard Fink and I were both disappointed by this turn of events because of the time we had spent working on this transfer issue with PNC representatives. I am no longer willing to let PNC hold or manage the Northfield Township Investment Portfolio based on my concerns about the way they have handled this situation.

Howard and I, after consulting with Paul Burns, our attorney, decided to meet with Greystone/Morgan Stanley. Greystone handles a great deal of Municipal business in Michigan including Brighton and Washtenaw County and the representative is located in Birmingham, MI. The proposal provided to us by Greystone, which includes three options, is attached.

Both Multibank and PNC were asked to run a spreadsheet (attached,) showing us what our investments would be worth if we "cashed out" right now. Unfortunately because of interest rates rising and the types of investments that were purchased by Multibank we would suffer a significant loss.....approximately \$300,000. If we hold on to the investments until they mature we would be able to get the par value. Why the Township representative authorized the investments in these long-term type vehicles is a question I cannot answer without further investigation.

So in actuality the only "managing" of our portfolio that can be done is to watch the market and try to back out of these long-term investments as soon as we can do so without a loss or at least with such a big loss. We will not suffer a loss if we hold the investments until maturity..... it is unfortunate though, that most do not mature until 2027, 2028, 2031 etc.

Howard and I will be available to address your questions and concerns as we continue to move forward. We both agree that investments should not exceed a three year term.

*Respectfully submitted,
Regards,*



*KathySue Braun
Northfield Township Treasurer*