

TO: Board of Commissioners
FROM: M. Green - Treasurer
SUBJ: Quarterly Update
DATE: February 23, 2016

Performance Summary

Total investments through December 31, 2015 equaled \$11.3M. This represents an increase from the prior quarter of \$2.0M. Earnings (LGIP and Investments) through 2QFY totaled \$165,373 versus \$108,458 for the same time period last year. The increase is largely due to the change in the portfolio from \$7.7M to \$11.3M.

Key performance criteria for the period are:

- YTM – 1.76
- YTW – 1.70%
- Investment Rating (OST scale) – 1.28
- Per Cent Invested versus Targeted Ceiling – 75%
- Average maturity in years – 4.25
- Adjusted WAM – 3.20 years
- LGIP increased to 58bps in December

Discussion

Investments during this quarter saw a shift from agency bonds to corporate. This was driven by two reasons: to slowly move the portfolio into more non-callable securities and better rate of return. As a result, corporate bonds represented 22.1% of the investments at the end of the quarter vs 17.3% at the end of prior quarter. This was an increase of \$900,000 in this sector. Overall, non-callable bonds now represent 27% of the portfolio.

The Investment Committee, after much discussion over the comments in the OSTF letter dated October 31, 2015, recommended that the revised Investment Policy be adopted with one additional change to Section 9.c.v1. At the end of the paragraph add the sentence "LGIP and other money market investments shall be excluded from the average weighted maturity calculation." Also, the Investment Committee recommend that a policy guideline be added that states that no more

than 10% of the portfolio value is comprised of bonds with purchase value in excess of par.

The investment cap of \$12M was revisited in accordance with the decision by the Investment Committee last June and agreed to by the BOC. In reviewing the County's cash position and the historical background, it was suggested that the cap be increased to \$15M. It was tabled until April pending more insight into the budget process for the coming fiscal year. It should be noted that this postponement costs the county in lost earnings revenue opportunity of between \$5000 - \$7500 over that period.

Actions Required by the BOC

Approval of the revised Investment Policy as amended (Board Order)

Affirmation of retaining the current investment cap at \$12M

Accepted by Yamhill County
Board of Commissioners on
3.1.16 by Board Order
16-70