

INFORMAL SESSION MINUTES

July 18, 2017

2:00 p.m.

Commissioners' Office Conference Room

PRESENT: Commissioners Mary Starrett, Stan Primozich, and Richard L. "Rick" Olson.

Staff: Laura Tschabold, Christian Boenisch, Mikalie Frei and Mike Green.

Guests: Nicole Montesano and Hannah Jones, News Register.

* indicates item forwarded to formal agenda

Commissioner Primozich called the meeting to order at 2:04 p.m.

* Minutes - see agenda for details.

* Contracts - see agenda for details.

* Miscellaneous - see agenda for details.

Treasurer Update – Mike Green shared with the board the quarterly update, going over the performance summary, earnings, investments, and bonds (Exhibit A). He stated the bond market is very stable right now, and continues to be stable, adding the best bonds for return are in the 3-5 year range. Mr. Green discussed the investment committee's decision to table increasing the investment allocation and their request to review balances and average daily cash flow in the county's account at US Bank, adding last year the average was 3.5 million. Mr. Green completed his presentation discussing upcoming bonds that are coming to maturity in the next quarter and his goal to obtain investments that yield 2% on return.

There being no other business, the meeting adjourned at 2:35 p.m.

Crystal Cox

Secretary

Accepted by Yamhill County
Board of Commissioners on

8-10-17 by Board Order

17-315

TO: Board of Commissioners
FROM: M. Green - Treasurer
SUBJ: Quarterly Update
DATE: July 12, 2017

Performance Summary

Total investments through June 30, 2017 equaled \$21.9M. This represents an increase from the prior quarter of \$2.0M. Earnings (LGIP and Investments) for the quarter totaled \$208,832 versus \$118,649 for the same period last year. Fiscal Year earnings totaled \$655,739 versus \$406,501 for the prior fiscal year year; an increase of 61%.

Key performance criteria for the period are:

- YTM – 1.94
- YTW – 1.89
- Investment Rating (OST scale) – 1.58
- Per Cent Invested versus Targeted Ceiling – 97%
- Average maturity in years – 4.24
- Adjusted WAM – 3.51
- LGIP increased to 130 bps in the quarter

Discussion

The bond market remains stable. Two bonds were called in the quarter and one matured. The overall YTM and YTW are up 5bps from the previous quarter. Bond investments have focused on corporate and munis with a target return of 2%+ in the four to five year maturity range. A CD was purchased for the first time from the Umpqua Bank yielding 1.6% over two years.

Investment Committee Discussion/Recommendations

The Committee primarily focused on the US Bank cash balances. M. Green provided a handout and let the discussion on the Bank charges versus the return that could be achieved if excess balances were invested in LGIP. A conservative estimate would a realized annual gain of \$20,000. Concerns

Exhibit "A"

were raised regarding the amount of monitoring that would need to be done to insure account balance integrity was maintained. It was decided that M. Green and Becky Weaver would do further analysis but in the interim, target a goal of \$2.0M in average fund balance versus the \$3.0M+ the County has been maintaining.

Under new business, M. Green stated that the investment goals for this new fiscal year were earnings in excess of \$800K with a YTM greater than 2%.

Actions Required by the BOC

None

Earnings History

Fiscal Year	11-12	12-13	13-14	14-15	15-16	16 - 17
Earnings						
LIGP	\$113,665	\$134,931	\$159,641	\$137,941	\$201,790	\$346,062
Investments			<u>\$16,552</u>	<u>\$110,526</u>	<u>\$204,711</u>	<u>\$ 309,677</u>
	\$113,665	\$134,931	\$176,193	\$248,467	\$406,501	\$655,739
\$ Increase		\$21,266	\$41,262	\$72,274	\$158,034	\$249,238
% Increase		18.7%	30.6%	41.0%	64%	61%

Assumptions: 14-15
 Average annual monthly cash balance continues at \$30M
 Average portfolio balance of \$7M
 Average LIGP balance of \$23M

Actual: 14-15
 Average annual cash balance \$33.9M
 Average portfolio balance of \$6.9M
 Average balance \$26.6

Assumptions: 15-16
 Average annual monthly cash balance continues at \$33M
 Average portfolio balance of \$9.5M
 Average LIGP balance of \$25.5M

Actual: 15-16
 Average annual cash balance \$37.4M
 Average portfolio balance of \$16/3M
 Average LIGP balance \$28.5

Assumptions: 16 - 17
 Average annual monthly cash balance continues at \$33M
 Average portfolio balance of \$10.5M @ 1.70% YTW = \$178,500
 Average LIGP balance of \$25.0M @ .55% = \$140,250

Actual: 16-17
 Average annual cash balance \$34.4M
 Average portfolio balance of \$18.0
 Average LIGP balance \$30.4 @ 1.10%

	16-17est	16-17rev	17-18 est	17-18 est
	\$ 140,250	\$ 195,000	\$ 330,000	\$ 405,000
		<u>\$30M@.65</u>	<u>\$30M@1.10</u>	<u>\$30M@1.35</u>
	\$ 178,500	\$ 221,000	\$ 423,000	\$ 445,500
		<u>\$13M@1.70</u>	<u>\$22.5M@1.88</u>	<u>\$22.5M@1.98</u>
	\$ 318,750	\$ 416,000	\$ 753,000	\$ 850,500

YAMHILL COUNTY
PORTFOLIO ALLOCATION

Total Portfolio Maturity Constraints
Section 9b of Yamill County Investment Policy

<u>Maturity Constraint</u>	<u>Minimum % of Total Portfolio</u>
Under 30 days	Lesser of 10% of total portfolio or 2 months operating expenditures
Under 180 days	Lesser of 25% of total portfolio or 4 months operating expenditures
Under 18 months	35% of total portfolio
Under 36 months	60% of total portfolio
Under 60 months	100% of total portfolio

<u>Investment Portfolio</u>	<u>Jun-17</u>
LGIP	\$ 25,562,323
Investments under 180 days	\$ 410,000
Investments under 18 months	\$ 2,063,000
Investments under 36 months	\$ 6,594,000
Investments under 60 months	\$ 9,762,000
	\$ 44,391,323 (1)
Investments over 60 months	\$ 3,259,000

<u>Constraint Allocation</u>	<u>Minimum</u>		<u>Actual</u>
Under 30 days	\$ 4,439,132 (2)	\$	25,562,323
Under 180 days	\$ 11,097,831 (3)	\$	25,972,323
Under 18 months	\$ 15,536,963 (4)	\$	28,035,323
Under 36 months	\$ 26,634,794	\$	34,629,323
Under 60 months	\$ 44,391,323	\$	44,391,323

<u>Non LGIP Investment Levels</u>	<u>Permitted Level</u>
Maximum Available	\$ 39,952,191 Equal (1) - (2)
Under 180 days restriction	\$ 33,293,492 Equal (1) - (3)
Under 18 months restriction	\$ 28,854,360 Equal (1) - (4)

Recommended Outside (non LGIP) Investment Levels

	<u>LGIP Min</u>	<u>Invest Max</u>	
Under 180 days	\$ 11,097,831	\$ 33,293,492	Investment maximum = Total Portfolio (1) - LGIP minimum
Under 18 months	\$ 15,536,963	\$ 28,854,360	

Note: Assuming 50 bps difference between LGIP and Investment Portfolio for each \$1M invested generates \$5,000 per year in additional revenue.