

ISLAND COUNTY FINANCE COMMITTEE  
QUARTERLY MEETING

AGENDA

January 26, 2016

- I. Public Comment (if any)
- II. Approval of prior meeting's minutes
- III. December 31, 2015 Investment Report
- IV. Discussion Items
  - a. Reclassification of pooled investment income for 2015
  - b. December 31, 2015 investment performance
  - c. Goals for 2016
    - i. Update and rewrite Island County Investment & Debt Policies
    - ii. Comparison of Investment Portfolio with those of other Washington counties
  - d. New Business
    - i. WSACT Best Practices
    - ii. Improvements to investment tracking
- V. Adjourn

## Treasurer's Monthly Report

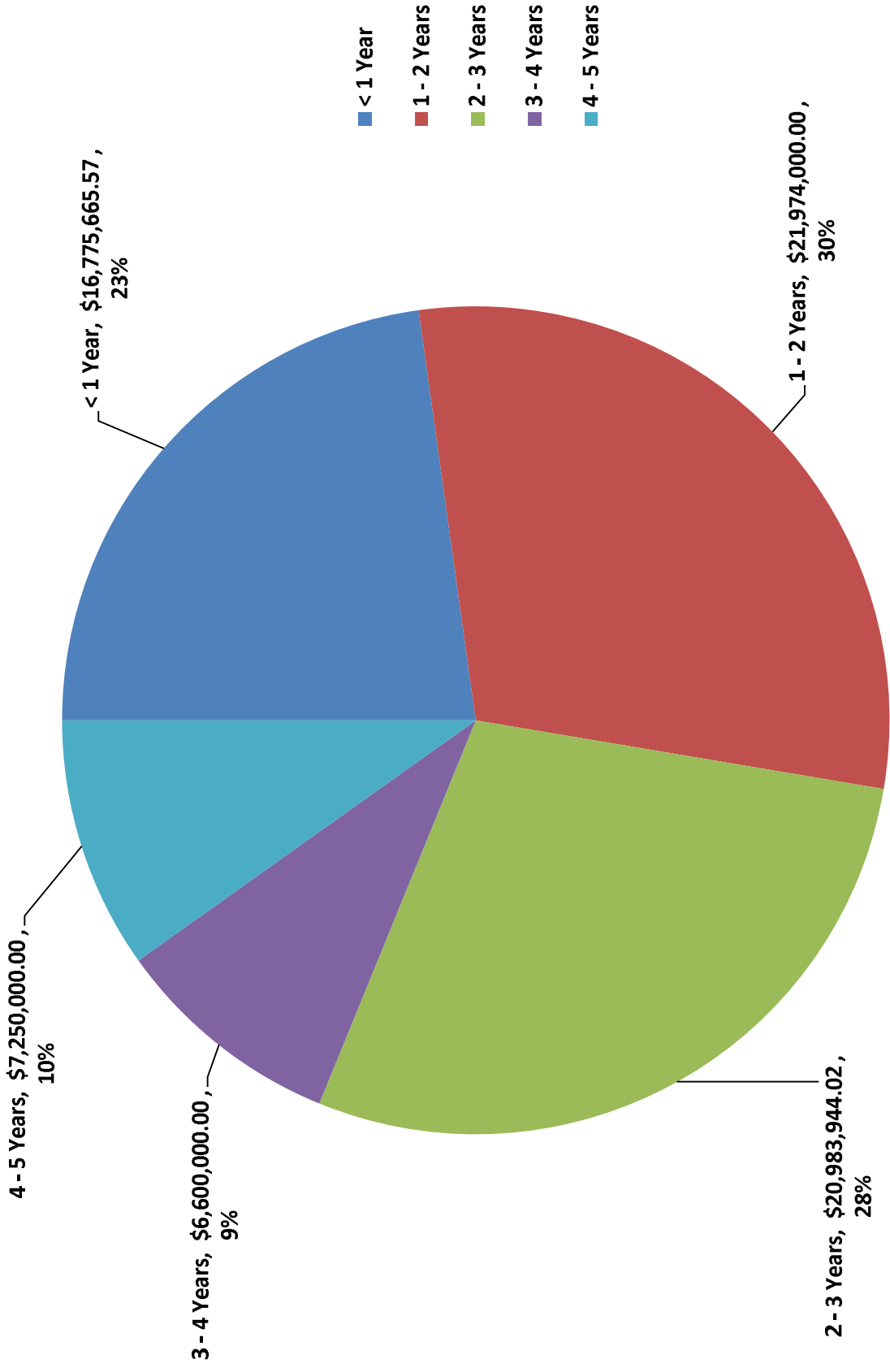
Financial Data as of December 31, 2015 – Year-End  
Presented January 26, 2016 – Finance Committee Meeting

- Residual (face value – principal) not including LGIP \$63,642,944.02
  
- LGIP (State Pool) Interest Rate .2443%
  - LGIP Balance \$ 9,940,665.57
  
- Total Cash Available
  - Key Bank \$ 3,075,940.12
  - Whidbey Island Bank \$ 2,767,934.40 \$ 5,843,874.52
  
- The County's 2015 year end investment portfolio is in a balanced position with 23% of its holdings in short-term (< 1 year), 30% in 1-2 year term, 28% in 2-3 year term, and 19% in 3-5 year term.
  
- Island County's Junior Taxing Districts have \$20,105,507.50 invested through the Treasurer, 6.8% (\$1,370,000) of which is invested in Certificates of Deposit, and 93.2% (\$18,735,507.50) of which is invested in the Local Government Investment Pool.

Total Investments under control of the Treasurer's Office was \$93,689,117.09 as of December 31.

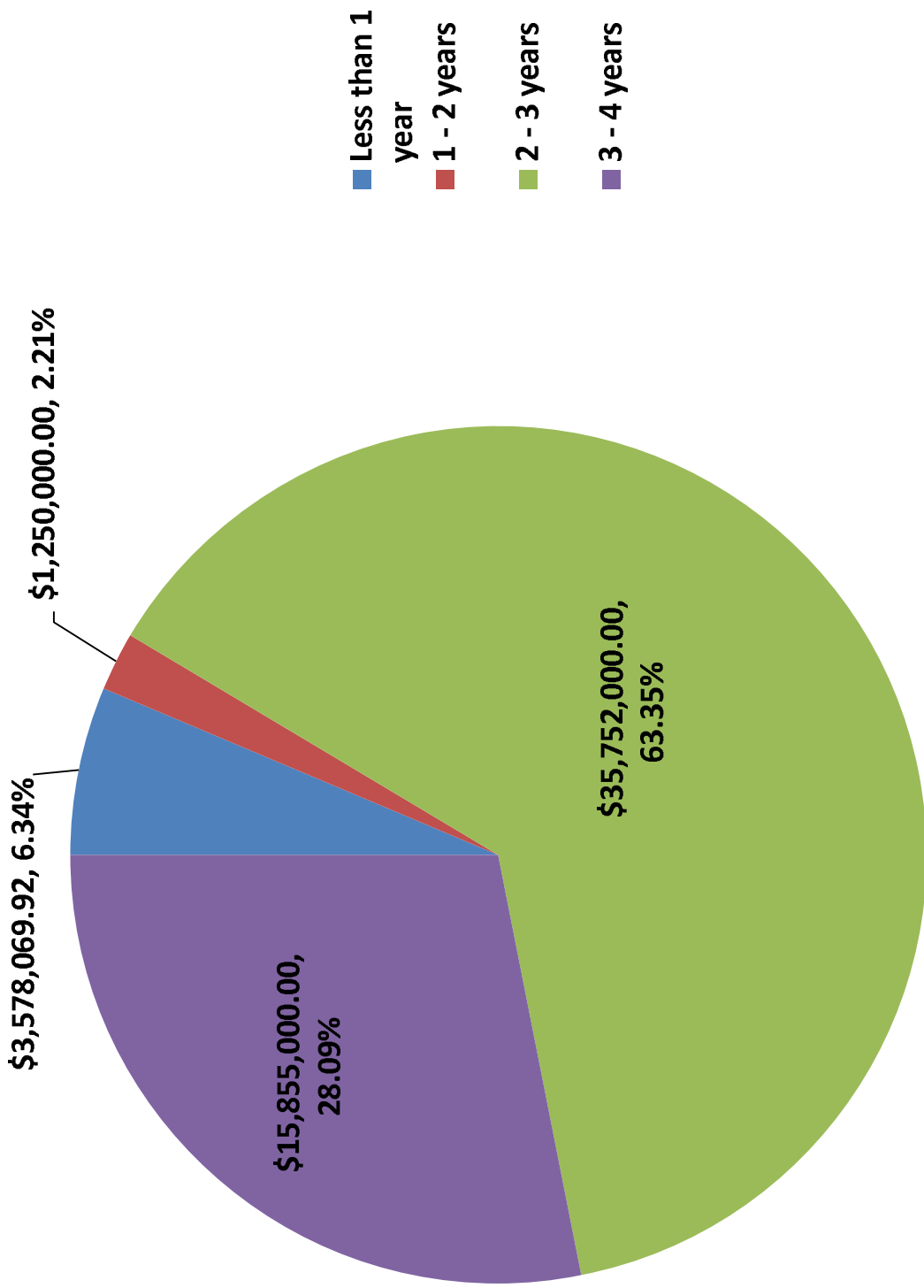
- Economic Update – The Fed met December 16 and opted to raise the bank lending rate 0.25%. As a result, short term (< 2 years) rose, and then declined. The Fed indicated in December that any further tightening would be gradual. Economic indicators have not been positive since mid-December, especially on an international basis. Oil prices continue to drop, creating slumps in the economies of Russia and the Middle Eastern countries. The drop in oil prices also influences the Consumer Price Index and points towards a less chance of further rate increases by the Fed. Significant fluctuations in the China stock market may also create adverse influences in the US markets.

# Island County Investments December 31, 2015 - Duration to Maturity



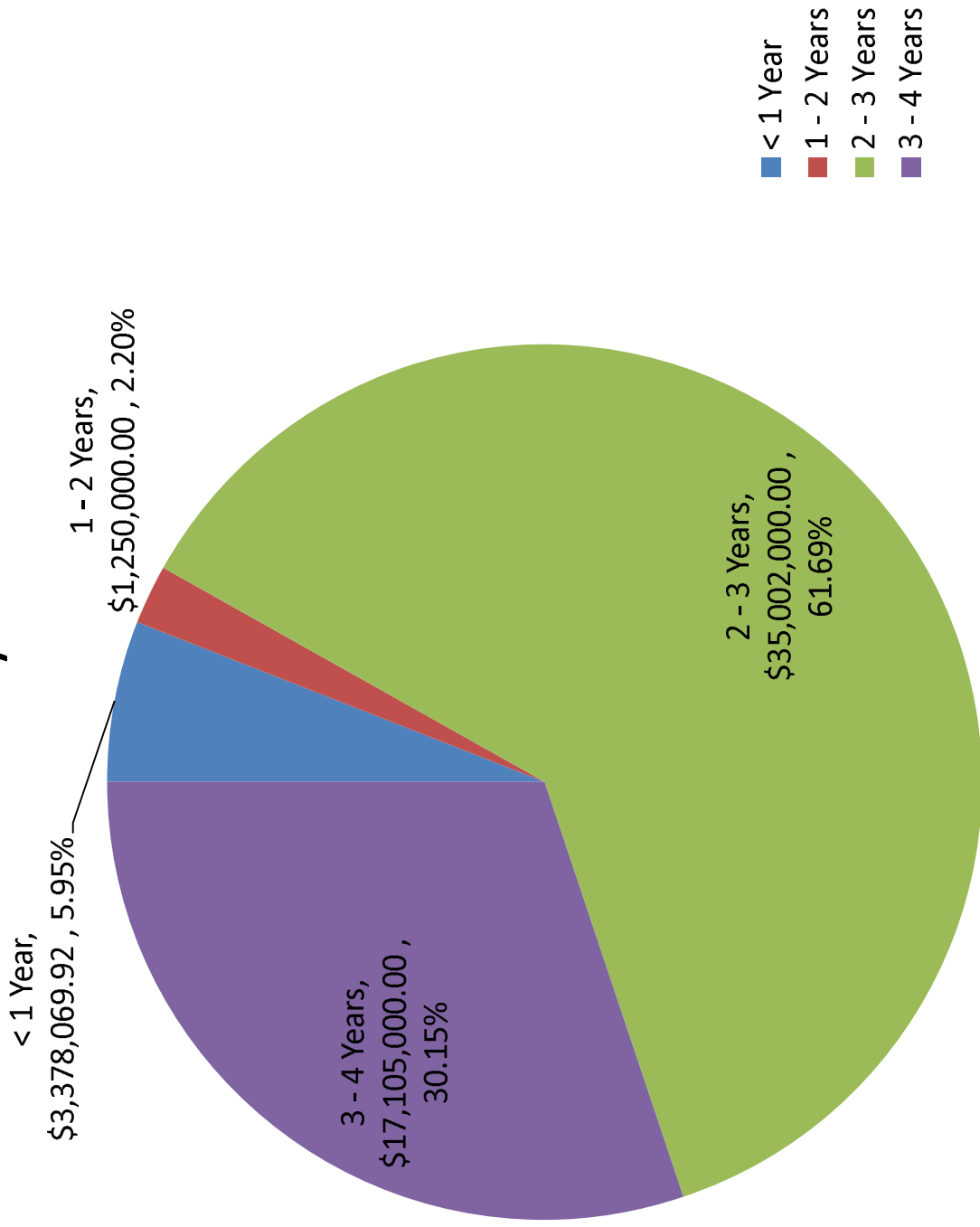
# Island County Residual Portfolio January 31, 2015 - Duration to Maturity

Date



# Island County Residual Portfolio December 31, 2014 - Duration to

## Maturity Date



## ISLAND COUNTY INVESTMENT PORTFOLIO BY BROKER

As of December 31, 2015

Prepared January 26, 2016

Alamo Capital	\$	371,972.01
First Empire Securities		2,000,000.00
First Liberties Financial		6,302,000.00
Great Pacific Securities		2,000,000.00
KeyBank Capital Markets		3,000,000.00
MultiBank Securities		3,565,000.00
Piper Jaffray		2,390,000.00
WA State Treasurer - LGIP (State Pool)		28,676,173.07
Stifel Nicolaus & Co.		6,176,972.01
Time Value Investments		10,062,000.00
Vining Sparks Investments		25,050,000.00
Wells Fargo Securities		2,500,000.00
Whidbey Island Bank		1,595,000.00
<b>Total</b>	<b>\$</b>	<b><u>93,689,117.09</u></b>

## ISLAND COUNTY INVESTMENT PORTFOLIO BY TYPE

As of December 31, 2015

Prepared January 26, 2015

Certificates of Deposit	\$	4,647,000.00	5.0%
FAMCA (Farmer Mac) <sup>1</sup>		3,512,000.00	3.7%
FFCB <sup>2</sup>		5,000,000.00	5.3%
FHLB <sup>3</sup>		15,243,944.02	16.3%
FHLMC (Freddie Mac) <sup>4</sup>		8,700,000.00	9.3%
FNMA <sup>5</sup>		19,050,000.00	20.3%
MUNICIPAL BONDS <sup>6</sup>		8,860,000.00	9.5%
LOCAL GOVERNMENT INVESTMENT POOL <sup>7</sup>		28,676,173.07	30.6%
<b>Total</b>		<b>\$ 93,689,117.09</b>	<b>100.0%</b>

1 Federal Agricultural Mortgage Corporation is a government-sponsored enterprise providing a secondary market for agricultural real estate mortgage loans, rural housing mortgage loans, and rural utility cooperative loans. It was established in the Agricultural Credit Act of 1987 and is overseen by the Farm Credit Administration.

2 Federal Farm Credit Bank was created by an Act of Congress in 1916 to create to support agricultural and rural communities with reliable, consistent credit and financial services. It is regulated and examined by the Farm Credit Administration, an independent agency in the Executive Branch of the US Government

3 Federal Home Loan Bank was chartered in 1932 by the US Congress to improve the availability of funds to support home ownership. It purchases mortgages.

4 Freddie Mac was chartered by Congress in 1970 to stabilize the nation's residential mortgage markets and expand opportunities for homeownership and affordable rental housing. It purchases mortgage loans and mortgage-related securities for investment.

5 Fannie Mae is the leading source of residential mortgage credit in the US secondary market to provide reliable, large-scale access to affordable mortgage credit in all communities across the country at all times so people can buy, refinance, or rent homes.

6 A municipal bond is debt issued by a local government or its agencies. Municipal bonds may be general obligations of the issuer or secured by specified revenues (e.g., property taxes or specific fees or tolls). Income from municipal bonds may be tax exempt or taxable. If they are tax exempt they are very attractive to certain individual investors for the tax benefits.

7 The Local Government Investment Pool is a money market fund operated for the participation of eligible governmental entities with surplus funds - it is comprised of public funds placed in the custody of the Office of the State Treasurer for investment and reinvestment as defined by RCW 43.250.020. The pool seeks to provide current income by investing in high-quality, short term money market instruments and offers daily contributions and withdrawals to optimize liquidity and returns.

# Island County Investment Portfolio by Type as of December 31, 2015

