

ISLAND COUNTY FINANCE COMMITTEE
QUARTERLY MEETING

AGENDA

January 24, 2017

- I. Public Comment (if any)
- II. Approval of prior meeting's minutes
- III. December 31, 2016 Investment Report
- IV. Discussion Items
 - a. Updates on 2016 Investment Policy (if any)
 - b. December 31, 2016 investment performance - preliminary
 - c. Goals for 2017
 - i. Complete new Investment Policy WPTA certification process
 - ii. Update and rewrite Island County Debt Policy
 - iii. Comparison of Investment Portfolio with those of other Washington counties
 - d. New Business
- V. Adjourn

Treasurer's Monthly Report

Financial Data as of December 31, 2016

Presented January 18, 2017

- Investment Balances:

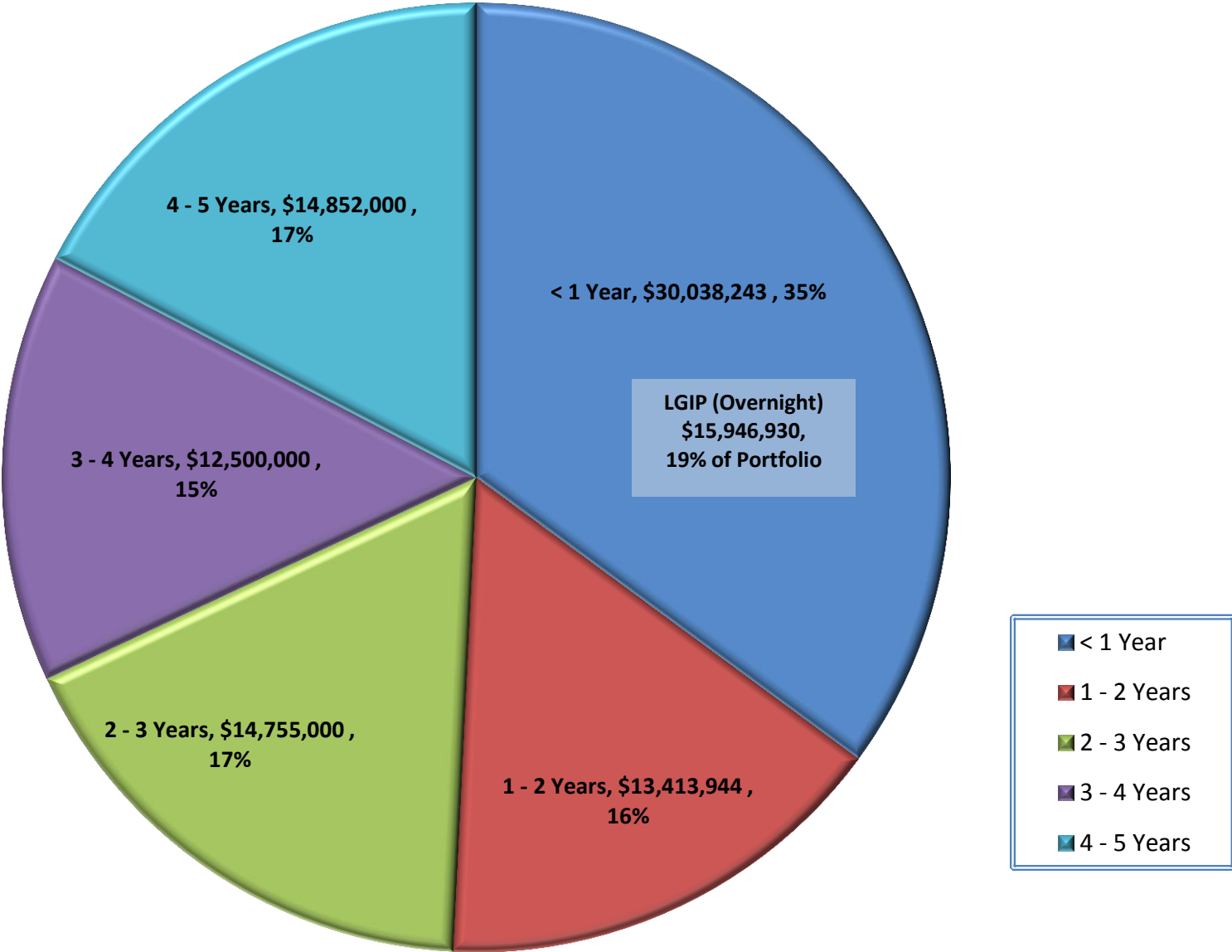
Residual (face value – principal) not including LGIP		\$69,612,257
LGIP (State Pool) Interest Rate		0.502%
○ LGIP Balance		\$15,946,930
Total Cash Available		
○ Key Bank	\$ 5,232,213	
○ Whidbey Island Bank	\$ 3,167,390	\$ 8,399,603
- The County's December 2016 investment portfolio is structured with 35% of the Residual invested with maturity dates of < 1 year (19% of the Residual is in the State Pool), 16% is invested with 1-2 year maturities, 17% in 2-3 year term, 15% in 3-4 year, and 17% in 4-5 year term.

Island County's Junior Taxing Districts have \$17,965,419 invested through the Treasurer, 89% of which is invested in the Local Government Investment Pool and 11% of which is invested at Opus Bank. The total JTD investment is lower than the November balance by approximately \$10 MM.

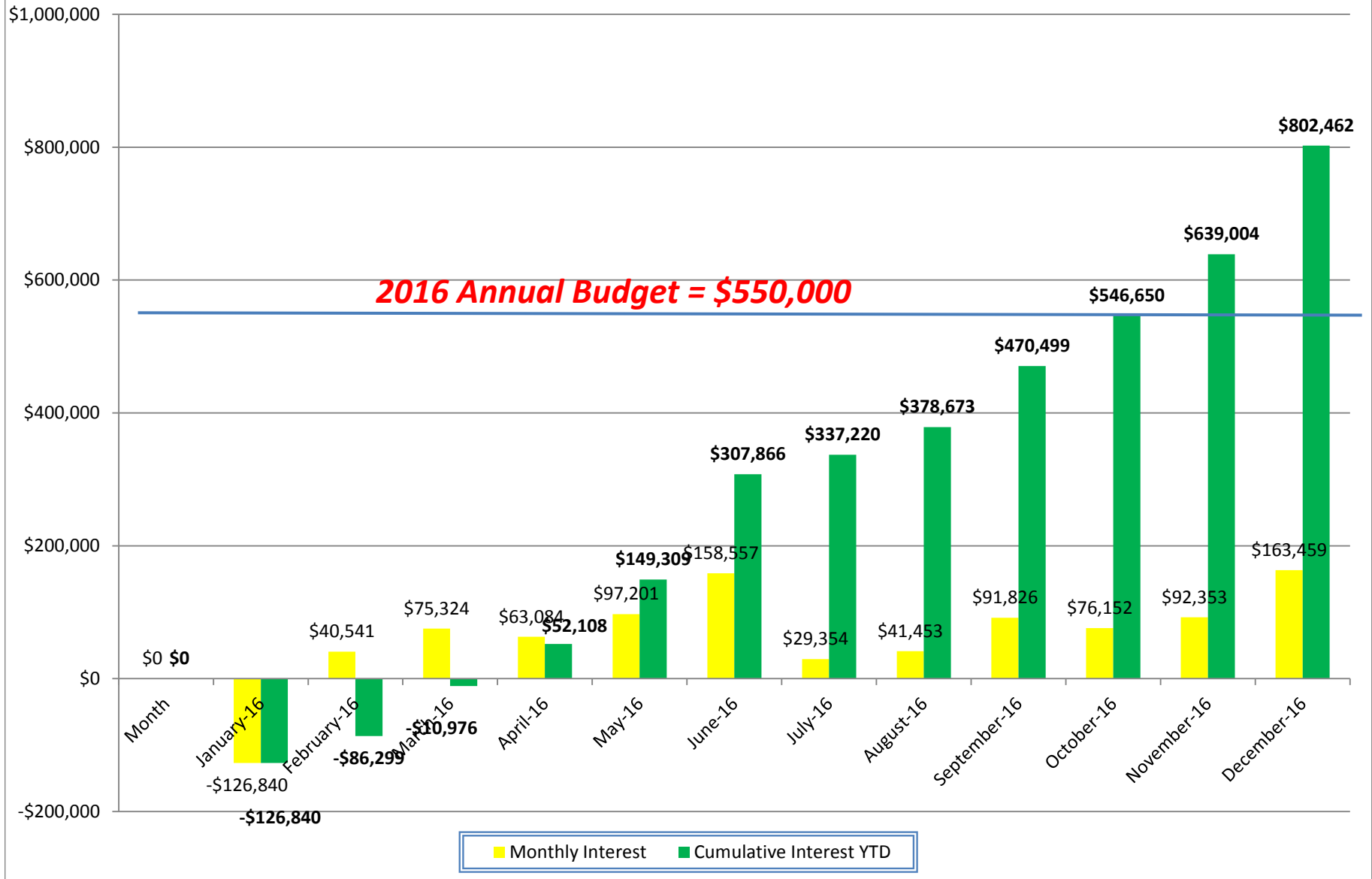
Total Investments under control of the Treasurer was \$103,524,606 as of December 31.

- Cumulative Investment Interest Income for 2016 of \$802K has been recorded, compared to a budgeted amount of \$550,000. Year-end accruals will revise this amount.
- \$56K and \$65K in Island County property taxes were collected in December for Current Expense and Roads, respectively. Collection percentage YTD is 98% for 2016 and 97% for all years (back to 2004).
- Foreclosure Update - Foreclosure proceedings began January 2016 with 396 properties subject to foreclosure for 2013 and prior. The certificate of delinquency was filed on August 1 with 39 properties included. 17 properties were auctioned online December 6, attracting 29 bidders, and 15 properties were sold.
- Supplement Update – 211 supplements were processed in December; the backlog as of December 31 was 54. Staff estimates the backlog requires 27 hours to complete.
- The number of REET affidavits processed in December was 451, up 310 in a YTD comparison with the same period in 2015. The County's portion of excise revenue was \$227,479 in December, on sales of \$71 MM. YTD excise revenue (\$3.4 MM) is up by \$600K over that of 2015.

Distribution of Investment Maturity Dates - Island County Residual Portfolio - December 2016



Island County Year-to-Date Investment Interest Received, January - December 2016



ISLAND COUNTY INVESTMENT PORTFOLIO BY BROKER

As of December 31, 2016

Prepared January 23, 2017

Alamo Capital	\$	371,972.01	0.43%
First Empire Securities		2,000,000.00	2.34%
First Liberties Financial		4,520,000.00	5.28%
Great Pacific Securities		1,000,000.00	1.17%
KeyBank Capital Markets		1,000,000.00	1.17%
MultiBank Securities		8,565,000.00	10.01%
Mutual Securities, Inc.		4,125,000.00	4.82%
Opus Bank		29,313.41	0.03%
Piper Jaffray		4,135,000.00	4.83%
WA State Treasurer - LGIP (State Pool)		15,946,929.76	18.64%
Stifel Nicolaus & Co.		8,446,972.01	9.87%
Time Value Investments		13,119,000.00	15.33%
Vining Sparks Investments		19,800,000.00	23.14%
Wells Fargo Securities		1,500,000.00	1.75%
Whidbey Island Bank		1,000,000.00	1.17%
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Total - Residual	\$	<u>85,559,187.19</u>	100.00%

ISLAND COUNTY INVESTMENT PORTFOLIO BY TYPE
As of December 31, 2016
Prepared January 23, 2017

Certificates of Deposit	\$ 1,520,000	1.78%
FAMCA (Farmer Mac) ¹	2,412,000	2.82%
FFCB ²	4,500,000	5.26%
FHLB ³	14,243,944	16.65%
FHLMC (Freddie Mac) ⁴	9,000,000	10.52%
FNMA ⁵	23,675,000	27.67%
Municipal Bonds ⁶	13,175,000	15.40%
Local Government Investment Pool ⁷	15,946,930	18.64%
Money Market (Opus Bank)	29,313	0.03%
Resolution Funding Corp ⁸	1,057,000	1.24%
Total - Residual	<u>\$ 85,559,187</u>	<u>100.00%</u>

Notes:

- 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.
- 8 Resolution Funding Corporation is a government agency established by Congress in 1989 to issue bailout bonds and raise funds for the activities of Resolution Trust Corporation (a government agency established in 1989 and disbanded in 1996 that administered federal savings and loan institutions that were insolvent between 1989 and August 1992 by either bailing them out or merging them), as well as to administer struggling institutions inherited from the disbanded Federal Savings and Loan Corporation. Interest payments are guaranteed by the US Government.