

ISLAND COUNTY FINANCE COMMITTEE
QUARTERLY MEETING

AGENDA

July 26, 2016

- I. Public Comment (if any)
- II. Approval of prior meeting's minutes
- III. June 30, 2016 Investment Report
- IV. Discussion Items
 - a. Investment Performance - Quarter 2 - 2016
 - b. Goals for 2016
 - i. Update and rewrite Island County Investment & Debt Policies - project update
 - ii. Comparison of Investment Portfolio with those of other Washington counties --- pending policy update
 - iii. WSACT Best Practices document
 - iv. Opus Bank
 - 1. Bank agreement documentation
 - 2. Certification of County Treasurer designating depositories
 - 3. Proposed resolution for BICC
 - c. New Business
 - i. WSACT Best Practices - continuing education recommendation
 - ii. Investment Software
- V. Adjourn

Treasurer's Monthly Report

Financial Data as of June 30, 2016

Presented July 20, 2016

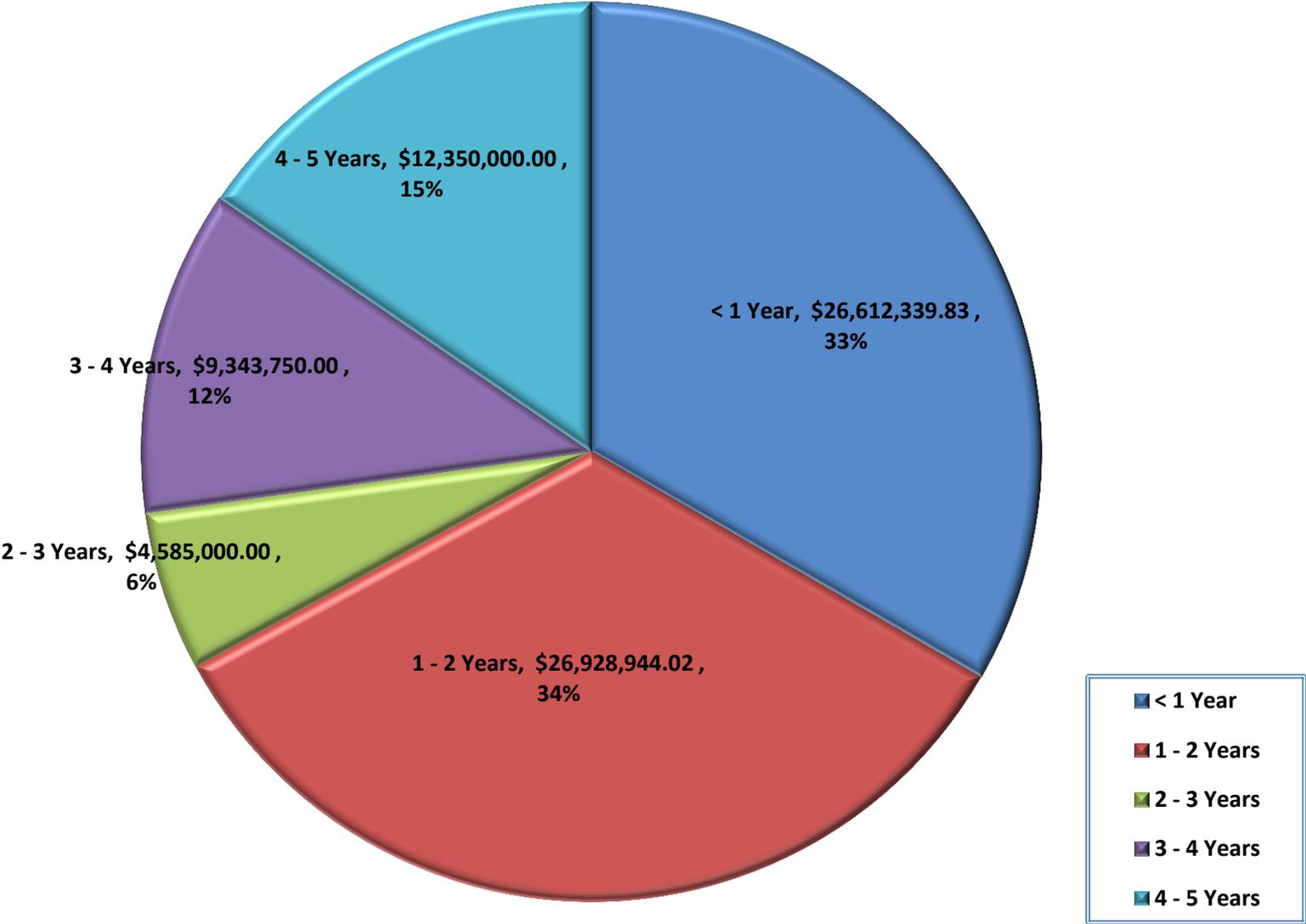
- Investment Balances:

Residual (face value – principal) not including LGIP		\$63,349,694
LGIP (State Pool) Interest Rate		0.49%
○ LGIP Balance		\$16,470,340
Total Cash Available		
○ Key Bank	\$ 6,187,978	
○ Whidbey Island Bank	\$ 3,956,342	<u>\$10,144,320</u>
- The County's June 30 investment portfolio is structured with 33% of the Residual invested with maturity dates of < 1 year, 34% of the portfolio is invested with 1-2 year maturities, 6% in 2-3 year term, and 27% in 3-5 year term. Once cash needs are obtained from Public Works for anticipated summer roadwork payments, short term balances not required to be liquid will be invested in longer maturities.
- Island County's Junior Taxing Districts have \$22,397,270 invested through the Treasurer, 1% (\$125,000) of which is invested in Certificates of Deposit, and 99% (\$22,277,270) of which is invested in the Local Government Investment Pool.

Total Investments under control of the Treasurer was \$102,217,304, as of June 30.

- \$60K and \$58K in Island County property taxes were collected in June for Current Expense and Roads, respectively. Collection percentage YTD is 54%. A reminder card for taxpayers who missed first half tax payments in April was sent July 1 and the resulting payments are arriving in our office now.
- Foreclosure Update - Foreclosure proceedings began January 2016 with 396 properties subject to foreclosure for 2013 and prior year taxes. As of June 30, 47 were unpaid. 48 Mobiles and 40 Business Personal Property Accounts are under Distraint. Personal property accounts will be posted for collection this summer; we are working with the Personal Property representative from the Assessor's Office on site visits.
- Supplement Update – 93 supplements were processed in June; the backlog as of June 30 is 305, as 125 were added by the Assessor consisting mainly of exemption enrollments or removals. Staff estimates the backlog requires 153 hours to complete.
- The number of REET affidavits processed increased at 525 from 452 for May and up 183 in a YTD comparison with 2015. The County's portion of excise revenue was \$497,092 in June, on sales of \$127 MM. YTD excise revenue (\$1,534,761) is up over that of 2015 for the January – June time period.

Duration to Maturity - Island County Residual Investments - June 30, 2016



ISLAND COUNTY INVESTMENT PERFORMANCE 2016

For the six months ended June 30, 2016

Prepared July 25, 2016

Miscellaneous Investment Interest ¹	\$ 307,866	0.77%
Miscellaneous Investment Service Fees	1,953	

Residual Portfolio, June 30, 2016	\$ 79,820,034
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Note 1 Rate is annualized

ISLAND COUNTY INVESTMENT PORTFOLIO BY TYPE

As of June 30, 2016

Prepared July 25, 2016

Certificates of Deposit	\$	2,105,000	2.6%
FAMCA (Farmer Mac) ¹		1,012,000	1.3%
FFCB ²		7,500,000	9.4%
FHLB ³		14,237,694	17.8%
FHLMC (Freddie Mac) ⁴		9,000,000	11.3%
FNMA ⁵		19,175,000	24.0%
MUNICIPAL BONDS ⁶		10,320,000	12.9%
LOCAL GOVERNMENT INVESTMENT POOL ⁷		16,470,340	20.6%
	\$	<u>79,820,034</u>	100.0%

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.

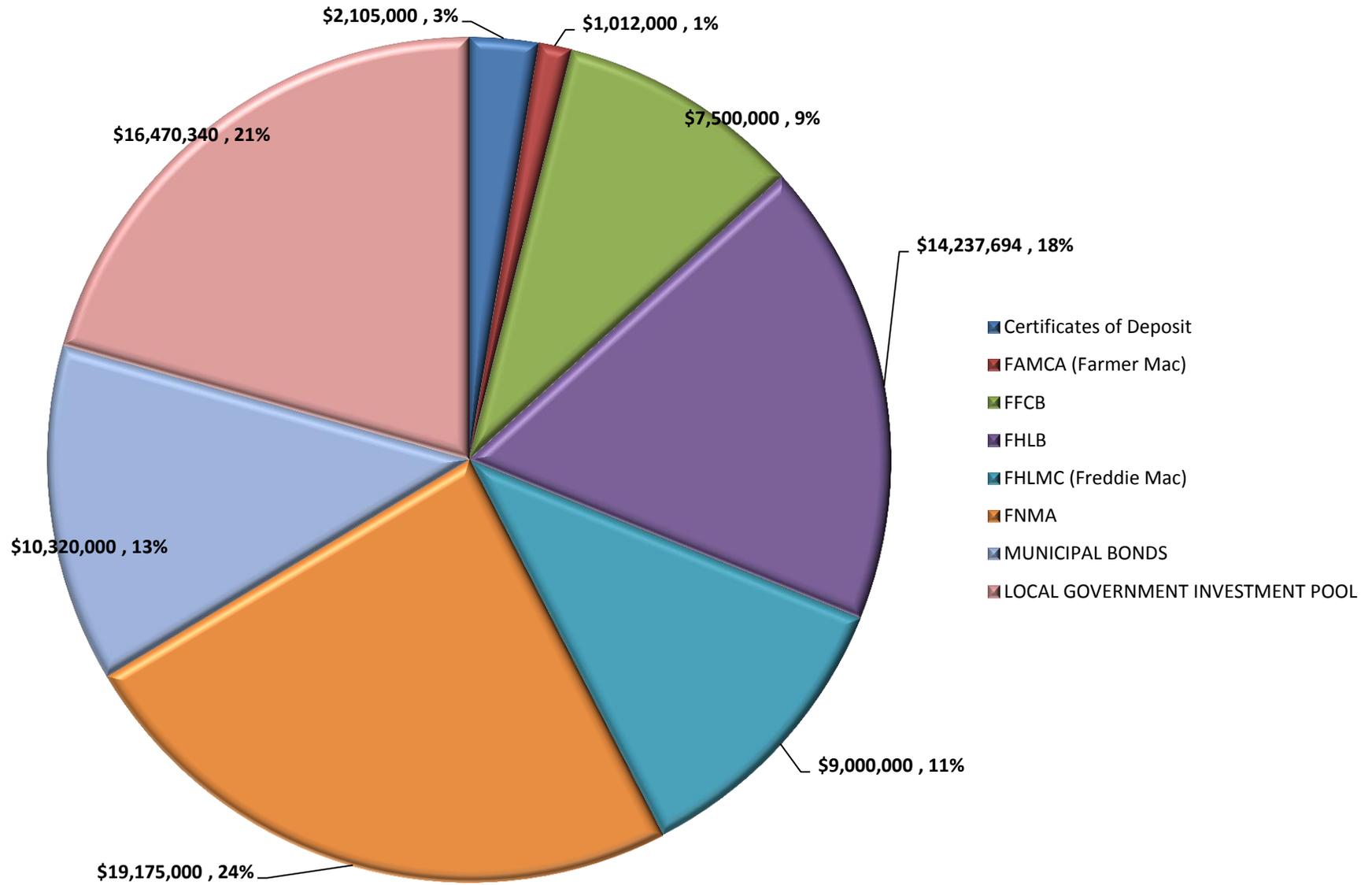
⁴ Freddie Mac was chartered by Congress in 1970 to stabilize the nation's residential mortgage markets and expand opportunities for homeownership and affordable rental housing. It purchases mortgage loans and mortgage-related securities for investment.

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 June 30, 2016



Island County Investments by Broker
As of June 30, 2016
Prepared July 25, 2016

Alamo Capital	\$ 371,972.01
First Empire Securities	1,000,000.00
First Liberties Financial	5,605,000.00
Great Pacific Securities	2,000,000.00
KeyBank Capital Markets	1,000,000.00
Multi-Bank Securities	4,565,000.00
Mutual Securities	1,125,000.00
Piper Jaffray	2,490,000.00
State Treasurer Local Government Investment Pool	16,470,339.83
Stifel Nicolaus & Co.	7,980,722.01
Time Value Investments	9,562,000.00
Vining Sparks Investment	24,150,000.00
Wells Fargo Securities	2,500,000.00
Whidbey Island Bank	<u>1,000,000.00</u>
Total - Residual	<u>\$79,820,033.85</u>