

Deschutes County Investment Advisory Committee

Semi-Annual Meeting 3.07.23, 11:30am – 1:30pm, In-Person

Location – Deschutes County Administration Building, 2nd Floor Finance Dept

Committee Purpose: The committee will meet with the County Treasurer at least twice per year and review the investment portfolio with regards to compliance with the adopted investment policy. The committee will make recommendations to policy changes and possible investment procedures.

Members:

Brian Durbin – Fiscal Director, Kor Community Land Trust
Craig Renkert – Retired CFO, Federal Metals Credit Union
James Woods – Accounting Manager, City of Redmond
Richard Ambrose – Principal, Axia Wealth Management

County Staff:

Tony DeBone – Deschutes County Commissioner
Nick Lelack – Deschutes County Administrator
Bill Kuhn – Deschutes County Treasurer
Robert Tintle – Deschutes County CFO
David Givans – Deschutes County Internal Auditor
Angie Powers – Administrative Assistant

Agenda

1. Call to Order
2. Introductions/Notices
3. Review/Approve minutes from February 24, 2022 meeting
4. Treasurer's Report
5. Investment Policy Discussion
6. Other Considerations – Trading document/written system covering trading activity.
7. Market Discussion
8. Next Steps
 - a. Review/recommendation on Investment Policy Statement/BOCC
 - b. Upcoming annual review of Investment Broker/Dealer authorization process
9. Other Discussion Items
10. Adjourn

**The Minutes of the Meeting of the Investment Advisory Committee
Thursday, February 24, 2022**

The Deschutes County Investment Advisory Committee Meeting was held on Thursday, February 24, 2022 **via Zoom Conference Call** at 10:00am.

Present:

Members Present:

*Michelle Cermak, Director of Family Services, Bolliver, LLC
Craig Renkert, retired CFO, Federal Metals Credit Union
Phil Chang, County Commissioner and Committee Member*

Not present:

*Dave Edwards, Co-founder, Sonder Studio
Richard Ambrose, Principal, Axia Wealth Management
Bill Anderson, President/CEO, Mid Oregon Credit Union, County Budget Committee member*

Staff:

*Greg Munn, County Treasurer & Chief Financial Officer
Nick Lelack, County Administrator
Carol Martin, Recorder- BOCC Administrative Assistant*

Call to Order: Greg Munn called the meeting to order at 10:03 a.m.

Introductions: Introductions of attending members was made.
Mr. Munn noted that Bill Anderson, who serves as an advisory member and is on the County Budget Committee has tendered his resignation. He has been a great help to his Committee.
There were no further notices.

Minutes: The minutes from the meeting held on September 27, 2021, were reviewed. There were no comments. Craig Renkert made a motion to approve, Micelle Cermak, seconded. All in favor and the minutes were approved.

Treasury Report: Mr. Munn directed members to the attached report and updated them on the figures for December 2021. Specifically:

- The portfolio balance at the end of December was \$289 million, a decrease of \$10 million from November but an increase of \$37 million from last year (December 2020) – most of the increase due to the receipt of \$19 million in ARPA funds in May. For comparison purposes, the December 2020 balance is \$11 million more than the December 2019 balance.
- Net investment income for the month is \$111,956, approximately \$30,000 less than last month and \$90,000 less than December 2020. YTD earnings of \$764,741 are \$570,000 less than the YTD earnings last year.
- All portfolio category balances are within policy limits.
- No change in the LGIP interest rate. Benchmark returns for 24 and 36 month treasuries are up again from the prior month by 21 and 16 basis points, respectively.
- Average portfolio yield is 0.61% down from 0.62% last month.
- The portfolio's weighted average time to maturity is at 1.61 years (compared to 1.46 last month).

Mr. Munn then went over the graphs shown for the 24 Month Historic Investment Returns, the Three Year Portfolio Balance and the Five Year Maturity Distribution Schedule.

During discussion, it was noted that the first page is a good summary and the second page of the report is a valuable tool to see where we are compared to where we have been. It was also noted that investments are down, but that is due to the current climate. Michelle Cermak, noted that if we were to add to the graphs, perhaps a year over year comparison for Investment Maturity might be helpful, but that overall the report hits the highlights and the requirements in the Policy of where we are against those. Commissioner Chang raised a question regarding who makes the decisions on acquisitions, was it the Brokers listed using fund management? Mr. Munn noted that there is not a lot of flexibility but the main priority is to not lose money and that all investments are safely invested. He said he follows the parameters in the Policy and ties investments to cash flow needs, avoiding months where property tax receipts are heavy and spreads maturities across months to balance cash flow needs. He sends a query to the Brokers who respond with

options to maximize opportunities to increase yield while watching for maturity and security. He thanked the committee members for their comments.

Investment Policy Discussion: Mr. Munn directed the committee to the Policy in their packet. They had discussed previously possible changes to provide a better yield. The Policy will go to the BOCC in March. Most changes were of a housekeeping type, shown in yellow on the document, one change throughout was changing mitigate to managing risk. One change on the bottom of page 8 of the policy, paragraph 3.c., was to add "business" to the length of days prior to settlement date. Discussion followed on this in particular, and also under the next item as well.

Market Discussion: Mr. Munn had asked the Brokers about potential changes for us versus what our Policy advises. Treasury approves major changes quarterly, so any we wish to include would need to be submitted in July and then back to the BOCC later in the year. One item was an extension to maturity of the pool beyond five years. Mr. Munn noted that it would be useful to have this flexibility, but it does not necessarily mean we have to use it. Extending this deadline would need Treasury approval. Committee comments included extending and advising not to extend with the current interest environment, but possibly revisit in two or three years. Another item discussed covered 144a investments which are currently banned under the Policy, but following discussion it was agreed this would not be wise in the present climate. Callables were also discussed but it was agreed to keep our rate at the 25% mark rather than raise the limit. Regarding the 14 Business days, it was agreed in the end to make this 21 calendar days and see how it goes for a year.

Next: Mr. Munn discussed the next steps:

- Taking the Investment Policy to the BOCC in March.
- Investment Broker review and selection in April/May.
- Any major Policy changes proposed got to the Treasury Board in July and then to the BOCC.

Other Discussion:

There was brief discussion on the how helpful and courteous staff at the County are to work with.

ADJOURN: Meeting was adjourned at 10:58 a.m.

Recording Secretary