



Anoka County

FINANCE & CENTRAL SERVICES DIVISION

Respectful, Innovative, Fiscally Responsible

MEMORANDUM

DATE: October 15, 2024

TO: Commissioner Reinert
Chair, Finance & Capital Improvements Committee

FROM: Cory Kampf, Chief Financial Officer

SUBJECT: 2024 3rd Quarter Investment Update

The Finance Committee has requested receiving information on investments on a periodic basis.

For the Quarter-ended September 30, 2024, the County had investments totaling \$516.62 million. Within the investment management system, we have broken down our investments into portfolios, which are defined below:

- **Investment Manager – RBC:** Represents funds managed by RBC.
- **MAGIC Fund:** Represents short-term CD's, Term Notes, and liquid funds.
- **OPEB Irrevocable:** Investments with State Board of Investments (SBI) tied to our Retiree Health Care Liability.
- **US Bank - Fixed Income:** Represents portfolio managed internally.
- **US Bank – Liquid Assets:** Represents short-term liquid funds.
- **Wells Fargo – Sweep:** Represents short-term overnight funds associated with main checking account.

Investing Strategy

The County's investing strategy focuses on safety, liquidity, and then yield. The yield is impacted by the constraints of the fixed income market and is secondary to maintaining safety in the investments chosen and the liquidity needed to manage operations. We strive for the best yield possible using a ladder maturity philosophy.

Anoka County Summary of Investments by Portfolio – September 30, 2024

Description	Beginning Face Amount/Shares	Ending Face Amount/Shares	Buy Principal	Sell Principal	Interest Earned During Period-Book Value	Realized Gain/Loss-Book Value	Investment Income-Book Value
Investment Manager - RBC Capital	42,268,392.56	43,126,793.46	10,428,718.26	9,291,007.60	1,162,516.51	(347,942.69)	814,573.82
MAGIC Fund	53,869,631.37	14,558,363.28	264,988,731.91	304,300,000.00	2,839,190.21	-	2,839,190.21
OPEB Irrevocable	105,087,280.98	128,262,449.20	27,603,452.66	(4,830,700.74)	1,241,189.95	-	1,241,189.95
US Bank - Fixed Income	321,722,899.89	320,120,350.74	50,829,009.21	52,708,727.56	7,329,966.74	(104,690.82)	7,225,275.92
US Bank - Liquid Assets	12,040,291.66	8,187,845.65	523,775,144.28	527,627,590.29	481,900.38	-	481,900.38
Wells Fargo - Sweep	8,197,055.40	2,368,736.93	120,530,408.65	126,358,727.12	147,896.65	-	147,896.65
Total / Average	543,185,551.86	516,624,539.26	998,155,464.97	1,015,455,351.83	13,202,660.44	(452,633.51)	12,750,026.93

Less OPEB Investment Income							(1,241,189.95)
Net Investment Income YTD				% of 2024 Budget		94%	11,508,836.98
2024 Investment Income Budget							12,300,000.00
Investment Income (deficit) surplus YTD							(791,163.02)

Portfolio Performance

Total investment income earned for the quarter ended totaled \$12.75M, with \$(452.6K) related to one time realized gain/losses due to regular activity by our RBC Capital Asset Manager \$(347.9K) and Internal activity (\$104.7K). The overall portfolio performance as of the Quarter ended September 30, 2024, is an average book yield of 3.05% compared with 2.74% at the end of 2023. Short-term interest rates have started to decline due to the Federal Reserve reducing the Federal Funds rate 0.50% in September. Initially the Markets were confident the Federal Reserve would be reducing the Federal Funds rate another 0.25% in November and/or December, however this confidence has diminished with the recent employment data. We continue to see some interest rate inversion along the yield curve, which is a little concerning. The OPEB Trust has seen a 22.1% increase in its Market Value through September 30, 2024, posting a \$21.94 million gain (unrealized).

See the chart below for a breakdown by Portfolio:

