



Anoka County

FINANCE & CENTRAL SERVICES DIVISION

Respectful, Innovative, Fiscally Responsible

MEMORANDUM

DATE: February 21, 2017

TO: Commissioner Matt Look
Chair, Finance & Capital Improvements Committee

FROM: Cory Kampf, F&CS Division Manager

SUBJECT: 2016 Year-end Investment Update

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

For the Year-ended December 31, 2016, the County had investments totaling \$244.35 million. Within the investment management system, we have broken down our investments into portfolios, which are defined below:

- **Investment Manager – Nuveen:** Represents funds managed by Nuveen (we have cancelled our contract with Nuveen as of January 31st 2016).
- **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.
- **OPEB Revocable:** Investments with SBI tied to our Retiree Health Care Liability (account was closed in December of 2016 – proceeds used for Retiree Healthcare costs).
- **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 we choose and the liquidity needed to manage operations. We strive for the best yield possible through the use of a ladder maturity philosophy.

Anoka County Summary of Investments by Portfolio – December 31, 2016

Description	Beginning Face Amount/Shares	Ending Face Amount/Shares	Buy Principal	Sell Principal	Interest Earned During	Realized Gain/Loss-BV	Investment Income-BV
Investment Manager - Nuveen	29,574,974.12	0.00	3,587,113.23	34,210,473.42	78,776.82	678,632.85	757,409.67
Investment Manager - RBC Capital	34,861,585.90	35,652,927.59	16,080,448.97	15,240,905.94	785,108.05	130,687.14	915,795.19
MAGIC Fund	24,175,136.71	59,441,734.25	358,971,988.62	323,705,391.08	526,655.19	0.00	526,655.19
OPEB Irrevocable	51,357,375.79	54,474,701.58	9,897,862.27	6,780,536.48	1,051,759.32	0.00	1,051,759.32
OPEB Revocable	437,792.97	0.00	88,281.24	526,074.21	8,433.32	0.00	8,433.32
US Bank - Fixed Income	44,531,000.00	82,032,836.70	46,424,519.59	8,392,152.64	1,118,469.67	54,857.09	1,173,326.76
US Bank - Liquid Assets	27,457,669.60	11,393,071.61	102,615,859.22	118,680,457.21	47,667.90	0.00	47,667.90
Wells Fargo - Sweep	4,604,694.41	1,278,855.87	62,000,350.67	65,326,189.21	2,433.99	0.00	2,433.99
Total / Average	217,000,229.50	244,274,127.60	599,666,423.81	572,862,180.19	3,619,304.26	864,177.08	4,483,481.34
GASB -YE Market Value Change							-1,072,432.18
Less OPEB Investment Income							1,060,192.64
Net Investment Income							2,350,856.52
2016 Investment Income Budget							1,580,000.00
Investment Income Surplus							770,856.52

Portfolio Performance

Total investment income earned during the year totaled just over \$4.4 million, with \$864K related to one time realized gains due to regular activity by our RBC Capital Asset Manager (\$130K), Internal activity (\$54.8K), and a one-time gain of \$678K related to the dissolution of the Nuveen Portfolio. The overall portfolio performance as of December 31, 2016 is an average book yield of 1.41% compared with 1.34% at the end of 2015. See chart below for a breakdown by Portfolio:

