

City of Greenville
Investment Advisory Committee Meeting
Wednesday, April 18, 2018
City Hall, Room 337
10:00am-11:00am

Attendees:

- | | | |
|--|--|--|
| <input type="checkbox"/> Scott Below, <i>Chair</i> | <input type="checkbox"/> Ann Wall, <i>City Manager</i> | <input type="checkbox"/> Cameron Evans, <i>Vice Chair</i> |
| <input type="checkbox"/> William Litchfield, <i>City Council Liaison</i> | <input type="checkbox"/> Michael Cowin, <i>Assistant City Manager</i> | <input type="checkbox"/> Yifan "Mike" Guo, <i>New Member</i> |
| <input type="checkbox"/> Vacant, <i>Director of Financial Services</i> | <input type="checkbox"/> Jacob Joyner, <i>Financial Services Manager</i> | |
-

1. Election

2. Review October 11, 2017 Meeting Minutes

3. Quarterly Report as of March 31, 2018

4. Next Meeting:

Wednesday, August 15, 2018 from 10am-11:00am (Regular Committee Meeting)

Investment Advisory Committee Meeting (IAC)

Minutes

Wednesday, October 11, 2017

Members present

Dr. Scott Below, *Chair*; Cameron Evans, *Vice Chair*

City Staff present

Ann Wall, *City Manager*; Michael Cowin, *Assistant City Manager*;
Bernita Demery, *Director of Financial Services*; Jacob Joyner, *Financial Services Manager*

Others present

PJ Connelly, *City Council Liaison*; Jeremy Smith, *SunTrust*; Stephen Sexton, *SunTrust*

The meeting of the Investment Advisory Committee was at 10:00 a.m. on Wednesday, October 11, 2017 in City Hall Conference Room 337.

1. SunTrust Bank Presentation

Mr. Smith presented the City's investment policy. He illustrated to the Committee how he went through the City's policy to address what items the City can and cannot invest. Mr. Sexton then presented a portfolio review. He noted that our securities had a short average life and that all of our bonds are bullet bonds. He showed that SunTrust's reporting shows roll-offs which would be useful for budgeting. Mr. Cowin asked if the upcoming bond issuance would have an effect on securities. Mr. Sexton said that we can structure maturities around bond payments. Mr. Sexton noted that it is important to watch price volatility when selling securities prior to the date they mature. SunTrust has a report that tracks performance vs. expectation and an investment plan that shows dates of roll-offs and the yield of roll-offs. Mrs. Demery mentioned how SunTrust did more upfront work than other vendors. Mr. Cowin asked if SunTrust noticed anything more we could be doing with our investments. Mr. Sexton mentioned the possibility of CD's, and that CD's would be limited to \$248K due to FDIC coverage. He also mentioned that callable bonds yield more than bullet bonds due to call risk. Mr. Sexton discussed that North Carolina securities tend to trade more expensive due to there being less risk. Mrs. Demery mentioned that the City's policy has always been Safety > Liquidity > Yield. With the City having more cash, she said the focus is turning more towards yield over liquidity. Mr. Sexton mentioned that CD's would be good items when holding to maturity. Mr. Below asked Mr. Sexton about SunTrust's fees. Mr. Sexton said there are no fees. SunTrust earns the dealer spread. He said SunTrust would have to be careful about how much advice they give. Dr. Below asked if SunTrust offered an inventory of bonds. Mr. Sexton replied that most of their bonds are in inventory. They can also buy bonds off the street however. The committee thanked SunTrust for their presentation.

2. Review of December 7, 2016 Meeting Minutes

The minutes were approved without exception by the Committee.

3. Quarterly Report as of September 30, 2017

Mrs. Demery presented the Quarterly Investment Report dated September 30, 2017. She said there was not much change from the previous quarterly report. Largest difference was cash balances year over year. The increased cash was due to the \$8 million bond issuance.

4. Follow-up on October 9th City Council Presentation

Dr. Below said that the presentation went well and there were no items to follow up on.

5. 2018 Upcoming Meetings:

Wednesday, April 18, 2017 from 10am-11am (Regular Committee Meeting)

Wednesday, August 15, 2017 from 10am-11am (Regular Committee Meeting)

Wednesday, October 17, 2017 from 10am-11am (Regular Committee Meeting)


The dates were unanimously confirmed by the Committee.

Additional comments were made at this time. Mrs. Demery addressed Cameron Lovitt's absences. As he has not attended any meetings it was determined that he had vacated his position on the Committee. Council Member Connelly said that he has not made a replacement appointment yet. Mr. Evans inquired as to whether the City would look into using Wells Fargo as an investment partner. Mrs. Demery mentioned that it has been looked into but it is not the right time. The City is concerned with the negative publicity surrounding Wells Fargo at the moment.

Dr. Below motioned to adjourn. Motion passed unanimously and meeting was adjourned.

MEMORANDUM

To: Ann Wall, City Manager
 Michael Cowin, Assistant City Manager

From: Jacob Joyner, CPA, Financial Services Manager 

Date: April 10, 2018

Subject: Cash/Investment Report as of March 31, 2018

Attached is the City of Greenville's Cash/Investment Portfolio Report as of March 30, 2018. The information below will provide a review of the activity that occurred in the cash portfolio since the last reported period September 2017 through March 2018, 2018.

During the reporting period, there were no unusual occurrences within the cash / investment categories. The overall cash portfolio reflects a decrease as of March 31, 2018 when compared to prior reporting period September 2017. The portfolio decreased to \$72,582,018, which is a cumulative face value change of \$6,576,370 or 8%. The majority of the City's collections for the fiscal year take place in this same period because of property tax collections. In addition to property tax collections, the following factors also affect the overall increase in the portfolio

- Spending of Streets and Pedestrian Project Bond Proceeds
- Spending of Fire Rescue Public Safety Project Installment proceeds

Attached is a historical presentation of the cash portfolio performance for the past five years. The pattern remains consistent to prior year(s).

Investment Earnings are directly dependent on the cash balances on-hand, the timing of coupon payments and the C2 monthly buys and sells. As of March 31, 2018, the year-to-date investment earnings have increased when compared to the same time for the prior year. The table below illustrates a 2-year history of investment earnings.

<u>Year</u>	<u>March 2018</u>	<u>March 2017</u>
Investment Earnings	\$180,449.17	\$170,266.20

The investment transactions for the reporting period October 2017 –March 2018:

<u>Transactions</u>	<u>Cusip</u>	<u>Amount</u>	<u>Realized Gain/(Loss)</u>
C2 Buys	C2	\$6,570,000	-\$0-
C2 Sells	C2	\$6,410,000	\$(47,177.64)

The tables on the next page illustrate the portfolio's performance, market amounts, and rate of returns, and include a comparison to the Federal 91-day T-Bill. The City's Optimizer investment returns are in line with the Merrill Lynch benchmarks, as illustrated on the "Group Summary Total Portfolio Holdings".

The diversification of the portfolio and the percentages held in investment types complies with the City's investment policy.

Investment Portfolio Update		
	March 30, 2018	September 30, 2017
Market Amount	\$72,582,018.03	\$79,276,057.28
% Return	1.32%	.94%

City versus Federal T-Bill Comparison as of March 30, 2018		
	City Returns	Federal T-Bill Benchmark
91 Day Benchmark Return – NCCMT Gov	1.37%	1.73%
91 Day Benchmark Return – NCCMT Term	1.61%	1.73%
1-3 Year Benchmark Return – C2	1.38%	2.06%
3-5 Year Benchmark Return – C2	1.80%	2.63%

Let me know if you have questions.

Cc: City Council
Investment Advisory Committee

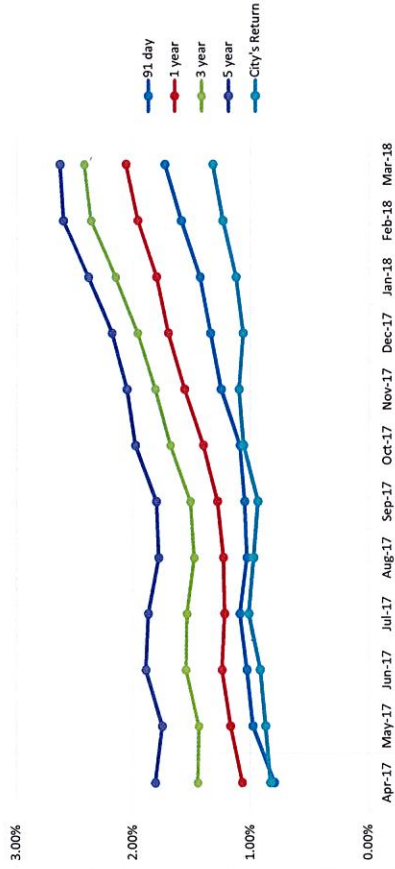
Group Summary Portfolio Holdings
City of Greenville
March 30, 2018

Description	Face Amount/Shares	Cost Value	Market Value	Days To Maturity	% of Portfolio	YTM @ Cost
Cash	5,351,037.39	5,351,037.39	5,351,037.39	1	7.42%	0.000
Certificate Of Deposit	1,000,000.00	1,000,000.00	1,000,000.00	365	1.39%	1.250
FHLB Bond	680,000.00	668,091.00	662,451.11	1,193	0.92%	2.178
FHLMC Bond	6,470,000.00	6,542,756.05	6,387,330.95	723	8.85%	1.355
FNMA Bond	12,370,000.00	12,408,303.58	12,156,310.27	878	16.85%	1.546
Local Government Investment Pool	34,815,318.06	34,815,318.06	34,815,318.06	1	48.25%	1.300
Money Market	4,270,662.58	4,270,662.58	4,270,662.58	1	5.92%	0.049
Municipal Bond	2,500,000.00	2,500,000.00	2,474,710.10	612	3.43%	1.706
Treasury Bond	5,125,000.00	5,194,068.37	5,036,029.55	1,407	6.98%	1.785
Total / Average	72,582,018.03	72,750,237.03	72,153,850.01	351	100.00%	1.322

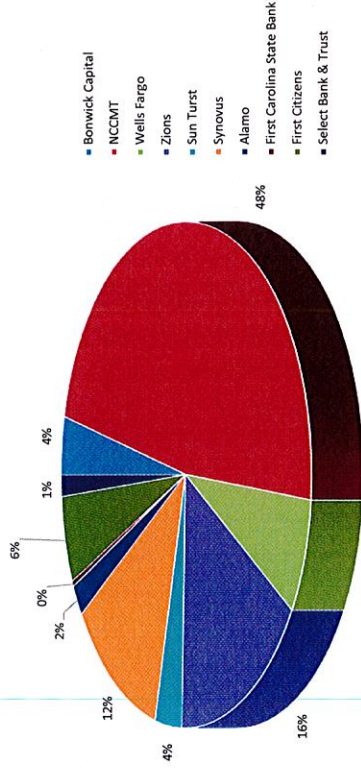
C2 information included above

Description	Face Amount/Shares	Cost Value	Market Value	Days To Maturity	% of Portfolio	YTM @ Cost
C-2 Optimizer 1-3	14,180,000.00	14,285,054.66	14,001,911.71	635	19.41%	1.387
C-2 Optimizer 3-5	5,340,000.00	5,334,095.97	5,204,180.62	1290	7.21%	1.817
C-2 Optimizer 3-5 Treasury	5,125,000.00	5,194,068.37	5,036,029.55	1428	6.98%	1.785
Total / Average	24,645,000.00	24,813,219.00	24,242,121.88	1,118	33.60%	1.663

Investment By Rate of Return
March 30, 2018



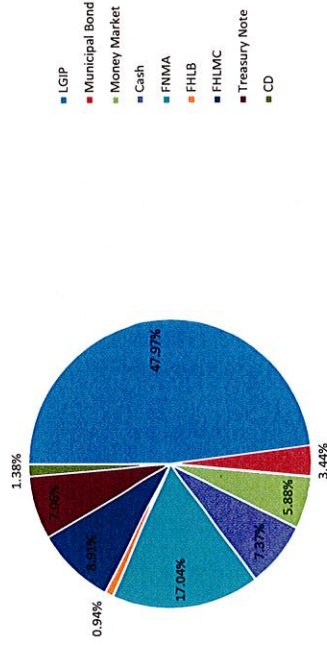
Investment Percentage by Broker
March 30, 2018



Days to Maturity Percentage
March 30, 2018



Investment by Type
March 30, 2018

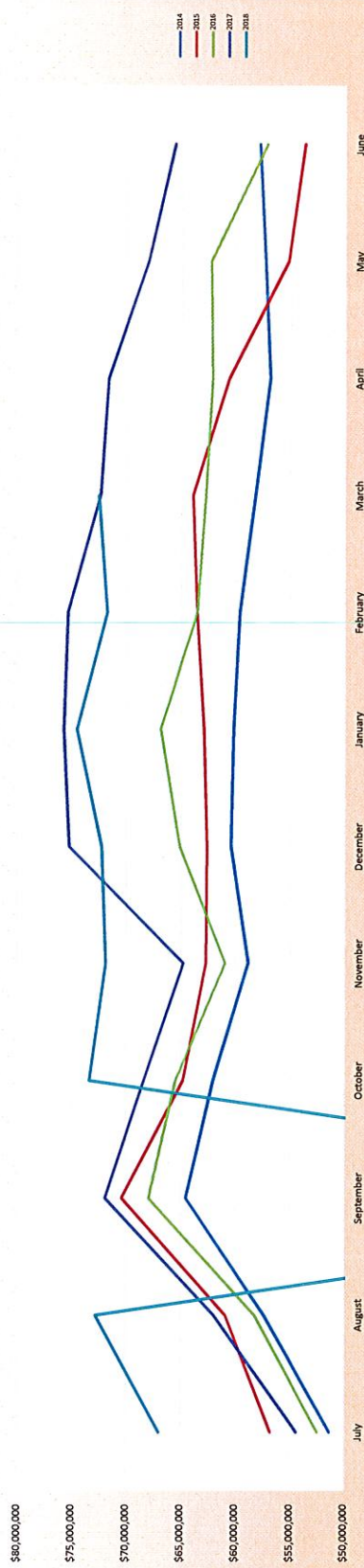


Five Fiscal Year Cash Balance History

March 31, 2018

	July	August	September	October	November	December	January	February	March	April	May	June
2014 \$	51,352,660	57,395,276	64,540,959	62,047,458	58,834,586	60,437,803	60,212,035	59,663,899	58,256,279	56,909,045	57,361,453	57,884,519
2015 \$	56,785,306	60,898,082	70,418,155	64,796,426	62,695,965	62,616,455	62,909,838	63,553,009	63,933,003	60,631,985	55,246,726	53,715,274
2016 \$	52,477,471	58,246,943	67,951,555	65,489,692	60,955,128	65,126,593	66,868,418	63,553,009	62,785,673	62,182,711	62,308,818	57,219,795
2017 \$	54,400,443	61,972,624	71,938,945	68,408,440	64,772,001	75,253,403	75,754,034	75,397,767	72,422,322	71,693,754	68,054,061	65,597,361
2018 \$	67,010,660	72,830,723		73,404,326	71,908,087	72,279,811	74,551,575	71,801,639	72,582,018			

Cash History

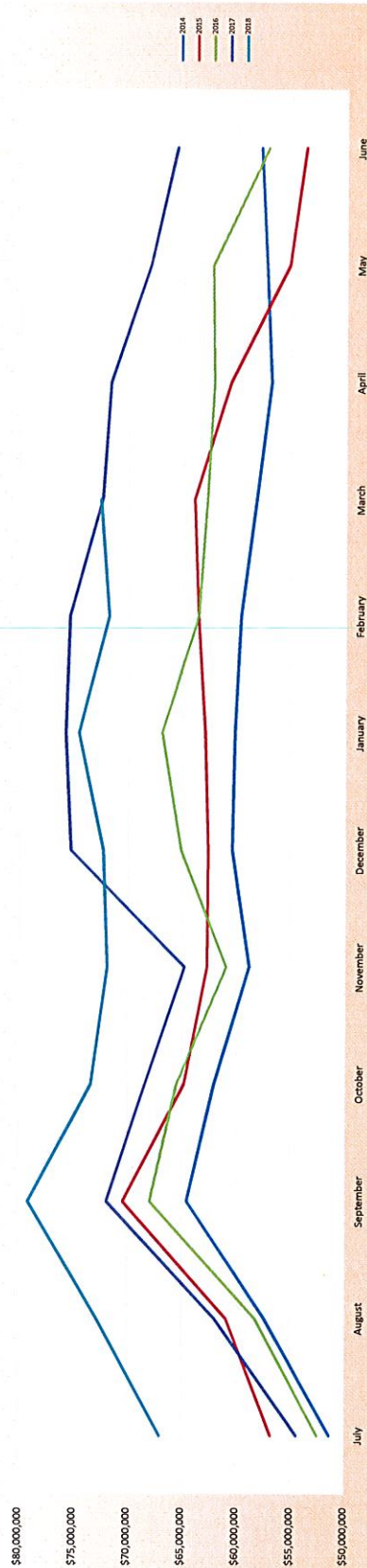


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Cash History



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