

INVESTMENT COMMITTEE MEETING MINUTES

June 23, 2022– 1:30 p.m.

Virtual Meeting via RingCentral Meetings
865 SE Barrington Drive, Oak Harbor, WA 98277

ROLL CALL

Committee Members

Bryan Stucky, Council Member
Jason Joiner, Citizen
Dan Evans, Council Member
Timothy Schofield, Citizen
Bruce Freeman, Citizen (not present)

Staff

David Goldman, Finance Director
Blaine Oborn, City Administrator
Chas Webster, Finance and Performance
Analyst

1. Call to Order

Dave Goldman called the meeting to order at 1:32 p.m.

2. Public Comment

None

3. Welcome New Members

Council member Jason Joiner welcomed as a new member.

4. Investment Report as of May 31, 2022

Dave Goldman reviewed the investment report as of May 31, 2022. Current investments are \$12 million in Federal Agency Bonds (FFCB and FHLB) and US Treasury Bonds, and \$23,436,382.57 in LGIP. Treasury 6-month benchmark is 1.64%. Total investments yield is .6285%. We are not currently achieving our target 6-month benchmark rate of 1.64%. Interest rates have increased substantially since last batch of investments were purchased. Portfolio holdings show Federal Agency Bonds at 34% and LGIP holdings at 66%. Total bank and investments equal \$76.77 million as of May 2022.

5. Economic Outlook and Discussion

Reviewed the bank and investment breakdowns. Treasury yield curve starts flattening at 2-year maturities. Committee members agreed to invest in LGIP funds in shorter term focused investments (6 months – 12 months). Home prices up more than 60% as of March 2021. Sales prices continue to make records; however, other indicators are beginning to show signs of cooling off. 2022 Seattle CPI-U for 12 months equals 9.1%. Major drivers: food, housing, and motor fuel. 2-month index equals 2.1% with major drivers as food and motor fuel.

6. Direction

Dave Goldman asked the committee for recommendation on whether to continue rebuilding the portfolio or hold steady and make no changes until the next quarterly committee meeting.

Current maturities are in June – November 2024 with average YTM of 0.48% (less than LGIP @ 0.70%). Agency bonds/treasury rates as of 6/7/2022:

➤ 6 months –	1.62%
➤ 12 months –	2.13%
➤ 18 months –	2.43%
➤ 24 months –	2.62%

Tim Schofield says to keep adding to the 12 or 18-month bonds. Not a huge benefit to locking in 24-month bonds. Continue the trend that we've been doing. Blaine Oborn recommends the 6-month bonds. Council member Stucky recommends the 12-month. Jason Joiner doesn't think the interest rates will be coming down and recommends the 6 or 12-month commitment. Dave Goldman said he could ladder it with some at 6, some at 12, or some at 18. Council member Stucky recommended majority of bonds to be set at the 12-month period, not the 6-month. Committee agreed to set 75% of bonds at 12 months, 25% at 6 months.

7. Next investment Committee Meeting October 27, 2022, at 1:30pm

All members present stated they could attend on this date and time.

8. Adjournment

Dave Goldman adjourned the meeting at 1:53 p.m.