CITY OF PORTLAND
OFFICE OF
MANAGEMENT AND FINANCE

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Investment Advisory Committee Meeting

August 27th, 2012
12:00 pm – 1:30 pm

Minutes

In Attendance: Brendan Barnicle, Deanne Woodring, Mark Campbell, Jennifer Cooperman, and Michael Montgomery.

Agenda

1. **Introductions**

2. **Set dates for future quarterly meetings**
   - Committee agreed to meet quarterly, and target the last Monday of the following months: February, May, August, and November.

Portfolio

3. **Economic review and interest rate outlook**
   The following materials were distributed:
   - Market Update.
   - Treasury & GSE Yield Curves.
   - Investment Grade Adjusted Spread Curve.
   - 2yr US Dollar Swap Spread Curve.
   - General discussion on current market events, rates and developments across the US/domestic fixed income universe.

4. **Review of City's investment portfolio**
   The following materials were distributed:
   - July 2012 Investment Report.
   - General discussion on City's investment portfolio construction, current yield distribution, cash-flows, and current events.
   - During June 2012 the average portfolio yield was 0.558%, whereas the portfolio benchmark was averaging 0.215%. The weighted average maturity was 352days, and the average effective maturity was 292 days.

5. **Responsible Banking Resolution; HB3700, 10 local deposits**
   The following materials were distributed:
   - Copy of the Resolution provided to members.
   - Discussed 10 deposits placed in local banks and credit unions, ongoing financial due diligence and development of performance and reporting metrics.

- Discussed HB3700 and delivering up to three Letters of Intent to State Treasurer.

6. Repurchase Agreements

- Reviewed the investment category; discussed risk/return, and how it's best utilized within the portfolio.

7. Banking limits memorandum – counterparty discussion

The following materials were distributed:

- June 3, 2011 Investment Limits / Brokerage Allocation memo. B/D Quarterly revenue and counter-party ratings.
- Banking Review – June 2012 Quarterly Report.
- Calendar 2011 and YTD 2012 Trade Blotter Report.
- Committee recommended clearly defining the topics separately: Approved Bank Deposit Limits and Approved Broker/Dealer Firms.
- Committee recommended looking at GFOA Investment Policy documents to help guide development.

Benchmark/Reports

8. Investment Benchmark

- Briefly discussed the City's Investment Benchmark, derivation of yield, and historical use.
- Due to time constraints, a more in-depth discussion of this topic was moved to the next scheduled meeting.

9. Monthly report formats – what is useful to members

- Most members found the current level of detail useful and appropriate. Recommendations for change are to be forwarded to the Investment Officer.
- Three recommendations that were made and agreed to are: 1.Deleting the Quarterly Summary Report – because they are received monthly; 2. Removing the index of definitions at the end of the report; 3. Sending copies of the monthly reports by electronic mail to save paper and shipping costs.

Other

10. Treasury Management (TM) SAP module implementation

- Discussion of Public Finance and Treasury Division's project to implement the Treasury Module within SAP.

11. Banking Services and Merchant Bankcard Services RFP

- Discussion of the Divisions upcoming RFP, its development, expected launch, and scope.