



CLARK COUNTY TREASURER'S OFFICE

Finance Committee Report Q1 2019

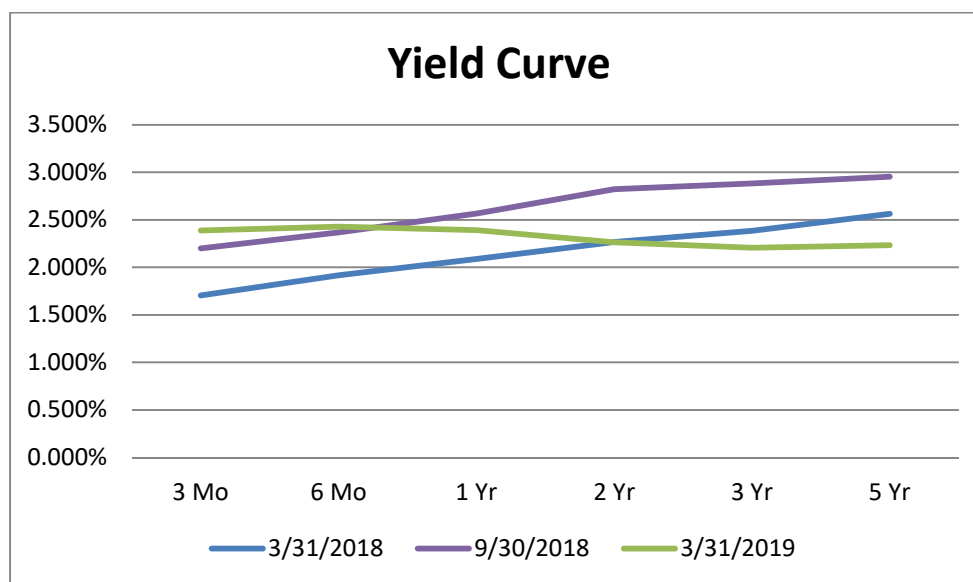
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ECONOMIC SUMMARY

Equity markets came back in full force during the first quarter of 2019, recouping nearly all of 2018's losses. At the March FOMC meeting, the Fed removed both rate hikes it had previously projected for 2019 and announced plans to end its balance sheet run off by the end of September. Equity markets rallied in response to this announcement and treasury yields tanked. The 2-yr Treasury note declined 23 basis points during the quarter and closed out the quarter at a yield of 2.26%. The 2-yr Treasury note is forecasted by over 80 economists contributing to Bloomberg to trade at yields of 2.61%, 2.73%, 2.80%, and 2.81% at the end of each of the next four quarters. However, current 2-yr notes are yielding 2.30%, so the forecasted rise is not priced into the current yield curve. In fact, investors in the Treasury market are pricing in a 50% probability of a 25 basis point reduction in fed funds by the end of the year. Once again, expectations of the market and the Fed are not aligned.

First quarter's employment numbers remained very strong. 312k, 56k, and 189k non-farm jobs were added in January, February, and March respectively. The March solid employment report erased any doubts over February's weak numbers. At quarter end, the unemployment rate was 3.8%, the underemployment rate (U6) was 7.3% (a full percentage point below prerecession levels), and average hourly earnings were at 3.2%. Inflation softened during the quarter and has likely become the key driver in future Fed policy. Otherwise, U.S. economic data and fundamentals continue to surprise to the upside.

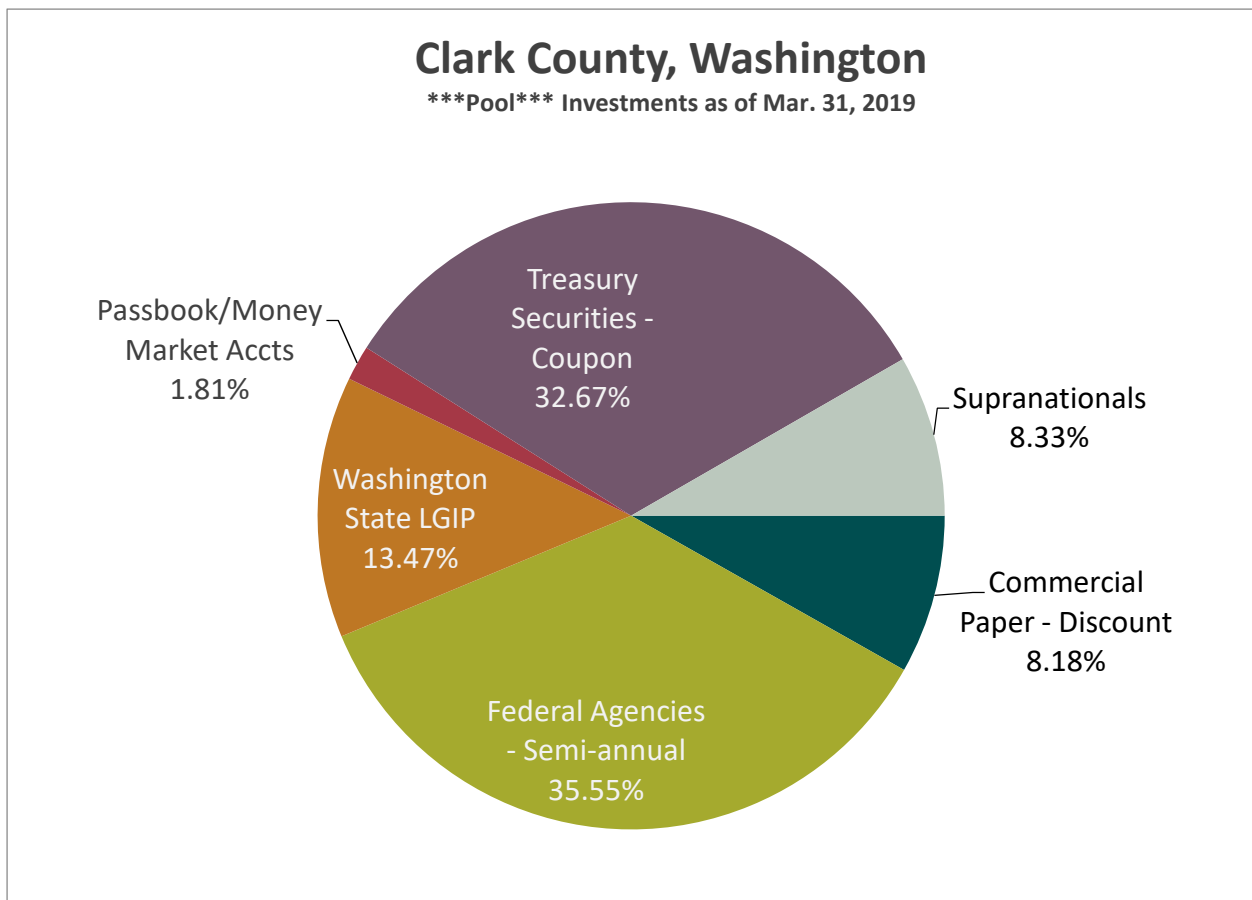
The first estimate of 1st quarter's GDP came in at 3.2% growth, well exceeding past expectations of 2.3%. The unexpected growth was mainly driven by increases in inventory and net trade, which are two of the most volatile categories, making these increases most likely temporary. However, other categories which had softened in the fourth quarter like housing and durable goods orders, started to strengthen towards the end of the quarter. Consumer confidence, which waived slightly with December's poor equity performance, has since come back to near record high levels. March consumer spending rebounded significantly from a weak December – February numbers propelling us into the second quarter on a positive note. Overall, growth for 2019 is expected to slow in comparison to 2018's robust growth, but so far, the slowdown is not coming to fruition.



Sources: Bloomberg, Government Portfolio Advisors

INVESTMENT POOL SUMMARY

- 1st quarter average balance in the County Pool was \$883,835,624, compared to last year's 1st quarter average of \$694,184,315. This increase in balance is mainly due to an inflow of additional bond proceeds that will be spent down in the next two years.
- March 31st ending balance was \$843,598,257.
- 1st quarter average book yield was 2.49%. Last year's 1st quarter average book yield was 1.25%.
- The Pool's rolling 12 month total return (which includes the change in market value) as of March 31st was 2.41% compared to our custom benchmark's total return of 2.41%.
- As of March 31st, the Pool's effective duration was 0.71 years and our custom benchmark's was 0.77 years.
- Quarter-end NAV was \$1.001574 and averaged \$1.000652 throughout the quarter.
- State LGIP balance as of March 31st was \$114.0 million (13.47%). State Pool's quarterly book return averaged 2.52%.



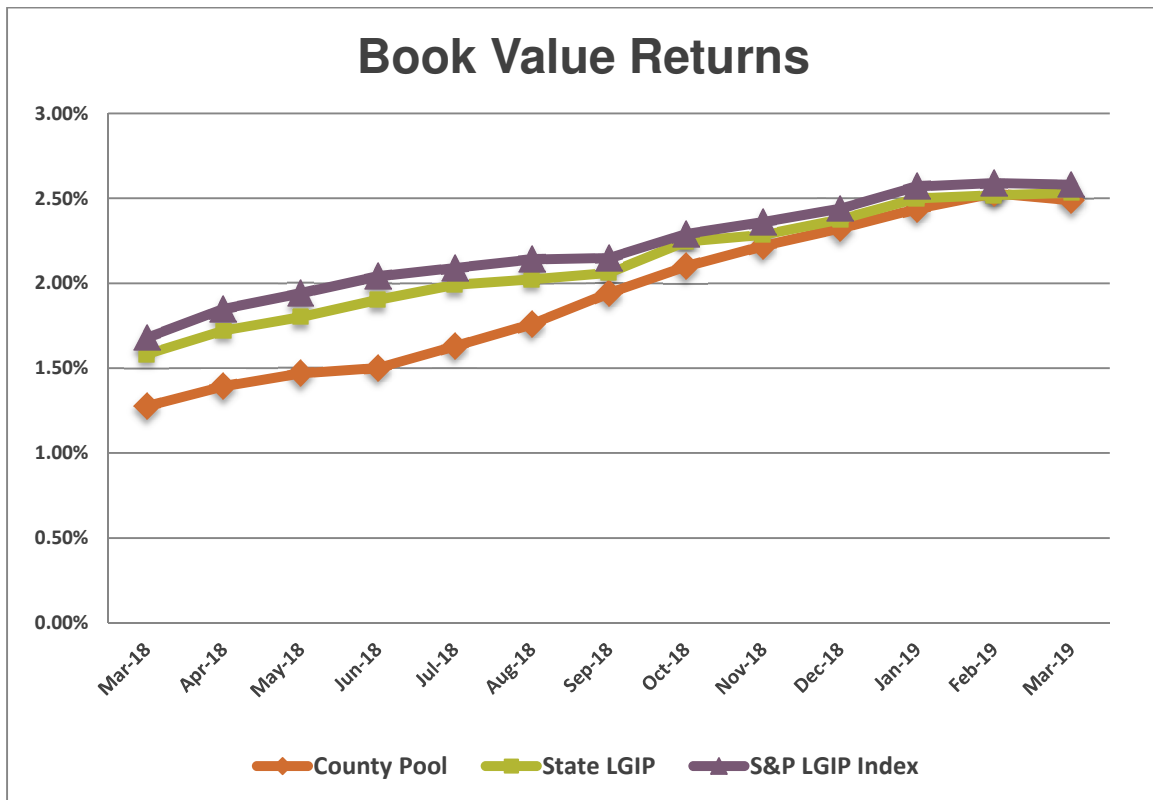
POOL PARTICIPANTS

	3/31/2018	3/31/2019	Percent Change
Clark County	27.68%	23.22%	-4.46%
Vancouver School District	15.57%	19.90%	4.33%
Ridgefield School District	7.07%	2.16%	-4.91%
Evergreen School District	6.01%	19.27%	13.26%
Camas School District	11.22%	5.66%	-5.56%
ESD #112	4.16%	4.02%	-0.14%
Washougal School District	2.64%	1.89%	-0.75%
Battle Ground School District	2.93%	3.82%	0.89%
City of Battle Ground	3.80%	1.78%	-2.02%
Vancouver Housing Authority	3.12%	2.39%	-0.72%
Clark Regional Wastewater District	2.84%	1.75%	-1.09%
All other Cities & Districts	12.96%	14.14%	1.18%
Average Monthly Balance	\$694.2 million	\$883.8 million	21.79%
Quarterly Interest Earnings	\$2.2 million	\$5.5 million	152.81%

PORTFOLIO PERFORMANCE

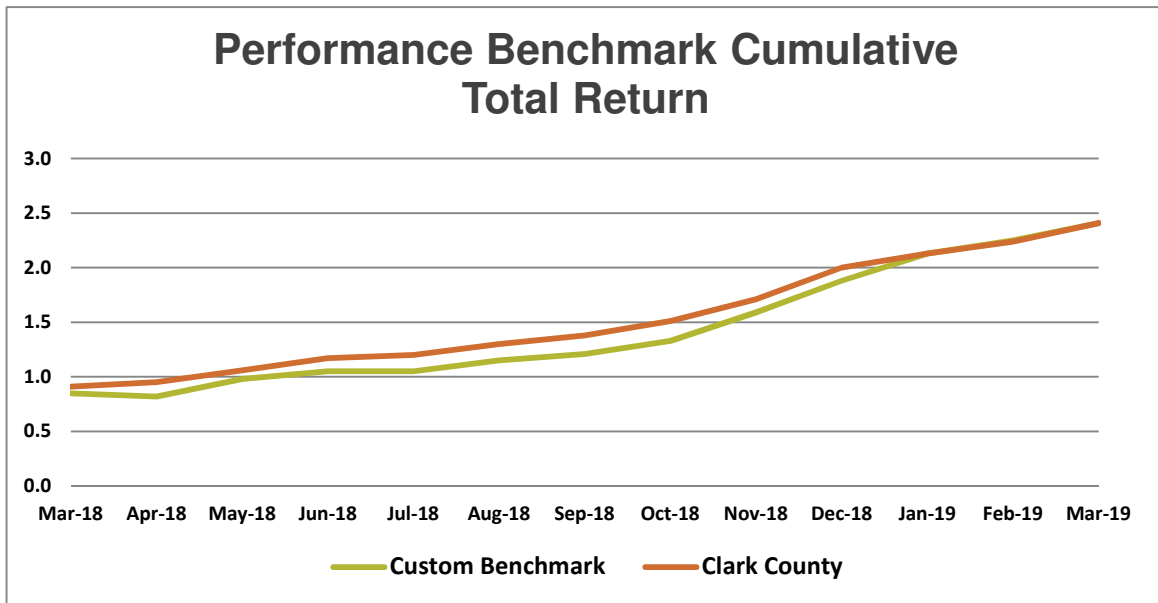
Book Value Return:

- Measures the yield at which securities were originally purchased adjusted for realized gains and losses.
- January, February, and March book yields were 2.44%, 2.53%, and 2.49% respectively.
- The County Pool's average maturity is 14.5 months (440 days) compared to the Washington State LGIP's 1.5 months (46 days) and the Standard and Poor's LGIP average maturity of less than one month.
- Short term rate increases have leveled off. We are now in a flat interest rate environment.



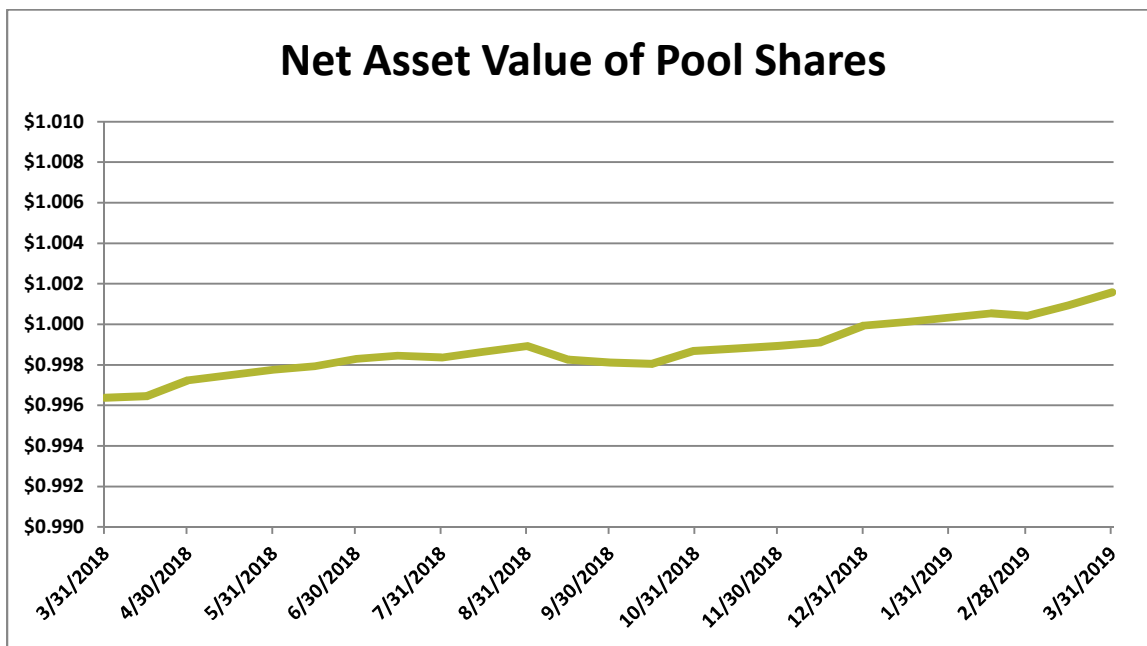
Total Market Return:

- Measures the market value increase or decrease of the overall portfolio over a given period of time, plus the interest earnings associated with the securities.
- The customized total return index consists of 75% "Merrill Lynch 0-1 Year U.S. Treasury Index" and 25% "1-3 Year Merrill Lynch U.S. Agencies Index".
- At the end of the quarter, the customized index derived an effective duration of 0.77 years, where the County Pool was 0.71 years.
- As of March 31st 2019, the Clark County Investment Pool had a 12-month rolling average return of 2.41% versus 2.41% for the Clark County Custom Benchmark.



Net Asset Value:

- Computed by taking current market value of all securities in the portfolio, adding accrued interest, and dividing by the book value of the pool (total investments at cost plus amortized premium and discounts).
- As of March 31st, 2019, the N.A.V. per share was \$1.001574.
- As of March 31st, 2019, the fair market value on securities in the pool was \$893,931,312.
- The fair market value gain/(loss) on securities in the pool was \$1,402,240.



QUARTERLY ACTIVITY:

Purchases:

- \$30 million in Commercial Paper
- \$15 million in Supranationals
- \$171 million in US Agencies (\$151 million in callables)

Maturities:

- \$25 million in Commercial Paper
- \$10 million in Supranationals
- \$70 million in US Agencies
- \$80 million in US Treasuries

Calls:

- \$10 million in US Agencies

Sales:

- \$20 million in US Treasuries
- \$10 million in Supranationals
- \$25 million in US Agencies

EXHIBITS:

ENTIRE PORTFOLIO:

Exhibit One shows the makeup of the entire portfolio at the end of the quarter. This exhibit is used to monitor compliance with the Investment Policy as far as the diversification of securities held and the percentage each sector makes up of the portfolio. All percentages are consistent with the current Investment Policy.

Exhibit Two shows the entire portfolio listing as of the end of the quarter. This report shows the book value, the par value, and the market value of the portfolio.

Exhibit Three shows the aging maturities of the entire portfolio. All percentages are consistent with the current Investment policy.

Exhibit Four reflects the percentage of securities purchased from each issuer relative to the entire portfolio. All the percentages are consistent with the current Investment Policy.

Exhibit Five shows all investment purchases and maturities.

INVESTMENT POOL:

Exhibit Six shows the makeup of the Clark County Investment Pool at the end of the quarter. This exhibit is used to monitor compliance with the Investment Policy as far as the diversification of the securities held and related percentage of the total portfolio for each type of security. All percentages are consistent with the current Investment Policy.

Exhibit Seven shows the portfolio listings of the Clark county Investment Pool at the end of the quarter. This report contains the book value, the par value, and the market value.

Exhibit Eight shows the aging maturities of the Clark County Investment Pool. All percentages are consistent with the current Investment Policy.

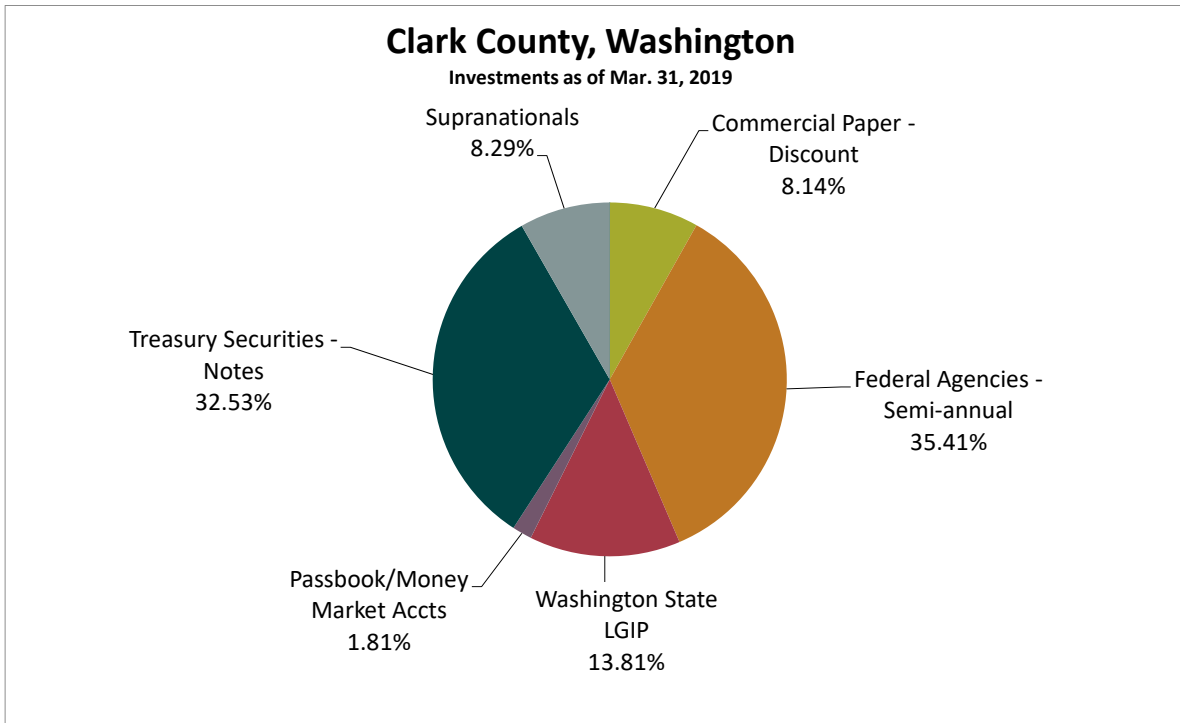
Exhibit Nine reflects the percentage of securities purchased from each issuer for the Clark County Investment Pool. All percentages are consistent with the current Investment Policy.

Exhibit Ten is a historical comparison of the Clark County Investment Pool to the Washington State LGIP.

Exhibit 1

**CLARK COUNTY TOTAL INVESTMENT PORTFOLIO
DISTRIBUTION OF INVESTMENTS BY TYPE
March 31, 2019**

Investments	Book Value	Percent of Portfolio	Average Days to Maturity	Yield to Maturity
Certificates of Deposit	\$ 50,000	0.01%	83	2.23%
Commercial Paper - Discount	\$ 69,223,958	8.14%	58	2.77%
Federal Agencies - Semi-annual	\$ 300,947,162	35.41%	887	2.60%
Washington State LGIP	\$ 117,383,169	13.81%	1	2.52%
Passbook/Money Market Accts	\$ 15,351,557	1.81%	1	2.59%
Treasury Securities - Notes	\$ 276,546,094	32.53%	204	2.55%
Supranationals	\$ 70,502,706	8.29%	641	2.91%
Total	\$ 850,004,646	100.00%	438	2.62%
Accrued Interest at Purchase	\$ 308,697			
Total Cash and Investments	<u>\$ 850,313,342</u>			



**Clark County, Washington
Total Portfolio
March 31, 2019
Exhibit 2**

Investment Number		Purchase Date	Cusip Number	Book Value	Amortized Disc/(Prem)	Amortized Book Value	Par Value	Market Price 03/31/19	Market Value	Cash Gain/(Loss) on Security	Amortized Gain/(Loss) on Security	Percent Gain/(Loss) on Security	Coupon Rate	Yield to Maturity 360 MM	Yield to Maturity 365 BE	Maturity Date	Days to Call or Maturity	Days to Maturity	
89980001	Washington State LGIP	13.41%		114,026,779.91	0.00	114,026,779.91	114,026,779.91	114,026,779.91					2.523	2.488	2.523			1	1
89980011	Opus Bank	1.81%		15,351,557.28	0.00	15,351,557.28	15,351,557.28	15,351,557.28					2.590	2.555	2.590			1	1
Subtotal & Averages				129,378,337.19	0.00	129,378,337.19	129,378,337.19	129,378,337.19						2.496	2.531			1	1
Grand Total (Inside Investments only)				846,598,257.06	2,679,514.25	849,277,771.31	852,451,337.19	850,207,331.88	3,609,074.82	929,560.57				2.584	2.620	Days:	218	440	
OUTSIDE POOL INVESTMENTS																			
CD's		0.01%																	
CD2017	Opus Bank	6/23/2018		50,000.00	0.00	50,000.00	50,000.00	50,000.00					2.225	2.195	2.225	06/23/19	83	83	
Subtotal & Averages				50,000.00		50,000.00	50,000.00	50,000.00						2.195	2.225		83.0	83	
Outside Investments - Camp Bonneville		0.39%																	
10130001	Washington State LGIP	12/07/07		3,356,388.63	0.00	3,356,388.63	3,356,388.63	3,356,388.63					2.523	2.488	2.523			1	1
Subtotal & Averages				3,356,388.63	0.00	3,356,388.63	3,356,388.63	3,356,388.63	0.00	0.00				2.488	2.523			1	1
Grand Total (Outside Investments only)				3,406,388.63	0.00	3,406,388.63	3,406,388.63	3,406,388.63	0.00	0.00				2.484	2.519	Days:	2	2	
																Months:	0.1	0.1	
Grand Total (Inside and Outside Investments)				850,004,645.69	2,679,514.25	852,684,159.94	855,857,725.82	853,613,720.51	3,609,074.82	929,560.57				2.584	2.620	Days:	217	438	
																Months:	7.2	14.6	

Exhibit 3

CLARK COUNTY TOTAL INVESTMENT PORTFOLIO AGING OF MATURING INVESTMENTS March 31, 2019

Days to Maturity	Book Value	% Maturing	Cumulative % Maturing
1	\$132,734,726	15.62%	15.62%
2 - 90	\$133,100,524	15.66%	31.27%
91 - 180	\$113,696,500	13.38%	44.65%
181 - 270	\$101,194,385	11.91%	56.56%
271 - 360	\$59,170,654	6.96%	63.52%
361 - 450	\$29,729,111	3.50%	67.01%
451 - 540	\$19,626,563	2.31%	69.32%
541 - 630	\$54,817,621	6.45%	75.77%
631 - 720	\$10,000,000	1.18%	76.95%
721 - 900	\$15,473,745	1.82%	78.77%
901 - 1300	\$180,460,817	21.23%	100.00%
TOTALS	\$850,004,646	100.00%	

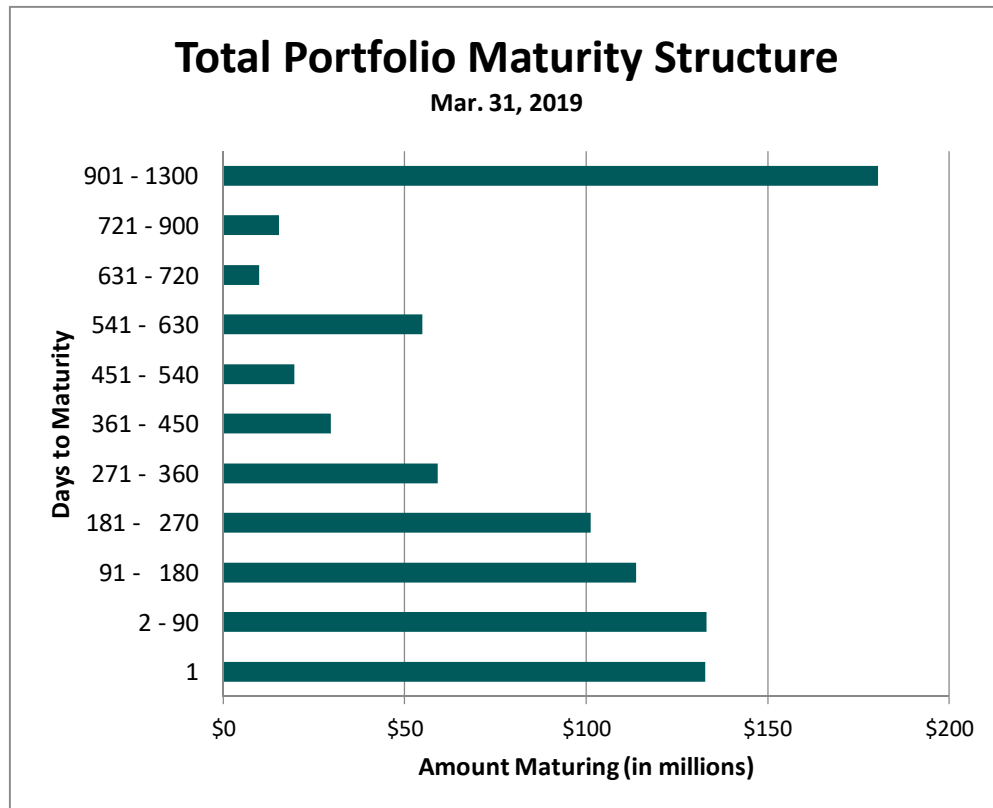


Exhibit 4

**CLARK COUNTY TOTAL INVESTMENT PORTFOLIO
SUMMARY OF INVESTMENTS BY ISSUER
March 31, 2019**

Issuer	Number of Investments	Book Value	% of Portfolio	Yield to Maturity	Days to Maturity
Federal Farm Credit Bank	1	10,000,000	1.18%	2.82%	703
Federal Home Loan Bank	8	109,750,816	12.91%	2.70%	856
Federal Home Loan Mtg Corp.	14	156,197,846	18.38%	2.61%	942
Federal National Mtg Association	2	24,998,500	2.94%	2.05%	759
US Treasury	14	276,546,094	32.53%	2.55%	204
Inter-American Development Bank	3	28,562,102	3.36%	3.31%	233
World Bank	4	41,940,604	4.93%	2.64%	918
Opus Bank	2	15,401,557	1.81%	2.59%	1
Washington State LGIP	2	117,383,169	13.81%	2.52%	1
Coca Cola	1	14,734,000	1.73%	2.92%	113
Apple, Inc.	1	9,909,000	1.17%	2.70%	21
Pfizer	1	14,873,642	1.75%	2.66%	43
Walt Disney Company	1	14,878,667	1.75%	2.69%	53
Toyota Motor Credit	1	14,828,650	1.74%	2.87%	46
TOTALS and AVERAGES	55	850,004,646	100.00%	2.62%	439

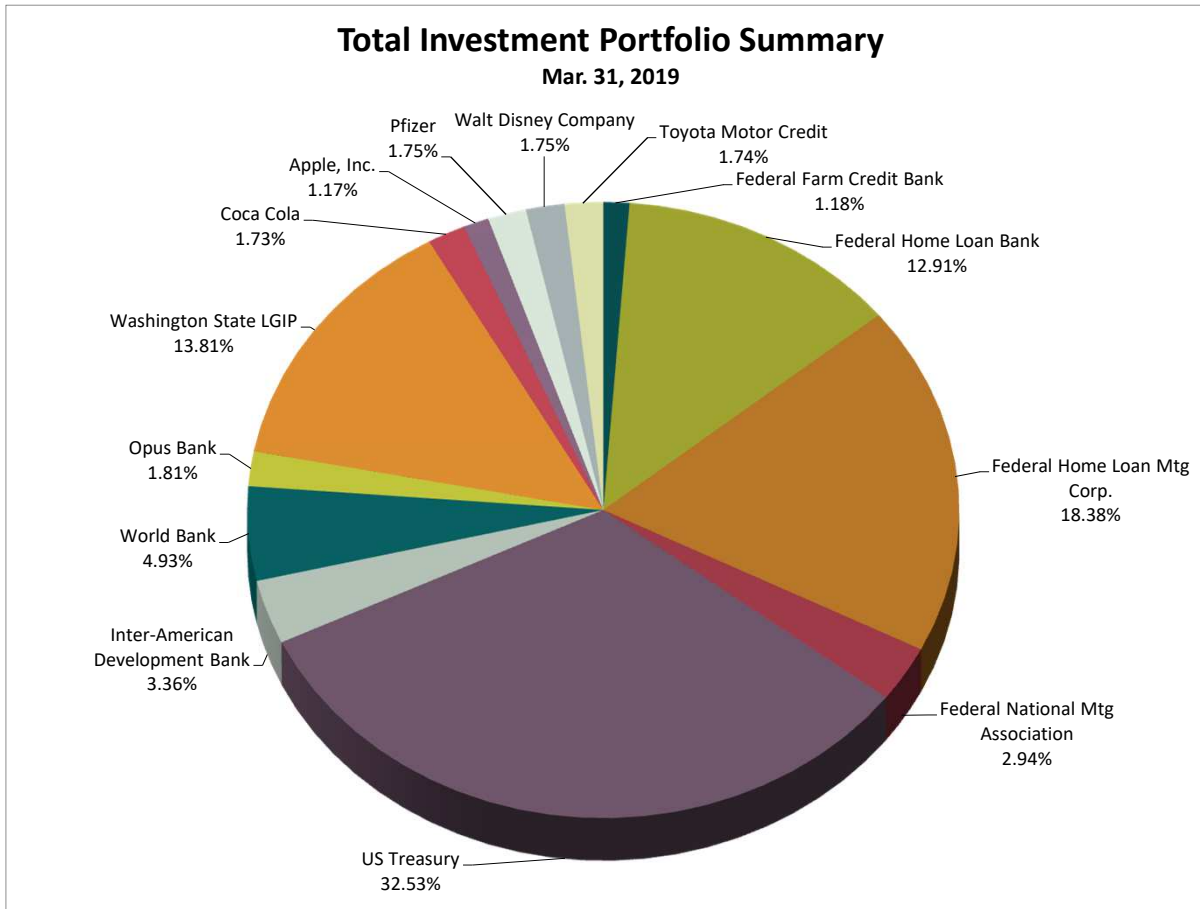


Exhibit 5

CLARK COUNTY TOTAL INVESTMENT PORTFOLIO
INVESTMENT ACTIVITY BY TYPE
March 31, 2019

NUMBER	ISSUER	YIELD	DATE	PURCHASES	MATURITIES	BALANCE	
COMMERCIAL PAPER				BEGINNING BALANCE:		64,296,719.44	
89983716	Pfizer	2.592	1/16/2019	14,873,641.67			
89983696	MetLife Short Term Funding	2.433	1/22/2019		9,928,194.44		
89983722	Walt Disney Company	2.621	2/1/2019	14,878,666.67			
89983705	American Honda Finance	2.552	2/22/2019		14,896,875.00		
SUBTOTALS and ENDING BALANCE - January				14,873,641.67	0.00	79,170,361.11	
SUBTOTALS and ENDING BALANCE - February				0.00	9,928,194.44	69,242,166.67	
SUBTOTALS and ENDING BALANCE - March				14,878,666.67	14,896,875.00	69,223,958.34	
CERTIFICATES OF DEPOSIT				BEGINNING BALANCE:		50,000.00	
SUBTOTALS and ENDING BALANCE - January				0.00	0.00	50,000.00	
SUBTOTALS and ENDING BALANCE - February				0.00	0.00	50,000.00	
SUBTOTALS and ENDING BALANCE - March				0.00	0.00	50,000.00	
SUPRANATIONALS				BEGINNING BALANCE:		75,440,505.65	
89983697	World Bank	3.321	01/22/19		9,975,000.00		
89983662	World Bank	2.322	03/15/19		9,962,800.00		
89983728	World Bank	2.770	03/26/19	15,000,000.00			
SUBTOTALS and ENDING BALANCE - January				0.00	9,975,000.00	65,465,505.65	
SUBTOTALS and ENDING BALANCE - February				0.00	0.00	65,465,505.65	
SUBTOTALS and ENDING BALANCE - March				15,000,000.00	9,962,800.00	70,502,705.65	
FEDERAL AGENCIES - SEMI ANNUAL COUPON				BEGINNING BALANCE:		235,119,775.44	
89983715	Federal Home Loan Bank	2.780	01/14/19	14,669,637.44			
89983638	Federal Home Loan Bank	1.202	01/18/19		10,018,300.00		
89983620	Federal Farm Credit Bank	1.277	01/24/19		9,990,200.00		
89983621	Federal Farm Credit Bank	1.307	01/24/19		9,984,600.00		
89983718	Federal Home Loan Mtg. Corp.	2.750	01/28/19	15,000,000.00			
89983717	Federal Home Loan Mtg. Corp.	3.001	01/25/19	15,000,000.00			
89983719	Federal Home Loan Bank	2.800	01/28/19	20,000,000.00			
89983601	Federal Home Loan Mtg. Corp.	1.022	01/30/19		9,984,000.00		
89983721	Federal Home Loan Mtg. Corp.	2.625	02/01/19	10,051,474.65			
89983723	Federal Home Loan Mtg. Corp.	2.702	02/04/19	5,422,270.00			
89983724	Federal Home Loan Bank	2.627	02/05/19	20,270,200.00			
89983707	Federal Home Loan Bank	3.000	02/06/19		10,000,000.00		
89983712	Federal Home Loan Bank	2.850	02/06/19		9,991,200.00		
89983720	Federal Nat'l Mtg Assoc.	2.793	02/07/19	14,998,500.00			
89983612	Federal Farm Credit Bank	1.463	02/27/19		9,958,900.00		
89983692	Federal Home Loan Bank	2.615	03/05/19		9,978,000.00		
89983609	Federal Home Loan Bank	1.425	03/08/19		10,014,830.30		
89983611	Federal Home Loan Bank	1.467	03/08/19		10,006,400.00		
89983693	Federal Home Loan Mtg. Corp.	2.898	03/11/19		5,370,245.10		
89983725	Federal Home Loan Mtg. Corp.	2.923	03/13/19	10,711,980.00			
89983726	Federal Home Loan Mtg. Corp.	2.875	03/19/19	20,000,000.00			
89983727	Federal Home Loan Mtg. Corp.	2.700	03/26/19	15,000,000.00			
89983728	Federal Home Loan Mtg. Corp.	2.720	03/27/19	10,000,000.00			
SUBTOTALS and ENDING BALANCE - January				64,669,637.44	39,977,100.00	259,812,312.88	
SUBTOTALS and ENDING BALANCE - February				50,742,444.65	29,950,100.00	280,604,657.53	
SUBTOTALS and ENDING BALANCE - March				55,711,980.00	35,369,475.40	300,947,162.13	
TREASURY SECURITIES - US TREASURIES				BEGINNING BALANCE:		375,870,312.51	
89983679	US Treasury Coupon	2.627	01/04/19		19,568,750.00		
89983604	US Treasury Coupon	1.207	01/15/19		9,983,203.13		
89983610	US Treasury Coupon	1.377	02/28/19		9,999,609.38		
89983671	US Treasury Coupon	2.223	02/28/19		19,908,593.75		
89983686	US Treasury Coupon	2.323	03/31/19		19,924,218.75		
89983700	US Treasury Coupon	2.432	03/31/19		19,939,843.75		
SUBTOTALS and ENDING BALANCE - January				0.00	29,551,953.13	346,318,359.38	
SUBTOTALS and ENDING BALANCE - February				0.00	29,908,203.13	316,410,156.25	
SUBTOTALS and ENDING BALANCE - March				0.00	39,864,062.50	276,546,093.75	
OPUS BANK				BEGINNING BALANCE:		15,257,481.60	
January	Public Checking Account	2.570		32,947.44	0.00	15,290,429.04	
February	Public Checking Account	2.580		29,937.64	0.00	15,320,366.68	
March	Public Checking Account	2.590		31,190.60	0.00	15,351,557.28	
STATE POOL				BEGINNING BALANCE:		178,235,983.62	
January	Washington State Pool	2.499		109,331,185.91	130,000,000.00	157,567,169.53	
February	Washington State Pool	2.519		96,421,540.14	115,395,000.00	138,593,709.67	
March	Washington State Pool	2.531		77,789,458.87	99,000,000.00	117,383,168.54	
				BEGINNING BALANCE:	PURCHASES	MATURITIES	ENDING BALANCE:
January	TOTALS			944,270,778.26	188,907,412.46	209,504,053.13	923,674,137.59
February	TOTALS			923,674,137.59	147,193,922.43	185,181,497.57	885,686,562.45
March	TOTALS			885,686,562.45	163,411,296.14	199,093,212.90	850,004,645.69

Exhibit 6

CLARK COUNTY *POOL*** INVESTMENT PORTFOLIO
DISTRIBUTION OF INVESTMENTS BY TYPE
March 31, 2019**

Investments	Book Value	Percent of Portfolio	Average Days to Maturity	Yield to Maturity
Commercial Paper - Discount	\$ 69,223,958	8.18%	58	2.77%
Federal Agencies - Semi-annual	\$ 300,947,162	35.55%	887	2.60%
Washington State LGIP	\$ 114,026,780	13.47%	1	2.52%
Passbook/Money Market Accts	\$ 15,351,557	1.81%	1	2.59%
Treasury Securities - Coupon	\$ 276,546,094	32.67%	204	2.55%
Supranationals	\$ 70,502,706	8.33%	641	2.91%
Total	\$ 846,598,257	100.00%	439	2.61%
Accrued Interest at Purchase	\$ 308,697			
Total Cash and Investments	<u>\$ 846,906,954</u>			

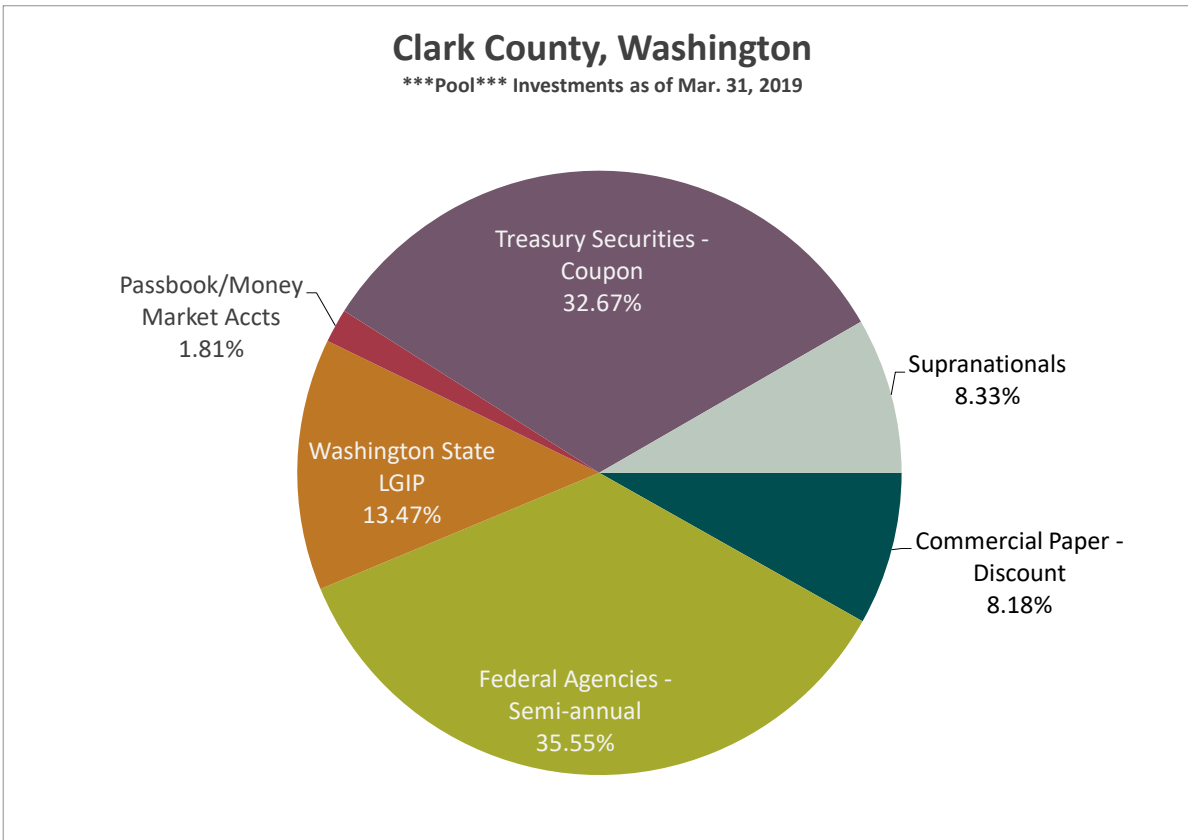


Exhibit 8

CLARK COUNTY ***POOL*** INVESTMENT PORTFOLIO AGING OF MATURING INVESTMENTS March 31, 2019

Days to Maturity	Book Value	% Maturing	Cumulative % Maturing
1	\$129,378,337	15.28%	15.28%
2 - 90	\$133,050,524	15.72%	31.00%
91 - 180	\$113,696,500	13.43%	44.43%
181 - 270	\$101,194,385	11.95%	56.38%
271 - 360	\$59,170,654	6.99%	63.37%
361 - 450	\$29,729,111	3.51%	66.88%
451 - 540	\$19,626,563	2.32%	69.20%
541 - 630	\$54,817,621	6.48%	75.68%
631 - 720	\$10,000,000	1.18%	76.86%
721 - 900	\$15,473,745	1.83%	78.68%
901 - 1300	\$180,460,817	21.32%	100.00%
TOTALS	\$846,598,257	100.00%	

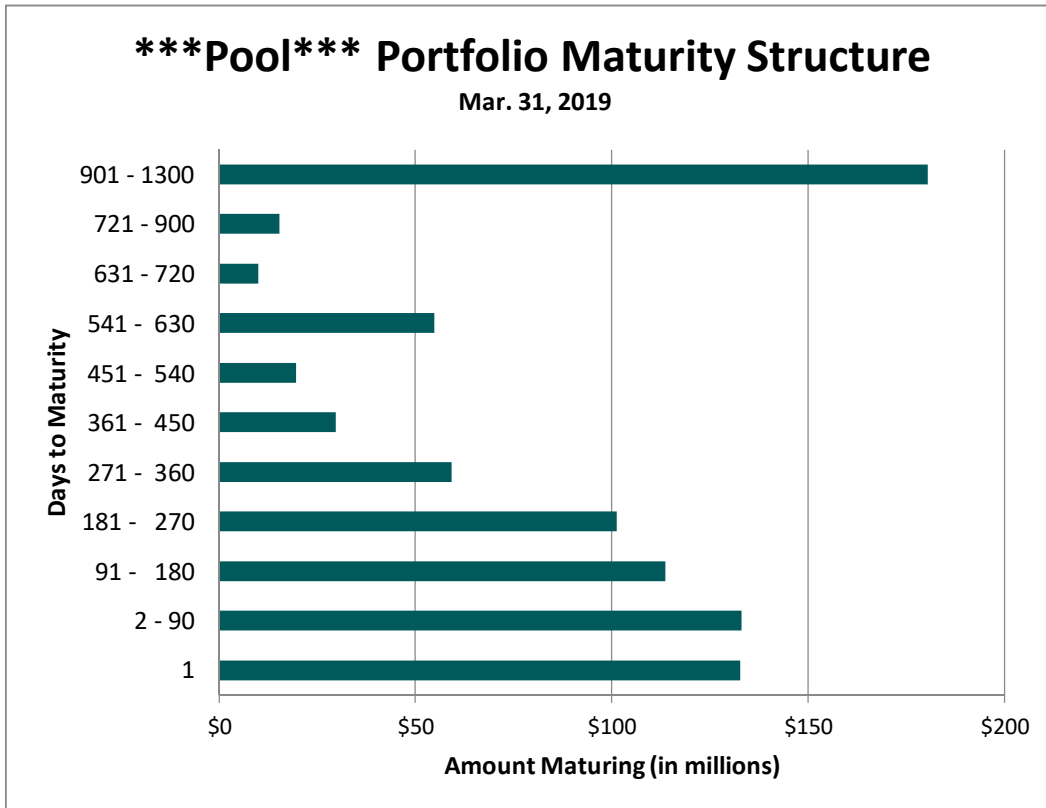


Exhibit 9

CLARK COUNTY *POOL*** INVESTMENT PORTFOLIO
SUMMARY OF INVESTMENTS BY ISSUER
March 31, 2019**

Issuer	Number of Investments	Book Value	% of Portfolio	Average Yield to Maturity	Days to Maturity
Toyota Motor Credit	1	14,828,650	1.75%	2.87%	46
Coca Cola	1	14,734,000	1.74%	2.92%	113
Apple, Inc.	1	9,909,000	1.17%	2.70%	21
Walt Disney Company	1	14,878,667	1.76%	2.69%	53
Pfizer	1	14,873,642	1.76%	2.66%	43
Federal Home Loan Bank	8	109,750,816	12.96%	2.70%	856
Federal Farm Credit Bank	1	10,000,000	1.18%	2.82%	703
Federal Home Loan Mtg Corp.	14	156,197,846	18.45%	2.61%	942
Federal National Mtg Association	2	24,998,500	2.95%	2.05%	759
US Treasury	14	276,546,094	32.67%	2.55%	204
Inter-American Development Bank	3	28,562,102	3.37%	3.31%	233
World Bank	4	41,940,604	4.95%	2.64%	918
Opus Bank	1	15,351,557	1.81%	2.59%	1
Washington State LGIP	1	114,026,780	13.47%	2.52%	1
TOTALS and AVERAGES	53	846,598,257	100.00%	2.62%	440

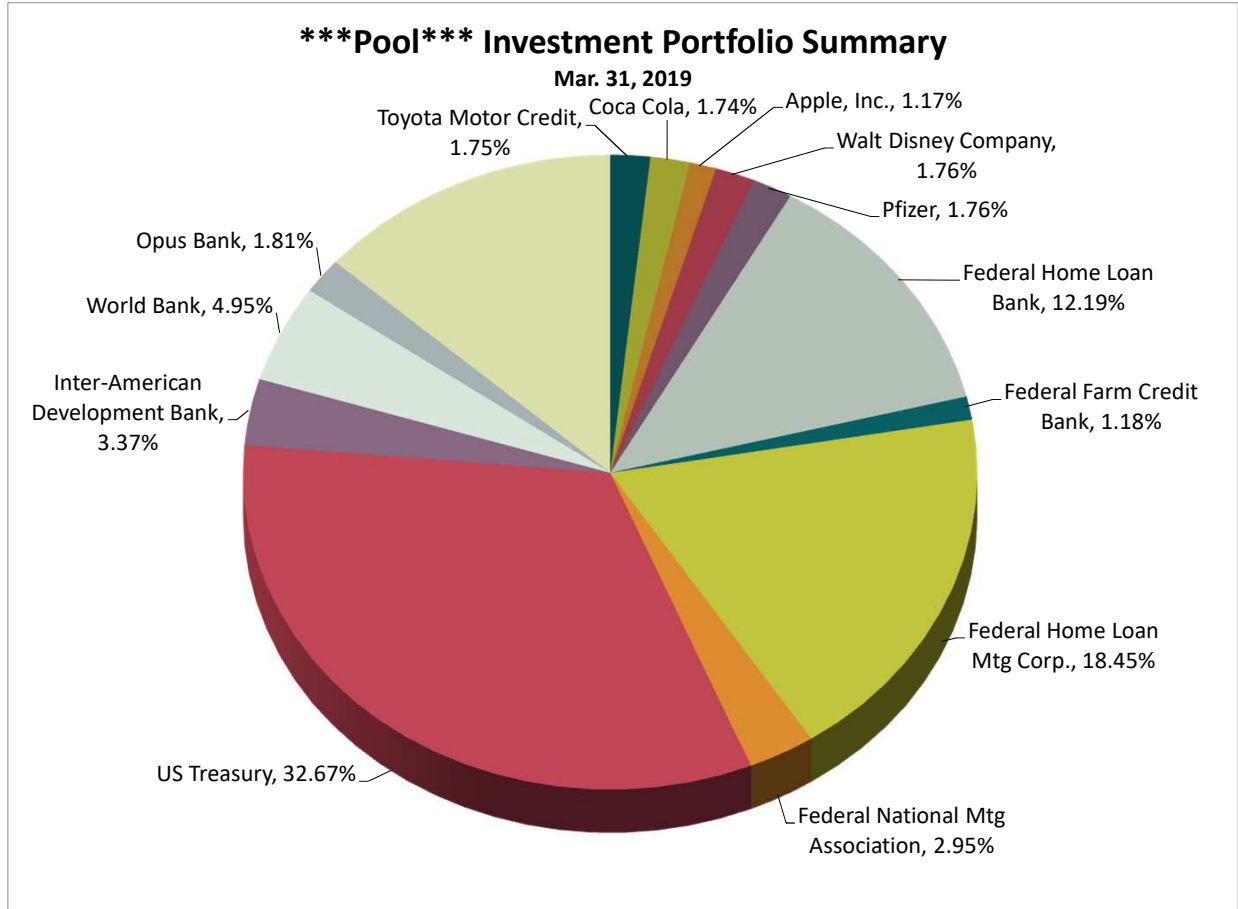


Exhibit 10 County Pool vs. State Pool April 2014 - March 2019

