



Clark County Finance Committee

First Quarter 2018

MARCH 31ST, 2018

2018
Compiled by: Wilson, Rachel

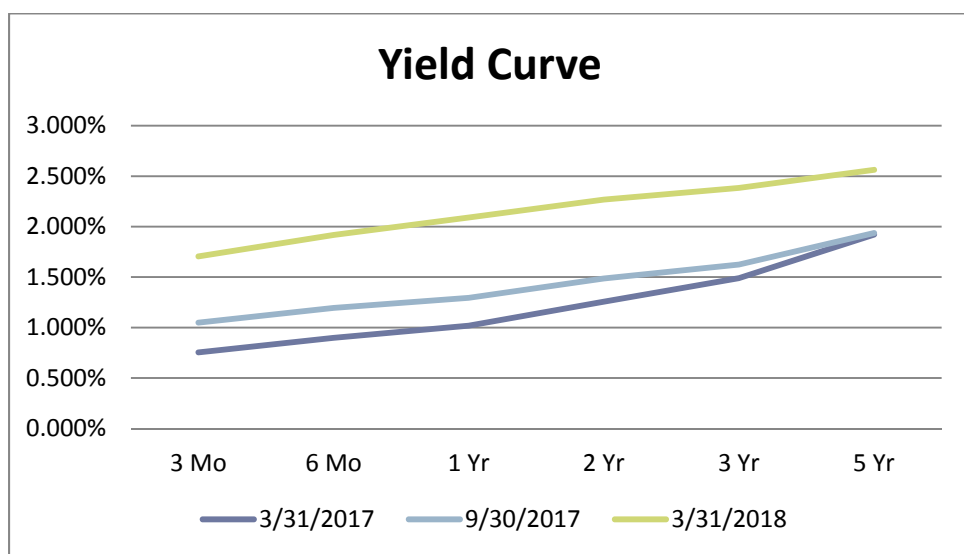
ECONOMIC SUMMARY:

Interest rates continued their steady rise throughout the first quarter. The 2-yr yield started out at 1.89% and ended the quarter at 2.27%. 10-yr yields also climbed, nearly the same amount, from 2.40% to 2.74%. As expected, the FOMC raised rates in March, the sixth rate hike since December 2015. The Fed funds futures market has priced in two additional rate hikes for this year. GDP growth was subdued during the first part of the quarter, but ended with some positive momentum, and is expected to reach the targeted 3% growth in the second quarter.

The available labor continues to be in short supply. The unemployment rate remained at 4.1% throughout the quarter, an 18-yr low. Increases to total nonfarm payrolls were 176k in January, 326k in February, and 103k in March. Average hourly earnings ended the quarter at 2.7% up from 2.5%. Wages continue to be the weak point in the labor market, but they are trending in the right direction. It is just surprising that it is taking so long given the low unemployment rate. Even the underemployment rate (U6) at 8.0%, is below prerecession levels, where wage growth is nowhere near prerecession levels of 3.5-4.0% growth.

After a constant and steady drain of their savings for most of 2016 and 2017, consumers reduced their spending in the first quarter. After a 4.0% consumption growth rate in the fourth quarter, it only made sense that eventually the consumption would have to slow and wait for wages to pick up. This is the main reason GDP growth was weak in the first quarter. Consumer consumption makes up almost 70% of our GDP, so even though manufacturing, industrial production, and business investment has gained momentum, it's hard for it to be enough to offset the 800 pound gorilla, the consumer.

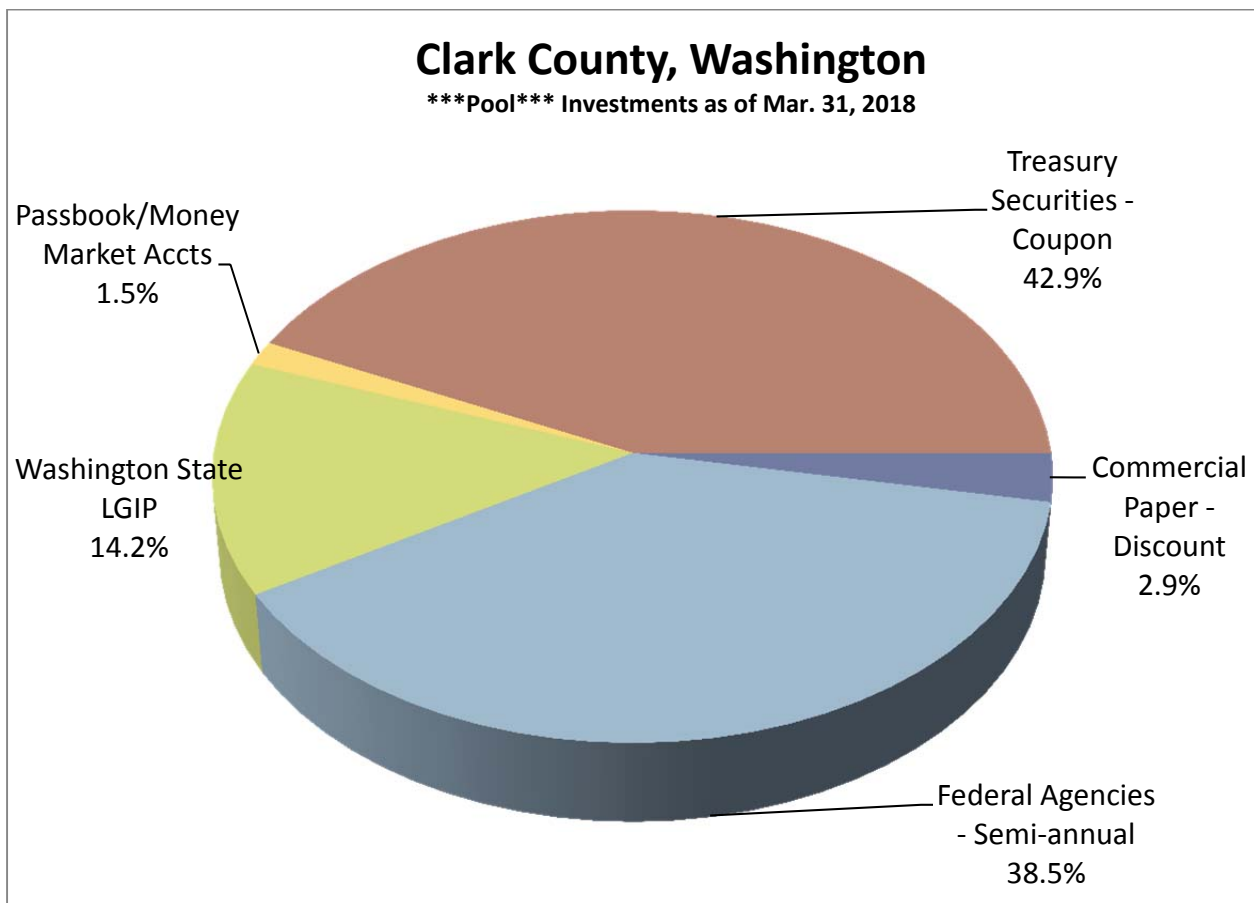
Volatility returned to the stock market after its impressive, record breaking streak in 2017. It couldn't last forever. Trade policy changes and protectionist rhetoric from the administration have rattled the market. Also, inflation fears have started to emerge and take hold. The prospect (and reality) of higher mortgage rates is adding fuel to the current housing shortage, and in many places, short supply has driven up home prices well past affordability. Only time will tell how much benefit the tax relief bill and passed fiscal stimulus package will provide the overall economy. In general, economic indicators continue to surprise on the upside, giving 2018 the potential to be the best (post-recession) growth year yet.



Sources: Bloomberg, Government Portfolio Advisors

EXECUTIVE SUMMARY:

- 1st quarter average balance in the County Pool was \$694,184,315 compared to last year's 1st quarter average of \$586,872,564. This increase in balance is mainly due to an inflow of bond proceeds that will be spent down in the next two years.
- March 31st ending balance was \$676,049,423.
- 1st quarter average book yield was 1.25%. Last year's 1st quarter average book yield was 0.83%.
- The Pool's rolling 12 month total return (which includes the change in market value) as of March 31st was 0.91% compared to our custom benchmark's total return of 0.85%.
- As of March 31st, the Pool's effective duration was 0.49 years and our custom benchmark's was 0.80 years.
- Quarter-end NAV was \$0.996376 and averaged \$0.996231 throughout the quarter.
- State LGIP balance as of March 31st was \$95.9 million (14.2%). State Pool's quarterly book return averaged 1.50%.



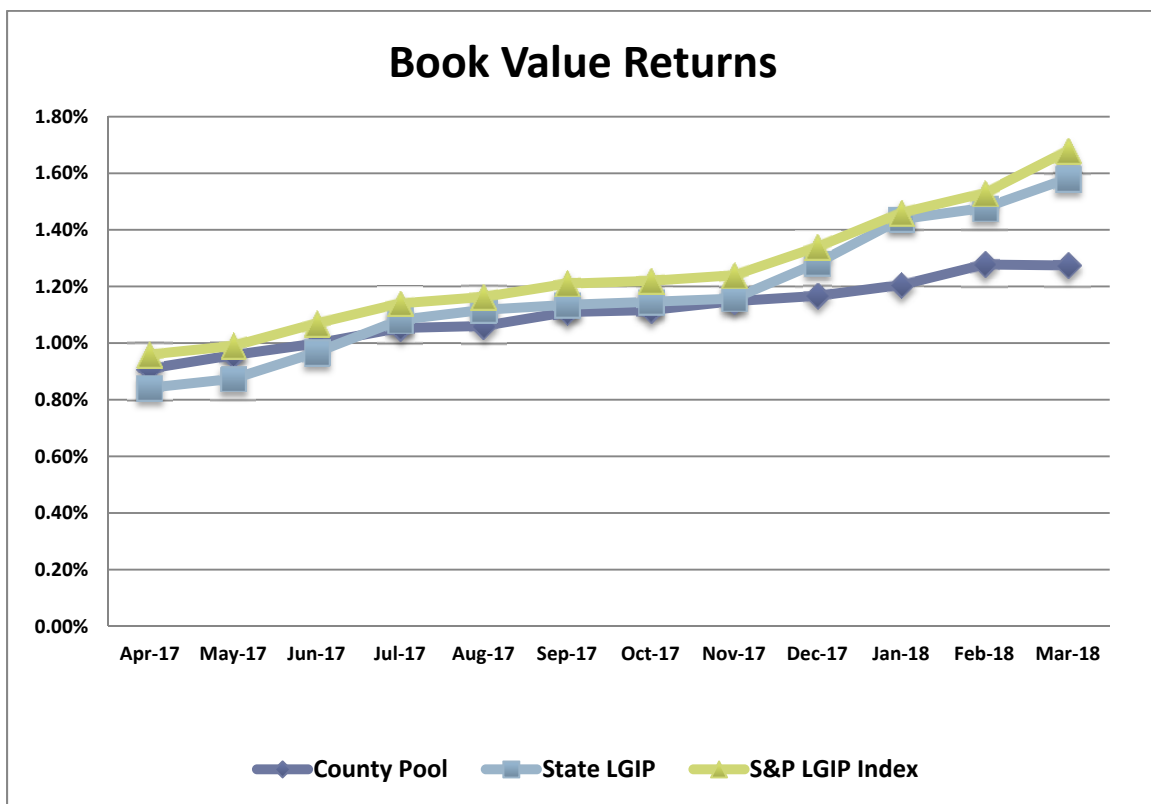
POOL PARTICIPANTS:

	3/31/2017	3/31/2018	Percent Change
Clark County	32.57%	27.46%	-5.11%
Vancouver School District	7.64%	15.57%	7.93%
Ridgefield School District	1.61%	7.15%	5.54%
Evergreen School District	10.03%	6.01%	-4.02%
Camas School District	9.49%	11.24%	1.74%
ESD #112	4.66%	4.19%	-0.47%
Washougal School District	6.29%	2.64%	-3.65%
City of Battle Ground	3.94%	3.80%	-0.14%
Vancouver Housing Authority	3.40%	3.12%	-0.28%
Library	2.71%	2.15%	-0.56%
All other Cities & Districts	17.66%	16.68%	-0.98%
Average Monthly Balance	\$586.9 million	\$694.2 million	
Quarterly Interest Earnings	\$1.2 million	\$2.2 million	

PORTFOLIO PERFORMANCE

Book Value Return:

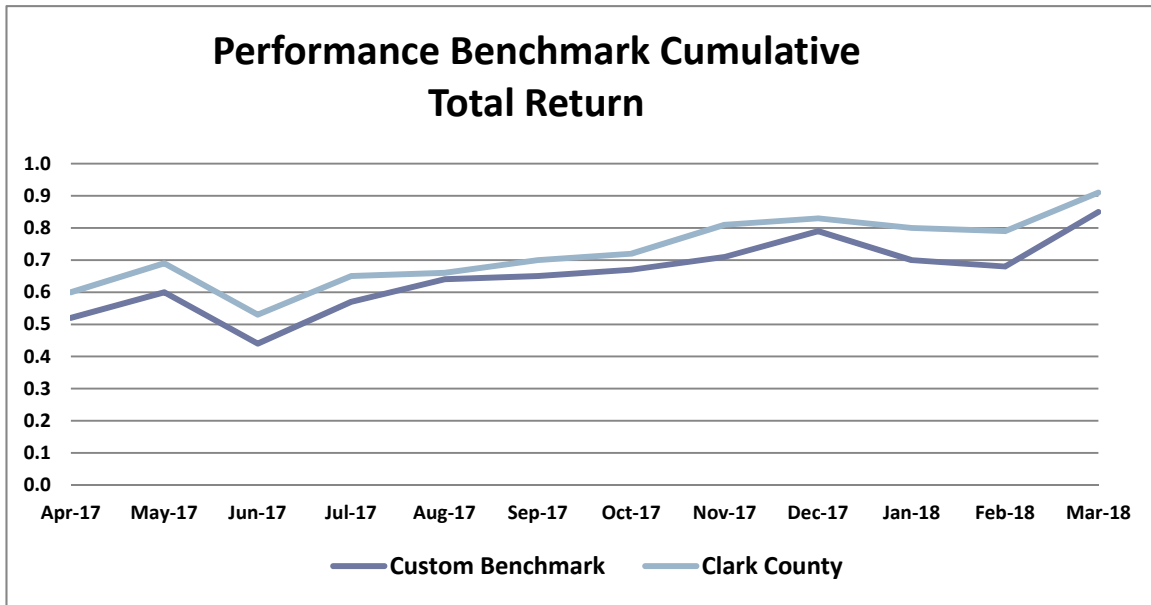
- Measures the yield at which securities were originally purchased adjusted for realized gains and losses.
- January, February, and March's book yields were 1.21%, 1.28%, and 1.27% respectively.
- The County Pool's average maturity is 6.0 months (184 days) compared to the Washington State LGIP's 1.2 months (37 days) and the Standard and Poor's LGIP average maturity of less than one month.
- As short term rates rise, the shorter duration pools (the Washington State LGIP and the Standard and Poor's LGIP) will experience a faster rise in rate compared to our longer duration County pool. The County pool is structured to yield greater earnings over the long-term. Over that last 10 years the County pool has earned \$20.7 million in additional earnings over the State LGIP.



Total Market Return:

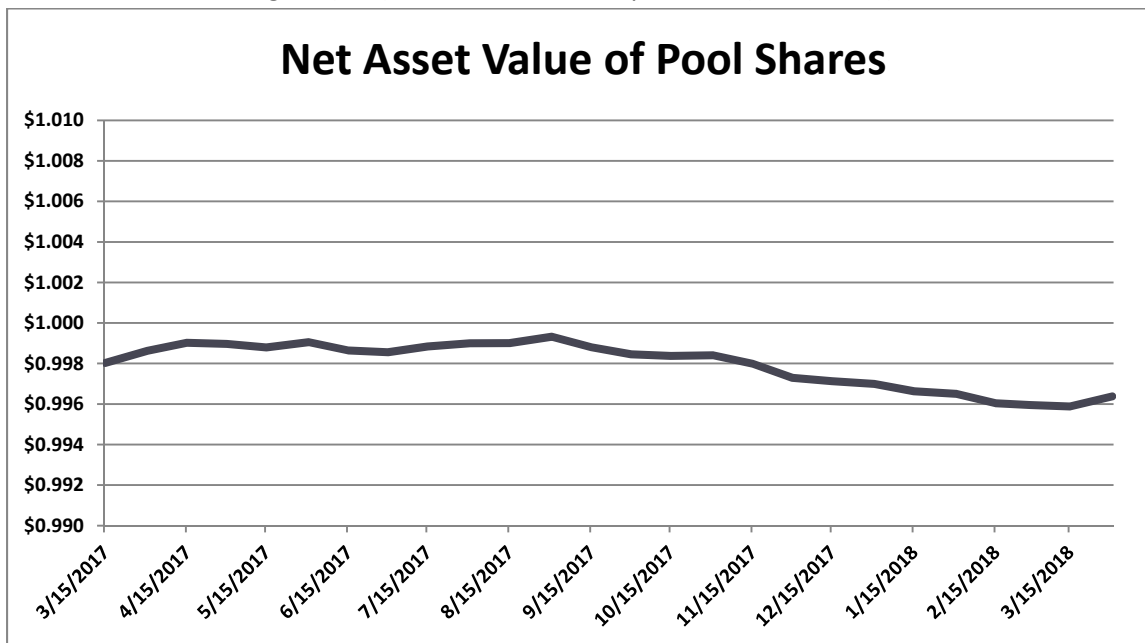
- Measures the market value increase or decrease of the overall portfolio over a given period of time, plus the interest earnings associated with the securities.
- The customized total return index consists of 75% "Merrill Lynch 0-1 Year U.S. Treasury Index" and 25% "1-3 Year Merrill Lynch U.S. Agencies Index".
- At the end of the quarter, the customized index derived an effective duration of 0.80 years, where the County Pool was 0.49 years.

- As of March 31st 2018, the Clark County Investment Pool had a 12-month rolling average return of 0.91% versus 0.85% 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, 2018, the N.A.V. per share was \$0.996376.
- As of March 31st, 2018, the fair market value on securities in the pool was \$685,198,923.
- The fair market value gain/(loss) on securities in the pool was (\$2,489,453).



QUARTERLY ACTIVITY:

Purchases:

- \$20 million in Commercial Paper (Toyota Motor Credit, Apple Inc.)
- \$10 million in US Treasuries
- \$10 million in Opus Bank Money Market

Maturities:

- \$100 million in US Treasuries
- \$35 million in Commercial Paper

Calls:

- There were no investments called during the quarter.

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.

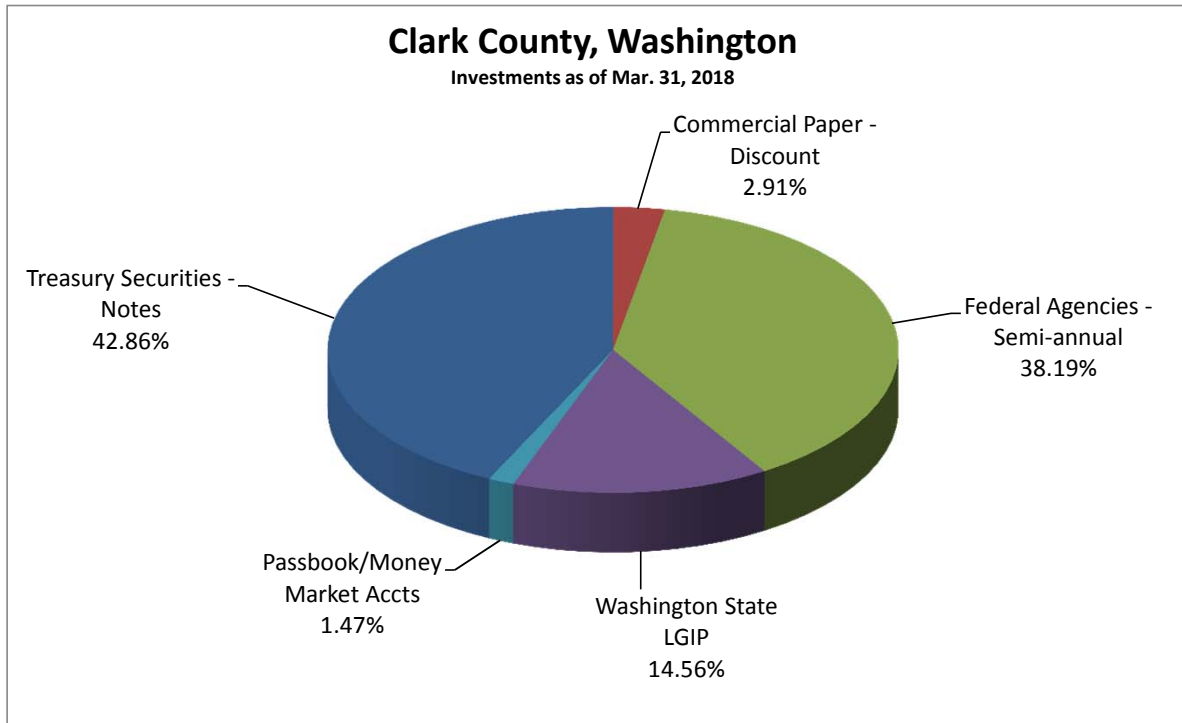
Exhibit Nine reflects the percentage of securities purchased from each issuer for the Clark County Investment Pool. All percentages are consistent with the current Investment Policy.

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, 2018**

Investments	Book Value	Percent of Portfolio	Average Days to Maturity	Yield to Maturity
Certificates of Deposit	\$ 50,000	0.01%	83	0.75%
Commercial Paper - Discount	\$ 19,875,942	2.91%	95	2.03%
Federal Agencies - Semi-annual	\$ 260,284,870	38.19%	288	1.20%
Washington State LGIP	\$ 99,245,226	14.56%	1	1.57%
Passbook/Money Market Accts	\$ 10,036,172	1.47%	1	1.68%
Treasury Securities - Notes	\$ 292,137,875	42.86%	165	1.29%
Total	\$ 681,630,085	100.00%	184	1.32%
Accrued Interest at Purchase	\$ 70,791			
Total Cash and Investments	<u>\$ 681,700,876</u>			



Clark County, Washington
Total Portfolio
March 31, 2018
Exhibit 2

Investment Number	Purchase Date	Cusip Number	Book Value	Amortized Disc/(Prem)	Amortized Book Value	Par Value	Market Price 03/31/18	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	
OUTSIDE POOL INVESTMENTS																		
CD's 0.01%																		
CD2017	Opus Bank	6/23/2016	50,000.00	0.00	50,000.00	50,000.00		50,000.00				0.750	0.740	0.750	06/23/18	83	83	
Subtotal & Averages			50,000.00		50,000.00	50,000.00		50,000.00					0.740	0.750		83.0	83	
Outside Investments - Camp Bonneville 0.48%																		
10130001	Washington State LGIP	12/07/07	3,298,645.87	0.00	3,298,645.87	3,298,645.87		3,298,645.87				1.582	1.560	1.582		1	1	
Subtotal & Averages			3,298,645.87	0.00	3,298,645.87	3,298,645.87		3,298,645.87	0.00	0.00			1.560	1.582		1	1	
U.S. Treasury Securities - SLGS 0.33%																		
61123651	US Treasury Strip	12/26/17	912828M64	64,710.55	0.00	64,710.55	65,000.00	99.527				1.250	1.734	1.758	11/15/18	228	228	
61243650	US Treasury Strip	12/26/17	912828M64	973,644.84	0.00	973,644.84	978,000.00	99.527				1.250	1.734	1.758	11/15/18	228	228	
61303649	US Treasury Strip	12/26/17	912828M64	1,095,101.56	0.00	1,095,101.56	1,100,000.00	99.527				1.250	1.734	1.758	11/15/18	228	228	
61363648	US Treasury Strip	12/26/17	912828M64	98,559.14	0.00	98,559.14	99,000.00	99.527				1.250	1.734	1.758	11/15/18	228	228	
Subtotal & Averages			2,232,016.09	0.00	2,232,016.09	2,242,000.00		2,231,395.34	0.00	0.00			1.734	1.758		228	228	
Grand Total (Outside Investments only)			5,580,661.96	0.00	5,580,661.96	5,590,645.87		5,580,041.21	0.00	0.00			1.624	1.647		Days: 93	93	
																Months: 3.0	3.0	
Grand Total (Inside and Outside Investments)			681,630,084.82	98,565.18	681,728,650.00	681,923,397.36		679,219,909.20	(2,382,354.87)	(2,480,920.05)			1.307	1.325		Days: 162	184	
																Months: 5.4	6.1	

Exhibit 3

CLARK COUNTY TOTAL INVESTMENT PORTFOLIO AGING OF MATURING INVESTMENTS March 31, 2018

Days to Maturity	Book Value	% Maturing	Cumulative % Maturing
1	\$109,281,397	16.03%	16.03%
2 - 90	\$89,738,442	13.17%	29.20%
91 - 180	\$200,314,578	29.39%	58.59%
181 - 270	\$122,304,957	17.94%	76.53%
271 - 360	\$99,995,512	14.67%	91.20%
361 - 450	\$10,000,000	1.47%	92.67%
451 - 540	\$20,000,000	2.93%	95.60%
541 - 630	\$19,995,200	2.93%	98.53%
631 - 720	\$10,000,000	1.47%	100.00%
721 - 900	\$0	0.00%	100.00%
901 - 1300	\$0	0.00%	100.00%
TOTALS	\$681,630,085	100.00%	

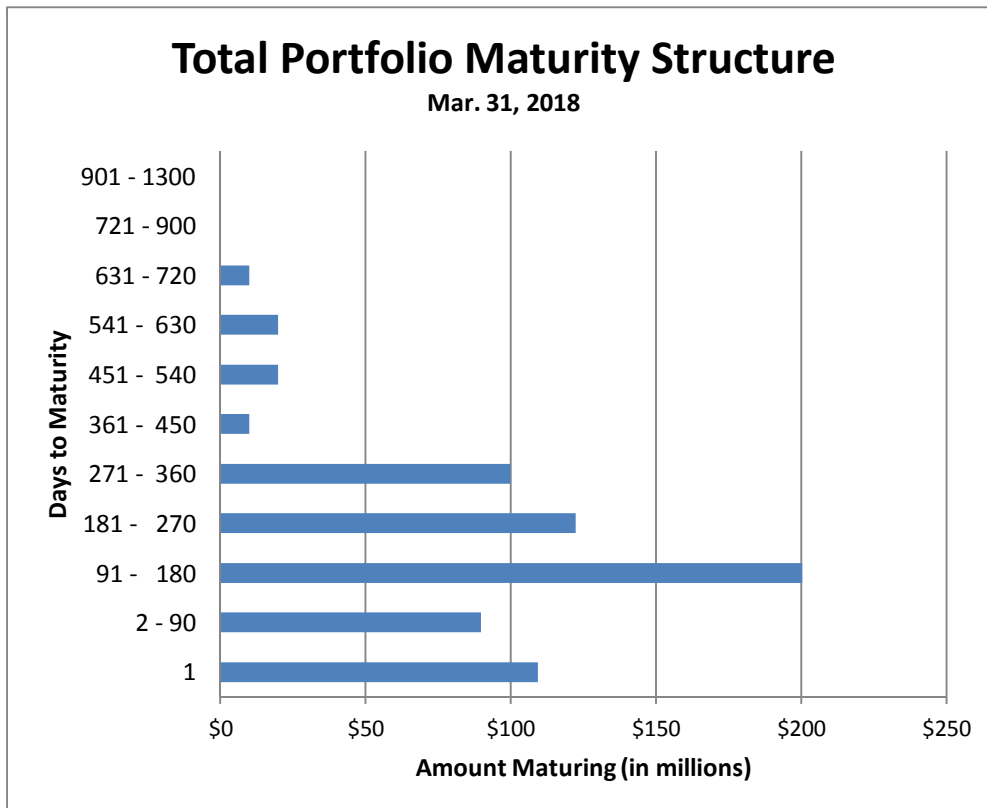


Exhibit 4

**CLARK COUNTY TOTAL INVESTMENT PORTFOLIO
SUMMARY OF INVESTMENTS BY ISSUER
March 31, 2018**

Issuer	Number of Investments	Book Value	% of Portfolio	Yield to Maturity	Days to Maturity
Federal Farm Credit Bank	5	49,914,800	7.32%	1.19%	260
Federal Home Loan Bank	6	60,048,410	8.81%	1.26%	303
Federal Home Loan Mtg Corp.	12	120,326,860	17.65%	1.18%	285
Federal National Mtg Association	3	29,994,800	4.40%	1.15%	312
US Treasury	24	292,137,875	42.86%	1.29%	165
Opus Bank	2	10,086,172	1.48%	1.68%	1
Washington State LGIP	2	99,245,226	14.56%	1.57%	1
Apple	1	9,947,817	1.46%	1.92%	82
Toyota Motor Credit	1	9,928,125	1.46%	2.14%	108
TOTALS and AVERAGES	56	681,630,085	100.00%	1.32%	184

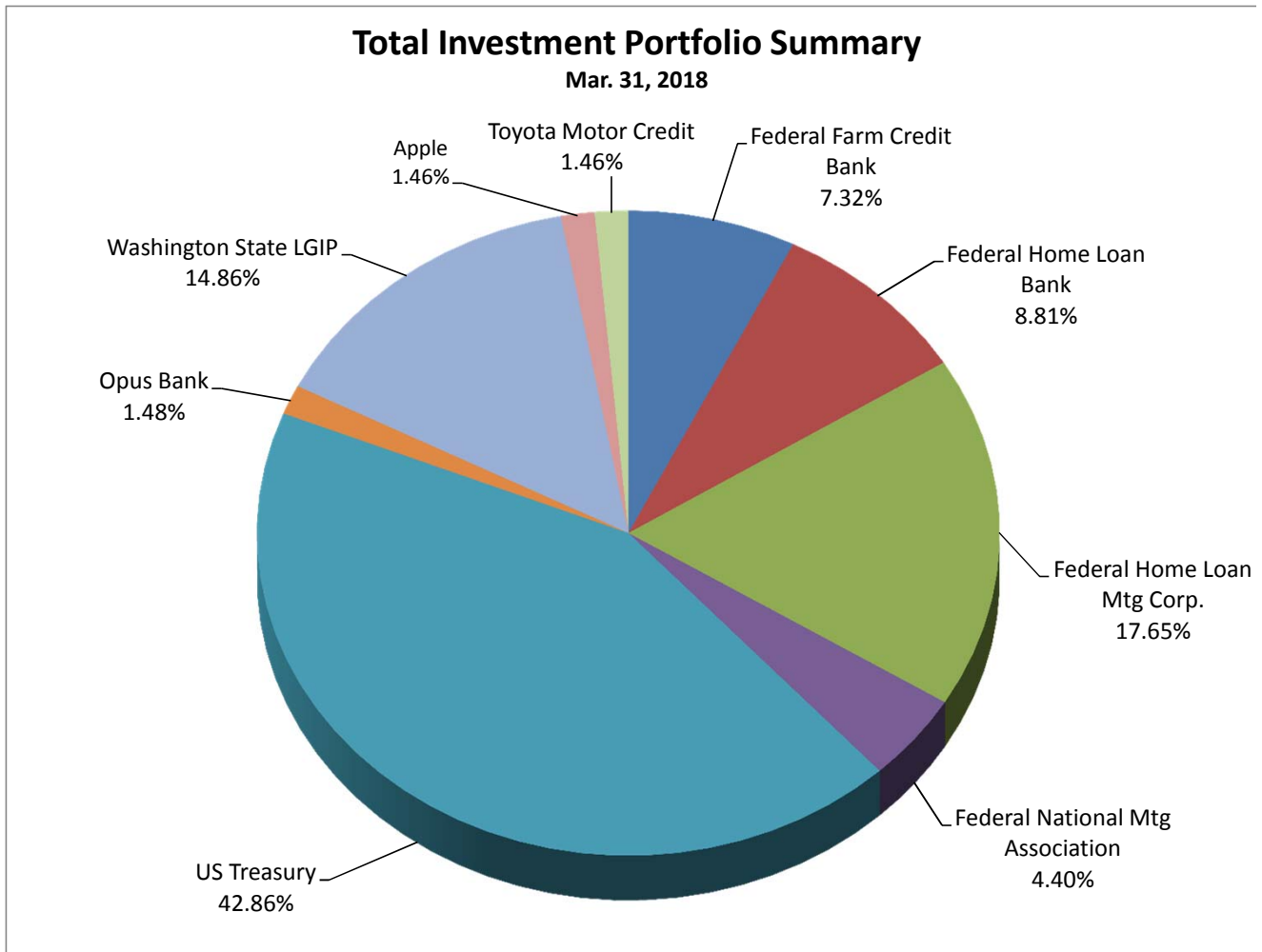


Exhibit 5

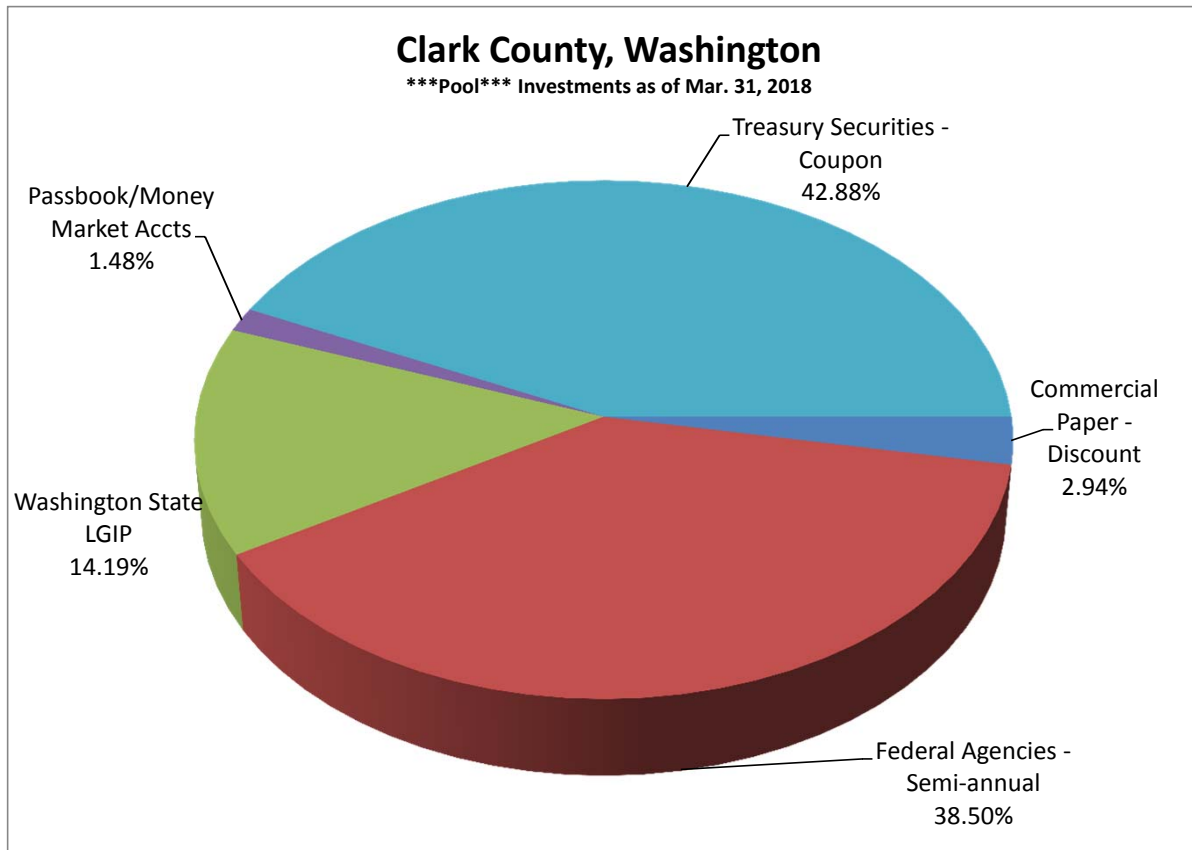
CLARK COUNTY TOTAL INVESTMENT PORTFOLIO
 INVESTMENT ACTIVITY BY TYPE
 March 31, 2018

NUMBER	ISSUER	YIELD	DATE	PURCHASES	MATURITIES	BALANCE	
COMMERICAL PAPER				BEGINNING BALANCE:		34,831,952.77	
SUBTOTALS and ENDING BALANCE - January				0.00	0.00	34,831,952.77	
SUBTOTALS and ENDING BALANCE - February				0.00	24,897,308.33	9,934,644.44	
SUBTOTALS and ENDING BALANCE - March				19,875,941.67	9,934,644.44	19,875,941.67	
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	
FEDERAL AGENCIES - SEMI ANNUAL COUPON				BEGINNING BALANCE:		260,284,870.30	
SUBTOTALS and ENDING BALANCE - January				0.00	0.00	260,284,870.30	
SUBTOTALS and ENDING BALANCE - February				0.00	0.00	260,284,870.30	
SUBTOTALS and ENDING BALANCE - March				0.00	0.00	260,284,870.30	
TREASURY SECURITIES - US TREASURIES				BEGINNING BALANCE:		379,828,906.29	
89983557	US Treasury Coupon	0.798	01/15/18		10,016,796.88		
89983558	US Treasury Coupon	0.802	01/15/18		10,016,015.63		
89983597	US Treasury Coupon	0.810	01/31/18		9,992,187.50		
89983559	US Treasury Coupon	0.815	01/31/18		10,013,281.25		
89983616	US Treasury Coupon	1.029	02/28/18		9,976,171.88		
89983625	US Treasury Coupon	1.134	02/28/18		9,969,140.63		
89983628	US Treasury Coupon	1.190	02/28/18		19,938,281.25		
89983617	US Treasury Coupon	1.035	03/15/18		9,996,875.00		
89983656	US Treasury Coupon	1.941	03/28/18	9,971,484.38			
89983626	US Treasury Coupon	1.148	03/31/18		9,975,781.25		
SUBTOTALS and ENDING BALANCE - January				0.00	40,038,281.26	339,790,625.03	
SUBTOTALS and ENDING BALANCE - February				0.00	39,883,593.76	299,907,031.27	
SUBTOTALS and ENDING BALANCE - March				9,971,484.38	19,972,656.25	289,905,859.40	
TREASURY SECURITIES - SLGS				BEGINNING BALANCE:		2,232,016.09	
SUBTOTALS and ENDING BALANCE - January				0.390	0.00	2,232,016.09	
SUBTOTALS and ENDING BALANCE - February				0.390	0.00	2,232,016.09	
SUBTOTALS and ENDING BALANCE - March				0.390	0.00	2,232,016.09	
CLARK COUNTY				BEGINNING BALANCE:		12,083.36	
January	Registered Warrant Invest Acct	3.19%		10,434.78	0.00	22,518.14	
February	Registered Warrant Invest Acct	3.38%		2,371.56	0.00	24,889.70	
March	Registered Warrant Invest Acct	3.38%		0.00	24,889.70	0.00	
OPUS BANK				BEGINNING BALANCE:		0.00	
January	Public Checking Account	1.470		10,010,804.88	0.00	10,010,804.88	
February	Public Checking Account	1.520		11,601.79	0.00	10,022,406.67	
March	Public Checking Account	1.680		13,765.09	0.00	10,036,171.76	
STATE POOL				BEGINNING BALANCE:		59,751,279.46	
January	Washington State Pool	1.438		60,101,984.33	46,235,000.00	73,618,263.79	
February	Washington State Pool	1.477		81,020,584.71	48,115,000.00	106,523,848.50	
March	Washington State Pool	1.582		34,621,377.10	41,900,000.00	99,245,225.60	
				BEGINNING BALANCE:	PURCHASES	MATURITIES	ENDING BALANCE:
January	TOTALS			736,991,108.27	70,123,223.99	86,273,281.26	720,841,051.00
February	TOTALS			720,841,051.00	81,034,558.06	112,895,902.09	688,979,706.97
March	TOTALS			688,979,706.97	64,482,568.24	71,832,190.39	681,630,084.82

Exhibit 6

CLARK COUNTY *POOL*** INVESTMENT PORTFOLIO
DISTRIBUTION OF INVESTMENTS BY TYPE
March 31, 2018**

Investments	Book Value	Percent of Portfolio	Average Days to Maturity	Yield to Maturity
Commercial Paper - Discount	\$ 19,875,942	2.94%	95	2.03%
Federal Agencies - Semi-annual	\$ 260,284,870	38.50%	288	1.20%
Washington State LGIP	\$ 95,946,580	14.19%	1	1.57%
Passbook/Money Market Accts	\$ 10,036,172	1.48%	1	1.68%
Treasury Securities - Coupon	\$ 289,905,859	42.88%	165	1.29%
Total	\$ 676,049,423	100.00%	184	1.32%
Accrued Interest at Purchase	\$ 70,791			
Total Cash and Investments	\$ 676,120,214			



Clark County, Washington
Investment Pool
March 31, 2018
Exhibit 7

Table with columns: Investment Number, Purchase Date, Cusip Number, Book Value, Amortized Disc/(Prem), Amortized Book Value, Par Value, Market Price 03/31/18, 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. Includes sections: INSIDE POOL INVESTMENTS, US Treasuries, Federal Agencies - Semi-Annual Coupon, CALLABLE, BULLETS, Passbook/Money Market Accounts, and Grand Total (Inside Investments only).

Exhibit 8

CLARK COUNTY ***POOL*** INVESTMENT PORTFOLIO AGING OF MATURING INVESTMENTS March 31, 2018

Days to Maturity	Book Value	% Maturing	Cumulative % Maturing
1	\$105,982,751	15.68%	15.68%
2 - 90	\$89,688,442	13.27%	28.94%
91 - 180	\$200,314,578	29.63%	58.57%
181 - 270	\$120,072,941	17.76%	76.33%
271 - 360	\$99,995,512	14.79%	91.13%
361 - 450	\$10,000,000	1.48%	92.60%
451 - 540	\$20,000,000	2.96%	95.56%
541 - 630	\$19,995,200	2.96%	98.52%
631 - 720	\$10,000,000	1.48%	100.00%
721 - 900	\$0	0.00%	100.00%
901 - 1300	\$0	0.00%	100.00%
TOTALS	\$676,049,423	100.00%	

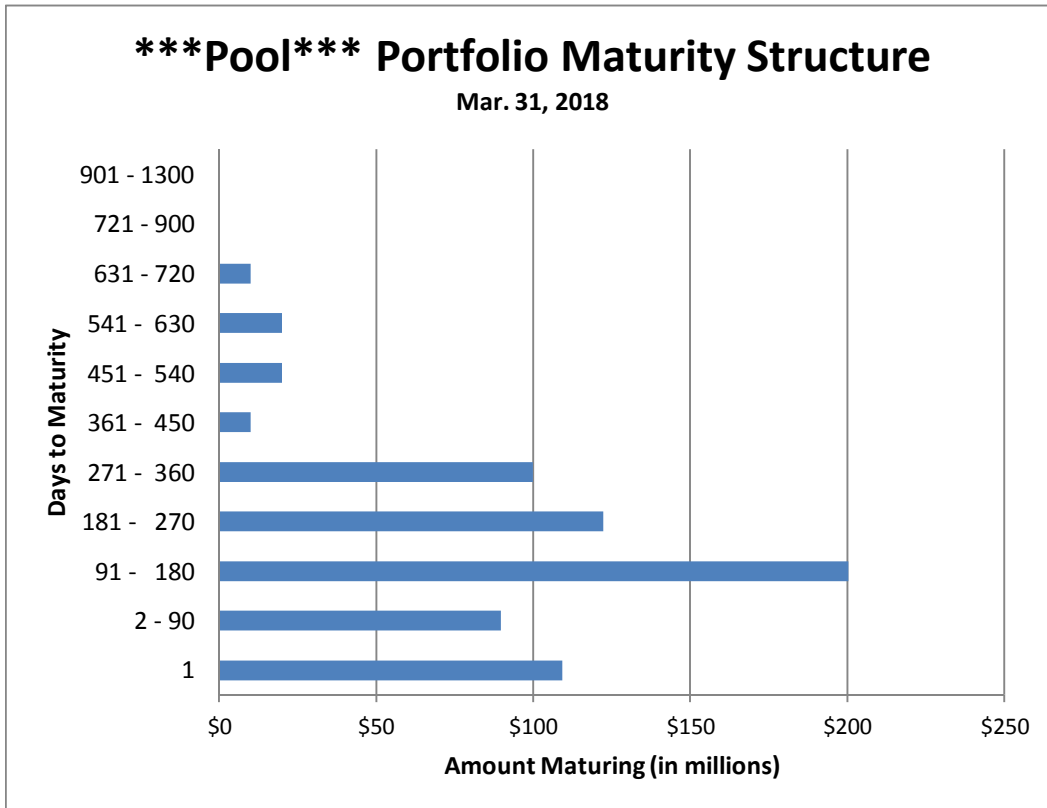


Exhibit 9

CLARK COUNTY *POOL*** INVESTMENT PORTFOLIO
SUMMARY OF INVESTMENTS BY ISSUER
March 31, 2018**

Issuer	Number of Investments	Book Value	% of Portfolio	Average Yield to Maturity	Days to Maturity
Toyota Motor Credit	1	9,928,125	1.47%	2.14%	108
Apple	1	9,947,817	1.47%	1.92%	82
Federal Farm Credit Bank	5	49,914,800	7.38%	1.19%	260
Federal Home Loan Bank	6	60,048,410	8.88%	1.26%	303
Federal Home Loan Mtg Corp.	12	120,326,860	17.80%	1.18%	285
Federal National Mtg Association	3	29,994,800	4.44%	1.15%	312
US Treasury	20	289,905,859	42.88%	1.29%	165
Washington State LGIP	1	95,946,580	14.19%	1.57%	1
Opus Bank	1	10,036,172	1.48%	1.68%	1
TOTALS and AVERAGES	50	676,049,423	100.00%	1.32%	184

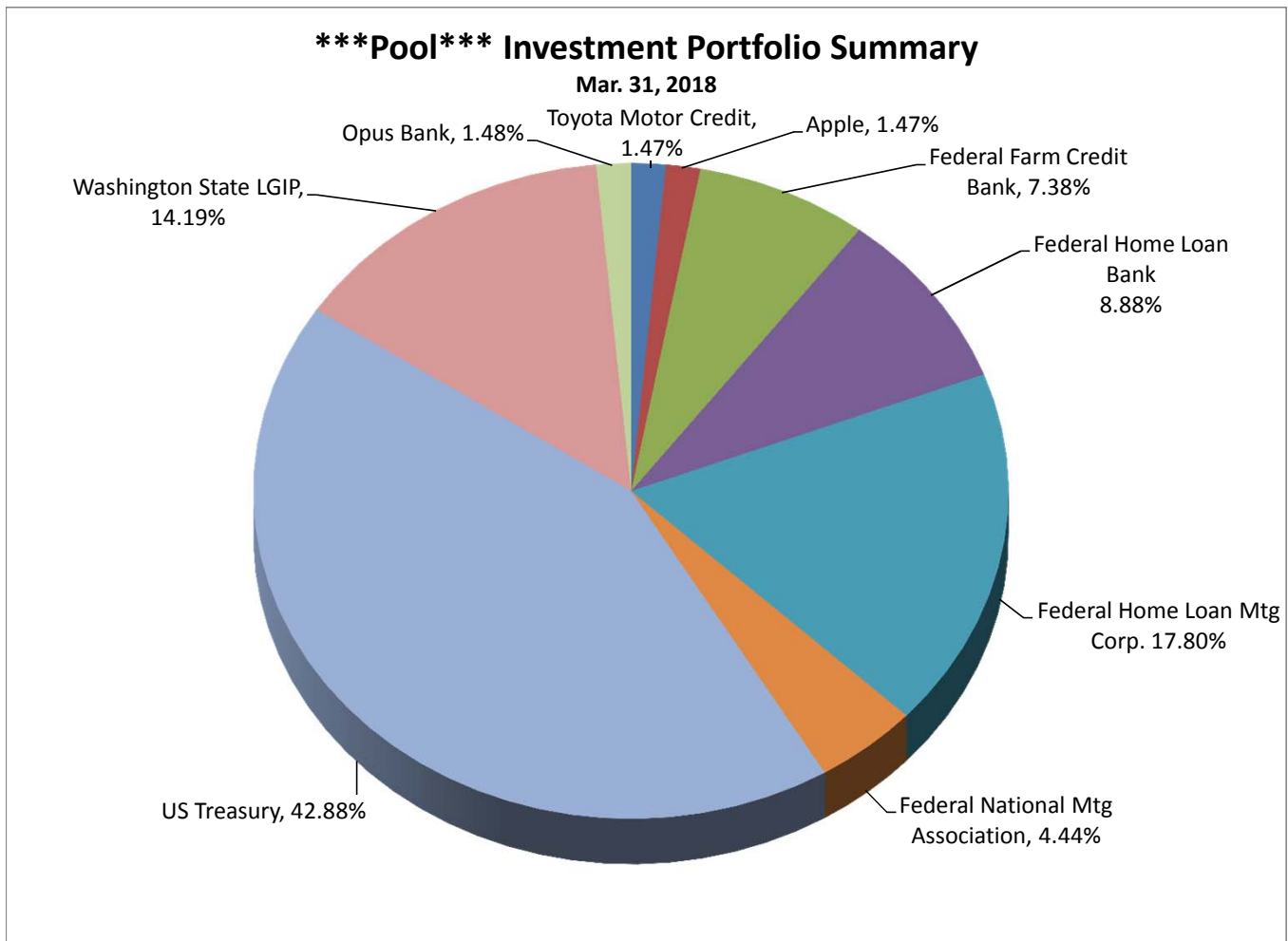


Exhibit 10
County Pool vs. State Pool
April 2013 - March 2018

