WASHINGTON COUNTIES RISK POOL ("WCRP")
INVESTMENT COMMITTEE
TELEPHONIC MEETING MINUTES
8:30 AM, Friday, May 29, 2015

PARTICIPATING:

Keith Goehner – WCRP Secretary/Treasurer
Steve Bartel – At-large Member (PYs2014-2015)
Claire Hauge – At-large Member (PY2014 and PYs2015-2016)
Vyrle Hill – WCRP Executive Director
Others –
Sue Colbo – WCRP Accounting Officer
Chandler Asset Management ("CAM")
Scott Prickett – Portfolio Strategist
Julie Hughes – Portfolio Strategist
Stacey Alderson – Client Services Manager

NOTIFIED, BUT NOT PARTICIPATING:

Thad Duvall – WCRP Finance Committee Chair
Drew Woods – WCRP President
Lisa Young – WCRP Vice President

Call to Order, Welcome and Roll Call, and Approval of Agenda: As Chair, WCRP Secretary/Treasurer Goehner called the seventh (FY-2015) meeting of the WCRP Investment Committee to order at 8:30 AM. He confirmed audibly that four committee members were participating and constituting a quorum.

Meeting Minutes: Mr. Bartel moved and Ms. Hauge seconded to approve the minutes for the April 17, 2015 telephonic meeting; the *motion carried without further comment.*

Old Business: *Nothing.*

Investment Reports: The April 2015 Investment Activities Worksheet compiled by Accounting Officer Colbo (attached) was reviewed and discussed… *no comments.*

CAM's weekly *Economic Reviews* were referenced, and then Ms. Hughes provided a brief economic report focusing primarily on Fed impacts. Mr. Prickett mentioned CAM will provide a brief market/economy summary for each meeting. They noted that CAM is projecting modest increases during the second half of 2015, but not before the September Fed meeting. Mr. Goehner and Ms. Hauge asked questions about the employment and national/regional focuses.

Mr. Prickett shared CAM's initial portfolio management recommendation and referred to and explained the *Yield Quick Reference Guide* and *5-year Comparison* sheets (attached). The plan includes transferring $1-2 million from the SCIP to the US Bank custodial account to begin purchasing investments in the 2½- to 3-year Curve, then report the results in July to demonstrate the added value (yield) from that of the SCIP. Discussion followed.

Investment Actions/Directives: Ms. Hauge moved and Mr. Bartel seconded to support CAM's initial recommendation by authorizing the transfer of $1 million to the US Bank custodial account within the next week for purchase of investments recommended by and with CAM's guidance and assistance; the *motion carried without further comment.*

Other Business: Mr. Hill inquired about the dates/times for the June and July 2015 meetings. Following discussion, it was agreed to conduct the June 2015 meeting telephonically Friday, June 26, 2015 at 8:30 AM and the July meeting in Walla Walla (Marcus Whitman Hotel) Wednesday, July 22, 2015 at 3:30 PM.

Adjournment: With no further business for the day, Chair Goehner thanked everyone and concluded the telephonic meeting at 9:36 AM.

MINUTES APPROVED this 26th day of June, 2015.

Keith W. Goehner
Investment Committee Chair

Attest: Thad Duvall
Investment Committee Member

WCRP
Investment Activities Worksheet
April
2015

RATES:		LGIP (net)	SCIP	CONSOLIDATED (net of fees)	Checking Acct with Offset Earnings	Bank Fees Offset to Earnings	Surplus (Deficiency)
	Apr-14	0.1046	0.7420				
	Nov-14	0.0928	0.7470				
	Dec-14	0.1041	0.8450				
	Jan-15	0.1349	0.9330				
	Feb-15	0.1346	0.9050				
	Mar-15	0.1579	0.8810				
	Apr-15	0.1430	0.7860				
Average Rate (Latest 3 months)		***0.1452***	***0.8573***				
RATES (computed from net returns):							
	Apr-14	0.1265	0.7021	0.6906	0.3658		
	Nov-14	0.0915	0.7068	0.6947	0.4031		
	Dec-14	0.1060	0.8297	0.8155	0.4151		
	Jan-15	0.1375	0.9199	0.9045	0.6104		
	Feb-15	0.1239	0.8043	0.7909	0.2777		
	Mar-15	0.1609	0.8663	0.8524	0.3322		
	Apr-15	0.1411	0.7451	0.7332	0.4880		
Average Rate (Latest 3 months)		***0.1419***	***0.8052***	***0.7922***	***0.3607***		
INVESTMENT BALANCES:							
	Apr-14	$ 662,114.15	$ 32,510,227.46	$ 33,172,341.61	$ 1,824,512.00		
	Nov-14	***$ 662,481.80***	***$ 32,896,924.20***	***$ 33,559,406.00***	***$ 3,029,188.92***		
Transfers to/(from) Investments		***$ -***	***$ -***	***$ -***	***$ -***		
Investment Earnings/Checking Adjustments		$ 58.55	$ 22,762.28	$ 22,820.83	$ (189,508.43)		
	Dec-14	***$ 662,540.35***	***$ 32,919,686.48***	***$ 33,582,226.83***	***$ 2,839,680.49***		
Transfers to/(from) Investments							
Investment Earnings/Checking Adjustments		$ 75.93	$ 25,254.97	$ 25,330.90	$ (920,992.50)		
	Jan-15	***$ 662,616.28***	***$ 32,944,941.45***	***$ 33,607,557.73***	***$ 1,918,687.99***		
Transfers to/(from) Investments							
Investment Earnings/Checking Adjustments		$ 68.42	$ 22,095.63	$ 22,164.05	$ 304,289.56		
	Feb-15	***$ 662,684.70***	***$ 32,967,037.08***	***$ 33,629,721.78***	***$ 2,222,977.55***		
Transfers to/(from) Investments							
Investment Earnings/Checking Adjustments		$ 88.85	$ 23,817.11	$ 23,905.96	$ 1,171,983.21		
	Mar-15	***$ 662,773.55***	***$ 32,990,854.19***	***$ 33,653,627.74***	***$ 3,394,960.76***		
Transfers to/(from) Investments							
Investment Earnings/Checking Adjustments		$ 77.92	$ 20,497.65	$ 20,575.57	$ (1,186,005.00)		
	Apr-15	***$ 662,851.47***	***$ 33,011,351.84***	***$ 33,674,203.31***	***$ 2,208,955.76***		
INTEREST EARNED:							
	Apr-14	$ 69.80	$ 19,020.16	$ 19,089.96	$ 556.21	$ 663.44	$ (107.23)
	Nov-14	$ 50.53	$ 19,377.10	$ 19,427.63	$ 1,017.58	$ 770.65	$ 246.93
	Dec-14	$ 58.55	$ 22,762.28	$ 22,820.83	$ 982.33	$ 830.09	$ 152.24
	Jan-15	$ 75.93	$ 25,254.97	$ 25,330.90	$ 975.91	$ 854.79	$ 121.12
	Feb-15	$ 68.42	$ 22,095.63	$ 22,164.05	$ 514.50	$ 650.49	$ (135.99)
	Mar-15	$ 88.85	$ 23,817.11	$ 23,905.96	$ 939.72	$ 808.45	$ 131.27
	Apr-15	$ 77.92	$ 20,497.65	$ 20,575.57	$ 898.36	$ 794.89	$ 103.47
TOTAL INTEREST (6 recent months) NET OF FEES		$ 420.20	$ 133,804.74	$ 134,224.94	$ 5,328.40	$ 4,709.36	$ 619.04

CHANDLER ASSET MANAGEMENT

Quick Reference Guide
Description of Common Yield and Return Conventions

YIELDS

NOMINAL YIELD: Annual dollar amount of income received from a fixed income security divided by the par value of the security and stated as a percentage. *(Also known as coupon rate)*

CURRENT YIELD: The ratio of interest (annual coupon) to the actual market price of the bond stated as a percentage. For example, a $1,000 bond that pays $80 per year in interest would have a yield of 8%.

BOND EQUIVALENT YIELD (BEY): Nominal yield quoted on a 365 day basis. For example, Treasury bills, agency discount notes, and commercial paper are all traded on a discount yield basis. The discount yield quoted for discount securities can be converted to a bond equivalent yield for an accurate yield comparison to securities that pay interest semi-annually. This conversion is necessary for two reasons. First, discount securities calculate interest on a 360 day year, not 365. Second, for discount securities maturing in more than six months, you lose the opportunity to compound interest since discount securities do not make coupon payments. *(Annualized, not compounded, 365-day basis)*

EFFECTIVE ANNUAL YIELD: Effective annual yield assumes compounding and is calculated on a 365-day basis. Because of compounding, an effective annual yield assumes that the investor always has the opportunity to reinvest funds at the same rate. *(Annualized, compounded, 365-day basis)*

MONEY MARKET YIELD: Nominal yield quoted on a 360-day basis (Annualized, not compounded, 360-day basis).

YIELD TO MATURITY (YTM): The calculation of a debt instrument's total yield from a specific date to maturity. YTM takes into account the discount or premium on an instrument in addition to its coupon or interest payments. *(When an instrument is purchased at a premium to face value, the calculation assumes an amortization to par, and when it is purchased at a discount the calculation assumes an accretion to par. This calculation also assumes that coupon payments are reinvested at the yield to maturity.)*

RETURNS

BOOK VALUE RETURN/REALIZED RETURN: A performance calculation which takes into account interest earnings, amortization and accretion, and realized gains or losses in a portfolio. It is a summation of yield to maturities using original purchase prices, and is often used to project interest income. Book value returns can fluctuate sharply when securities are traded.

TOTAL RETURN: A performance calculation that consists of all price changes and interest income earned during a specific interval.

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CHANDLER ASSET MANAGEMENT

Quick Reference Guide
Description of Common Yield and Return Conventions

YIELDS

Money Market Yield = (D/PP) * (360/DM)

Bond Equivalent Yield = (D/PP) * (365/DM)

OR

= MMY * (365/360)

OR

= (365*DR)/[360-(DR*DM)]

Commercial Paper Nominal Yield = (D/PP) * (365/DM)

Effective Annual Yield = $(1+ I/P)^{365/DM} - 1$

Yield to Maturity = $\frac{[CR + (OR -) (\text{Prorated Discount } (+) \text{ or Premium } (-))]}{[(FV + PP)/2]}$

***D** = Dollar Discount = (DR * FV) * (DM/360)*

***DR** = Discount Rate = (D/FV) * (360/DM)*

***PP** = Purchase Price = FV – D*

***CR** = Coupon Rate*

***DM** = Days to Maturity*

***FV** = Face Value*

***I** = Interest Amount*

RETURNS

Book Value Return/Realized Return = Earned Interest + (OR –) Amortization + (OR –) Realized Gain or Loss

Total Return = $[(MV_E - MV_B)/MV_B]$ (*assumes no cash flows*)

***MV_E** = Market Value Ending*

***MV_B** = Market Value Beginning*

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CHANDLER ASSET MANAGEMENT

Yield	1 Year Avg Yield ending 3/31/2015	3 Year Avg Yield ending 3/31/2015	5 Year Average Yield ending 3/31/2015
Spokane County Investment Pool Rates*	0.78%	0.83%	0.98%
Total Return**	**1 Year Return ending 3/31/2015**	**3 Year Return Ending 3/31/2015**	**5 Year Return Ending 3/31/2015**
BofA/ML 1-3 Yr US Treasury Index	1.00%	0.67%	1.02%
BofA/ML 1-5 Yr US Treasury & Agency Index	1.90%	1.03%	1.74%

*Yields on the Spokane County Investment Pool have been obtained from sources believed to be reliable. Chandler Asset Management does not guarantee the accuracy of this data.

**Past performance is not indicative of future results. Performance greater then one year has been annualized and is presented gross of management fees.

**The Merrill Lynch Treasury 1-3 Yr Index is comprised of US Treasury securities issued by the US Government. All securities in the index must have fixed coupon rates and have at least one year but not greater than three years to maturity regardless of any call features

**The Merrill Lynch Government 1-5 Year Index is comprised on securites issued by entites of the US Government, including the US Treasury and Agencies such as Fannie Mae, Resolution Trust Funding and the Federal Home Loan Bank. Corporate or foreign debt guaranteed by the US Government, such as USAID securities, may also be included in the index. All securities in the index must be investment grade, have fixed coupon rates or rates that change according to a predetermined schedule, and have at least one year but not greater than five years to maturity regardless of any call features.