

Metro Investment Policy Update

September 24, 2019

Legal Context – ORS 294

- Specifies authorized investments
- Sets asset allocation limits and maturities
- Requires local investment policies in some circumstances

Metro Background

- Investment policy is adopted as Metro Code Chapter 7.03
- Investment transactions are handled by an external advisor
- Council-appointed Investment Advisory Board provides oversight and advice

Current Investment Policy

- 4 general objectives: Safety, Liquidity, Return on Investment and Legality
- Prohibited investments: mortgage-backed securities and firms on the Carbon Underground 200 list
- Asset allocations and maturities consistent with state law

Current Portfolio – 6/30/19

Asset Type	Market Value	% of Portfolio
US Treasuries	\$575,108,395	60.90%
US Agencies	\$287,008,822	30.39%
Corporate Notes	\$12,050,235	1.28%
Commercial Paper	\$4,471,550	0.47%
Bank Deposits	\$18,538,943	1.96%
Certificates of Deposit	\$240,163	0.03%
Local Government Investment Pool	\$46,969,657	4.97%

Corporate Securities – 6/30/19

Security	Market Value
Microsoft	\$718,457
Johnson & Johnson	\$530,458
Berkshire Hathaway	\$1,880,194
Apple	\$2,536,570
Alphabet Inc. (Google)	\$455,267
Microsoft	\$2,399,396
Federal Home Loan Banks	\$2,959,034
Microsoft	\$1,863,658
Johnson & Johnson	\$1,666,234

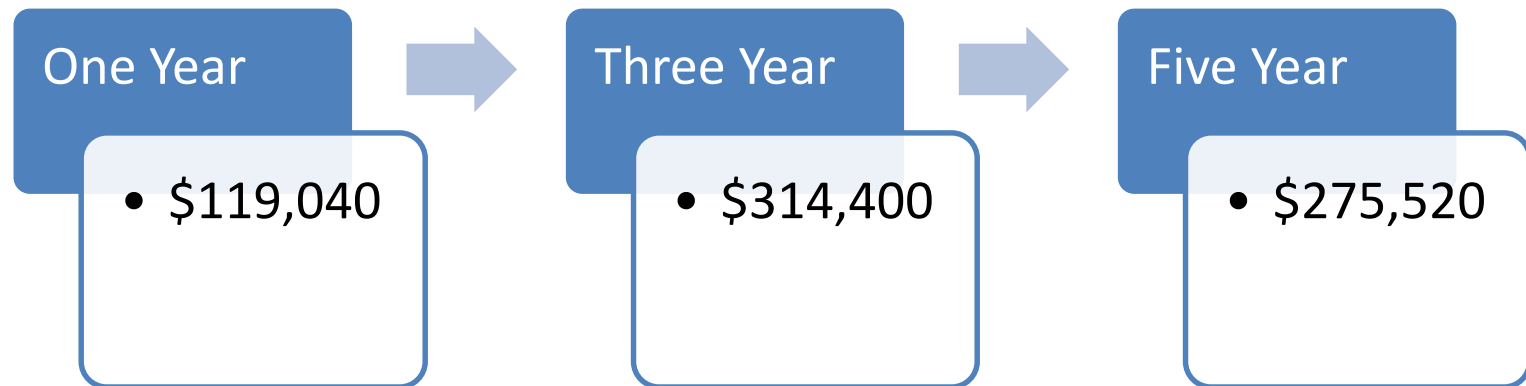
Policy Options

1. No change
2. Expand the prohibited investments list
3. Limit investments in corporate debt to a list of authorized issuers
4. Prohibit any investments in corporate securities

Fiscal Impact

- Eliminating corporate securities could reduce investment earnings between \$120k and \$315k over five years
- Further restricting investments in corporate securities is hard to quantify, but less fiscal impact than eliminating them

Fiscal Impact



Discussion questions

- Does the Metro Council want to change the policy direction included in the investment policy?
- How should the Metro Council be engaged in developing recommended changes to the investment policy?



Arts and events
Garbage and recycling
Land and transportation
Oregon Zoo
Parks and nature

oregonmetro.gov

Buy List

Corporate Buy List

Date 7/1/2019

Cannot buy 4(2) 144A CP

Cannot buy 144 A

Can go to Single A in Oregon Company's

LONG TERM								SHORT TERM CP No 1		
Issuer Name	S&P Rating	S&P Outlook	Moody Rtg	Moody's Rating Outlook	Fitch Rating	Fitch Outlook	Industry	Foreign Domicile	S&P CP	Moody's CP
3% Limit per issuer - AA or Better by S&P and Moody's and Fitch										
Apple Inc	AA+	STABLE	Aa1	STABLE	N/R	N/R	Technology		A-1+	P-1 4(2) 144A
Automatic Data Processing	AA	STABLE	Aa3	STABLE	N/R	N/R	Consumer, Non-cyclical		A-1+	P-1 4(2) 144A
Berkshire Hathaway Inc	AA	STABLE	Aa2	STABLE	AA-	STABLE	Financial		A-1+	P-1
BlackRock Inc	AA-	STABLE	Aa3	STABLE	N/R	N/R	Financial		A-1+	P-1 4(2) 144A
CME Group Inc	AA-	STABLE	Aa3	STABLE	AA-	STABLE	Financial		A-1+	P-1 4(2) 144A
Colgate-Palmolive Co	AA-	STABLE	Aa3	STABLE	WD	WD	Consumer, Non-cyclical		A-1+	P-1 4(2) 144A
Google Inc	AA+	STABLE	Aa2	STABLE	N/R	N/R	Communications		A-1+	P-1 4(2) 144A
Johnson & Johnson	AAA	STABLE	Aaa	STABLE	AAA	STABLE	Consumer, Non-cyclical		A-1+	P-1 4(2) 144A
Microsoft Corp	AAA	STABLE	Aaa	STABLE	AA+	STABLE	Technology		A-1+	P-1 4(2) 144A
New York Life Global Funding	AA+	NR	Aaa	STABLE	AAA	NR	Life Insurance		A-1+	P-1
Procter & Gamble Co	AA-	STABLE	Aa3	STABLE	N/R	N/R	Consumer, Non-cyclical		A-1+	P-1
Toronto-Dominion Bank/NY	AA-	STABLE	Aa3	STABLE	AA-	STABLE	Financial	Canada	A-1+	P-1 4(2) 144A
Wal-Mart Stores Inc	AA	STABLE	Aa2	STABLE	AA	STABLE	Consumer, Cyclical		A-1+	P-1
2% Limit Per Issuer Split Rating - AA at least one of the rating agencies										
3M Co	AA-	NEGATIVE	A1	STABLE	N/R	N/R	Industrial		A-1+	P-1
Bank of Montreal/Chicago IL	A-	STABLE	A2	STABLE	AA-	STABLE	Financial	Canada	A-1	P-1
Bank of New York Mellon Corp/The	A	STABLE	A1	STABLE	AA-	STABLE	Financial		A-1	P-1
Bank of Nova Scotia/Houston	A+	STABLE	A2	STABLE	AA-	STABLE	Financial	Canada	A-1	P-1
Canadian Imperial Bank of Cmra/NY	A+	STABLE	Aa2	STABLE	AA-	STABLE	Financial	Canada	A-1	P-1 4(2) 144A
Cisco Systems Inc	AA-	STABLE	A1	STABLE	N/R	N/R	Communications		A-1+	P-1
CitiBank NA NY	A+	STABLE	Aa3	STABLE	A+	STABLE	Financial		A-1	P-1
Costco Wholesale Corp	A+	STABLE	Aa3	STABLE	WD	WD	Consumer, Cyclical		A-1	WR 4(2) 144A
JPMorgan Chase & Co/ Bank N.A.	A-	STABLE	A2	STABLE	AA-	STABLE	Financial		A-2	P-1 4(2) 144A
Merck & Co Inc	AA	STABLE	A1	STABLE	A+	STABLE	Consumer, Cyclical		A-1+	P-1
Met Life Global Funding I	AA-	N/A	Aa3	STABLE	AA-	N/A	Life Insurance		NR	P-1 NR
Nike Inc	AA-	STABLE	A1	STABLE	N/R	N/R	Consumer, Cyclical		A-1+	P-1
Northern Trust Co/The	A+	STABLE	A2	STABLE	AA-	STABLE	Financial		A-1	WR
Pfizer Inc	AA	STABLE	A1	STABLE	A+	STABLE	Consumer, Non-cyclical		A-1+	P-1 4(2) 144A
Royal Bank of Canada/New York NY	AA-	STABLE	A2	STABLE	AA	STABLE	Financial	Canada	A-1+	P-1
State Street Corp	A	STABLE	A1	STABLE	AA-	STABLE	Financial		A-1	WR
Toyota Motor Credit Corp	AA-	STABLE	Aa3	STABLE	A+	STABLE	Consumer, Cyclical		A-1+	P-1
US Bancorp / Bank NA	A+	STABLE	A1	STABLE	AA-	STABLE	Financial		A-1	P-1

Disclosure: There are risks associated with investing in corporate bonds, including loss of principal. Fixed income investments are subject to interest rate risk, their value will normally decline as interest rates rise. In addition, when interest rates fall, income may decline. Fixed income investments are also subject to credit risk, the risk that the issuer of a bond will fail to pay interest and principal in a timely manner, or that negative perceptions of the issuer's ability to make such payments will cause the price of that bond to decline. Lists subject to change intra-month.

GPA relies on rating agencies data to support this list and does not guarantee, as to principal and interest and price variation is expected to be greater than those of US treasury securities. This list is based on securities that are allowed under statute based on ratings.