



City of Salem, Oregon

September 28, 2020 Finance Committee Meeting

Action and Information Items

- I. Action Items**
 - a. Riverfront-Downtown URA Debt Issuance**
 - b. Civic Center Internal Borrowing**

- II. Management Update/Information Items**
 - a. Monthly Investment Report (month ending August 31, 2020)**

- III. Adjustment to Meeting Time.**

I. Action Items

1. URA Riverfront-Downtown

- \$9,763,000 par amount total
- 10-year term
- 2.83% estimated true interest cost
- Mix of tax exempt and non-exempt projects (list in report and on next slide)

2. Civic Center Internal Borrowing

- \$3,643,000
- 10-year term
- 2.69% interest
- Various infrastructure projects (list in report and to follow)

Riverfront-Downtown: Debt Issuance

- \$4,500,000: Taxable
\$4,286,000: Tax-Exempt
- Estimated cost of issuance:
\$86,000
- Estimated reserve requirement:
\$976,300
- Competitive bid



Court Street Apartments-photo by David Baker

Riverfront-Downtown: Projects and Amounts

Project	Tax Status	Budgeted Amount
Toolbox grant program	Taxable	\$2,500,000
Streetscape improvement & design program	Tax-Exempt	\$1,000,000
Alley lighting improvements	Tax-Exempt	\$150,000
Union Street bike friendly phase B	Tax-Exempt	\$1,500,000
Opportunities for future redevelopment	Tax-Exempt	\$2,000,000
Committed to future streetscape projects	Taxable	\$1,636,000
Total		\$8,786,000



Park Front Building -Photo by David Baker

Civic Center- Internal Borrowing

- Allowable through Council Policy C-2
- General Fund borrowing from the Utility Fund.
 - General Fund is currently in the last year of an internal borrowing for parking meter replacements.
- \$3,463,000 for the total loan



Civic Center- Projects and Amounts

Project	Budgeted Amount
Transformer replacement	\$1,200,000
Lower parking lot lighting	\$75,000
Elevator modernization	\$630,000
First floor reconfiguration	\$958,000
Security installation	\$600,000
Total	\$3,463,000

- Originally presented and approved during the FY 2021 budget for \$3,761,000
 - Lowered cost for transformer project
- Potential opportunity to utilize remaining Police Facility savings to offset this amount.

Next Steps

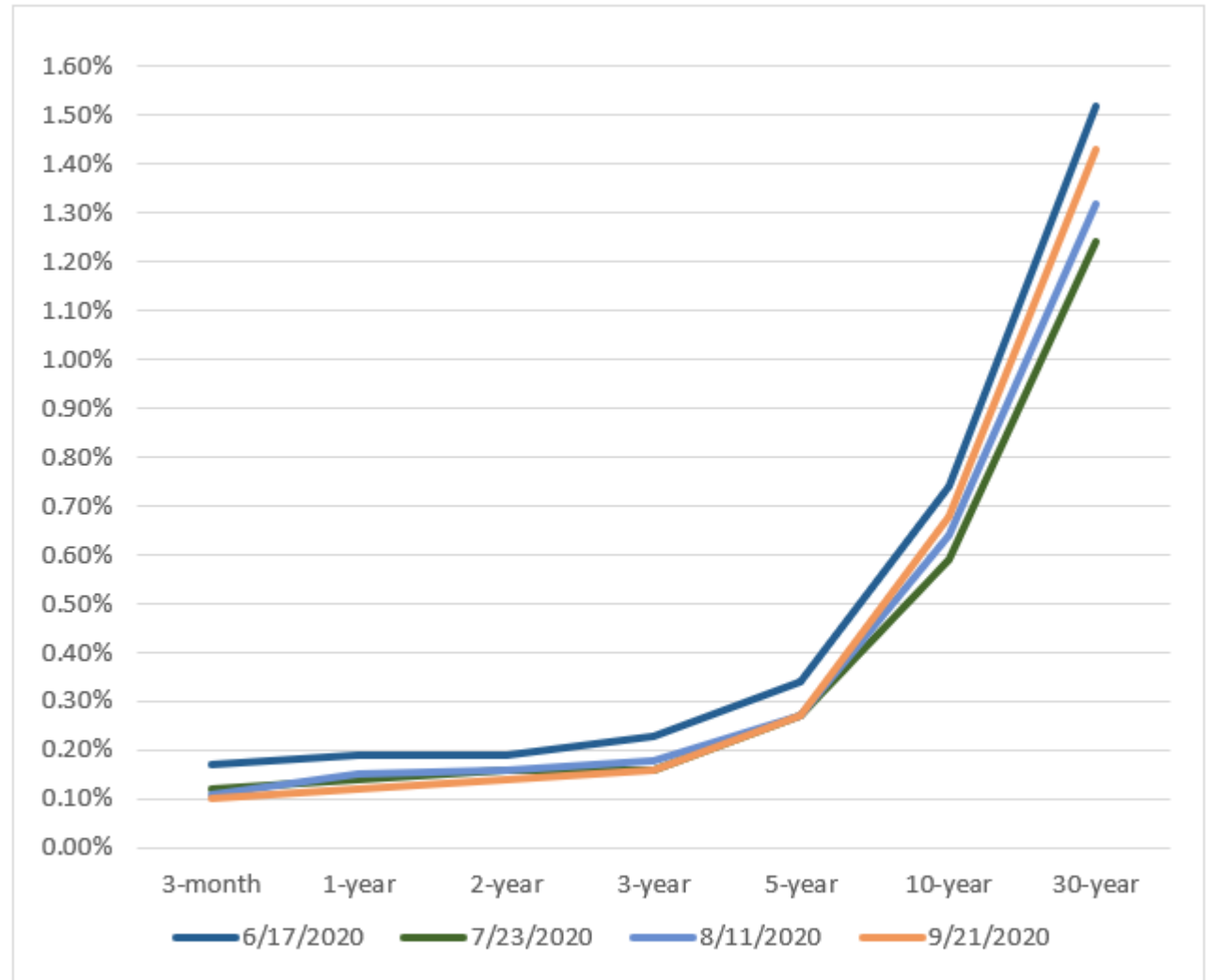
Date	Action	Issuance
Today	Recommend issuances to UR Agency Board and/or City Council	Both
10/12/2020	Resolution to UR Agency Board	Riverfront-Downtown
10/26/2020	Resolution to City Council	Civic Center
10/28/2020	Term sheets submitted to banks	Riverfront-Downtown
11/2/2020	Transfer of funds from Utility Fund to General Fund	Civic Center
11/19/2020	Bids due from banks	Riverfront-Downtown
12/17/2020	Closing	Riverfront-Downtown

II. Information Items

- 1. Management Update/Information Items**
 - a. Monthly Investment Report (month ending August 31, 2020)**

U.S. Yield Curve continues to be a Normal Upward Sloping Curve (short-term yields below long-term yields)

	09/21/20	08/11/20	07/23/20	06/17/20
3-month	0.10%	0.11%	0.12%	0.17%
1-year	0.12%	0.15%	0.14%	0.19%
2-year	0.14%	0.16%	0.16%	0.19%
3-year	0.16%	0.18%	0.16%	0.23%
5-year	0.27%	0.27%	0.27%	0.34%
10-year	0.68%	0.64%	0.59%	0.74%
30-year	1.43%	1.32%	1.24%	1.52%



Investment Trends

Monthly Report (page #1)

- Market Value decline of \$4.9M due to monthly accounts payable and payroll and spending in bonded projects
- Weighted Average Maturity (WAM)
 - Small drop in weighted average maturity from 1.19 years to 1.15 years due to maturities in longer investment vehicles being moved into into liquid (LGIP and deposit accounts) for bill payment
- Sector Distribution Within Policy Limits

MONTHLY SUMMARY				
	ME 8/31/20	ME 7/31/20	ME 6/30/20	ME 5/31/20
Market Value (MV)	\$ 369,563,151	\$ 374,447,006	\$ 386,915,619	\$ 391,107,684
Weighted Average Maturity (years)	1.15	1.19	1.20	1.24
Weighted Average Maturity (months)	13.80	14.27	14.44	14.94
Cash Basis Earnings for Period (PFM)	\$ 400,596	\$ 346,048	\$ 398,039	\$ 443,510
SECTOR DISTRIBUTION				
Sector	Market Value	% of Portfolio	Allowed by Policy	
U.S. Treasuries	\$ 186,299,193	50.4%	100%	
Federal Agencies	\$ 16,548,148	4.5%	100%	
Municipal Obligations	\$ 1,502,614	0.4%	10%	
Commercial Paper	\$ -			
Corporate Notes	\$ 22,793,879			
	<u>\$ 22,793,879</u>	6.2%	35%	
LGIP	\$ 89,258,432	24.2%	ORS Limit	
Collateralized Deposit Accounts	\$ 53,160,885	14.4%	100%	
Total	\$ 369,563,151	100.0%		

The City of Salem's Investment Program

Managed by City Staff		Managed by PFM		
U.S. Bank	LGIP	GO Bond Portfolios	Short-Term Portfolio	Long-Term Portfolio
* High degree of liquidity	* High degree of liquidity	* Bond Proceeds from: 2018 Library Project, 2017 Police Facility Salem Streets & Bridges, and 2020 Water-Sewer	* Complement to LGIP and U.S. Bank balances	* "Core" portfolio whose assets may be invested to take advantage of longer maturity securities at potentially higher yields
* Competitive yield	* Competitive yield	* Invested to meet draw scheduled needs of CIP	* Targets cash needs up to 12 months	
* Suitable for operational cash needs	* Suitable for operational cash needs	* Reasonable level of liquidity	* Capitalizes on yields in money market sector	
No Benchmark	No Benchmark	Matched to Project Needs	Benchmark: Oregon LGIP	Benchmark: Bank of America/Merrill Lynch 1- 5 Year US Treasury Index
Balances as of:	(excludes accrued interest) Total market value			
August 31, 2020	\$369,563,151			
\$53,160,885 14.4%	\$89,258,432 24.2%	\$25,826,098 7.0%	\$15,028,907 4.1%	\$186,288,829 50.4%
July 31, 2020	\$374,447,006			
\$49,185,798 13.1%	\$88,647,500 23.7%	\$27,483,202 7.3%	\$19,967,632 5.3%	\$189,162,873 50.5%
June 30, 2020	\$386,915,619			
\$55,852,965 14.4%	\$90,292,378 23.3%	\$31,608,411 8.2%	\$19,990,969 5.2%	\$189,170,896 48.9%
May 31, 2020	\$391,107,684			
\$44,373,614 11.3%	\$89,508,717 22.9%	\$36,899,626 9.4%	\$31,010,479 7.9%	\$189,315,249 48.4%

Market Value Trend by Investment Category

Please note the declining value of the Bonded Funds as funds are moved from these accounts into US Bank in order to make payments to the vendors working on these projects

	8/31/2020			7/31/2020		
	Security MV	Accrued Int	Total MV	Security MV	Accrued Int	Total MV
Long-Term	\$ 186,288,829	\$ 839,831	\$ 187,128,660	\$ 189,162,873	\$ 855,324	\$ 190,018,198
Short-Term	\$ 15,028,907	\$ 83,262	\$ 15,112,169	\$ 19,967,632	\$ 97,769	\$ 20,065,400
Streets & Bridges	\$ 1,614,964	\$ -	\$ 1,614,964	\$ 1,614,847		\$ 1,614,847
Police	\$ 3,367,158	\$ 13,664	\$ 3,380,822	\$ 3,370,947	\$ 9,119	\$ 3,380,066
Library	\$ 6,193,987	\$ 34,981	\$ 6,228,968	\$ 7,828,533	\$ 34,941	\$ 7,863,475
Water-Sewer	\$ 14,649,990	\$ 25,281	\$ 14,675,271	\$ 14,668,875	\$ 28,246	\$ 14,697,121
Bonds Total	\$ 25,826,098	\$ 73,927	\$ 25,900,025	\$ 27,483,202	\$ 72,306	\$ 27,555,508
PFM MANAGED	\$ 227,143,835	\$ 997,020	\$ 228,140,854	\$ 236,613,707	\$ 1,025,399	\$ 237,639,106
<i>LGIP-City</i>	\$ 51,371,818		\$ 51,371,818	\$ 50,364,441		\$ 50,364,441
<i>LGIP-URA</i>	\$ 37,886,614		\$ 37,886,614	\$ 38,283,059		\$ 38,283,059
Total LGIP	\$ 89,258,432	\$ -	\$ 89,258,432	\$ 88,647,500	\$ -	\$ 88,647,500
US Bank	\$ 53,160,885		\$ 53,160,885	\$ 49,185,798		\$ 49,185,798
CITY MANAGED	\$ 142,419,317	\$ -	\$ 142,419,317	\$ 137,833,298	\$ -	\$ 137,833,298
PORTFOLIO TOTAL	\$ 369,563,151	\$ 997,020	\$ 370,560,171	\$ 374,447,006	\$ 1,025,399	\$ 375,472,404