



Program #72008B - FRM Investment Advisory Services

2/19/2015

Department: County Management **Program Contact:** Eric Arellano
Program Offer Type: Innovative/New Program **Program Offer Stage:** As Requested
Related Programs: 72008A-16 - FRM Treasury and Tax Administration
Program Characteristics: In Target

Executive Summary

The Investment Advisory Services program accounts for professional services payments made for non-discretionary investment advisory services used to support the management of the County Investment Portfolio. Revenue from increased portfolio interest earnings will be used to cover advisory fees.

Program Summary

Treasury invests the County's financial assets to ensure that funds are available to meet anticipated cash flow needs. Investment earnings are measured against specific benchmarks outlined in the Investment Policy. Treasury complies with all applicable laws, policies and best practices in the management of County funds.

In Fiscal Year 2015, County Treasury contracted for non-discretionary investment advisory services. The investment advisor provides a broad range of services, which include assisting in developing investment strategies that will enhance investment portfolio performance, assisting with execution of transactions with approved brokers/dealers, providing trade confirmations to the custodial bank, providing monthly and quarterly performance/strategic reporting relative to established benchmarks, assisting during annual review and update of the County investment policy, and monitoring and maintaining portfolio compliance with investment policy, ordinances, state, and federal rules and regulations.

The investment advisor will provide the County with valuable market knowledge, greater access to brokers/dealers, more competitive security pricing, access to financial/investment business reporting (e.g. Bloomberg), very robust investment portfolio reporting, investment compliance tracking tools, and other investment management resources aimed at boosting portfolio performance while upholding the investment policy priorities of preservation of capital, liquidity, healthy market return, and diversification. County Treasury forecasts the investment advisory services will help increase the portfolio's annual interest return by 8-10 basis points (\$425,000). Interest earnings will be used to cover annual fee associated advisory services.

Performance Measures

Measure Type	Primary Measure	FY14 Actual	FY15 Purchased	FY15 Estimate	FY16 Offer
Output	Compliance with Investment Policy*	1	1	1	1
Outcome	Investment Portfolio Performance against established benchmark**	1	1	1	1

Performance Measures Descriptions

*Measurement Key: 1 = Goal Achieved, 0 = Not Achieved (ensures compliance to applicable ORS)

**Maintain an investment portfolio yield that meets or exceeds established performance benchmark - (0) indicates yield is below benchmark, and (1) indicates yield meets or exceeds established performance benchmark

Legal / Contractual Obligation

Oregon Revised Statutes ORS 294 and 295

Revenue/Expense Detail

	Proposed General Fund	Proposed Other Funds	Proposed General Fund	Proposed Other Funds
Program Expenses	2015	2015	2016	2016
Contractual Services	\$0	\$0	\$120,000	\$0
Total GF/non-GF	\$0	\$0	\$120,000	\$0
Program Total:	\$0		\$120,000	
Program FTE	0.00	0.00	0.00	0.00

Program Revenues				
Interest	\$0	\$0	\$120,000	\$0
Total Revenue	\$0	\$0	\$120,000	\$0

Explanation of Revenues

Interest earnings from investment portfolio will be allocated to this program to cover administrative fee for advisory services.

Significant Program Changes

Last Year this program was:

New program offer.