

COMMISSION AGENDA

Item No: 5B

Meeting: 04/20/17

DATE: April 3, 2017

TO: Port Commission

FROM: John Wolfe, Chief Executive Officer

Project Manager: David Morrison, Director, Financial Planning and Treasury
Josh Adams, Deputy Treasurer

SUBJECT: Port of Tacoma Investment and Debt Overview

A. BRIEFING REQUESTED

Propose the investment guidelines for excess Port cash, including general, construction, debt service and reserve funds, and provide Commission with a current overview of outstanding debt.

B. BACKGROUND

The Port Treasurer and staff manage approximately \$240 million of cash and investments. These investments fall into different funds, each with different investment strategies and return expectations. Staff wishes to inform Commission of the investment parameters for each of these funds, and identify the types of securities in which these funds may be invested.

The Port Treasurer and staff manage approximately \$660 million of outstanding debt. This debt includes General Obligation bonds, Revenue bonds and Commercial Paper. Additionally, the Port has four swaps outstanding with a combined notional amount of \$240 million. Staff wishes to update Commission on the current status of the debt portfolio.

C. CURRENT STATUS

Investment funds are invested only in securities authorized by the applicable Revised Code of Washington (RCW). Treasury staff manage these funds, and prioritize investment opportunities, based on safety (return of principal), liquidity and return on investment, respectively.

Debt obligations are managed so as to maintain required debt service coverage ratios on both the senior and subordinate liens, while taking advantage of market opportunities to save money by refunding outstanding debt at lower rates.