COON CREEK WATERSHED DISTRICT
Request for Board Action

MEETING DATE: November 9, 2015
AGENDA NUMBER: 8
ITEM: District Investment Options

POLICY IMPACT: Policy
FISCAL IMPACT: Budgeted

REQUEST

BACKGROUND
At the September 28, 2015 meeting the Board reviewed District funds & investments with Cory Kampf, F&CS Manager. Kampf reviewed the disposition of District funds and the current District earnings. Kampf then offered some suggestions for improving earnings. Kampf suggested that tighter cash flow projections and management would offer greater certainty on available capital for investments and noted that two additional alternatives exist under the MAGIC Fund programs.

After some general discussion the Board directed staff to work with Kampf to identify the pros and cons of potential investment programs.

Kampf has conducted additional research and provided an informational memo (attached). Kampf has noted that there is no approval needed to change the investments as we talked about and that he is just looking for acknowledgement that we are comfortable to move forward.

ISSUES/CONCERNS

OPTIONS

RECOMMENDATION
Pursue a laddered investment program that includes investments from either the MAGIC TERM or CD Programs.
DATE: November 5, 2015

TO: Tim Kelly, District Administrator - Coon Creek Watershed District, and Coon Creek Watershed District Board.

FROM: Cory Kampf, F&CS Division Manager

SUBJECT: Coon Creek Watershed District Investment Plan

The Coon Creek Watershed District (CCWD) requested information on opportunities they may have to increase the revenue received from investment income. At a previous meeting, we discussed the limitations that public funds are subject to regarding investing per Minnesota Statutes. We also discussed various options that are currently easily accessible to the District and will offer a greater return.

The CCWD currently holds its cash in the MAGIC Fund at US Bank. The MAGIC Fund is a local government Investment Pool (money market type account) that also serves as the main checking account for all deposits received and checks written related to CCWD operations.

Currently, all CCWD funds are maintained in the MAGIC Fund, which is currently earning 0.11%. The MAGIC Fund also has two other programs available that the CCWD could leverage to increase its returns:

- MAGIC TERM Program, which is a short term investment pool of government agencies that currently pay between 0.2% and 0.66% depending on the length of time chosen between 60 days and 1-year.

- MAGIC CD Program, which is a program that manages investments in Certificates of Deposits at banks across the country. This program is limited to $250,000 or less in each bank in order to maintain FDIC Coverage for the funds. Current rates in this program range from a 6 month CD at 0.6% to a 1.05% for a 2-year CD.

The CCWD has indicated that it is levying additional funds for a future Capital Improvement Project and desires to increase its investment revenue. Based on the cash flow requirements of operations, it is my recommendation that the CCWD pursue a laddered program at this time that may include investments from either the MAGIC TERM or CD Program to meet their needs.
The recommended plan at the current time would be to take approximately $1 million from the CCWD MAGIC Fund Account and invest it into the CD Program with a laddered structure beginning in about 12 months. Additional investments will be placed based on the cash-flow needs of the operations account so that we remain optimally invested as is reasonably possible.

The CCWD MAGIC Fund Account Balance is currently $1.796 Million, with a tax distribution of approximately $1 million expected on December 2nd.