



Investment Advisory Services

Lewiston-Altura ISD

10.29.2020



Why Ehlers?

- Only serve local governments, public agencies & special authorities
- Unique insight into best practices

Public sector focus



- Fiduciary responsibility to you alone
- Prioritized principles: safety, liquidity, yield

Fiercely independent



- Transparent AUM fee structure
- Hourly or flat-rate fees for other services

Transparent pricing



- Clients rely on a single team to navigate all facets of public finance
- Tailored Investment Solutions

Fully integrated services





Fully Integrated Services





About Ehlers' Investments

- SEC Registered Investment Adviser (est. 2007)
- More than \$1.5 billion Assets Under Management
- 145+ Clients & 250+ Separately Managed Accounts
- Focus = Client Focused Fixed Income Solutions
 - ✓ Bond proceeds
 - ✓ General cash assets
 - Cash Flow Forecasting
 - ✓ Banking Services RFPs



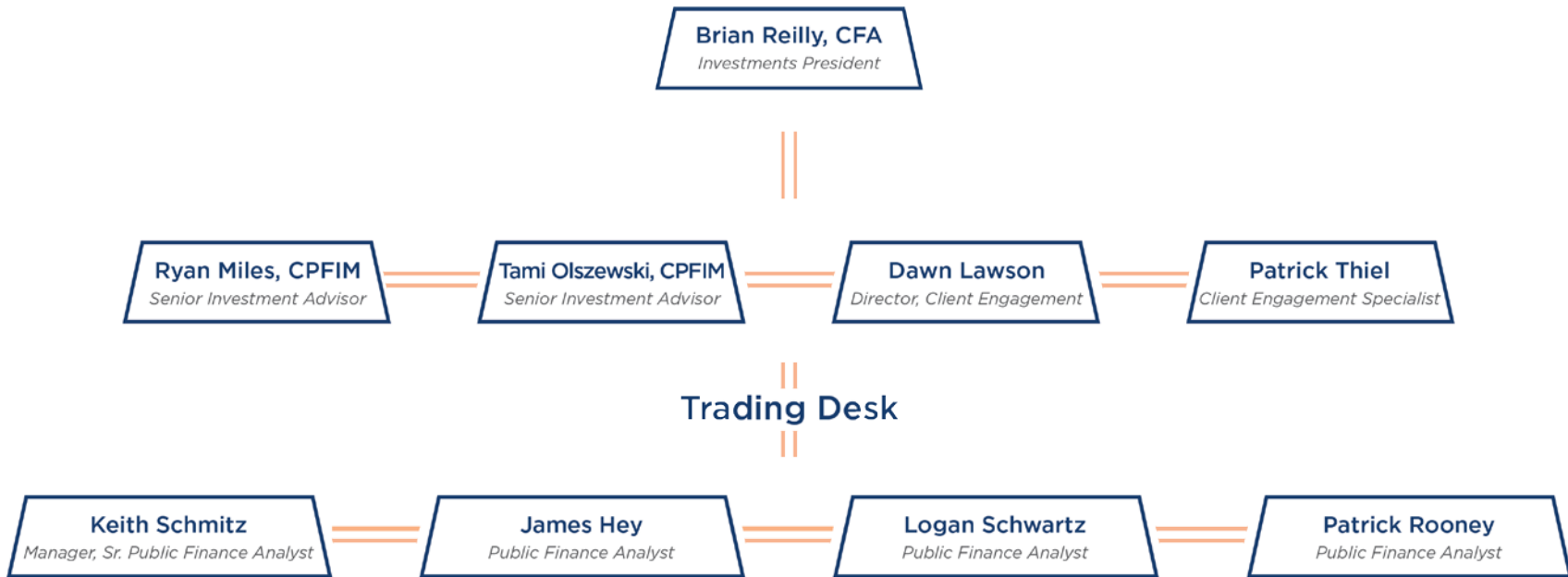
Example MN School Investment Clients

Barnesville ISD 146
Benson Public Schools ISD 777
Bertha-Hewitt Public School ISD 786
Brainerd Public Schools
Chatfield Public Schools
Cloquet ISD No 94
Cochrane-Fountain City SD
Crosby-Ironton ISD 182
Dassel-Cokato ISD 466
Eveleth-Gilbert ISD 2154
Fairmont Area Schools ISD
Faribault ISD 656
Frazee-Vergas ISD 23
Independent School District 531
International Falls ISD
Jackson County Central
La Crescent-Hokah Public Schools ISD 300
MACCRAY Public Schools
Moorhead ISD 152

Mountain Iron-Buhl ISD 712
New London-Spicer Schools
Parkers Prairie Schools
Pillager ISD 116
Randolph Public School ISD 195
Roseau Public Schools ISD 682
Roseville ISD 623
Round Lake Brewster ISD 2907
Sauk Rapids-Rice ISD 47
Sibley East Independent School District No. 2310
St. Michael-Albertville, MN Independent SD 885
Virginia ISD 706
Wadena-Deer Creek ISD 2155
Waubun-Omega-White Earth ISD 435
White Bear Lake Area Schools ISD 624
Willow River ISD No. 577
Winona Public Schools
Wrenshall Public School ISD 100
Zumbrota-Mazeppa ISD 2805



Ehlers' Investment Team



100+ years combined investments & treasury management experience



Our Scope of Services

1



ANALYSIS & DEVELOPMENT

Review current portfolios & policies

Complete credit analysis

Develop cash flow forecast

Draft new policies to align with community goals

Create investment strategies supporting cash flow needs

2



IMPLEMENTATION

Build investment portfolio based on approved policy & analysis

Monitor portfolio performance

Rebalance & adjust asset mix (as needed)

Deliver monthly performance & benchmark reporting

3



COMPLIANCE

Examine & adjust portfolio characteristics to maintain IRS, state statute & internal policy compliance

Collaborate with Ehlers' Arbitrage Consultants to:

- Develop Arbitrage strategy

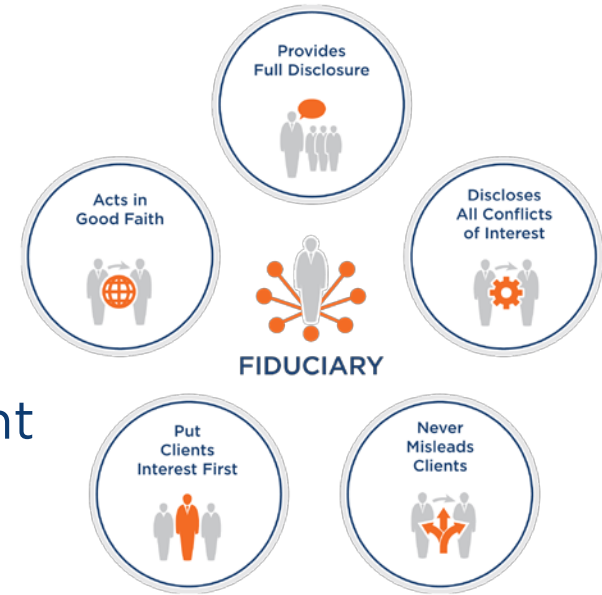
- Complete necessary reporting

- Conduct rebate analysis



What is a Registered Investment Advisor?

- Your Investment Fiduciary
 - Duty of Loyalty
 - Duty of Care
 - Act in Your Best Interests
- Extension of your Finance Department
- Always Your Partner





Broker/Dealers vs Investment Advisor

Ehlers
Registered Investment Advisor
Access to +500 Brokers/Dealers Inventory



**School
District**



**Collaborate and Advise to
Achieve Investment Strategy**

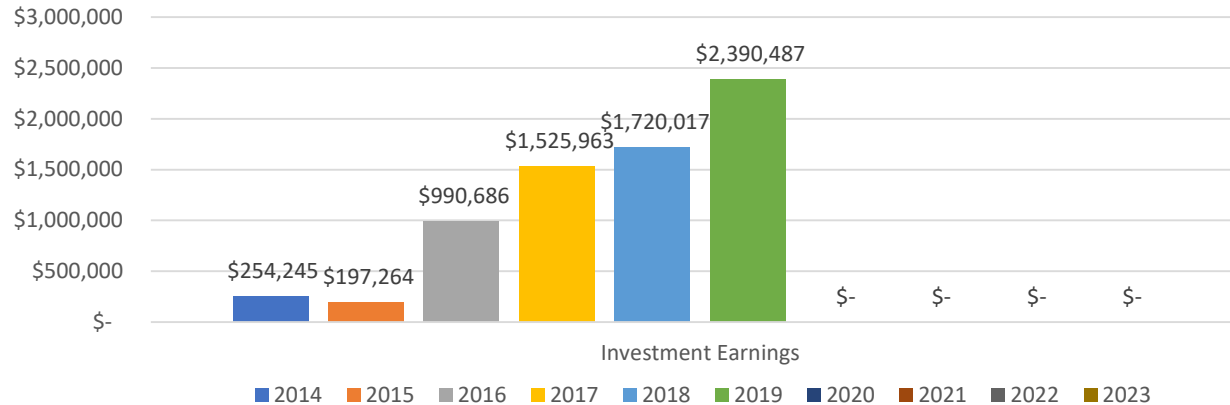




Investment Portfolio Goals

1. Safety
2. Liquidity
3. Yield
4. Predictable and Reliable Source of Income

Example ISD Historical Interest Earnings





Portfolio Overview and Strategy

At June 30, 2019, the District had no investments measured at fair value.

The deposits and investments are presented in the financial statements as follows:

| | |
|---|---------------------|
| Deposits | \$ 719,865 |
| Minnesota School District Liquid Asset Fund Plus (MSDLAF+) | <u>2,561,255</u> |
| Total Cash and Investments | <u>\$ 3,281,120</u> |
| Cash and Investments - Statement of Net Position | \$ 3,181,849 |
| Cash and Investments - Statement of Fiduciary Fund Net Position | <u>99,271</u> |
| Total Cash and Investments | <u>\$ 3,281,120</u> |

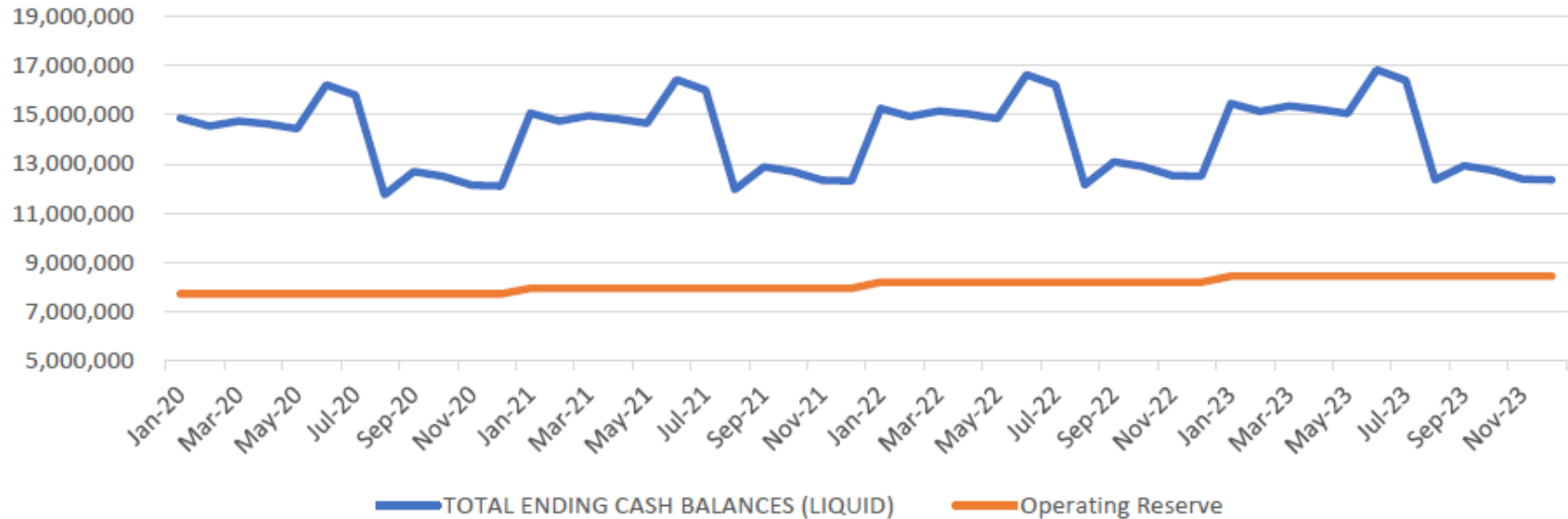
Long Term Investment Portfolio Objective

Cash and Cash Like Instruments



Investment Strategy

Cash Projection 2020 - 2023





Portfolio Analysis & Reporting Tools



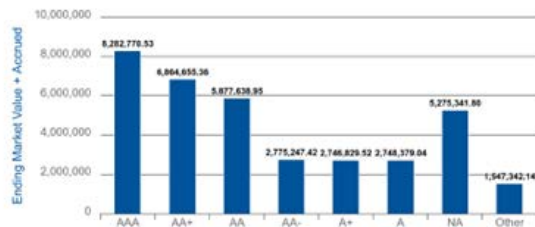
Risk Summary - Fixed Income

06/01/2020 - 06/21/2020

Sales Demo Account 1 (161815)

Dated: 06/22/2020

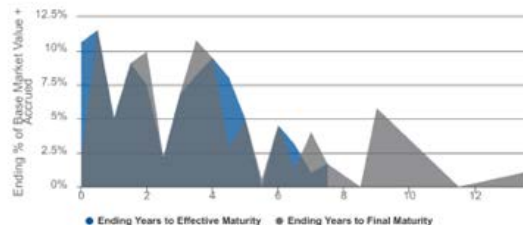
Exposure - Credit Rating



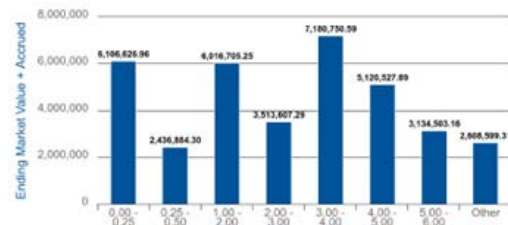
Credit Duration Heat Map

| Rating | 0-1 | 1-2 | 2-3 | 3-4 | 4-5 | 5-7 | 7-10 | 10-15 | 15-30 |
|--------|---------|--------|--------|--------|---------|--------|--------|--------|--------|
| AAA | 11.258% | 3.727% | 1.363% | 3.744% | 0.000% | 2.940% | 0.000% | 0.000% | 0.000% |
| AA | 11.273% | 5.037% | 1.852% | 6.953% | 11.320% | 6.827% | 0.000% | 0.000% | 0.000% |
| A | 1.124% | 1.440% | 4.655% | 7.769% | 1.664% | 0.000% | 0.000% | 0.000% | 0.000% |
| BBB | 0.000% | 2.844% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| BB | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| B | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| CCC | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| CC | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| C | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% | 0.000% |
| NA | 5.532% | 3.610% | 2.157% | 1.416% | 1.191% | 0.700% | 0.000% | 0.000% | 0.000% |

Time to Maturity



Exposure - Duration





Ehlers' Investment Fees

- Typical fee based on average monthly assets under management
 - ✓ Billed monthly
 - ✓ Includes all meetings, travel expenses
 - ✓ All terms to be memorialized in Investment Advisory Agreement
- We charge NO other management, check writing, ACH or wire fees



Portfolio Opportunities and Enhancements

- Opportunity to Diversify Across Asset Classes within MN Statute 118A and Investment Policy
- Opportunity to Extend Portfolio Duration
 - This will smooth out your interest earnings YOY and provide a predicable source of income
- Opportunity to Utilize Investment Portfolio Accounting Software
 - Forecast Investment Cash Flows, Monitor Credit Quality, Interest Rate Risks, YE reporting
- Opportunity to hire a Registered Investment Advisor (Ehlers is a good choice)
 - To establish and execute the District's investment strategy as your Fiduciary



We look forward to working with you!

Your Ehlers Advisory Team



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