

INFORMAL SESSION MINUTES

February 23, 2016

2:00 p.m.

Commissioners' Office Conference Room

PRESENT: Commissioners Mary Starrett, Stan Primozich and Allen Springer.

Staff: Laura Tschabold, Chuck Vesper, Christian Boenisch, Desiree Lundeen, Tim Svenson, Mike Green and Silas Halloran-Steiner.

Guests: Nicole Montesano, News-Register

* indicates item forwarded to formal agenda

Commissioner Starrett called the meeting to order at 2:00 p.m.

- * Contracts/Grants - see formal agenda for details.
- * Committees - see formal session agenda for details.
- * Policies - Adopt the updated Yamhill County Investment Policy.
- * Vehicles/Surplus - Authorize Community Justice to purchase one 2016 Ford transit van for the juvenile community services program to replace and declare unit P-132, 2002 Ford passenger van as surplus to be sold on eBay.
- * Fees - Amend the Sheriff's Office fee schedule to allow for cost recovery for the processing of civil forfeitures.
- * Budget - Adjust the Sheriff's Office 10-41 and 40-41 budget for bed rental allocation to change the allocation percentage to reflect 73% toward 10-41 and 27% toward the 40-41 account through the end of fiscal year 2016-17.
- * Treasurer update - Mike Green stated that overall earnings are on track and are projected to continue to grow (see Exhibit A). He added that the Investment Committee discussed two major topics at their last meeting; the updated Investment Policy and increasing the investment limit to \$15M. He asked for board approval for these items. He discussed the performance summary (see Exhibit B)

HHS update - Silas Halloran-Steiner briefed the Commissioners on the transition treatment recovery housing process and office space planning for future use. He said there were three grant applications submitted in February to build a project model for respite, adding that the hospital has expressed interest in the project and funding. He will gather more information to present back to the board.

He stated that there are currently 12 open recruitments that have been difficult to fill for nurses and medical providers.

Following commissioner updates, the meeting adjourned at 3:00 p.m.

Lucy Flores Mendez
Secretary

Earnings History						
Fiscal Year	11-12	12-13	13-14	14-15	Estimate 15-16	2015-16
Earnings						
LGIP	\$113,665	\$134,931	\$159,641	\$137,941	\$135,150	\$41,539
Investments	\$113,665	\$134,931	\$176,193	\$248,467	\$152,000	\$51,939
					\$287,150	\$93,478
\$ Increase	\$21,266	\$41,262	\$72,274	\$38,683		
% Increase	18.7%	30.6%	41.0%	16%		
Assumptions: 14-15						
Average annual monthly cash balance continues at \$30M						
Average portfolio balance of \$7M						
Average LGIP balance of \$23M						
Assumptions: 15-16						
Average annual monthly cash balance continues at \$33M						
Average portfolio balance of \$9.5M						
						16-17est
						\$ 140,250
						\$ 178,500

Exhibit A
Bo. 12-141

Total Liquidity		Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
Banks							
LGIP	\$	26,283,287	27,061,059	24,993,069	22,664,374	40,518,077	37,608,566
US Bank	\$	3,931,141	1,535,356	3,643,553	7,207,879	11,434,194	3,661,412
Key Bank	\$	61,597	61,474	61,352	12,237,027	115,788	110,663
	\$	30,276,025	28,657,889	28,697,974	42,109,280	52,068,059	41,380,641
Investments	\$	<u>12,000,000</u>					
Agencies							
FNMA	\$	1,865,000	1,865,000	1,665,000	1,815,000	2,318,000	2,668,000
FHLB	\$	2,215,000	2,045,769	1,782,334	1,037,334	832,405	1,325,000
FHLMC	\$	1,517,000	1,437,000	1,637,000	2,402,000	1,672,000	2,178,000
FFCB	\$	2,484,000	2,284,000	2,149,000	1,510,000	1,957,000	2,207,700
FAMCA							
Total	\$	8,081,000	7,631,769	7,233,334	6,764,334	6,779,405	8,378,700
Corporate	\$	<u>3,600,000</u>					
Apple	\$	200,000	200,000	200,000	200,000	200,000	200,000
Coca Cola	\$				125,000	125,000	125,000
Merck	\$	175,000	175,000	175,000	175,000	175,000	279,000
Wells Fargo	\$	250,000	350,000	475,000	475,000	475,000	475,000
US Bank	\$	200,000	200,000	200,000	200,000	200,000	200,000
John Hopkins	\$	235,000	235,000	235,000	235,000	235,000	235,000
IBM	\$				100,000	100,000	100,000
Westpac Banking						250,000	250,000
Bank of Nova Scotia							100,000
Wal-Mart							150,000
General Electric	\$		100,000	223,000	223,000	223,000	223,000
Chevron	\$			100,000	100,000	200,000	200,000
Total	\$	1,060,000	1,260,000	1,608,000	1,833,000	2,183,000	2,537,000

LIQUIDITY REQUIREMENTS

<u>Maturity Constraints</u>	<u>Min %</u>	<u>Bracket Actual</u>	<u>Cumulative</u>
Under 30 days	10%	81.8%	81.8%
Under 180 days	25%	0.0%	81.8%
Under 18 months	35%	0.9%	82.7%
Under 36 months	60%	7.9%	90.6%
Under 60 months	100%	9.4%	100.0%
Under 120 months (Solid Waste)	\$ 3,000,000	79.3%	
Portfolio Alignment			
Bank Balances (under 30 days)	\$ 41,380,641		Dec-15 Cumulative
Investments under 180 days	\$ -		\$ 41,380,641
Investments under 18 months	\$ 450,000		\$ 41,830,641
Investments under 36 months	\$ 4,015,000		\$ 45,845,641
Investments under 60 months	\$ 4,740,000		\$ 50,585,641
Investments over 60 months	\$ 2,380,000		\$ 52,965,641

Notes:

Average monthly bank balances FY14-15: \$39.2
 Average monthly investment balance FY 14-15: \$7.7M
 Solid Waste actual reserve: \$3.4M

TO: Board of Commissioners
FROM: M. Green - Treasurer
SUBJ: Quarterly Update
DATE: February 23, 2016

Performance Summary

Total investments through December 31, 2015 equaled \$11.3M. This represents an increase from the prior quarter of \$2.0M. Earnings (LGIP and Investments) through 2QFY totaled \$165,373 versus \$108,458 for the same time period last year. The increase is largely due to the change in the portfolio from \$7.7M to \$11.3M.

Key performance criteria for the period are:

- YTM – 1.76
- YTW – 1.70%
- Investment Rating (OST scale) – 1.28
- Per Cent Invested versus Targeted Ceiling – 75%
- Average maturity in years – 4.25
- Adjusted WAM – 3.20 years
- LGIP increased to 58bps in December

Discussion

Investments during this quarter saw a shift from agency bonds to corporate. This was driven by two reasons: to slowly move the portfolio into more non-callable securities and better rate of return. As a result, corporate bonds represented 22.1% of the investments at the end of the quarter vs 17.3% at the end of prior quarter. This was an increase of \$900,000 in this sector. Overall, non-callable bonds now represent 27% of the portfolio.

The Investment Committee, after much discussion over the comments in the OSTF letter dated October 31, 2015, recommended that the revised Investment Policy be adopted with one additional change to Section 9.c.v1. At the end of the paragraph add the sentence "LGIP and other money market investments shall be excluded from the average weighted maturity calculation." Also, the Investment Committee recommend that a policy guideline be added that states that no more

than 10% of the portfolio value is comprised of bonds with purchase value in excess of par.

The investment cap of \$12M was revisited in accordance with the decision by the Investment Committee last June and agreed to by the BOC. In reviewing the County's cash position and the historical background, it was suggested that the cap be increased to \$15M. It was tabled until April pending more insight into the budget process for the coming fiscal year. It should be noted that this postponement costs the county in lost earnings revenue opportunity of between \$5000 - \$7500 over that period.

Actions Required by the BOC

Approval of the revised Investment Policy as amended (Board Order)

Affirmation of retaining the current investment cap at \$12M