

INFORMAL SESSION MINUTES

February 14, 2017

2:00 p.m.

Commissioners' Office Conference Room

PRESENT: Commissioners Mary Starrett, Stan Primozych, and Richard L. "Rick" Olson.

Staff: Laura Tschabold, Ken Huffer, Christian Boenisch, Mikalie Frei, Mike Green

Guests: Eric Perkins

* indicates item forwarded to formal agenda

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

* Minutes – see agenda for details.

* Contracts - see agenda for details.

* Committees - see agenda for details.

Forestland Update – Eric Perkins with the Oregon Department of Forestry discussed fire protection of public and private forestlands within protected district boundaries. Mr. Perkins explained the process of the recent forestland classification update (see exhibit A for details.)

Treasurer Update – Mike Green shared with the board the quarterly update, going over the performance summary, earnings, investments, and bonds. Mr. Green discussed the possibility of increasing the investment allocation (see exhibit B for details.)

Following commissioner updates, the meeting adjourned at 3:43 p.m.

Crystal Cox
Secretary

Accepted by Yamhill County
Board of Commissioners on

3-16-17 by Board Order

17-78

SP [Signature] MS [Signature] RO [Signature]

Forestland Classification February 2017 Update

Oregon Department of Forestry (ODF) provides fire protection of public and private forestlands within the protection district boundaries:

- ODF district boundary in Yamhill County is roughly North of Highway 18 and West of Highway 47

What is Forestland?

- Defined in ORS 477.001 as “any woodland, brushland, timberland, grazing land or clearing that, during any time of the year, contains enough forest growth, slashing or vegetation to constitute, in the judgment of the forester, a fire hazard, regardless of how the land is zoned or taxed.”
 - As used in this subsection, “clearing” means any grassland, improved area, lake, meadow, mechanically or manually cleared area, road, rocky area, stream or other similar forestland opening that is surrounded by or contiguous to forestland and that has been included in areas classified as forestland

Why Classify Lands?

- Classifying areas as forestland has implications on where ODF has fire protection responsibilities
- Fire protection services are funded by a combination of per parcel fees (fire patrol assessment) and general fund dollars
- Through classification process, we can improve the accuracy and equity of who is paying into the fire protection system
 - Minimum assessment = \$18.75, improved lot surcharge = \$47.50
 - Private forestland pays \$1.26/acre or 1.07 \$/acre (depending on location.)

How is Forestland Classification Accomplished?

- Formation of a classification committee (Yamhill County committee authorized by Yamhill Board of Commissioners: **B.O 11-687**. On October 27, 2011.)
 - Representative appointed by the State Forester
 - Representative appointed by the Oregon State Fire Marshall
 - Representative appointed by the Oregon State University Extension Service
 - 3 members appointed by the County Commissioners
 - Are landowners in Yamhill County and represent the landowner community
- Oregon Revised Statutes and Administrative Rules give the committee the authority to make classification decisions
- Developed decision criteria, systematically examined all areas of the county, and made a forest/non-forest decision on how that land should be classified. All work was done in public meetings. **Current Status:**
 - At this point, all lands have been preliminarily classified as forestland or non forestland.
 - Outreach efforts through mailings, public meetings, and a public hearing

Next Steps

- **Current Plan**
 - Letters to affected landowners will go out in March
 - Public meetings as needed beginning in May.
 - Certified assessment roll sent to county in July
- **Effective in 2018**

Exhibit "A"

TO: Board of Commissioners
FROM: M. Green - Treasurer
SUBJ: Quarterly Update
DATE: February 14, 2017

Performance Summary

Total investments through December 31, 2016 equaled \$18.8M. This represents an increase from the prior quarter of \$4.0M. Earnings (LGIP and Investments) for the quarter totaled \$170,944 versus \$93,478 for the same time period last year. YTD investments totaled \$278,208 versus \$165,373 for the same period last year.

Key performance criteria for the period are:

- YTM – 1.85
- YTW – 1.79
- Investment Rating (OST scale) – 1.34
- Per Cent Invested versus Targeted Ceiling – 94%
- Average maturity in years – 4.07
- Adjusted WAM – 3.21 years
- LGIP increased to 103 bps in December

Discussion

Investments during this quarter saw a continued shift to non-callable bonds (non-callable agencies, munis, and corporates). As a result, the portfolio now has 42.7% of the investments in “non-callable” securities. This provides better stability in the overall investments as well as insuring a more predictable return.

The bond market has stabilized. No bonds were called in November or December. The bond market has seen a steady increase in return during this quarter. The overall YTM and YTW are up 5 bps. Bonds are trading 40 bps higher for the same time window than they were in July 2016.

Investment Committee Discussion/Recommendations

The Committee primarily focused on cash balances and any possible exposure. Areas of discussion centered on the US Bank balance and the cash balance

Exhibit "B"

maintained by HH&S. Becky explained that the bank cash balance was targeted at \$2.5M. This was to provide sufficient funds to generate cash credits to offset bank operating charges, and to insure sufficient money was available to offset unexpected expenditures. Laura explained that the HH&S cash balance was comprised of moneys needed to cover month to month cash flow needs and a reserve to cover long term anticipated Medicaid costs. Follow-up with HH&S to better understand the exposure as it could relate to investment strategy will take place prior to the next meeting of the Investment Committee.

Actions Required by the BOC

Consideration of increasing the investment allocation from \$20M to \$30M. (See attachment).

Earnings History

Fiscal Year	11-12	12-13	13-14	14-15	15-16	1Q 16 - 17	2Q 16 - 17
Earnings							
LGIIP	\$113,665	\$134,931	\$159,641	\$137,941	\$201,790	\$63,426	\$92,830
Investments			<u>\$16,552</u>	<u>\$110,526</u>	<u>\$204,711</u>	<u>\$43,838</u>	<u>\$78,114</u>
	\$113,665	\$134,931	\$176,193	\$248,467	\$406,501	\$107,264	\$170,944
\$ Increase		\$21,266	\$41,262	\$72,274	\$158,034		
% Increase		18.7%	30.6%	41.0%	64%		

Assumptions: 14-15
 Average annual monthly cash balance continues at \$30M
 Average portfolio balance of \$7M
 Average LGIP balance of \$23M

Actual: 14-15
 Average annual cash balance \$33.9M
 Average portfolio balance of \$6.9M
 Average balance \$26.6

Assumptions: 15-16
 Average annual monthly cash balance continues at \$33M
 Average portfolio balance of \$9.5M
 Average LGIP balance of \$25.5M

Actual: 15-16
 Average annual cash balance \$37.4M
 Average portfolio balance of \$9.5M
 Average balance \$31.6

Assumptions: 16 - 17
 Average annual monthly cash balance continues at \$33M
 Average portfolio balance of \$10.5M @ 1.70% YTW = \$178,500
 Average LGIP balance of \$25.0M @ .55% = \$140,250

	16-17est	16-17rev		17-18 est
	\$ 140,250	\$ 195,000	<u>\$30M@.65</u>	\$ 285,000
	\$ 178,500	\$ 221,000	<u>\$13M@1.70</u>	\$ 301,000
	\$ 318,750	\$ 416,000		\$ 586,000

LIQUIDITY REQUIREMENTS

<u>Maturity Constraints</u>	<u>Min %</u>	Bracket <u>Actual</u>	<u>Cumulative</u>
Under 30 days	10%	71.7%	71.7%
Under 180 days	25%	0.5%	72.2%
Under 18 months	35%	2.9%	75.1%
Under 36 months	60%	7.4%	82.5%
Under 60 months	100%	17.5%	100.0%
Over 60 months (Solid Waste)	\$ 3,293,000	100.0%	

<u>Portfolio Alignment</u>	<u>Bracket</u>	Dec-16 <u>Cumulative</u>
Bank Balances (under 30 days)	\$ 39,691,799	\$ 39,691,799
Investments under 180 days	\$ 300,000	\$ 39,991,799
Investments under 18 months	\$ 1,626,000	\$ 41,617,799
Investments under 36 months	\$ 4,077,000	\$ 45,694,799
Investments under 60 months	\$ 9,691,000	\$ 55,385,799
Investments over 60 months	\$ 3,293,000	\$ 58,678,799

Notes:

Average monthly bank balances FY14-15: \$39.2

Average monthly bank balances FY15-16: \$37.4

Average monthly bank balances FY16-17: \$34.8

Average monthly investment balance FY 14-15: \$7.7M

Average monthly investment balance FY 15-16: 11.0M

Average monthly investment balance FY 16-17: \$16.1M

Solid Waste actual cash balance: \$3.3M

YAMHILL COUNTY
PORTFOLIO ALLOCATION

Total Portfolio Maturity Constraints
Section 9b of Yamill County Investment Policy

<u>Maturity Constraint</u>	<u>Minimum % of Total Portfolio</u>
Under 30 days	Lesser of 10% of total portfolio or 2 months operating expenditures
Under 180 days	Lesser of 25% of total portfolio or 4 months operating expenditures
Under 18 months	35% of total portfolio
Under 36 months	60% of total portfolio
Under 60 months	100% of total portfolio

<u>Investment Portfolio</u>	<u>Dec-16</u>
LGIP	\$ 34,212,945
Investments under 180 days	\$ 300,000
Investments under 18 months	\$ 1,626,000
Investments under 36 months	\$ 4,077,000
Investments under 60 months	\$ <u>9,691,000</u>
	\$ 49,906,945

Investments over 60 months \$ 3,293,000

<u>Constraint Allocation</u>	<u>Minimum</u>	<u>Actual</u>
Under 30 days	\$ 4,990,695	\$ 34,212,945
Under 180 days	\$ 12,476,736	\$ 34,512,945
Under 18 months	\$ 17,467,431	\$ 36,138,945
Under 36 months	\$ 29,944,167	\$ 40,215,945
Under 60 months	\$ 49,906,945	\$ 49,906,945

<u>Non LGIP Investment Levels</u>	<u>Permitted Level</u>
Maximum Available	\$ 44,916,251
Under 180 days restriction	\$ 37,430,209
Under 18 months restriction	\$ 32,439,514

Recommended Outside (non LGIP) Investment Levels

	<u>LGIP Min</u>	<u>Invest Max</u>
Under 180 days	\$ 12,476,736	\$ 37,430,209
Under 18 months	\$ 17,467,431	\$ 32,439,514

Note: Assuming 100 bps difference between LGIP and Investment Portfolio for each \$1M invested generates \$10,000 per year in additional revenue.