

**CITY OF FIRCREST**  
**INVESTMENT COMMITTEE MEETING MINUTES**

**MONDAY, FEBRUARY 25, 2013** **CONFERENCE ROOM**  
**2:00 P.M.** **FIRCREST CITY HALL, 115 RAMSDALL STREET**

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**CALL TO ORDER**

Mayor David M. Viafore called the meeting to order at 2:00 P.M. Councilmember Hunter George was present. Councilmember McVay was excused. Staff present: Finance Director Colleen Corcoran and Lisa Keely.

**PRESENTATION BY COLUMBIA BANK**

Debbie Patterson, Vice President/Manager at Columbia Bank (CB) introduced Chip Hicks, Vice President/Trust Business Development Officer, and turned the meeting presentation over to him.

Viafore disclosed that he was a current shareholder of Columbia Bank and stated there was no conflict of interest at this time because no decision would be rendered today.

Hicks provided a brief overview of Columbia Bank's regional presence, highlighting the strength of the bank, stating that CB has been ranked as the best bank headquartered in Washington State by the Forbes list of *America's Best and Worst Banks*, and stated they had been growing by acquisition. He indicated that a short time ago he and Jason McCreary, Vice President/Trust Investments, realized the investment dollars that were available through municipalities and discussed investing those dollars for them. Hicks stated that the appropriate management of government investments is one of the many duties of local governments. He indicated that the prudent person rule requires the financial officer or treasurer of local governments to take into account the risk, liquidity, and return of their investment holdings. Hicks indicated that CB offered the CB Government Investment Program (CBGIP) to help local governments meet their fiduciary obligation with a higher rate of return than could be obtained in the Washington Local Government Investment Pool (LGIP). Hicks outlined the benefits of the program, describing the risk, liquidity and return, and noted that the assumption is that the CBGIP will return a higher return than the LGIP because the CBGIP securities have longer maturities than securities in the LGIP.

Hicks provided an overview of the features of their program, indicating that it required \$5 million or more to participate, securities would be managed based on the constraints of Fircrest's Investment Policy, all securities would be maintained in the name of the client and not pooled, and noted that Fircrest should maintain its liquidity needs using the LGIP or other short term investment instrument.

In response to Hicks, Corcoran noted that Fircrest's Investment Policy was the same as the State's Investment Policies.

McCreary stated their approach was not to invest all the money into one fund, and to also hold the funds until maturity to prevent loss. He indicated their strategy was to construct a portfolio that was unique to each jurisdiction and to ladder the portfolios and include 'callables' for yield premiums. He reported that CB had been involved in the CBGIP for about six to nine months and their strategy was to mix up the investments.

Viafore noted that the contract with Columbia Bank was set to expire in June of 2013 and Fircrest would be going out to bid for banking services. Corcoran indicated that CB had indicated previously an interest to redo their pricing when the current contract expired in June of 2013, but would check to ascertain if the contract was renewable without requiring that Fircrest go out to bid.

Viafore voiced a concern if the banking services were performed by one bank and investment banking by another, the institutions would be working against each other. He stated it would be more effective if one bank handled all the services, noting that wire transfers would be easier when dealing within one institution only.

George inquired if references could be provided by CB of other cities investing in the CBGIP.

Viafore indicated that Council had previously discussed the strategy of laddering. He further noted they had listened to a presentation by an associate with Time Value Investments (TVI) who also wanted Fircrest to open an account with them.

In response to George, Hicks stated their fees were based on a minimum \$5 million investment and their standard fee was 20 basis points. He noted, however, that exceptions can be made for amounts less than \$5 million.

Discussion continued on the amount of available money that could be invested, and it was noted that Fircrest would have the \$5 million minimum to invest with CB.

Corcoran provided a list of banks that Fircrest contacted for potential investments in Certificates of Deposit. She additionally handed out a report of the State Investment Pool net interest rates, by month, since May of 1997.

Regarding renewing the contract with CB, it was suggested that the current fees being charged to manage the money at CB be negotiated downward as part of the renegotiation of the banking services contract. Corcoran noted she would need to review the CB contract to see if there was a two-year renewal clause. Viafore stated the Investment Committee would meet again in approximately 30 days in an effort to provide Corcoran with enough time to research the banking services contract. Corcoran further indicated she would research TVI's fees as well and report on that at the next Investment Committee meeting.

There being no further discussion the meeting was adjourned at 2:50 p.m.

  
David M. Viafore, Mayor