

**CITY OF FIRCREST
INVESTMENT COMMITTEE MEETING MINUTES**

**MONDAY, MAY 15, 2014
12:30 P.M.**

**CONFERENCE ROOM
FIRCREST CITY HALL, 115 RAMSDALL STREET**

CALL TO ORDER

Mayor David M. Viafore called the meeting to order at 12:35 P.M. Councilmembers Hunter George, Denny Waltier and Finance Director Colleen Corcoran were present. Staff present: City Manager Rick Rosenblatt and City Clerk Lisa Keely.

NEW BUSINESS

Viafore stated that Corcoran had requested an Investment Committee meeting to discuss a bond purchase.

Corcoran indicated that there was the possibility to purchase a bond in an amount up to \$1,000,000 and provided the following information regarding the bond:

- A \$1,000,000 bond could be purchased at a discounted rate of \$995,990
- The bond term is three years, nine months
- The bond is callable for one time on February 6, 2015
- If called, the yield would be 1.6057%
- If not called, the maturity date is February 6, 2018 with a yield of 1.1601%
- Interest is payable every six months at an amount equal to \$5,250 or \$10,500 annually
- The Local Government Investment Pool rate is 0.08%
- Funds would be used from the General Fund Cumulative Reserves
- As of this morning, there was \$2.2 million of this bond available for purchase

Corcoran indicated the market closes at 2:00 p.m. Pacific Time and a decision was necessary before 1:00 p.m. today to provide enough time for her to contact TVI to place the order.

Waltier stated he is in favor of the bond purchase.

Responding to George's inquiry about calling the bond in seven months, Corcoran indicated that if the rates continued to drop, the Federal National Mortgage Association (Fannie Mae) would probably call the bond and reissue at a lower price.

Viafore stated the rate of return from the Local Government Investment Pool (LGIP) was 0.08%; so purchasing a bond that is backed by the federal government at a rate that is ten times the current return is a wise investment. He further noted that even if the bond is called in 2015 it is still a sound investment.

Moved by Viafore, seconded by Corcoran, to invest up to \$1 million into this bond. Ayes: Viafore, George, Waltier and Corcoran. Noes: None. Motion carried.

NEXT MEETING

Not scheduled at this time.

April 22, 2013

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ADJOURNMENT

Moved by George, seconded by Waltier, to adjourn the meeting at 12:40 P.M. Ayes: Viafore, George, McVay and Corcoran. Noes: None. Motion carried.



David M. Viafore, Mayor



Lisa Keely, City Clerk