

**CITY OF FIRCREST  
INVESTMENT COMMITTEE MEETING MINUTES**

**MONDAY, MARCH 30, 2015  
4:00 P.M.**

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

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**CALL TO ORDER**

Mayor David M. Viafore called the meeting to order at 4:00 P.M. Councilmembers Hunter George, Denny Waltier and Finance Director Colleen Corcoran were present. Staff present: City Clerk Lisa Keely.

**APPROVAL OF MINUTES**

**Moved by George, seconded by Waltier, to approve the March 10, 2014 and the May 15, 2014 minutes. Ayes: Viafore, George, Waltier and Corcoran. Noes: None. Motion carried.**

**NEW BUSINESS**

Corcoran distributed information received from Paul Jarvis, Managing Director with Time Value Investments, Inc. that outlined the City's portfolio sorted by maturity and call dates. Corcoran outlined the two \$1 million bonds that were purchased in 2014:

- The \$1,000,000 Federal Home Loan Mortgage Corporation (FHLMC) bond purchased on 5/16/14 was called on February 6, 2015
- The bond paid 1.45% for the nine months it was held for a net return of \$10,495.33
- The bond earned approximately \$9,670 more than the LGIP that has a current rate of return of .11%
  
- The \$1,000,000 four-year FHLMC bond purchased on March 20, 2014 has an approximate rate of return of 1.32%
- Semi-annual payments of approximately \$6,000 have been received
- The bond is callable quarterly and could be called on June 20, 2015

Corcoran called attention to a recent Press Release from the Federal Reserve noting that the committee reaffirmed its view that the current zero to ¼ percent target range for the federal funds rate remains appropriate.

Discussion continued on why bonds are called and Viafore described the main cause of a call of a bond is a decline in interest rates. He noted that if interest rates have declined since a company first issued the bond it will likely want to refinance this debt at a lower rate of interest. Viafore stated in this case, the company will call its current bonds and reissue them at a lower rate of interest.

Corcoran noted the Local Government Investment Pool (LGIP) currently pays .13% and the City is receiving approximately \$800 per month on the \$8 million that is invested.

Corcoran reviewed the City's available cash as of March 1, 2015 for investment purposes, noting there remains the \$1 million invested in a bond that will probably be called on June 20, 2015. She stated there is approximately \$2.6 million available for investment as well as \$1.5 million available for real estate purchase, if needed.

March 30, 2015

Investment Committee Meeting Minutes – Regular 2

Viafore described the Investment Committee duties and authority outlined in the Fircrest Municipal Code noting that the members have the authority to consider and to make investments authorized by law, and also to convert investments into cash. Viafore noted that a super majority of Council is required if money is to be spent out of Cumulative Reserves but the Investment Committee can decide to invest the money without necessitating involvement of the City Council.

Corcoran provided information on what cash was available for investment purposes and discussion continued as follows:

- There is no available money to invest from the Street Fund
- REET funds are already designated
- Money available for investment should be from General Fund Cumulative Reserves and not the General Ending Fund Balance
- Proceeds from Cumulative Reserves investing goes into the General Fund
- If \$750,000 is invested from ERR, there would be a remaining balance of approximately \$830,000
- Investing \$750,000 from General Fund Cumulative Reserves would leave a balance of approximately \$1,250,000

Corcoran outlined the following three investment alternatives provided from Paul Jarvis:

Bond 1:

- Four year, seven month FHLMC 1.62% bond, callable in one month and quarterly thereafter
- Yield would be 1.6907% if called 11/15
- Pays semi-annually

Bond 2:

- Three year, one month FFCB 0.95% bond, callable continuously
- Yield to maturity on May 8, 2018 is 1.000%

Bond 3:

- Two year, 2 month 0.62% bond, non-callable, and pays all interest at maturity

Discussion ensued on the most favorable bond for investment.

**Moved by George, seconded by Waltier, to authorize the Finance Director and Mayor to sign the necessary documents to purchase a \$1.5 million bond that matures November 21, 2019 that uses funds of \$750,000 from ERR and \$750,000 from General Fund Cumulative Reserves. Ayes: Viafore, George, Waltier and Corcoran. Noes: None. Motion carried.**

**NEXT MEETING**

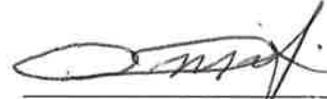
There was discussion if the \$1 million bond is called on June 20, 2015 another meeting would be scheduled in mid-summer.

March 30, 2015

Investment Committee Meeting Minutes – Regular 3

**ADJOURNMENT**

**Moved by George, seconded by Waltier, to adjourn the meeting at 4:45 P.M. Ayes: Viafore, George, Waltier and Corcoran. Noes: None. Motion carried.**



David M. Viafore, Mayor



Lisa Keely, City Clerk