

FAC MEETING

November 10, 2015

7:00 p.m.

Professional Development Center

Lower Level

Please see Police Department Clerk for
access to Elevator

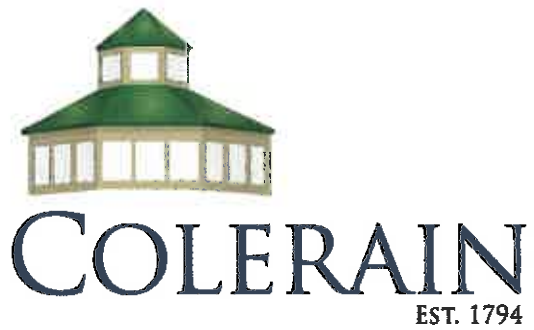
Colerain Township FAC Meeting Agenda – November 10, 2015

7:00	Call to Order	Doug Michel
7:05	Approval of Minutes	Heather Harlow
7:10	Distribution of Investment Report	Jim Rowan
7:15	Presentation/Approval of 2016 Temporary Appropriations	Jim Rowan
7:45	Consideration of Road, Parks & Community Center Levy	Jim Rowan

Duties of the FAC:

- (i) Review and monitor the financial operations of the Township.**
- (ii) Review the annual estimated budget, including estimated revenues and expenditures, prior to its submission to the Board of Trustees and Hamilton County Budget Commission.**
- (iii) Meet with Department heads, the Administrator, and Fiscal Officer during the formation of the Temporary Appropriations.**
- (iv) Make recommendations, as appropriate, to improve security, functionality, and efficiency of the Township's financial operations.**
- (v) Act in the capacity of an Audit Committee, whose responsibilities include: follow up on the findings and recommendations made after the bi-annual Township audit performed in conjunction with the Auditor of State.**

The FAC is an Administrative Committee and is not subject to sunshine law. All recommendations shall be made to the Administrator and shared with the Board of Trustees.



Colerain Township

Financial Advisory Committee
Investment Portfolio Presentation
November 6th, 2015

Presented by:
RedTree Investment Group

Ryan K. Nelson, CFA
Managing Principal & Portfolio Manager
513-758-8494
888-596-2293
ryan@redtreeinv.com



Investment Strategies for Public Entities

www.redtreeinv.com

Page 1: Main Points

- Fed meets on December 16th, all signs are pointed for an increase in the Fed Funds rate.
 - Would be the first rate rise in over 9 years
- Employment numbers were released today—271k new jobs added, unemployment at 5%
- Unless there is really bad news released or global issues, this gives the Fed room to raise rates
- The Two year Treasury yield is now a .90%. Up 30 basis points over last month. The market is expecting a rate rise

Page 2: Main points

- The sweep account at PNC is only earning 1 basis point
- For tax receipts, been investing short-term commercial paper to meet monthly operating needs. Increased yield to average 30 basis points on short cash
- The portfolio yield has increased over the last 12 months. No undue risk, rates are higher and repositioning of portfolio
- Nearly double the income

Page 3: Main points

- On maturity distribution, about \$4 million of the funds maturing in less than 12 months in related to Commercial paper
- Diversified across many different investment vehicles.
- Remember the IPS was updated in spring to include new language investment language

Page 4: Main Points

- More comments on the commercial paper—sometimes they ask for the names purchased. Maximum maturity is 270 days or 9 months, right now 9 months CP is .70 basis points
- Longer term - purchasing typical agency securities
- In October-- did purchase \$1 million in negotiable CD's
 - In the past have not purchased for account, as yield spread was not there and do not carry the greatest liquidity
 - Recently spreads has increased to over 70 basis over agencies
 - All carry FDIC insurance
 - Keeping allocation less than 10%

Page 5: Main Points

- Going forward—with anticipated rate increase, keeping average maturity around 2 to 2.5 years
- Will look to reinvest tax receipts in CP in February

Other points:

- Started working with Township in October 2012
- Average investment fee is 7.5 basis points
- US Bank is the third part custodian (we pay fees)

Economic Outlook – October 2015

Positive

Interest Rates

The economy continues to slowly improve as inflation and GDP remain in positive territory.

Employment

The Nation has added 229,000 jobs on average per month for the past year. The unemployment rate is now at 5.1%, down from 5.9% a year ago.

Growth

Retail sales continue to remain in positive territory. Sales at bars and restaurants and auto dealerships have shown considerable strength, with both growing above 8% over the past year.

Global Economy

Volatility in the global economy has stabilized in the past few weeks after months of uncertainty. In the Euro area, GDP growth is slowing, rising 0.4% in the 2nd quarter of 2015 after rising 0.5% in the 1st quarter.

Negative

The Federal Reserve has continued their stance that the economy will need to continue to remain on solid footing before they raise interest rates.

Expectations for increased job growth have diminished. The upcoming reading in early November is expected to be in the 180,000 range, a significant decrease from the average.

Core Retail Sales, which excludes gas, autos, building materials, and food services, increased at a more modest 0.8%. Core Retail Sales more closely resemble the consumer spending portion of GDP. Housing and manufacturing are a concern.

Deflationary pressures have increased and central banks have been proactive in addressing these concerns. Recently, the Chinese central bank lowered its benchmark rate and the ECB expressed that it is prepared to extend their QE program.

Key Economic Indicators	9/30/15	9/30/14
Nonfarm Payrolls (12 month Avg.)	229,000	233,000
Unemployment Rate	5.1%	5.9%
Housing Starts	1,126K	966K
U of Mich. Consumer Confidence	87.2	84.6
ISM Manufacturing	50.2	56.1

Benchmark Interest Rates	9/30/15	9/30/14
Star Ohio	0.13%	0.04%
6-Month Treasury	0.08%	0.05%
2-Year Treasury	0.64%	0.58%
5-Year Treasury	1.37%	1.78%
10-Year Treasury	2.06%	2.52%

Investment Summary

As of 10/31/15

Investments	Cost Basis	Yield on Cost	Wtd. Maturity
PNC Bank	\$1,874,754	0.01%	0.00
Marketable Securities	\$22,294,406	0.98%	2.00
Total Cash and Investments	\$24,169,160	0.90%	1.84

Investment Activity Results	October 2015	October 2014	Chg.
Portfolio Yield	.98%	.64%	+0.34%
Portfolio Weighted Avg. Maturity	2.00 yrs.	1.81 yrs.	+0.19 yrs.
Annual Projected Income*	\$183,777	\$96,046	+\$87,731

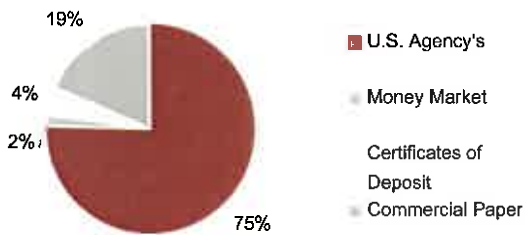
- Annual projected income has increased 91% since last October. This increase in projected income is due to a combination of higher market interest rates and portfolio restructuring.

*Annual Projected Income assumes securities are held to maturity and calculates projected income for next 12 calendar months.

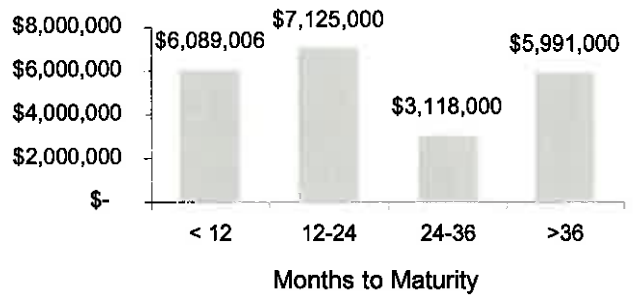
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Portfolio Metrics - as of 10/31/15

Investment Allocation



Maturity by Distribution



Next 12 Months Projected Cash Flows



Period Total: \$183,777

Projected Income is gross of management fees

Investment Highlights

- Over the past year, invested liquidity funds in short-term commercial paper
 - Rates are higher than PNC sweep account
 - Offers liquidity to meet operating needs
 - Security names have included JP Morgan, Toyota, US Bank and Prudential
- Longer term investment allocation
 - Purchased US Government Agencies in 3 year maturity range
 - Purchased negotiable Certificates of Deposit
 - Eligible under the ORC and investment policy
 - Can offer higher yields than comparable agencies
 - All carry FDIC insurance
 - Allocation will remain less than 10% of holdings

Investment Strategy

- Work with Township on allocating investments to most advantageous investment option
- Target average maturity of government securities around 2 to 2.25 years
- Portfolio structure to take advantage of expected higher rates
- Offer insight on potential efficiencies in investment reporting
- Report results at future Financial Advisory Committee meetings

Security Type	Market Value	% Assets	Avg. Yield	Wght. Avg. Mat.
Money Market Fund				
Money Market	\$359,005.61	1.6%	0.0%	0.00
Fixed Income				
U.S. Gov't Agency Notes	\$16,852,903.98	75.4%	1.58%	2.37
Certificates of Deposit	\$989,537.06	4.4%	2.08	4.25
Commercial Paper	\$4,149,020	18.5%	0.29	0.13
Total Portfolio	\$22,350,466.65		0.98%	2.00

2016 Appropriations

FUND	NAME	2015 Permanent Appropriations (11/10/15)	2016 Tax Budget	2017 Proposed Temporary Appropriations	\$ CHANGE Tax Budget	% CHANGE Tax Budget	NOTES FROM TEMPORARY
1000	GENERAL	\$3,751,890	\$2,703,511	\$4,052,410	\$1,348,899	35.95%	\$1,000,000 Road Resurfacing, \$167,000 Sidewalk Fund, Seasonal Park Workers, Reallocation of Admin Assistant to General Fund
2011	MVLT	\$44,000	\$49,995	\$50,125	\$130	0.30%	
2021	GASOLINE	\$227,264	\$334,310	\$327,537	(\$6,773)	-2.98%	Reduction/Reallocation
2031	ROAD & BRIDGE	\$1,196,700	\$1,159,344	\$1,176,807	\$17,463	1.46%	Reduction/Reallocation
2081	POLICE DISTRICT	\$6,804,888	\$7,382,136	\$7,479,951	\$97,815	1.44%	Communications Center Increase
2111	FIRE DISTRICT	\$11,347,306	\$11,597,670	\$12,101,472	\$503,802	4.44%	Reallocation of Salaries, Purchase of Ladder Truck instead of Lease
2181	ZONING	\$365,421	\$352,703	\$506,670	\$153,967	42.13%	Increased Sidewalk Fund Allocation
2231	PW/MT	\$469,021	\$587,309	\$490,691	(\$96,618)	-20.60%	Reduction/Reallocation
2261	PD DRUG ENFORCEMENT	\$87,596	\$45,000	\$62,596	\$17,596	20.00%	Radio Lease
2271	PD DUI	\$2,000	\$2,000	\$1,500	(\$500)	-25.00%	
2281	EMS	\$1,661,267	\$1,599,487	\$1,346,143	(\$253,344)	-15.25%	Reallocation of Salaries
2401	LIGHTING ASSESMENTS	\$149,421	\$153,793	\$153,793	\$0	0.00%	
2901	TIF (KROGER)	\$3,425,516	\$169,425	\$169,425	\$0	0.00%	Reduction of Land Acquisitions/Fees
2902	RECYCLING INCENTIVE	\$21,640	\$22,243	\$22,243	\$0	0.00%	
2907	TIF (STONE CREEK)	\$605,801	\$609,895	\$859,895	\$250,000	41.27%	Roundabout - Stone Creek
2910	TIF (BEST BUY)	\$90,392	\$90,996	\$90,996	\$0	0.00%	
2911	PARKS & SERVICES	\$433,419	\$424,108	\$481,280	\$57,172	13.19%	Seasonal Workers
2912	COMMUNITY CENTER	\$154,133	\$141,900	\$141,467	(\$433)	-0.28%	Continue YMCA Contract for 2016
3101	BOND RETIREMENT(GOV BLDG)	\$105,388	\$107,888	\$107,888	\$1	0.00%	Final Lease Payment
3102	BOND RETIREMENT(PARKS)	\$304,006	\$306,671	\$306,672	\$1	0.00%	Retired 2021
3103	BOND RETIREMENT(PW BLDG)	\$215,296	\$216,568	\$216,568	\$1	0.00%	Retired 2021
3104	BONDS - STREET SCAPE	\$180,300	\$181,675	\$181,675	\$0	0.00%	Retired 2021
3301	BOND RETIREMENT(FIRE DIST)	\$242,434	\$242,596	\$242,597	\$1	0.00%	Retired 2021
	TOTAL	\$31,885,099	\$28,461,222	\$30,570,401	\$2,089,179	6.55%	

2016 Capital Requests		Included	Excluded
General Fund	Road Resurfacing	\$1,000,000	
Parks	2 Mowers	\$20,000	
	Power Washers	\$1,600	
	Security Cameras		\$16,000
Roads	Dump Truck		\$130,000
	Excavator		\$75,000
Police	6 Cruisers	\$132,408	
	Body Cameras	\$32,000	
	Exhaust System Property Room	\$2,500	
	Track Storage	\$15,000	
	Apex 3000 Radios	\$11,250	
Fire	Ladder	\$1,000,000	
	Staff Vehicle	\$30,000	
	Mobile Data Computers	\$62,000	
EMS	Life Squad Remount	\$53,000	
	Squad Cots	\$70,000	

The Board of Trustees of Colerain Township, County of Hamilton, State of Ohio, met in regular session at 7:00 p.m., on the 10th day of November, 2015, at the Colerain Township Administration Building, 4200 Springdale Road, Cincinnati, Ohio 45251, with the following members present:

Dennis P. Deters, Jeffrey F. Ritter, Melinda Rinehart

Mr./Ms. _____ introduced the following resolution and moved its adoption:

RESOLUTION NO. _____-15

**RESOLUTION OF NECESSITY FOR LEVYING A TAX EXCEEDING TEN-MILL LIMITATION
FOR CURRENT EXPENSES OF THE TOWNSHIP**

WHEREAS, the amount of taxes which may be raised within the ten mill limitation will be insufficient to provide an adequate amount for the necessary requirements of Colerain Township, Hamilton County, Ohio; and

WHEREAS, a resolution declaring the necessity of levying a tax under Ohio Revised Code 5705.19 outside the ten-mill limitation must be passed and certified to the county auditor of Hamilton County in order to permit the Board of Trustees to consider the levy of such a tax and must request that the county auditor certify to the Board of Trustees the total current tax valuation of Colerain Township and the dollar amount of revenue that would be generated by the tax; and

WHEREAS, Ohio Revised Code 5705.19(A) provides that a taxing authority may levy a continuing tax for the purpose of providing for the current expenses of the township, including, but not limited to: road, gutter, apron, curb and sidewalk maintenance and repair, park operating expenses and community center operating expenses, among others; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of Colerain Township, Hamilton County, Ohio, as follows:

1. The Board specifically finds and hereby determines that it is necessary to levy an additional tax in excess of the ten-mill limitation for the benefit of Colerain Township for the purpose of providing for the current expenses of the township, including, but not limited to: road, gutter, apron, curb and sidewalk maintenance and repair, park operating expenses and community center operating expenses, among others, pursuant to section 5705.19(A) of the Revised Code, at a rate of 2.00 mills for each one dollar of valuation, which amounts to twenty cents (\$.20) for each one hundred dollars (\$100.00) of valuation, for a continuing period of time pursuant to Revised Code Section 5705.19; and
2. That the Colerain Township Board of Trustees hereby orders that the levy be placed upon the tax lists of the current tax year, in compliance with Ohio Revised Code section 5705.34, for a continuing period, if a majority of the electors voting thereon vote in favor thereof and;
3. That the Colerain Township Board of Trustees hereby orders that the question of such tax levy shall be submitted to the electors of Colerain Township at the election to be held therein on March 8, 2016; and

4. That the Clerk is hereby directed to certify a copy of this resolution to the county auditor and board of elections, Hamilton County, Ohio. The Board of Trustees hereby requests that the county auditor certify to this Board of Trustees the total current tax valuation of Colerain Township and the dollar amount of revenue that would be generated by the tax levy if approved by the electors.

5. That it is hereby found and determined that all formal actions of this Board concerning and relating to the passage of this Resolution were taken in an open meeting of this Board, and that all deliberations of this Board and any of its committees that resulted in such formal action were taken in meetings open to the public, in compliance with all legal requirements including §121.22 of the Ohio Revised Code; and

6. That the Board by a majority vote hereby dispenses with the requirement that this Resolution be read on two separate days and hereby authorizes the adoption of the Resolution upon its first reading.

7. That this Resolution shall be effective at the earliest date allowed by law.

Mr./Ms. _____ seconded the Resolution, and the roll being called upon the question of its adoption, the vote resulted as follows:

Vote Record: Mr. Deters _____, Mr. Ritter _____, Ms. Rinehart _____

ADOPTED this _____ day of November, 2015.

BOARD OF TRUSTEES:

Dennis P. Deters, Trustee

Jeffrey F. Ritter, Trustee

Melinda Rinehart, Trustee

ATTEST:

Heather E. Harlow,
Fiscal Officer

Resolution prepared by and approved as to form:

Lawrence E. Barbieri (0027106)
5300 Socialville Foster Rd., Suite 200
Mason, OH 45040
(513) 583-4200
Colerain Township Law Director

AUTHENTICATION

This is to certify that this Resolution was duly passed and filed with the Colerain Township Fiscal Officer this ____ day of November, 2015.

Heather E. Harlow,
Colerain Township Fiscal Officer