

Friday, March 17, 2017  
Chemeketa-Eola Wine Studies Center

*OSBA Finance Committee members in attendance at meeting start:* OSBA President Betty Reynolds, OSBA Secretary-Treasurer Don Cruise, OSBA board member Craig Prewitt, Russ Allen, Business Director, Greater Albany School District

*OSBA staff in attendance at meeting start:* Executive Director Jim Green, Deputy Executive Director Mary Paulson, Director of Operations and Finance Mike Robison, and Operations Assistant Vicky Black

*OSBA Guests in attendance at meeting start:* Brent Peterson, Royal Bank of Canada (RBC) and Greg Coffey, Russell Investments

*OSBA Guests via conference call:* Samuel Lee

**OSBA Finance Committee Chair Don Cruise called the meeting to order at 2:27 p.m.**

I. Welcome and Introductions

All attendees introduced themselves.

II. Approval of minutes

A. January 20, 2017 meeting

**Motion: OSBA board member Craig Prewitt moved the committee to approve the January 20, 2017 Finance Committee meeting minutes; seconded by Russ Allen.**

**The committee voted on the motion and it passed unanimously.**

III. Investments and finances

A. Investment portfolio and performance

Brent began by passing out the Consolidated Portfolio Review. He said OSBA is still doing well. We started the year with \$81.1 million and at February 28<sup>th</sup> we are at \$83.1 million, so up two million in sixty days. In comparison to the indices we are up 2.61% vs index of 2.5%. Our one year is a rolling one year of 14.61 vs 10.7 and a three year 7.1 vs 5.3. Brent mentioned that as we get to July we will pick up a five year rolling number. He also mentioned that we have sold some securities but are being cautious about reinvesting them in case of a market pull back. He said we could see a five to eight percent pull back and believe the market will be the same as 2016. Brent shortened his presentation since the committee would be hearing the rest of his presentation at the full Board.

B. PACE investment portfolio and performance

Greg Coffey shared the highlights of the PACE portfolio. He said that Russell Investments agrees that they are cautious about a market pull back as well. A question was asked about interest rate hikes and Greg said he believes there will be two more this year. He said there are indications that US stocks are over-valued. Greg went on to say that they are currently investing more in international markets and it is looking like foreign stocks will be outperform US stocks in the coming years. He said odds of a recession are fairly low. Greg said there was a change to the management of the portfolio in January. They increased exposure to international markets and reduced exposure to real assets. He said this change also reduced the cost. Greg said the value of the portfolio as of March 16, 2017 was a little over \$61 million. Since inception of October of 2013, the net gain is about \$7.7 million.

IV. Investment policy

A. Review investment policy guidelines

Mike said that some of the benchmarks that were in the policy did not match our portfolio. He said that the handout reflects the proposed changes recommended for approval.

**Motion: Craig Prewitt moved to amend the policy as presented by staff; seconded by Don Cruise.**

**The committee voted and it passed unanimously.**

Mike said this will now go on to the policy committee, where it will have some new formatting but no language changes.

*\*\*Brent Peterson and Greg Coffey exited the meeting at 3:18 p.m.\*\**

V. Finances

A. Current financial report

Mike began with the January financial reports and said that through January we had total revenues of almost \$5.6 million. OSBA had expenses of \$4.3 million, which represented 58.6% of the budget.

B. Budget proposals

Mike started with the projections for 2016-2017: Investment earnings grew by about a million dollars more than what was budgeted and OSBA had \$2 million in realized gains. There was an increase in members services revenue, due mostly to policy services. Mike continued that, even though we prepare a balanced budget, for the last three years we

have been able to show a gain.

Moving on to 2017-2018: The Finance Committee approved \$4,206,000 to be used based on earnings of 5.14%. There will be no increase of dues to members.

Jim Green reported that he had become aware of some significant cost overruns concerning IT projects. He said that to prevent this occurring again, OSBA is changing the process for major expenditures and contracts and they will only be approved by Mary Paulson or him. Jim said the current projects need to be completed and the funds can be obtained from the contingency fund without going over budget.

There was discussion about SPOT and SABA system upgrades and reasons for upgrades and platform changes. Mike and Jim also explained about the office project to convert documents created in Word Perfect to Microsoft Word.

C. Budget direction from the committee

Discussed above

D. Budget direction recommendation to the Board

**Motion: Russ Allen moved that the committee accept the budget direction to be presented to the Board. Craig Prewitt seconded the motion.**

**The committee voted and it passed unanimously.**

*\*\*Mary Paulson exited the meeting at 3:46 p.m.\*\**

E. Budget committee meeting date

**Motion: Russ Allen moved that the committee approve May 2, 2017 for the Budget Committee meeting date. Don Cruise seconded the motion.**

**The committee voted on the motion and it passed unanimously.**

VI. Other business

There was no other business.

*\*\*Mary Paulson re-entered the meeting at 3:48 p.m.\*\**

VII. Adjourn

**Don Cruise adjourned the meeting at 3:49 p.m.**