



FINANCE COMMITTEE
Minutes – February 11, 2021

Call to Order. Chair Mawhinney called the meeting of the Finance Committee to order at 5:00 P.M. on Thursday, February 11, 2021, via teleconference.

Committee Members Present. Supervisors Mawhinney, Aegerter, Fox, Richard Bostwick and Davis.

Committee Members Excused: None.

Staff Members Present. Sherry Oja, Finance Director; Josh Smith, County Administrator; Randy Terronez, Assistant to County Administrator; Richard Greenlee, Corporation Counsel; Lisa Tollefson, County Clerk; Michelle Roettger, County Treasurer; Brent Sutherland, Facilities Management Director; Terri Carlson, Risk Manager; Dara Mosley, IT Deputy Director; Linda Hardie, Nutrition Program Supervisor; Paula Schutt, Director of Council on Aging; Michelle Schultz, Real Property Lister; and Sandy Disrud, Register of Deeds.

Others Present: Kathleen Walters, Senior Managing Consultant, PFM Asset Management.

Approval of Agenda. Supervisor Fox moved approval of the agenda, second by Supervisor Davis. ADOPTED.

Citizen Participation, Communications and Announcements. None.

Approval of Minutes – January 28, 2021. Supervisor Davis moved approval of the minutes of January 28, 2021, second by Supervisor Fox. ADOPTED.

Report from PFM Asset Management. Ms. Walters shared her report with the committee. (attached)

Transfers and Appropriations. None.

Review of Payments. The committee accepted the reports.

Review of Payments Over \$10,000. The committee accepted the report.

Committee Review and Approval of Per Meeting Allowances. Supervisor Bostwick moved to approve the per meeting allowances of \$11,750.34, second by Supervisor Davis. ADOPTED on the following vote: AYES-Supervisors Aegerter, Bostwick, Davis and Mawhinney. NO- Supervisor Fox.

Resolutions and Committee Endorsements.

Accepting the 2021 EPCRA Planning Grant and Approving the 2021 Local Emergency Planning Committee Budget

“NOW, THEREFORE, BE IT RESOLVED that the Rock County Board of Supervisors duly assembled this _____ day of _____, 2021, accepts the 2021 EPCRA Planning Grant award and approves the 2021 Local Emergency Planning Committee Budget as follows:

.....”

Supervisor Fox moved approval of the above resolution, second by Supervisor Davis. ADOPTED.

Creating a 1.0 FTE Nutrition Program Assistant for the Council on Aging Nutrition Program and Amending the 2021 Council on Aging Budget

“NOW, THEREFORE, BE IT RESOLVED that the Rock County Board of Supervisors duly assembled this _____ day of _____, 2021 does hereby authorize creation of a 1.0 FTE Nutrition Program Assistant within the Council on Aging.

BE IT FURTHER RESOLVED that the Council on Aging 2021 budget be amended as follow:

.....”

Supervisor Davis moved approval of the above resolution, second by Supervisor Aegerter. ADOPTED.

Authorizing Purchase from AVI-Midwest

“NOW, THEREFORE, BE IT RESOLVED that the Rock County Board of Supervisors duly assembled this ___ day of _____, 2021 to authorize the purchase of Audio / Visual Equipment from AVI-Midwest for an amount not to exceed \$70,000.”

Supervisor Fox moved approval of the above resolution, second by Supervisor Davis. ADOPTED.

Accepting 2021 Wisconsin Land Information Program Strategic Initiative Grant Funds and Amending the 2021 Land Records Budget

“NOW, THEREFORE, BE IT RESOLVED, that the Rock County Board of Supervisors duly assembled this _____ day of _____, 2021 to authorize the acceptance of \$50,000 of WLIP grant funds; and,

BE IT FURTHER RESOLVED, that the 2021 Land Records budget be amended as follows:

.....”

Supervisor Davis moved approval of the above resolution, second by Supervisor Bostwick. ADOPTED.

Update, Discussion and Possible Action. None.

Adjournment. Supervisor Bostwick moved adjournment at 5:28 P.M., second by Supervisor Fox. ADOPTED.

Respectfully submitted,

Tracey VanZandt
HR Secretary

NOT OFFICIAL UNTIL APPROVED BY COMMITTEE.



ROCK COUNTY CORE

Investment Performance Review For the Quarter Ended December 31, 2020

Client Management Team

PFM Asset Management LLC

Kathleen Walters, Senior Managing Consultant

115 South 84th Street

213 Market Street

Michael P. Downs, Portfolio Manager

Milwaukee, WI 53214

Harrisburg, PA 17101-2141

Amber Cannegieter, Key Account Manager

414-847-5585

717-232-2723

Matthew Hanigan, Senior Managing Consultant

Markets Weigh Massive Policy Support Against Economic Challenges

◆ Coronavirus

- **Resurgence** in fourth quarter due to colder weather
- Initial distribution of **vaccines**

◆ Economy

- **Recovery** continues
- **Big business** built liquidity cushion
- **Consumers** generally in good shape to drive future spending
- **Impact of pandemic** not felt evenly

◆ Markets

- Markets rally after **presidential election**
- **Fed** committed to strong accommodation
- Additional **fiscal stimulus** on the way



Equities Rise to Record High on Vaccine News and Passing of New Stimulus

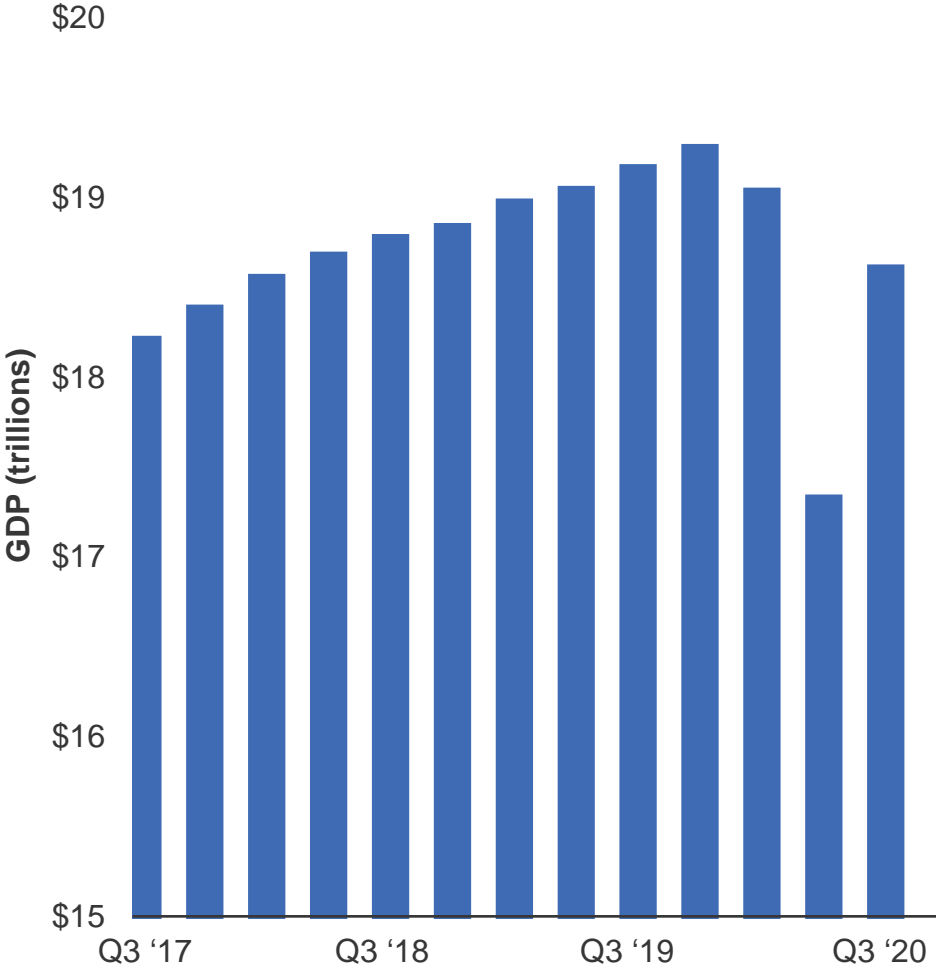
S&P 500 Price Chart



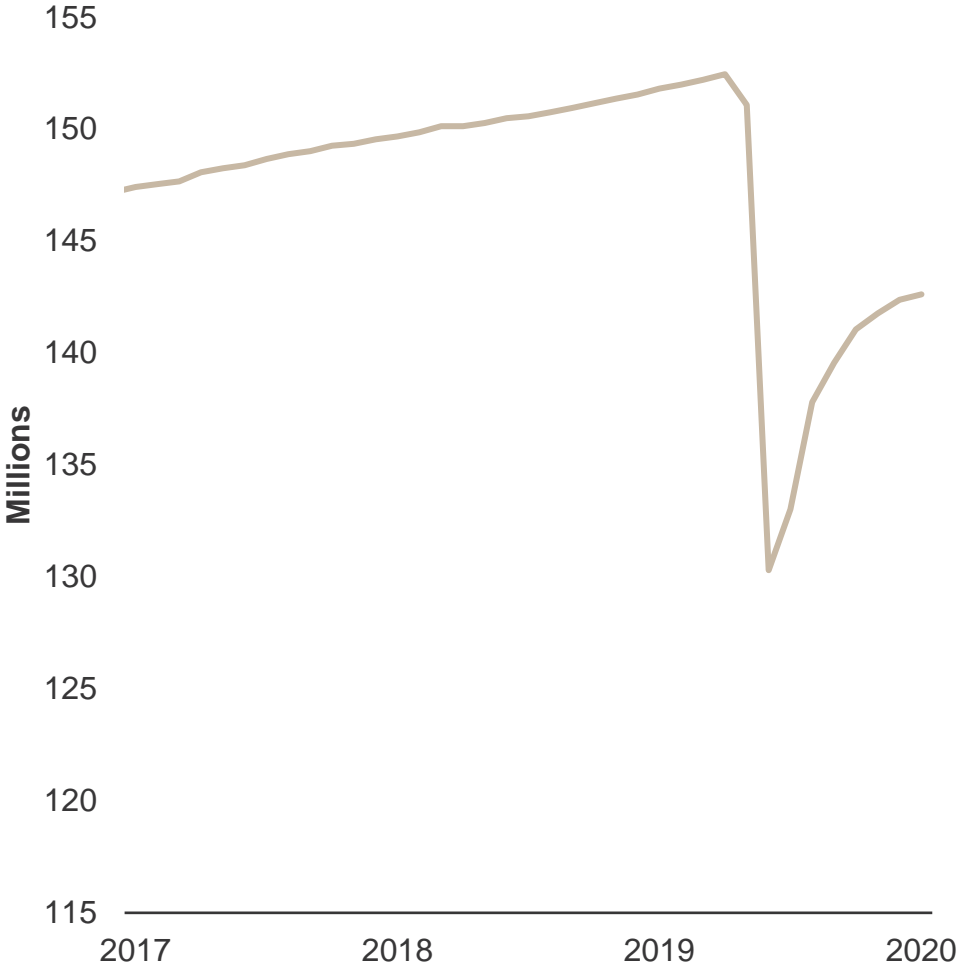
Source: Bloomberg, as of 12/31/2020.

Economy Still Has a Long Road Ahead to Full Recovery

U.S. Real GDP



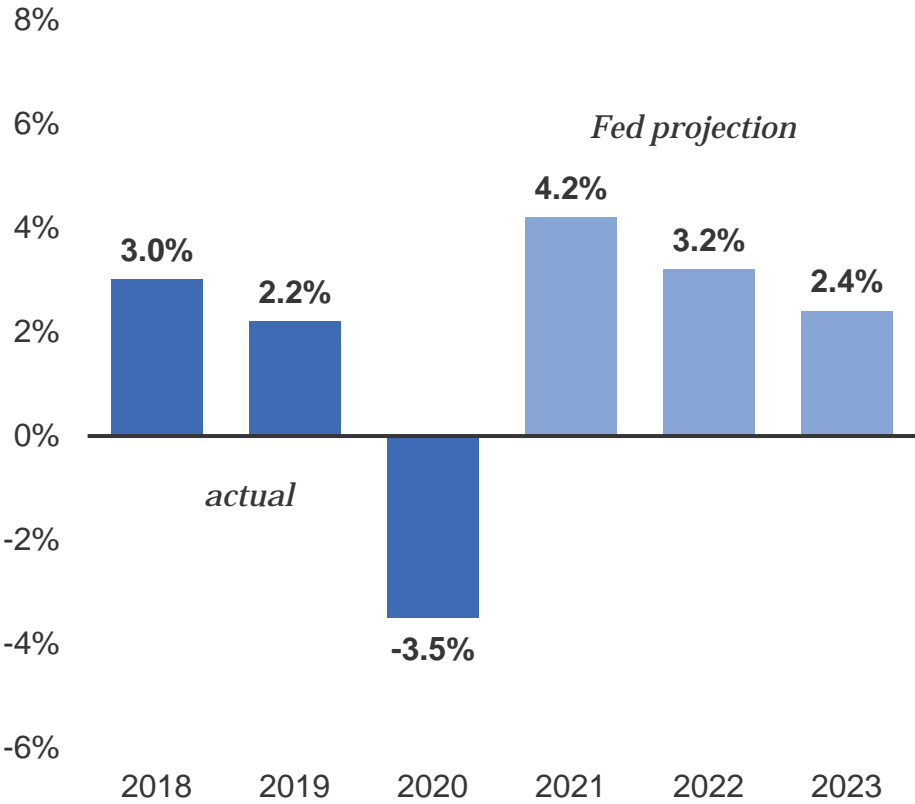
Total U.S. Employment



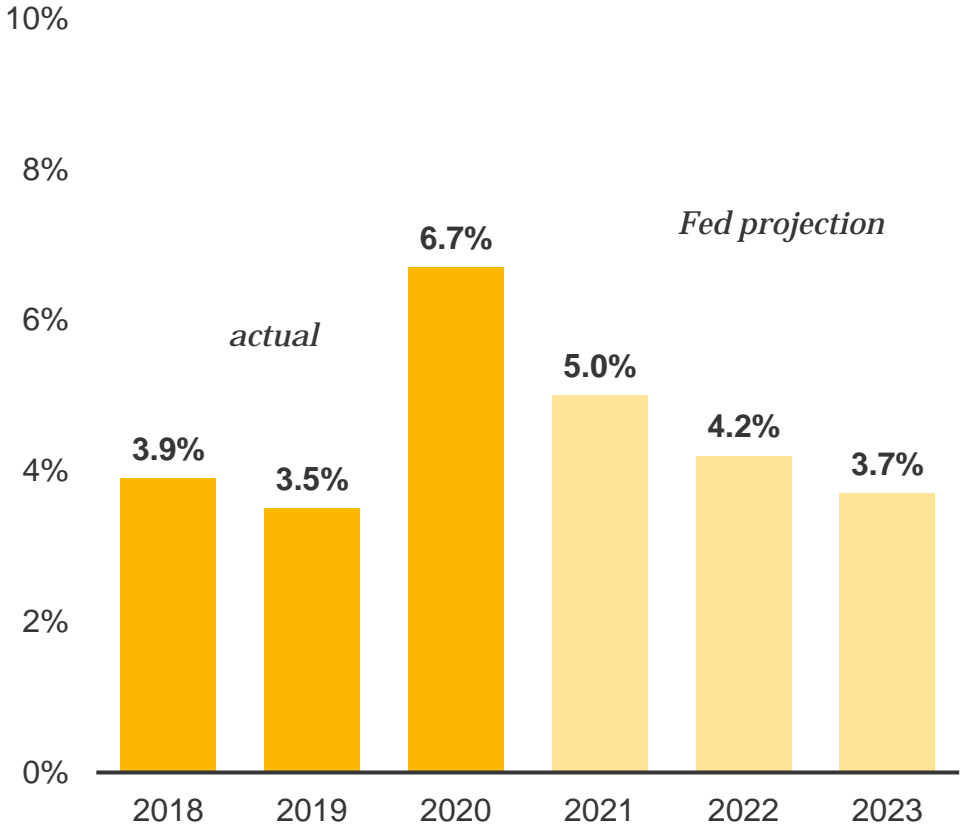
Source: Bloomberg, latest available data as of 12/30/2020. Total U.S. Employment is total non-farm payrolls.

Fed Expects Economy to Recover Further in 2021

Change in Real GDP



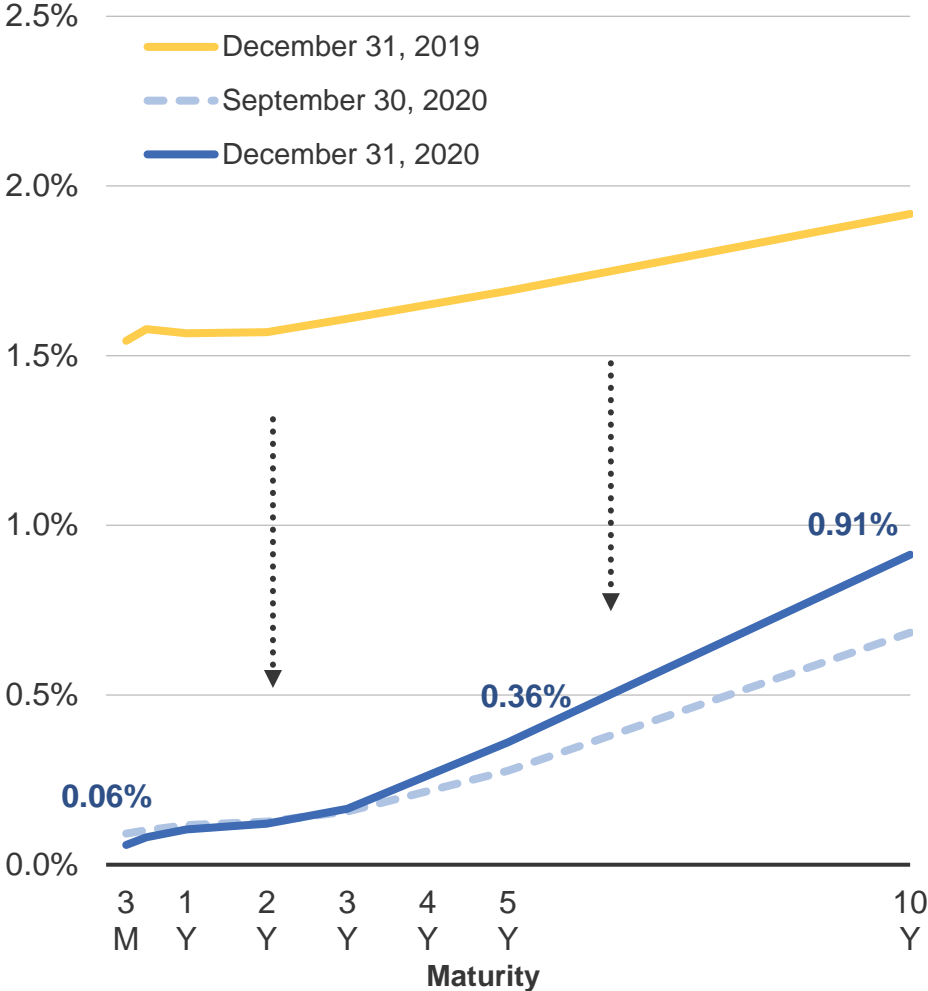
Unemployment Rate



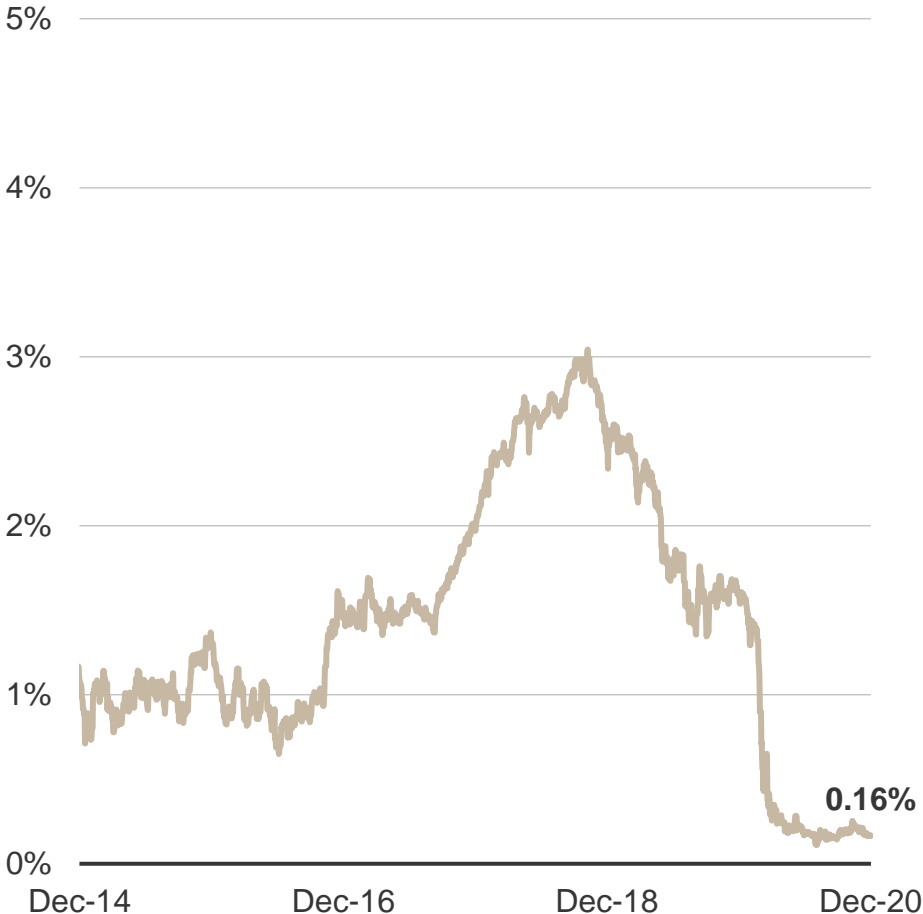
Source: Federal Reserve, economic projections as of December 2020.

Short Rates Were Steady, but the Yield Curve Steepened in Fourth Quarter

U.S. Treasury Yield Curve



3-Year Treasury Yield



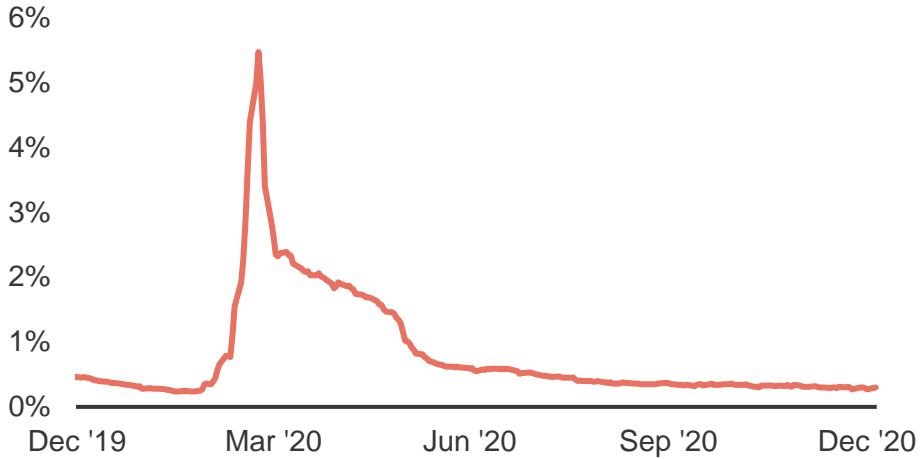
Source: Bloomberg as of 12/31/2020.

Yield Spread Narrowing Continued During Fourth Quarter

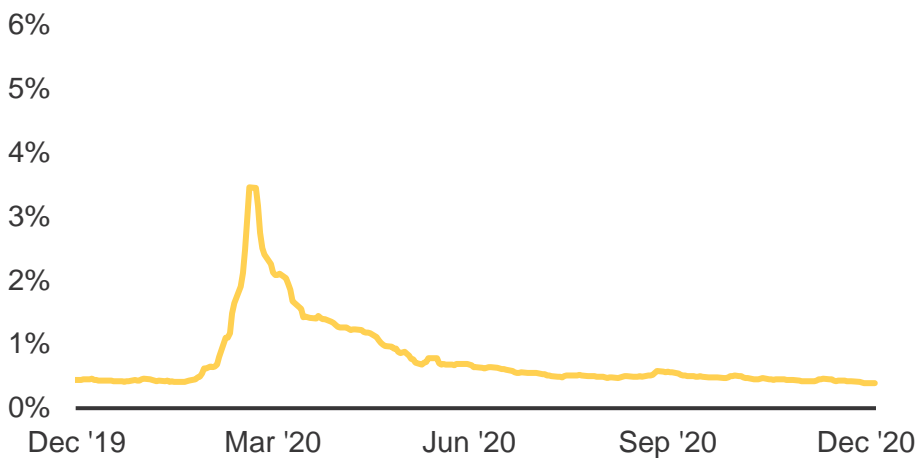
Federal Agency Yield Spreads



Asset-Backed Securities Yield Spreads



Corporate Notes A-AAA Yield Spreads



Corporate High Yield Spread



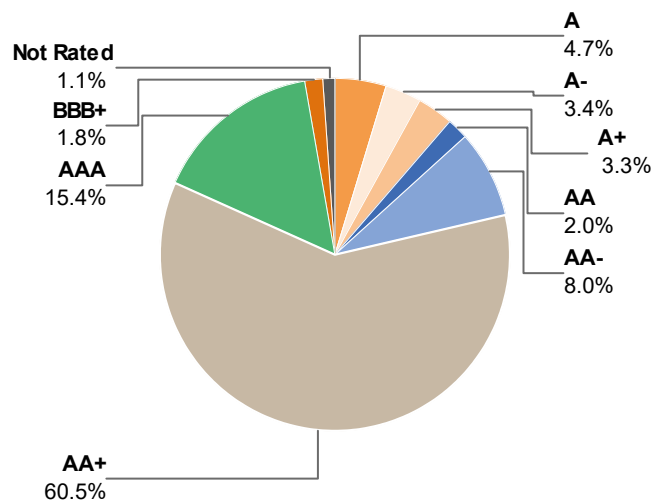
Source: ICE BofAML 1-5 year Indices via Bloomberg, MarketAxess and PFM as of 12/31/2020. Spreads on ABS and MBS are option-adjusted spreads of 0-5 year indices based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities.

Portfolio Statistics

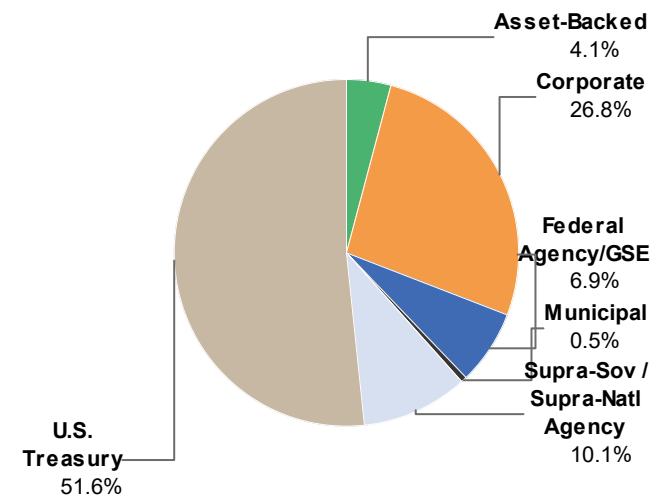
As of December 31, 2020

Par Value:	\$29,201,443
Total Market Value:	\$30,641,082
Security Market Value:	\$30,243,809
Accrued Interest:	\$141,602
Cash:	\$255,671
Amortized Cost:	\$29,116,768
Yield at Market:	0.40%
Yield at Cost:	2.06%
Effective Duration:	2.44 Years
Average Maturity:	2.61 Years
Average Credit: *	AA

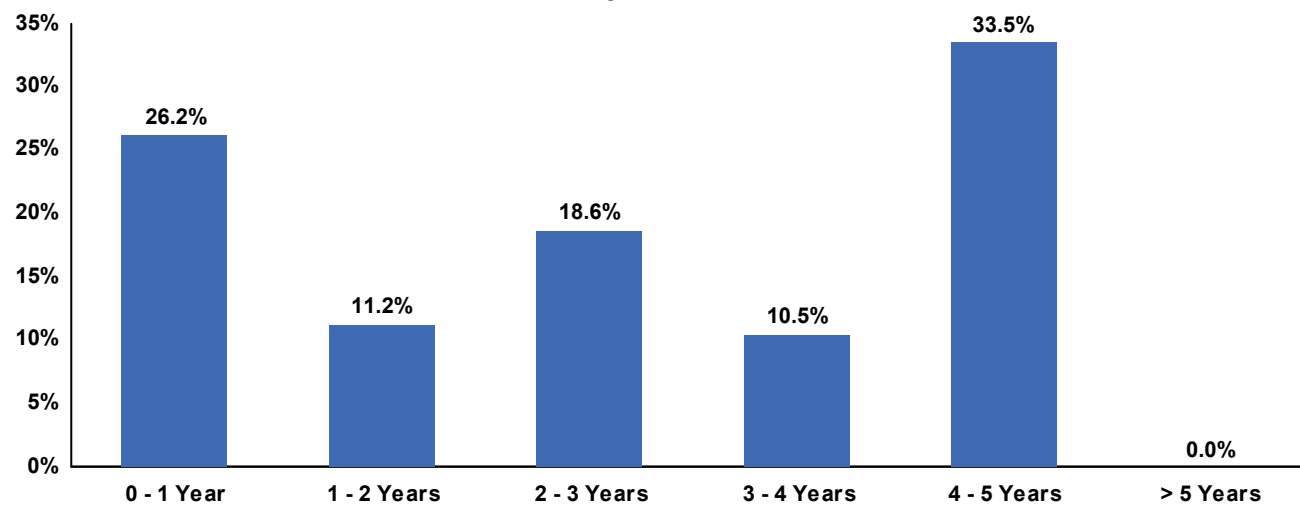
Credit Quality (S&P Ratings)



Sector Allocation



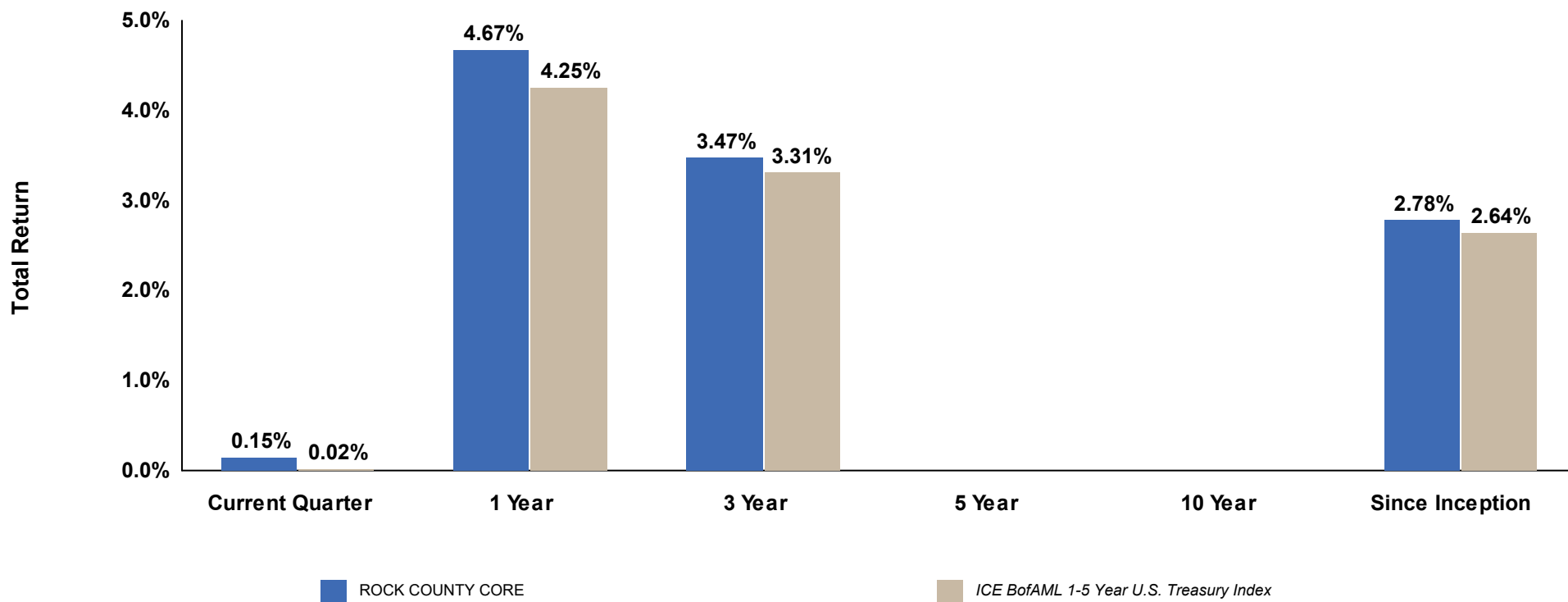
Maturity Distribution



* An average of each security's credit rating assigned a numeric value and adjusted for its relative weighting in the portfolio.

Portfolio Performance (Total Return)

Portfolio/Benchmark	Effective Duration	Current Quarter	Annualized Return				Since Inception (12/31/16)
			1 Year	3 Year	5 Year	10 Year	
ROCK COUNTY CORE	2.44	0.15%	4.67%	3.47%	-	-	2.78%
ICE BofAML 1-5 Year U.S. Treasury Index	2.59	0.02%	4.25%	3.31%	-	-	2.64%
Difference		0.13%	0.42%	0.16%	-	-	0.14%



Portfolio performance is gross of fees unless otherwise indicated.

IMPORTANT DISCLOSURES

This material is based on information obtained from sources generally believed to be reliable and available to the public; however, PFM Asset Management LLC cannot guarantee its accuracy, completeness or suitability. This material is for general information purposes only and is not intended to provide specific advice or a specific recommendation. All statements as to what will or may happen under certain circumstances are based on assumptions, some, but not all of which, are noted in the presentation. Assumptions may or may not be proven correct as actual events occur, and results may depend on events outside of your or our control. Changes in assumptions may have a material effect on results. Past performance does not necessarily reflect and is not a guaranty of future results. The information contained in this presentation is not an offer to purchase or sell any securities.

- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Refinitiv, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

GLOSSARY

- **ACCRUED INTEREST:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **AGENCIES:** Federal agency securities and/or Government-sponsored enterprises.
- **AMORTIZED COST:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **BANKERS' ACCEPTANCE:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **COMMERCIAL PAPER:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **CONTRIBUTION TO DURATION:** Represents each sector or maturity range's relative contribution to the overall duration of the portfolio measured as a percentage weighting. Since duration is a key measure of interest rate sensitivity, the contribution to duration measures the relative amount or contribution of that sector or maturity range to the total rate sensitivity of the portfolio.
- **EFFECTIVE DURATION:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **EFFECTIVE YIELD:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **INTEREST RATE:** Interest per year divided by principal amount and expressed as a percentage.
- **MARKET VALUE:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **MATURITY:** The date upon which the principal or stated value of an investment becomes due and payable.
- **NEGOTIABLE CERTIFICATES OF DEPOSIT:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **PAR VALUE:** The nominal dollar face amount of a security.
- **PASS THROUGH SECURITY:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.

GLOSSARY

- **REPURCHASE AGREEMENTS:** A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- **SETTLE DATE:** The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- **TRADE DATE:** The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- **UNSETTLED TRADE:** A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- **U.S. TREASURY:** The department of the U.S. government that issues Treasury securities.
- **YIELD:** The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- **YTM AT COST:** The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- **YTM AT MARKET:** The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.