

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
BOARD ACTION SUMMARY

DEPT: Treasurer Tax Collector

BOARD AGENDA #: *B-11

AGENDA DATE: September 27, 2016

SUBJECT:

Acceptance of the Annual Reports for the County of Stanislaus Tobacco Endowment Funds - Series 2002 and Series 2006 for Fiscal Year Ending June 30, 2016

BOARD ACTION AS FOLLOWS:

No. 2016-499

On motion of Supervisor O'Brien, Seconded by Supervisor Withrow
and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Withrow, DeMartini, and Chairman Monteith

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

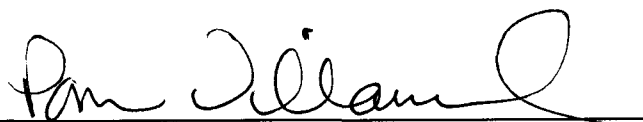
1) Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:



ATTEST: PAM VILLARREAL, Assistant Clerk

File No.

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
AGENDA ITEM**

DEPT: Treasurer Tax Collector

BOARD AGENDA #: *B-11

Urgent Routine

9.23.16

AGENDA DATE: September 27, 2016

CEO CONCURRENCE: *pht*

4/5 Vote Required: Yes No

SUBJECT:

Acceptance of the Annual Reports for the County of Stanislaus Tobacco Endowment Funds - Series 2002 and Series 2006 for Fiscal Year Ending June 30, 2016

STAFF RECOMMENDATIONS:

1. Accept the Annual Reports for the County of Stanislaus Tobacco Endowment Funds - Series 2002 and Series 2006 for Fiscal Year Ending June 30, 2016.
2. Authorize the Chairman of the Board of Supervisors to sign on behalf of the Board that the reports have been reviewed and accepted.

DISCUSSION:

In November 1998, the Attorneys General of 46 states (including California), the District of Columbia, the Commonwealth of Puerto Rico, Guam, The United States Virgin Islands, American Samoa and the Territory of the Northern Marianas (collectively, the "Settling States") and the four largest United States tobacco manufacturers (OPM's) entered into a master settlement agreement in resolution of cigarette-smoking related litigation. The master settlement agreement released the OPM's from past, present and future smoking-related claims in exchange for, among other things, certain payments to be made to the Settling States.

On August 5, 1998 the counsel for the State of California and various cities and counties therein ("participating jurisdictions") entered into a memorandum of understanding (MOU). Pursuant to the MOU, participating jurisdictions were entitled to receive a portion of the payments made to the State of California in accordance with the master settlement agreement. Some jurisdictions, in an effort to manage/mitigate the risks associated with the receipt of the Tobacco Settlement Revenues (TSRs), opted to securitize this revenue stream.

On June 6, 2000, the Board of Supervisors authorized the Chief Executive Officer and the Debt Advisory Committee to proceed with the securitization of the County's share of the TSRs by issuing Tobacco Settlement Asset-Backed Bonds. In March 2002, the County sold its interest in the TSRs, received \$52,403,206 and subsequently placed the funds in an endowment.

In January 2002, the County Board of Supervisors delegated responsibility for the investment of the TSRs to the County Treasurer/Tax Collector in accordance with Stanislaus County's

Acceptance of the Annual Reports for the County of Stanislaus Tobacco Endowment Funds - Series 2002 and Series 2006 for Fiscal Year Ending June 30, 2016

Investment Policy for the Investment of the Proceeds from the Securitization of the Tobacco Industry's Master Settlement Agreement. This policy includes language that mandates preparation of an annual report by the Office of the Treasurer/Tax Collector no later than August 15th following the close of each Fiscal Year on June 30. After which the report is to be forwarded to the Board of Supervisors for final review and acceptance.

Interest earnings in the Tobacco Endowment Fund Series 2002 for Fiscal Year 2015/2016 were \$2,315,160. In accordance with the investment policy, interest and net gains received have been distributed as follows: 80% net of expenses, or \$1,846,977, was distributed to the General Fund as discretionary revenue and the remaining 20% was re-invested in the endowment in the current fiscal year. The balance in the 2002 fund at June 30, 2016 was \$63,239,213.

On September 14, 2004, in the 2003/2004 Adopted Final Budget, the Board of Supervisors elected to dedicate the annual distribution received by the General Fund to paying down the Health Services Agency accumulated deficit. The loan associated with this accumulated deficit has been paid in full as of October 2014, as well as a secondary loan for a payment to Doctor's Medical Center which was paid in full in Fiscal Year 2015/2016.

After the offering of the 2002 Tobacco Bonds, interest rates fell and investor demand for tobacco settlement asset-backed bonds greatly improved giving the County the opportunity to either refund or restructure the 2002 bonds or issue additional bonds. In January 2006, the Board of Supervisors authorized the Chief Executive Officer and the Debt Advisory Committee to proceed with determining the optimal bond structure for the County.

On March 29, 2006, Stanislaus County issued \$42,153,611 in bonds to further securitize the Tobacco Settlement Revenues. Of that amount, \$40,971,291 was placed in an endowment - the County of Stanislaus Tobacco Endowment Fund Series 2006.

During Fiscal Year 2009/2010, \$7,475,978 was withdrawn from this fund to provide a loan to the Animal Services Facility Capital Project as approved by the Stanislaus County Board of Supervisors agenda item 2009-522 dated August 4, 2009.

During Fiscal Year 2011/2012, \$1,041,912 was withdrawn from this fund to provide a loan to the Coroner's Facility Capital Project and for the final debt payment on the Medical Arts Building, which was to be re-used for the Coroner's facility as approved by the Stanislaus County Board of Supervisors agenda item 2011-746 dated December 13, 2011. Subsequent to that decision, on April 1, 2014 the Stanislaus County Board of Supervisors approved the relocation of the Coroner's Facility Capital Project to another existing County building and authorized the Project Manager to initiate the disposition of the Medical Arts Building, including a requirement to return to the Board of Supervisors to recommend next steps for the disposition of the Medical Arts Building.

During Fiscal Year 2012/2013, an additional \$455,470 was withdrawn from this fund for the same loan to the Coroner's Facility Capital Project as approved by the Stanislaus County Board of Supervisors agenda item 2011-746 dated December 13, 2011.

Acceptance of the Annual Reports for the County of Stanislaus Tobacco Endowment Funds - Series 2002 and Series 2006 for Fiscal Year Ending June 30, 2016

During Fiscal Year 2013/2014, a total of \$2,628,000 was withdrawn from this fund for an internal borrowing to reimburse expenses incurred by the Jail Expansion Project Fund (AB900 Phase II) as approved by the Stanislaus County Board of Supervisors agenda item 2012-277 dated June 5, 2012.

During Fiscal Year 2014/2015, \$3,457,000 was withdrawn from this fund for an internal borrowing to reimburse expenses incurred by the Jail Expansion Project Fund (AB900 Phase II) as approved by the Stanislaus County Board of Supervisors, agenda item 2012-277, dated June 5, 2012. An additional \$316,000 was also withdrawn from this fund for an internal borrowing to reimburse expenses incurred by the Coroner Facility Project Fund as approved by the Stanislaus County Board of Supervisors, agenda items 2011-746 dated December 13, 2011 and 2014-149 dated April 1, 2014.

The balance in the 2006 fund at June 30, 2016 was \$29,803,325. While these funds are invested separately, they fall under Stanislaus County's Investment Policy for the Investment of the Proceeds from the Securitization of the Tobacco Industry's Master Settlement Agreement, and are invested within the parameters of that policy.

Interest earnings in the Tobacco Endowment Fund Series 2006 for Fiscal Year 2015/2016 were \$952,161. In accordance with the investment policy, interest and net gains received have been distributed as follows: 80% net of expenses or \$756,850 was distributed to the General Fund as discretionary revenue and the remaining 20% was re-invested in the endowment in the current Fiscal Year.

The 2002 Tobacco Portfolio includes investments in long-term municipal bonds. During Fiscal Year 2015/2016, there were three municipal bond calls with a par value of \$6,000,000. Four long-term municipal bonds were purchased with a par value of \$8,000,000. As of June 30, 2016, the Series 2002 Tobacco Portfolio balance was \$63,239,213 and had a market to par value of 119%.

The 2006 Tobacco Portfolio has included investments in long-term municipal bonds since Fiscal Year 2010/2011. During Fiscal Year 2015/2016, four long-term municipal bonds were purchased with a par value of \$4,550,000. There were no municipal bond calls. As of June 30, 2016, the Series 2006 Tobacco Portfolio balance was \$29,803,325 and had a market to par value of 114%.

POLICY ISSUE:

Stanislaus County's Investment Policy for the Investment of the Proceeds from the Securitization of the Tobacco Industry's Master Settlement Agreement mandates that the Office of the Treasurer/Tax Collector prepare an annual report for review and acceptance by the Board of Supervisors.

FISCAL IMPACT:

Preparation of these annual reports results in a minimal cost to the County. Costs associated with managing the Tobacco Endowment Fund Series 2002 were \$5,151 for Fiscal Year 2015/2016. This fund generated \$2,315,160 in interest earnings for the Fiscal Year ending

Acceptance of the Annual Reports for the County of Stanislaus Tobacco Endowment Funds - Series 2002 and Series 2006 for Fiscal Year Ending June 30, 2016

June 30, 2016, of which \$1,846,977 (80% net of expenses) has been transferred to the General Fund as discretionary revenue in the current Fiscal Year 2016/2017.

These earnings have been used to make annual payments towards a Health Services Agency (HSA) loan as a result of the agency's cash deficit. The loan was signed on September 14, 2004 for an original amount of \$20,489,032. On September 13, 2005, the loan was increased by \$3,236,112 for a revised balance of \$23,725,144. In Fiscal Year 2014/2015 Adopted Final Budget, the Board of Supervisors approved the use of \$15 million of unassigned fund balance to pay down the HSA debt. The outstanding principal and interest balance of \$6,032,025 was fully paid off in October 2014.

A second loan in the amount of \$9,637,050 had been approved by the Board of Supervisors on March 24, 2009. The loan was established for a payment to Doctors Medical Center of the County's share of funds recouped by the Centers for Medicare and Medicaid Services (CMS) related to the graduate medical education (GME) funding pertaining to the Family Practice Residency program. The remainder of the above noted \$15 million of unassigned fund balance was used to partially pay down the second loan. A payment of \$8,697,975 was applied to the loan, leaving an outstanding balance of \$1,347,746 as of June 30, 2015. The net interest earnings after expenses of \$1,856,142 from the Tobacco Endowment Fund Series 2002 in Fiscal Year 2014/2015 was used to pay off the remaining balance of this second loan in full in Fiscal Year 2015/2016.

Costs associated with managing the Tobacco Endowment Fund Series 2006 were \$4,879 for Fiscal Year 2015/2016. This fund generated \$952,161 in interest earnings for the Fiscal Year ending June 30, 2016, of which \$756,850 (80% net of expenses) has been transferred to the General Fund as discretionary revenue in the current Fiscal Year 2016/2017.

Cost of recommended action:		\$ 10,030
Source(s) of Funding:		
Tobacco Interest Earnings	10,030	
Funding Total:		\$ 10,030
Net Cost to County General Fund		\$ -
Fiscal Year:	2015/2016	
Budget Adjustment/Appropriations needed:	No	
Fund Balance as of	N/A	

BOARD OF SUPERVISORS' PRIORITY:

Acceptance of these reports supports the Board's priority of Efficient Delivery of Public Services.

Acceptance of the Annual Reports for the County of Stanislaus Tobacco Endowment Funds - Series 2002 and Series 2006 for Fiscal Year Ending June 30, 2016

STAFFING IMPACT:

There is no staffing impact associated with the acceptance of the Annual Reports for the County of Stanislaus Tobacco Endowment Funds - Series 2002 and Series 2006. Existing Department staff prepare the annual reports.

CONTACT PERSON:

Gordon B. Ford, Treasurer-Tax Collector Telephone: 209-525-4463

ATTACHMENT(S):

1. County of Stanislaus Tobacco Endowment Series 2002 Fund - Annual Report
2. County of Stanislaus Tobacco Endowment Series 2006 Fund - Annual Report

ATTACHMENT 1

COUNTY OF STANISLAUS TOBACCO ENDOWMENT SERIES 2002 FUND -
ANNUAL REPORT



Gordon B. Ford
Treasurer/Tax Collector

PO Box 3052, Modesto, CA 95353-3052
Phone: 209.525.6524 Fax: 209.525.4333

County of Stanislaus Tobacco Endowment Series 2002 Fund
Annual Report
June 2016

The Stanislaus County Tobacco Endowment Series 2002 Fund generated \$2,315,160 in interest income for the fiscal year ending June 30, 2016. The invested funds yielded an average interest rate of 3.11%. Three municipal bonds were called prior to maturity resulting in a net gain of \$10,960 in unamortized discount which was recorded as an increase to interest income and is included in the above amount. Costs associated with managing the fund were \$5,151 giving a net distribution to the County of \$1,846,977 which was distributed to the County on July 19, 2016.

The portfolio has been reviewed by both the Treasurer and the Chief Deputy Treasurer for compliance with the investment policy. All investments are non-AMT investments and no taxable interest was generated. The Union Bank custodial statement has been reviewed by both the Treasurer and Chief Deputy Treasurer for accuracy and completeness. The custodial statement is the source of market valuation for securities held by our custodial agent. All other securities are valued at cost.

Dolores Sarenana
Dolores Sarenana, Chief Deputy Treasurer

8/9/16
Date

Gordon B. Ford
Gordon B. Ford, Treasurer

8/19/16
Date

The County of Stanislaus Board of Supervisors has reviewed and accepted the Stanislaus County Tobacco Endowment Series 2002 Fund Annual Report

[Signature]
Chairman, Board of Supervisors

9/27/16
Date

STANISLAUS COUNTY 2002 TOBACCO SERIES
MONEY MARKET FUND ACTIVITY
INVESCO, INVESTMENT# 15, ACCOUNT# XXXXXX6492
FISCAL YEAR ENDING JUNE 2016

	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
BEGINNING	355,744.45	0.00	0.00	0.00	0.00	0.00
INTEREST	4.40					
ADDITIONS						
WITHDRAWALS	(355,748.85)					
ENDING VALUE	0.00	0.00	0.00	0.00	0.00	0.00

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	YTD
BEGINNING	0.00	0.00	0.00	1,015,140.00	1,395,112.42	1,567,621.70	355,744.45
INTEREST				97.42	509.28	201.63	812.73
ADDITIONS			6,000,000.00	379,875.00	172,000.00	106,250.00	6,658,125.00
WITHDRAWALS			(4,984,860.00)				(5,340,608.85)
TOTAL	0.00	0.00	1,015,140.00	1,395,112.42	1,567,621.70	1,674,073.33	1,674,073.33

STANISLAUS COUNTY 2002 TOBACCO SERIES
MUTUAL FUND ACTIVITY
USAA, INVESTMENT# 19, ACCOUNT# XXXXXX7035
FISCAL YEAR ENDING JUNE 2016

	TRANSACT. SHARES	CUMULATIVE SHARES	PRICE	PURCHASE	WITHDRAWAL	INTEREST EARNINGS	TOTAL AS SUM OF DOLLARS	TOTAL SHARES AT ENDING PRICE
06/30/15	773.695	590,829.285	10.60				6,328,439.07	6,262,790.42
07/01/15	11,873.821	602,703.106	10.60	125,862.50			6,454,301.57	6,388,652.92
07/15/15	(142,012.703)	460,690.403	10.60		(1,505,334.65)		4,948,966.92	4,883,318.27
07/31/15	697.920	461,388.323	10.61			7,404.93	4,956,371.85	4,895,330.11
08/03/15	207,756.833	669,145.156	10.61	2,204,300.00			7,160,671.85	7,099,630.11
08/31/15	796.886	669,942.042	10.59			8,439.02	7,169,110.87	7,094,686.22
09/01/15	203,316.808	873,258.850	10.59	2,153,125.00			9,322,235.87	9,247,811.22
09/30/15	1,122.771	874,381.621	10.60			11,901.37	9,334,137.24	9,268,445.18
10/01/15	35,837.264	910,218.885	10.60	379,875.00			9,714,012.24	9,648,320.18
10/30/15	1,147.622	911,366.507	10.61			12,176.27	9,726,188.51	9,669,598.64
11/02/15	11,509.434	922,875.941	10.60	122,000.00			9,848,188.51	9,782,484.97
11/16/15	4,721.435	927,597.376	10.59	50,000.00			9,898,188.51	9,823,256.21
11/30/15	1,076.277	928,673.653	10.60			11,408.54	9,909,597.04	9,843,940.72
12/01/15	10,023.585	938,697.238	10.60	106,250.00			10,015,847.04	9,950,190.72
12/31/15	1,198.431	939,895.669	10.59			12,691.38	10,028,538.43	9,953,495.13
01/04/16	11,873.821	951,769.490	10.60	125,862.50			10,154,400.93	10,088,756.59
01/31/16	925.808	952,695.298	10.61			9,822.82	10,164,223.75	10,108,097.11
02/01/16	14,660.697	967,355.995	10.61	155,550.00			10,319,773.75	10,263,647.11
02/25/16	(239,216.463)	728,139.532	10.61		(2,538,086.67)		7,781,687.08	7,725,560.43
02/29/16	1,026.382	729,165.914	10.60			10,879.65	7,792,566.73	7,729,158.69
03/01/16	202,705.713	931,871.627	10.60	2,148,680.56			9,941,247.28	9,877,839.25
03/03/16	(231,943.396)	699,928.231	10.60		(2,458,600.00)		7,482,647.29	7,419,239.25
03/08/16	(566,574.127)	133,354.104	10.59		(6,000,020.00)		1,482,627.28	1,412,219.96
03/31/16	341.960	133,696.064	10.59			3,621.36	1,486,248.64	1,415,841.32
04/29/16	169.348	133,865.412	10.59			1,793.40	1,488,042.03	1,417,634.71
05/31/16	156.242	134,021.654	10.58			1,653.04	1,489,695.07	1,417,949.10
06/30/16	161.738	134,183.392	10.61			1,716.04	1,491,411.11	1,423,685.79
Totals				7,571,505.55	(12,502,041.33)	93,507.82		

STANISLAUS COUNTY 2002 TOBACCO SERIES
MUNICIPAL BOND ACTIVITY
UNION BANK OF CALIFORNIA, ACCOUNT# XXXXXX0241
FISCAL YEAR ENDING JUNE 2016

DATE:	INV #	CUSIP	AGENCY	PAR	COST	PAR PAID	COUPON	YIELD	MATURITY
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HOLDINGS ON JUNE 30, 2015				48,140,000.00	53,059,959.51	@CALL			
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PURCHASES:

02/26/16	73	556437BT7	Madera Calif Irr Dist Wtr Rev	2,000,000.00	2,493,900.00		5.00%	2.12%	9/1/2027
03/03/16	74	79730EFJ4	San Diego Calif Regl Bldg Auth	2,000,000.00	2,458,600.00		5.00%	2.33%	10/15/2030
03/30/16	75	68428TCL9	Orange County Sanitation District	2,000,000.00	2,500,600.00		5.00%	2.16%	2/1/2029
03/30/16	76	68428TCM7	Orange County Sanitation District	2,000,000.00	2,484,260.00		5.00%	2.24%	2/1/1930
TOTAL PURCHASES:				8,000,000.00	9,937,360.00				

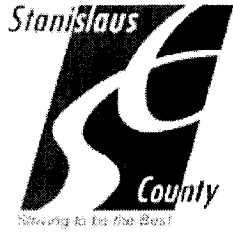
CALLS:

08/03/15	1	79875FDR0	San Marcos Calif Pub Fac Auth	2,000,000.00	1,973,960.00	2,000,000.00	4.88%	4.96%	8/1/2031
09/01/15	8	901073DA1	Tustin CA Unified School District	2,000,000.00	2,000,000.00	2,000,000.00	5.00%	5.00%	9/1/2032
03/01/16	34	797300XY1	San Diego Calif Redev Agency	2,000,000.00	1,972,200.00	2,000,000.00	5.00%	5.10%	9/1/2028
TOTAL CALLS:				6,000,000.00	5,946,160.00	6,000,000.00			

MATURITIES:

None									
TOTAL MATURITIES:				0.00	0.00				

HOLDINGS ON JUNE 30, 2016				50,140,000.00	57,051,159.51				
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**2002 Tobacco Series 2015/16
Portfolio Management
Portfolio Summary
June 30, 2016**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Money Market Funds	1,674,073.33	1,674,073.33	1,674,073.33	2.84	1	1	0.000	0.000
Mutual Fund	1,491,411.11	1,423,685.79	1,491,411.11	2.53	1	1	0.769	0.780
Municipal Bonds	50,140,000.00	60,141,453.75	55,688,914.92	94.62	5,028	3,910	3.306	3.352
Investments	53,305,484.44	63,239,212.87	58,854,399.36	100.00%	4,758	3,700	3.148	3.192

Total Earnings	June 30 Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	153,593.74	1,861,021.03	1,861,021.03
Average Daily Balance	58,875,374.84	58,064,848.76	
Effective Rate of Return	3.17%	3.20%	

Market Values have been reconciled to Union Bank of California Custody Statement and differ only by the amount of Accrued Interest at Purchase which has not been received. This figure can be found on the Investment Status Report.

Gordon B. Ford, Treasurer/Tax Collector

**2002 Tobacco Series 2015/16
Portfolio Management
Portfolio Details - Investments
June 30, 2016**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
Money Market Funds												
SYS15	15	Invesco Tax Free Inst Fund			1,674,073.33	1,674,073.33	1,674,073.33		0.000	0.000	1	
Subtotal and Average			1,674,073.33		1,674,073.33	1,674,073.33	1,674,073.33		0.000	0.000	1	
Mutual Fund												
SYS19	19	USAA Tax-Exempt Short-Term Fun		07/01/2002	1,491,411.11	1,423,685.79	1,491,411.11	0.780	0.769	0.780	1	
Subtotal and Average			1,489,752.29		1,491,411.11	1,423,685.79	1,491,411.11		0.769	0.780	1	
Municipal Bonds												
13062NL96	4	California State		08/30/2002	2,000,000.00	2,080,560.00	2,019,782.86	6.000	4.162	4.220	274	04/01/2017
13063B3Q3	55	California State		06/25/2013	1,990,000.00	2,259,187.30	2,171,475.30	5.000	1.968	1.995	1,187	10/01/2019
13063BWM0	46	California State		04/24/2012	2,000,000.00	2,141,300.00	1,984,872.05	2.500	2.644	2.680	1,735	04/01/2021
13063BWZ1	47	California State		04/24/2012	1,090,000.00	1,325,658.00	1,205,420.12	5.000	2.831	2.870	2,100	04/01/2022
13063B5B4	56	California State		07/17/2013	1,000,000.00	1,231,030.00	1,115,928.64	5.000	2.828	2.868	2,283	10/01/2022
156809CV5	21	Cerritos Pub Fing Auth Rev Tax		10/21/2002	1,000,000.00	1,072,860.00	1,000,000.00	5.000	4.931	5.000	2,314	11/01/2022
13077CA46	59	California State Univ Revenue		08/07/2013	3,880,000.00	4,903,932.00	4,304,554.90	5.000	3.362	3.409	3,045	11/01/2024
13063B5F5	57	California State		07/17/2013	1,715,000.00	1,844,808.35	1,837,186.26	5.000	3.963	4.018	3,379	10/01/2025
797400JH2	66	San Diego Reg Transp Comm		09/30/2014	2,000,000.00	2,544,600.00	2,387,074.76	5.000	2.643	2.680	3,561	04/01/2026
544646S94	64	Los Angeles Unified School Dis		09/30/2014	1,250,000.00	1,598,662.50	1,483,965.97	5.000	2.747	2.785	3,652	07/01/2026
797355ZE7	67	San Diego Ca Unif Sch Dist		10/28/2014	1,950,000.00	2,655,061.50	2,423,101.54	5.250	2.604	2.640	4,017	07/01/2027
556437BT7	73	Madera Calif Irr Dist Wtr Rev		02/26/2016	2,000,000.00	2,537,800.00	2,479,005.55	5.000	2.482	2.516	4,079	09/01/2027
786134UC8	69	Sacramento Cnty Ca Santn Dists		10/28/2014	2,000,000.00	2,516,400.00	2,386,408.02	5.000	2.907	2.948	4,170	12/01/2027
072024RS3	60	Bay Area CA Toll Auth Toll Bri		08/12/2013	2,000,000.00	2,417,560.00	2,134,486.54	5.000	4.168	4.226	4,292	04/01/2028
072024RS3	63	Bay Area CA Toll Auth Toll Bri		08/07/2013	2,000,000.00	2,417,560.00	2,134,968.60	5.000	4.160	4.217	4,292	04/01/2028
13063BLW0	44	California State		09/28/2011	2,500,000.00	2,863,700.00	2,487,078.53	4.250	4.251	4.311	4,445	09/01/2028
68428TCL9	75	Orange Cnty Ca Santn Dist Rev		03/30/2016	2,000,000.00	2,617,660.00	2,490,741.83	5.000	2.292	2.324	4,598	02/01/2029
13063BRE4	51	California State		08/27/2012	3,000,000.00	3,636,420.00	3,362,681.50	5.250	3.950	4.005	4,963	02/01/2030
13063BRE4	53	California State		08/27/2012	2,000,000.00	2,424,280.00	2,240,415.91	5.250	3.956	4.011	4,963	02/01/2030
68428TCM7	76	Orange Cnty Ca Santn Dist Rev		03/30/2016	2,000,000.00	2,599,040.00	2,475,412.85	5.000	2.829	2.868	4,963	02/01/2030
91412GHV0	58	Univ of California Revenue		07/24/2013	2,000,000.00	2,392,380.00	2,123,962.78	5.000	4.304	4.364	5,066	05/15/2030
271014YC0	65	East Bay Mun Util Dist Wtr		09/30/2014	2,250,000.00	2,836,687.50	2,646,286.03	5.000	3.315	3.361	5,083	06/01/2030
801495G30	54	Santa Clara Calif Uni Sch Dist		08/28/2012	2,895,000.00	2,994,588.00	2,779,986.42	3.000	3.326	3.372	5,113	07/01/2030
79730EFJ4	74	San Diego Regional Build Auth		03/03/2016	2,000,000.00	2,542,440.00	2,448,315.93	5.000	3.147	3.191	5,219	10/15/2030
801181AS7	71	Santa Ana Clg Impt Dist #1		10/30/2014	1,620,000.00	1,687,278.60	1,565,802.03	3.000	3.245	3.291	5,509	08/01/2031
Subtotal and Average			55,711,549.22		50,140,000.00	60,141,453.75	55,688,914.92		3.306	3.352	3,910	

2002 Tobacco Series 2015/16
Portfolio Management
Portfolio Details - Investments
June 30, 2016

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity
Total and Average			58,875,374.84		53,305,484.44	63,239,212.87	58,854,399.36		3.148	3.192	3,700

**2002 Tobacco Series 2015/16
Portfolio Management
Activity By Type
June 1, 2016 through June 30, 2016**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Money Market Funds (Monthly Summary)							
SYS15	15	Invesco Tax Free Inst Fund			106,451.63	0.00	
		Subtotal			106,451.63	0.00	1,674,073.33
Mutual Fund							
SYS19	19	USAA Tax-Exempt Short-Term Fun	0.780		1,716.02	0.00	
		Subtotal			1,716.02	0.00	1,491,411.11
Municipal Bonds							
		Subtotal					55,688,914.92
		Total			108,167.65	0.00	58,854,399.36

**2002 Tobacco Series 2015/16
Portfolio Management
Activity Summary
June 2015 through June 2016**

Month End	Year	Number of Securities	Total Invested	Yield to Maturity		Managed Pool Rate	Number of Investments Purchased	Number of Investments Redeemed	Average Term	Average Days to Maturity
				360 Equivalent	365 Equivalent					
June	2015	26	58,863,660.78	3.279	3.325	0.000	0	0	5,005	3,791
July	2015	26	57,101,555.85	3.353	3.400	0.000	0	0	5,157	3,877
August	2015	25	57,294,322.51	3.204	3.248	0.000	0	1	4,770	3,632
September	2015	24	57,424,970.76	3.047	3.089	0.000	0	1	4,375	3,381
October	2015	24	57,782,653.81	3.022	3.064	0.000	0	0	4,345	3,332
November	2015	24	57,931,684.29	3.016	3.058	0.000	0	0	4,332	3,296
December	2015	24	58,016,257.39	3.015	3.057	0.000	0	0	4,323	3,264
January	2016	24	58,117,574.48	3.001	3.042	0.000	0	0	4,313	3,231
February	2016	25	58,249,000.42	3.067	3.110	0.000	1	0	4,483	3,381
March	2016	27	58,330,782.53	3.175	3.219	0.000	3	1	4,811	3,829
April	2016	27	58,665,718.74	3.163	3.207	0.000	0	0	4,780	3,776
May	2016	27	58,793,061.31	3.153	3.197	0.000	0	0	4,766	3,735
June	2016	27	58,854,399.36	3.148	3.192	0.000	0	0	4,758	3,700
Average		25	58,109,664.79	3.126%	3.170%	0.000	0	0	4,632	3,556

**2002 Tobacco Series 2015/16
Portfolio Management
Distribution of Investments By Type
June 2015 through June 2016**

Security Type	June 2015	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	March 2016	April 2016	May 2016	June 2016	Average by Period
Money Market Funds	0.6									1.7	2.4	2.7	2.8	0.8%
Mutual Fund	10.8	8.7	12.5	16.3	16.8	17.1	17.3	17.5	13.4	2.6	2.5	2.5	2.5	10.8%
Municipal Bonds	88.6	91.3	87.5	83.8	83.2	82.9	82.7	82.5	86.6	95.7	95.1	94.8	94.6	88.4%
Municipal Anticipation Notes														

ATTACHMENT 2

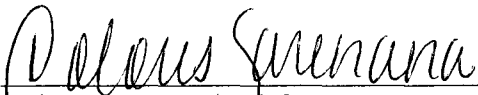
COUNTY OF STANISLAUS TOBACCO ENDOWMENT SERIES 2006 FUND -
ANNUAL REPORT



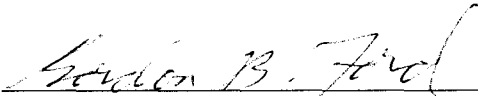
County of Stanislaus Tobacco Endowment Series 2006 Fund
Annual Report
June 2016

The Stanislaus County Tobacco Endowment Series 2006 Fund generated \$952,161 in interest income for the fiscal year ending June 30, 2016. The invested funds yielded an average interest rate of 3.16%. No sales or calls were made prior to maturity. Costs associated with managing the fund were \$4,879, giving a net distribution to the County of \$756,850 which was distributed to the County on July 19, 2016.

The portfolio has been reviewed by both the Treasurer and the Chief Deputy Treasurer for compliance with the investment policy. All investments are non-AMT investments and no taxable interest was generated. The Union Bank custodial statement has been reviewed by both the Treasurer and Chief Deputy Treasurer for accuracy and completeness. The custodial statement is the source of market valuation for securities held by our custodial agent. All other securities are valued at cost.

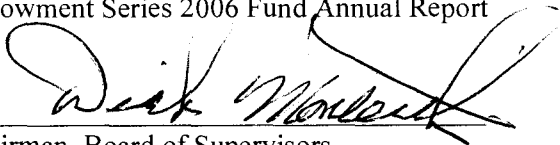

Dolores Sarenana, Chief Deputy Treasurer

8/19/16
Date


Gordon B. Ford, Treasurer

8/19/16
Date

The County of Stanislaus Board of Supervisors has reviewed and accepted the Stanislaus County Tobacco Endowment Series 2006 Fund Annual Report


Chairman, Board of Supervisors

9/27/2016
Date

STANISLAUS COUNTY 2006 TOBACCO SERIES
MONEY MARKET FUND ACTIVITY
INVESCO, INVESTMENT# 10000, ACCOUNT# XXXXXX6493
FISCAL YEAR ENDING JUNE 2016

	Jul-15	Aug-15	Sep-15	Oct-15	Nov-15	Dec-15
BEGINNING	2,349,729.65	1,581,388.45	1,581,404.58	1,581,417.91	1,581,430.81	1,581,444.14
INTEREST	18.90	16.13	13.33	12.90	13.33	12.90
ADDITIONS						
WITHDRAWALS	(768,360.10)					
ENDING VALUE	1,581,388.45	1,581,404.58	1,581,417.91	1,581,430.81	1,581,444.14	1,581,457.04

	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	YTD
BEGINNING	1,581,457.04	1,581,470.37	1,581,483.70	6,358,356.17	2,069,262.89	2,071,195.96	2,349,729.65
INTEREST	13.33	13.33	12.47	156.61	1,933.07	271.52	2,487.82
ADDITIONS			6,000,000.00	137,750.00		93,072.22	6,230,822.22
WITHDRAWALS			(1,223,140.00)	(4,426,999.89)			(6,418,499.99)
TOTAL	1,581,470.37	1,581,483.70	6,358,356.17	2,069,262.89	2,071,195.96	2,164,539.70	2,164,539.70

STANISLAUS COUNTY 2006 TOBACCO SERIES
MUTUAL FUND ACTIVITY
USAA, INVESTMENT# 10001, ACCOUNT# XXXXXX3596
FISCAL YEAR ENDING JUNE 2016

	TRANSACT. SHARES	CUMULATIVE SHARES	PRICE	PURCHASE	WITHDRAWAL	INTEREST EARNINGS	TOTAL AS SUM OF DOLLARS	SHARES AT ENDING PRICE
06/30/15	782.722	601,368.096	10.60				6,418,247.47	6,374,501.82
07/31/15	799.915	602,168.011	10.61			8,487.10	6,426,734.57	6,389,002.60
08/31/15	724.696	602,892.707	10.59			7,674.53	6,434,409.10	6,384,633.77
09/01/15	20,038.657	622,931.364	10.59	212,209.38			6,646,618.48	6,596,843.14
09/30/15	806.337	623,737.701	10.60			8,547.17	6,655,165.65	6,611,619.63
10/01/15	12,995.283	636,732.984	10.60	137,750.00			6,792,915.65	6,749,369.63
10/30/15	803.281	637,536.265	10.61			8,522.81	6,801,438.46	6,764,259.77
11/30/15	742.022	638,278.287	10.60			7,865.43	6,809,303.90	6,765,749.84
12/15/15	7,988.669	646,266.956	10.59	84,600.00			6,893,903.90	6,843,967.06
12/31/15	820.812	647,087.768	10.59			8,692.40	6,902,596.30	6,852,659.46
01/31/16	629.695	647,717.463	10.61			6,681.06	6,909,277.36	6,872,282.28
02/29/16	711.975	648,429.438	10.60			7,546.94	6,916,824.30	6,873,352.04
03/03/16	20,019.753	668,449.191	10.60	212,209.38			7,129,033.68	7,085,561.42
03/14/16	(566,574.127)	101,875.064	10.59		(6,000,020.00)		1,129,013.68	1,078,856.93
03/31/16	388.653	102,263.717	10.59			4,115.83	1,133,129.51	1,082,972.76
04/29/16	129.534	102,393.251	10.59			1,371.77	1,134,501.28	1,084,344.53
05/31/16	119.509	102,512.760	10.58			1,264.41	1,135,765.68	1,084,585.01
06/30/16	123.713	102,636.473	10.61			1,312.60	1,137,078.28	1,088,972.98
Totals				646,768.76	(6,000,020.00)	72,082.04		

STANISLAUS COUNTY 2006 TOBACCO SERIES
MUNICIPAL BOND ACTIVITY
UNION BANK OF CALIFORNIA, ACCOUNT# XXXXXX0242
FISCAL YEAR ENDING JUNE 2016

CUSIP AGENCY PAR COST COUPON YIELD MATURITY

HOLDINGS ON JUNE 30, 2015			18,260,000.00	19,086,905.45			
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PURCHASES:

3/30/2016	80168QDS8	Santa Clara Vly Wtr Dist	1,000,000.00	1,223,140.00	5.00%	2.40%	6/1/2031
4/7/2016	49228YAL2	Kern County Wtr Agency	1,000,000.00	1,224,250.00	5.00%	2.47%	5/1/2027
4/28/2016	13063CC40	California State	1,550,000.00	1,923,503.50	5.00%	2.36%	9/1/2034
4/28/2016	13063CS27	California State	1,000,000.00	1,270,420.00	5.00%	2.08%	9/1/2029
TOTAL PURCHASES:			4,550,000.00	5,641,313.50			

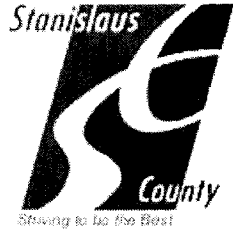
CALLS:

NONE							
TOTAL CALLS:			0.00	0.00			

MATURITIES:

NONE							
TOTAL CALLS:			0.00	0.00			

HOLDINGS ON JUNE 30, 2016			22,810,000.00	24,728,218.95			
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**2006 Tobacco Series 2015/16
Portfolio Management
Portfolio Summary
June 30, 2016**

Investments	Par Value	Market Value	Book Value	% of Portfolio	Term	Days to Maturity	YTM 360 Equiv.	YTM 365 Equiv.
Money Market Fund	2,164,539.70	2,164,539.70	2,164,539.70	7.82	1	1	0.000	0.000
Mutual Fund	1,137,078.28	1,088,972.98	1,137,078.28	4.11	1	1	0.769	0.780
Municipal Bonds	22,810,000.00	26,549,812.65	24,381,239.80	88.07	5,617	4,221	3.891	3.945
Investments	26,111,617.98	29,803,325.33	27,682,857.78	100.00%	4,947	3,718	3.459	3.507

Total Earnings	June 30 Month Ending	Fiscal Year To Date	Fiscal Year Ending
Current Year	79,569.49	895,567.87	895,567.87
Average Daily Balance	27,648,289.35	27,272,954.82	
Effective Rate of Return	3.50%	3.27%	

Gordon B. Ford, Treasurer/Tax Collector

**2006 Tobacco Series 2015/16
Portfolio Management
Portfolio Details - Investments
June 30, 2016**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
Money Market Fund												
SYS10000	10000	Invesco Tax- Free Inst Fund			2,164,539.70	2,164,539.70	2,164,539.70		0.000	0.000	1	
Subtotal and Average			2,125,059.70		2,164,539.70	2,164,539.70	2,164,539.70		0.000	0.000	1	
Mutual Fund												
SYS10001	10001	Tax Exempt Bond Fund		03/29/2006	1,137,078.28	1,088,972.98	1,137,078.28	0.780	0.769	0.780	1	
Subtotal and Average			1,135,809.45		1,137,078.28	1,088,972.98	1,137,078.28		0.769	0.780	1	
Municipal Bonds												
544351HH5	10015	Los Angeles Calif		04/03/2012	2,110,000.00	2,328,131.80	2,251,087.35	4.000	1.804	1.829	1,157	09/01/2019
797646RB4	10016	San Francisco Calif City & Cty		04/03/2012	2,000,000.00	2,225,580.00	2,089,656.09	4.000	3.381	3.428	3,636	06/15/2026
797646RB4	10017	San Francisco Calif City & Cty		04/03/2012	2,230,000.00	2,481,521.70	2,329,966.54	4.000	3.381	3.428	3,636	06/15/2026
13063BNC2	10014	California State		09/28/2011	1,500,000.00	1,818,525.00	1,591,500.00	5.250	4.364	4.424	3,714	09/01/2026
49228YAL2	10020	Kern County Water Agency		04/07/2016	1,000,000.00	1,287,850.00	1,219,533.04	5.000	2.769	2.807	3,956	05/01/2027
13062TPM0	10009	California State		01/20/2011	1,305,000.00	1,313,991.45	1,262,161.09	5.000	5.375	5.450	4,079	09/01/2027
13063BLV2	10013	California State		09/28/2011	2,500,000.00	3,029,475.00	2,642,151.49	5.250	4.468	4.530	4,079	09/01/2027
13063CS27	10022	California State		04/28/2016	1,000,000.00	1,298,930.00	1,266,869.14	5.000	2.555	2.590	4,810	09/01/2029
13063BAS1	10007	California State		10/27/2010	2,000,000.00	2,276,840.00	2,093,957.94	5.250	4.645	4.710	4,840	10/01/2029
13063BAR3	10008	California State		01/19/2011	3,410,000.00	3,849,037.50	3,216,802.53	5.000	5.622	5.700	4,840	10/01/2029
13063BEP3	10006	California State		10/07/2010	1,205,000.00	1,393,148.70	1,269,370.81	5.375	4.699	4.764	4,991	03/01/2030
80168QDS8	10019	Santa Clara Valley Ca Wtr Dist		03/30/2016	1,000,000.00	1,279,630.00	1,219,421.68	5.000	3.097	3.140	5,448	06/01/2031
13063CC40	10021	California State		04/28/2016	1,550,000.00	1,967,151.50	1,928,762.10	5.000	3.202	3.246	6,636	09/01/2034
Subtotal and Average			24,387,420.20		22,810,000.00	26,549,812.65	24,381,239.80		3.891	3.945	4,221	
Total and Average			27,648,289.35		26,111,617.98	29,803,325.33	27,682,857.78		3.459	3.507	3,718	

2006 Tobacco Series 2015/16
Portfolio Management
Portfolio Details - Cash
June 30, 2016

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity
Average Balance			0.00								0
Total Cash and Investments			27,648,289.35		26,111,617.98	29,803,325.33	27,682,857.78		3.459	3.507	3,718

**2006 Tobacco Series 2015/16
Portfolio Management
Activity By Type
June 1, 2016 through June 30, 2016**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
Money Market Fund (Monthly Summary)							
SYS10000	10000	Invesco Tax- Free Inst Fund			93,343.74	0.00	
		Subtotal			93,343.74	0.00	2,164,539.70
Mutual Fund							
SYS10001	10001	Tax Exempt Bond Fund	0.780		1,312.58	0.00	
		Subtotal			1,312.58	0.00	1,137,078.28
Municipal Bonds							
		Subtotal					24,381,239.80
		Total			94,656.32	0.00	27,682,857.78

**2006 Tobacco Series 2015/16
Portfolio Management
Activity Summary
June 2015 through June 2016**

Month End	Year	Number of Securities	Total Invested	Yield to Maturity		Managed Pool Rate	Number of Investments Purchased	Number of Investments Redeemed	Average Term	Average Days to Maturity
				360 Equivalent	365 Equivalent					
June	2015	11	27,593,345.74	3.015	3.057	0.000	0	0	3,859	2,886
July	2015	11	26,826,932.06	3.091	3.134	0.000	0	0	3,968	2,946
August	2015	11	26,828,063.17	3.095	3.138	0.000	0	0	3,967	2,923
September	2015	11	27,042,273.47	3.071	3.114	0.000	0	0	3,934	2,879
October	2015	11	27,181,999.63	3.046	3.089	0.000	0	0	3,913	2,842
November	2015	11	27,183,318.82	3.048	3.090	0.000	0	0	3,912	2,820
December	2015	11	27,270,064.56	3.045	3.087	0.000	0	0	3,899	2,789
January	2016	11	27,270,199.39	3.032	3.074	0.000	0	0	3,898	2,767
February	2016	11	27,271,200.11	3.017	3.058	0.000	0	0	3,897	2,747
March	2016	12	27,480,877.67	3.017	3.059	0.000	1	0	4,113	2,951
April	2016	15	27,610,744.81	3.470	3.519	0.000	3	0	4,964	3,785
May	2016	15	27,600,988.52	3.470	3.518	0.000	0	0	4,964	3,757
June	2016	15	27,682,857.78	3.459	3.507	0.000	0	0	4,947	3,718
Average		12	27,295,605.06	3.144%	3.188%	0.000	0	0	4,172	3,062

**2006 Tobacco Series 2015/16
Portfolio Management
Distribution of Investments By Type
June 2015 through June 2016**

Security Type	June 2015	July 2015	August 2015	September 2015	October 2015	November 2015	December 2015	January 2016	February 2016	March 2016	April 2016	May 2016	June 2016	Average by Period
Money Market Fund	8.5	5.9	5.9	5.9	5.8	5.8	5.8	5.8	5.8	23.1	7.5	7.5	7.8	7.8%
Mutual Fund	23.3	24.0	24.0	24.6	25.0	25.1	25.3	25.3	25.4	4.1	4.1	4.1	4.1	18.3%
Municipal Bonds	68.2	70.2	70.1	69.5	69.2	69.1	68.9	68.9	68.8	72.7	88.4	88.4	88.1	73.9%