

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

DEPT: Treasurer Tax Collector

BOARD AGENDA #: \*B-4

AGENDA DATE: August 22, 2017

**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, 2017

**BOARD ACTION AS FOLLOWS:**

No. 2017-462

On motion of Supervisor Withrow, Seconded by Supervisor Olsen  
and approved by the following vote,

Ayes: Supervisors: Olsen, Withrow, Monteith, DeMartini, and Chairman Chiesa

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:

  
ELIZABETH A. KING, Clerk of the Board of Supervisors

File No.

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

DEPT: Treasurer Tax Collector

BOARD AGENDA #: \*B-4

Urgent

Routine

*HK*

AGENDA DATE: August 22, 2017

CEO CONCURRENCE: *pht*

4/5 Vote Required: Yes  No

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**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, 2017

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**STAFF RECOMMENDATIONS:**

1. Review and accept the Annual Reports for the County of Stanislaus Tobacco Endowment Funds - Series 2002 and Series 2006 for Fiscal Year Ending June 30, 2017.
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 their interest in the TSRs, received \$52,403,206 and subsequently placed the funds in an endowment.

Acceptance of the Annual Reports for the County of Stanislaus Tobacco Endowment Funds - Series 2002 and Series 2006 for Fiscal Year Ending June 30, 2017

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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 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. 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 2016/2017 were \$3,270,307. In accordance with the investment policy, interest and net gains received have been distributed as follows: 80% net of expenses or \$2,611,085 was distributed to the General Fund as discretionary revenue and the remaining 20% was reinvested in the endowment in the current Fiscal Year. The balance in the 2002 fund at June 30, 2017 was \$60,095,987.

Since 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.

The balance in the 2006 fund at June 30, 2017 was \$28,511,056. 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 2016/2017 were \$1,076,022. In accordance with the investment policy, interest and net gains received have been distributed as follows: 80% net of expenses or \$855,545 was distributed to the General Fund as discretionary revenue and the remaining 20% was reinvested in the endowment in the current Fiscal Year.

The 2002 Tobacco Portfolio includes investments in long term municipal bonds. During Fiscal Year 2016/2017, there were eight municipal bond sales with a par value of \$15,040,000. Proceeds from these sales were intended to be used in a potential capital project. However, plans for this project were postponed and the funds were reinvested in the purchase of eleven municipal bonds with a par value of \$18,145,000. As of June 30, 2017, the Series 2002 Tobacco Portfolio balance was \$60,095,987 and had a market to par value of 109%.

The 2006 Tobacco Portfolio has included investments in long term municipal bonds since Fiscal Year 2010/2011. During the Fiscal Year 2016/2017, there was one municipal bond call. As of June 30, 2017, the Series 2006 Tobacco Portfolio balance was \$28,511,056 and had a market to par value of 108%.

## Acceptance of the Annual Reports for the County of Stanislaus Tobacco Endowment Funds - Series 2002 and Series 2006 for Fiscal Year Ending June 30, 2017

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In July 2014, the US Securities and Exchange Commission (SEC) amended the rules governing the US money market mutual fund industry. In addition, in September 2015, the SEC approved further rule amendments. These rules are intended to mitigate fund risk and enhance fund regulation and transparency for investors.

Generally, the new rules place tighter restrictions on portfolio holdings while enhancing liquidity and quality requirements. The most fundamental change is the requirement for money market funds to move from a fixed \$1 share price to a floating net asset value (NAV), which introduces the risk of principal where it had never existed. The amendments primarily target prime and tax-free money market funds. Under the amended rules, institutional investors may no longer invest in these types of accounts.

The money market amended rules went into effect on October 14, 2016. Both the 2002 Tobacco Endowment and the 2006 Tobacco Endowment each contained an Invesco Tax-Free Money Market account and a USAA Tax-Exempt mutual fund. Due to these new regulations, the tobacco endowment funds that were invested in these accounts were withdrawn and the accounts closed.

At this time, the Stanislaus County Investment Policy for the Investment of the Proceeds from the Securitization of the Tobacco Industry's Master Settlement Agreement does not identify an alternative short term liquid instrument that may be used as an authorized investment. Due to the unavailability of an authorized alternative investment, funds that were withdrawn from the closed accounts were brought into the main Stanislaus County Treasury bank account and are being held in an Auditor Controller trust account titled "Cash with Fiscal Agent". In addition, interest income that is paid on behalf of both Tobacco Endowments' municipal bond holdings is also being received into the same trust account.

### **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 the Board of Supervisors. The Board of Supervisors is asked to review and accept the report.

### **FISCAL IMPACT:**

Preparation of these annual reports is a minimal cost to the County. Costs associated with managing the Tobacco Endowment Fund Series 2002 were \$5,160 for Fiscal Year 2016/2017. This fund generated \$3,270,307 in interest earnings for the Fiscal Year ending June 30, 2017, of which \$2,611,085 (80% net of expenses) has been transferred to the General Fund as discretionary revenue in the current Fiscal Year 2017/2018.

Costs associated with managing the Tobacco Endowment Fund Series 2006 were \$5,272 for Fiscal Year 2016/2017. This fund generated \$1,076,022 in interest earnings for the Fiscal Year ending June 30, 2017, of which \$855,545 (80% net of expenses) has been transferred to the General Fund as discretionary revenue in the current Fiscal Year 2017/2018.

Acceptance of the Annual Reports for the County of Stanislaus Tobacco Endowment Funds - Series 2002 and Series 2006 for Fiscal Year Ending June 30, 2017

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<b>Cost of recommended action:</b>		\$ 10,432
<b>Source(s) of Funding:</b>		
Tobacco Interest Earnings	10,432	
<b>Funding Total:</b>		\$ 10,432
<b>Net Cost to County General Fund</b>		\$ -

<b>Fiscal Year:</b>	2016/2017
<b>Budget Adjustment/Appropriations needed:</b>	No

**Fund Balance as of** N/A

**BOARD OF SUPERVISORS' PRIORITY:**

Acceptance of these reports support the Board's priority of Efficient Delivery of Public Services by ensuring compliance with the Investment Policy and transparency in the administration of the Tobacco Endowment Funds

**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 prepares the annual reports.

**CONTACT PERSON:**

Lauren Klein, 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



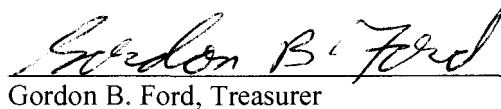
County of Stanislaus Tobacco Endowment Series 2002 Fund  
Annual Report  
June 2017

The Stanislaus County Tobacco Endowment Series 2002 Fund generated \$3,270,307 in interest income for the fiscal year ending June 30, 2017. The invested funds yielded an average interest rate of 2.80%. Eight municipal bonds were sold to raise approximately \$20 million dollars for a potential capital project. The sale of these bonds generated a net profit of \$1,091,263 which was recorded as an increase to interest income and is included in the above amount. Plans for the potential capital project were postponed and the sale proceeds were reinvested in the purchase of eleven municipal bonds. Costs associated with managing the fund were \$5,160, giving a net distribution to the County of \$2,611,085 which was distributed to the County on July 18, 2017.

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

7/31/17  
Date

  
Gordon B. Ford, Treasurer

7/31/17  
Date

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

  
Chairman, Board of Supervisors

8/22/17  
Date

STANISLAUS COUNTY 2002 TOBACCO SERIES  
MUNICIPAL BOND ACTIVITY  
UNION BANK OF CALIFORNIA, ACCOUNT# XXXXXX0241  
FISCAL YEAR ENDING JUNE 2017

DATE:	INV #	CUSIP	AGENCY	PAR	COST	PAR PAID	COUPON	YIELD	MATURITY
						@CALL / SALE			
HOLDINGS ON JUNE 30, 2016				50,140,000.00	53,059,959.51				
PURCHASES:									
08/31/16	78	15722TGS4	Chabot Community College Dist	1,225,000.00	1,398,190.50		4.000%	2.390%	8/1/2037
09/09/16	79	988176HN6	Yuba Community College Dist	3,590,000.00	3,730,404.90		3.000%	2.550%	8/1/2034
09/09/16	80	786009CD0	Sacramento Municipa Utilitied District	1,130,000.00	1,443,473.30		5.000%	1.610%	7/1/2029
09/09/16	81	032555NG5	Anaheim Elementary School Dist	1,565,000.00	1,554,577.10		2.625%	2.670%	8/1/2035
09/12/16	82	13063CVJ6	California State	1,925,000.00	2,361,590.00		5.000%	1.020%	8/1/2022
09/12/16	83	344640VQ7	Fontana Unified School District	2,045,000.00	2,024,631.80		2.000%	2.095%	8/1/2028
09/13/16	84	13063CX39	California State	1,950,000.00	2,488,356.00		5.000%	1.940%	9/1/2029
09/13/16	85	13063CX47	California State	1,950,000.00	2,478,235.50		5.000%	1.990%	9/1/2030
09/13/16	86	13063CT75	California State	750,000.00	937,050.00		5.000%	1.251%	9/1/2023
09/16/16	88	6966673W2	Palm Springs Unified School District	800,000.00	805,000.00		2.000%	1.930%	8/1/2027
09/28/16	89	304747FY9	Fairfield-Suisan Unified School Ditsrict	1,215,000.00	1,169,073.00		2.250%	2.541%	8/1/2032
TOTAL PURCHASES:				18,145,000.00	20,390,582.10				
SALES:									
07/05/16	47	13063BWZ1	California State	1,090,000.00	1,289,448.20	1,325,767.00	5.000%	2.870%	4/1/2022
07/05/16	51	13063BRE4	California State	3,000,000.00	3,465,330.00	3,634,920.00	5.250%	3.320%	2/1/2030
07/05/16	53	13063BRE4	California State	2,000,000.00	2,308,460.00	2,423,280.00	5.250%	3.330%	2/1/2030
07/05/16	56	13063B5B4	California State	1,000,000.00	1,170,750.00	1,231,120.00	5.000%	2.875%	10/1/2022
07/25/16	67	797355ZE7	San Diego Unified School District	1,950,000.00	2,495,142.00	2,593,266.00	5.250%	2.640%	7/1/2027
07/25/16	76	68428TCM7	Orange County Calif Sanitation District	2,000,000.00	2,484,260.00	2,560,460.00	5.000%	2.243%	2/1/2030
07/28/16	74	79730EFJ4	San Diego Calif Reg Bldg Auth	2,000,000.00	2,458,600.00	2,500,000.00	5.000%	2.325%	10/15/2030
07/28/16	75	68428TCL9	Orange County Calif Sanitation District	2,000,000.00	2,500,600.00	2,572,120.00	5.000%	2.161%	2/1/2029
TOTAL SALES:				15,040,000.00	18,172,590.20	18,840,933.00			
MATURITIES:									
04/03/17	4	13062NL96	California State	2,000,000.00	2,384,740.00	2,000,000.00	6.00%	4.22%	4/1/2017
TOTAL MATURITIES:				2,000,000.00	2,384,740.00	2,000,000.00			
HOLDINGS ON JUNE 30, 2017				51,245,000.00	52,893,211.41				



STANISLAUS COUNTY 2002 TOBACCO SERIES  
 STANISLAUS TOBACCO TRUST ACCOUNT  
 FISCAL YEAR ENDING JUNE 2017

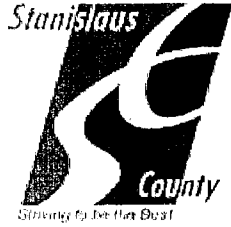
	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
BEGINNING		0.00	0.00	0.00	494,025.99	666,025.99
ADDITIONS				494,025.99	172,000.00	106,250.00
WITHDRAWALS						
ENDING VALUE	0.00	0.00	0.00	494,025.99	666,025.99	772,275.99

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	YTD
BEGINNING	772,275.99	875,200.99	1,080,740.46	1,292,365.46	3,619,990.46	3,791,990.46	0.00
ADDITIONS	102,925.00	205,539.47	211,625.00	2,327,625.00	172,000.00	106,250.00	3,898,240.46
WITHDRAWALS							0.00
TOTAL	875,200.99	1,080,740.46	1,292,365.46	3,619,990.46	3,791,990.46	3,898,240.46	3,898,240.46



STANISLAUS COUNTY 2002 TOBACCO SERIES  
MUTUAL FUND ACTIVITY  
USAA, INVESTMENT# 19, ACCOUNT# XXXXXXXX7035  
FISCAL YEAR ENDING JUNE 2017

	TRANSACT. SHARES	CUMULATIVE SHARES	PRICE	PURCHASE	WITHDRAWAL	INTEREST EARNINGS	TOTAL AS SUM OF DOLLARS	TOTAL SHARES AT ENDING PRICE
06/30/16	161.738	134,183.392	10.61				1,491,411.11	1,423,685.79
07/13/16	(16,783.661)	117,399.731	10.61		(178,074.64)		1,313,336.47	1,245,611.15
07/29/16	146.050	117,545.781	10.61			1,549.59	1,314,886.06	1,247,160.74
08/31/16	136.794	117,682.575	10.60			1,450.02	1,316,336.08	1,247,435.30
09/14/16	(117,682.575)	0.000	10.58		(1,245,081.64)		71,254.44	0.00
09/14/16		0.000				698.90	71,953.34	0.00
09/14/16		0.000			(698.90)		71,254.44	0.00
09/14/16		0.000				(71,254.44)	0.00	0.00
Totals				0.00	(1,423,855.18)	(67,555.93)		



**2002 Tobacco Series 2016/17  
Portfolio Management  
Portfolio Summary  
June 30, 2017**

<b>Investments</b>	<b>Par Value</b>	<b>Market Value</b>	<b>Book Value</b>	<b>% of Portfolio</b>	<b>Term</b>	<b>Days to Maturity</b>	<b>YTM 360 Equiv.</b>	<b>YTM 365 Equiv.</b>
Municipal Bonds	51,245,000.00	56,197,746.10	55,819,622.72	93.47	4,984	3,953	2.969	3.011
Stanislaus Tobacco Trust Account	3,898,240.46	3,898,240.46	3,898,240.46	6.53	1	1	0.000	0.000
<b>Investments</b>	<b>55,143,240.46</b>	<b>60,095,986.56</b>	<b>59,717,863.18</b>	<b>100.00%</b>	<b>4,659</b>	<b>3,695</b>	<b>2.775</b>	<b>2.814</b>

<b>Total Earnings</b>	<b>June 30 Month Ending</b>	<b>Fiscal Year To Date</b>	<b>Fiscal Year Ending</b>
Current Year	136,877.02	2,749,797.49	2,749,797.49
<b>Average Daily Balance</b>	<b>59,738,824.79</b>	<b>58,975,056.27</b>	
<b>Effective Rate of Return</b>	<b>2.79%</b>	<b>4.66%</b>	

Gordon B. Ford, Treasurer/Tax Collector

**2002 Tobacco Series 2016/17  
Portfolio Management  
Portfolio Details - Investments  
June 30, 2017**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
<b>Money Market Funds</b>												
SYS15	15	Invesco Tax Free Inst Fund			0.00	0.00	0.00		0.000	0.000	1	
<b>Subtotal and Average</b>			<b>0.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.000</b>	<b>0.000</b>	<b>0</b>	
<b>Mutual Fund</b>												
SYS19	19	USAA Tax-Exempt Short-Term Fun		07/01/2002	0.00	0.00	0.00	0.760	0.750	0.760	1	
<b>Subtotal and Average</b>			<b>0.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.000</b>	<b>0.000</b>	<b>0</b>	
<b>Municipal Bonds</b>												
13063B3Q3	55	California State		06/25/2013	1,990,000.00	2,160,463.40	2,115,636.74	5.000	1.968	1.995	822	10/01/2019
13063BWM0	46	California State		04/24/2012	2,000,000.00	2,089,460.00	1,988,056.89	2.500	2.644	2.680	1,370	04/01/2021
13063CVJ6	82	California State		09/12/2016	1,925,000.00	2,257,832.50	2,302,045.63	5.000	1.006	1.020	1,857	08/01/2022
156809CV5	21	Cerritos Pub Fing Auth Rev Tax		10/21/2002	1,000,000.00	1,030,430.00	1,000,000.00	5.000	4.931	5.000	1,949	11/01/2022
13063CT75	86	California State		09/13/2016	750,000.00	898,350.00	915,570.57	5.000	1.234	1.251	2,253	09/01/2023
13077CA46	59	California State Univ Revenue		08/07/2013	3,880,000.00	4,685,371.60	4,253,608.31	5.000	3.362	3.409	2,680	11/01/2024
13063B5F5	57	California State		07/17/2013	1,715,000.00	1,764,392.00	1,823,976.93	5.000	3.963	4.018	3,014	10/01/2025
797400JH2	66	San Diego Reg Transp Comm		09/30/2014	2,000,000.00	2,418,340.00	2,347,374.79	5.000	2.643	2.680	3,196	04/01/2026
544646S94	64	Los Angeles Unified School Dis		09/30/2014	1,250,000.00	1,507,837.50	1,460,569.37	5.000	2.747	2.785	3,287	07/01/2026
6966673W2	88	Palm Spring Unified School Dis		09/16/2016	800,000.00	767,352.00	804,636.02	2.000	1.909	1.936	3,683	08/01/2027
556437BT7	73	Madera Calif Irr Dist Wtr Rev		02/26/2016	2,000,000.00	2,392,720.00	2,436,109.53	5.000	2.482	2.516	3,714	09/01/2027
786134UC8	69	Sacramento Cnty Ca Santr Dists		10/28/2014	2,000,000.00	2,395,000.00	2,352,562.06	5.000	2.907	2.948	3,805	12/01/2027
072024RS3	60	Bay Area CA Toll Auth Toll Bri		08/12/2013	2,000,000.00	2,320,820.00	2,123,040.88	5.000	4.168	4.226	3,927	04/01/2028
072024RS3	63	Bay Area CA Toll Auth Toll Bri		08/07/2013	2,000,000.00	2,320,820.00	2,123,481.91	5.000	4.160	4.217	3,927	04/01/2028
344640VQ7	83	Fontana Unified School Distr		09/12/2016	2,045,000.00	1,861,134.05	2,026,007.45	2.000	2.066	2.095	4,049	08/01/2028
13063BLW0	44	California State		09/28/2011	2,500,000.00	2,757,700.00	2,488,140.57	4.250	4.251	4.311	4,080	09/01/2028
786009CD0	80	Sacramento MUD		09/09/2016	1,130,000.00	1,344,168.90	1,423,626.33	5.000	2.428	2.462	4,383	07/01/2029
13063CX39	84	California State		09/13/2016	1,950,000.00	2,357,199.00	2,455,141.23	5.000	2.461	2.495	4,445	09/01/2029
91412GHV0	58	Univ of California Revenue		07/24/2013	2,000,000.00	2,305,460.00	2,115,026.74	5.000	4.304	4.364	4,701	05/15/2030
271014YC0	65	East Bay Mun Utilt Dist Wtr		09/30/2014	2,250,000.00	2,660,850.00	2,617,810.38	5.000	3.315	3.361	4,718	06/01/2030
801495G30	54	Santa Clara Calif Uni Sch Dist		08/28/2012	2,895,000.00	2,873,519.10	2,788,201.68	3.000	3.326	3.372	4,748	07/01/2030
13063CX47	85	California State		09/13/2016	1,950,000.00	2,339,493.00	2,447,978.57	5.000	2.628	2.665	4,810	09/01/2030
801181AS7	71	Santa Ana Clg Impt Dist #1		10/30/2014	1,620,000.00	1,594,339.20	1,569,392.93	3.000	3.245	3.291	5,144	08/01/2031
304747FY9	89	Fairfield-Suisan Unif Sch Dist		09/28/2016	1,215,000.00	1,049,492.70	1,171,271.50	2.250	2.507	2.541	5,510	08/01/2032
988176HN6	79	Yuba Community College Dist		09/09/2016	3,590,000.00	3,388,457.40	3,724,040.69	3.000	2.685	2.722	6,240	08/01/2034
032555NG5	81	Anaheim Elementary School Dist		09/09/2016	1,565,000.00	1,366,010.25	1,555,024.54	2.625	2.634	2.670	6,605	08/01/2035
15722TGS4	78	Chabot Las Positas Calif Coll		08/31/2016	1,225,000.00	1,290,733.50	1,391,290.48	4.000	3.036	3.078	7,336	08/01/2037

Portfolio T02  
AC  
PM (PRF\_PM2) 7.2.5

**2002 Tobacco Series 2016/17  
Portfolio Management  
Portfolio Details - Investments  
June 30, 2017**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
<b>Subtotal and Average</b>			<b>55,840,584.33</b>		<b>51,245,000.00</b>	<b>56,197,746.10</b>	<b>55,819,622.72</b>		<b>2.969</b>	<b>3.011</b>	<b>3,953</b>	
<b>Stanislaus Tobacco Trust Account</b>												
SYS90	90	Stanislaus Tobacco Trust Acct		10/07/2016	3,898,240.46	3,898,240.46	3,898,240.46		0.000	0.000	1	
<b>Subtotal and Average</b>			<b>3,898,240.46</b>		<b>3,898,240.46</b>	<b>3,898,240.46</b>	<b>3,898,240.46</b>		<b>0.000</b>	<b>0.000</b>	<b>1</b>	
<b>Total and Average</b>			<b>59,738,824.79</b>		<b>55,143,240.46</b>	<b>60,095,986.56</b>	<b>59,717,863.18</b>		<b>2.775</b>	<b>2.814</b>	<b>3,695</b>	

**2002 Tobacco Series 2016/17**  
**Portfolio Management**  
**Activity By Type**  
**June 1, 2017 through June 30, 2017**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
<b>Money Market Funds (Monthly Summary)</b>							
<b>Subtotal</b>							<b>0.00</b>
<b>Mutual Fund</b>							
<b>Subtotal</b>							<b>0.00</b>
<b>Municipal Bonds</b>							
<b>Subtotal</b>							<b>55,819,622.72</b>
<b>Stanislaus Tobacco Trust Account (Monthly Summary)</b>							
SYS90	90	Stanislaus Tobacco Trust Acct			106,250.00	0.00	
<b>Subtotal</b>							<b>3,898,240.46</b>
<b>Total</b>					<b>106,250.00</b>	<b>0.00</b>	<b>59,717,863.18</b>

**2002 Tobacco Series 2016/17  
Portfolio Management  
Activity Summary  
June 2016 through June 2017**

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	2016	27	58,854,399.36	3.148	3.192	0.000	0	0	4,758	3,700
July	2016	19	58,432,755.36	2.218	2.249	0.000	0	8	3,211	2,351
August	2016	20	58,433,049.33	2.289	2.321	0.000	1	0	3,392	2,513
September	2016	30	58,431,379.83	2.998	3.040	0.000	10	0	4,975	4,070
October	2016	31	58,716,083.59	2.982	3.023	0.000	1	0	4,948	4,017
November	2016	31	58,842,516.69	2.973	3.015	0.000	0	0	4,934	3,976
December	2016	31	58,903,209.62	2.968	3.009	0.000	0	0	4,926	3,939
January	2017	31	58,949,905.35	2.963	3.005	0.000	0	0	4,918	3,902
February	2017	31	59,076,016.82	2.954	2.995	0.000	0	0	4,902	3,861
March	2017	31	59,242,084.74	2.944	2.985	0.000	0	0	4,885	3,817
April	2017	30	59,526,340.97	2.788	2.827	0.000	0	1	4,680	3,769
May	2017	30	59,654,982.02	2.780	2.819	0.000	0	0	4,667	3,729
June	2017	30	59,717,863.18	2.775	2.814	0.000	0	0	4,659	3,695
<b>Average</b>		<b>29</b>	<b>58,983,122.07</b>	<b>2.829%</b>	<b>2.869%</b>	<b>0.000</b>	<b>1</b>	<b>1</b>	<b>4,604</b>	<b>3,641</b>



**2002 Tobacco Series 2016/17  
Portfolio Management  
Distribution of Investments By Type  
June 2016 through June 2017**

Security Type	June 2016	July 2016	August 2016	September 2016	October 2016	November 2016	December 2016	January 2017	February 2017	March 2017	April 2017	May 2017	June 2017	Average by Period
Money Market Funds	2.8	32.9	30.5	0.3										5.1%
Mutual Fund	2.5	2.3	2.3											0.5%
Municipal Bonds	94.6	64.9	67.2	99.7	99.2	98.9	98.7	98.5	98.2	97.8	93.9	93.6	93.5	92.2%
Stanislaus Tobacco Trust Account					0.8	1.1	1.3	1.5	1.8	2.2	6.1	6.4	6.5	2.1%
Municipal Anticipation Notes														

ATTACHMENT 2

COUNTY OF STANISLAUS TOBACCO ENDOWMENT SERIES 2006 FUND -  
ANNUAL REPORT



Gordon B. Ford  
Treasurer/Tax Collector

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

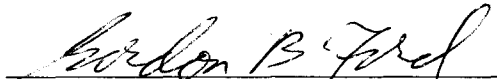
County of Stanislaus Tobacco Endowment Series 2006 Fund  
Annual Report  
June 2017

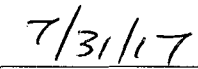
The Stanislaus County Tobacco Endowment Series 2006 Fund generated \$1,076,022 in interest income for the fiscal year ending June 30, 2017. The invested funds yielded an average interest rate of 3.52%. One municipal bond was called prior to maturity resulting in a net profit of \$42,193 which was recorded as an increase to interest income and is included in the above amount. Costs associated with managing the fund were \$5,272, giving a net distribution to the County of \$855,545 which was distributed to the County on July 18, 2017.

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.

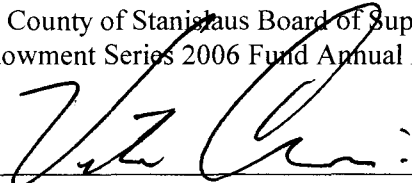
  
Dolores Sarenana, Chief Deputy Treasurer

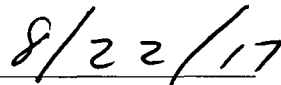
  
Date

  
Gordon B. Ford, Treasurer

  
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

  
Date

STANISLAUS COUNTY 2006 TOBACCO SERIES  
MUNICIPAL BOND ACTIVITY  
UNION BANK OF CALIFORNIA, ACCOUNT# XXXXXX0242  
FISCAL YEAR ENDING JUNE 2017

DATE:    INV#        CUSIP                    AGENCY                    PAR            COST            PAR PAID    COUPON YIELD    MATURITY  
@CALL/SALE

HOLDINGS ON JUNE 30, 2016	22,810,000.00	24,728,218.95				
---------------------------	---------------	---------------	--	--	--	--

PURCHASES:

9/22/2016	10024	817409G66	Sequoia Union High School Dist	3,440,000.00	3,396,036.80		2.50%	2.59%	7/1/2034
TOTAL PURCHASES:				3,440,000.00	3,396,036.80				

CALLS:

9/1/2016	10009	13062TPM0	State of California	1,305,000.00	1,241,263.80	1,305,000.00	5.0000%	5.45%	9/1/2027
TOTAL CALLS:				1,305,000.00	1,241,263.80				

MATURITIES:

NONE				0.00	0.00				
TOTAL CALLS:				0.00	0.00				

HOLDINGS ON JUNE 30, 2017	24,945,000.00	26,882,991.95				
---------------------------	---------------	---------------	--	--	--	--

STANISLAUS COUNTY 2006 TOBACCO SERIES  
 STANISLAUS TOBACCO TRUST ACCOUNT  
 FISCAL YEAR ENDING JUNE 2017

	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
BEGINNING		0.00	0.00	0.00	805,373.23	833,706.56
ADDITIONS				805,373.23	28,333.33	109,600.00
WITHDRAWALS						
ENDING VALUE	0.00	0.00	0.00	805,373.23	833,706.56	943,306.56

	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	YTD
BEGINNING	943,306.56	966,956.56	966,956.56	1,210,290.94	1,348,040.94	1,373,040.94	0.00
ADDITIONS	23,650.00		243,334.38	137,750.00	25,000.00	109,600.00	1,482,640.94
WITHDRAWALS							0.00
TOTAL	966,956.56	966,956.56	1,210,290.94	1,348,040.94	1,373,040.94	1,482,640.94	1,482,640.94



STANISLAUS COUNTY 2006 TOBACCO SERIES  
MUTUAL FUND ACTIVITY  
USAA, INVESTMENT# 10001, ACCOUNT# XXXXXX3596  
FISCAL YEAR ENDING JUNE 2017

	TRANSACT. SHARES	CUMULATIVE SHARES	PRICE	PURCHASE	WITHDRAWAL	INTEREST EARNINGS	TOTAL AS SUM OF DOLLARS	SHARES AT ENDING PRICE
06/30/16	123.713	102,636.473	10.61				1,137,078.28	1,088,972.98
07/29/16	120.485	102,756.958	10.61			1,278.35	1,138,356.63	1,090,251.33
08/31/16	119.584	102,876.542	10.60			1,267.59	1,139,624.22	1,090,491.35
09/14/16	(94,519.849)	8,356.693	10.58		(1,000,020.00)		139,604.22	88,413.82
09/27/16	(8,356.693)	0.000	10.58		(88,413.81)		51,190.40	0.00
09/27/16		0.000				658.26	51,848.66	0.00
09/27/16		0.000			(658.26)	0.00	51,190.40	0.00
09/27/16		0.000				(51,190.40)	0.00	0.00
Totals				0.00	(1,089,092.07)	(47,986.20)		



**2006 Tobacco Series 2016/17  
Portfolio Management  
Portfolio Summary  
June 30, 2017**

<b>Investments</b>	<b>Par Value</b>	<b>Market Value</b>	<b>Book Value</b>	<b>% of Portfolio</b>	<b>Term</b>	<b>Days to Maturity</b>	<b>YTM 360 Equiv.</b>	<b>YTM 365 Equiv.</b>
Stanislaus Tobacco Trust Account	1,482,640.94	1,482,640.94	1,482,640.94	5.33	1	1	0.000	0.000
Municipal Bonds	24,945,000.00	27,028,414.70	26,350,065.29	94.67	5,714	4,168	3.655	3.706
<b>Investments</b>	<b>26,427,640.94</b>	<b>28,511,055.64</b>	<b>27,832,706.23</b>	<b>100.00%</b>	<b>5,409</b>	<b>3,946</b>	<b>3.460</b>	<b>3.509</b>

<b>Total Earnings</b>	<b>June 30 Month Ending</b>	<b>Fiscal Year To Date</b>	<b>Fiscal Year Ending</b>
Current Year	80,073.68	1,000,467.85	1,000,467.85
<b>Average Daily Balance</b>	<b>27,799,485.31</b>	<b>27,398,907.51</b>	
<b>Effective Rate of Return</b>	<b>3.50%</b>	<b>3.65%</b>	

Gordon B. Ford, Treasurer/Tax Collector



**2006 Tobacco Series 2016/17  
Portfolio Management  
Portfolio Details - Investments  
June 30, 2017**

CUSIP	Investment #	Issuer	Average Balance	Purchase Date	Par Value	Market Value	Book Value	Stated Rate	YTM 360	YTM 365	Days to Maturity	Maturity Date
<b>Money Market Fund</b>												
SYS10000	10000	Invesco Tax-Free Inst Fund			0.00	0.00	0.00		0.000	0.000	1	
<b>Subtotal and Average</b>			<b>0.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.000</b>	<b>0.000</b>	<b>0</b>	
<b>Stanislaus Tobacco Trust Account</b>												
SYS10026	10026	Stanislaus Tobacco Trust Acct		10/07/2016	1,482,640.94	1,482,640.94	1,482,640.94		0.000	0.000	1	
<b>Subtotal and Average</b>			<b>1,443,160.94</b>		<b>1,482,640.94</b>	<b>1,482,640.94</b>	<b>1,482,640.94</b>		<b>0.000</b>	<b>0.000</b>	<b>1</b>	
<b>Mutual Fund</b>												
SYS10001	10001	Tax Exempt Bond Fund		03/29/2006	0.00	0.00	0.00	0.760	0.750	0.760	1	
<b>Subtotal and Average</b>			<b>0.00</b>		<b>0.00</b>	<b>0.00</b>	<b>0.00</b>		<b>0.000</b>	<b>0.000</b>	<b>0</b>	
<b>Municipal Bonds</b>												
544351HH5	10015	Los Angeles Calif		04/03/2012	2,110,000.00	2,241,664.00	2,206,533.45	4.000	1.804	1.829	792	09/01/2019
797646RB4	10016	San Francisco Calif City & Cty		04/03/2012	2,000,000.00	2,152,340.00	2,080,650.45	4.000	3.381	3.428	3,271	06/15/2026
797646RB4	10017	San Francisco Calif City & Cty		04/03/2012	2,230,000.00	2,399,859.10	2,319,925.26	4.000	3.381	3.428	3,271	06/15/2026
13063BNC2	10014	California State		09/28/2011	1,500,000.00	1,735,455.00	1,582,500.00	5.250	4.364	4.424	3,349	09/01/2026
49228YAL2	10020	Kern County Water Agency		04/07/2016	1,000,000.00	1,210,830.00	1,199,277.84	5.000	2.769	2.807	3,591	05/01/2027
13063BLV2	10013	California State		09/28/2011	2,500,000.00	2,889,125.00	2,629,421.51	5.250	4.468	4.530	3,714	09/01/2027
13063CS27	10022	California State		04/28/2016	1,000,000.00	1,208,820.00	1,246,604.12	5.000	2.555	2.590	4,445	09/01/2029
13063BAS1	10007	California State		10/27/2010	2,000,000.00	2,177,220.00	2,086,866.77	5.250	4.645	4.710	4,475	10/01/2029
13063BAR3	10008	California State		01/19/2011	3,410,000.00	3,688,699.30	3,231,383.47	5.000	5.622	5.700	4,475	10/01/2029
13063BEP3	10006	California State		10/07/2010	1,205,000.00	1,330,946.60	1,264,660.75	5.375	4.699	4.764	4,626	03/01/2030
80168QDS8	10019	Santa Clara Valley Ca Wtr Dist		03/30/2016	1,000,000.00	1,198,450.00	1,204,711.85	5.000	3.097	3.140	5,083	06/01/2031
817409G66	10024	Sequoia Union High School Dist		09/22/2016	3,440,000.00	2,972,779.20	3,397,953.62	2.500	2.555	2.590	6,209	07/01/2034
13063CC40	10021	California State		04/28/2016	1,550,000.00	1,822,226.50	1,899,576.20	5.000	3.202	3.246	6,271	09/01/2034
<b>Subtotal and Average</b>			<b>26,356,324.37</b>		<b>24,945,000.00</b>	<b>27,028,414.70</b>	<b>26,350,065.29</b>		<b>3.655</b>	<b>3.706</b>	<b>4,168</b>	
<b>Total and Average</b>			<b>27,799,485.31</b>		<b>26,427,640.94</b>	<b>28,511,055.64</b>	<b>27,832,706.23</b>		<b>3.460</b>	<b>3.509</b>	<b>3,946</b>	

**2006 Tobacco Series 2016/17  
Portfolio Management  
Activity By Type  
June 1, 2017 through June 30, 2017**

CUSIP	Investment #	Issuer	Stated Rate	Transaction Date	Purchases or Deposits	Redemptions or Withdrawals	Balance
<b>Money Market Fund (Monthly Summary)</b>							
<b>Subtotal</b>							<b>0.00</b>
<b>Stanislaus Tobacco Trust Account (Monthly Summary)</b>							
SYS10026	10026	Stanislaus Tobacco Trust Acct			109,600.00	0.00	
<b>Subtotal</b>							<b>1,482,640.94</b>
<b>Mutual Fund</b>							
<b>Subtotal</b>							<b>0.00</b>
<b>Municipal Bonds</b>							
<b>Subtotal</b>							<b>26,350,065.29</b>
<b>Total</b>					<b>109,600.00</b>	<b>0.00</b>	<b>27,832,706.23</b>

**2006 Tobacco Series 2016/17  
Portfolio Management  
Activity Summary  
June 2016 through June 2017**

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	2016	15	27,682,857.78	3.459	3.507	0.000	0	0	4,947	3,718
July	2016	15	26,909,848.32	3.557	3.606	0.000	0	0	5,087	3,795
August	2016	15	26,898,632.96	3.556	3.606	0.000	0	0	5,087	3,766
September	2016	15	27,133,310.24	3.561	3.611	0.000	1	1	5,568	4,329
October	2016	16	27,259,148.04	3.544	3.593	0.000	1	0	5,541	4,277
November	2016	16	27,274,531.56	3.540	3.590	0.000	0	0	5,535	4,244
December	2016	16	27,371,126.26	3.527	3.576	0.000	0	0	5,514	4,197
January	2017	16	27,381,770.94	3.524	3.573	0.000	0	0	5,509	4,164
February	2017	16	27,368,932.12	3.524	3.573	0.000	0	0	5,510	4,137
March	2017	16	27,599,261.19	3.494	3.542	0.000	0	0	5,462	4,071
April	2017	16	27,724,061.35	3.477	3.525	0.000	0	0	5,435	4,023
May	2017	16	27,736,056.04	3.474	3.522	0.000	0	0	5,430	3,990
June	2017	16	27,832,706.23	3.460	3.509	0.000	0	0	5,409	3,946
<b>Average</b>		<b>16</b>	<b>27,397,864.85</b>	<b>3.515%</b>	<b>3.564%</b>	<b>0.000</b>	<b>0</b>	<b>0</b>	<b>5,387</b>	<b>4,051</b>

**2006 Tobacco Series 2016/17  
Portfolio Management  
Distribution of Investments By Type  
June 2016 through June 2017**

Security Type	June 2016	July 2016	August 2016	September 2016	October 2016	November 2016	December 2016	January 2017	February 2017	March 2017	April 2017	May 2017	June 2017	Average by Period
Money Market Fund	7.8	5.2	5.2	2.5										1.6%
Stanislaus Tobacco Trust Account					3.0	3.1	3.5	3.5	3.5	4.4	4.9	5.0	5.3	2.8%
Mutual Fund	4.1	4.2	4.2											1.0%
Municipal Bonds	88.1	90.6	90.6	97.5	97.1	96.9	96.6	96.5	96.5	95.6	95.1	95.1	94.7	94.7%