

MORROW COUNTY BOARD OF COMMISSIONERS MEETING AGENDA

Wednesday, August 11, 2021 at 9:00 a.m.

Bartholomew Building Upper Conference Room

110 N. Court St., Heppner, Oregon

See Zoom Meeting Information on Page 2

1. **Call to Order and Pledge of Allegiance: 9:00 a.m.**
2. **City/Citizen Comments:** Individuals may address the Board on issues not on the agenda
3. **Open Agenda:** The Board may introduce subjects not already on the agenda
4. **Consent Calendar**
 - a. Approve Accounts Payable & Payroll Payables
 - b. Request to Purchase Five Public Transit Vehicles
5. **Public Hearing:** Supplemental Budget Resolution No. R-2021-20, Fund #504 - 5310 Federal Transit Administration (FTA) Grant
6. **Business Items**
 - a. Introduction of Aaron Moss, Fellow with Lead for America, hosted by Morrow County (Commissioner Melissa Lindsay)
 - b. Audio Visual Equipment for Morrow County Government Center Building and Bartholomew Building (Darrell J. Green, Administrator)
 - c. Grants to Cities Appropriations (Kate Knop, Finance Director)
 - d. Discussion – Local Control of Masking (Commissioner Lindsay)
 - e. Morrow County Command Team Update
 - f. Building Project Updates
7. **Department Reports**
 - a. Planning Department Monthly Report (Tamra Mabbott)
 - b. Treasurer’s Monthly Report (Jaylene Papineau)
8. **Correspondence**
9. **Commissioner Reports**
10. **Executive Session:** Pursuant to ORS 192.660(2)(d) – To conduct deliberations with persons designated by the governing body to carry on labor negotiations
11. **Sign documents**
12. **Adjournment**

Agendas are available every Friday on our website (www.co.morrow.or.us/boc under “Upcoming Events”). Meeting Packets are also available the following Monday.

The meeting location is accessible to persons with disabilities. A request for an interpreter for the hearing impaired or for other accommodations for persons with disabilities should be made at least 48 hours before the meeting to Roberta Lutcher at (541) 676-5613.

Pursuant to ORS 192.640, this agenda includes a list of the principal subjects anticipated to be considered at the meeting; however, the Board may consider additional subjects as well. This meeting is open to the public and interested citizens are invited to attend. Executive sessions are closed to the public; however, with few exceptions and under specific guidelines, are open to the media. The Board may recess for lunch depending on the anticipated length of the meeting and the topics on the agenda. If you have anything that needs to be on the agenda, please notify the

Board office before noon of the preceding Friday. If something urgent comes up after this publication deadline, please notify the office as soon as possible. If you have any questions about items listed on the agenda, please contact Darrell J. Green, County Administrator at (541) 676-2529.

Zoom Meeting Information

Join Zoom Meeting:

<https://zoom.us/j/5416762546>

PASSWORD: 97836

Meeting ID: 541-676-2546

Zoom Call-In Numbers for Audio Only:

- 1-346-248-7799, Meeting ID: 541 676 2546#
- 1-669-900-6833, Meeting ID: 541 676 2546#
- 1-312-626-6799, Meeting ID: 541-676-2546#
- 1-929-436-2866, Meeting ID: 541-676-2546#
- 1-253-215-8782, Meeting ID: 541-676-2546#
- 1-301-715-8592, Meeting ID: 541-676-2546#



AGENDA ITEM COVER SHEET
Morrow County Board of Commissioners
(Page 1 of 2)

(For BOC Use)
Item #
46

Please complete for each agenda item submitted for consideration by the Board of Commissioners
(See notations at bottom of form)

Presenter at BOC: Katie Imes
Department: The Loop
Short Title of Agenda Item:
(No acronyms please)

Date submitted to reviewers: 8/4/2021
Requested Agenda Date: 8/11/2021

Request to Purchase Five Public Transit Vehicles

This Item Involves: (Check all that apply for this meeting.)
Order or Resolution
Ordinance/Public Hearing:
1st Reading 2nd Reading
Public Comment Anticipated:
Estimated Time:
Document Recording Required
Contract/Agreement
Appointments
Update on Project/Committee
Consent Agenda Eligible
Discussion & Action
Estimated Time:
Purchase Pre-Authorization
Other

N/A
Purchase Pre-Authorizations, Contracts & Agreements
Contractor/Entity: Creative Bus Sales
Contractor/Entity Address: 14740 Ramona Ave. Chino, CA. 91710
Effective Dates - From: Through:
Total Contract Amount: 499,569.00 Budget Line: 225-320-5-40-XXXX
Does the contract amount exceed \$5,000? Yes No

Reviewed By:

Department Director Required for all BOC meetings
Administrator Required for all BOC meetings
County Counsel *Required for all legal documents
Finance Office *Required for all contracts; other items as appropriate.
Human Resources *If appropriate
* Allow 1 week for review (submit to all simultaneously). When each office has notified the submitting department of approval, then submit the request to the BOC for placement on the agenda.

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AGENDA ITEM COVER SHEET

Morrow County Board of Commissioners

(Page 2 of 2)

1. ISSUES, BACKGROUND, DISCUSSION AND OPTIONS (IF ANY):

In July 2021 Morrow County received and accepted a STIF Discretionary grant to replace and expand our vehicle fleet. The match for this grant will come from Morrow County STIF Formula Plan.

These vehicles will be used for our demand response service and our anticipated fixed route services. A quote request was released on the Morrow County website in July and sent to three vendors. Attached is the ODOT comparison form - lowest cost selection. Creative Bus Sales is the lowest cost provider.

Vehicle Details:

Three Starcraft Allstar/Ford F450 **\$298,839 Budget #225-320-5-40-4404**

12 regular seats/2 ADA stations

Wheelchair Lift

Gasoline

One Starcraft Allstar XL/Ford F550 **\$147,415 Budget #225-320-5-40-4403**

24 regular seats/2 ADA stations

Wheelchair Lift

Gasoline

One Braun Ability ADA Voyager Rear Entry **\$53,315 #225-320-5-40-4405**

5 regular seats/1 ADA station

Wheelchair ramp

Gasoline

2. FISCAL IMPACT:

\$499,569 from the #225 budget

3. SUGGESTED ACTION(S)/MOTION(S):

Motion to approve the purchase of five transit vehicles from Creative Bus Sales.

Attach additional background documentation as needed.

ODOT PUBLIC TRANSIT VEHICLE PURCHASE

Agency Name: Morrow County - The Loop		Contact Person: Katie Imes
Grant Agreement No. 35077	Date: 7/30/21	Phone No. 541-676-5667

STATE PRICE AGREEMENT RFQ COMPARISON FORM - LOWEST COST SELECTION

Vehicle Useful Life Category: C	No. of Vehicles To Be Purchased: 1	No. of Regular Seats: 24	No. of ADA Stations: 2
Required Specifications:	<input checked="" type="checkbox"/> From RFQ (attach all RFQ's behind this form)	<input type="checkbox"/> Other (Attach list or document)	
Additional Preferred Options:	<input checked="" type="checkbox"/> From RFQ (attach all RFQ's behind this form)	<input type="checkbox"/> Other (Attach list or document)	

PRICES QUOTED FROM VENDORS (Insert Vendor Names in Columns Below):

Requested Quotes	Vendor: Creative Bus	Vendor:	Vendor:	Vendor:
Vehicle Make/Model Proposed:	Starcraft Allstar XL/Ford F550			
Vehicle Base Price:	\$107,990			
Cost of Required Specifications:	\$22,565			
Total Vehicle Cost With All Required Specifications:	\$130,555	\$0	\$0	\$0
Cost of Additional Preferred Options (if any - enter zero if none):	\$16,860			
Total Vehicle Cost With Required Specifications and Preferred Options:	\$147,415	\$0	\$0	\$0
Lowest Cost Vehicle Selected:	<input checked="" type="checkbox"/> Selected <input type="checkbox"/> Not Selected	<input type="checkbox"/> Selected <input type="checkbox"/> Not Selected	<input type="checkbox"/> Selected <input type="checkbox"/> Not Selected	<input type="checkbox"/> Selected <input type="checkbox"/> Not Selected

Comments: RFQ was sent to three vendors, Creative Bus was the only vendor to respond. Creative Bus RFQ included Optional AVA System, the Loop will not be purchasing this equipment and subtracted it from the Preferred Options dollar amount.

AGENCY SIGNATURE (Required):

Agency Representative (enter printed name and title below)	Phone No. / E-mail address (enter below)
Katie Imes - Transportation Coordinator	541-676-5667 kimes@co.morrow.or.us
Signature of Agency Representative:	Date of Signature:

ODOT PUBLIC TRANSIT VEHICLE PURCHASE

Agency Name: Morrow County - the Loop		Contact Person: Katie Imes
Grant Agreement No. 35077	Date: 7/30/21	Phone No. 541-676-5667

STATE PRICE AGREEMENT RFQ COMPARISON FORM - LOWEST COST SELECTION

Vehicle Useful Life Category: D	No. of Vehicles To Be Purchased: 3	No. of Regular Seats: 14	No. of ADA Stations: 2
Required Specifications:	<input checked="" type="checkbox"/> From RFQ (attach all RFQ's behind this form)	<input type="checkbox"/> Other (Attach list or document)	
Additional Preferred Options:	<input checked="" type="checkbox"/> From RFQ (attach all RFQ's behind this form)	<input type="checkbox"/> Other (Attach list or document)	

PRICES QUOTED FROM VENDORS (Insert Vendor Names in Columns Below):

Requested Quotes	Vendor: Creative Bus	Vendor: NW Bus Sales	Vendor: Schetky	Vendor:
Vehicle Make/Model Proposed:	Starcraft Allstar 22/ Ford F450	Ford E450 Metro Link	Eldorado Advantage 250 Ford E450	
Vehicle Base Price:	\$72,738	\$75,548	\$79,457	
Cost of Required Specifications:	\$12,420	\$11,348	\$30,113	
Total Vehicle Cost With All Required Specifications:	\$85,158	\$86,896	\$109,570	\$0
Cost of Additional Preferred Options (if any - enter zero if none):	\$14,455	\$13,107	\$13,154	
Total Vehicle Cost With Required Specifications and Preferred Options:	\$99,613	\$100,003	\$122,724	\$0
Lowest Cost Vehicle Selected:	<input checked="" type="checkbox"/> Selected <input type="checkbox"/> Not Selected	<input type="checkbox"/> Selected <input checked="" type="checkbox"/> Not Selected	<input type="checkbox"/> Selected <input checked="" type="checkbox"/> Not Selected	<input type="checkbox"/> Selected <input type="checkbox"/> Not Selected
Comments:	Creative Bus RFQ included Optional AVA System, the Loop will not be purchasing this equipment and subtracted it from the Preferred Options dollar amount.			

AGENCY SIGNATURE (Required):

Agency Representative (enter printed name and title below)	Phone No. / E-mail address (enter below)
Katie Imes - Transportation Coordinator	541-676-5667/kimes@co.morrow.or.us
Signature of Agency Representative:	Date of Signature:

ODOT PUBLIC TRANSIT VEHICLE PURCHASE

Agency Name: Morrow County	Contact Person: Katie Imes
Grant Agreement No. 35077	Date: 7/30/21
	Phone No. 541-676-5667

STATE PRICE AGREEMENT RFQ COMPARISON FORM - LOWEST COST SELECTION

Vehicle Useful Life Category: E3	No. of Vehicles To Be Purchased: 1	No. of Regular Seats: 4	No. of ADA Stations: 1
Required Specifications:	<input checked="" type="checkbox"/> From RFQ (attach all RFQ's behind this form)	<input type="checkbox"/> Other (Attach list or document)	
Additional Preferred Options:	<input checked="" type="checkbox"/> From RFQ (attach all RFQ's behind this form)	<input type="checkbox"/> Other (Attach list or document)	

PRICES QUOTED FROM VENDORS (Insert Vendor Names in Columns Below):

Requested Quotes	Vendor: Creative Bus	Vendor:	Vendor:	Vendor:
Vehicle Make/Model Proposed:	Braun Ability ADA Vogager Rear Entry			
Vehicle Base Price:	\$48,153			
Cost of Required Specifications:	\$3,397			
Total Vehicle Cost With All Required Specifications:	\$51,550	\$0	\$0	\$0
Cost of Additional Preferred Options (if any - enter zero if none):	\$1,765			
Total Vehicle Cost With Required Specifications and Preferred Options:	\$53,315	\$0	\$0	\$0
Lowest Cost Vehicle Selected:	<input checked="" type="checkbox"/> Selected <input type="checkbox"/> Not Selected	<input type="checkbox"/> Selected <input type="checkbox"/> Not Selected	<input type="checkbox"/> Selected <input type="checkbox"/> Not Selected	<input type="checkbox"/> Selected <input type="checkbox"/> Not Selected

Comments:	RFQ was sent to three vendors, Creative Bus was the only vendor to respond.
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AGENCY SIGNATURE (Required):

Agency Representative (enter printed name and title below)	Phone No. / E-mail address (enter below)
Katie Imes - Transportation Coordinator	541-676-5667 kimes@co.morrow.or.us
Signature of Agency Representative:	Date of Signature:



AGENDA ITEM COVER SHEET
Morrow County Board of Commissioners
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(For BOC Use)
Item #
5

Please complete for each agenda item submitted for consideration by the Board of Commissioners
(See notations at bottom of form)

Presenter at BOC: Kate Knop
Department: Finance
Short Title of Agenda Item:
(No acronyms please)

Phone Number (Ext): 5302
Requested Agenda Date: 08/11/2021

Resolution - R-2021-20 Supplemental Budget for 5310 FTA Grant Fund

This Item Involves: (Check all that apply for this meeting.)
Order or Resolution
Ordinance/Public Hearing:
1st Reading 2nd Reading
Public Comment Anticipated:
Estimated Time:
Document Recording Required
Contract/Agreement
Appointments
Update on Project/Committee
Consent Agenda Eligible
Discussion & Action
Estimated Time:
Purchase Pre-Authorization
Other

N/A
Purchase Pre-Authorizations, Contracts & Agreements
Contractor/Entity:
Contractor/Entity Address:
Effective Dates - From: Through:
Total Contract Amount: Budget Line:
Does the contract amount exceed \$5,000? Yes No

Reviewed By:
[Signature] 8/9/21 DATE Department Director Required for all BOC meetings
[Signature] 8/9/21 DATE Administrator Required for all BOC meetings
____ DATE County Counsel *Required for all legal documents
____ DATE Finance Office *Required for all contracts; other items as appropriate.
____ DATE Human Resources *If appropriate
*Allow 1 week for review (submit to all simultaneously). When each office has notified the submitting department of approval, then submit the request to the BOC for placement on the agenda.

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AGENDA ITEM COVER SHEET
Morrow County Board of Commissioners
(Page 2 of 2)

1. ISSUES, BACKGROUND, DISCUSSION AND OPTIONS (IF ANY):

Please refer to the attached Resolution R-2021-20 to increase appropriations for the 5310-FTA Grant Fund.

2. FISCAL IMPACT:

Increase grant revenue and appropriations by \$142,956.

3. SUGGESTED ACTION(S)/MOTION(S):

Move to approve Resolution R-2021-20 as written.

Attach additional background documentation as needed.

**BEFORE THE BOARD OF COMMISSIONERS FOR
MORROW COUNTY, OREGON**

IN THE MATTER OF)
 APPROPRIATIONS FOR FISCAL) RESOLUTION NO. R-2021-20
 YEAR BEGINNING JULY 1, 2021)

BE IT RESOLVED that the Morrow County Board of Commissioners hereby adopts the Supplemental Budget for the fiscal year beginning July 1, 2021. Which is required in order to expend additional resources, create additional appropriation authority and,

BE IT RESOLVED that the amounts shown below are hereby appropriated for the fiscal year beginning July 1, 2021, for the following purposes:

	Current Appropriations	Increase (Decrease)	Amended Budget
5310 - FTA GRANT FUND			
Materials & Services	\$ 117,238	\$ 66,000	\$ 183,238
Capital Outlay	\$ 50,000	\$ 76,956	\$ 126,956
Total Increase/(Decrease) 5310 - FTA Grant Fund	\$ 403,080	\$ 142,956	\$ 546,036
	Total APPROPRIATIONS, All Funds	\$	52,517,472
	Total Unappropriation and Reserve Amounts, All Funds	\$	8,385,969
	TOTAL ADOPTED BUDGET	\$	60,903,441

Dated this 11th day of August, 2021.

**MORROW COUNTY BOARD OF COMMISSIONERS
MORROW COUNTY, OREGON**

Don Russell, Chair

Approved as to Form:

Jim Doherty, Commissioner

Morrow County Counsel

Melissa Lindsay, Commissioner

NOTICE OF SUPPLEMENTAL BUDGET HEARING

A public hearing on a proposed supplemental budget for Morrow County, Oregon for the fiscal year July 1, 2021 to June 30, 2022, will be held at the Morrow County Bartholomew Building 110 N. Court Street Heppner, OR.

The hearing will take place on August 11, 2021 at 9:00 AM.

The purpose of the hearing is to discuss the supplemental budget with interested persons.

A copy of the supplemental budget document may be inspected or obtained on or after August 6, 2021 at the Morrow County Finance Department located at: 110 N. Court St. Heppner, OR., between the hours of 8:00 AM and 5:00 PM.

SUMMARY OF SUPPLEMENTAL BUDGET

	<u>Current Appropriations</u>	<u>Increase (Decrease)</u>	<u>Amended Budget</u>
5310 - FTA GRANT FUND			
Materials & Services	\$ 117,238	\$ 66,000	\$ 183,238
Capital Outlay	\$ 50,000	\$ 76,956	\$ 126,956
Total Increase/(Decrease) 5310 - FTA Grant Fund	\$ 403,080	\$ 142,956	\$ 546,036
		Total APPROPRIATIONS, All Funds	\$ 52,517,472
		Total Unappropriation and Reserve Amounts, All Funds	\$ 8,385,969
		TOTAL ADOPTED BUDGET	\$ 60,903,441



AGENDA ITEM COVER SHEET
Morrow County Board of Commissioners
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(For BOC Use)
Item #
66

Please complete for each agenda item submitted for consideration by the Board of Commissioners
(See notations at bottom of form)

Presenter at BOC: Darrell Green/Kate Knop
Department: Administration
Short Title of Agenda Item:
(No acronyms please)

Date submitted to reviewers:
Requested Agenda Date: 8/11/2021

Audio Visual Equipment for Morrow County Government Center and Bartholomew

This Item Involves: (Check all that apply for this meeting.)

- Order or Resolution
Ordinance/Public Hearing:
1st Reading 2nd Reading
Public Comment Anticipated:
Estimated Time:
Document Recording Required
Contract/Agreement
Appointments
Update on Project/Committee
Consent Agenda Eligible
Discussion & Action
Estimated Time: 10 minutes
Purchase Pre-Authorization
Other

N/A

Purchase Pre-Authorizations, Contracts & Agreements

Contractor/Entity:
Contractor/Entity Address:
Effective Dates - From: Through:
Total Contract Amount: Budget Line:
Does the contract amount exceed \$5,000? Yes No

Reviewed By:

Department Director Required for all BOC meetings
Darrell J Green 8/6/2021 Administrator Required for all BOC meetings
County Counsel *Required for all legal documents
Kate Knop via email 8-6-21 Finance Office *Required for all contracts; other items as appropriate.
Human Resources *If appropriate

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AGENDA ITEM COVER SHEET

Morrow County Board of Commissioners

(Page 2 of 2)

1. ISSUES, BACKGROUND, DISCUSSION AND OPTIONS (IF ANY):

Joe Melton with Avidex made a presentation to the Board of Commissioners on July 14, 2021 about equipping the courtroom and large conference room in the Morrow County Government Center located in Irrigon and for the Bartholomew Upper Conference Room in Heppner.

The Board of Commissioner asked staff to bring back suggestions of where the appropriations would come from for this purchase.

After reviewing the options with our Finance Director, Kate Knop, we have the following suggestions:

- 1) General Fund Operating Contingency with a current balance of \$727,416
- 2) Capital Improvement Projects Fund with a current balance of \$800,000. The current appropriations in this fund are currently allocated as follows, \$500,000 Boardman Public Works building, \$50,000 remodel/upgrade of the Boardman Public Health building, and \$250,000 for additional work space.
- 3) Resiliency Fund with a current balance of \$500,000 allocated to Grants to Cities.

2. FISCAL IMPACT:

An estimated \$285,000. \$205,000 for the Morrow County Government Center and \$80,000 for the Bartholomew Upper Conference Room

3. SUGGESTED ACTION(S)/MOTION(S):

Motion to approve allocating \$285,000 from _____ fund for the purchase and installation of Audio Visual equipment for the Morrow County Government Center and Bartholomew Upper Conference Room.

Attach additional background documentation as needed.



AGENDA ITEM COVER SHEET
Morrow County Board of Commissioners
(Page 1 of 2)

(For BOC Use)
Item #
60

Please complete for each agenda item submitted for consideration by the Board of Commissioners
(See notations at bottom of form)

Presenter at BOC: Kate Knop/Darrell Green
Department: Finance
Short Title of Agenda Item:

Phone Number (Ext): 5302
Requested Agenda Date: 8/11/2021

(No acronyms please)

Grants to Cities - #540 Resiliency Fund Budget Appropriations for Fiscal Year
2021-2022

This Item Involves: (Check all that apply for this meeting.)

- Order or Resolution
Ordinance/Public Hearing:
1st Reading 2nd Reading
Public Comment Anticipated:
Estimated Time:
Document Recording Required
Contract/Agreement
Appointments
Update on Project/Committee
Consent Agenda Eligible
Discussion & Action
Estimated Time: 20 minutes
Purchase Pre-Authorization
Other

N/A

Purchase Pre-Authorizations, Contracts & Agreements

Contractor/Entity:
Contractor/Entity Address:
Effective Dates - From:
Total Contract Amount:
Does the contract amount exceed \$5,000? Yes No

Through:
Budget Line:

Reviewed By:

Handwritten signatures and dates for Department Director, Administrator, County Council, Finance Office, and Human Resources.

- Required for all BOC meetings
Required for all BOC meetings
*Required for all legal documents
*Required for all contracts; other items as appropriate.
*If appropriate

*Allow 1 week for review (submit to all simultaneously). When each office has notified the submitting department of approval, then submit the request to the BOC for placement on the agenda.

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AGENDA ITEM COVER SHEET

Morrow County Board of Commissioners

(Page 2 of 2)

1. ISSUES, BACKGROUND, DISCUSSION AND OPTIONS (IF ANY):

The City of Heppner is requesting a portion of the Grants to Cities dollars appropriated in the Morrow County budget for fiscal year 2021-2022. The enclosed letter includes a request for \$131,900.

On May 12, 2021, the Board of Commissioner discussed the Grants to Cities and postponed a final decision regarding the distribution to five incorporated cities within Morrow County.

The following information was provided in the previous agenda discussion:

1. The Budget Committee approved five hundred thousand dollars in appropriations in #540 - Resiliency Fund for fiscal year 2021-2022.

2. Referencing Portland State University 2020 Annual Population Report; Morrow County's incorporated city population is 8,510.

Boardman - 4,580	Ione - 330
Heppner - 1,295	Lexington - 295
Irrigon - 2,040	

3. The change in population from 2019 to 2020:

Boardman - 75	Ione - 0
Heppner - 0	Lexington - 0
Irrigon - 10	

2. FISCAL IMPACT:

If approved, up to \$500,000 will distribute to incorporated Cities in fiscal year 2021-2022.

3. SUGGESTED ACTION(S)/MOTION(S):

Attach additional background documentation as needed.

August 5, 2021

Dear Morrow County,

The City of Heppner would like to apply for consideration a portion of the grant funds allocated in your budget to help the local communities.

As the County is aware of, the City of Heppner is making and would like to continue making some significant infrastructure improvements to the city. We are hoping that the county can help us in making these investments into the community a reality. Listed below is in summary what we are asking you to help us with. We truly appreciate any help we can get and all these projects are shovel ready along with engineered to be completed this current fiscal year.

<u>Location</u>	<u>Cost</u>	<u>Ask</u>
Morrow Street	\$16,900	\$16,900
Thomson Square	\$110,000	\$25,000
Jones Street	\$265,000	\$65,000
Horizon Lane	\$110,000	\$25,000
<u>Total</u>	<u>\$501,900</u>	<u>\$131,900</u>

1. **Morrow Street** by the Helipad. This street has failed to such an extent that it is difficult to see it is actually pavement. It is a small area of approximately 6,000 square feet. I have a bid for \$16, 960 to do an overlay this year from Granite Construction Co of Hermiston Oregon.
2. **Thomson Square.** This is the area between the post office and Advantage dental. The City of Heppner has recognized the importance of having this space available to food pods during these times of Covid. They have and still are many days the major source of food for many of the individuals that are here in town. To that extent, it is the Councils goal to make this area more permanent and accessible to all people needing these services. We have supplied water/power and sewer for up to 4 pods. We have supplied a temporary restroom while we construct a permanent ADA restroom that all can use. We are in the process of wanting to pave the lot, replace and add sidewalks and hardened areas. In the ADA bathroom structure we have added a chilled bottle filler and fountain along with an information booth facing the sidewalk with a bulletin board for all. What we are looking for on this project are funds to complete the hardened surfaces

with cement and asphalt. The costs to complete are just under \$50,000 and we already have \$25,000 committed from another source.

3. **Jones Street**- The City is wanting to rebuild this street to a long term standard and a substantial improvement. This is a section of street that is high on our STIP document as it is a major route used by students from and to the High school. The City is wanting to replace the 60 plus year old clay sewer pipe located beneath this street when it is being built so that the finished product will not have a reason to be disturbed for many years. This is expected to cost around \$65,000 to replace the sewer. The City has already committed to around \$500,000 in sewer pipe replacement costs this year on other projects. The remaining part of the project is estimated at \$200,000 for the sidewalks, curb and streets. The funds for curb, sidewalk and pavement portion of the project have been secured.
4. **Horizon Lane**- This is a small street that is located at the end of Fairview Way. There is no improved street here and it has been badly eroded due to increased traffic with development that has occurred on the county portion of the UGB. The cost of this project was originally estimated in the \$85,000 range but when bids were received the cost is closer to \$110,000. We have secured \$65,000 through the SCA and have allocated \$20,000 from our budget. We are hoping to get additional help from the county on the remaining \$25,000. This will greatly improve the access to these homes in the County along with safety services access.

Should you want or need to see drawings, topo, bids, pictures or want any additional information, please feel free to contact me.

Cordially,

Kraig Cutsforth
City Manager

Example #1: Grants to Cities - \$300,000

Distribution Comparison for Morrow County Grants to Cities (FY 21-22) - \$300,000						
	Boardman	Heppner	Irrigon	lone	Lexington	Total
PSU Population	4,580	1,295	2,040	330	265	8,510
Percent of total	53.82%	15.22%	23.97%	3.88%	3.11%	100%
Even - Split	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 300,000
Population Only	\$ 161,457	\$ 45,652	\$ 71,915	\$ 11,633	\$ 9,342	\$ 300,000
50% Population	\$ 80,729	\$ 22,826	\$ 35,958	\$ 5,817	\$ 4,671	\$ 150,000
50% Even	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 150,000
Total	\$ 110,729	\$ 52,826	\$ 65,958	\$ 35,817	\$ 34,671	\$ 300,000
37.5% Population	\$ 60,546	\$ 17,120	\$ 26,968	\$ 4,363	\$ 3,503	\$ 112,500
62.5% Even	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 187,500
Total	\$ 98,046	\$ 54,620	\$ 64,468	\$ 41,863	\$ 41,003	\$ 300,000

Example #2: Grants to Cities - \$400,000

Distribution Comparison for Morrow County Grants to Cities (FY 21-22) - \$400,000						
	Boardman	Heppner	Irrigon	lone	Lexington	Total
PSU Population	4,580	1,295	2,040	330	265	8,510
Percent of total	53.82%	15.22%	23.97%	3.88%	3.11%	100%
Even - Split	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 80,000	\$ 400,000
Population Only	\$ 215,276	\$ 60,870	\$ 95,887	\$ 15,511	\$ 12,456	\$ 400,000
50% Population	\$ 107,638	\$ 30,435	\$ 47,944	\$ 7,756	\$ 6,228	\$ 200,000
50% Even	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 40,000	\$ 200,000
Total	\$ 147,638	\$ 70,435	\$ 87,944	\$ 47,756	\$ 46,228	\$ 400,000
37.5% Population	\$ 80,729	\$ 22,826	\$ 35,958	\$ 5,817	\$ 4,671	\$ 150,000
62.5% Even	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 250,000
Total	\$ 130,729	\$ 72,826	\$ 85,958	\$ 55,817	\$ 54,671	\$ 400,000

Example #3: Grants to Cities - \$500,000

Distribution Comparison for Morrow County Grants to Cities (FY 21-22) - \$500,000						
	Boardman	Heppner	Irrigon	lone	Lexington	Total
PSU Population	4,580	1,295	2,040	330	265	8,510
Percent of total	53.82%	15.22%	23.97%	3.88%	3.11%	100%
Even - Split	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 500,000
Population Only	\$ 269,095	\$ 76,087	\$ 119,859	\$ 19,389	\$ 15,570	\$ 500,000
50% Population	\$ 134,548	\$ 38,043	\$ 59,929	\$ 9,694	\$ 7,785	\$ 250,000
50% Even	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 250,000
Total	\$ 184,548	\$ 88,043	\$ 109,929	\$ 59,694	\$ 57,785	\$ 500,000
37.5% Population	\$ 100,911	\$ 28,533	\$ 44,947	\$ 7,271	\$ 5,839	\$ 187,500
62.5% Even	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 62,500	\$ 312,500
Total	\$ 163,411	\$ 91,033	\$ 107,447	\$ 69,771	\$ 68,339	\$ 500,000

6d



Board of Commissioners

P.O. Box 788 • Heppner, OR 97836
541-676-5613
www.co.morrow.or.us

Commissioner Don Russell, Chair
Commissioner Jim Doherty
Commissioner Melissa Lindsay

August 11, 2021

The Honorable Governor Kate Brown
Governor of Oregon
900 Court Street N.E., Suite 254
Salem, OR 97301-4047

RE: Mask Mandate for Schools

Dear Governor Brown,

We are writing this letter to express our concerns about the mask mandate for K-12 schools for the 2021-2022 school year. We are strongly opposed to this one-size-fits-all approach to public health. We believe that these decisions should be made at the local level, taking into consideration the local issues and constraints. In late June, we were assured by your office that all future COVID-19 restriction decisions would be made at the local level.

Over this summer, many districts across the state operated summer school and enrichment programs without masking or social distancing, with no health issues as a result. Science shows that children are not at significant risk from COVID, nor do they transmit it frequently. We do not believe that masking schoolchildren is the best way to prevent the spread of COVID-19.


Governor, we ask you to reconsider this decision. We believe that decisions on public health are best made at the local level by the Local Public Health Authority. We also believe it is best for our schools and communities to continue to work closely and in partnership with our school districts and boards in making these local decisions. Ultimately, we are best positioned to determine what is needed for our communities to protect against the COVID virus, as well as other future epidemiological challenges.

Respectfully,

Don Russell
Chair


Jim Doherty
Commissioner

Melissa Lindsay
Commissioner

Morrow County 1310 Total Cases	 COVID-19 UPDATE	
783 Boardman	67 cases 27 Boardman 27 Irrigon 10 Heppner 3 lone	67 cases week 8/1 - 8/7
413 Irrigon	19 Total Deaths in Morrow County	
77 Heppner	1 Hospitalized	27 cases week 7/25 - 7/31
19 Lexington		
18 lone		

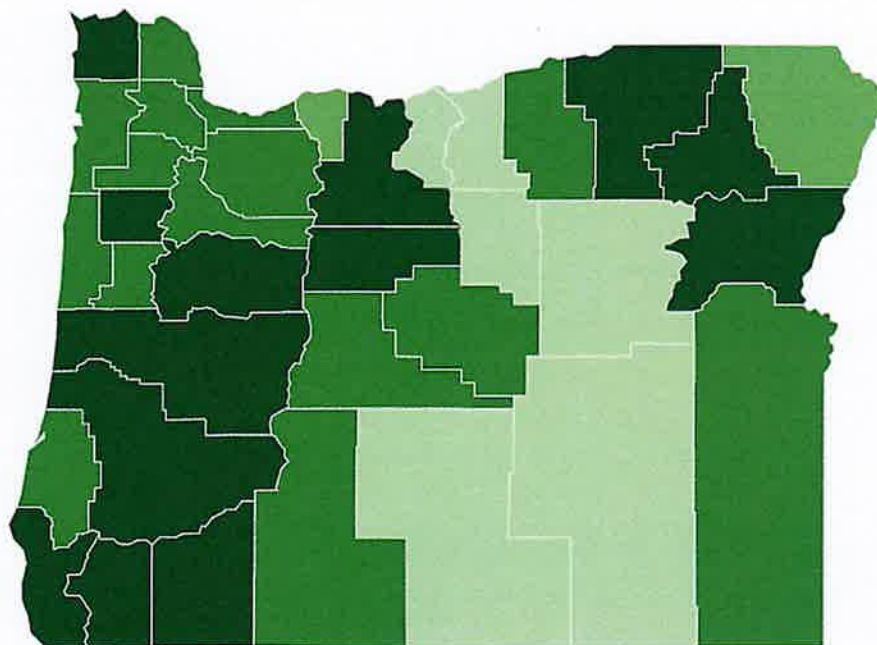
COVID-19 Community Spread by County

Oregon's COVID-19 Community Spread

More about these data 

This page shows the evidence-based metrics Oregon public health officials have developed to track COVID-19 community spread. The indicators of COVID-19 spread are determined by case rates for large population counties (more than 30,000 people) or case counts for medium and small population counties (less than 30,000 and 15,000 people respectively). Test positivity is also taken into account for medium and large counties. Where both cases and test positivity are considered, the level of community spread is determined by the more conservative indicator. A table with the indicator thresholds is included below.

Hover over a county to see more information



Statewide

07/18/2021 - 07/31/2021

205.2 cases per 100k residents

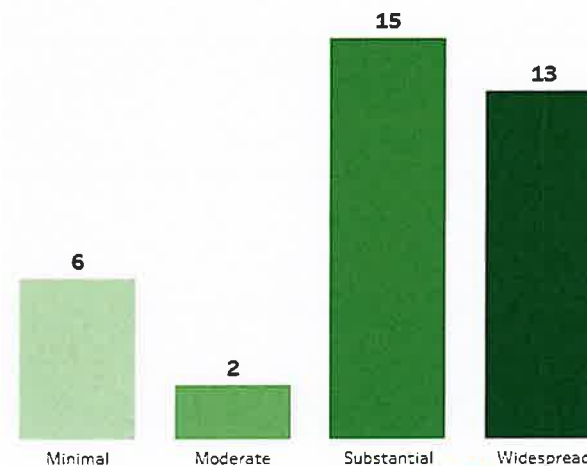
6.9% test positivity

Community Spread

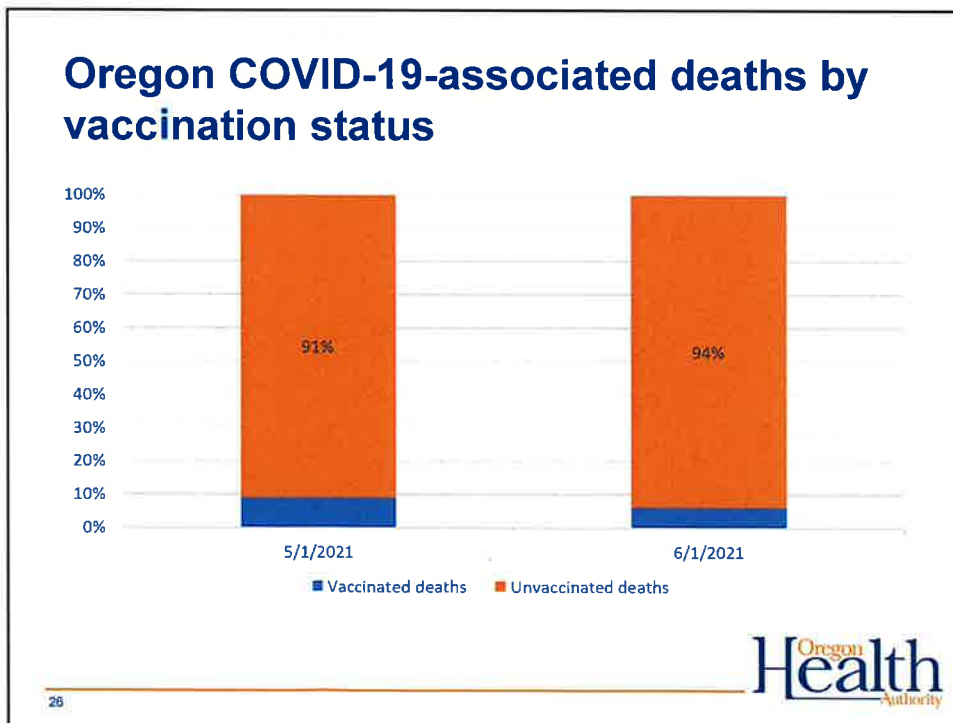
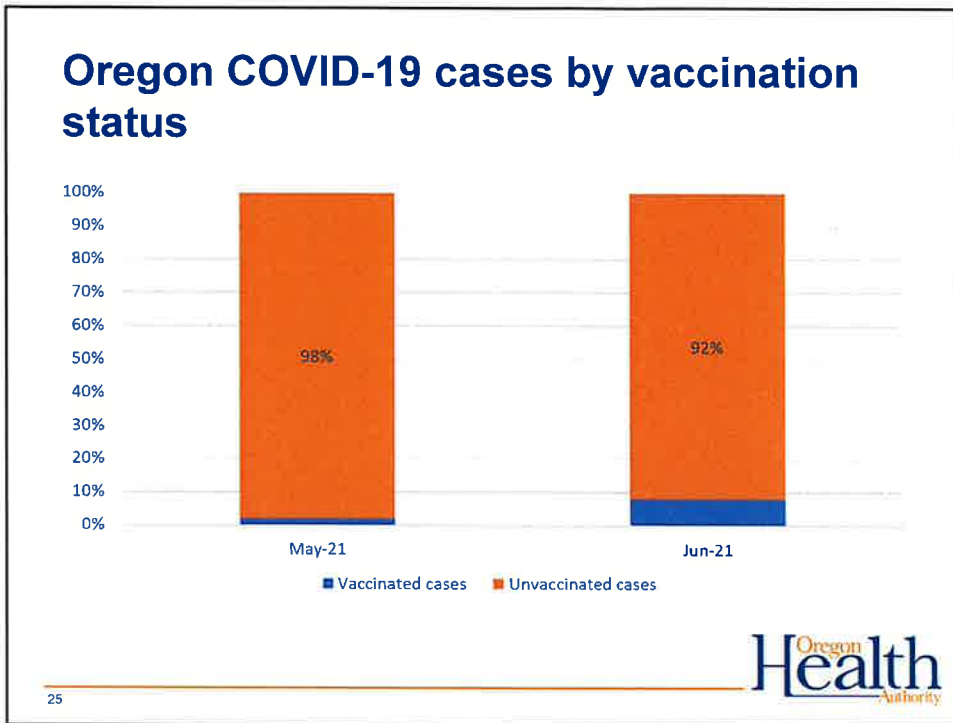
- Minimal
- Moderate
- Substantial
- Widespread

Select one of the bars below to highlight the counties in that level of community spread.

Counties by Level of Community Spread



<https://public.tableau.com/profile/oregon.health.authority.covid.19#/vizhome/OregonCOVID-19PublicHealthIndicators/Risk>
Accessed 08.4..2021 (preview)





LYNN FINDLEY
SENATE DISTRICT 30

MARK OWENS
HOUSE DISTRICT 60

August 3, 2021

Honorable Governor Kate Brown
900 Court St. NE, Room 254
Salem, OR 97301

Governor Brown,

As legislators, we remain consistent in our positions that our local school districts in conjunction with local public health authorities continue to have the best pulse on their communities and should ultimately be the arbiters of mask policies and mandates.

With that, and in full support of our school districts, public health authorities, parents and ultimately and most importantly our students, we have the following requests.

First, scientific data specific to Oregon necessitating the statewide, schools-wide, grade-wide mask mandate needs to be made public and accessible immediately. Dr. Dean Sidelinger communicated to legislators during a conference call on Monday, August 2 that there is no scientific evidence that schools or children grades K-12 are responsible for community spread. If that is the case and yet the mask mandate is still being instituted, the data needs to be made available to the public - not just legislators or administrators - so we are all operating with transparency and understanding of the science and data.

Second, officials within the Governor's Office and Oregon Department of Education (ODE) hold a series of public, in-person town halls and listening sessions throughout our counties immediately over the course of the next several weeks. Our teachers, school employees and parents deserve the right to fully understand the rules and the very serious implications (*see addendum Exhibit A Slide 14 "Penalties" from an "un-official" meeting held by COSA-OASE on Monday, August 2*). These actions need to be made public and official, and these statewide entities have the responsibility to make these decisions known to our school districts. Behind virtual screens, behind closed doors and without enabled participation will not cut it for such significant policy-making determinations.

Third, we need clear and precise metrics for when the statewide mask policy may be lifted. We assume if there is enough data to trigger crossing a threat-threshold to implement these requirements, that there then must also be data showing when we would be under the threat. When will our schools know they've met the targets for safety? What are the markers for progress or regression? What's the viable off-ramp? What other factors will contribute to these determinations? When will your office share these metrics with the public?

We all agree our students cannot suffer another year without in-person instruction. We also agree the health and safety of Oregonians must be a top priority. We now need to agree that building public trust through transparency and providing information before regulation will be key to slowing and eventually stopping the spread of COVID-19 and its variants.

Thank you for your swift and thorough response.

Senator Lynn Findley
Senate District 30

Representative Mark Owens
House District 60

Statewide mask requirement - Penalties

- A school that violates this rule is subject to a civil penalty of \$500 per day per violation.
- OHA has authority/responsibility under ORS 431A.010 for additional action
- Licensed educators who fail to obey this rule may face additional penalties. OAR 584-020-0035 (3) The ethical educator, in fulfilling obligations to the profession, will: (a) Maintain the dignity of the profession by respecting and obeying the law, exemplifying personal integrity and honesty. There would also be a possible violation of 584-020-0025 (3)(a), related to leadership skills. Deviation from these standards may subject the educator to discipline for gross neglect of duty, per OAR 584-020-0040 (4)(n) & (o).



MEMORANDUM

To: Morrow County Board of Commissioners
From: Tamra Mabbott, Planning Director
CC: Planning Commission
BOC Date: August 11, 2021
RE: Monthly Planning Update

Planning Commission Update

Planning Commission approved three applications at their July 27th meeting. Included in the hearing was a 120-megawatt solar project to be sited north of the Boardman Airport runway, a land partition and a Land Use Decision.

Planning Commission meeting materials are posted on the Department website one week prior to the meeting. Commission typically meets the last Tuesday of the month. Here is the 2021 calendar.

https://www.co.morrow.or.us/calendar?field_microsite_tid_1=28

Current Planning Activity May 2021:

- Zoning Permits - 7
- Land Use Compatibility Reviews - 5
- Land Use Decisions - 2
- Partitions Line Adjustments - 7
- Floodplain Development Permit - 1
- Rural Address - 1

Staff welcomed a new staff member, George Nairns, as the Office Manager for the Planning Department.

The Department is still recruiting for a Compliance Planner, a position the Board moved from the Sheriffs Office to the Planning Department. Staff continues to coordinate closely with Sheriffs Office. Stephanie Case, Planner II has effectively and efficiently been covering this work during the recruitment process.

Long Range Planning

Transportation System Plan With transit funds secured by Katie Imes, Loop Coordinator, County Planning entered a contract with Kittel son & Associates to update the transit section of the County Transportation

System Plan (TSP). That work will begin immediately. Interested persons are encouraged to contact Tamra Mabbott or Katie Imes if they would like to be involved in a stakeholder group.

Columbia River Heritage Trail

Staff met with federal landowner agency U.S. Army Corps of Engineers (ACOE) and state land manager Oregon Department of Fish & Wildlife (ODFW), to discuss possible improvements and coordinate plans for the Morrow County Heritage Trail. ODFW manages the Irrigon Wildlife Refuge and other wildlife areas adjacent to the Columbia River. Most of ODFW management area includes the Trail. ODFW and USACE are interested in having improvements made to signage, but cautioned that any activities will require extensive environmental permitting. Additionally, any improvements to USACE land – even if managed or maintained by another agency, must be approved by USACOE. Any measure of ground disturbance – even straightening a previously installed post – will require archaeological studies and clearances from USACE, State Historic Preservation Office and local and regional native American Tribes including the Confederated Tribes of the Umatilla Indian Reservation (CTUIR). USACE will have in-house archaeological team that will either review the County's work (by a certified archaeologist) or perform the work themselves. County also has the option of hiring a qualified consultant that could increase turnaround time.

Future improvements projects are categorized in two basic ways: ground disturbing and non-ground disturbing. Overall, the group reached an informal concurrence that improving and replacing signage would be a good project to begin working through the processing and quickly having some impacts on the Trail's usability.

Next steps include development of a more detailed assessment of conditions through ODFW-managed land by county team and ODFW staff. Later in the Fall a stakeholder meeting will be hosted. Anyone interested in the Heritage Trail is encouraged to contact the Planning Department.

Floodplain News: County received official notice from the Federal Emergency Management Agency (FEMA) who approved a Conditional Letter of Map Revision for the Heppner Mill Site, owned by the Port of Morrow. Once the mitigation work is completed and approved by FEMA, county will amend the flood map for that property which will expand the uses allowed on the parcel.

Energy Projects

Status of renewable energy projects is shown on the attached spreadsheet. A 120-megawatt solar project approved by the Planning Commission in July will begin construction fourth quarter of 2022. A new 500-megawatt application has been submitted to the State of Oregon Energy Facility Siting Council (EFSC).

Code Enforcement

Code Enforcement activity continues to be steady. Several long-standing code violations were processed in Justice Court this month. The updated code is posted on the Planning Department website here:

<https://www.co.morrow.or.us/planning/page/code-enforcement>

Other Project and Activities:

Planning Director is part of the steering committee for the 2021 Eastern Oregon Economic Summit scheduled for August 18-19 in Hermiston. Morrow County and Port of Morrow among many sponsors of the Summit. Several tours on Thursday, August 18th will feature Morrow County. More information about the summit and the tours is on line: <https://www.eowc.biz>

Housing Planning Grant

Status is still pending for the regional housing grant submitted to the state Department of Land Conservation and Development (DLCD). If funded, the project would include a housing implementation plan with a focus on funding sources for infrastructure for the Cities of Ione, Lexington and Heppner in the Willow Creek Valley.

Ione Wastewater Staff continue to participate in monthly calls with city officials and city residents of Ione to discuss a future wastewater system for the town. GIS Planner Stephen Wrecsics has provided several maps and is working on a new map that will help the city quantify the number of households and businesses that exist today and estimate the future need. This data will help the engineers more accurately estimate system capacity.

Other

For the monthly meeting of the Association of Oregon County Planning Directors (AOC PD) Planning Director coordinated a panel presentation on Interchange Area Management Plans (IAMP).

At the request of Board Chair Russell, Planning Director has participated in the Community Renewable Energy Association (CREA), an affiliate organization of the Association of Oregon Counties (AOC). CREA members help facilitate understanding of local opportunities and impacts of energy projects.

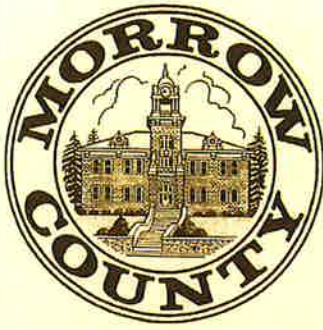
Staff are working with US Navy to develop a scope of work and grant application that would be used to implement recommendations of the Military Economic Advisory Committee (MEAC) and, an update to Comprehensive Plan Chapter 13 Energy. If funded, the project would begin in Fall 2022.

Building Inspection Program

County Planning Directors from Morrow and Umatilla Counties sponsored a regional roundtable to discuss building inspection programs in the three-county region (Gilliam, Morrow, Umatilla). The meeting was held in Hermiston and included an informative presentation by the State Building Official and State Outreach Coordinator. The meeting included a report on local programs, inspection challenges and opportunities to collaborate.

Planning Trivia Question of the Month: Are solar energy projects permitted by a local government or by the State Energy Facility Siting Council or both?

Answers to last month's trivia questions. Does a county or city comprehensive land use plan address housing and economic development? Yes, Morrow County Plan has a chapter devoted to Statewide Planning Goal 10 Housing. That section was updated in February of this year. The county Plan also has a chapter devoted to Statewide Planning Goal 9 Economic Development.



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TREASURER

100 Court Street
P.O. Box 37
Heppner, Oregon 97836
Phone: 541-676-5630 • Fax: 541-676-5631
E-mail: jpapineau@co.morrow.or.us

Jaylene Papineau

August 11, 2021

To: Morrow County Board of Commissioners
From: Jaylene Papineau, Morrow County Treasurer
Re: Treasurer's Monthly Financial Statements as per ORS 208.090

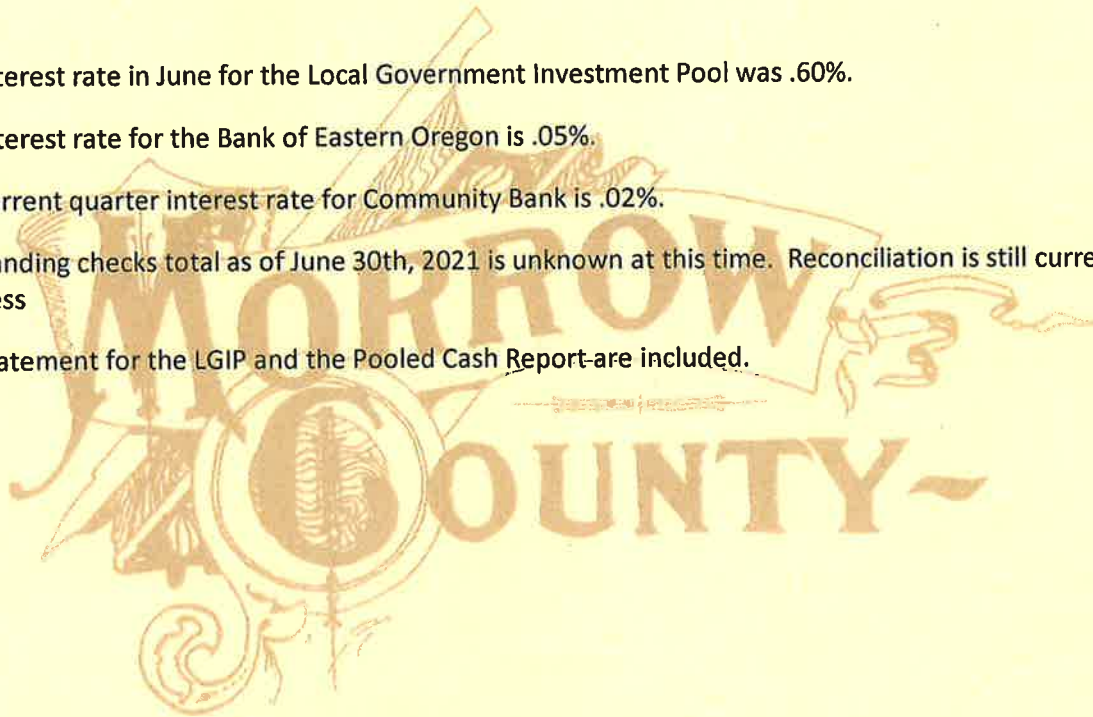
The interest rate in June for the Local Government Investment Pool was .60%.

The interest rate for the Bank of Eastern Oregon is .05%.

The current quarter interest rate for Community Bank is .02%.

Outstanding checks total as of June 30th, 2021 is unknown at this time. Reconciliation is still currently in progress

The statement for the LGIP and the Pooled Cash Report are included.





Account Statement - Transaction Summary

For the Month Ending **June 30, 2021**

MORROW CO - MORROW COUNTY - 4206

Oregon LGIP	
Opening Balance	33,302,154.73
Purchases	387,512.39
Redemptions	(1,842,571.49)
<hr/>	
Closing Balance	\$31,847,095.63
Dividends	15,890.04

Asset Summary		
	June 30, 2021	May 31, 2021
Oregon LGIP	31,847,095.63	33,302,154.73
Total	\$31,847,095.63	\$33,302,154.73



Account Statement

For the Month Ending **June 30, 2021**

MORROW CO - MORROW COUNTY - 4206

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Balance
Oregon LGIP					
Opening Balance					33,302,154.73
06/01/21	06/01/21	SFMS Fr:Liquor Control Commission,Oregon OLCC Tax (Liquor)	1.00	6,941.60	33,309,096.33
06/01/21	06/01/21	LGIP Fees - ACH Redemption (6 @ \$0.05 - From 4206) - May 2021	1.00	(0.30)	33,309,096.03
06/01/21	06/01/21	LGIP Fees - Received ACH (2 @ \$0.10 - From 4206) - May 2021	1.00	(0.20)	33,309,095.83
06/02/21	06/02/21	SFMS Fr:Oregon Health Authority Mental Health Tax	1.00	670.93	33,309,766.76
06/02/21	06/02/21	Redemption - ACH Redemption	1.00	(500,000.00)	32,809,766.76
06/04/21	06/04/21	Transfer to Blue Mountain Community College - BLUE MOUNTAIN COMMUNITY COLLEGE	1.00	(17,222.65)	32,792,544.11
06/04/21	06/04/21	Transfer to Boardman, City of - BOARDMAN CITY OF / CENTRAL URA	1.00	(678.36)	32,791,865.75
06/04/21	06/04/21	Transfer to Boardman, City of - BOARDMAN CITY OF/ WEST URA	1.00	(654.42)	32,791,211.33
06/04/21	06/04/21	Transfer to Boardman Park and Recreation - BOARDMAN PARK AND RECREATION	1.00	(3,117.94)	32,788,093.39
06/04/21	06/04/21	Transfer to Boardman Park and Recreation - BOARDMAN PARK & REC/RECREATION CENTER	1.00	(7,256.11)	32,780,837.28
06/04/21	06/04/21	Transfer to Boardman, City of - BOARDMAN CITY OF	1.00	(20,880.02)	32,759,957.26
06/04/21	06/04/21	Transfer to Morrow County School District #1 - MORROW COUNTY SCHOOL DISTRICT #1	1.00	(71,698.99)	32,688,258.27
06/04/21	06/04/21	Transfer to InterMountain Education Service Dis - INTERMOUNTAIN ESD	1.00	(12,007.41)	32,676,250.86
06/04/21	06/04/21	Transfer to Ione School District #2 - IONE SCHOOL DISTRICT #2	1.00	(8,953.84)	32,667,297.02
06/07/21	06/07/21	Redemption - ACH Redemption	1.00	(46.25)	32,667,250.77
06/10/21	06/10/21	Redemption - ACH Redemption	1.00	(500,000.00)	32,167,250.77
06/14/21	06/14/21	SFMS Fr:Oregon Health Authority CFAA Monthly Allotment	1.00	86,914.81	32,254,165.58
06/16/21	06/16/21	SFMS Fr:Oregon Health Authority Oregon Contraceptive Care (CCare)	1.00	2,754.49	32,256,920.07
06/16/21	06/16/21	Redemption - ACH Redemption	1.00	(500,000.00)	31,756,920.07



Account Statement

For the Month Ending **June 30, 2021**

MORROW CO - MORROW COUNTY - 4206

Trade Date	Settlement Date	Transaction Description	Share or Unit Price	Dollar Amount of Transaction	Balance
Oregon LGIP					
06/17/21	06/17/21	ODOT - ODOT PYMNT	1.00	120,359.23	31,877,279.30
06/17/21	06/17/21	SFMS Fr:Oregon Health Authority CFAA Special Payments	1.00	25,000.00	31,902,279.30
06/17/21	06/17/21	SFMS Fr:Administrative Services, Dept of County Cigarette Tax	1.00	660.50	31,902,939.80
06/18/21	06/18/21	ODOT - ODOT PYMNT	1.00	27,049.43	31,929,989.23
06/18/21	06/18/21	SFMS Fr:Administrative Services, Dept of Coronavirus Relief Fund - #21.019	1.00	82,026.25	32,012,015.48
06/18/21	06/18/21	SFMS Fr:Administrative Services, Dept of Amusement Tax	1.00	44.09	32,012,059.57
06/24/21	06/24/21	Redemption - ACH Redemption	1.00	(200,000.00)	31,812,059.57
06/25/21	06/25/21	SFMS Fr:Oregon Health Authority OHA public Health Program	1.00	19,201.02	31,831,260.59
06/29/21	06/29/21	Redemption - ACH Redemption	1.00	(55.00)	31,831,205.59
06/30/21	07/01/21	Accrual Income Div Reinvestment - Distributions	1.00	15,890.04	31,847,095.63
Closing Balance					31,847,095.63

	Month of June	Fiscal YTD July-June		
Opening Balance	33,302,154.73	19,646,978.63	Closing Balance	31,847,095.63
Purchases	387,512.39	50,475,833.99	Average Monthly Balance	32,221,907.58
Redemptions	(1,842,571.49)	(38,275,716.99)	Monthly Distribution Yield	0.60%
Closing Balance	31,847,095.63	31,847,095.63		
Dividends	15,890.04	206,967.48		

FUND	ACCOUNT#	ACCOUNT NAME	BEGINNING BALANCE	CURRENT ACTIVITY	CURRENT BALANCE
<u>CLAIM ON CASH</u>					
101-100-1-10-1500		GENERAL FC W/TREASURER	11,418,867.48 (	950,252.65)	10,468,614.83
200-100-1-10-1500		HERITAGE TRAIL FC W/TREAS	17,998.34 (	756.31)	17,242.03
201-100-1-10-1500		ROAD EQUIP FC W/TREASURER	403,281.78 (	62,208.85)	341,072.93
202-100-1-10-1500		ROAD FC W/TREASURER	5,261,787.44 (	555,523.30)	4,706,264.14
203-100-1-10-1500		FINLEY BUTTES FC W/TREASURER	1,385,346.84	38,215.78	1,423,562.62
204-100-1-10-1500		YOUTH/CHILD FC/TREASURER	66,157.92	0.00	66,157.92
205-100-1-10-1500		AIRPORT FC W/TREASURER	103,316.57	43,099.55	146,416.12
206-100-1-10-1500		LAW LIBRARY FC W/TREASURER	31,797.32 (	107.25)	31,690.07
207-100-1-10-1500		911 FC W/TREASURER	402,818.02 (	29,048.42)	373,769.60
208-100-1-10-1500		SURVEYOR PRES FC/TREASURER	257,619.52	1,666.25	259,285.77
209-100-1-10-1500		CSEPP FC W/TREASURER	0.00	0.00	0.00
210-100-1-10-1500		FINLEY BUTTES LIC. FC W/TREAS	833,863.14	149,277.93	983,141.07
211-100-1-10-1500		MCSO CO SCHOOL FC W/TREAS	226.58 (	102.16)	124.42
212-100-1-10-1500		ISD COMMON SCH FC W/TREASURER	25.02 (	11.64)	13.38
214-100-1-10-1500		FAIR FC W/TREASURER	311,928.84 (	10,013.53)	301,915.31
215-100-1-10-1500		COMP EQUIP FC W/TREASURER	66,672.01	32.84	66,704.85
216-100-1-10-1500		STF FC W/TREASURER	626,059.06 (	2,437.85)	623,621.21
217-100-1-10-1500		PROGRAMMING RES FC W/TREASURER	31,101.12	15.32	31,116.44
218-100-1-10-1500		ENFORCEMENT FC W/TREAS	22,073.92 (	70.75)	22,003.17
219-100-1-10-1500		VIDEO LOTTERY FC W/TREAS	47,027.59 (	5,897.52)	41,130.07
220-100-1-10-1500		VICTIM/WITNESS FC W/TREAS	10,673.18	10,375.27	21,048.45
222-100-1-10-1500		WILLOW CREEK FEES FC W/TREAS	45,931.03	22.62	45,953.65
223-100-1-10-1500		CAMI GRANT FC W/TREAS	39,982.55	7,313.46	47,296.01
224-100-1-10-1500		WEED EQUIP RES. FC W/TREAS	20,778.31	10.23	20,788.54
225-100-1-10-1500		STF VEHICLE FC W/TREAS	115,552.62	56.91	115,609.53
226-100-1-10-1500		FAIR ROOF FC W/TREAS	24,888.83	12.26	24,901.09
227-100-1-10-1500		HEPPNER ADMIN BLDG FC W/TREAS	4,484,051.89 (	486,956.46)	3,997,095.43
228-100-1-10-1500		SAFETY COMMITTEE FC W/TREAS	13,446.47 (	1,388.68)	12,057.79
229-100-1-10-1500		BLEACHER RESERVE FC W/TREAS	25,810.28	12.71	25,822.99
230-100-1-10-1500		RODEO FC W/TREAS	10,000.00	0.00	10,000.00
231-100-1-10-1500		JUSTICE COURT FC W/TREAS	70,866.80 (	3,258.31)	67,608.49
233-100-1-10-1500		CLERKS RECORD FC W/TREAS	21,594.36	183.68	21,778.04
234-100-1-10-1500		DUII IMPACT FC W/TREAS	29,636.35	14.60	29,650.95
236-100-1-10-1500		FAIR IMPROV. FUND FC W/TREAS	21,189.41	10.44	21,199.85
237-100-1-10-1500		BUILDING PERMIT FC W/TREAS	1,096,189.49	539.92	1,096,729.41
238-100-1-10-1500		PARK FC W/TREAS	216,012.68	9,742.93	225,755.61
240-100-1-10-1500		EQUITY FC W/TREAS	305,180.30	150.31	305,330.61
241-100-1-10-1500		BUILDING RESERVE FC W/TREAS	1,098,852.63	541.23	1,099,393.86
243-100-1-10-1500		LIQUOR CONTROL FC W/TREAS	873.14	0.43	873.57
245-100-1-10-1500		WPF FC W/TREASURER	257.73	0.00	257.73
321-100-1-10-1500		FOREST SERVICE FC W/TREAS	81,779.27	40.28	81,819.55
322-100-1-10-1500		COURT SECURITY FC W/TREAS	90,097.92	1,179.07	91,276.99
500-100-1-10-1500		ECHO WINDS FC W/TREAS	17,702.09	8.72	17,710.81
501-100-1-10-1500		SHEPHERDS FLAT FC W/TREAS	11,362.41	172,008.42	183,370.83
502-100-1-10-1500		MO CO ENTERPRIZE ZO FC W/TREAS	0.00	0.00	0.00
504-100-1-10-1500		STO FC W/TREAS	160,387.36 (	32,169.46)	128,217.90
505-100-1-10-1500		IONE/LEX CEM-IRRIG FC W/TREAS	0.00	0.00	0.00
510-100-1-10-1500		P & P FC W/TREAS	364,181.14 (	53,245.63)	310,935.51
514-100-1-10-1500		IONE SD B & I FC W/TREAS	1,713.04 (	751.96)	961.08

FUND	ACCOUNT#	ACCOUNT NAME	BEGINNING BALANCE	CURRENT ACTIVITY	CURRENT BALANCE
515-100-1-10-1500	BOARDMN URB REN FC W/TREAS		678.36 (	326.88)	351.48
516-100-1-10-1500	RADIO DIST FC W/TREAS		3,346.37 (	1,533.89)	1,812.48
519-100-1-10-1500	WEST BOARDMN URA FC W/TREAS		654.42 (	324.43)	329.99
521-100-1-10-1500	PGE CARTY FC W/TREAS		51,915.24	25.57	51,940.81
522-100-1-10-1500	SHERIFF RES FUND/TREAS		14,981.08	7.38	14,988.46
540-100-1-10-1500	RESILIENCY FUND W/TREAS		9,982.00	82,026.25	92,008.25
617-100-1-10-1500	MO CO HEALTH DIST FC W/TREAS		18,039.62 (	8,294.71)	9,744.91
618-100-1-10-1500	IRRIGON SEWER FC W/TREAS		0.00	0.00	0.00
619-100-1-10-1500	WEST EXTENSION FC W/TREAS		0.00	0.00	0.00
620-100-1-10-1500	BLACK MNT FC W/TREAS		0.09	0.00	0.09
621-100-1-10-1500	CITY OF BOARDMAN B & I FC W/TR		3,277.40 (	1,379.70)	1,897.70
622-100-1-10-1500	CITY OF HEPNER B & I FC W/TRE		0.00	0.00	0.00
623-100-1-10-1500	CITY OF IRRIGON B & I FC W/TRE		1,656.82 (	692.46)	964.36
624-100-1-10-1500	CITY OF LEXINGTON B & I FC W/T		17,794.66	71.03	17,865.69
625-100-1-10-1500	BOARDMAN PARK & REC B & I		0.00	0.00	0.00
626-100-1-10-1500	MAN. STRUCTURE OMBUDSMAN		46.25 (	20.14)	26.11
628-100-1-10-1500	WILLOW CREEK PARK B & I FC W/T		3,615.11	6.10	3,621.21
629-100-1-10-1500	PORT OF MORROW B & I FC W/TREA		0.00	0.00	0.00
630-100-1-10-1500	PORT OF MORROW FC W/TREAS		1,655.81 (	758.64)	897.17
631-100-1-10-1500	CITY OF BOARDMAN FC W/TREAS		17,602.62 (	7,927.37)	9,675.25
632-100-1-10-1500	CITY OF HEPNER FC W/TREAS		3,622.16 (	1,618.11)	2,004.05
633-100-1-10-1500	CITY OF IONE FC W/TREAS		581.76 (	260.98)	320.78
634-100-1-10-1500	CITY OF IRRIGON FC W/TREAS		1,802.90 (	808.69)	994.21
635-100-1-10-1500	CITY OF LEXINGTON FC W/TREAS		279.06 (	116.05)	163.01
636-100-1-10-1500	BOARDMAN RFPD FC W/TREAS		10,958.33 (	5,033.64)	5,924.69
638-100-1-10-1500	HEPNER RFPD FC W/TREAS		552.51 (	246.79)	305.72
639-100-1-10-1500	IRRIGON RFPD FC W/TREAS		1,094.09 (	496.70)	597.39
640-100-1-10-1500	IONE RFPD FC W/TREAS		760,535.62 (	26,902.35)	733,633.27
641-100-1-10-1500	S GILLIAM RFPD FC W/TREAS		129.15	0.60	129.75
642-100-1-10-1500	BOARDMAN CEMETERY FC W/TREAS		295.46 (	140.54)	154.92
643-100-1-10-1500	HEPNER CEMETERY FC W/TREAS		462.87 (	206.52)	256.35
644-100-1-10-1500	IONE-LEX CEMETERY FC W/TREAS		543.87 (	249.68)	294.19
645-100-1-10-1500	IRRIGON CEMETERY FC W/TREAS		207.87 (	94.53)	113.34
646-100-1-10-1500	WILLOW CREEK PARK FC W/TREAS		1,460.58 (	664.79)	795.79
647-100-1-10-1500	BOARDMAN PARK FC W/TREAS		3,117.94 (	1,483.25)	1,634.69
648-100-1-10-1500	IRRIGON PARK FC W/TREAS		825.96 (	375.47)	450.49
649-100-1-10-1500	BOARDMAN PK B&I FC W/TREASURER		7,256.11 (	3,408.95)	3,847.16
650-100-1-10-1500	MO CO UNIFIED REC FC W/TREAS		661,973.24 (	82,576.98)	579,396.26
651-100-1-10-1500	HEPNER WATER CONTROL FC W/TRE		88.16 (	39.74)	48.42
652-100-1-10-1500	MO CO SCHOOL DIST FC W/TREAS		71,472.41 (	32,646.37)	38,826.04
653-100-1-10-1500	MO CO SCHOOL B & I FC W/TREAS		179,405.54	9,486.97	188,892.51
654-100-1-10-1500	UMATILLA-MORROW ESD FC W/TREAS		12,007.41 (	5,495.13)	6,512.28
655-100-1-10-1500	CHAPLAINCY PROG FC W/TREAS		14.45	0.01	14.46
656-100-1-10-1500	IONE-LEX CEM PERP FC W/TREAS		0.00	0.00	0.00
657-100-1-10-1500	IONE-LEX CEM EQUIP FC W/TREAS		0.00	0.00	0.00
658-100-1-10-1500	BMCC FC W/TREASURER		12,894.93 (	5,901.06)	6,993.87
659-100-1-10-1500	BMCC B & I FC W/TREASURER		4,327.72 (	1,983.77)	2,343.95
660-100-1-10-1500	NORTH MO VECTOR CONT FC W/TREA		4,230.43 (	1,947.92)	2,282.51
662-100-1-10-1500	IONE LIBRARY DIST FC W/TREAS		461.20 (	212.65)	248.55
663-100-1-10-1500	OREGON TRAIL LIB FC W/TREAS		4,255.74 (	1,950.10)	2,305.64
665-100-1-10-1500	STATE & FED WILDLIFE FC W/TREA		3,112.00	0.00	3,112.00

FUND	ACCOUNT#	ACCOUNT NAME	BEGINNING BALANCE	CURRENT ACTIVITY	CURRENT BALANCE
566-100-1-10-1500		STATE FIRE PATROL FC W/TREAS	1,561.06 (	675.28)	885.78
567-100-1-10-1500		EOTT FC W/TREASURER	0.00	0.00	0.00
568-100-1-10-1500		TAX APPEALS FC W/TREAS	381,065.73	187.69	381,253.42
569-100-1-10-1500		SCHOLARSHIP TRUST FC W/TREAS	10,996.26	5.42	11,001.68
570-100-1-10-1500		ADV COLL 04-05 FC W/TREAS	1,844.60	0.91	1,845.51
571-100-1-10-1500		ADV COLL 03-04 FC W/TREAS	0.00	0.00	0.00
572-100-1-10-1500		ADV COLL 05-06 FC W/TREAS	4,347.67	4,119.13	8,466.80
573-100-1-10-1500		PREPAID TAX FC W/TREAS	0.00	0.00	0.00
574-100-1-10-1500		SALE OF CO LAND FC W/TREAS	0.00	0.00	0.00
575-100-1-10-1500		TREASURER TRUST FC W/TREAS	1,159.56	0.57	1,160.13
576-100-1-10-1500		IONE RFPD RESERVE FC W/TREAS	269,228.47	132.61	269,361.08
578-100-1-10-1500		STATE ADMIN CONT FC W/TREAS	0.00	0.00	0.00
580-100-1-10-1500		PERSONAL PROPERTY SALES FC W/T	0.00	0.00	0.00
581-100-1-10-1500		COUNTY A & T FC W/TREAS	12,014.79	11,275.56	23,290.35
582-100-1-10-1500		STATE FIRE FC W/TREAS	0.00	0.00	0.00
583-100-1-10-1500		PILOT ROCK RFPD FC W/TREAS	2,120.01	10.21	2,130.22
584-100-1-10-1500		FINLEY BUTTES CLOSURE FC W/TRE	1,271,727.39	626.38	1,272,353.77
585-100-1-10-1500		STATE HOUSING FC W/TREAS	23,478.87	10,514.19	33,993.06
586-100-1-10-1500		IONE LIBRARY BLDG FC W/TREAS	110,024.17	54.19	110,078.36
587-100-1-10-1500		FINLEY BUTTES TRUST FC W/TREAS	0.00	0.00	0.00
588-100-1-10-1500		IONE SCHOOL DIST FC W/TREAS	7,215.78 (	3,320.95)	3,894.83
590-100-1-10-1500		HEPPNER RURAL FIRE DIST BOND	271.75 (	117.46)	154.29
591-100-1-10-1500		CITY OF HEPPNER BND FC W/TREAS	393.06 (	171.02)	222.04
593-100-1-10-1500		IRRIGON TIPPAGE FC W/TREAS	0.00	0.00	0.00
595-100-1-10-1500		M.C. RET. PLAN TR. FC W/TREAS	0.00	0.00	0.00
597-100-1-10-1500		UNSEG TAX INT FC W/TREAS	0.00	0.00	0.00
598-100-1-10-1500		INTEREST EARNED FC W/TREAS	0.00	0.00	0.00
599-100-1-10-1500		UNSEGREGATED TAX FC W/TREAS	251.51 (	251.51)	0.00
TOTAL CLAIM ON CASH			33,657,875.79 (	1,841,774.00)	31,816,101.79

CASH IN BANK - POOLED CASH

999-100-1-10-1501		AP POOLED BEO	334,009.84 (	386,717.29)	52,707.45)
999-100-1-10-1502		PAYROLL BEO	11,730.43	242,934.10	254,664.53
999-100-1-10-1503		STATE TREASURY POOL	33,302,154.73 (	1,455,058.75)	31,847,095.98
999-100-1-10-1504		CERTIFICATES OF DEPOSIT	0.00	0.00	0.00
999-100-1-10-1505		WELLS FARGO INVESTMENTS	0.00	0.00	0.00
999-100-1-10-1506		UNION BANK OF CALIFORNIA	0.00	0.00	0.00
999-100-1-10-1507		COMMUNITY BANK	100.20	0.00	100.20
999-100-1-10-1508		US BANK	0.00	0.00	0.00
SUBTOTAL CASH IN BANK - POOLED CASH			33,647,995.20 (	1,598,841.94)	32,049,153.26

WAGES PAYABLE

999-100-2-60-6001		WAGES PAYABLE	0.00	245,229.66	245,229.66
SUBTOTAL WAGES PAYABLE			0.00	245,229.66	245,229.66

TOTAL CASH IN BANK - POOLED CASH			33,647,995.20 (1,844,071.60)	31,803,923.60
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MERCER
ADVISORS™



Quarterly Review

Prepared for **Morrow County**

Jennifer Currin Gutridge

(Office) 503.597.2222

mcgeewm.com

Client Review Contents as of Jun 30, 2021

Morrow County

Jennifer Currin Gutridge
503.597.2222

Report Listing

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Security Level Performance Detail	13
CIO Perspective	17
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Account Listing

Raymond James	Account Number	Account Type	Market Value (\$)
Morrow County - Equity	xxxxx447	Retirement Plan	27,620,657.29
Morrow County - Fixed Income	xxxxx758	Retirement Plan	6,924,955.80
Total Market Value			\$34,545,613.09
Total Portfolio			\$34,545,613.09

Spring has transitioned to summer giving us a much better outlook than we had this time last year. When we remember summer of 2020, we have memories of COVID-19 fears, local fires and general uncertainty come to mind. Now we have a renewed sense of hope. You can recall the emotions that overshadowed everyone's logic last year. You might have wanted to panic and sell out of your portfolios; but you were rewarded for staying the course. This year we can be thankful that the vaccines were created and distributed, and most governors have opened up their state's economies. Things are almost back to normal.

As the season transitioned from spring to summer, we have been transitioning too as we became part of Mercer Advisors wealth management team. We have been learning more about new technologies, resources, and talent that Mercer Advisors brings to our team and you. Our integration will continue through 2021 and we will continue to share relevant information as we learn more.

There will be more transitions this summer as Congress will debate the new proposals for tax changes. Mercer Advisors' CIO produced a summary of the Biden administration proposal, and it is included for your review.

Second Quarter 2021-Market & Economic Commentary

BLISTERING REBOUND PUSHES STOCKS HIGHER

Tailwinds push stocks to new highs

There is a lot to be happy about, as U.S. stocks finished a strong second quarter at new highs. The benchmark S&P 500 index advanced 8.55% in the second quarter to close up 15.25% year-to date.

Those double-digit gains reflect a powerful economic rebound propelled by consumers rushing to shop, travel, and eat out after a year of lockdown. Air travel, devastated in 2020, is already back to 80% of pre-pandemic passenger levels and expanding fast.² That momentum is expected to continue into the second half of the year, pushing consumer prices and corporate earnings higher, as stocks trade at the steepest valuations in over twenty years.

Consumers feeling flush

It's no surprise that consumers are spending in a big way. Trillions of dollars of stimulus have been pumped into the economy through the American Rescue Plan, stimulus checks and other initiatives. The Fed is greasing the gears via billions in monthly bond purchases, and consumers have only to look at rising neighborhood home prices and climbing account balances to feel flush. In April, U.S. home prices grew at the fastest rate in 15 years,³ spurred by low mortgage rates, a dearth of homes for sale, and the ongoing

migration to more affordable and spacious homes far from city centers. By many measures, household finances are in their best shape in years, meaning the economic expansion still has room to run.

Inflation fears take a step back, but still a concern

Inflation has been the dark cloud on the horizon. While rising prices are still a concern, inflation fears have calmed slightly since March. The Federal Reserve believes inflation is “transitory” and will subside next year as the economy normalizes. The bond market seems to endorse that view, as witnessed by falling 10-year Treasury yields from 1.74% at the end of March to 1.44% by June 30.4 Those lower yields reflect expectations that inflation will stay under control and Biden spending proposals will be scaled back by a tightfisted Congress. Still, as many companies now resort to widespread wage increases to entice reluctant employees back to work, higher labor costs risk cutting into corporate profits or getting passed through to consumers.

Expectations for rising interest rates

At its June meeting the Fed signaled that budding inflation, and the surprisingly strong recovery, might prompt higher interest rates as early as 2023, a year ahead of schedule, or even earlier. Chairman Powell says the Fed will move interest rates off zero once it's convinced the recovery is on solid ground and there's progress toward recovering almost 7 million jobs lost in the pandemic.5 It's a Catch-22. Higher rates are a sign of confidence in the economy. They benefit conservative savers who have been starved for yield. At the same time, higher rates can deflate corporate profits and jeopardize lofty stock valuations by making alternative investments more attractive.

What's ahead

- Investors should expect bumps along the way as the economy gets back to “normal.” Supply chain disruptions, shortages, and price hikes are inevitable short-term consequences of this powerful recovery. Whether they will stick or not remains to be seen.
- Expect large daily market moves, like those seen in Q2, depending on the day's economic news. Value and growth stocks have been jockeying for market leadership. Value surged in Q1, led by the strong rebound and higher potential inflation. Growth stocks regained the lead in Q2 as growth and inflation expectations moderated. Diversify your portfolio to include both and ignore the day-to-day news headlines.
- We expect Europe and parts of Asia to play catch up as more people are vaccinated and economies open up. Make sure your portfolio is well-diversified and consider exposure to opportunities overseas, where valuations are more attractive than in the U.S.

- The threat of rising rates has pushed benchmark bond returns slightly negative year to date. You can mitigate the risks from higher rates by shortening bond maturities. Short term bonds have historically been less sensitive to rising rates and may actually benefit as short-term rates adjust upwards.
- While Congress debates the Administration's ambitious tax proposals, now is an ideal time for investors to take action. Higher capital gains tax rates could lead to more volatility, as those with gains race to lock in sales. Likewise, a rise in corporate tax rates, making companies less profitable, could potentially result in a significant market correction. Strong equity results have pushed many investors' stock allocations above target levels. Now is the perfect time to right-size your portfolio by rebalancing and reducing over-concentrations in asset classes, sectors, or individual stocks. Your Advisor can guide you on these and other aspects of your wealth management strategy.

Have any of these events happened in your personal life since we updated your financial plan?

- Modified your goals.
- A life-changing event such as marriage, the birth of a child/grandchild, health problems
- Specific or immediate financial planning need (e.g., drafting a will, managing a distribution from a retirement account, paying long-term care expenses, etc.)
- A change in cash flow; income or expenses increase or decrease.
- Updated or created your estate plan, new trust, beneficiary change, new power of attorney.
- Completed your 2020 tax returns? If so, please let us know and/or upload to your vault.

Do not forget to visit mcgeewm.com/resources for:

- Technology Assistance
 - Add Our Domain as a Safe Sender – Are you receiving our e-mail updates?
 - Discovering Client Access
 - How to set up document e-delivery
 - How to use e-signature

We are honored to be your trusted advisors and we look forward to discussing your personal financial plan and addressing any questions or concerns about any of the topics discussed or how these or other issues may affect your portfolio – please call us to set a virtual or in office appointment.

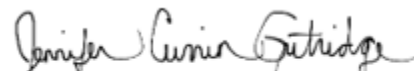
Sincerely,



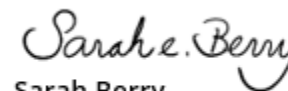
Judith McGee, CFP®
EVP & Senior Client Advisor



Linette Dobbins, CFP®
Branch Manager & Sr. Lead Advisor



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Senior Client Advisor



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This summary is provided as a courtesy for informational purposes. Account values are collected from sources we believe to be reliable. Account values may be obtained from or verified through the institution(s) maintaining custody as well as from account statements issued by the custodian(s).

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Portions of this material represents an assessment of the market and economic environment at a specific point in time and is not intended to be a forecast of future events, or a guarantee of future results. Forward-looking statements are subject to certain risks and uncertainties. Actual results, performance, or achievements may differ materially from those expressed or implied. Information is based on data gathered from what we believe are reliable sources. It is not guaranteed as to accuracy, does not purport to be complete and is not intended to be used as a primary basis for investment decisions. It should also not be construed as advice meeting the particular investment needs of any investor.

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Data sources: Ycharts, Inc., AP News, [s](https://bit.ly/2TGu6hP), AP News, <https://bit.ly/2TGu6hP>, Data source: Ycharts, Inc., & Reuters, <https://reut.rs/2Uu6JZa>

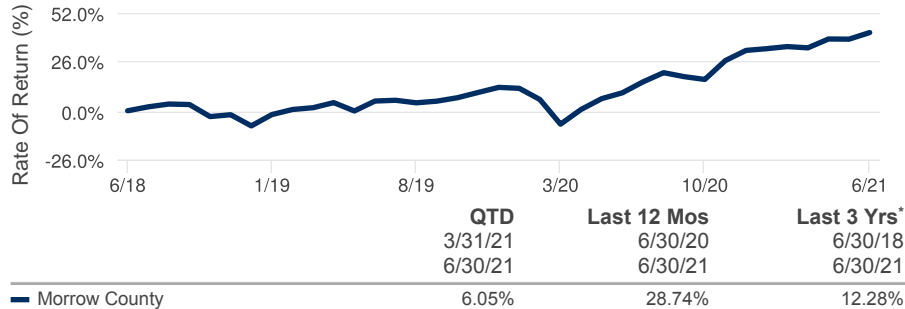
Custom Executive Overview as of Jun 30, 2021

Morrow County

Jennifer Currin Gutridge
503.597.2222

Portfolio Performance

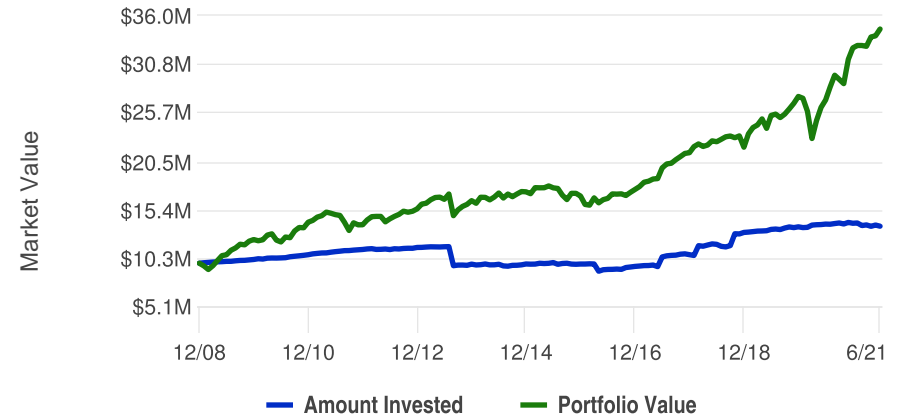
Dollar-Weighted (Net of Fees)



*Returns are annualized. The cumulative return is charted above.

Value Over Time

12/31/08 - 6/30/21



Asset Growth

	QTD	Prior 12 Mos	Last 3 Yrs
	3/31/21	6/30/20	6/30/18
	6/30/21	6/30/21	6/30/21
Beginning Market Value	\$32,711,368.55	\$27,019,443.85	\$22,590,383.35
Contributions/ Withdrawals	(\$138,321.06)	(\$225,069.44)	\$1,922,085.24
Income	\$107,471.60	\$1,112,904.20	\$3,735,306.17
Change in Market Value	\$1,865,094.00	\$6,638,334.48	\$6,297,838.33
Ending Market Value	\$34,545,613.09	\$34,545,613.09	\$34,545,613.09
Investment Results	\$1,972,565.60	\$7,751,238.68	\$10,033,144.50

Gains and Losses

Unrealized Gain/Loss

	Gain (\$)	Loss (\$)	Total (\$)
Short Term	265,086.72	(81,624.03)	183,462.68
Long Term	7,968,071.77	(69,552.67)	7,898,519.10
Total	\$8,233,158.49	(\$151,176.71)	\$8,081,981.78

Realized Gain/Loss

1/1/21 - 6/30/21	Gain (\$)	Loss (\$)	Total (\$)
Short Term	0.00	0.00	0.00
Long Term	0.00	0.00	0.00
Total	\$0.00	\$0.00	\$0.00

Non-Taxable Accounts are excluded from the Realized table.

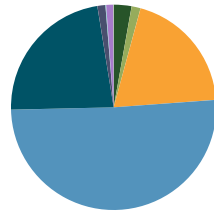
Custom Investment Overview as of Jun 30, 2021

Morrow County

Jennifer Currin Gutridge
503.597.2222

Asset Allocation

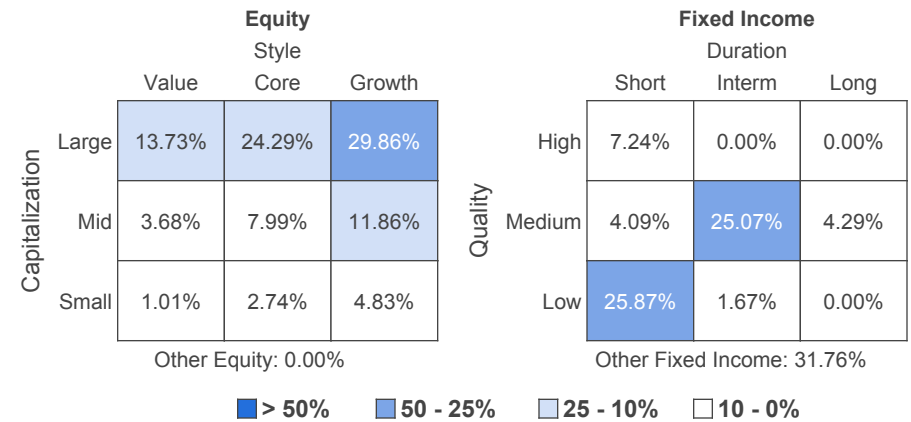
	Market Value (\$)	% of Portfolio
Cash & Cash Alternatives	1,460,691.52	4.23%
Cash*	969,762.03	2.81%
Cash Alternatives	490,929.49	1.42%
Fixed Income	6,775,235.90	19.61%
Equity	25,907,290.23	74.99%
U.S. Equity	17,550,726.76	50.80%
Non U.S. Equity	7,878,435.79	22.81%
Real Estate	435,458.97	1.26%
Equity Other	42,668.71	0.12%
Alternative Investments	373,087.17	1.08%
Allocation Strategies	0.00	0.00%
Non-Classified	29,308.36	0.08%
Total Portfolio	\$34,545,613.09	100%



Packaged products may be represented across multiple asset classes.

*\$315,089.54 is held in cash and cash sweep products

Style Analysis



Global Exposure

	Market Value (\$)	% of Portfolio
US	23,734,054.35	68.70%
Canada	617,150.49	1.79%
Latin America	597,028.11	1.73%
Europe	4,137,004.64	11.98%
Middle East	229,851.96	0.67%
Africa	148,679.44	0.43%
Japan	514,221.25	1.49%
Australasia	110,780.02	0.32%
Asia	2,671,611.25	7.73%
Non-Classified	1,785,231.63	5.17%
Total Portfolio	\$34,545,613.14*	100.00%

	Market Value (\$)	% of Portfolio
Developed	\$30,050,867.02	86.99%
Emerging	\$2,566,155.44	7.43%
Frontier	\$143,359.01	0.41%
Other	\$1,785,231.63	5.17%

*Accrued Income is included in the US region.

Equity Sector Allocation

	Market Value (\$)	% of Equity
Basic Materials	1,016,433.94	3.92%
Consumer Cyclical	2,925,137.58	11.29%
Financial Services	2,762,865.82	10.66%
Real Estate	559,655.27	2.16%
Consumer Defensive	1,381,946.32	5.33%
Healthcare	4,739,195.02	18.29%
Utilities	509,088.99	1.97%
Communication Services	2,412,345.98	9.31%
Energy	549,588.82	2.12%
Industrials	2,582,005.30	9.97%
Technology	6,468,378.71	24.97%
Other	162.31	0.00%
Total Portfolio	\$25,906,804.06	100%

Packaged products may be represented across multiple equity sectors.

Performance by Account as of Jun 30, 2021

Morrow County

Jennifer Currin Gutridge
503.597.2222

Performance by Account Summary

Dollar-Weighted (Net of Fees)

	Open Date/ (Close Date)	Market Value	QTD	Last 12 Months	Last 3 Years*	Last 5 Years*
			3/31/21 6/30/21	6/30/20 6/30/21	6/30/18 6/30/21	6/30/16 6/30/21
Morrow County - Equity // xxxxx447	11/16/01	\$27,620,657.30	7.15%	36.26%	14.89%	13.57%
Morrow County - Fixed Income // xxxxx758	7/1/04	\$6,924,955.80	1.90%	6.00%	3.58%	3.45%
Total Portfolio	11/16/01	\$34,545,613.09	6.05%	28.74%	12.28%	11.10%

*Returns are annualized for periods greater than one year.

Performance by Account as of Jun 30, 2021

Morrow County

Jennifer Currin Gutridge
503.597.2222

Performance by Account Detail

Consolidated Review

Inception: 11/16/01

	Beginning Market Value	Contributions	Withdrawals	Income	Change in Market Value	Ending Market Value	Investment Results	Dollar-Weighted (Net of Fees) Performance
QTD 3/31/21-6/30/21	\$32,711,368.55	\$444,331.77	(\$582,652.83)	\$107,471.60	\$1,865,094.00	\$34,545,613.09	\$1,972,565.60	6.05%
Last 12 Months 6/30/20-6/30/21	\$27,019,443.85	\$2,221,645.08	(\$2,446,714.52)	\$1,112,904.20	\$6,638,334.48	\$34,545,613.09	\$7,751,238.68	28.74%
Last 3 Years* 6/30/18-6/30/21	\$22,590,383.35	\$7,619,222.05	(\$5,697,136.81)	\$3,735,306.17	\$6,297,838.33	\$34,545,613.09	\$10,033,144.50	12.28%
Last 5 Years* 6/30/16-6/30/21	\$16,586,176.24	\$14,406,130.65	(\$9,822,721.00)	\$5,346,525.14	\$8,029,502.06	\$34,545,613.09	\$13,376,027.20	11.10%

*Returns are annualized for periods greater than one year.

Morrow County - Equity // xxxxx447

Inception: 11/16/01

	Beginning Market Value	Contributions	Withdrawals	Income	Change in Market Value	Ending Market Value	Investment Results	Dollar-Weighted (Net of Fees) Performance
QTD 3/31/21-6/30/21	\$25,777,360.31	\$0.00	\$0.00	\$53,091.75	\$1,790,205.24	\$27,620,657.30	\$1,843,296.99	7.15%
Last 12 Months 6/30/20-6/30/21	\$20,271,119.74	\$12,650.13	(\$12,650.13)	\$851,643.16	\$6,497,894.40	\$27,620,657.30	\$7,349,537.56	36.26%
Last 3 Years* 6/30/18-6/30/21	\$17,032,544.31	\$1,240,731.00	(\$12,650.13)	\$2,964,271.76	\$6,395,760.35	\$27,620,657.30	\$9,360,032.11	14.89%
Last 5 Years* 6/30/16-6/30/21	\$11,924,201.87	\$3,333,241.84	(\$12,650.13)	\$4,206,663.39	\$8,169,200.33	\$27,620,657.30	\$12,375,863.72	13.57%

*Returns are annualized for periods greater than one year.

Morrow County - Fixed Income // xxxxx758

Inception: 7/1/04

	Beginning Market Value	Contributions	Withdrawals	Income	Change in Market Value	Ending Market Value	Investment Results	Dollar-Weighted (Net of Fees) Performance
QTD 3/31/21-6/30/21	\$6,934,008.24	\$444,331.77	(\$582,652.83)	\$54,379.85	\$74,888.76	\$6,924,955.80	\$129,268.61	1.90%

Consolidated Accounts: xxxxx447, xxxxx758

Performance by Account as of Jun 30, 2021

Morrow County

Jennifer Currin Gutridge
503.597.2222

Performance by Account Detail *(continued)*

Morrow County - Fixed Income // xxxxx758 *(continued)*

Inception: 7/1/04

	Beginning Market Value	Contributions	Withdrawals	Income	Change in Market Value	Ending Market Value	Investment Results	Dollar-Weighted (Net of Fees) Performance
Last 12 Months 6/30/20-6/30/21	\$6,748,324.11	\$2,208,994.95	(\$2,434,064.39)	\$261,261.04	\$140,440.08	\$6,924,955.80	\$401,701.12	6.00%
Last 3 Years* 6/30/18-6/30/21	\$5,557,839.04	\$6,378,491.05	(\$5,684,486.68)	\$771,034.41	(\$97,922.02)	\$6,924,955.80	\$673,112.39	3.58%
Last 5 Years* 6/30/16-6/30/21	\$4,661,974.37	\$11,072,888.81	(\$9,810,070.87)	\$1,139,861.75	(\$139,698.26)	\$6,924,955.80	\$1,000,163.49	3.45%

*Returns are annualized for periods greater than one year.

Security Level Performance Detail as of Jun 30, 2021

Morrow County - Equity // xxxxx447

Jennifer Currin Gutridge
503.597.2222

Performance Detail

Quarter to Date
3/31/21 - 6/30/21

	Start Date	Beginning Market Value	Contributions	Withdrawals	Income	Change in Market Value	Ending Market Value	Investment Results	Time-Weighted Performance
AMERICAN FUNDS AMERICAN MUTUAL F2 Symbol: AMRFX	3/31/21	\$1,990,032.20	\$9,627.98	\$0.00	\$9,627.98	\$93,536.11	\$2,093,196.29	\$103,164.09	5.18%
ARK INNOVATION ETF Symbol: ARKK	3/31/21	\$1,433,642.40	\$0.00	\$0.00	\$0.00	\$129,440.16	\$1,563,082.56	\$129,440.16	9.03%
BLACKROCK MID-CAP GROWTH EQUITY INSTL Symbol: CMGIX	3/31/21	\$1,455,088.09	\$0.00	\$0.00	\$0.00	\$141,984.14	\$1,597,072.23	\$141,984.14	9.76%
Cash	3/31/21	\$111,385.08	\$3,481,797.27	(\$3,507,147.99)	\$2.35	\$0.00	\$86,036.71	\$2.35	0.00%
COLUMBIA DIVIDEND INCOME INST Symbol: GSFTX	3/31/21	\$1,463,003.60	\$5,320.96	\$0.00	\$5,320.96	\$80,146.27	\$1,548,470.83	\$85,467.23	5.84%
FEDERATED HERMES KAUFMANN SMALL CAP IS Symbol: FKAIX	3/31/21	\$2,026,175.52	\$0.00	(\$483,000.00)	\$0.00	\$136,596.58	\$1,679,772.09	\$136,596.58	7.55%
GOLDMAN SACHS GQG PTNRS INTL OPPS INV Symbol: GSINX	3/31/21	\$1,429,010.47	\$0.00	\$0.00	\$0.00	\$122,486.61	\$1,551,497.09	\$122,486.61	8.57%
GOLDMAN SACHS LARGE CAP GR INSGHTS INV Symbol: GLCTX	3/31/21	\$2,256,091.13	\$0.00	(\$292,500.00)	\$0.00	\$256,833.23	\$2,220,424.37	\$256,833.23	11.76%
GOLDMAN SACHS SMALL/MID CAP GROWTH INV Symbol: GTMTX	3/31/21	\$961,803.02	\$0.00	\$0.00	\$0.00	\$67,192.53	\$1,028,995.55	\$67,192.53	6.99%
HARTFORD HEALTHCARE I Symbol: HGHIX	3/31/21	\$1,136,662.41	\$0.00	(\$656,500.00)	\$0.00	\$94,663.38	\$574,825.80	\$94,663.38	8.76%
HARTFORD SCHRODERS INTL MULTI-CP VAL I Symbol: SIDNX	6/10/21	\$1,080,000.00	\$6,806.89	\$0.00	\$6,806.89	(\$30,987.74)	\$1,055,819.15	(\$24,180.85)	(2.24%)

Security Level Performance Detail as of Jun 30, 2021

Morrow County - Equity // xxxxx447

Jennifer Currin Gutridge
503.597.2222

Performance Detail *(continued)*

Quarter to Date *(continued)*

3/31/21 - 6/30/21

	Start Date	Beginning Market Value	Contributions	Withdrawals	Income	Change in Market Value	Ending Market Value	Investment Results	Time-Weighted Performance
INVESCO DWA MOMENTUM ETF Symbol: PDP	3/31/21	\$1,234,385.00	\$0.00	(\$726,001.42)	\$0.00	\$44,302.96	\$552,686.54	\$44,302.96	5.38%
IVY EMERGING MARKETS EQUITY I Symbol: IPOIX	3/31/21	\$1,434,532.26	\$0.00	\$0.00	\$0.00	\$79,010.38	\$1,513,542.64	\$79,010.38	5.51%
IVY SCIENCE AND TECHNOLOGY I Symbol: ISTIX	3/31/21	\$1,519,885.45	\$0.00	\$0.00	\$0.00	\$126,127.98	\$1,646,013.43	\$126,127.98	8.30%
JPMORGAN HEDGED EQUITY I Symbol: JHEQX	3/31/21	\$1,100,849.95	\$2,027.46	\$0.00	\$2,027.46	\$42,235.72	\$1,145,113.13	\$44,263.18	4.02%
MFS INTL DIVERSIFICATION I Symbol: MDIJX	3/31/21	\$1,482,291.65	\$0.00	(\$503,000.00)	\$0.00	\$83,223.62	\$1,062,515.27	\$83,223.62	5.01%
NEUBERGER BERMAN LARGE CAP VALUE INSTL Symbol: NBPIX	6/11/21	\$1,620,000.00	\$0.00	\$0.00	\$0.00	(\$44,194.67)	\$1,575,805.33	(\$44,194.67)	(2.73%)
PARNASSUS CORE EQUITY INVESTOR Symbol: PRBLX	3/31/21	\$851,594.09	\$455,000.00	\$0.00	\$643.55	\$70,102.95	\$1,376,697.04	\$70,746.50	7.33%
PGIM JENNISON INTERNATIONAL OPPS Z Symbol: PWJZX	3/31/21	\$1,465,086.11	\$0.00	\$0.00	\$0.00	\$177,819.28	\$1,642,905.39	\$177,819.28	12.14%
VIRTUS ALLIANZGI INCOME & GROWTH P Symbol: AIGPX	3/31/21	\$1,735,604.86	\$28,662.56	\$0.00	\$28,662.56	\$72,161.78	\$1,836,429.20	\$100,824.34	5.81%
VIRTUS ALLIANZGI WATER CLASS P Symbol: AWTPX	6/11/21	\$270,000.00	\$0.00	\$0.00	\$0.00	(\$243.35)	\$269,756.65	(\$243.35)	(0.09%)

Security Level Performance Detail as of Jun 30, 2021

Morrow County - Fixed Income // xxxxx758

Jennifer Currin Gutridge
503.597.2222

Performance Detail

Quarter to Date
3/31/21 - 6/30/21

	Start Date	Beginning Market Value	Contributions	Withdrawals	Income	Change in Market Value	Ending Market Value	Investment Results	Time-Weighted Performance
Cash	3/31/21	\$573,834.49	\$598,703.33	(\$943,493.28)	\$8.29	\$0.00	\$229,052.83	\$8.29	0.00%
EATON VANCE CORE BOND I Symbol: EIGIX	3/31/21	\$348,983.07	\$2,055.78	\$0.00	\$2,055.78	\$5,250.63	\$356,289.49	\$7,306.41	2.09%
EATON VANCE SHORT DURATION GOV INC I Symbol: EILDIX	3/31/21	\$642,789.22	\$2,840.85	(\$100,000.00)	\$2,840.85	(\$4,525.18)	\$541,104.89	(\$1,684.33)	(0.30%)
EATON VANCE SHORT DURATION STRAT INC I Symbol: ESIX	5/26/21	\$100,000.00	\$741.81	\$0.00	\$741.81	(\$547.46)	\$100,194.35	\$194.35	0.19%
HARTFORD TOTAL RETURN BOND I Symbol: ITBIX	3/31/21	\$460,011.88	\$2,461.38	\$0.00	\$2,461.38	\$7,279.43	\$469,752.69	\$9,740.81	2.12%
JHANCOCK INCOME I Symbol: JSTIX	3/31/21	\$264,950.92	\$2,142.30	\$0.00	\$2,142.30	\$1,592.30	\$268,685.53	\$3,734.60	1.41%
JPMORGAN CORE BOND I Symbol: WOBIX	3/31/21	\$547,127.72	\$3,021.83	\$0.00	\$3,021.83	\$7,388.91	\$557,538.46	\$10,410.74	1.90%
JPMORGAN CORPORATE BOND I Symbol: CBFSX	3/31/21	\$285,014.43	\$5,804.08	\$0.00	\$5,804.08	\$4,786.69	\$295,605.20	\$10,590.77	3.72%
JPMORGAN INCOME BUILDER I Symbol: JNBIX	3/31/21	\$514,448.98	\$5,434.14	\$0.00	\$5,434.14	\$15,938.98	\$535,822.10	\$21,373.12	4.15%
MAINSTAY MACKAY HIGH YIELD CORP BD I Symbol: MHYIX	3/31/21	\$411,633.59	\$5,415.04	\$0.00	\$5,415.04	\$4,098.48	\$421,147.11	\$9,513.52	2.31%
PGIM HIGH YIELD Z Symbol: PHYZX	3/31/21	\$421,936.79	\$6,099.60	\$0.00	\$6,099.60	\$6,163.31	\$434,199.70	\$12,262.91	2.91%
PGIM STRATEGIC BOND Z Symbol: PUCZX	5/17/21	\$200,000.00	\$281.49	\$0.00	\$281.49	\$2,143.80	\$202,425.29	\$2,425.29	1.21%
PGIM TOTAL RETURN BOND Z Symbol: PDBZX	3/31/21	\$460,467.30	\$3,108.23	\$0.00	\$3,108.23	\$11,306.16	\$474,881.69	\$14,414.39	3.13%

Security Level Performance Detail as of Jun 30, 2021

Morrow County - Fixed Income // xxxxx758

Jennifer Currin Gutridge
503.597.2222

Performance Detail *(continued)*

Quarter to Date *(continued)*
3/31/21 - 6/30/21

	Start Date	Beginning Market Value	Contributions	Withdrawals	Income	Change in Market Value	Ending Market Value	Investment Results	Time-Weighted Performance
PIMCO INCOME I2 Symbol: PONPX	3/31/21	\$716,434.45	\$7,024.97	\$0.00	\$7,024.97	\$7,211.53	\$730,670.95	\$14,236.50	1.99%
PIMCO TOTAL RETURN ESG I2 Symbol: PRAPX	3/31/21	\$451,810.16	\$2,341.10	\$0.00	\$2,341.10	\$7,782.17	\$461,933.43	\$10,123.27	2.24%
TEMPLETON GLOBAL BOND ADV Symbol: TGBAX	3/31/21	\$311,126.00	\$4,294.11	\$0.00	\$4,294.11	(\$3,367.16)	\$312,052.94	\$926.95	0.30%
THORNBURG LIMITED TERM INCOME INSTL Symbol: THIX	3/31/21	\$278,850.43	\$0.00	\$0.00	\$1,128.96	\$1,414.46	\$280,264.89	\$2,543.42	0.91%
VIRTUS ALLIANZGI CONVERTIBLE P Symbol: ANCMX	3/31/21	\$244,588.80	\$0.00	\$0.00	\$175.89	\$8,745.46	\$253,334.26	\$8,921.35	3.65%

May 26, 2021

BIDEN'S TAX INCREASES WON'T AFFECT JUST THE TOP 1%

SUMMARY

On March 31, 2021, the Biden administration introduced the American Jobs Plan, which, proposes a series of increases in corporate and individual tax rates to pay for a massive new infrastructure bill. Among other things, the administration proposes to increase corporate taxes from 21% to 28%, increase the top capital gains rate from 23.8% to 43.4% for incomes over \$1 million, and increase the top individual income tax rate to 39.6%.¹

Despite claims that the proposal's tax changes would impact only the top 1% of taxpayers (or less), evidence and economic intuition strongly suggest otherwise. To the contrary, the proposed tax changes would almost certainly lead to lower stock prices and ensnare millions of US households over time. The corporate tax rate alone could potentially result in significantly lower stock prices.

BIDEN'S AMERICAN JOBS PLAN

On March 31, 2021, the Biden administration introduced the American Jobs Plan, which proposes a series of increases in corporate and individual tax rates to pay for a massive new infrastructure bill. Among other things, the administration proposes to increase corporate taxes from 21% to 28%, increase the top capital

gains rate from 23.8% to 43.4% for incomes over \$1 million, and increase the top individual income tax rate to 39.6%.²

Despite claims that the proposal's tax changes would impact only the top 1% of taxpayers (or less), evidence and economic intuition strongly suggest otherwise. To the contrary, the proposed tax changes would almost certainly lead to lower stock prices and ensnare millions of U.S. households over time.

CORPORATE INCOME TAXES

While the proposal's advocates argue the bill would impact only a very small percentage of Americans, the reality is that 55% of Americans own stock³ not to mention the many thousands of public and private pensions plans, educational institutions, and other non-profits that own stocks in their portfolios. Regardless of what one might believe about the relative merits of the proposal, there's no escaping the fact that any increase in corporate taxes would likely have negative implications for everything from the funding of public pensions (a decline in asset values requires greater contributions from taxpayers) to student financial aid (smaller endowments means less student financial aid) to the retirement security of many households (the 55% of households that own stocks). These are all very real, second order effects of a decline in stock prices due to rising corporate tax rates.

^{1,2} "FACT SHEET: The American Jobs Plan," [whitehouse.gov](https://www.whitehouse.gov), 3/31/21.

³ "Stock Market," [news.gallup.com](https://www.news.gallup.com).

What investors ultimately want to know is the degree to which equity markets might decline should the proposal become law. In theory, a 33% increase in corporate taxes from 21% to 28% means corporations must hand over an additional 9% of their current pre-tax income to the federal government (see Exhibit A). Consequently, given stock prices are ultimately a function of companies' earnings, on this premise alone stock prices could fall 8.9% should the proposal become law. Whether one deems such a decline to be material or not is naturally a subjective determination, but there's no mistaking the direction: higher corporate taxes, all things equal, result in lower stock prices.

Consider Exhibit A. Under current law, companies in theory keep \$0.79 for every \$1 in pre-tax earnings. Should the administration's proposal

become law, companies would keep \$0.72 of each dollar in pre-tax earnings (a decline of 8.9%). At a multiple of 22 times earnings, this implies an S&P 500 valuation of about 3,855, down 8.9% from where it closed on April 30, 2021.⁴ But markets are complex and there's certainly no guarantee market declines would stop there. For example, it's perfectly conceivable that, in response to higher corporate taxes, markets might decide to price earnings at something less than 22 times earnings to reflect higher tax and regulatory risks. That would result in still further declines in equity values. For example, should taxes rise and markets decide to price the S&P 500 at 18 times earnings—still higher than the index's long-term average of 16 times earnings—the index would fall approximately 25.4% from its close on April 30, 2021.

Exhibit A: Impact of Corporate Tax Increase from 21% to 28%⁵

	Current	Proposed	Change
Earnings Before Tax	\$1.00	\$1.00	-
Corporate Tax Rate	21.0%	28.0%	33.3%
Net Income (\$1 after after tax)	\$0.79	\$0.72	-8.9%
S&P 500, implied valuation @ 22x	4181	3811	-8.9%
S&P 500, implied valuation @ 18x	N/A	3118	-25.4%

Finally, increasing the corporate tax rate to 28% puts it solidly above the OECD average of 23.85%.⁶ Subsequently, raising the U.S. corporate tax rate to 28% would, at least to some degree, add to incentives for U.S. domiciled corporations to relocate to lower tax jurisdictions. While those considerations are often complex and multidimensional, this is nevertheless a very real challenge in an interconnected global economy—one that's increasingly dominated by virtual meetings powered by Zoom and other work from home technologies. But the world is similarly flat for manufacturers. For example, in 2017 and 2018 and Trump administration-imposed tariffs

on Chinese imports, an ill-conceived and poorly designed policy that was designed to incentivize China-based manufacturers to relocate to the United States. Only they didn't. They instead relocated to other countries in Asia, notably Vietnam, to avoid U.S. tariffs while still capitalizing on Asia's low labor costs.⁷

IMPACT ON CORPORATE DIVIDENDS

There are also negative implications for corporate dividends. According to one study, more than 25 million taxpayers reported dividend income in 2012—63% of them over the age of 50.⁸ Another study found that 17% of U.S. households receive

⁴Source: YCharts, Inc.

⁵Calculations by the author. Assumes market valuation at 22 and 18 times forward earnings.

⁶Asen, Elke. "Corporate Tax Rates Around the World, 2020", Tax Foundation, December 9, 2020.

⁷"US Tariffs Drive Drop in Chinese Imports," The Wall Street Journal, May 12, 2021.

⁸"Dividend Tax hike Will Hurt Millions of Americans at All Income Levels," Edison Electric Institute, Thursday, July 12, 2012.

dividends.⁹ How might increases in corporate taxes negatively impact recipients of dividend income? For starters, an 8.9% decline in earnings after tax means less earnings available for dividend payments. Companies with already low dividend coverage ratios (a measure of their ability to pay dividends) may elect to reduce or even suspend dividend payments. A less draconian possibility is that companies may elect to suspend planned future increase in dividend payments. Finally, the tax rate on their dividends will increase from as low as 15% under current law (ignoring the 0% bracket) to as high as 43.4%—a 189% increase.

REALITY CHECK

However, the above analysis notwithstanding, the real world is rarely so simple. This is especially true in financial markets, where many factors influence stock prices and dividends—taxes being just one of those. And in truth, the corporate tax rate matters less than the method by which taxes are calculated. For example, while the administration proposes to increase the statutory corporate tax rate to 28%, few companies actually pay that, thanks in part to a labyrinthine tax system that's riddled with numerous deductions, credits, and other tax loopholes. For the quarter ending March 31, 2021, the effective corporate tax rate for S&P 500 companies was 17.95%;¹⁰ and 55 companies, all of them constituents of the S&P 500, actually paid zero federal income taxes in 2020.¹¹ The real question, ultimately, is what the administration proposes to do with respect to how corporate taxable income is calculated and less so what rate to apply to the product of those calculations.

CAPITAL GAINS TAXES

The top capital gains rate is currently 20%. Add to that the Net Investment Income Tax (NIIT) of 3.8% for households earning more than \$250,000, and the top capital gains rate quickly rises to 23.8%. The administration proposes taxing capital gains as income for households with income greater than \$1 million. Given that it also increases the top marginal income tax bracket to 39.6%, the

proposal would effectively increase the capital gains rate to 43.4% (39.6% + 3.8% NIIT). I should also note that the NIIT “threshold amount”—the \$250,000 in adjusted gross income where the NIIT kicks in—isn't indexed for inflation. In practice that means the 3.8% NIIT applies to more taxpayers every year due to inflation alone, which is certainly more material today than in years past.¹²

Promoters of the proposal argue that the higher capital gains rate would apply only to the top 1% of taxpayers or less. However, this claim ignores a sobering reality: it would apply to far more households over time because the top 1% of households isn't a static, fixed number of households. Who's in the top 1% changes all the time. Said differently, there is considerable migration in and out of the top 1%, 5%, and 10% of households. Consider the evidence. According to research conducted by Professor Mark Rank of Washington University in St. Louis and Professor Thomas A. Hirschl of Cornell University:¹³

- 12% of Americans find themselves in the top 1% at least once in their lifetime
- 39% of Americans find themselves in the top 5% at least once in their lifetime
- 56% of Americans find themselves in the top 10% at least once in their lifetime
- 73% of Americans find themselves in the top 20% at least once in their lifetime

These findings are unsurprising to anyone who works in wealth management or any of its related disciplines like law or tax accounting. Many households experience episodic windfall events over their lifetime. For some it's the exercise of incentive stock options earned over many years, the reward for many years of loyalty and hard work. For others, it's the sale of a family business nurtured over many generations while for others it might be the sale of a dental practice upon retirement. Even something as innocent as the forgiveness of debt, a taxable event, can result in reported income exceeding \$1 million. The takeaway is that these are most often episodic, non-recurring events that represent the realization of value created over many years,

⁹ Burman, Leonard and Gunter, David. “17 Percent of Families Have stock Dividends,” Tax Policy Center. May 2003.

¹⁰ CSI Market (www.CSIMarket.com)

¹¹ Beer, Tommy. “More than 50 Major US Corporations—including Nike and FedEx—Paid No Federal Taxes Last Year,” Forbes. April 2, 2021.

¹² Year-over-year inflation for April 2021 rose to 4.2% from a year ago. Source: Bureau of Labor Statistics.

¹³ As quoted by Mark J. Perry in “Some amazing findings on income mobility in the US,” American Enterprise Institute, November 16, 2017.

often decades. Many of these events temporarily push household incomes above \$1 million, taxing a lifetime of toil all in a single year and at the highest marginal rates.

TAKEAWAYS

There are at least several takeaways for investors from the administration's proposed tax increases.

- **You're probably not immune.** The administration's tax proposals would likely impact the incomes and retirement security of millions of U.S. households and institutions over time. Perhaps not every year, but certainly over time, the accretive impact of the bill's tax increases would be substantial.
- **Now is the time to prepare.** Yes, there's a relatively low probability that the proposal, as written, becomes law. But then again, stranger

things have happened inside the Beltway. With a projected \$3.4 trillion deficit for 2021 and mounting federal spending proposals, it's probably not wise to play chicken with tax rates. Plan now or pay later.

- **Tax management is wealth management.** Whatever superficial barriers existed between tax planning and other wealth management disciplines have disappeared. Taxation, in all its forms, has always presented a very real existential threat to families' financial security; that's more apparent today than at any time in recent memory. Working closely with a multidisciplinary advisory team, one with deep tax expertise, is absolutely critical to successfully navigating the perilous waters that lay ahead.

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Report ID: a_109115_1627531200000_1627597038544_00001of00001

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Performance is depicted using the Dollar-Weighted method for the entire period.

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Values include accrued income. Values are based on trade date accounting method.

Morningstar equity information as of (July 28, 2021)

Morningstar mutual fund and annuity information as of (July 12, 2021)

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