

**INFORMAL WORK SESSION MINUTES**

**October 16, 2018 1:30 p.m.**

**BOC Conf. Room, 434 NE Evans St.**

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Present: Commissioners Mary Starrett, Richard L. "Rick" Olson and Stan Primozich

Staff: Laura Tschabold, Ken Huffer, Christian Boenisch, Mike Green, Carrie Martin, Cynthia Thompson, Josephine Ko and Mikalie Frei.

Guests: None.

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Commissioner Starrett called the meeting to order at 1:30 p.m.

**A. WORK SESSION:** This time is reserved for topics of discussion scheduled for the Commissioners in advance. If a work session is not needed, the balance of the meeting will begin at 1:30 p.m.

1. Work Session – None.

**B. DEPARTMENT UPDATES:**

1. Treasurer – Mike Green

Mr. Green provided a quarterly update to the Board (Exhibit A). He addressed the Board regarding establishing an Oregon Local Government Investment Fund (OLGIF).

**C. PRELIMINARY CONSENT AGENDA:**

The consensus of the Board was move items C1 through C6 to Thursday's consent agenda.

Contracts/Grants

1. Approval of an agreement between Yamhill County and Gormley Plumbing (B.O. 18-160) in the amount of \$49,689 for the purpose of the Abacus House restroom addition.

2. Approval of an agreement between Yamhill County and Gillespie Graphics for the YCTA bus wrap graphics project in the amount of \$138,248.17.

3. Approval of a contract employee agreement between Yamhill County and Kenneth Huffer to be appointed as County Administrator, effective January 1, 2019.

Plan

4. Approval of the adoption of the Yamhill County Transit Area (YCTA) Transit Development Plan, effective October 15, 2018.

Surplus

5. Approval to declare two buses (#305 and #400) as surplus and authorize Public Works to sell at auction.

6. Approval to remove bus #402 from the surplus list so it can be used as a reserve vehicle until new vehicles arrive.

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**D. NON-CONSENT AGENDA ITEMS OTHER TOPICS FOR DISCUSSION: (Add to consent agenda or leave off)**

1. Consideration of the designation of two seats on the Yamhill County Transit Advisory Committee (YCTAC) "Workforce" and/or "Education /CTE".

The Board discussed long term routing adjustments within the Transit Development Plan (TDP), which would serve the education and manufacturing populous. There was expressed concern that these sectors did not have sufficient input during the TDP strategic planning phase and that the committee did not represent the needs of these groups sufficiently. The increase of industrial growth in the county, such as in the area of Lafayette Avenue and the development of new workforce housing construction, such as on Baker Creek Road, suggest a need for public transportation to the areas where these projected workplaces will be located. It was noted that as the development of industrial and residential growth progresses, transit needs will be adjusted to incorporate additional routing. Cynthia Thompson reviewed the representative qualifications of the new YCTAC committee members and it was agreed by the Board that there was sufficient representation to cover a broad spectrum of community sectors while complying with YCTAC membership bylaw criteria.

2. Discussion regarding possible contract options for wildlife control services.

No action taken on item D2.

**E. EXECUTIVE SESSION:** None.

**F. COMMISSIONER UPDATES/ANNOUNCEMENTS:**

Following commissioner updates the meeting adjourned at 2:30 p.m.

Carolina Rook  
Secretary

Accepted by Yamhill County  
Board of Commissioners on  
11/8/18 by Board Order  
# 18-401

TO: Board of Commissioners  
FROM: M. Green - Treasurer  
SUBJ: Year End Update  
DATE: October 10, 2018

### **Performance Summary**

Total investments through September 30, 2018 equaled \$26.2M. This represents an increase from the prior quarter of \$1.9M. Earnings (LGIP and Investments) for the quarter totaled \$262K vs \$169K for the same period last year.

Key performance criteria for the quarter are:

- YTM – 2.30 (increase of 13 bps)
- YTW – 2.24 (increase of 14 bps)
- Investment Rating (OST scale) – 1.61
- Per Cent Invested versus Targeted Ceiling – 95%
- Average maturity in years – 2.95
- Adjusted WAM – 2.41
- LGIP increased to 225 bps in the quarter

### **Discussion**

The bond market continues to be stable. Twelve investments were made in the quarter. The new bonds (12) averaged 3.8 years in maturity with an average return of 3.31%. One to two year corporates are earning 2.0% - 2.82% with four year corporates exceeding 3.0%. The “best” rates are continue to fall into the 3.5 - 4.0 year window.

### **Investment Committee Discussion/Recommendations**

Under Old Business the Committee primarily addressed five topics: core rate of inflation, H&S cash balance, LEO report, US Bank balance and fallen bond ratings.

- Core Rate of Inflation: for the quarter increased to 2.7%. For the past twelve months rate of inflation was 2.7%.

B.O. 18-401  
Exhibit "A"  
Pg 1 of 13

- HH&S cash balance: decreased by \$1M from the prior quarter (\$11.4M vs \$10.4M)
- LEO report: Five fund balance decreased by \$3.3M from the prior quarter. Total current fund balance for the five funds is \$22.2M.
- US Bank: average collected balances (ACB) for the quarter was under \$1.5M for the quarter.
  - Fallen Bond ratings: decreased from 6.4% to 5.1% of the portfolio. No new bonds have been lowered in rating. Two bonds (Bank of Montreal) had been upgraded from A to AA.

Under new business future investment strategy was discussed. It was predicated on the assumption that bond prices beginning in the latter half of CY 2019 will begin to decrease. (Source: State Treasurer's Office). Three topics were addressed in relation to formulating a strategy for the County:

- Oregon Local Government Investment Fund (OLGIF). Current rate of return is 2.97% (75 bps greater than LGIP). The fund is managed by a third party (Western Assets Management). Its invested in Treasury's (2/3) and Energy/Banks (1/3). Overall portfolio rating is AA with an investment term not exceeding five years. After much discussion, two motions were passed: (1) to open an OLGIF account (requires BOC approval) and (2) to move \$300K from LGIP into+ OLGIF over the remainder of the calendar year.
- Five year plus bonds. In light of the LEO report and assuming bond prices will begin to decline in the 2<sup>nd</sup> half of 2019, investing more money into longer duration bonds will insure the County of a longer and more stable rate of return. In today's market this would represent \$3000/ \$1M invested but could rise to \$7500/\$1M invested by 2020.
- Corporate Bank Bonds. They are currently providing the best rate of return beating other corporates by 20bps for the same time period. Concern was expressed about overall exposure in a single market sector. It was agreed

that Bank focus should be restricted to US Banks and Canadian banks with no one bank being overly invested in.

### **Actions Required by the BOC**

Formally approve the opening of the OLGIF account with the following statement of understanding reflected in the Board's minutes:

"The governing body of Yamhill County acknowledge the following:

- Members of this body and investment staff have read and understand the "Oregon Local Government Intermediate Fund Information Pamphlet" provided by Oregon State Treasury;
- Investments in OLGIF are subject to loss;
- Investments into OLGIF and divestments from OLGIF may be subject to restriction by Oregon State Treasury

YAMHILL COUNTY

Earnings History

Fiscal Year					1st Qtr			
	11-12	12-13	13-14	14-15	15-16	16-17	17-18	18-19
<b>Earnings</b>								
LGIP	\$113,665	\$134,931	\$159,641	\$137,941	\$201,790	\$346,062	\$507,866	\$ 127,286
Investments			<u>\$16,552</u>	<u>\$110,526</u>	<u>\$204,711</u>	\$ 309,677	\$ 463,547	<u>\$134,661</u>
	\$113,665	\$134,931	\$176,193	\$248,467	\$406,501	\$655,739	\$971,413	\$261,947
\$ Increase		\$21,266	\$41,262	\$72,274	\$158,034	\$249,238	\$315,674	\$ 92,873
% Increase		18.7%	30.6%	41.0%	63.6%	61.3%	48.1%	35.4%

**Assumptions: 14-15**  
 Average annual monthly cash balance continues at \$30M  
 Average portfolio balance of \$7M  
 Average LGIP balance of \$23M

**Assumptions: 15-16**  
 Average annual monthly cash balance continues at \$33M  
 Average portfolio balance of \$9.5M  
 Average LGIP balance of \$25.5M

**Assumptions: 16-17**  
 Average annual monthly cash balance continues at \$33M  
 Average portfolio balance of \$10.5M @ 1.70% YTW = \$178,500  
 Average LGIP balance of \$25.0M @ .55% = \$140,250

	16-17est	16-17rev	17-18 est	17-18 est
	\$ 140,250	\$ 195,000	\$ 330,000	\$ 405,000
	\$ 178,500	\$ 221,000	\$ 423,000	\$ 445,500
	\$ 318,750	\$ 416,000	\$ 753,000	\$ 850,500

**Actual: 14-15**  
 Average annual cash balance \$33.9M  
 Average portfolio balance of \$6.9M  
 Average balance \$26.6

**Actual: 15-16**  
 Average annual cash balance \$37.4M  
 Average portfolio balance of \$16.3M  
 Average LGIP balance \$28.5

**Actual: 16-17**  
 Average annual cash balance \$34.4M  
 Average portfolio balance of \$18.0  
 Average LGIP balance \$30.4 @ 1.10%

**Total Liquidity**

	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
<b>Banks</b>						
LGIP	\$ 24,066,896	\$ 22,838,762	\$ 17,551,717			
US Bank	\$ 1,062,641	\$ 1,467,273	\$ 627,595			
Key Bank	\$ 14,051	\$ 13,838	\$ 13,624			
	\$ 25,143,588	\$ 24,319,873	\$ 18,192,936			

**Investments**Agencies

FNMA	\$ 2,933,000	\$ 2,933,000	\$ 2,933,000			
FHLB	\$ 2,044,780	\$ 2,044,780	\$ 2,044,780			
FHLMC	\$ 1,945,000	\$ 1,945,000	\$ 1,945,000			
FFCB	\$ 2,797,000	\$ 2,797,000	\$ 2,932,000			
FAMCA	\$ 100,000	\$ 100,000	\$ 100,000			
<b>Total</b>	\$ 9,819,780	\$ 9,819,780	\$ 9,954,780			
	39.9%	38.1%	37.7%			

Corporate

Apple	\$ 501,000	\$ 501,000	\$ 501,000			
Cisco	\$ 220,000	\$ 220,000	\$ 220,000			
Coca Cola	\$ 290,000	\$ 290,000	\$ 290,000			
Merck	\$ 104,000	\$ 104,000	\$ 104,000			
Microsoft	\$ 145,000	\$ 145,000	\$ 145,000			
Wells Fargo	\$ 1,403,000	\$ 1,653,000	\$ 1,653,000			
Bank of Montreal	\$ 200,000	\$ 200,000	\$ 200,000			
Exxon Mobile	\$ 490,000	\$ 490,000	\$ 490,000			
Kaiser Permanente			\$ 100,000			
IBM	\$ 570,000	\$ 570,000	\$ 570,000			
Inter Bank Recon			\$ 100,000			
Westpac Banking	\$ 1,116,000	\$ 1,244,000	\$ 1,244,000			
Nat'l Bank of Australia	\$ 250,000	\$ 250,000	\$ 250,000			
Oracle	\$ 290,000	\$ 290,000	\$ 290,000			
Shell	\$ 622,000	\$ 622,000	\$ 622,000			
Toyota	\$ 550,000	\$ 550,000	\$ 650,000			
Total Cap	\$ 116,000	\$ 116,000	\$ 116,000			
JP Morgan-Chase	\$ 350,000	\$ 667,000	\$ 667,000			
Bank of Nova Scotia	\$ 100,000	\$ 100,000	\$ 100,000			
Berkshire Hathaway	\$ 250,000	\$ 250,000	\$ 250,000			
Baylor, Scott and White	\$ 114,000	\$ 114,000	\$ 114,000			
Wal-Mart	\$ 150,000	\$ 150,000	\$ 150,000			
Proctor & Gamble	\$ 141,225	\$ 141,225	\$ 141,225			
Pfizer	\$ 110,000	\$ 110,000	\$ 110,000			
CDS Lab		\$ 105,000	\$ 105,000			
Barclay Bank		\$ 100,000	\$ 100,000			

Precision Castparts			\$ 100,000
So Cal Edison	\$ 150,000	\$ 150,000	\$ 150,000
Toronto Dominion	\$ 911,000	\$ 1,161,000	\$ 1,161,000
Royal Bank of Canada	\$ 255,000	\$ 255,000	\$ 355,000
Partners Health Care	\$ 168,000	\$ 168,000	\$ 168,000
Lloyd's Bank	\$ 200,000	\$ 200,000	\$ 200,000
GE Capital	\$ 337,000	\$ 337,000	\$ 337,000
General Electric	\$ 123,000	\$ 123,000	\$ 123,000
Chevron	\$ 630,000	\$ 630,000	\$ 630,000
<b>Total</b>	<b>\$ 10,856,225</b>	<b>\$ 12,006,225</b>	<b>\$ 12,506,225</b>
	<b>44.1%</b>	<b>46.6%</b>	<b>47.4%</b>

Municipals

Wash,Mult,Yamh Sch Dist	\$ 250,000	\$ 250,000	\$ 250,000
Santa Clara Valley	\$ 100,000	\$ 100,000	\$ 100,000
Avalon	\$ 130,000	\$ 130,000	\$ 130,000
Fresno County	\$ 180,000	\$ 180,000	\$ 180,000
El Monte Redevelop	\$ 100,000	\$ 100,000	\$ 100,000
Oregon State Lottery	\$ 200,000	\$ 200,000	\$ 200,000
Oregon State Board	\$ 145,000	\$ 145,000	\$ 145,000
Oregon State Admin	\$ 250,000	\$ 250,000	\$ 250,000
Ontario CA Intl Arpt	\$ 155,000	\$ 155,000	\$ 155,000
Oregon State	\$ 250,000	\$ 250,000	\$ 250,000
Ponoma Cnty	\$ 125,000	\$ 125,000	\$ 125,000
LA Redev Agncy	\$ 320,000	\$ 320,000	\$ 320,000
LAC Public Wrks	\$ 155,000	\$ 155,000	\$ 155,000
Umatilla Cnty Sch	\$ 65,000	\$ 65,000	\$ 65,000
Soledad Redev Agency	\$ 240,000	\$ 240,000	\$ 240,000
CA ST HSG Fin	\$ 300,000	\$ 300,000	\$ 300,000
San Pablo CA	\$ 130,000	\$ 130,000	\$ 130,000
Banning Redevel	\$ 145,000	\$ 145,000	\$ 145,000
Yolo County	\$ 130,000	\$ 130,000	\$ 130,000
CA Industry	\$ -	\$ -	\$ -
Port Morrow	\$ 300,000	\$ 300,000	\$ 300,000
<b>Total</b>	<b>\$ 3,670,000</b>	<b>\$ 3,670,000</b>	<b>\$ 3,670,000</b>
	<b>14.9%</b>	<b>14.3%</b>	<b>13.9%</b>

Certificates of Deposit

Umpqua Bank - Roseberg	\$ 250,000	\$ 250,000	\$ 250,000
	1.0%	1.0%	0.9%

**Total \$ 24,596,005 \$ 25,746,005 \$ 26,381,005**

**Total \$ 49,739,593 \$ 50,065,878 \$ 44,573,941**

Liquidity based on month end financial statements.

YAMHILL COUNTY  
PORTFOLIO ALLOCATION

**Total Portfolio Maturity Constraints**  
**Section 9b of Yamill County Investment Policy**

<u>Maturity Constraint</u>	<u>Minimum % of Total Portfolio</u>
Under 30 days	Lesser of 10% of total portfolio or 2 months operating expenditures
Under 180 days	Lesser of 25% of total portfolio or 4 months operating expenditures
Under 18 months	35% of total portfolio
Under 36 months	60% of total portfolio
Under 60 months	100% of total portfolio

<u>Investment Portfolio</u>	<u>Sep-18</u>
LGIP	\$ 17,551,717
Investments under 180 days	\$ 882,006
Investments under 18 months	\$ 5,022,000
Investments under 36 months	\$ 12,074,175
Investments under 60 months	<u>\$ 5,598,000</u>
	\$ 41,127,898 (1)
Investments over 60 months	\$ 3,093,000

<u>Constraint Allocation</u>	<u>Minimum</u>	<u>Actual</u>
Under 30 days	\$ 4,112,790 (2)	\$ 17,551,717
Under 180 days	\$ 10,281,975 (3)	\$ 18,433,723
Under 18 months	\$ 14,394,764 (4)	\$ 23,455,723
Under 36 months	\$ 24,676,739	\$ 35,529,898
Under 60 months	\$ 41,127,898	\$ 41,127,898

<u>Non LGIP Investment Levels</u>	<u>Permitted Level</u>
Maximum Available	\$ 37,015,108 Equal (1) - (2)
Under 180 days restriction	\$ 30,845,924 Equal (1) - (3)
Under 18 months restriction	\$ 26,733,134 Equal (1) - (4)

**Recommended Outside (non LGIP) Investment Levels**

	<u>LGIP Min</u>	<u>Invest Max</u>	
Under 180 days	\$ 10,281,975	\$ 30,845,924	Investment maximum = Total
Under 18 months	\$ 14,394,764	\$ 26,733,134	Portfolio (1) - LGIP Min

Note: Assuming 100 bps difference between LGIP and Investment Portfolio for each \$1M invested generates \$10,000 per year in additional revenue.

FY Fund	18-19 Title	Worst MTM Var	Beg FY Balance	YTD Balance	Avg Balance
		<b>17-18</b>			
	11 Roads	1.2	3.523	2.156	
	16 HH&S	1.4	11.457	10.432	
	40 Capital Imprv	0.7	4.006	3.552	
	45 Motor Vehicle	0.3	1.334	1.401	
	80 Self Insurance	<u>0</u>	<u>5.195</u>	<u>4.630</u>	
		3.6	25.515	22.171	

**PARTICIPANT INFORMATION**  
**OREGON LOCAL GOVERNMENT INTERMEDIATE FUND**

**Purpose**

The Oregon Local Government Intermediate Fund ("OLGIF" or "Fund") provides qualified local government participants with a vehicle to invest assets over an intermediate time horizon (three to five years). OLGIF is not appropriate for assets needed to cover short-term needs (less than one year). OLGIF is not structured to provide 100% net asset value ("NAV") at all times on participant investments. Participants may experience losses on OLGIF investments due to changes in market conditions. Assets invested in OLGIF should be able to withstand greater price volatility to achieve the level of returns typically associated with longer-term investments.

**Description**

OLGIF is actively managed to maintain a diversified portfolio of investment grade bond investments. Based on historical market performance, it is anticipated that the returns generated over extended periods will be greater in OLGIF than in shorter maturity vehicles such as the Oregon Short Term Fund ("OSTF"). The investment objective of OLGIF is to achieve a total return (i.e., principal and income) greater than the Barclays 1-5 Year U.S. Government/Credit Index ("Benchmark").

Participants invest in OLGIF by purchasing units of the Fund. Units in OLGIF represent a divisible interest in the underlying assets of the Fund. The value of each participant's investment(s) will be determined on a proportional basis to the net market value of the entire portfolio. The value of OLGIF's underlying bond market investments are marked-to-market on a daily basis. The value of OLGIF's underlying holdings and the NAV of participant investments will fluctuate due to market movements and changes in the underlying holdings.

Participants' investments in OLGIF are not federally insured or guaranteed by the U.S. Government, Federal Deposit Insurance Corporation, any federal agency, or the State of Oregon. OLGIF is not approved by the Securities and Exchange Commission.

*Principal Investment Strategies:*

Eligible investments are detailed in OLGIF's guidelines. OLGIF may have exposures, subject to diversification requirements, to several types of investment grade public debt market instruments denominated in U.S. dollars. These may include, but are not limited to:

- Obligations of U.S. and non-U.S. corporations;
- Obligations of the U.S. government and its agencies and instrumentalities;
- Obligations issued or guaranteed by non-U.S. governments and instrumentalities;
- Obligations of U.S. states or local governments and their agencies, authorities and other U.S. state government-sponsored enterprises;
- Repurchase agreements and reverse repurchase agreements; and
- Interests in pools of securitized assets such as asset-backed securities ("ABS"), commercial mortgage-backed securities ("CMBS"), and agency mortgage-backed securities ("MBS").

**PARTICIPANT INFORMATION**  
**OREGON LOCAL GOVERNMENT INTERMEDIATE FUND**

OLGIF may invest in public debt market securities not allowed for direct investment by Oregon Local Governments under ORS 294.035.

*Credit Quality:*

OLGIF invests in securities that, at the time of purchase, are investment grade rated by nationally recognized rating agencies (Moody's Investors Service, Inc., Standard & Poor's Financial Services LLC, and Fitch Ratings, Inc.).

*Interest Rate Sensitivity:*

OLGIF is expected to maintain a weighted average interest rate duration of  $\pm 20\%$  (percent) versus the Benchmark's duration. The duration of the Benchmark ranged between 2.5 to 3.0 years over the five-year period ending 2015.

*Duration is the time weighted value of future cash flows on a portfolio of investments, and reflects the expected percentage change in price of the portfolio for a one percentage point instantaneous change in the overall level of interest rates. For example, the market value of a portfolio with an average duration of 2.0 years would be expected to decrease in value by 2.0% for a 1.0% instantaneous rise in all interest rates and vice versa.*

*Diversification:*

With the exception of U.S. Treasury and U.S. Agency securities, no more than 5.0% may be invested in the securities of any one issuer and no more than 3.0% may be invested in any one investment. Additional exposure limits by sector and industry are detailed in the OLGIF guidelines.

**Management Authority**

OLGIF may be managed internally by OST investment staff or by a third-party asset manager(s) approved by OST. Subject to the terms and conditions of OST Policy, OST Investment Staff have discretionary authority to direct the investment, exchange, liquidation, and reinvestment of assets in OLGIF.

**Participant Qualification**

OLGIF is a voluntary investment vehicle and participation is open to all Oregon local governments, subject to approval by OST. A local government may qualify to invest in OLGIF by completing the requirements listed below:

- a. OLGIF listed as an eligible investment in the participant's investment policy.
- b. Investment policy reviewed by the Oregon Short Term Fund Board.
- c. Investment policy approved by the participant's governing body.
- d. Statement of understanding recorded in the participant governing body's minutes, as follows, with no deviations:

## PARTICIPANT INFORMATION OREGON LOCAL GOVERNMENT INTERMEDIATE FUND

The governing body of \_\_\_\_\_ acknowledges the following:

- Members of this body and investment staff have read and understand the "Oregon Local Government Intermediate Fund Information Pamphlet" provided by Oregon State Treasury;
  - Investments in OLGIF are subject to loss; and
  - Investments into OLGIF and divestments from OLGIF may be subject to restriction by Oregon State Treasury.
- e. Existing Account with the Oregon Short Term Fund.

### **Participant Transactions**

Participants may purchase or sell units in OLGIF with notice given at least five business days prior to the last business day of the month. The transaction value per unit is calculated as of the market close of the last business day of the month in which an order is placed. Transactions will settle on the first business day of the following calendar month. For example: A transaction (purchase or sale) order received five business days prior to July month-end would be priced on the last business day in July with cash settlement on the first business day in August.

Transaction orders may be entered by an authorized person either electronically through the OLGIF participant website or by phone with the OLGIF participant call center. Participants will be required to identify contact person(s) authorized to submit transaction orders. It is the participant's responsibility to safeguard information required to request a transaction. Neither OST nor the Fund manager will be responsible for transactions made using such confidential information.

Because of the longer-term nature and lower liquidity levels of OLGIF relative to the OSTF, a participant's ability to purchase or redeem shares in OLGIF is subject to restriction. The minimum purchase order in OLGIF is \$500 thousand. In order to offset the negative impact of large transactions by a single participant on the total value of OLGIF's portfolio, the maximum balance by any one participant is limited to 20% of OLGIF's market value as of the prior month-end and new contributions will be limited until a participant's balance falls below 20% of OLGIF's total market value. Additionally, OST may restrict participant transaction activity indicative of investment objectives that are inconsistent with those of the Fund, for example frequent contributions and full balance withdrawals. Upon such a determination, OST may liquidate a participant's investment within OLGIF and return the proceeds to the participant.

### **Distributions**

OLGIF does not distribute income or capital gains. OLGIF reinvests all interest and capital gains received during any given month. The effects of income generated by underlying investments and capital gains or losses are reflected in the NAV of units outstanding. Participants are able

**PARTICIPANT INFORMATION**  
**OREGON LOCAL GOVERNMENT INTERMEDIATE FUND**

to access the value of their investment by redeeming units at the NAV per unit calculated at the time of redemption.

**Management/Administrative Fees**

Management and administrative fees are charged on a monthly basis. Fees are calculated on the daily NAV and netted against the ending pool balance at month-end and are reflected in the NAV of the pool. Fees are assessed regardless of performance. During periods when OLGIF experiences a loss or investment income is low, fees may reduce the fund's NAV. The estimated annualized fee schedule is approximately 0.1152%.\*

\*Fees are variable and based upon the market value of investments comprising OLGIF; number of accounts; and account activity.

**How will I be kept informed about my investment?**

Account statements which include information on account balances, investment performance, and transaction history are available on the OLGIF participant website, and may be accessed through a secure login. Historical performance and an overview of OLGIF's underlying investments will be published periodically on the Oregon State Treasury's OLGIF website.

**Risks Affecting the Value of OLGIF Investments**

- **Interest Rate Risk** – The value of OLGIF investments will be impacted by changes in market interest rates. As interest rates rise, the value of fixed income investments tends to fall. In contrast, if interest rates fall the value of these investments tend to rise.
- **Credit Risk** – Credit risk is the risk that an organization issuing a fixed income security cannot repay the principal and/or interest payments when due, which would result in a loss to OLGIF. This risk tends to increase as an issuer's credit rating declines. OLGIF invests in securities that are rated 'investment grade' at the time of purchase to help mitigate this risk. It is important to note that the rating on securities held by OLGIF may fall below 'investment grade' after the initial purchase date. At the discretion of the asset manager, OLGIF may continue to hold securities that are downgraded below 'investment grade.'
- **Reinvestment and Prepayment Risk** – An obligor on a bond or other fixed income investment may prepay principal prior to the stated maturity date. This generally occurs as interest rates fall and creates the risk that the proceeds are reinvested at lower market rates, which may reduce the expected return generated by OLGIF investments.
- **Portfolio Selection** – Asset manager decisions regarding the credit quality, value, market trends, or interest rate environment impacting a particular investment may prove to be incorrect and could cause the value of OLGIF to decline.
- **Optionality** - Some bond market investments, such as structured securities, contain embedded derivative components. For example, securities with embedded call options may be subject to early redemption or prepayment (i.e., "be called") by issuers or obligors. Changes in interest rates or the underlying credit quality of obligors influences

**PARTICIPANT INFORMATION**  
**OREGON LOCAL GOVERNMENT INTERMEDIATE FUND**

the likelihood of prepayment which, in turn, affects the value of the structured security. Embedded optionality in structured securities may cause these securities to perform differently than expected and increase the price volatility of the security.

**OLGIF Contact Information:**

Participant application and records administration: [OLGIF@ost.state.or.us](mailto:OLGIF@ost.state.or.us)

Participant transactions: <https://www.your-fundaccount.com/Oregon/>

Participant accounting and performance records: <https://www.your-fundaccount.com/Oregon/>

Participant services: (844) 794-8330

**Disclaimer**

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