



OFFICE OF THE
TREASURER

**Investment Advisory Committee Agenda
1st Quarter, Fiscal Year 2024-2025
October 16th, 2024**

- I. Welcome
- II. Minutes from April Meeting
- III. Financial Overview of the Quarter and Year to Date
- IV. Review of Earnings Trends
- V. Portfolio Review
- VI. Investment Advisory Committee Term Expirations
- VII. Possible Investment Policy Statement Changes
- VIII. Next Meeting: Wednesday, January 15, 2025
9:00 to 10:00 a.m.

LIAC Meeting Minutes

1st Quarter 2024-2025

October 15, 2024-Zoom Meeting 9:00 a.m.

Those present were:

Jim Schlotfeldt, Stacey Flier, Lindsay Berschauser, Mary Starrett, Mike Barnhart, Derrick Wharf, Carolina Rook, Ken Huffer

Approval of Third Quarter Minutes

The Treasurer asked if everyone had read the minutes from the Third Quarter (there was no meeting in the 4th Quarter) and if someone would approve them. Jim S. moved to so approve and Stacey F. seconded it. There was no other discussion and minutes from the Third Quarter 2024 LIAC were approved.

Summary Financial Overview

Interest rates peaked in the spring of 2024 at about 5.3% in LGIP. The new Treasurer started buying bonds in August when she got access to the system and bought 5-year bonds. Treasurer believes the 5-year ladder is important to maintain so the bonds purchased were to fill the slots in the ladder on the long end because most of the existing bonds were on the short end of the ladder. The benefit of a 5-year ladder is it is a straddle strategy that mitigates interest rate risk. The treasurer believes in maintaining the full 5-year ladder with conservative bonds because no matter which way interest rates goes you have some bonds maturing and will reinvest at the current rates. Over time this strategy will protect.

The Treasurer stated that what she was told by the finance manager was that in the summer season expenses are higher and revenues are lower so there was a greater need to stay liquid. Therefore, no more investment was made until tax season as bonds matured and the assets were not reinvested. The value of the Zion portfolio is seasonally at its lowest point at the end of the 4th Quarter.

Bond Curve and Interest Rates Cuts

Treasurer stated that the bond market anticipates two more 25 basis point cuts anticipated by the end of the year.

The Treasurer discussed the bond curve and how it was still inverted and asked for comment from the members of the members of the committee with a financial background.

Stacey Flier contributed by stating that yields will likely go down and track the market, so it is wise to go longer. She further remarked that the yield curve is not typical, and rates are hard to predict, so a balanced view is a good idea. She anticipates the yield curve to normalize, and everything is inflation dependent. She believes we will see the rates come down.

Jim S. stated that he would like to see the ladder be filled in each year specifically 2028 as there were no 2028 bonds in the portfolio. He further stated he would like to see the ladder populated so there were bonds in each maturity of the 5-year ladder. The Treasurer agreed and said that was her goal.

Mike Barnhart said he was building a cash flow tool and was going to share it with the Treasurer to fill in the holes in the ladder and hopefully it would be useful going forward.

1st Quarter Investment Balances

The Treasurer went on to present the investment balances and said she hoped it was valuable to the County Commissioners. She presented the last 9 months of aggregate (LGIP and Zion combined) balances. She asked the county commissioners if they thought this was valuable and Mary Starrett said they usually did not use this data when considering their financial position. Although it was good data to have, they use the budgeting process. Ken Huffer was consulted, and he said they go through the budgeting process, and he said yes, there are ebbs and flows in the balances not only of reserve funds, and they pay very close attention to them in planning the next budget.

The Treasurer said she hoped she could work with the finance director in helping with that planning in aligning the bond portfolio not only to maximize the market yield but to help the county maximize seasonal liquidity needs.

Treasurer Philosophy

The Treasurer stated she will populate the portfolio with conservative bonds, mostly Treasury Bills, Government Agency bonds and Municipal Bonds and limited Corporate Bonds. The focus at this time will be non-callable bonds. She stated municipal investing is conservative and that her philosophy is to stay on the safe side.

LIAC Term Expirations

There have been some term expirations and some coming up shortly in the future. The by laws must be followed. A letter will be sent out (or an email) with-in 3 months of an expiration of a member's term asking if they wish to renew their term.

Currently, we need to determine if Kevin Chambers and Stacey Flier wish to continue the LIAC.

Possible Investment Policy Statement Changes

There is a limit of 5 years on maturity in our IPS at this time and sometimes you purchase a 5-year bond that does not settle for up to two weeks and you have needed some wiggle room, so I may propose that we extend our maturity to 5.25 years.

Mike Barnhart brought up a few other phrases/paragraphs in the IPS that were not clear or could never be quite understood, and those maybe something we need to look at in a future meeting.

Mary Starrett asked if we needed to decide on a change immediately for extending the 5-year maturity and I said I would like to research it more.

Kit Johnston asked if it took a long time to find bonds and the Treasurer said she had 4 broker dealer firms who responded immediately if she made a request, so not very easy to find bonds.

Market Roundup

More discussion on what yields were now and Jim Schlotfeld told explained exactly what the rates were at his institution. The Treasurer explained that Jim S. got to go to the Federal Reserve in San Francisco for the quarterly meeting and learn from the source about rates and market direction.

The meeting was then adjourned.



Financial Overview

In the spring of 2024 interest rates floated yet higher peaking and then in anticipation of a Fed Funds rate cut started to arc downward.

By the time I was appointed as the Interim Treasurer of Yamhill County in July, interest rates were lower than in the period from April to June 2024 several basis point due to market anticipated cuts.

After I was appointed, it took several weeks for me to gain access to all the programs and sites I would need to do my job.

We had several bonds come due or be called in the period from June through July and I started replacing them with the following:

Federal Home Loan Bank	S&P AA+	\$500k	Yield 3.69%	5 yr. 9/28/29, no call
Federal Home Loan Bank	S&P AA+	\$1M	Yield 4.10%	5 yr. no call 2 yr, 1 time call
Klamath County School District	S&P AA+	\$300K	Yield 3.88%	5 yr. 7/31/29, no call
US Treasury Bill		\$2M	Yield 3.67%	5yr. 8/31/2029, no call

In late August, our liquidity was low and it was suggested we wait until after we received our tax proceeds to invest further. Therefore, any called, or bond maturities were swept into the LGIP.

The interest rates on LGIP were 5.30% over the late spring to late summer, but they announced in Sept. they will be lowering to 5.15%.

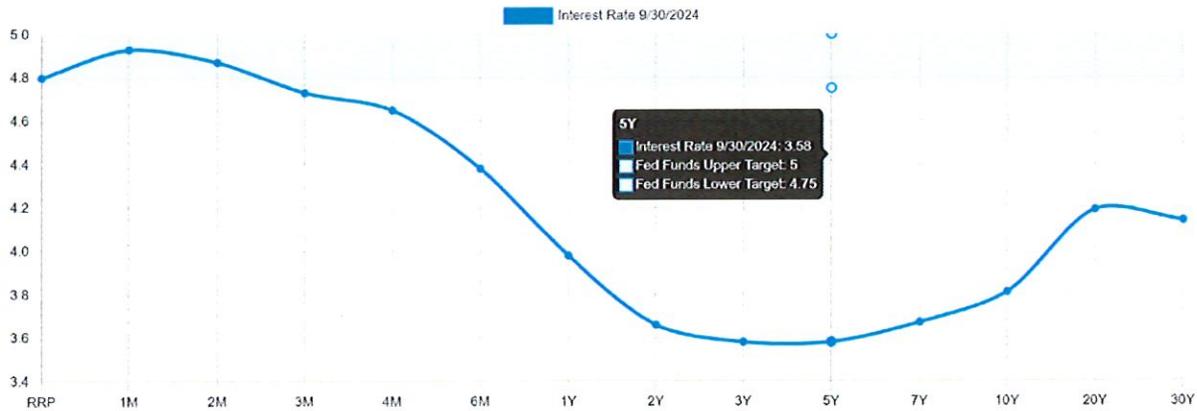
We saw rates generally heading lower, but as of this writing they are ticking upwards (Oct. 5th, 2024) because of favorable reports. Markets are now pricing under 50bps of cuts through the end of the year, and the question now isn't whether the FOMC will cut 25 or 50 in November, it's about whether they will cut at all. Most of the outcome will be decided by the election.

You will observe the bond curve as of 9/30/2024 and how the short term is still outpacing the longer bonds. We believe it is prudent currently to fill our 5-year ladder with longer bonds as our duration is very short. This will mitigate interest risk if rates go down. If rates go up we will invest at those rates, but none-the-less our income from investments next year should be comparable to the current year income.

It is the philosophy of this Treasurer that a well-structured 5-year ladder populated with quality bonds is the best risk mitigation strategy. For the foreseeable future and based on the current rate scenario this office will buy non-callable 4- and 5-year bonds to populate our ladder.

If rates start to go up due to an exogenous shock, we will adjust accordingly.

From US Treasuryyieldcurve.com

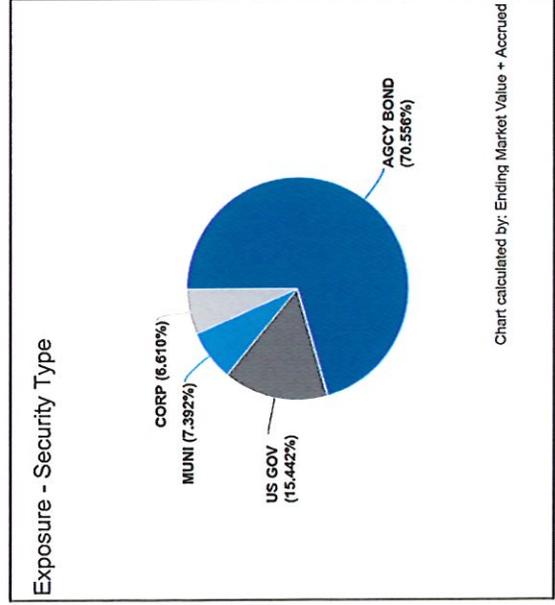


Balance Sheet	
Book Value + Accrued	48,402,670.03
Net Unrealized Gain/Loss	-115,011.24
Market Value + Accrued	48,287,658.80

Cash and Fixed Income Summary	
Risk Metric	Value
Fixed Income	48,287,658.80
Duration	0.919
Convexity	-0.025
WAL	1.066
Years to Final Maturity	1.505
Years to Effective Maturity	1.013
Yield	4.363
Book Yield	3.846
Avg Credit Rating	AA+/Aa1/AA+

Issuer Concentration	
Issuer	Ending % of Market Value + Accrued
Federal Home Loan Banks	33.430%
Federal Farm Credit Banks Funding Corporation	23.430%
United States Department of The Treasury	15.442%
Other	12.007%
Federal Agricultural Mortgage Corporation	7.389%
Federal Home Loan Mortgage Corporation	4.245%
Federal National Mortgage Association	2.063%
Chevron Corporation	1.994%
Total	100.000%

Footnotes: 1,2



Income and Accretion			
Security Type	Interest/Dividend Received	Net Amortization/Accretion	Income
AGCY BOND	690,016.45		-205.89
CORP	30,879.98		4,008.83
MUNI	4,183.50		1,718.44
T-BILL	0.00		6,619.60
US GOV	83,125.00		-1,460.79
Total	808,204.93		10,680.19

Footnotes: 3,4,5

Compliance Overview	
Status	Compliant
As of	09/30/2024
Trade Activity	
Transaction Type	Original Units
Maturity	-7,405,000.00
Call Redemption	-3,000,000.00
Sell	-1,000,000.00
Buy	3,800,000.00
Total	-7,605,000.00

Footnotes: 6,7,8,9,10

Credit Rating			
Credit Rating	Portfolio	Index	Difference
AAA	2.272%	--	--
AA	95.241%	--	--
A	2.487%	--	--
BBB	0.000%	--	--
Non-Invest	0.000%	--	--
Not Rated	0.000%	--	--

Footnotes: 11,12

Bond Maturity			
Duration	Portfolio	Index	Difference
< 0	0.000%	--	--
0 - 1	72.741%	--	--
1 - 2	9.175%	--	--
2 - 3	12.355%	--	--
3 - 4	0.000%	--	--
4 - 5	5.731%	--	--
5 - 7	0.000%	--	--
7 - 10	0.000%	--	--
10 - 15	0.000%	--	--
15 - 30	0.000%	--	--
30 +	0.000%	--	--
No Duration	0.000%	--	--

Footnotes: 12,13

Index: NO BENCHMARK REQUIRED.

1: * Grouped by: issuer. 2: * Groups Sorted by: Ending % of Market Value + Accrued. 3: * Grouped by: Security Type. 4: * Groups Sorted by: Security Type. 5: * Weighted by: Ending Market Value + Accrued. 6: * Grouped by: Transaction Type. 7: * Groups Sorted by: Original Units. 8: * Showing transactions with Trade Date within selected date range. 9: * Weighted by: Absolute Value of Principal. 10: * MMF transactions are expanded. 11: * Grouped by: Credit Rating. 12: * Weighted by: Ending Base Market Value + Accrued. 13: * Grouped by: Duration.

Zions Lot Final

As of 09/30/2024

Yamhill County Zion (293362)

Dated: 10/11/2024

Description	Complex Credit Rating	Callable	Security Type	Coupon Rate	Final Maturity	Book Value	Market Value + Accrued	Not Unrealized Gain/Loss
FEDERAL FARM CREDIT BANKS FUNDING CORP	AA+	N	AGCY BOND	5.250	10/02/2024	999,998.87	1,026,108.17	5.33
UNITED STATES TREASURY	AA+	N	US GOV	0.625	10/15/2024	499,970.14	500,583.59	-829.51
SAN PABLO CALIF JT PWRS FING AUTH LEASE REV	AA	Y	MUNI	3.375	11/01/2024	130,083.45	131,737.13	-174.45
FEDERAL FARM CREDIT BANKS FUNDING CORP	AA+	N	AGCY BOND	5.375	11/01/2024	1,000,000.00	1,022,906.83	511.00
FEDERAL NATIONAL MORTGAGE ASSOCIATION	AA+	Y	AGCY BOND	0.400	11/18/2024	999,849.70	995,946.78	-5,380.70
FEDERAL HOME LOAN BANKS	AA+	Y	AGCY BOND	1.000	11/18/2024	500,000.00	499,464.22	-2,383.00
FEDERAL HOME LOAN BANKS	AA+	Y	AGCY BOND	0.550	11/26/2024	1,000,000.00	995,668.72	-6,241.00
FEDERAL HOME LOAN BANKS	AA+	Y	AGCY BOND	0.550	11/26/2024	1,000,000.00	995,668.72	-6,241.00
FEDERAL FARM CREDIT BANKS FUNDING CORP	AA+	N	AGCY BOND	0.920	12/09/2024	500,010.40	497,930.61	-3,510.89
UNITED STATES TREASURY	AA+	N	US GOV	1.750	12/31/2024	1,004,092.96	997,078.80	-11,436.71
TOTALENERGIES CAPITAL INTERNATIONAL SA	A+	Y	CORP	2.434	01/10/2025	250,037.60	249,196.38	-2,210.35
FEDERAL FARM CREDIT BANKS FUNDING CORP	AA+	N	AGCY BOND	4.750	01/24/2025	999,848.30	1,009,224.28	535.70
FEDERAL FARM CREDIT BANKS FUNDING CORP	AA+	N	AGCY BOND	4.750	01/24/2025	1,000,000.00	1,009,224.28	384.00
US BANK NA	A	Y	CORP	2.800	01/27/2025	248,644.80	249,445.94	-443.30
FEDERAL HOME LOAN BANKS	AA+	N	AGCY BOND	4.750	02/06/2025	2,000,000.00	2,016,051.89	1,638.00
APPLE INC	AA+	N	CORP	99.971.12	02/09/2025	99,524.31	99,524.31	-807.92
UNITED STATES TREASURY	AA+	N	US GOV	1.500	02/15/2025	999,477.52	990,665.76	-10,727.52
FEDERAL HOME LOAN BANKS	AA+	N	AGCY BOND	5.000	02/26/2025	2,000,000.00	2,013,964.22	4,242.00
FEDERAL HOME LOAN BANKS	AA+	N	AGCY BOND	5.000	02/26/2025	1,999,998.02	2,013,964.22	4,243.98
FEDERAL HOME LOAN BANKS	AA+	N	AGCY BOND	5.000	02/26/2025	1,000,116.94	1,006,982.11	2,004.06
FEDERAL HOME LOAN BANKS	AA+	N	AGCY BOND	5.000	02/26/2025	1,999,212.66	2,013,964.22	5,029.34
UNITED STATES TREASURY	AA+	N	US GOV	1.125	02/28/2025	500,118.87	493,684.82	-6,915.75
EXXON MOBIL CORP	AA-	Y	CORP	2.992	03/19/2025	201,369.68	198,854.27	-2,714.88
FEDERAL AGRICULTURAL MORTGAGE CORP	AA+	N	AGCY BOND	2.730	04/11/2025	500,130.00	502,074.83	-4,501.00
SHELL INTERNATIONAL FINANCE BV	A+	N	CORP	100.178.87	05/11/2025	100,178.87	100,446.99	-895.77
SHELL INTERNATIONAL FINANCE BV	A+	N	CORP	3.250	05/11/2025	100,422.85	100,446.99	-1,239.75
UNITED STATES TREASURY	AA+	N	US GOV	4.250	05/31/2025	996,416.29	1,014,439.04	3,739.96
SANTA CLARA VY CALIF WTR DIST CTFS PARTN	AA+	N	MUNI	3.149	06/01/2025	100,126.07	99,977.67	-1,198.07
PRECISION CASTPARTS CORP	AA	Y	CORP	3.250	06/15/2025	148,900.11	150,042.22	-293.31
PRECISION CASTPARTS CORP	AA	Y	CORP	3.250	06/15/2025	99,616.88	100,028.14	-545.68
LANE CMNTY COLLEGE ORE	AA+	N	MUNI	0.851	06/15/2025	497,681.10	488,217.86	-10,716.10
UNITED STATES TREASURY	AA+	N	US GOV	4.625	06/30/2025	998,935.37	1,014,969.43	4,345.88
FEDERAL FARM CREDIT BANKS FUNDING CORP	AA+	N	AGCY BOND	2.330	08/01/2025	251,293.56	247,368.08	-4,896.31
EL MONTE CALIF CMNTY REDEV AGY SUCCESSOR AGY TAX A	AA	Y	MUNI	3.250	09/01/2025	99,849.34	99,183.83	-836.34
KING CNTY WASH	AAA	N	MUNI	1.250	12/01/2025	500,491.64	486,438.33	-16,136.64
EDMONDS WASH	AAA	N	MUNI	2.000	12/01/2025	116,351.78	113,132.02	-3,986.43
FEDERAL FARM CREDIT BANKS FUNDING CORP	AA+	N	AGCY BOND	2.220	03/02/2026	461,215.63	447,941.04	-14,091.86
FEDERAL HOME LOAN BANKS	AA+	Y	AGCY BOND	5.125	03/27/2026	1,000,000.00	1,001,716.44	1,147.00
OREGON	AA+	N	MUNI	3.424	05/01/2026	292,974.33	301,832.00	4,577.67
FEDERAL FARM CREDIT BANKS FUNDING CORP	AA+	Y	AGCY BOND	3.375	05/26/2026	500,000.00	500,226.88	-5,632.50
PORTLAND ORE URBAN RENEWAL & REDEV	A+	N	MUNI	3.786	06/15/2026	502,344.01	501,153.83	-6,764.01
LANE CMNTY COLLEGE ORE	AA+	N	MUNI	1.102	06/15/2026	249,477.59	239,021.19	-11,267.59
CLACKAMAS CNTY ORE SCH DIST NO 62 C OREGON CITY	AA	N	MUNI	1.078	06/30/2026	349,099.11	333,922.73	-16,130.11
UNITED STATES TREASURY	AA+	N	US GOV	4.875	08/28/2026	503,317.28	481,348.51	-22,926.65
FEDERAL FARM CREDIT BANKS FUNDING CORP	AA+	N	AGCY BOND	1.500	08/15/2026	1,002,718.67	1,025,204.75	18,017.33
MICROSOFT CORP	AAA	Y	CORP	3.300	02/06/2027	516,265.70	497,573.83	-21,212.70
FEDERAL FARM CREDIT BANKS FUNDING CORP	AA+	Y	AGCY BOND	2.180	02/16/2027	500,000.00	483,267.50	-18,095.00
FEDERAL AGRICULTURAL MORTGAGE CORP	AA+	N	AGCY BOND	4.350	03/08/2027	1,999,542.51	2,038,600.33	33,499.49
BERKSHIRE HATHAWAY FINANCE CORP	AA	Y	CORP	2.300	03/15/2027	498,577.92	483,162.61	-13,926.42
FEDERAL HOME LOAN BANKS	AA+	Y	AGCY BOND	5.150	04/01/2027	1,999,189.51	2,057,162.00	6,472.49
OREGON ST DEPT ADMINISTRATIVE SVCS LOTTERY REV	AA	N	MUNI	3.321	04/01/2027	498,668.98	501,552.50	-5,418.98

Description	Complex Credit Rating	Callable	Security Type	Coupon Rate	Final Maturity	Book Value	Market Value + Accrued	Net Unrealized Gain/Loss
FEDERAL HOME LOAN MORTGAGE CORP	AA+	Y	AGCY BOND	4.850	04/09/2027	993,222.24	1,022,796.78	6,671.76
FEDERAL HOME LOAN MORTGAGE CORP	AA+	Y	AGCY BOND	5.750	04/15/2027	1,000,000.00	1,026,933.89	420.00
CHEVRON CORP	AA-	Y	CORP	1.995	05/11/2027	933,106.90	963,090.33	22,225.10
FEDERAL AGRICULTURAL MORTGAGE CORP	AA+	Y	AGCY BOND	5.390	05/13/2027	999,989.76	1,027,115.67	6,464.24
FEDERAL FARM CREDIT BANKS FUNDING CORP	AA+	Y	AGCY BOND	5.270	07/16/2027	1,999,681.08	2,022,158.33	518.92
FEDERAL FARM CREDIT BANKS FUNDING CORP	AA+	Y	AGCY BOND	5.270	07/16/2027	2,000,000.00	2,022,158.33	200.00
KLAMATH CNTY ORE SCH DIST	AA+	N	MUNI	1.710	06/15/2029	272,248.05	273,181.50	-577.05
FEDERAL HOME LOAN BANKS	AA+	Y	AGCY BOND	4.100	08/28/2029	1,000,000.00	997,512.56	-6,018.00
UNITED STATES TREASURY	AA+	N	US GOV	3.125	08/31/2029	1,951,527.48	1,963,789.71	6,910.02
FEDERAL HOME LOAN BANKS	AA+	N	AGCY BOND	5.000	09/28/2029	529,612.77	530,629.83	808.73
—	AA+	—	—	3.805	04/02/2026	47,995,974.19	48,287,658.80	-115,011.24

* Weighted by: Market Value + Accrued. * Holdings Displayed by: Lot.