Yamhill County Local Investment Advisory Committee Minutes
July 18 2023, 9:00 A.M. Remote via Zoom

Voting Committee Members present: Kris Bledsoe, Ekaterina St. Ores, Kevin Chambers, Stacy Flier, Jim Schlotfeld, Commissioner Lindsay Berschauer

Voting Committee Members Not present: Bill Sweat
Ex-officio Non-voting Members present: Commissioner Mary Starrett, Commissioner Kit Johnston, Ken Huffer, Mike Barnhart

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Kris Bledsoe called the meeting to order at 9:04 a.m.

1. **Welcome.** Kris welcomed everyone to the meeting.

2. **Adoption of Minutes**. The previous quarterly meeting minutes were approved.

3. **Current market conditions**. There was a robust and extensive conversation regarding current market conditions.

   There was a discussion regarding the current bond market. Kris shared her decision to sell off longer-term bonds at a capital loss and invest in higher-interest-rate bonds due to concerns about inflation and interest rates. The consensus is that the Feds will raise rates this week or next week and inflation is getting under control. Kevin agrees that holding bonds to maturity makes sense, as the value of the bonds relative to the market matters less than income, for the county at this time, however it's better to have higher cash flow. Jim discussed the pros and cons of selling bonds prior to maturity. It is all about the math. Stacy also discussed her philosophy.

   The consensus is that the Feds will raise rates again this week or next week, and inflation is getting under control. The job market is still hot, and the economy is adding jobs.

   Kris plans to invest the 2. 5 million dollars of bonds maturing this month in LGIP with at least 1 million maturing each month during the next 6 months to keep liquid for ongoing expenses until November when tax payments will come in.

4. **Financial Reports**. Kris reviewed the quarterly reports. The reports are included in these minutes.

   Jim asks if it makes sense for a county to buy municipal bonds going forward, and Kris agrees that it doesn't make sense. Kris mentions that she bought municipal bonds at the time because the rates were competitive. However, she finds municipal bonds to be less liquid than she would prefer and only buys them if the rate makes sense.

   Kris discusses the challenges of being the treasurer and the unique nature of managing a unique portfolio, mentioning that it is not like working for a corporation or individual

managing their portfolio. She mentions that she has learned over the last two years to be more conservative in her approach. Kris also discusses the current yield curve and the impact of the US dollar's decline on exports and imports.

5. **Investment Policy.** Kris reviews the guidelines and recommends that there is no reason to change the investment policy, as they are standard around the state. Commissioner Starrett asks if the audit is included in the general county audit, and Kris confirms that it is included. Kris recommended keeping the current investment policy as is and sending it to the Commissioners for final approval. This was approved by the committee.

6. **LGIP**. The Oregon State pool is currently paying 4.05% They have reduced their holding of corporate bonds and are investing shorter term until the bond markets become more stable. Kris is confident in their ability to manage the funds well.

7. **ARPA.** Ken and Kris discuss the current ARPA funds available, with 4.3 million divided between two programs: a childcare initiative and rural broadband grant programs. Commissioner Johnston suggests being realistic about the deadline for spending the funds, as they are up against federal guidelines for expending funds. The team also discusses the possibility of delays in projects and the need to find a way to avoid reallocating funds to other projects. They also mention a summary of interest coming in through ARPA LGIP funds.

8. **Other Discussions**. Kris shares a graph showing that wages grew faster than inflation in the recent past. The county is currently in the middle of labor negotiations. The average hourly earnings are going up faster than the cost of the rate of infection. Ken, Kris, and Stacey discuss the art of negotiations and an article in the paper.

9. The video of the meeting can be found at: https://youtu.be/GHZAksNvj3k

10. The next Investment Advisory Committee meeting will be streamed online via zoom on Wednesday, October 18th at 9:00 AM

(*Minutes prepared by Kris Bledsoe, Yamhill County Treasurer*.)