Oregon Association of County Treasurers and Finance Officers 2025

OSTF Updates and Investment Concepts

September 17th, 2025

ACT INVESTING

Accountability
Confidence
Transparency

AGENDA

Oregon Short Term Pool

- Rates
- Portfolio Structure
- Expectations
- Risk and Return

Investment Policy Updates

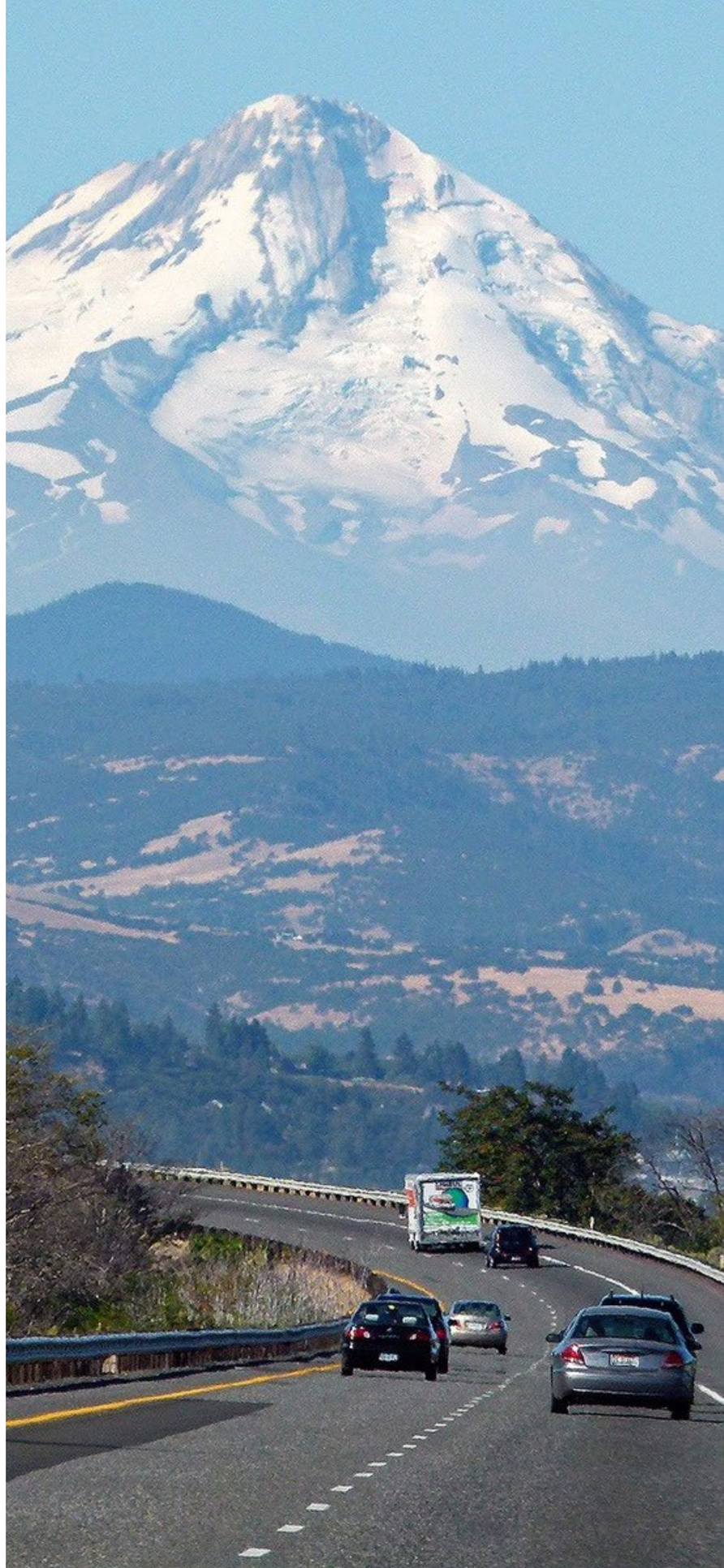
- Maximum Single Maturity
- Review Process

Investment Fundamentals

- The Why of Investing
- The Inputs of Investing
- Cash Flow Analysis
- It Matters

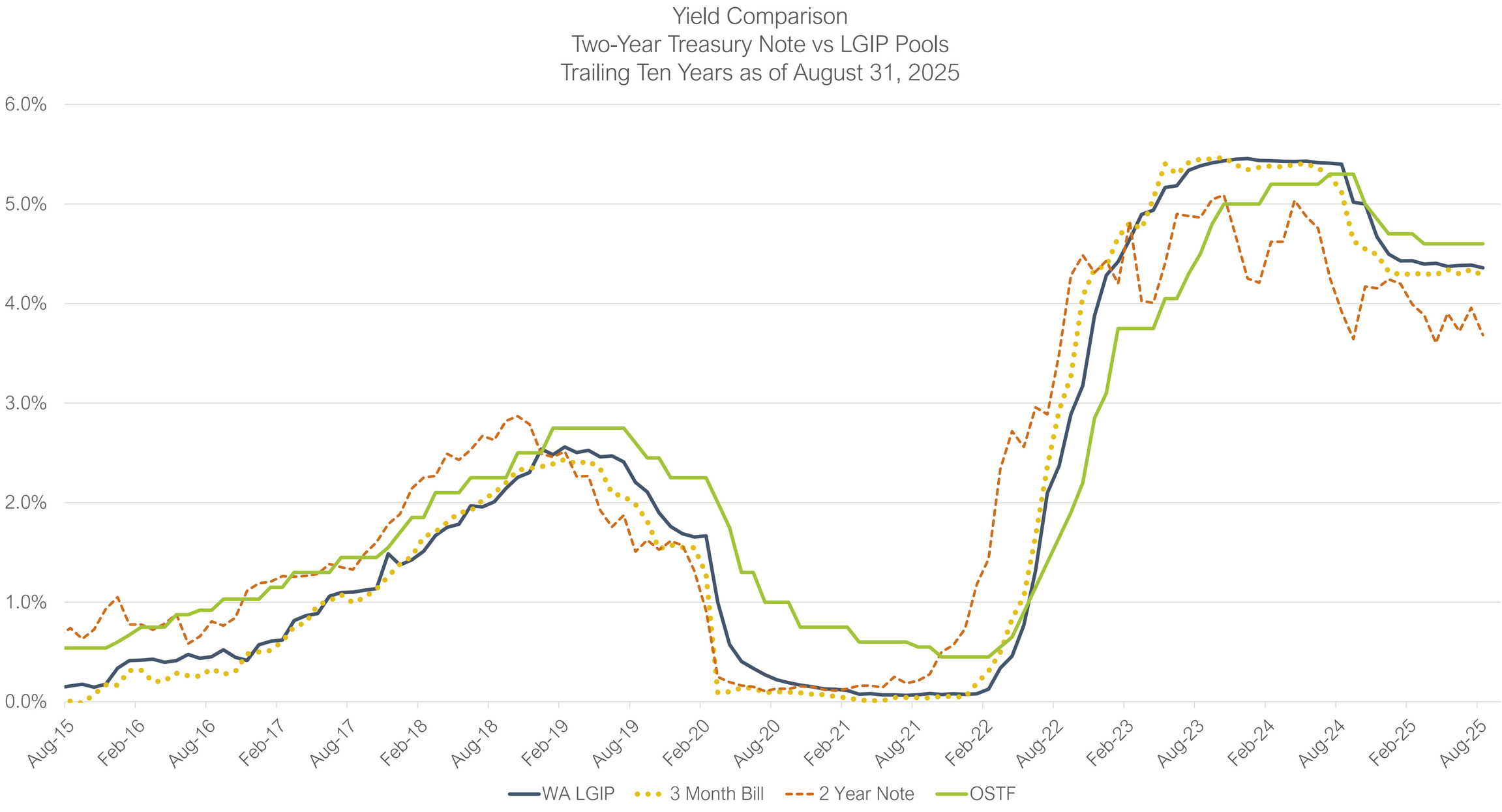
Successes

- Diversification
- Cash Flows
- Discipline for Decision Making
- Communication



Oregon Short Term Fund Relative Rates

- ✓ Highest Yield in 2025 Compared to Peers
- ✓ Moved up Slower as Fed Moved Rates up
- ✓ Moved down Slower as Fed Moved Rates Down
- ✓ Risk of the Pool
- ✓ 50% Corporate Holdings
- ✓ High Use of Floaters



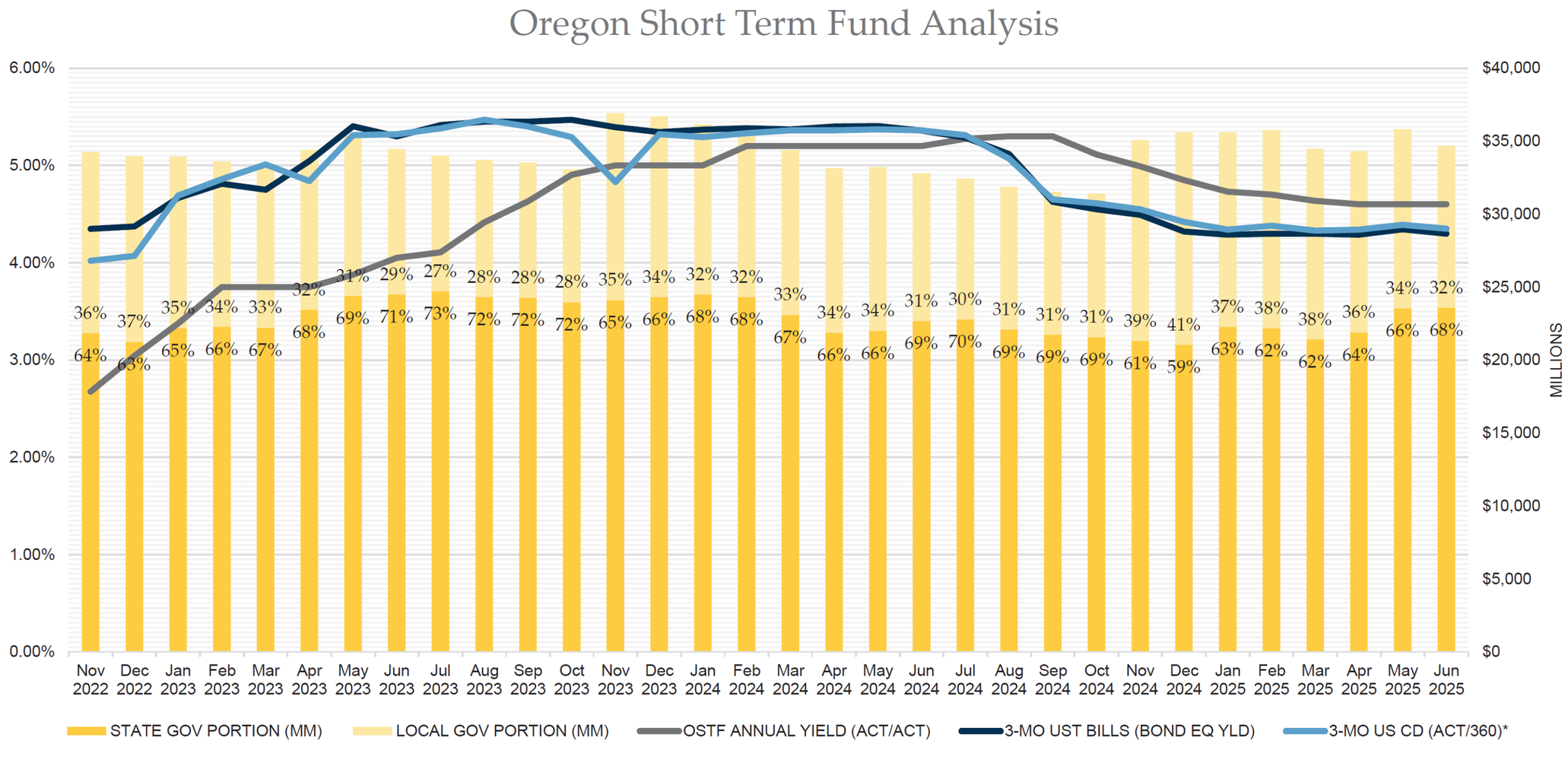
Source: Bloomberg

OREGON SHORT TERM FUND FACTS

✓Balance of State Funds to Local Governments

✓Rate Trends

OSTF Portfolio Overview



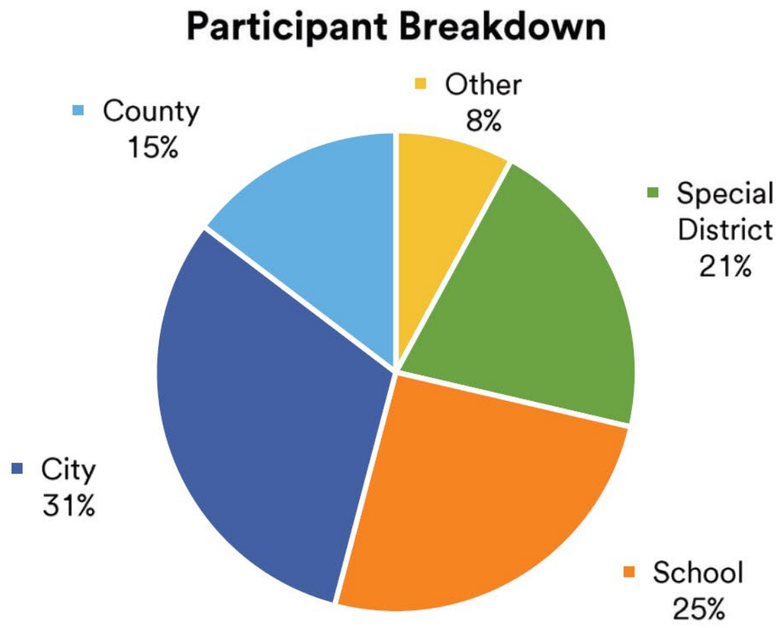
OREGON STATE TREASURY

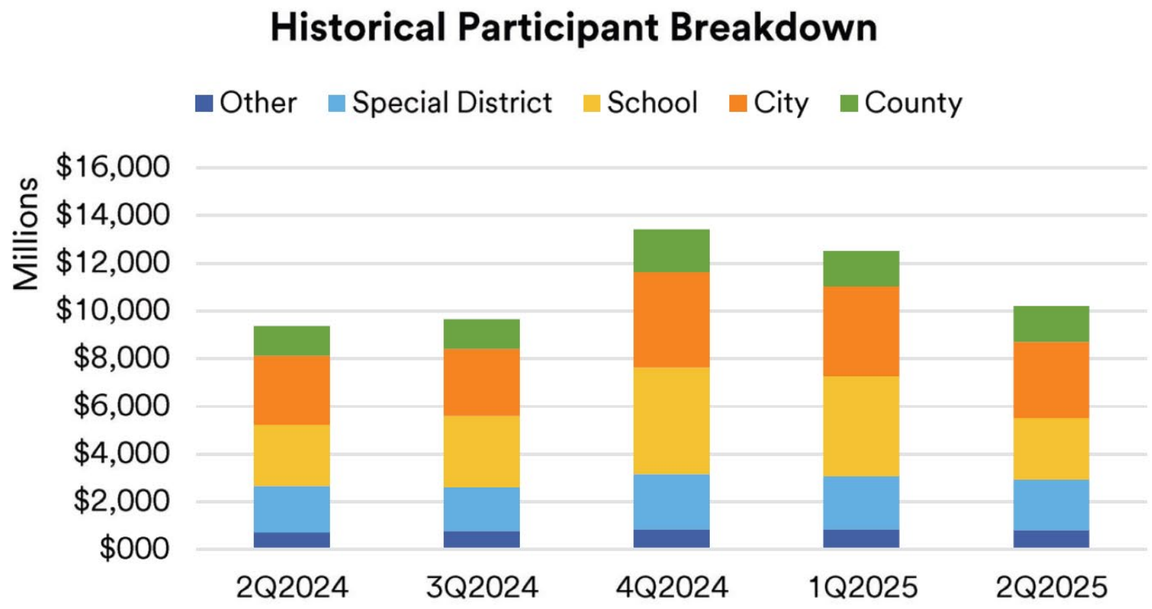
Images from OSTFB August 13, 2025 Meeting Materials

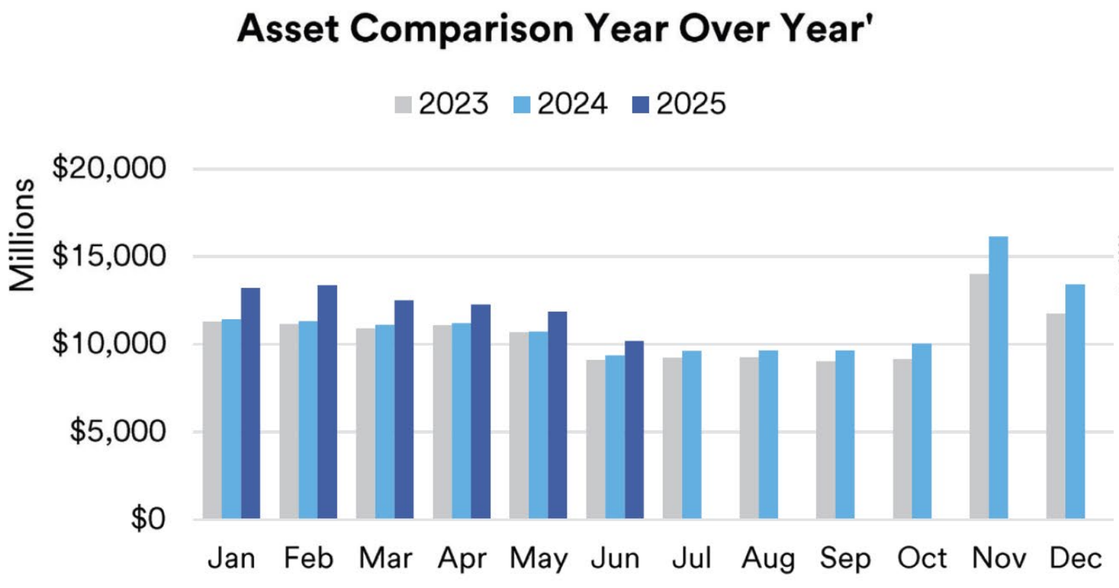
OREGON SHORT TERM FUND FACTS

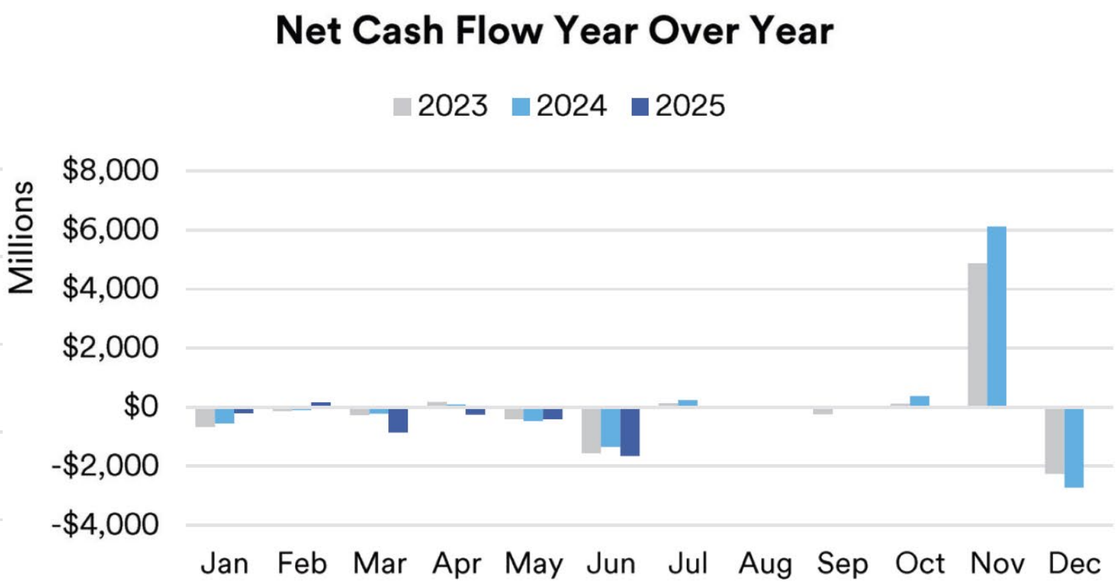
✓Number of Participants 1095

✓% State Funds 68% / Local Governments 32%









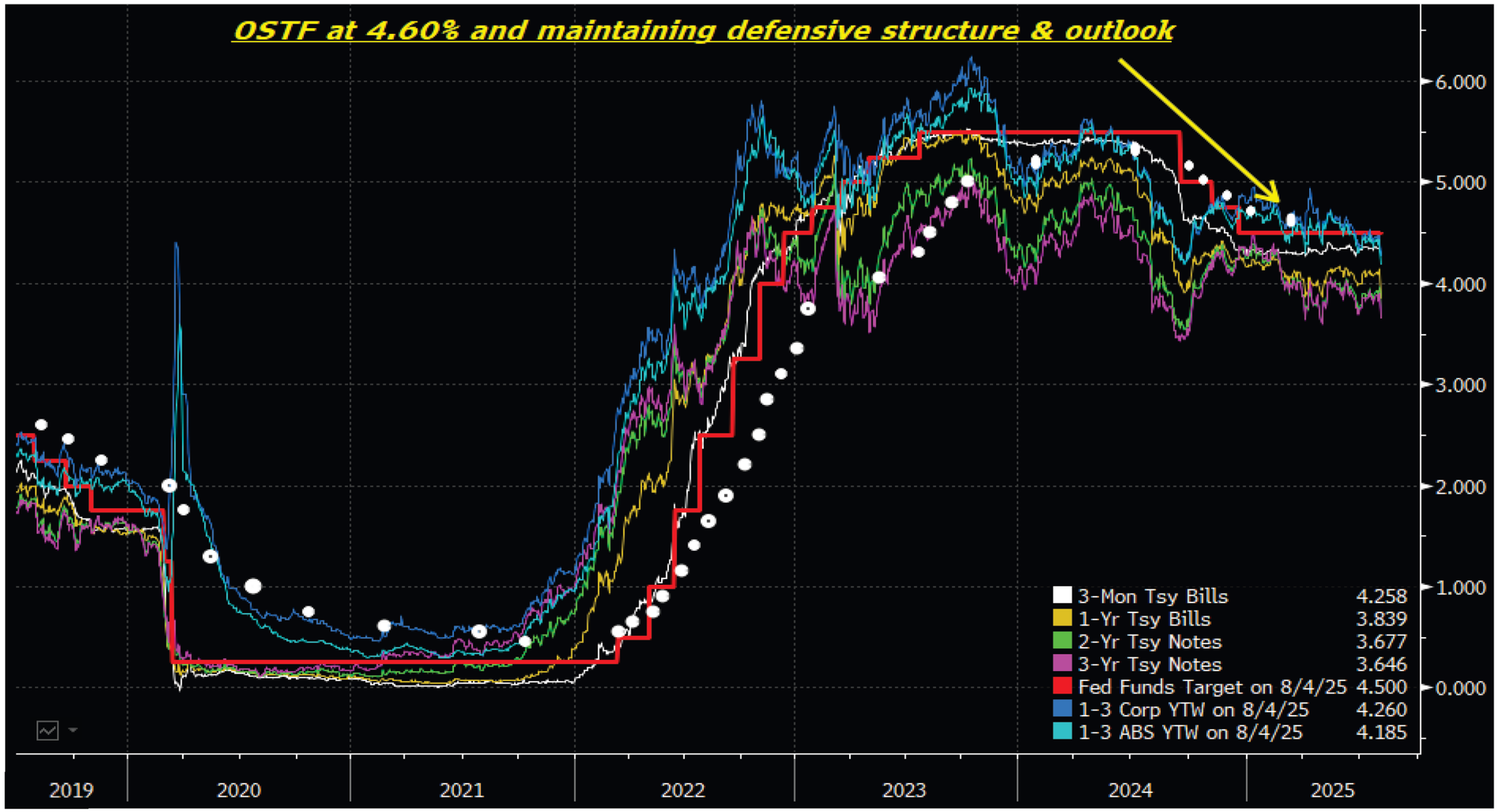
Images from OSTFB August 13, 2025 Meeting Materials page 22

OREGON SHORT TERM FUND FACTS

✓Moves with rate changes

✓50% corporates

OSTF Paid Rate has remained at 4.60% since March 12, 2025



Images from OSTFB August 13, 2025 Meeting Materials

Oregon Short Term Fund FACTS

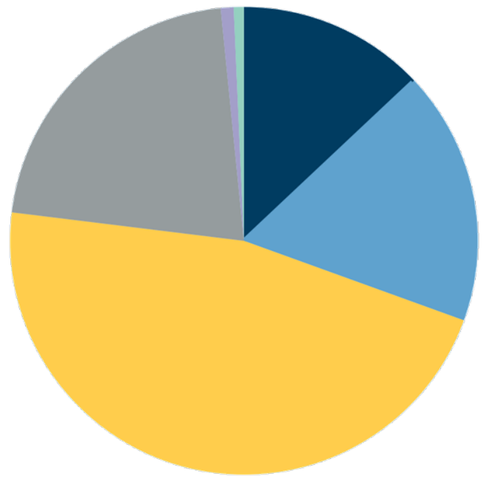
✓Moves with rate changes

✓50% corporates

Top 10 Issuers

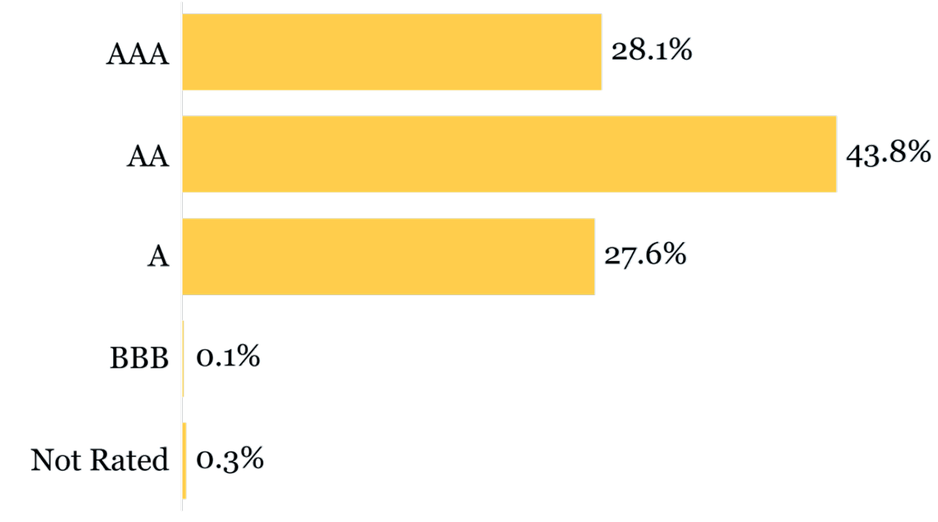
Issuer Name	
UNITED STATES TREASURY	13.0%
FED FARM CRED BANKS FNDNG CORP	4.2%
CPPIB CAPITAL INC	3.1%
NATL RURAL UTILS COOP FIN CORP	2.4%
AMERICAN HONDA FINANCE CORP	1.9%
TOYOTA MOTOR CREDIT CORP	1.9%
ROYAL BANK OF CANADA	1.8%
TORONTO-DOMINION BANK/THE	1.6%
NEW YORK LIFE GLOBAL FUNDING	1.6%
NATL SECURITIES CLEARING CORP	1.3%
Total	32.8%

Sector Allocations



Treasuries	13.0%
Government Related	17.6%
Corporates	46.4%
Securitized	21.5%
Municipals	0.9%
Funds	0.7%

Credit Quality Distribution



Images from 2025-Q2 OSTF Fact Page

Oregon Short Term Board

- ✓ Members representing: City, School Districts
- ✓ Private Professionals
- ✓ Oversee Policy of Local Governments and Short -Term Fund
- ✓ Observations not requirements
- ✓ Purpose is to protect and awareness

Investment Policy Framework

Key Elements of an Investment Policy should consist of the following:

- **Purpose:** Outlines the purpose for the policy document
- **Authority:** Identifies the authoritative guidance under which investing takes place
- **Scope**: Identifies funds under the authority of the policy
- **Objectives**: (Prioritized)
  - Safety
  - Liquidity
  - Return
- **Standards of Care**:
  - Prudence (Prudent Person Standard)
  - Ethics and Conflicts of Interest
  - Indemnification for investment decisions
  - Delegation of Authority
  - Internal controls
    - Separation of Investment decisions and recordkeeping
- **Safekeeping & Custody:**
  - Delivery vs. Payment protocol
  - Safekeeping/Custody by 3rd Party
- **Authorized investments:** Specific authorized investment types should be listed
- **Risk Parameters:**
  - Credit Risk:
    - Ratings requirements
    - Exposure limitations
  - Interest Rate Risk:
    - Maximum investment maturity
    - Maximum average maturity
  - Concentration Risk:
    - Diversification requirements
  - Liquidity Risk:
    - Minimum liquidity guidance
    - Maturity buckets
- **Transaction Counterparties:**
  - Minimum requirements to approve broker/dealers
  - Minimum requirements to approve Investment advisers
- **Policy Compliance:**
  - Reporting requirements:
    - Required data
    - Periodicity of reporting
    - Recipients of reports
  - Guideline violation resolution
- **Policy Maintenance:**
  - Periodic Policy Review

Key Elements from OSTFB August 13, 2025 Meeting Materials page 4

OSTF Board Checklist

✓STO will review wording

✓Presents comments back to Treasurer

✓Provides review to OSTF

Investment Policy Comparison

Statement of Scope	Submitted Policy Language	Model Policy Language
Scope - Identifies funds under the authority of the policy.	III. SCOPE	**[III]**This policy applies to activities of [Local Government] with regard to investing the financial assets of [operating funds / capital funds / bond proceeds / bond reserve funds]. Funds managed by [Local Government] that are governed by other investment policies are excluded from this policy; however, all funds are subject to Oregon Law. The amount of funds falling within the scope of this policy over the next three years is expected to range between $xxx million and $xxx million.

Statement of Governing Authority	Submitted Policy Language	Model Policy Language
Governing Authority - Identifies statutory authority of the policy.	II. GOVERNING AUTHORITY	**[II]** [Local Government]'s investment program shall be operated in conformance with Oregon Revised Statutes and applicable federal law. Specifically, this investment policy is written in conformance with ORS 294.035; 294.040; 294.052; 294.135; 294.145; and 294.810. All funds within the scope of this policy are subject to laws established by the state of Oregon. Any revisions or extensions of these sections of the ORS shall be assumed to be part of this Investment Policy immediately upon being enacted.

Investment Policy Analysis

✓More Operating Fund Focus ✓Additional Idea ✓It is your policy – make it so

GIOA Sample Policy	Current Policy Location	GIOA Sample Policy	Current Policy Location
Section 1: Table of Contents – Max 2 Point	Recommend adding	Section 18: Prohibited Investments – Max 2 Points	Include, Section 8 (EXPAND)
Section 2: Introduction/Overview – Max 2 Points	Recommend adding	Section 19: Diversification Parameters – Max 4 Points	Inlcuded, Section 12
Section 3: Governing Authority – Max 2 Points	Recommend adding	Section 20: Maturity Parameters – Max 4 Points	Recommend adding
Section 4: Delegation Authority – Max 3 Points	Included, Section 5.A (EXPAND)	Section 21: Transaction Parameters – Max 2 Points	Recommend adding
Section 5: Oversight Comt./Review – Max 4 Points	Recommend adding	Section 22: Calculation Parameters – Max 2 Points	Recommend adding
Section 6: Policy Statement – Max 4 Points	Included, Section 1 (EXPAND)	Section 23: Authorized Institutions – Max 3 Points	Recommend adding
Section 7: Scope – Max 2 Points	Included, Section 2	Section 24: Collateralization – Max 3 Points	Recommend adding
Section 8: Objectives – Max 5 Points	Included, Section 3 (UPDATE)	Section 25: Investment Advisors (if needed)	Included in 5.A (UPDATE)
Section 9: Philosophy – Max 4 Points	Included, Section 10	Section 26: Authorized Broker/Dealers – Max 3 Points	Recommend adding
Section 10: Standard of Prudence – Max 2 Points	Included, Section 4 (EXPAND)	Section 27: Inv Program Reporting – Max 5 Points	Recommend adding
Section 11: Ethics/Conflicts of Interest – Max 2 Points	Included, Section 6 (EXPAND)	Section 28: Allocation of Inv Income – Max 2 Points	Recommend adding
Section 12: Limit on Receipt of Gifts – Max 2 Points	Recommend adding	Section 29: Performance Information – Max 5 Points	Included, Section 10 (UPDATE)
Section 13: Investment Procedures – Max 2 Points	Included, Section 4 (EXPAND)	Section 30: Business Continuity – Max 2 Points	Recommend adding
Section 14: Internal Controls – Max 3 Points	Included, Section 9 (EXPAND)	Section 31: Ongoing Training – Max 3 Points	Recommend adding
Section 15: Internal/External Audit – Max 2 Points	Recommend adding	Section 32: Inv Policy Review/Adoption – Max 3 Points	Recommend adding
Section 16: Safekeeping and Custody – Max 3 Points	Recommend adding	Section 33: Summary-Authorized Inv – Max 2 Points	Recommend adding
Section 17: Authorized Investments – Max 8 Points	Included, Section 7 & 8 (UPDATE)	Section 34: Glossary – Max 3 Points	Recommend adding

GIOA's Investment Policy Scorecard

Policy Update Process

Provide updates and reviews ongoing and will schedule to your internal process.

Big Review

Policy Review aligned to OSTF Board Sample Policy, GFOA and GIOA Standards

Redline and a Memo for changes to be presented to OSTF Board and OST for updates

Comments will be made by OST and Board

Check

Maturity parameter constraints – now 5.25 years

Update diversification tables and standards to statute

Refine Language in certain sections

Process

Compliance Report

Review prior to purchases other than UST

Annual Memo of Review

Public Fund Investment Program Goals

3 key objectives of the Investment Program

SAFETY

Statute, Policy and Plan

LIQUIDITY

Solve for Liquidity First With Customized Plan

RETURN

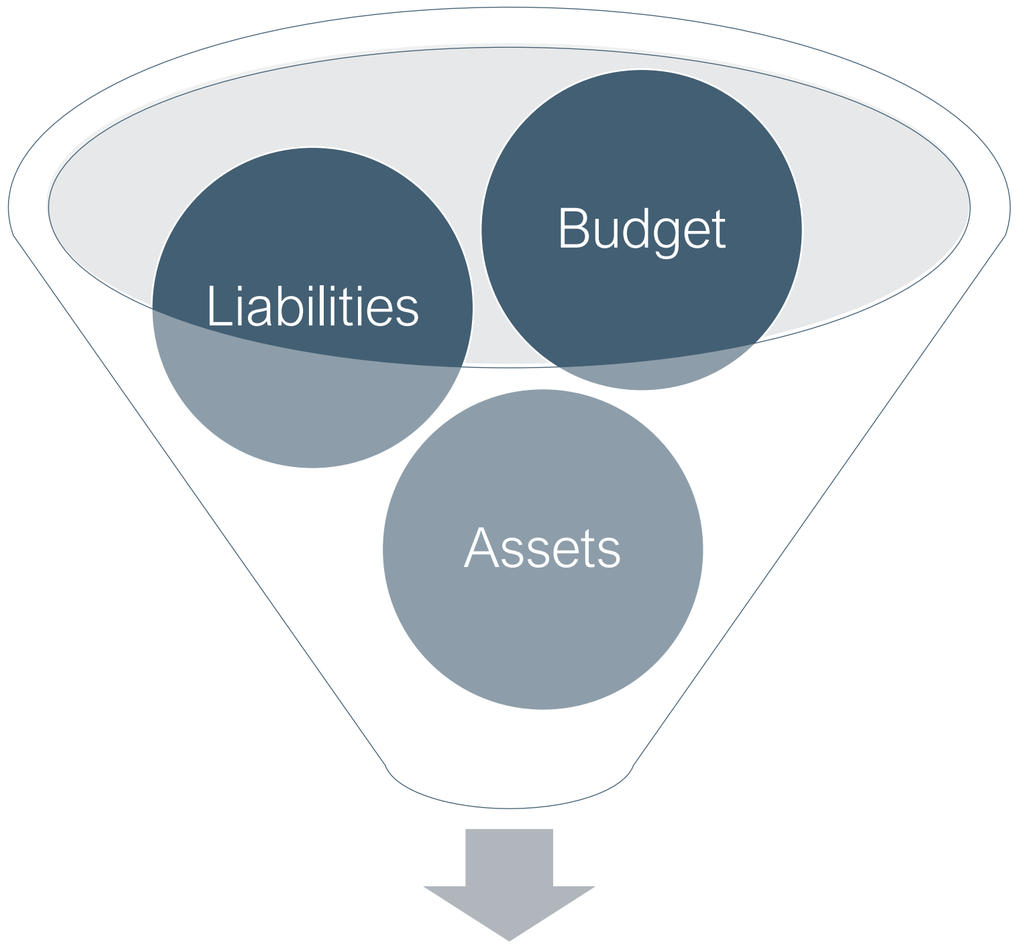
Disciplined Investment Strategy & Market Monitoring

Alignment to Overall Organization Foundation

Budget – Liabilities of the City over time: measured in fund balances

Investment – Cash & securities held over time: measured in assets held

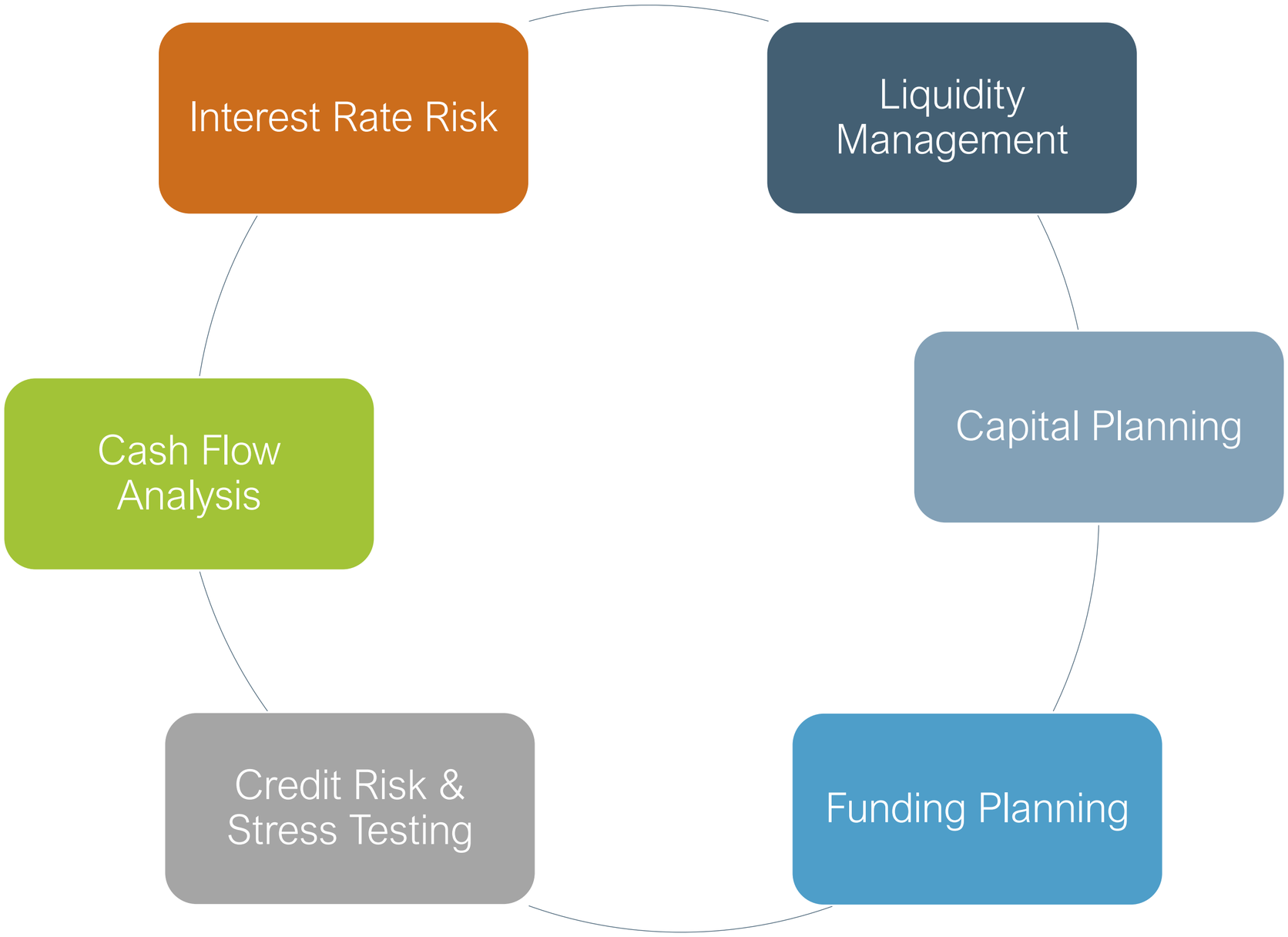
Disciplined Investment Strategy – Focused on growth of assets to cover current and future liabilities



Disciplined Investment Strategy

Optimizes Net Interest Earnings - Minimizes Risk

Information Inputs For Investment Strategy



Optimizes Net Interest Earnings - Minimizes Risk

Investment Strategy Management

Where you place your money is an investment decision.
Make your money work for you — optimize earnings while balancing risk.

Short-term Instruments (Liquidity)

Bank deposits / LGIP

Exposes Entity to:

- ✓ **Reinvestment Risk:** Rates can drop quickly, reducing future earnings
- ✓ **Typically Lower Returns:** Usually earns less then long-term investments

Long-term Instruments (Core)

US Treasury, Agency, Municipals, etc.

How it can help:

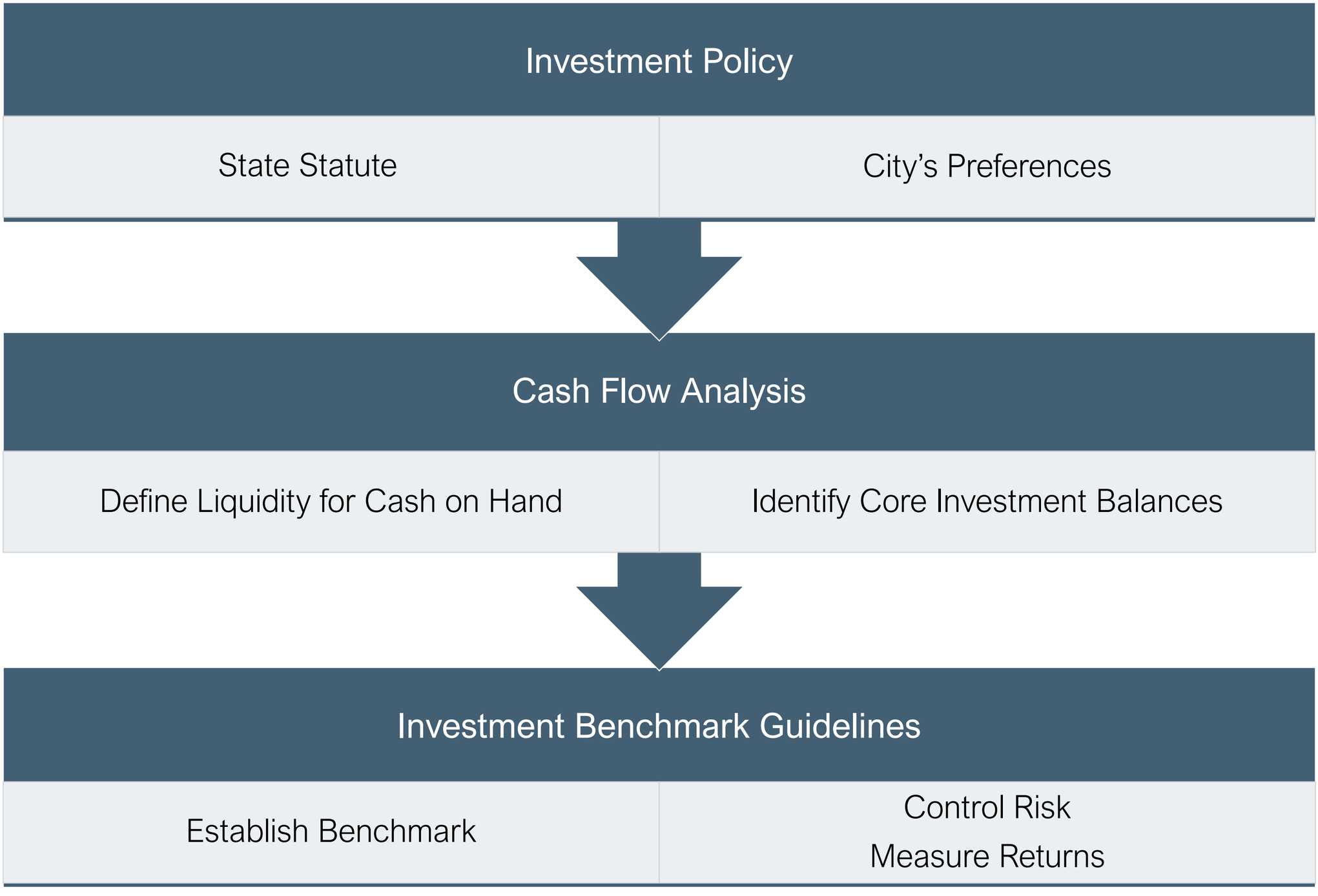
- ✓ **Stabilizing Earnings:** Less reactive to market swings, offering consistency
- ✓ **Diversification of Risk:** Diversified across timeframes & assets types
- ✓ **Long-term Value:** Builds a solid financial foundation

Disciplined Investment Strategy

The strategy seeks to increase returns over interest rate cycles while mitigating the risk that market volatility could jeopardize the ability to meet future obligations. Common risks managed include:

- ✓ **Interest rate risk:** Changes in interest rates can affect both the value of assets and the present value of future liabilities. GPA manages durations
- ✓ **Inflation risk:** The purchasing power of future payouts is embedded in fixed-income invested assets.
- ✓ **Liquidity risk:** The strategy ensures that cash is available to meet liabilities as they come due, preventing the need to sell assets at a disadvantageous time.

BUILDING DISCIPLINED INVESTMENT STRATEGY



BOARD PRESENTATIONS

✓Transparency ✓Education ✓Communication

Compliance Report

Lane County | Total Aggregate Portfolio

August 31, 2025

SAMPLE

Category

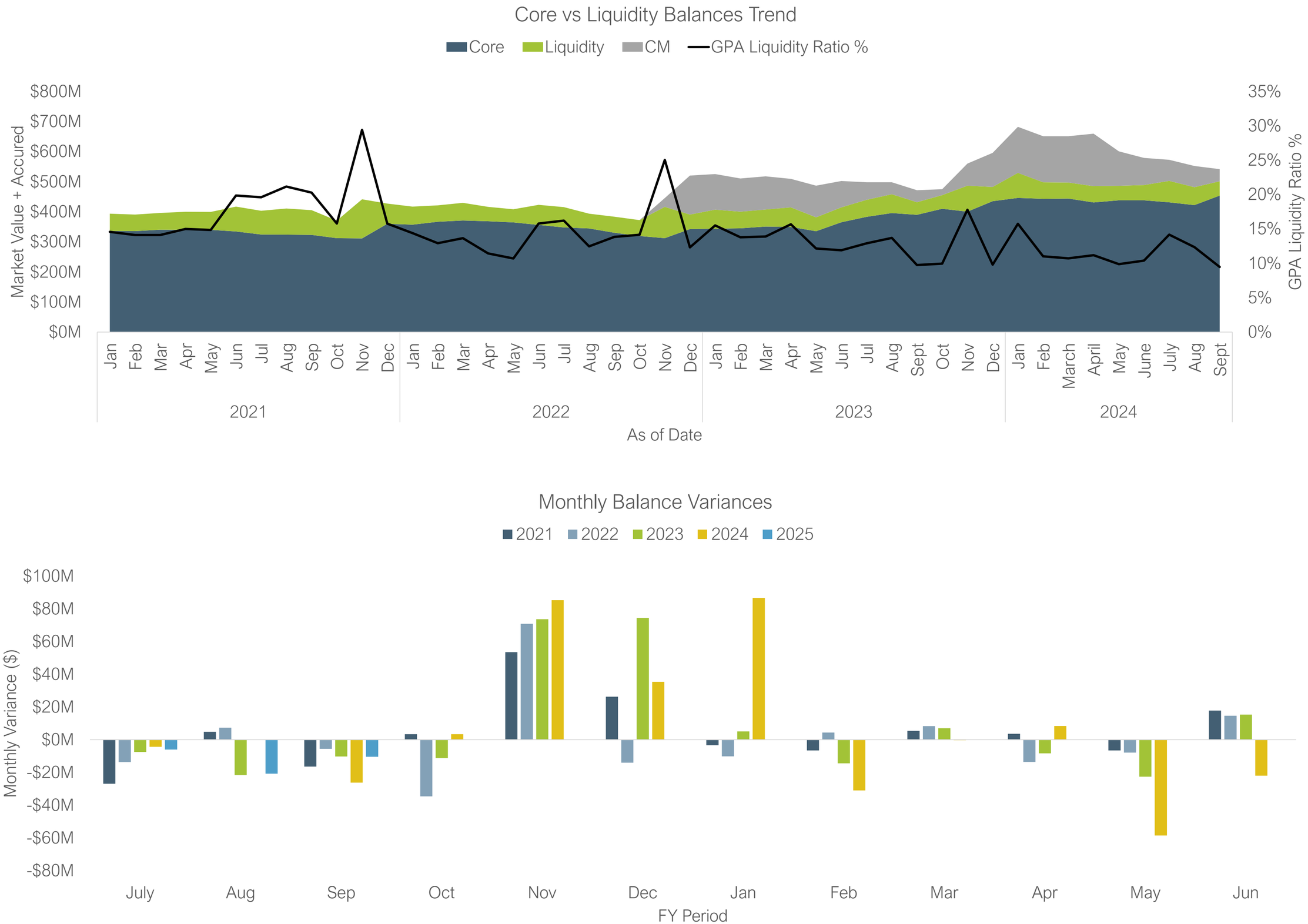
Policy Diversification Constraint	Policy Limit	Actual Value*	Status
US Treasury Obligations Maximum % of Holdings	100.000	50.156	Compliant
US Agency Callable Securities Maximum % of Total Portfolio	25.000	1.325	Compliant
US Agency FFCB Issuer Concentration	35.000	17.708	Compliant
US Agency FHLB Issuer Concentration	35.000	3.311	Compliant
US Agency FHLMC Issuer Concentration	35.000	0.869	Compliant
US Agency FNMA Issuer Concentration	35.000	2.225	Compliant
US Agency Obligations - All Other Issuers Combined	35.000	0.000	Compliant
US Agency Obligations Issuer Concentration	35.000	17.708	Compliant
US Agency Obligations Maximum % of Holdings	100.000	24.112	Compliant
Municipal Bonds Issuer Concentration	5.000	1.203	Compliant
Municipal Bonds Maximum % of Holdings	25.000	1.203	Compliant
Municipal Bonds Outside OR, CA, ID, WA	0.000	0.000	Compliant
Corporate Notes & Commercial Paper Maximum % of Holdings	35.000	8.230	Compliant
Corporate Notes & Commercial Paper Single Issuer %	5.000	2.078	Compliant
Certificates of Deposit Issuer Concentration	5.000	0.000	Compliant
Certificates of Deposit Maximum % of Holdings	10.000	0.000	Compliant
Banker's Acceptance Issuer Concentration	5.000	0.000	Compliant
Banker's Acceptance Maximum % of Holdings	25.000	0.000	Compliant
LGIP-Oregon Short Term Fund Maximum	61,749,000.000	48,249,248.110	Compliant
Bank Time Deposits/Savings Accounts Issuer Concentration	20.000	1.566	Compliant
Bank Time Deposits/Savings Accounts Maximum % of Holdings	20.000	4.655	Compliant
No 144A or 4(2)	0.000	0.000	Compliant

Cashflow Projection Analysis

It is important to understand the County's cash flow needs and incorporating the project funds is critical.

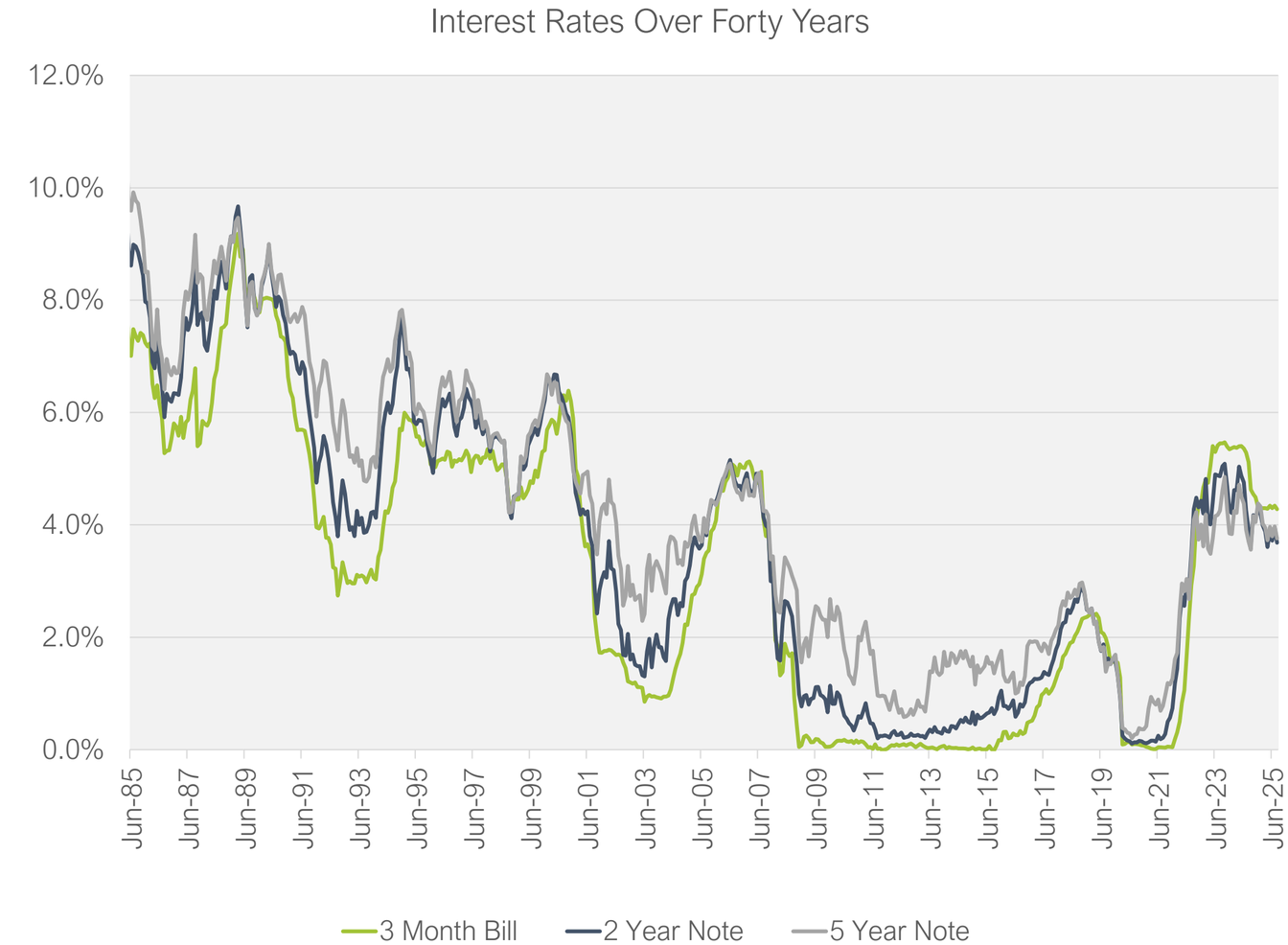
Period	Inflows	Payroll	Payroll Tax	Debt Svcs	Accounts Payable	Other	Bond Proceeds Spend	Total Expenses	Net Total
1/15/2025	$ 74,715,663	$ 12,311,399	$ 4,373,688	$ 19,845,650	$ 28,293,069	$ 7,192,023	$ 5,523,011	$ 77,538,840	$ (2,823,177)
1/31/2025	$ 90,034,263	$ 20,534,528	$ 4,474,799	$ 111,738	$ 33,137,255	$ 13,531,784		$ 71,790,105	$ 18,244,158
2/15/2026	$ 82,149,032	$ 12,741,738	$ 4,291,139	$ 234,878	$ 28,536,850	$ 3,696,295	$ 5,523,011	$ 55,023,910	$ 27,125,122
2/28/2025	$ 94,792,593	$ 21,909,870	$ 4,719,423	$ 14,998	$ 44,284,411	$ 11,416,423		$ 82,345,126	$ 12,447,467
3/15/2025	$ 87,523,123	$ 12,219,067	$ 4,871,298	$ 73,684	$ 26,037,592	$ 4,172,374	$ 5,523,011	$ 52,897,026	$ 34,626,097
3/31/2025	$ 67,990,077	$ 21,117,325	$ 4,440,454	$ 3,012,347	$ 40,667,509	$ 10,514,910		$ 79,752,545	$ (11,762,467)
4/15/2025	$ 58,019,643	$ 12,168,290	$ 4,452,316	$ 36,639	$ 23,153,363	$ 21,038,724	$11,070,958	$ 71,920,289	$ (13,900,646)
4/30/2025	$ 74,182,359	$ 20,985,380	$ 4,403,504	$ -	$ 47,019,623	$ 15,783,045		$ 88,191,553	$ (14,009,194)
5/15/2025	$ 113,027,472	$ 12,813,130	$ 4,493,890	$ 19,856,496	$ 29,145,329	$ 12,166,347	$11,070,958	$ 89,546,150	$ 23,481,322
5/31/2025	$ 73,855,208	$ 21,299,655	$ 4,613,569	$ 16,017	$ 33,484,493	$ 19,255,848		$ 78,669,581	$ (4,814,373)
6/15/2025	$ 55,640,845	$ 12,529,387	$ 4,576,150	$ 14,511,466	$ 33,110,910	$ 7,108,557	$ 3,942,489	$ 75,778,958	$ 24,802,887
6/30/2025	$ 59,048,309	$ 34,511,293	$ 4,619,655	$ -	$ 45,988,429	$ 8,075,890		$ 93,195,267	$ (34,146,958)

Historical Balances Trends



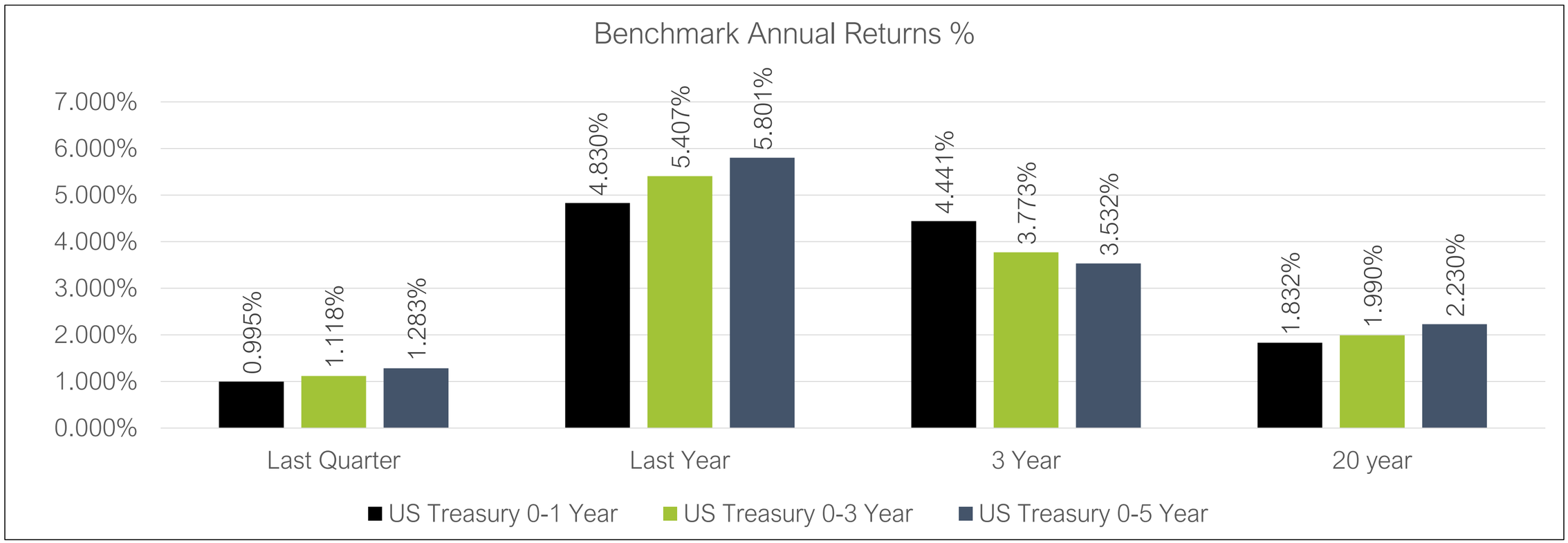
Benchmark Selection and GPA Utilization

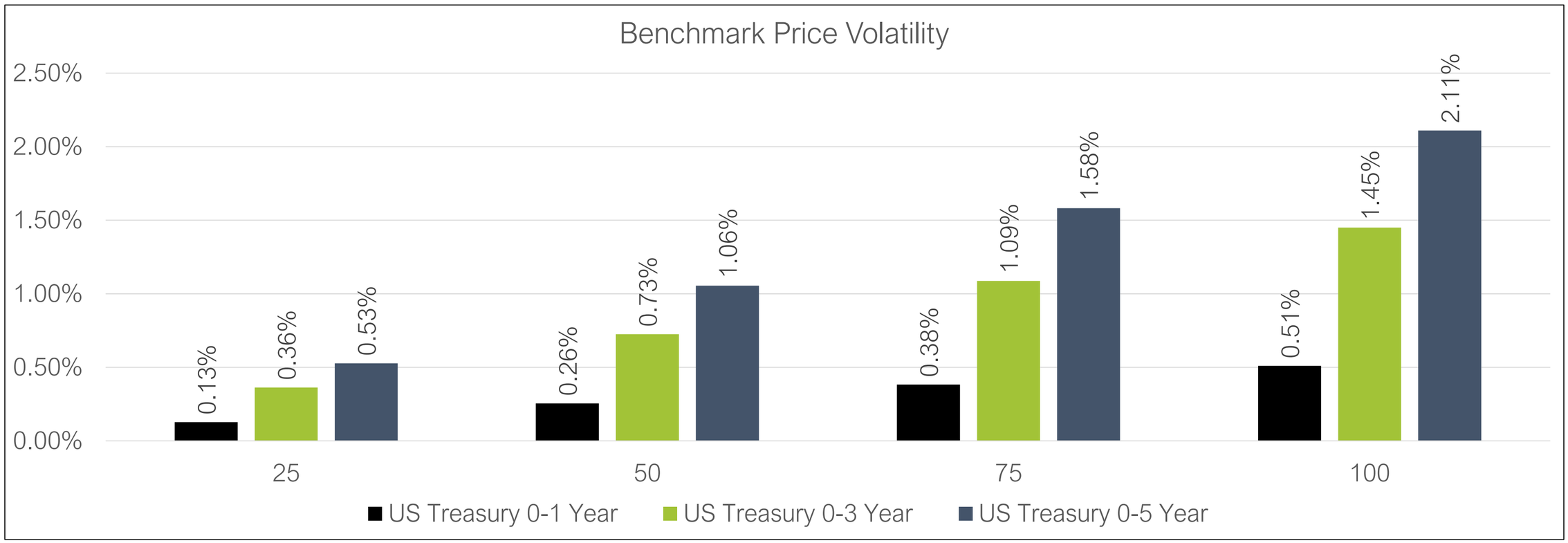
1. The benchmark provides structure and direction for decision-making
   - ✓ Duration targets investment core and maturity sectors
   - ✓ Overlay Asset Allocation
2. Portfolio performance vs the benchmark ensures that the portfolio is doing what it should
3. Benchmark Inputs
   - ✓ Purpose of the Funds
   - ✓ Sensitivity to Price Change
   - ✓ Flexibility of Strategy
4. Historical Observations
   - ✓ Markets are volatile
   - ✓ The longer you invest the more you earn, but more exposure to interest rate risk
   - ✓ Not only about earnings but also optimizing to meet objectives



Source: Bloomberg

BENCHMARK ALTERNATIVES - DURATION





Data as of June 30, 2025

Benchmark Alternatives – Asset Classes

Annualized Returns (%)		$ 100 Million			6/30/2025
Benchmark	Duration	Last Quarter	Last Year	3 Year	20 year
US Treasury 1-5 Year	2.55	1.36%	6.07%	3.23%	2.34%
1-5 Year Corp AA-AAA	2.46	1.51%	6.62%	3.99%	2.97%
1-5 Year Corp A-AAA	2.64	1.69%	7.06%	4.64%	3.18%
1-5 Year US Supranationals Agg	2.88	1.56%	6.35%	3.45%	2.64%
1-5 Year Taxable Municipals	2.41	1.50%	6.19%	3.66%	N/A

Spread Risk - More Volatile and Opposite of US Treasury in Bad Times

Benchmark	Effective Duration	2024	2023	2022	2021	2009	2008
US Treasury 1-5 Year	2.55	3.41%	4.30%	-5.25%	-1.10%	0.23%	8.73%
1-5 Year Corp A-AAA	2.64	4.81%	5.89%	-5.67%	-0.64%	12.59%	-3.16%
1-5 Year Corp AA-AAA	2.46	4.37%	5.18%	-5.68%	-0.71%	9.21%	1.76%

Source: Bloomberg

Risk Management Approach

Risk is Inherent in Investing Public Funds

Manage risk by understanding our client's preferences and structure.

1. Identify Risk → 2. Manage Risk → 3. Control Risk

Risk Type	Definition / Concern	Reduce Risk
Liquidity Risk	Required to sell investments for cash (take a loss)	Establish liquidity needs at the start and ladder out maturities
Inflation Risk	Worth of dollar decreasing	Putting money where it can grow over interest rate cycles
Interest Rate Risk	Change in rates impact price of securities	Investing across the yield curve & manage liquidity needs
Credit Risk	Default and downgrades	Invest in quality securities and diversity
Reinvestment Rate Risk	Holding too much liquidity in a declining rate environment	Cash flow analysis to right investment amount

Component Review

	Current Par	Component %	Yield	Duration	Target Ranges Min	Target Ranges Max
Investment Component						
Core	$345,862,000	81%	4.34%	2.10	$300,000,000	$350,000,000
Liquidity Components						
Liquidity-LGIP	$36,558,089		4.60%	0.01	$30,000,000	$61,000,000
Cash Matched	$23,000,000		4.06%	0.95	$0	$50,000,000
Community Banking	$20,433,675		4.41%	0.01	$15,000,000	$25,000,000
Liqudity Sub-Total	$79,991,764	19%				
Total Portfolio			4.35%	1.74		
Total	$425,853,764					

Knowing what you are investing for and how you are structuring investments provides discipline in decision-making.

SAMPLE POLICY TABLE - DIVERSIFICATION

Investment Policy Diversification

Issue Type	Maximum % Holdings	Maximum % per Issuer	Ratings S&P, Moody's or Equivalent	Maximum Maturity
US Treasury Obligations	100%	None	N/A	5.25 years
US Agency Obligations	100%	35%	N/A	5.25 years
Municipal Obligations (OR, CA, ID, WA)	25%	5%	AA- / Aa3 Short Term*	5.25 years
Corporate Notes	35%**	5%***	AA- / Aa3	5.25 years
Commercial Paper			A1 / P1	270 days
Bank Time Deposits/Savings Accounts	20%	20%	Oregon Public Depository	N/A
Certificates of Deposit	20%	5%	Oregon Public Depository	5.25 years
Banker's Acceptance	10%	5%	A1 / P1	180 days
Oregon Intermediate Fund	10%	None	N/A	N/A
Oregon Short Term Fund	Maximum allowed per ORS 294.810	None	N/A	N/A

*Short Term Ratings: Moody's- P1/MIG1/VMIG1, S&P - A-1/SP-1, Fitch - F1
**35% maximum combined corporate and commercial paper per ORS.
***Issuer constraints apply to the combined issues in corporate and commercial paper holdings.

SAMPLE POLICY TABLE - MATURITY

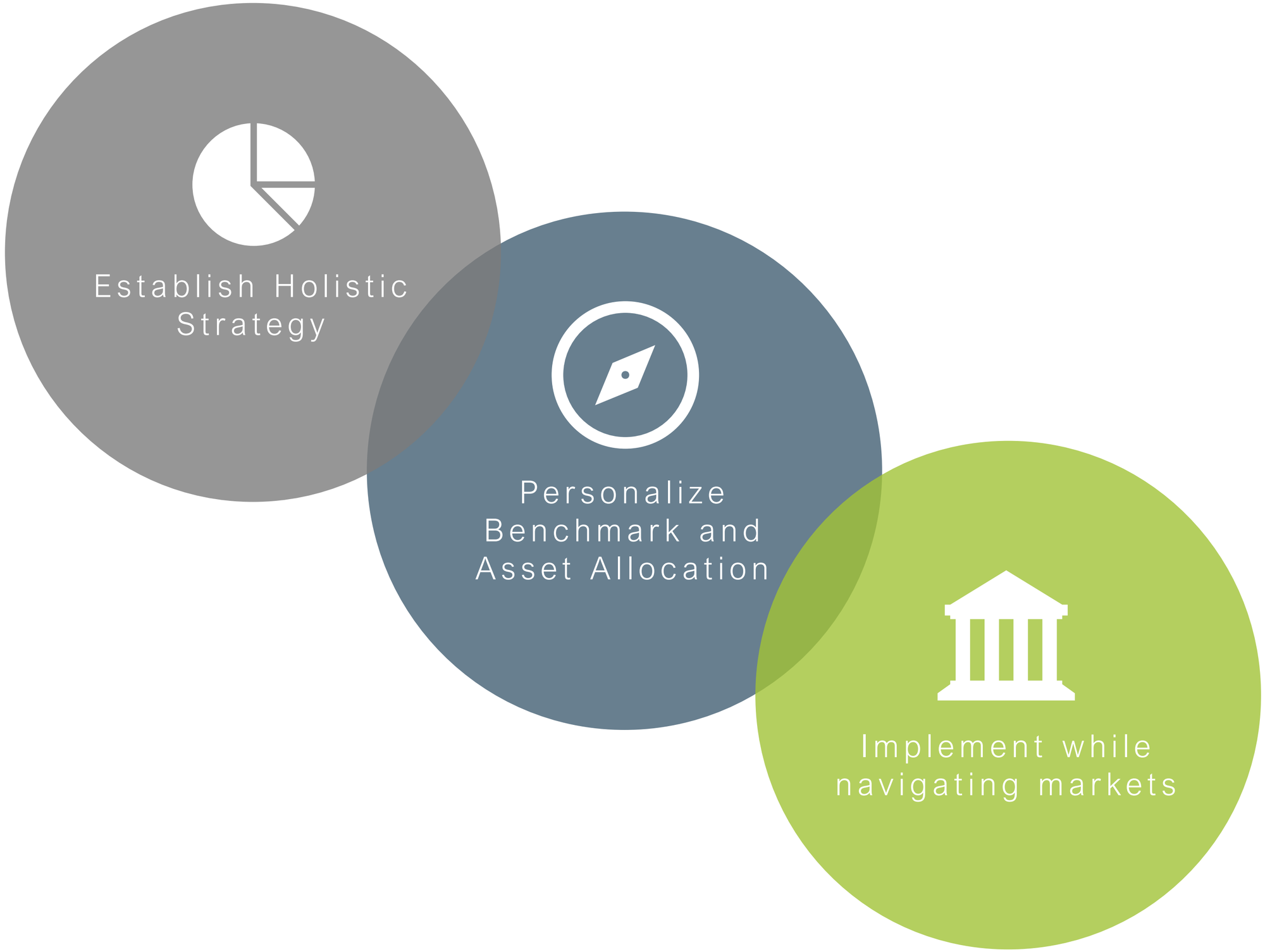
Investment Policy Maturity Constraints

Maturity Constraints	Minimum % of Total Portfolio
Under 30 days	10%
Under 1 year	25%
Under 5.25 years	100%

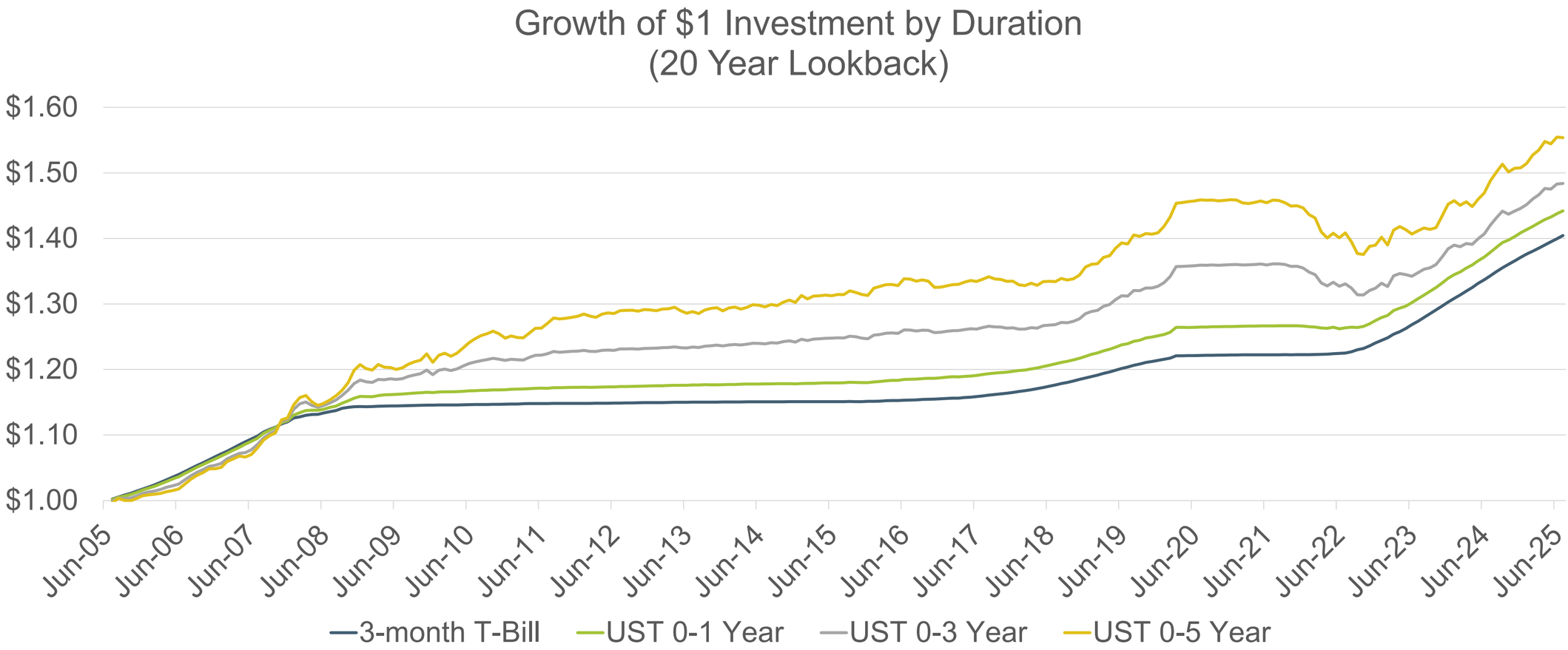
Maturity Constraints	Total Portfolio Maximum
Weighted Average Maturity	2.5 years

Security Structure Constraint	Maximum % of Total Portfolio
Callable Agency Securities	25%

Assess and Balance Risk/Return Tradeoffs



Investment Growth Within Different Maturity Structures



Benchmark	Average Duration	Dollar Growth on $100 Million Portfolio	Incremental Growth Over 90 Day Bill ($)
90 Day Treasury Bill	0.23	$140,436,073	$ -
0-1yr Treasury	0.51	$144,205,188	$3,769,115
0-3yr Treasury	1.41	$148,383,988	$7,947,915
0-5yr Treasury	2.13	$155,379,613	$14,943,540

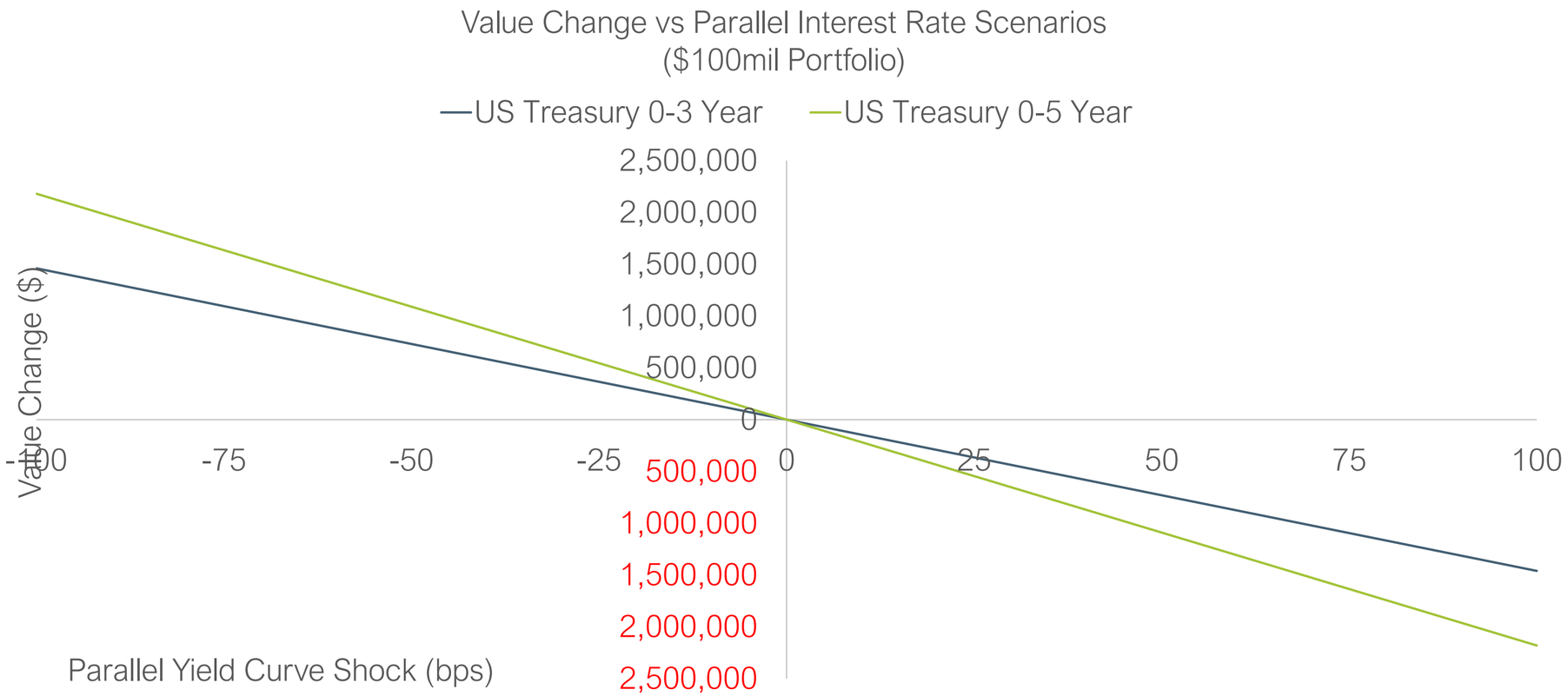
* 90 day bill represents MMF rates or cash

Source: Boomberg Historical Over 20 Years

Returns are never guaranteed, and past performance is not an indication of future results – 20 year period all Treasury index

Source: Bloomberg

Price Volatility (Risk) Maturity Structures

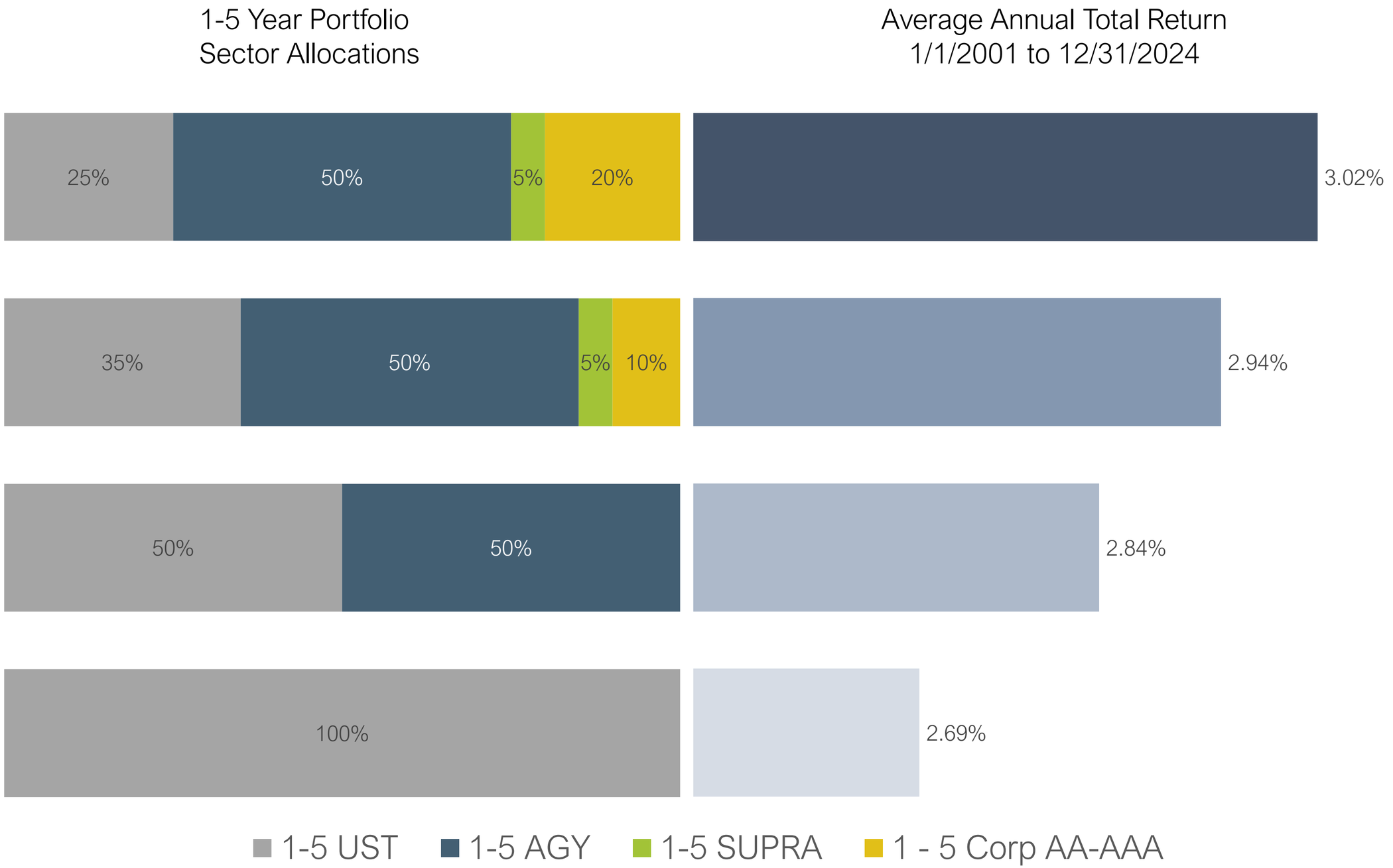


$ Principal Price Change Given Change in Rates Benchmark	100,000,000 Max Duration	Instantaneous Parallel Interest Rate Scenario (bps) -100	-50	-25	25	50	100
US Treasury 0-3 Year	1.35	1,350,000	675,000	337,500	(337,500)	(675,000)	(1,350,000)
US Treasury 0-5 Year	2.00	2,000,000	1,000,000	500,000	(500,000)	(1,000,000)	(2,000,000)

Returns are never guaranteed, and past performance is not an indication of future results – 20 year period all Treasury index

Source: Bloomberg

Asset Class Strategic Allocation within Risk Guidelines



Measurable Return of Diversification Blend 20% Corporates- Average $80,000 per year on $100,000,000 - For 20 years $1,600,000

As of 12/31/2024. Example Portfolio returns are based on the ICE BofA 1-5 indices with roughly a 2.5 year duration
Source: Bloomberg

Changes and Challenges

Bank Account Authorizations

Accounting & GL Reporting Integration

Shifts to Investment Strategy & Implementation

Finance Team Workflow Changes

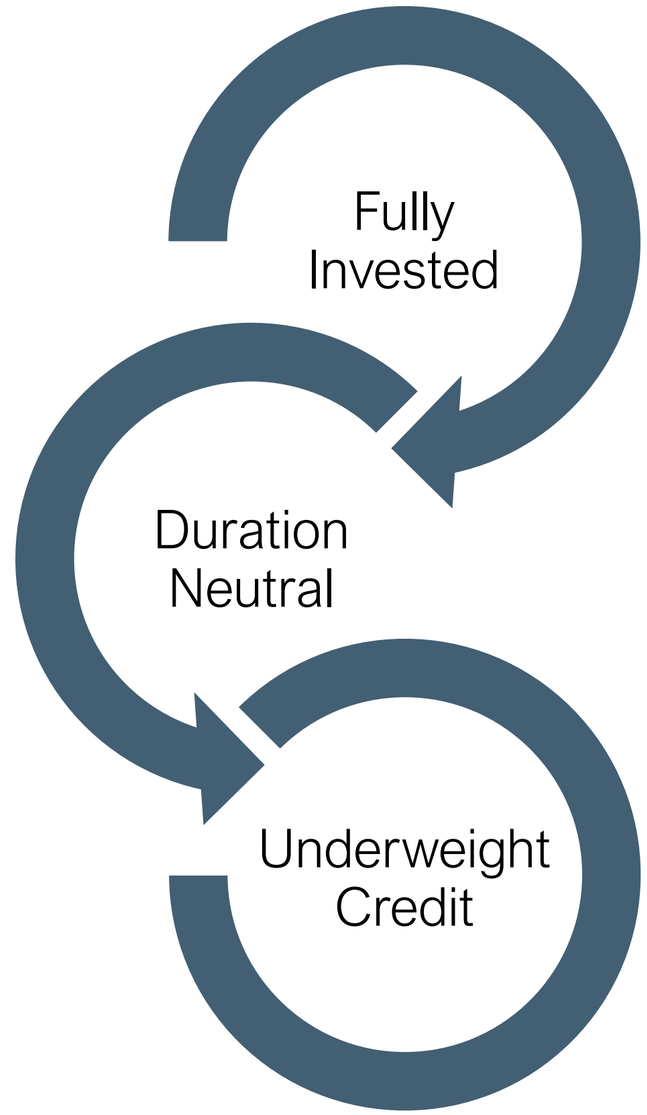
Support from Investment Committee & City Council

Investment Considerations

Interest Rate Expectations:

- ✓ Shifted back to lower interest rate environment
- ✓ Expecting to settle around 3%
- ✓ Normalization Yield Curve

Investment Strategy Positioning



Optimizes Net Interest Earnings - Minimizes Risk

Share Your Investment Success This Year

Morrow County	Diversified Investments From the OSTF Pool
Marion County	Worked on Communication and now has Department Heads giving better cash flow information. This information provided support to making better investment decisions.
Lane County	Worked on Committee participation and including more investment details to oversight groups
Washington County	Managing through change in people
Jefferson County	Managing an active and involved Board of Commissioners

THANK YOU