Benton County Finance Meeting

August 27th, 2024
11:00 am
Treasurer's Conference Room
Benton County Courthouse

KENNETH SPENCER, JR

Benton County Treasurer

PO BOX 630, Prosser, WA 99350

www.bentoncountytax.com

To join the Finance Committee Meeting telephonically:
Dial: 509-222-2397
Meeting ID: 146 111 8515##

To join via video broadcast please join from meeting link
https://bentoncounty.webex.com/join/financecommittee

AGENDA

BENTON COUNTY FINANCE COMMITTEE
August 27th, 2024
11:00 AM
Treasurer's Conference Room
Benton County Courthouse, Prosser, WA

11:00 AM- Approval of 1st Quarter 2023 Meeting Minutes – Ken Spencer

2nd Quarter Portfolio Analysis – Erika Salazar

- Portfolio Summary
- Portfolio Activity
- Chart by Issuer
- Chart by Dealer
- Benchmark Table
- Investment Strategy

Other Business -

Next Meeting- 3rd Quarter 2024 Portfolio Review

TENTATIVE

Tuesday, November 19th, 2024, AT 11:00 am
Prosser Courthouse, Treasurer's Conference Room

AGENDA

Approval of Minutes

Benton County Finance Committee Minutes May 21, 2024

Ken Spencer called the Benton County Finance Committee meeting to order on May 21, at 11:02 a.m.

Present Treasurer Ken Spencer, Auditor Brenda Chilton, and Commissioner Jerome Delvin. Also present were county staff members, Lorene Roe of the Auditor's Office, Kirsten Yniguez, Jeanette Ulrick, and Erika Salazar of the Treasurer's Office

Approval of the Minutes

Jerome moved to approve the 2023 4th quarter minutes. Brenda seconded and minutes were approved.

Erika presented the 1st Quarter, 2024, Analysis:

The 1st quarter ending 03/29/2024 had a portfolio balance of $377,239,867.98.

4th quarter portfolio activity for the Treasurer's Investment Pool (TIP) included no purchases and maturities of ($11,996,061.81).

2nd Quarter Strategy

- Partner with Meeder Public Funds (formerly FHN) for bi-weekly conference calls and internal discussions.
- Invest in securities according to the policy, depending on the current market conditions.
- Balance agency bonds to not heavily invest in one industry.
- Focus on district and county cash flows to meet liquidity needs.
- Increase portfolio duration, when possible, by purchasing longer term approved securities.

Approval of Minutes (cont.)

Unscheduled Business

Kept money fluid to avoid selling bonds to cover struggling school districts.

There are maturities expected in 2024 and plan are to reinvest these funds.

Approximately 30 million has been recently invested.

Brenda updated the group on Fire District #5. SAO declared them unauditable due to lack of reporting. They were at risk of having the County no longer issue warrants on their behalf. All reports have now been filed with the SAO.

Ken reports that property taxes are at approximately 54%

Brenda also provided an update on Drainage District #9 and their lack of a board. A special filing period was held in December, 2023 with no filings. Statute states that if you are appointed for a partial term and no one files, you are automatically elected to the position. Technically, there is a board based on this statute.

No public comments.

Next Meeting

The next Benton County Finance Committee Meeting will be Tuesday, August 27, 2024, at 11:00 a.m. at the Prosser Courthouse, Treasurer's Conference Room.

Brenda moved to convene, Jerome seconded

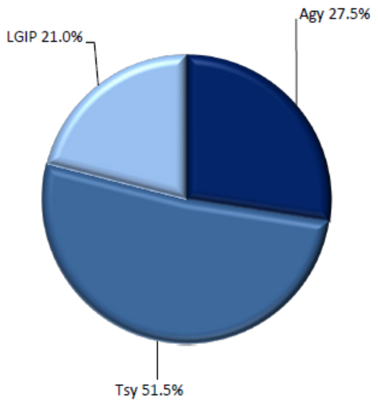
Ken closed the meeting at 11:27am.

PORTFOLIO SUMMARY

Portfolio Summary

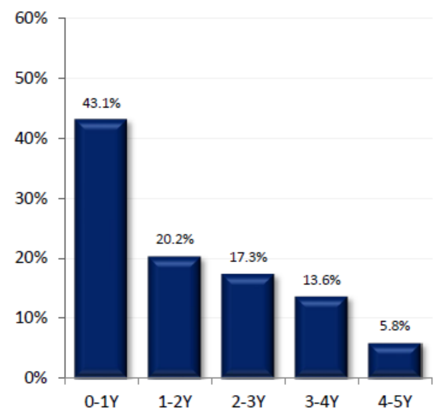
Benton County, WA-TIP — **6/30/2024**

SECTOR ALLOCATION



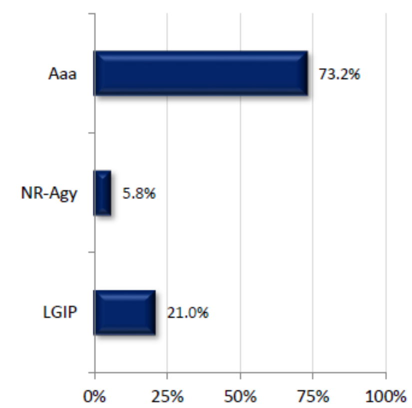
Per Book Value

MATURITY DISTRIBUTION



Per Book Value

CREDIT QUALITY (MOODY'S)



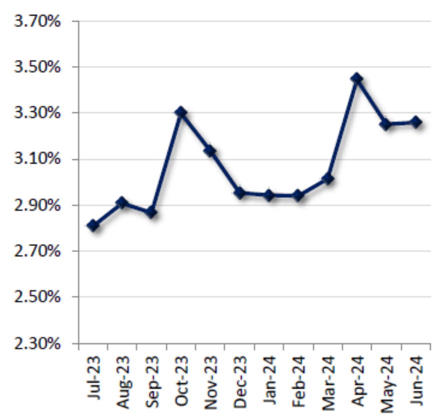
NR: Not Rated

ACCOUNT SUMMARY

	6/30/24	3/31/24
Market Value	$421,813,529	$370,440,123
Book Value	$430,012,725	$380,045,082
Variance	-$8,199,196	-$9,604,959
Par Value	$433,401,006	$383,406,941
Net Asset Value	$98.093	$97.473
Purchase Yield	3.26%	3.01%
Years to Maturity	1.53	1.28
Effective Duration	1.43	1.18

*Book Value is held at cost

MONTH-END PORTFOLIO BOOK YIELD



TOP ISSUERS

Issuer	% Portfolio
U.S. Treasury	51.5%
Local Gov't Investment Pool	21.0%
Federal Farm Credit Bank	7.1%
Federal Home Loan Bank	6.5%
Federal Agricultural Mtg Corp	5.8%
Federal National Mtg Assn	5.8%
Federal Home Loan Mtg Corp	2.3%

Per Book Value

“FIGEY” Model of Interest Rates”

Fed Inflation, Growth, Employment, Yields

U.S. Treasury yields/rates are primarily a function of Federal Reserve policy, inflation, economic growth, and employment.

MEEDER
PUBLIC FUNDS

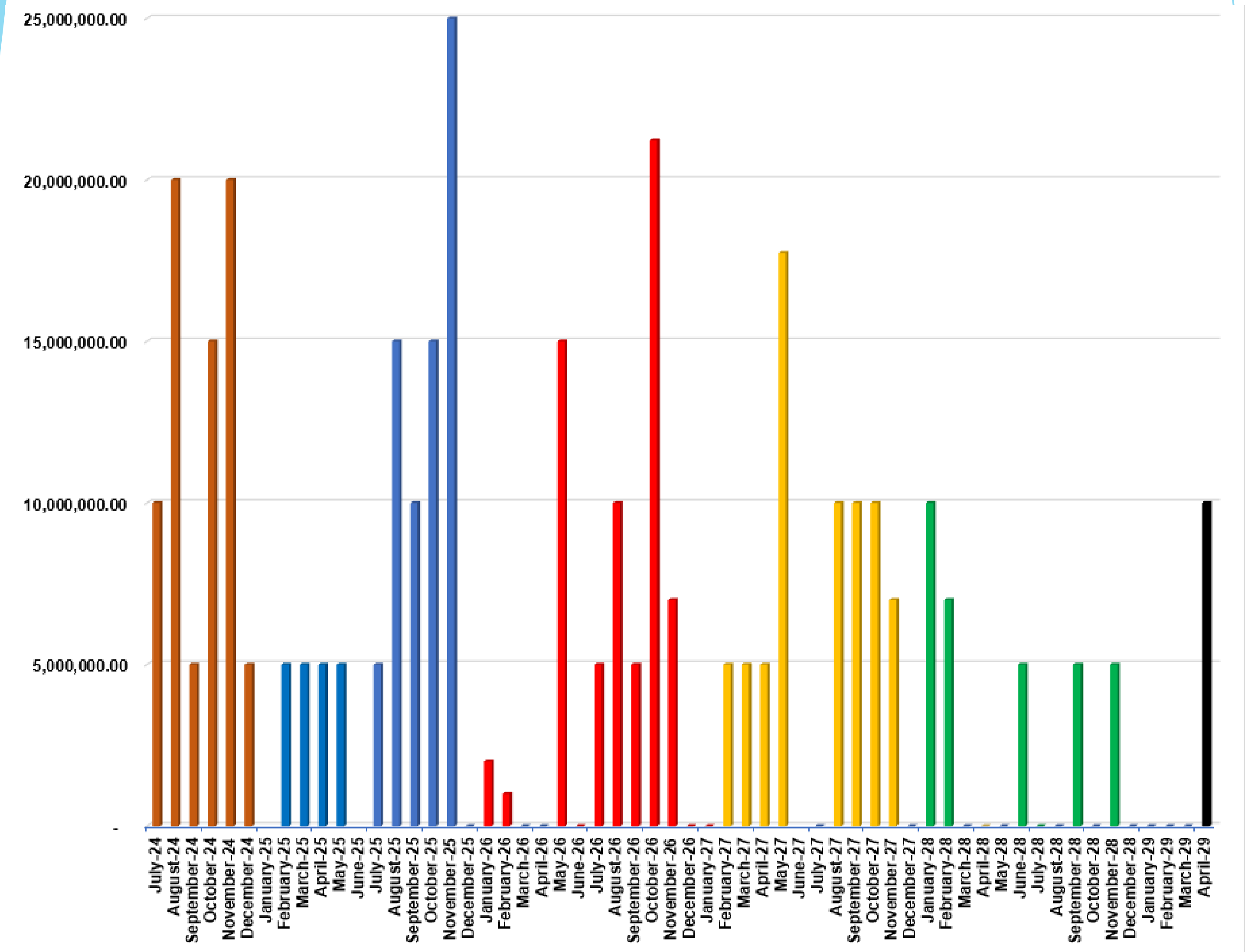
2ND QUARTER PORTFOLIO ACTIVITY

		AMOUNT
1st QUARTER ENDING 03/29/2024		**$377,239,867.98**
INVESTMENT MATURITIES/CALLS		
Treasurer's Invesment Pool		($14,973,936.67)
INVESTMENT PURCHASES		
Treasurer's Invesment Pool		$69,629,757.28
STATE POOL		
6/28/2024	LGIP	($5,000,000.00)
2nd QUARTER ENDING 06/28/2024		**$426,895,688.59**

2ND QUARTER PORTFOLIO ACTIVITY Purchases & Redemptions

2nd Quarter Purchases	$69,629,757.28	
2nd Quarter Maturities	$24,967,020.01	
	1	Calls
	$44,662,737.27	Grand Total

MATURITY CHART



Investment Policy Compliance

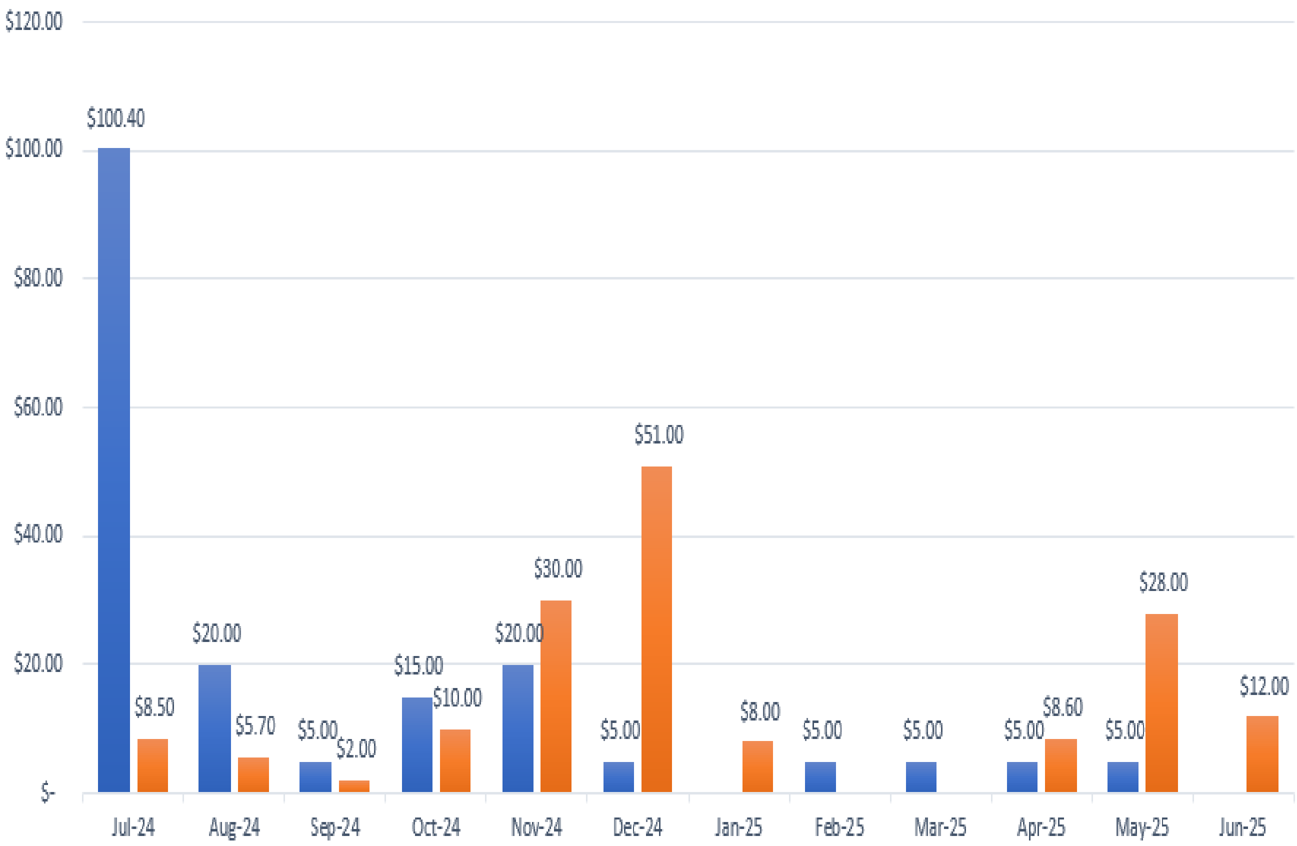
Investment Policy Compliance

Benton County, WA-TIP

6/30/2024

Item / Sector	Parameters	In Compliance	
Weighted Average Maturity	Weighted Average Maturity (WAM) must be less than 3 years	Yes:	1.53 yrs
1 Year Liquidity	At least 30% of the portfolio must have maturities of 1 year or less	Yes:	43.1%
30 Day Liquidity	At least 20% of the portfolio must mature within 30 days	Yes:	23.4%
U.S. Treasuries	No limit, no issuer limit, maximum maturity 5 years	Yes:	51.5%
U.S. Federal Agencies	No limit, 50% issuer limit, maximum maturity 5 years	Yes:	27.5%
Supranational Obligations	20% Limit, IBRD, IADB, IFC	Yes:	0.0%
Local Government Investment Pool	No limit	Yes:	21.0%
Repos	20% limit, treasury/agency collateral at 102% of investment	Yes:	0.0%
Non-Negotiable Certificates of Deposit	50% limit, no limit per issuer, maximum maturity 5 years, issued by qualified public depositories within statutory limits as promulgated by the Public Deposit Protection Commission with the State of WA	Yes:	0.0%
State and Local Municipal Securities	10% limit, no issuer limit, maximum maturity 5 years, rated one of the three highest credit ratings of a nationally recognized rating agency, issued by the State of Washington and any local government in the State of Washington	Yes:	0.0%
Bank Deposits	Combined 50% limit with Certificates of Deposit, funds with qualified public depositories within statutory limits as promulgated by the Public Deposit Protection Commission within the State of WA	Yes:	0.0%
Bankers' Acceptances	10% limit, no issuer limit, rated A-1 or P-1, issued by a commercial bank	Yes:	0.0%

Next Twelve Months Maturities VS County Cash Flow



CURRENT OUTLOOK

Metric	Probabilistic Outlooks and Expectations
Fed Funds Rate	Chair Powell said Fed could cut rates “as soon as” September meeting. The market expects September to be the first cut of the cycle as well; and is projecting about four or five 25 basis points cuts by the end of this year. We expect Sep -25, Nov -25, and Dec -25.
Inflation	After inflation data moderated in the second quarter, Powell stated Fed officials have "gained greater confidence" price pressures are moderating in way that will open the door to a rate cut.
Growth	Gross Domestic Product (GDP) growth will slow from 2023’s rate and will remain positive the second half of 2024, but slightly below average GDP. There is still lots of stimulus.
Employment	Job gains have moderated with unemployment increasing, but remaining historically low. Powell stated that the “labor market has come into better balance”.
Yields	Intermediate-term and longer-term rates have peaked…remaining rangebound near the highest levels since 2007…but with a bias to head lower.

3RD QUARTER 2024 STRATEGY

Partner	Partner with Meeder Public Funds (formerly FHN) for bi-weekly conference calls and internal discussions.
Focus on	Focus on district and county cash flows to meet liquidity needs
Increase	Increase portfolio duration, when possible, by purchasing longer-term approved securities

COUNTY OF BENTON WASHINGTON EST. 1905

UPCOMING MEETING INFORMATION

- TENTATIVE
- TUESDAY, November 19th, 2024
- 11:00 AM
- TREASURER'S CONFERENCE ROOM
- BENTON COUNTY COURTHOUSE
- PROSSER,WA 99350