
LOCAL GOVERNMENT NEWS REPORT

June 2008

INTEREST RATES

The average annualized yield for May was 3.20%. The rate for May was as follows:

May 1st – 31st 3.20%

UPCOMING HOLIDAY JULY 4th

Due to the Independence Day holiday, the Office of the State Treasurer, Fed wire service and Oregon banks will be closed Friday, July 4th. Any ACH transfers called prior to 1:00 p.m. on Thursday, July 3rd, will settle at your bank on Monday, July 7th. Any ACH transfers called between 1:00 p.m. Thursday, July 3rd, and 1:00 p.m. Monday, July 7th, will settle at your bank on Tuesday, July 8th.

DISASTER RECOVERY REMINDER

Office of the State Treasurer (OST) is continually evaluating processes to ensure that critical needs are met in the event of a potential disaster. If a major disaster impacted OST, it could take up to 48 hours for OST to be able to process local government transactions.

The local government pool is intended to be an investment vehicle, not a bank account. Therefore, OST is recommending local governments have money available from sources other than the pool at all times to fund their expenditures for at least 48 hours. If your organization has not already done so, it may be prudent to discuss short-term liquidity options with your governing body and your financial services providers.

ALERT – REQUIRED ACTION!!! **PUBLIC FUNDS COLLATERALIZATION CHANGES** **EFFECTIVE JULY 1, 2008**

HB 2901 was passed at the 2007 Regular Session of the Oregon Legislative Assembly and becomes effective July 1, 2008. HB 2901, requested by the county treasurers and the Oregon Bankers' Association, significantly revises ORS Chapter 295 governing the collateralization of public funds deposits. The changes streamline the collateralization process, eliminate Certificates of Participation (COP's), and create a shared liability structure of the qualified depositories.

Government entities will no longer have to request the issuance of a COP when depositing at a qualified depository, and all current COP's will be automatically cancelled July 1st. All your entity will need to do is to verify that the bank you want to use is on the list of qualified depositories found on the Treasurer's web site at <http://www.ost.state.or.us/divisions/finance/Collateral/qualifieddepositoriespublicfunds.htm>. **Please make sure you check this list prior to July 1, 2008, to ensure that the bank you have public funds deposited with is on the list.** If the bank is not on the list, your entity may not have Oregon public funds deposits in excess of qualified deposit insurance amounts as described in ORS 295.002 with that depository after June 30th; and any excess funds will need to be moved to another qualified depository.

Continued from Page 1

Additionally, local governments are required to notify the Treasurer with the names of the banks with which they do business. **If your entity has not already provided this information, please send it to public.funds@ost.state.or.us as soon as possible.**

We believe that this new process creates systemic efficiencies while improving the overall safety of public funds deposits. Questions regarding these changes may be directed to Wendy Finley at (503) 378-3400 or by email at public.funds@ost.state.or.us

OREGON SHORT TERM FUND BOARD MEETING

The next Oregon Short-Term Fund Board meeting will take place on Monday, June 23, 2008 from 1:30 – 3:00pm. The location for this meeting will be the Columbia Conference Room at the Office of the State Treasurer, 350 Winter Street NE, Suite 100, Salem, Oregon 97301.

If you have any questions regarding this meeting, please contact Heidi Rawe at (503) 378-4552



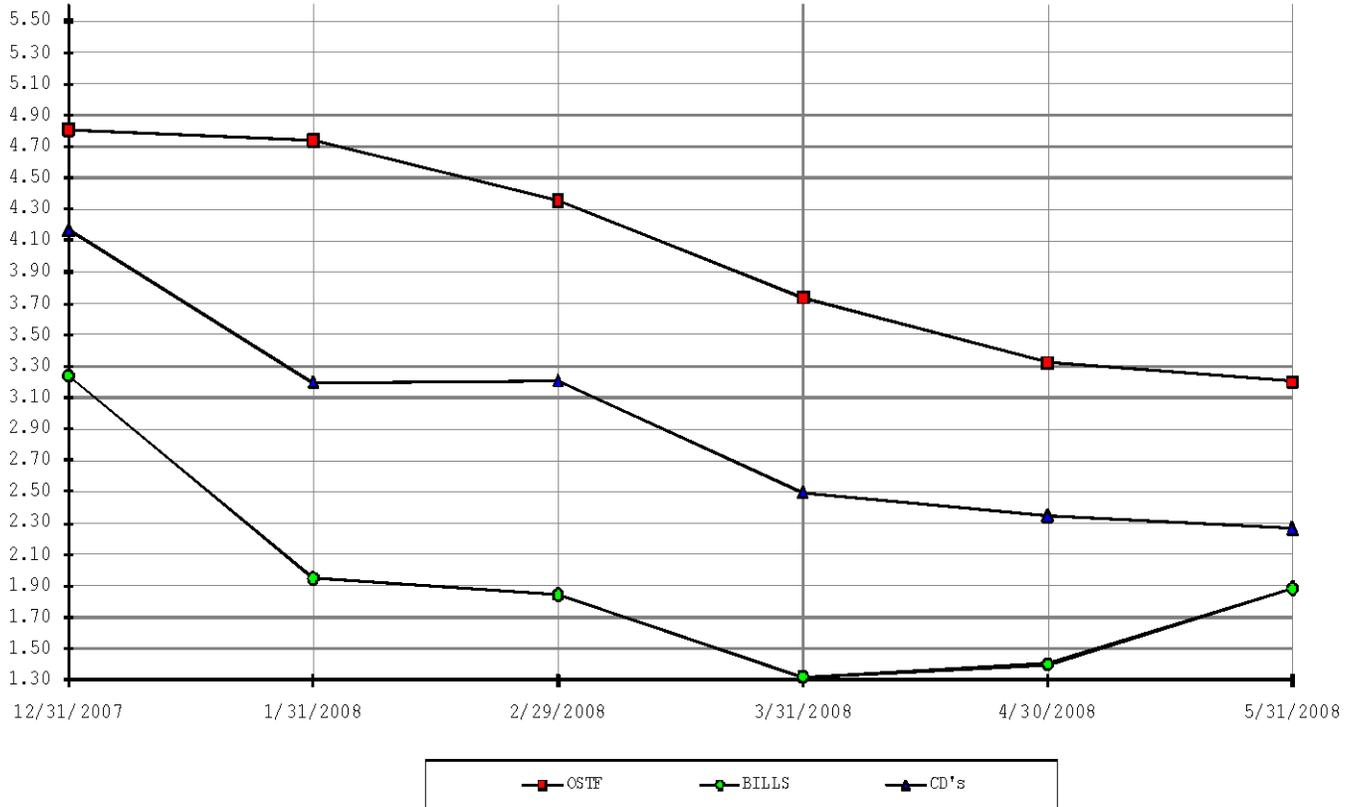
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Local Government News List: <http://www.webhost.osl.state.or.us/mailman/listinfo/local-gov-news>

OREGON SHORT-TERM FUND ANALYSIS



Oregon Short-Term Fund Analysis as of May 31, 2008

	<u>12/31/2007</u>	<u>1/31/2008</u>	<u>2/29/2008</u>	<u>3/31/2008</u>	<u>4/30/2008</u>	<u>5/31/2008</u>
LGIP AV DOLLARS INVESTED (MM)	5,395	5,199	5,167	5,117	5,094	4,991
STATE AGENCY AV DOLLARS INVESTED (MM)	5,842	5,558	6,228	6,243	6,047	6,476
TOTAL OSTF AV DOLLARS INVESTED (MM)	11,237	10,757	11,394	11,360	11,141	11,467
OST ANNUAL YIELD (ACT/ACT)	4.81	4.74	4.36	3.74	3.32	3.20
3-MO UST BILLS (BOND EQ YLD)	3.24	1.95	1.84	1.32	1.40	1.88
3-MO JUMBO CDS (ACT/360)	4.17	3.20	3.21	2.50	2.35	2.27

NOTE: The OST ANNUAL YIELD represents the average annualized yield paid to accountholders during the month. Since interest accrues to accounts on a daily basis and the rate paid changes during the month, this average rate is not the exact rate earned by each account.

3-MO UST BILLS yield is the yield for the Treasury Bill Issue maturing closest to 3 months from monthend. 3-MO JUMBO CDS is the highest posted rate received by the Treasury from Oregon banks as of monthend. Consequently, whereas the yield on UST Bills should normally be lower than CD rates, the fact that the quotes are up to a week different in time may result in an apparent reversal of this situation.

This material is available in alternative format and media upon request.