

LOCAL GOVERNMENT NEWS REPORT

January 2009

INTEREST RATES

The average annualized yield for December was 2.2968%. The rates for December were as follows:

December 1 st – 30 th	2.30%
December 31 st – 31 st	2.20%

UPCOMING HOLIDAY

Due to the Martin Luther King Jr. holiday, the Office of the State Treasurer, Fed wire service and Oregon banks will be closed Monday, January 19th. Local government account statements will not be produced for January 19th, due to the closures. Any ACH transfers called prior to 1:00 p.m. on Friday, January 16th, will settle at your bank on Tuesday, January 20th. Any ACH transfers called between 1:00 p.m. Friday, January 16th, and 1:00 p.m. Tuesday, January 20th, will settle at your bank on Wednesday, January 21st.

DISASTER RECOVERY REMINDER

The Office of the State Treasurer (OST) is continually evaluating processes to ensure that critical needs are met in the event that normal business is disrupted. Although our normal pool schedule was uninterrupted during our unexpected inclement weather that we experienced around the entire state last month, local governments should be prepared for disaster situations. If a major disaster created an impact on 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 recommends that 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.

PUBLIC DEPOSITOR ANNUAL VERIFICATION

In January of each year, according to Oregon Revised Statute 295.006 (2) and Oregon Administrative Rule 170-040-0050, the Public Funds Collateralization Program (PFCP) area of the Office of the State Treasurer (OST) will request that each Public Depositor update their contact information and bank depository information. You will soon be receiving a notice from PFCP by email requesting that the following information be provided to OST by February 16, 2009:

- Contact Person (within local government)
- Contact Phone Number
- Contact Email Address
- Contact Mailing Address

- Contact Fax Number
- Names of bank depositories in which you have deposit accounts

Please send **ONLY** the bank depository name(s) - do **NOT** include account numbers or account balances. The Treasurer's Office will maintain this information for use in the event it is necessary to contact Public Depositors about a troubled financial institution.

Additionally, please do **NOT** include your LGIP accounts. There is a misconception that the accounts Public Depositors have in the Local Government Investment Pool (LGIP) are considered bank accounts. They are not, however, bank accounts; they are an investment vehicle managed by the Oregon Short Term Fund. Further, as an investment vehicle, they are not subject to the collateralization requirements of Oregon Revised Statute (ORS) 295 and should not be included in your Public Depositor Annual Verification.

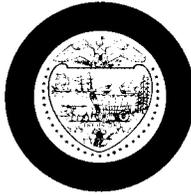
If you have any questions, please contact Wendy Finley, the PFCP Coordinator, at public.funds@ost.state.or.us or call her at 503-378-3400.



Debbe Myers
Local Government Coordinator
350 Winter Street NE, Suite 100
Salem, Oregon 97301-3896

Phone: (503) 373-1194 or 1-800-452-0345
Fax: (503) 373-1179
Voice Response System (VRS): 1-877-888-1767
E-mail: lgip@mail.ost.state.or.us

Website: <http://www.ost.state.or.us/divisions/finance/LocalGovernment/Index.htm>
Local Government News List: <http://listsmart.osl.state.or.us/mailman/listinfo/local-gov-news>



OREGON SHORT TERM
FUND BOARD
350 WINTER STREET NE, SUITE 100
SALEM, OREGON 97310-0840
(503) 378-4633
FAX (503) 373-1179

OREGON SHORT TERM FUND BOARD

Dear Participant:

The Oregon Short-Term Fund Board (the Board) took action at its January 15, 2009 meeting to streamline the ability of local government investors to take advantage of the new securities being issued with a guarantee of the Federal Deposit Insurance Corporation (FDIC) under the Temporary Liquidity Guarantee Program (TLGP).

The TLGP is a program under which FDIC insured institutions can apply to issue obligations (commercial paper with terms greater than 30-days, interbank funding, promissory notes, unsecured term notes, and any unsecured portion of secured debt) with a full faith and credit guarantee by the FDIC, an agency of the US government. The issuer pays the FDIC a fee for this guarantee. Under the current program such securities must be issued prior to June 30 of this year and the guarantee expires on June 30, 2012. It is important to note that certain TLGP-eligible securities may have maturities greater than June 30, 2012 at the time of issuance, thus the FDIC guarantee for such issues will only apply through June 30, 2012, i.e., there is NO guarantee thereafter and the credit exposure of the issue will shift to the senior unsecured ratings of the underlying credit for the remaining term to maturity of the issue.

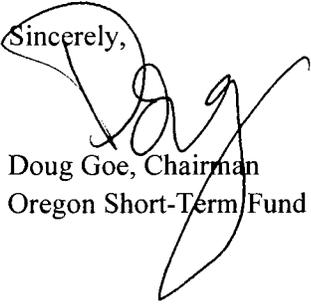
The Board agreed that local governments may amend their investment policies to allow for the purchase of TLGP securities as a separate asset class without the need to forward the policy to the Board for review provided that the following conditions are met:

- The local government's policy amendment is reviewed and approved by the applicable governing body;
- While treating as a separate asset class from other corporates is allowable, these TLGP securities must be combined with other corporates for purposes of calculating maximum corporate exposure as relates to ORS 294.035(3)(i)(D);

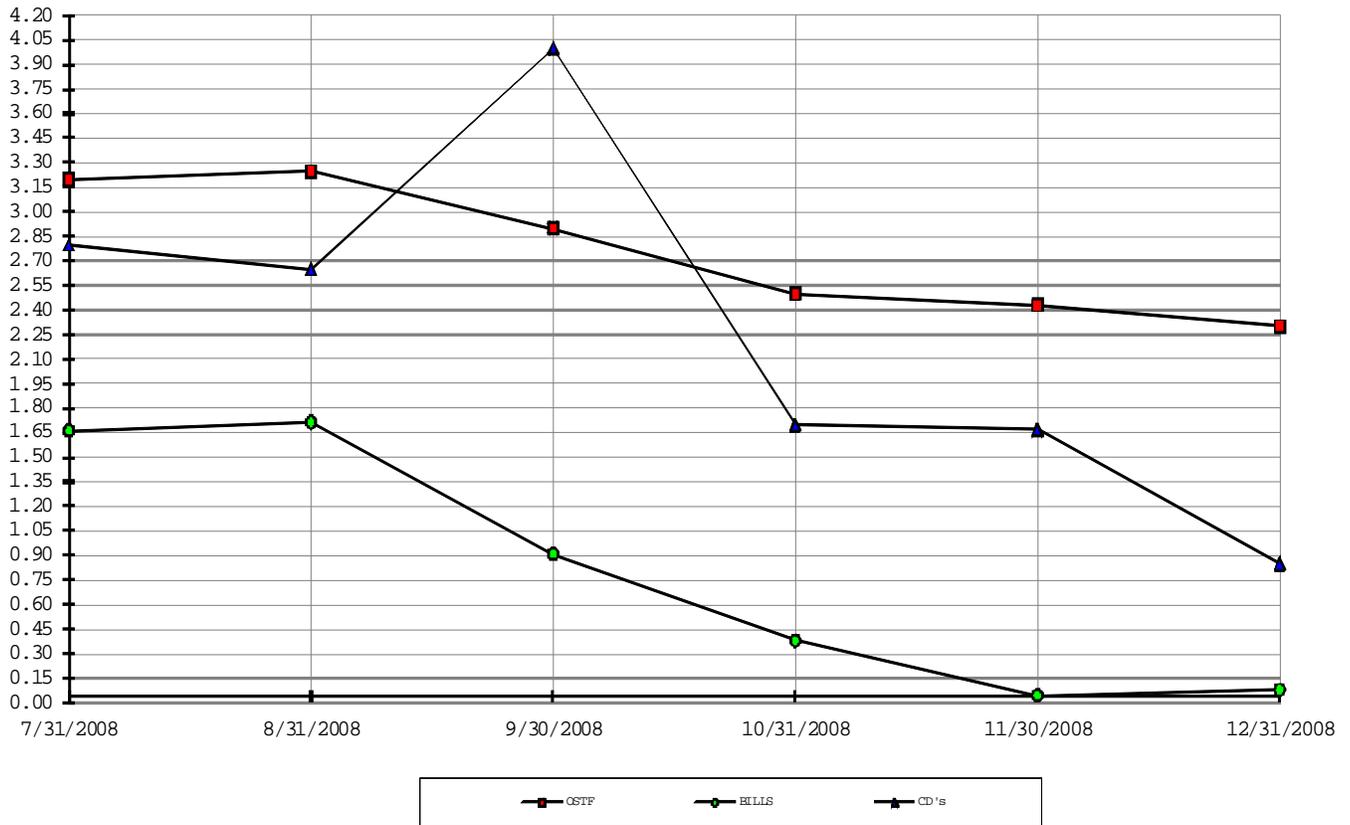
The Board has also asked Treasury to pursue a statutory amendment to ORS 294.035(3)(a) to explicitly allow securities of this type outside of the restrictions imposed by ORS 294.035(3)(i)(D). We will update you further as this legislative initiative is pursued.

As with any policy related questions you may direct your inquiries to Treasury staff at (503) 378-4000.

Sincerely,


Doug Goe, Chairman
Oregon Short-Term Fund Board

OREGON SHORT-TERM FUND ANALYSIS



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

	7/31/2008	8/31/2008	9/30/2008	10/31/2008	11/30/2008	12/31/2008
LGP AV DOLLARS INVESTED (MM)	4,232	4,263	4,095	3,588	4,841	5,390
STATE AGENCY AV DOLLARS INVESTED (MM)	6,079	5,729	5,404	5,592	5,854	5,533
TOTAL OSTF AV DOLLARS INVESTED (MM)	10,311	9,992	9,499	9,180	10,695	10,923
OST ANNUAL YIELD (ACT/ACT)	3.20	3.25	2.90	2.50	2.43	2.30
3-MO UST BILLS (BONDEQ YLD)	1.67	1.72	0.91	0.38	0.05	0.08
3-MO JUMBO CDS (ACT/360)	2.80	2.65	4.00	1.70	1.67	0.85

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.