OREGON SHORT TERM FUND
BOARD MEETING
Tuesday, July 7, 2015
Meeting Minutes

OSTF Location: Orrick, Herrington & Sutcliffe, LLP
1120 NW Couch Street, Suite 200
Portland, Oregon

Board Attendees: Douglas Goe
Pat Clancy
Laurie Steele (via phone)
Deanne Woodring

Attendees (Staff): Perrin Lim
Tom Lofton
Garrett Cudahey
Heidi Rawe
Norma Harvey (via phone)

Other Attendees: Mark Tolliver, City of Gresham (via phone)
Terryl Aguon, City of Gresham (via phone)
Susan Brown, City of Gresham (via phone)

i. Opening Remarks – Douglas Goe

The meeting began at 10:00 am. Douglas Goe welcomed all to the Oregon Short Term Fund (OSTF) Board meeting and roll was taken.

ii. Review and Approval of Meeting Minutes

a. April 9, 2015

MOTION: Deanne Woodring moved approval of the April 9, 2015 OSTF Board Meeting Minutes, the motion was seconded by Pat Clancy, and passed unanimously by the Board.

iii. LGP/OSTF Investment Policy Reviews

a. City of Gresham

Tom Lofton presented the City of Gresham's Investment Policy to the Board and noted that he had worked with Terryl Aguon on the policy update. The average balance of funds in the City of Gresham's investment portfolio was approximately $161 million in 2014. The City of Gresham's investment policy was last reviewed by the OSTF Board in July 2014. The following key changes to the policy were outlined:

- Added ability to engage the services of investment advisory firms.

- Added City of Gresham obligations as an allowable investment.

Mark Tolliver and Susan Brown answered questions from the Board regarding policy revisions and clarified that the inter-fund loan process is a pooled investment which meets the requirement of a "lawfully issued debt obligation" in statute as well as in policy.

Doug Goe disclosed, for the record, that his firm, Orrick, Herrington & Sutcliffe, LLP has acted as special counsel to the City of Gresham and its redevelopment agency. However, Orrick has not represented the City of Gresham with respect to the proposed investment policy changes.

Comments from the Board were:

- Page 10 of 38, Suitable and Authorized Securities and Transactions: A suggestion was made to insert a table outlining limitations on individual authorized securities and municipalities.
- Page 12 of 38, Section 10 - Obligations of the State of Oregon: It was recommended that the title be changed to read, "Obligations of the State of Oregon and its Political Subdivisions."
- Page 12 of 38, Section 11 - Obligations of the States of California, Idaho, and Washington: It was recommended that the title be changed to read, "Obligations of the States of California, Idaho and Washington and their Political Subdivisions."
- Page 17 of 38, Annex II - Approved Custodians: Removal of the comma between U.S. Bank and National Association was recommended.

Mr. Goe thanked City of Gresham, OST Staff and the Board for their comments and efforts.

iv. Market Overview and Portfolio Update - Garrett Cudahey

Garrett Cudahey presented the Market Overview and OSTF Portfolio update. US Government Rates and credit spreads were discussed and the current investment environment was reviewed.

- US Government Rates
- Barclays 1-3 Year Credit Spreads
- JP Morgan 2 Year Auto and Card ABS Spreads
- OSTF Portfolio Update

May 31, 2015	
Fund Market Value	$14,611,610,765.96
Unit Value	1.002
Weighted Average Credit Quality	AA
Book Yield	0.595%
Weighted Average Maturity	175.06
Weighted Average Life	494.92
Rate Paid to Participants	0.50%

- OSTF Net Asset Value History
- Holdings by Security Type
- OSTF Diversification
- Asset Backed Securities Snapshot
- OSTF Credit Profile
- OSTF Fixed/Floating Rate Allocation
- OSTF Maturity Profile
- OSTF Rates Comparison

- OSTF Performance

Mr. Cudahey reviewed the "OSTF Allowance for Impaired Assets" as of May 2015 and answered questions from the Board. The OSTF rate change and frequency of rate changes were discussed.

v. Market Participant Perspective

Deanne Woodring offered information regarding public fund investing and the U.S. Securities and Exchange Commission (SEC) and whether there should be further regulatory guidance from the SEC on public fund investing. She noted that she would email a recent report regarding the subject to the Board and Staff. On this subject, Laurie Steele noted that there is an informational statement on the Treasury website, Finance Division Section, that addresses the Local Government Investment Pool that indicates that "principal is not guaranteed." The document also outlines investment interest allocation and notes, "The difference between the total interest distributed each month and actual earnings will be recorded in an over/under interest distribution account. The balance of this account is taken into consideration when interest rates are reset." Ms. Steele suggested that Board members read that document. It was agreed that both documents discussed would be emailed to the Board and Staff.

Mr. Lim presented a report outlining information relating to the State Agency Inter-fund Loan and Line of Credit Activity as of June 21, 2015. Oregon law provides authority for inter-fund borrowing under the terms of ORS 293.210 to 293.225 for State agencies. He presented a chart indicating specific agencies and their lines of credit. He further noted that there are no noticeable changes in activity.

Mr. Cudahey informed the Board that the OSTF annual review with the Oregon Investment Council (OIC) is scheduled for November 2015. He noted that the proposed changes are edits and clean-up of language as well as language changes to harmonize with new Aladdin system terminology. Some of the format will change to a matrix to reduce the number of pages for investment options. Also, OSTF will be shifting to the Barclays Aggregate for underlying categorization and groupings of securities. There will be no substantive policy changes or additional risk involved. The revised policy will be presented to the OSTF Board at the October meeting, prior to presentation to the OIC in November.

vi. Closing Remarks/Other Items of Business

a. The Secretary of State contacted Doug Goe relating to the Oregon State Treasury audit. Findings will be reported to the Board.
b. The appointment of a new OSTF Board member was discussed.
c. The next OSTF Board Meeting is scheduled for October 8, 2015 in Portland, Oregon.
d. Pat Clancy noted that he will not be in attendance at the October meeting.
e. The meeting adjourned at 11:10 am.

Respectfully Submitted by,

Norma Harvey
Investment Analyst