

OREGON SHORT-TERM FUND
BOARD MEETING
Minutes
October 1, 2008

Location: Nike Corporation
One SW Bowerman Drive
Tiger Wood Center
Beaverton, Oregon 97005

OSTF Board Members Present: Douglas Goe, Orrick, Herrington & Sutcliffe LLP
Linda Haglund, Office of the State Treasurer
Bob Woodruff, Nike
Deanne Woodring, Davidson Fixed Income Management
Gary Wallis, City of Wilsonville
Wayne Lowry, Sherwood School District

OST Staff Present: Darren Bond, Director of Finance
Perrin Lim, Sr. Fixed Income Investment Officer
Heidi Rawe, Executive Support Specialist

Others (via teleconference): Ellen Hanby, Fixed Income Investment Officer, OST
Stewart Taylor, City of Albany
Sue Cutsogeorge, City of Eugene
Viola Miller, City of Eugene
Washington County, Mary Gruss

i. Opening Remarks

The Oregon Short-Term Fund (OSTF) Board meeting commenced following Linda Haglund's opening remarks.

ii. Welcome new Board Member

The board welcomed Douglas Goe as the newest board member. He shared a brief insight into his career history.

iii. Election of new Chair for OSTF Board

Linda Haglund encouraged the board to share their thoughts on whom they would like to elect as chair of the OSTF Board. Gary Wallis proposed that Douglas Goe be elected; the motion was seconded by Deanne Woodring and passed unanimously by the board.

iv. Public Funds Collateralization Program Overview

Darren Bond spoke briefly about the new Public Funds program. He confirmed that it provided significantly more protection for public funds. In addition, because of changes to the Statute, Local Governments will be making some changes to their investment policies; however, unless there are substantive changes to the policy, the OSTF Board will not be required to review them.

v. OSTF Investment Policy Review – City of Albany

Deanne Woodring removed herself from the Board review, since she is acting as the Financial Advisor for the City of Albany. Doug Goe has also been involved and was also excused. City of Albany’s investment policy was presented to the Board by Ellen Hanby.

Comments by the Board members were as follows:

- Typo on Page 5 should be corrected to state five (5) years.
- At minimum, a monthly compliance check should be distributed.
- Section VI, Diversification – GSE Agency Securities per Issuer should be reevaluated. The Board understood the strategy of the policy but thought a 30% level for the GSE’s was a sufficient level of overweight in the portfolio (rather than the policy level of 40%).

vi. OSTF Investment Policy Review – City of Eugene

Ellen Hanby presented the City of Eugene’s Investment policy to the Board.

Comments by the Board members included:

- The policy addresses an appropriate benchmark(s) that is reflective of the types and maturities allowed under the policy. The Board suggested that the policy consistently show all appropriate benchmark(s) for all reporting periods.
- Marking an investment portfolio to market provides a snapshot of a portfolio’s unrealized gain and loss positions. For short maturity portfolios such as the City of Eugene’s, noticeable changes, especially in losses, can be an indicator of a change in the portfolio’s risk level. A quarterly review and analysis by the Council, and monthly by staff, of the portfolio marked to market would be considered best practice.
- Section H, Investment Parameters – Bankers Acceptances by ORS 294.035(c) should be 25%, not 50%.
- The Board recommends a maximum CD Allocation to be at 50%, not 75%.

vii. OSTF Investment Policy Review - Washington County

Washington County’s Investment Policy was presented by Ellen Hanby to the Board. Since Deanne Woodring was acting as Financial Advisor for the County, she removed herself from the Board review.

Comments by the Board members were:

- Section 3.2.1 – The policy refers to the Prudent Investor Rule but quotes the Prudent **Person** Rule, this discrepancy should be rectified.

- Section 4.5 – Narrative should be added indicating the advisor is acting in a fiduciary capacity for the County.
- Section 6.1.2 – The Board suggested that the GSE-Agency Securities per issue area be discussed further to confirm the County’s level of comfort with the portfolio’s credit risk relative to the level of permitted concentration in the listed GSE’s by issuer. The Board generally recommends limiting issuer exposure to 30%.

viii. Market Overview

Given the current situation in the market, Perrin Lim gave a brief overview of current market conditions.

ix. OSTF Board Policies

Linda Haglund led a discussion relating to the writing up of new Policies for the OSTF Board. This would clarify the Board’s role in conjunction with OIC’s role, etc. It was agreed that staff would work on these.

The Oregon Short-Term Fund Board meeting adjourned at 12:15pm.

Respectfully submitted,

Heidi C. Rawe
Executive Support Specialist