OREGON SHORT-TERM FUND
BOARD MEETING
Minutes
November 5, 2009 at 8:30 am

Location:	Columbia Conference Room Office of the State Treasurer 350 Winter Street NE, Suite 100 Salem, Oregon 97301
OSTF Board Members Present:	Douglas Goe, Orrick, Herrington & Sutcliffe LLP (by phone) Wayne Lowry, Sherwood School District (by phone) Deanne Woodring, Davidson Fixed Income Management (by phone) Darren Bond, Deputy State Treasurer
OST Staff Present:	Ellen Hanby, Fixed Income Investment Officer Norma Harvey, Fixed Income Investment Analyst Tom Lofton, Fixed Income Credit Analyst Judy Whaley-Fultz, Assistant Director of Cash Management
Others (via teleconference):	Beth deHamel, TriMet Lori Tasker, TriMet Director of Financial Services Michael Montgomery, City of Portland Barbara Christensen, City of Ashland

i. Opening Remarks

The Oregon Short-Term Fund (OSTF) Board meeting was called to order by Douglas Goe, Chair. His opening remarks welcomed and thanked all for being present. He noted that during the meeting the Board would discuss scheduling regular meetings going forward, to better serve the local governments.

ii. Review and Approval of Minutes – April 24, 2009

MOTION: Wayne Lowry moved approval of the April 24, 2009 Minutes. The motion was seconded by Deanne Woodring and passed by the Board.

Doug Goe announced that the review of Trimet's investment policy would be moved ahead on the agenda awaiting the representatives from the City of Ashland to join the conference call.

iii. LGP/OSTF Investment Policy Reviews

a. Trimet

Trimet's Investment Policy was presented by Ms. Hanby to the Board. It was noted that, Deanna Woodring was acting as Investment Advisor for Trimet and would not be a voting member on this policy.
Ms. Woodring noted that Trimet had hired her firm to assist in writing a policy and create internal controls. She outlined the operating funds, internally and externally restricted funds and expressed the necessity for the policy to allow investments out to five years.

Beth deHamel and Lori Tasker further discussed Trimet's proposed policy and the operating funds within Trimet. Discussion followed and questions from the Board and Staff were addressed.

Ms. Hanby outlined scope, objectives, standards of care, monitoring and reporting.

Comments from the board and Oregon State Treasury Staff were:

- Monthly, yearly and quarterly reporting was outlined.
- Trimet indicates that operating funds will be invested in short term investments with maturities under one year. Is there a dollar amount and a more laddered maturity structure?
- The out of compliance process was discussed.
- Doug Goe pointed out areas where ORS "Chapter" should be inserted into the policy and noted that he would submit his corrected policy to Ms. deHamel and Ms. Hanby for the record.
- All Board Members present agreed that it was a readable, complete and understandable policy.

Ms. Tasker noted that the draft policy had been well received and supported by Trimet's Finance Committee.

Ms. deHamel questioned the Board regarding future changes to the policy and the point where Board approval of changes would be required. Darren Bond noted that their governing body would make the decision whether or not a substantive change would need OSTF Board approval, as long as the policy remains within the parameters of ORS Chapter 294.

b. <u>City of Ashland</u>

The City of Ashland's Investment Policy was presented by Ms. Hanby to the Board. Ms. Hanby outlined scope, objectives, standards of care, monitoring and reporting.

Barbara Christensen outlined the monthly, quarterly and yearly reporting and noted that mark to market reporting is done at year end. Prudent liquidity, maximum weighted average maturity also were addressed.

Ms. Christensen noted that the City of Ashland's investment policy has not been updated since 1998 and needed to reflect current changes to banking services and keep the policy in line with current economic conditions. Discussion followed and questions from the Board and Staff were answered regarding clarification of policy language.

Comments from the board and Oregon State Treasury Staff were:

- The reporting "frequency" in the draft policy needs to be expanded.
- A definition of "compliance" needs to be addressed under a specific bullet point under Investment Parameters, and the term "routinely" reporting needs to be defined.
- Reconsider the percentage allocation to US Agency securities and consider instituting a percentage requirement for each GSE.
- Insert percentage per issue requirements on Bankers Acceptances, CD's, Municipal Securities and a limit on Repurchase Agreements and per issuer limitation.
- Look at total maturity restraints and possibly revise.

- All Board members agreed that it was a good, comprehensive policy.

Mr. Lowry noted that the policy reads well and is comprehensive.

Ms. Christensen answered policy questions from Ms. Woodring and clarified language.

Mr. Goe thanked Ms. Christensen and apologized for the delay in bringing their policy to the Board for approval. He pointed out some small inconsistencies in the policy language and noted that he would mark up the policy and send her his comments.

iv. Discussion of Board Meeting Schedule

Mr. Bond and Mr. Goe requested that the Board meet on a regularly scheduled, quarterly basis going forward. It was noted that Heidi Rawe had sent proposed 2010 dates for quarterly meetings for the Board to consider. Mr. Goe also requested that, within that schedule, Board members make themselves available for conference call policy reviews as the need arises, between regularly scheduled meetings. Board members present were all in agreement.

The December Board meeting agenda was outlined as follows:

- Presentation by Cynthia Byrnes of the Attorney General's Office regarding the roles and responsibilities of advisory boards in general and specifically the duties of the OSTF Board, per statutes.
- Perrin Lim will give a presentation regarding the past, tumultuous year and how it has affected the Short Term Fund.
- The City of Medford's investment policy will be reviewed.

Discussion followed regarding the OMFOA Spring Conference and whether representatives from the Treasury would give presentations.

v. Closing Remarks

Mr. Goe announced that Michelle Hawkins had resigned and thanked her for her service on the Board. He noted that the process had been started to find a new appointee.

This meeting of the OSTF Board was adjourned by Mr. Goe at 9:15 am.

Respectfully submitted,

Heidi C. Rawe
Executive Support Specialist