



**OREGON SHORT TERM FUND
BOARD MEETING
Monday, March 10, 2014
Meeting Minutes**

OSTF Location: OMFOA 2014 Spring Conference
Sunriver Resort
17600 Center Drive
Sunriver, OR 97707

Board Attendees: Douglas Goe
Darren Bond (via phone)
Pat Clancy (via phone)
Laurie Steele
Stewart Taylor
Deanne Woodring

Attendees (Staff): Perrin Lim
Tom Lofton
Garrett Cudahey
Norma Harvey (via phone)
Angel Bringelson
Brady Coy

Attendees (Other): Fred Kowell, Port of Hood River (via phone)
Mary Gruss, Washington County
Diane Sellers, Umpqua Bank
Monica Steele, Clatsop County
Sue Ann Koniak, City of Beaverton
Lindsey Lombard, Bend Park & Recreation District
Stewart Williams, Willamette Community Bank
Melissa Chaney, Willamette Community Bank
Monica Hall, Willamette Community Bank
Tod Burton, Tualatin Valley Water
Brendan Watkins, Piper Jaffray
Nolan Farr, Piper Jaffray
Greg Hagen, Piper Jaffray
Lauren MacMillan, Piper Jaffray
Joy Meredith, City of Grants Pass

Michelle Hawkins, Linn County
Luke Billings, City of Milton-Freewater
Nancy Brewer, City of Corvallis
Bruce Jaeger, Chase Bank
Matt Hamilton, Multi-bank Securities
Cheryl Nelson, US Bank
Chris Underwood, US Bank
Michael Binsacca, US Bank

i. Opening Remarks – Douglas Goe

Douglas Goe welcomed all to the Oregon Short Term Fund (OSTF) Board meeting and roll was taken.

The Investment Policy Review for the Port of Hood River was moved ahead on the agenda.

ii. LGP/OSTF Investment Policy Reviews

a. Port of Hood River

Tom Lofton presented the Port of Hood River's (POHR) investment policy to the Board. Mr. Lofton worked with Fred Kowell, Finance Manager, setting up the new policy. This is POHR's first investment policy. POHR expects its investment portfolio to reach a maximum of \$10 million over the next 5 years. Based on POHR's financial planning outlook, they operate on a 10-year forecast with capital projects linked to debt and reserves.

Mr. Kowell addressed concerns from the Board regarding the 10-year investment horizon and noted that the bridge engineers for the Hood River-White Salmon Interstate Bridge have a 50-year forecast for bridge maintenance, therefore capital is needed for a longer schedule.

Comments from the Board were:

- Weighted Average Maturity "WAM:" The Board noted that increases in allowable investment maturities increase the interest rate risk to the portfolio.
- Page 4 of 35, Section F: The Board was unsure if the 10% maximum exposure to corporate indebtedness applied to Commercial Paper and Corporate Bonds combined or separately. ORS 294.035 (3)(i)(D) allows up to 35% exposure to corporate indebtedness.
- Page 7 of 35, Section VI: It was recommended that the sentence "Investment officers will strive for best execution of trades, and shall on occasion solicit competitive bids or offers for all investable assets" be amended to say, "Investment officers will strive for best execution of trades, and shall strive to solicit competitive bids or offers for all investable assets."
- Page 6 of 35, Section V: The Board suggested that the maximum percent of callable securities in the portfolio be reduced from 50% down to 30% because of volatility and uncertainty that could be caused by investing in callable bonds.
- Page 2 of 35, Section II: The Board advised the Port to designate a "point person" to be authorized to perform investment duties. Consider amending the wording to say, "The Finance Manager will be responsible for implementation of this policy, working closely with the Executive Director in the performance of his duties."
- Page 7 of 35, Section VIII. The reporting requirements do not provide for a periodic review of the policy. It was suggested that language be added requiring an annual policy review. Also, requiring monthly or quarterly portfolio performance reviews to the governing body was strongly advised, including mark to market value and any change to portfolio holdings. Also, requiring monthly or quarterly portfolio performance reviews

to the Governing Body was strongly advised, including mark to market value and any change to portfolio holdings. By statutory requirement, if a Local Government invests beyond 18 months, they are required to have their governing body review their investment policy annually.

- The Board advised the Port of Hood River to solicit the services of an independent investment advisor.

iii. Review and Approval of Meeting Minutes

a. January 9, 2014

MOTION: Stewart Taylor moved approval of the January 9, 2014 OSTF Board Meeting Minutes with one correction. The motion was seconded by Deanne Woodring, and passed unanimously by the Board.

iv. Market & Economic Update - Garrett Cudahey/Perrin Lim

Doug Goe outlined the market and economic update process for the members of the audience and introduced Perrin Lim and Garrett Cudahey. Mr. Goe noted that Garrett Cudahey has been a positive addition to the OSTF team and provides excellent commentary to the Board.

Garrett Cudahey presented the current market review and economic update to the Board with slides on the following topics:

- US Government Rates
- Barclays 1-3 Year Credit Spreads
- OSTF Portfolio Update

February 28, 2014	
Net Asset Value	\$12,912,226,729.50
Unit Value (1/31/14)	1.00315
Weighted Average Credit Quality	AA
Book Yield	0.58%
Weighted Average Days to Maturity	245.44
Rate Paid to Participants	0.540%

- OSTF NAV History
- OSTF Allowance Update
- Holdings by Security Type
- OSTF Diversification
- OSTF Credit Profile
- OSTF Fixed/Floating Rate Allocation
- OSTF Maturity Profile
- OSTF Rates Comparison
- OSTF Performance

Staff and OSTF Board members answered questions from the audience regarding the Oregon Intermediate Term Fund (OITP), the OSTF rate and the sample local government investment policy.

Note: The “Market Overview and Portfolio Update” slides were posted on the OMFOA website.

v. LGIP Business Systems Renewal Project Update – Angel Bringelson/Brady Coy

Brady Coy, Operations/Banking Manager for Oregon State Treasury, presented an overview of the Banking and Finance Division operations versus the OSTF Division. The Banking Division communicates directly with local governments on the administration of Local Government Investment Pool (LGIP) accounts. The LGIP was created in 1973 and is a diversified investment option available to local governments as a part of the OSTF. The LGIP currently has over 900 participants.

Mr. Coy discussed the roles of both Wendy Finlay as Cash Management Project Manager and Angel Bringelson as Cash Management Business Analyst with the Oregon State Treasury. He introduced Angel Bringelson to review the Local Government Investment Pool Business System Renewal Project.

Ms. Bringelson discussed the LGIP Business System Renewal Project and noted that the voice response system currently in use was purchased and customized 15 years ago and is now outdated. She also reviewed the simultaneous ACH Business Systems Renewal Project. The process was outlined and LGIP participants were encouraged to complete and return their surveys for the benefit of the project.

Questions and comments were taken from members of the audience.

Closing Remarks/Other Items of Business

- a. The next OSTF Board meeting is scheduled for July 8, 2014 at 10:00 am in Portland, Oregon.
- b. The meeting adjourned at 2:55 pm.

Respectfully Submitted by,



Norma Harvey
Investment Analyst