



**OREGON  
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# State of Oregon

## Office of the State Treasurer

Telephone Only

### OREGON SHORT TERM FUND

April 9, 2020

#### Meeting Minutes

**Members Present:** Douglas Goe, Laurie Steele, Michael Kaplan, Deanne Woodring, Danton Wagner, Michelle Morrison, Sharon Wojda

**Staff Present:** Perrin Lim, Angela Schaffers, Will Hampson, Jeremy Knowles, Geoff Nolan, Cora Parker, Bryan Gonzalez, David Randall, Kristi Jenkins, Scott Robertson, Lisa Pettinati, Andy Coutu

**Other Attendees Present:** Anne Baker (City of Florence)

The April 9, 2020 OSTF meeting was called to order at 10:00 am by Douglas Goe, OSTF Chair.

#### **I. Opening Remarks**

Douglas Goe welcomed all to the Oregon Short Term Fund Board (the “Board”) meeting and roll was taken. Mr. Goe mentioned some of the strains of the Covid-19 efforts the past month and recommended postponing final decisions on changes to the OSTF sample investment policy until the next board meeting to give more time to deliberate on it.

#### **II. Review and Approval of Minutes**

**MOTION:** Mr. Goe asked for a motion to approve the January 9, 2020 OSTF meeting minutes. Ms. Woodring moved the motion which received a second from Mr. Kaplan. The Board approved the minutes unanimously.

#### **III. LGP/OSTF Investment Policy Review**

##### **City of Florence**

The City of Florence’s investment policy was submitted by Anne Baker, Administrative Services Director, and introduced by Angela Schaffers. The City of Florence is revising their current investment policy, which was adopted by the City in 2005. The City has plans to manage between \$6M to \$9M under this policy and anticipates using an investment advisor.

##### **Comments from the Board:**

- Page 10, Section Security Structure Constraint – The Board recommended to have a maximum callable exposure of no more than 35% whereas the City proposes a maximum limit of 60%



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- Page 11, Section Performance Measurement – The Board recommended removing the comparison of the benchmark of the City’s investments against the Oregon Short Term Fund.

Mr. Goe thanked both Ms. Baker and Ms. Schaffers for presenting the investment policy to the Board.

**OSTF Board Sample Investment Policy for Local Governments**

The current OSTF sample investment policy was submitted for review by Angela Schaffers. The last revision to the sample policy was made in 2015.

**Comments from the Board:**

- Might want to clarify prohibited securities with regards to US MBS
- The callable section just has a placeholder for Local Governments to set. Should there be a recommendation set? When there was a set number, many believed it was still too high and Local Governments tended to simply use that number when that might have been beyond their risk tolerance. Perhaps a set number could be recommended with a note that it could be lower for more risk averse investment portfolios. Many portfolios do not consider downside risk in worst case scenarios and callable portion might drastically change in those environments.

The Board agreed to continue the conversation at the next meeting in June. Mr. Goe thanked Ms. Schaffers for presenting the sample investment policy to the Board.

**IV. Oregon School District Investment Policy Update**

Board member Michelle Morrison presented an Oregon School Board Association investment policy update. Of the 197 public districts, few exceed the maximum allowed per statute invested in the OSTF. The administrative rule proposed will help school districts more closely align with the OSTF sample investment policy. Ms. Morrison will bring the draft of the administrative rule back to the board for review.

**V. OSTF Market Overview and Portfolio Update**

Perrin Lim presented the OSTF Portfolio update. U.S. Government Rates and credit spreads were discussed and the current difficult investment environment was reviewed.

- U.S. Government Rates
- Barclays 1-3 Year Credit Spreads

<b>April 29, 2020</b>	
Fund NAV	\$23,796,196.31
Fund NAV/OSTF Balances (Jan 2020)	1.0108
Weighted Average Credit Quality	AA/Aa2/AA-
Book Yield	1.98%
Weighted Average Maturity (Days)	187
Duration (Years)	0.53
Spread Duration (Years)	0.86
Rate Paid to Participants	2.00%

- OSTF Portfolio Update



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- OSTF Sector Breakdown
- OSTF Corporate Industry Breakdown
- OSTF ABS Breakdown
- OSTF Issuer Exposure Breakdown
- OSTF Country of Risk Breakdown
- OSTF Credit Profile Breakdown
- OSTF Coupon Type Breakdown
- OSTF Rates Comparison
- OSTF Performance
- Quantitative easing
- Unemployment averages
- Expectations for economic growth, travel restrictions, and whether businesses will be opening soon

**VI. Business Continuity Update**

Deputy State Treasurer Michael Kaplan presented PFM's and Treasury's fourth week of telework situation.

- Both groups are able to perform all of their business duties while at home
- Increase in attempted fraud
- Increase in phishing attempts
- Treasurer appointed to the state task group to assist with the virus response

**VII. 3<sup>rd</sup> Annual LGIP Investor Meeting**

Angela Schaffers presented that Treasury is tentatively setting the LGIP investor meeting date for September 24<sup>th</sup>, but they are aware that it is subject to change with the current virus situation. Treasury staff is working on plans and will reach out with updates as the date draws closer.

**VIII. Closing Remarks/Other Items of Business**

Date of next Board meeting – Tuesday, July 7, 2020, location and/or format TBD.

Ms. Steele adjourned the meeting at 11:05 am (Mr. Goe had to leave the call early).

Respectfully submitted,

**Jeremy Knowles**

Jeremy Knowles  
Investment Analyst