



**OREGON
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State of Oregon

Office of the State Treasurer

16290 SW Upper Boones Ferry Road
Tigard, Oregon 97224

OREGON SHORT TERM FUND

July 9, 2019

Meeting Minutes

- Members Present:** Laurie Steele, Michael Kaplan, Deanne Woodring, Danton Wagner, Sharon Wojda (via telephone)
- Staff Present:** Perrin Lim, Geoff Nolan, Andy Coutu, Angela Schaffers, Garrett Cudahey, Kristel Flores, David Randall, Debra Day, Tom Lofton, Scott Robertson, Jeremy Knowles, Vivek Sharma, Jen Plett
- Other Attendees Present:** Dave Richmond (City of Milton-Freewater); Will Norris (City of Hood River)

The July 9, 2019 OSTF meeting was called to order at 10:00 am by Laurie Steele, OSTF Board Member.

I. Opening Remarks

Laurie Steele welcomed all to the Oregon Short Term Fund Board (the “Board”) meeting and roll was taken.

II. Review and Approval of Minutes

MOTION: Ms. Steele asked for a motion to approve the April 11, 2019 OSTF meeting minutes. Ms. Woodring moved the motion which received a second from Mr. Wagner. The Board approved the minutes unanimously.

III. Status of New Appointments of Board Members

Names have been recommended for the school district board member to the Governor’s office, a decision as to who they would like to appoint is pending.

IV. LGP/OSTF Investment Policy Review

City of Milton-Freewater

The City of Milton Free-water policy was submitted by Dave Richmond, the Finance Director of City of Milton-Freewater and introduced to the Board by Angela Schaffers. The Board last reviewed City of Milton-Freewater investment policy in 2005 and the City plans on managing \$3M to \$10M.

Comments from the Board were:



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- Page 9, section 1 – Bankers Acceptances listed under permitted investments does not coincide with the table on Page 12, subsection iii
- Page 12, subsection iii
 - Reverse Repurchase Agreement listed under the Portfolio Average Credit Rating table does not coincide with the list on Page 8-9, section 1 under Permitted Investments. The Board recommended removing Reverse Repurchase Agreement since they will unlikely be used given the size of the portfolio
 - Reducing the US Agency Secondary Securities' maximum % holdings from 50% to 20% – 25% and Issuer % per Issue Type from 10% to 5% due to large exposure to portfolio
- Page 13, section 2 – The Board recommended choosing 90 days as the maturity constraint for 25% of the portfolio
- Page 14, section 3D – The Board suggested to shorten the maximum percent of callable securities from 75% to 25%
- Page 15, section 3F – The Board recommended the weighted average maturity be reduced from 3.5 years to 2 – 2.5 years given the size of the portfolio and calculations on the table on page 13, section 2
- Page 17 – The Board recommended to not include the list of authorized personnel. If the City chooses to include the list, use position titles rather than specific names to minimize continuous council update

Ms. Steele thanked both Mr. Richmond and Ms. Schaffers for presenting the investment policy to the Board.

City of Hood River

The City of Hood River policy was submitted by Will Norris, Finance Director/Assistant City Manager and introduced to the Board by Angela Schaffers. The City of Hood River is revising their current investment which was adopted by the City in 1993. The County has plans to manage between \$24M to \$28M under this policy and anticipates investing larger amounts during property tax season.

Comments from the Board were:

- Page 2 – The Board recommended to change ORS 294 to ORS chapter 294 when a section is not cited
- Page 6, Section 3 – The Board recommended that the City add language about deposits versus actual security transactions similar to the sample policy to assure broker competitiveness
- Page 8 – A maximum maturity of 7 years represents a high risk compared to the recommended 5 years except US Treasury and Federal Agencies
- Page 9, Section 3 – The Board recommended to shorten the average maturity maximum from 4 years to 2.5 years
- The Board recommended providing monthly/quarterly reports including language addressing expectations for the reports to the City Council as a precaution for any issues that may arise

Ms. Steele thanked both Mr. Norris and Ms. Schaffers for presenting the investment policy to the Board.

v. OSTF Market Overview and Portfolio Update

Garrett Cudahey presented the OSTF Portfolio update. U.S. Government Rates and credit spreads were



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discussed and the current difficult investment environment was reviewed.

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

May 31, 2019	
Fund NAV	\$20,847,779,856
Fund NAV/OSTF Balances (as of 2/28/19)	1.0128
Weighted Average Credit Quality	AA-/Aa2/AA
Book Yield	2.78%
Weighted Average Maturity (Days)	217
Duration (Years)	0.57
Spread Duration (Years)	0.94
Rate Paid to Participants	2.75%

- 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

VI. Closing Remarks/Other Items of Business

Date of next Board meeting – Thursday, October 10, 2019 at Orrick Public Finance, Portland, OR.

Ms. Steele adjourned the meeting at 11:00 am.

Respectfully submitted,

Kristel Flores

Kristel Flores
 Executive Support Specialist