



**OREGON
STATE
TREASURY**

State of Oregon

Office of the State Treasurer

Telephone Only

OREGON SHORT TERM FUND

October 8, 2020

Meeting Minutes

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

Staff Present: Perrin Lim, Angela Schaffers, Will Hampson, Jeremy Knowles, Geoff Nolan, Cora Parker, Bryan Gonzalez, Rex Kim, Fawn Hubbard

Other Attendees Present: PFM: Clay Griffith, Chris Trump, Lauren Brant

The October 8, 2020 OSTF meeting was called to order at 10:01 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.

II. Review and Approval of Minutes

MOTION: Mr. Goe asked for a motion to approve the July 7, 2020 OSTF meeting minutes. Ms. Wojda moved the motion which received a second from Ms. Woodring. The Board approved the minutes unanimously.

III. PFM Relationship Overview

PRESENTED BY CORA PARKER: Cora Parker discussed the transformational change since modernizing the administrative and operational support processes goals in partnership with PFM. PFM has provided direct support to our local government across Oregon—especially with their web-based system, EON, that supports performance transactions and access reporting. This has proved successful for our customers and PFM since October 2017. Ms. Parker introduced the following members of PFM: Lauren Brandt, Managing Director and Relationship Manager; Christopher Trump, Client Services Group Manager; and Clay Griffith, Director of Operations. Lauren, Christopher, and Clay both spoke a bit more about their roles with PFM. Ms. Parker reminded those attending the LGIP Virtual Meeting will get to meet the PFM support team virtually. PFM and Treasury meet quarterly to review participant activity, asset, and transaction trends. Screen shoots were included in materials to begin future dialog regarding what data/information would like to be discussed and seen.

Ms. Parker discussed the security enhancements made to the EON system in October. Those enhancements announced were the multi-factor authentication for user identity verification, account activity notification center, and updated password complexity requirements. More details about these enhancements can be found in their September newsletter and will also be included in the EON portal. Ms. Parker relayed that these enhancements with both further PFM and Treasury’s commitment to protecting public funds and customer financial information.



**OREGON
STATE
TREASURY**

COMMENTS FROM THE BOARD:

- Michelle Morrison commented that she was excited to learn we were continuing to move forward with PFM and to see if there are any gaps in how members are using the system.
- Douglas Goe looking forward to receiving additional information regarding what Ms. Morrison described on an on-going basis.
- Both Deanna Woodring and Lauren commented on how they welcomed the meeting documents (screen shots) given by PFM and would like to see those moving forward. Ms. Woodring also commented on a total pool as well regarding participation.

Mr. Goe thanked Cora Parker and PFM attendees for presenting themselves to the Board and the benefits they bring.

IV. 144(A) SEC Changes

PRESENTED BY DEANNE WOODRING: Deanne Woodring discussed that a couple months ago the SEC announced that the “accredited investor” definition has changed. The definition has expanded to include an alternative to the wealth test for natural persons—specifically persons who hold certain professional certifications and designations and other credentials from accredited institutions. This now allows public funds across the nation to participate in that market and the opportunities within that. Ms. Woodring stated that she did not think this was a statute limit—even in the sample policy (there are no 144(A) papers). As this is a big change, Ms. Woodring thought she would bring this to the board and for the treasury to see where this lies—as it opens up investments and could change policies going forward.

COMMENTS FROM THE BOARD:

- Geoff Nolan stated that they are working with council to review the varied implications of this change. However, at this junction Mr. Nolan states that they do not have anything they can “talk-too” at this point. As of just days ago, Mr. Nolan stated that this new ruling had not been published in the federal register. Once published, it becomes effective 60 days from that point. Once they are able to meet with council and figure this out, they will report further on this.
- Will Hampson questioned the difference in basis between the 144 public and private. Cora Parker clarified if the question was in regard to actual yields—in which Mr. Hampson replied, yes. Ms. Parker stated that there really was not much difference and that it really had to do with filing with the SEC. She then asked Mr. Nolan to present this piece when presenting it to the board. She then went on to say that she didn’t feel there was much a yield difference between the two. Perrin Lim spoke to say that it depends on the issuer.
- Mr. Goe stated that his company has done many 144(A) deals. He states that it is a broad market and it really is, as Mr. Lim stated, issuer specific. He went on to say that it is not as liquid of a market, so you might see basis point differences between a 144(A) transaction and a full public transaction. This he said was based on his observations thus far doing these deals.
- Laurie Steele inquired what makes the 144(A) riskier. Deanne Woodring stated she feels it is more in the way of being able to issue in big bulk rather than having to file individually on each issue. She goes on to say she feels the reason the threat was there was because there were limited buyers thus creating less liquidity. Ms. Woodring stated that all these questions are great to get clarification on going into the next 60 days.

Mr. Goe thanked Deanne Woodring for presenting the changes to the Board.



**OREGON
 STATE
 TREASURY**

v. OSTF Market Overview and Portfolio Update

Perrin Lim presented the OSTF Portfolio update. 2020 impact on the Short-Term Fixed Income Markets was discussed and the current difficult investment environment was reviewed.

- Short Term Yields
- Primary/Secondary Market Corporate Credit Facilities Impact
- Treasury Bills vs. OIS
- MMF Assets Trend
- September 2020 FOMC Meeting takeaways
- Federal Policy Breakdown
- Volatility in yields

August 31, 2020	
Fund NAV	\$23,618,131,577.350
Fund NAV/OSTF Balances (Jan 2020)	1.0098
Weighted Average Credit Quality	AA/Aa2/AA-
Book Yield	0.99%
Weighted Average Maturity (Days)	200
Duration (Years)	0.53
Spread Duration (Years)	0.80
Rate Paid to Participants	1.00%

- OSTF Portfolio Update
- 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

Comments from the Board:

- Mr. Goe discussed the usefulness of the prepared slides and continuing to use them going forward
- Ms. Parker noted the growth in the reserve funds the state has had over the last couple of years—being a large driver to change in perspective to the local government piece.

Mr. Goe thanked Perrin Lim for presenting the changes to the Board.



**OREGON
STATE
TREASURY**

VI. Closing Remarks/Other Items of Business

- Date of next Board meeting – Cora Parker and Angela Schaffers discussed getting with Treasury staff and PFM to discuss upcoming OSTF Board Meetings and logistics of information. Mr. Goe would like an update regarding meetings ASAP.
- Mr. Kaplan discussed Angela Schaffers transition from the Fixed Income Team and the Short Term Fund and will be moving to the Private Equity Team within the Treasury division. Mr. Kaplan went on to thank Ms. Schaffers for all of her dedication and hard work. Mr. Goe expressed his appreciation for her efforts over the years. Schaffers thanked everyone for her time with the board.
- Angela Schaffers discussed virtual LGIP Annual Meeting on November 16-19, 2020. Ms. Schaffers went on to say that she hoped further information would be shared later this afternoon and discussed the board member rolls in this event.

Mr. Goe adjourned the meeting at 11:03am.

Respectfully submitted,

Fawn Hubbard

Fawn Hubbard
Executive Support Specialist