

## OREGON SHORT TERM FUND BOARD

350 WINTER STREET NE, SUITE 100 SALEM, OREGON 97310-0840 (503) 378-4633 FAX (503) 373-1179

## **OREGON SHORT TERM FUND BOARD**

November 10, 2010

Mayor Sam Adams City of Portland 1221 SW Fourth Avenue, Room 340 Portland, OR 97204-1988

SUBJECT: CITY OF PORTLAND INVESTMENT POLICY REVIEW

Dear Mayor Adams,

Your City's investment policy was submitted by Michael Montgomery to the Oregon Short-Term Fund (OSTF) Board ("Board") for review.

The Board's statutory obligation is to "review and comment to the governing body" (ORS Chapter 294.135(a)) on the written investment policy submitted to the Board. To assist the City of Portland in its policy revision process, the Board developed a model policy laying out the elements it believes are important in policies. These are also the elements we review submitted policies against. The Local Government Participant (LGP) investment policy review process provides the resources of the Office of the State Treasurer's staff ("Staff") to assist Michael Montgomery as needed on the policy revisions or development before the Board's final review.

The Oregon Short-Term Fund Board reviewed the City's investment policy at the OSTF Board meeting on October 28, 2010 and the Board is pleased to inform you that the statutory policy review requirement for the City has been satisfied.

Comments by the Board members were:

- Section III, F.2, Corporate Bonds Deanne Woodring asked if the Weighted Average Maturity (WAM) of 18 months was too restrictive for the City's corresponding bonded debt obligations. The City of Portland responded that 18 months would be sufficient. Ms. Woodring stated that the policy was well written.
- Section II, Responsibilities and Standards of Care Stewart Taylor asked what triggered a review by the OSTF Board. Ellen Hanby confirmed that it was the addition of language in Section F and G relating to corporate bonds.
- Doug Goe complimented the City of Portland on an excellent policy.

## Comments from the City of Portland were:

• **Section III, H, Municipal Bonds, Minimum rating** - Eric Johansen confirmed that the second sentence of the paragraph will be amended to read as follows:

"Only one rating from a Nationally Recognized Statistical Rating Organization (NRSRO) of the Securities and Exchange Commission (SEC) at the time of purchase is required".

Should any member of the City's Governing Body or Michael Montgomery wish to discuss the policy, please feel free to call Perrin Lim, Senior Fixed Income Investment Officer or Ellen Hanby, Investment Officer at the Office of the State Treasurer. The phone number is (503) 378-4155.

Sincerel

Douglas E. Goe

Oregon Short Term Fund Board Chair

(503) 943-4810

cc: Commissioner Dan Saltzman, City of Portland

Commissioner Amanda Fritz, City of Portland

Commissioner Randy Leonard, City of Portland

Commissioner Nick Fish, City of Portland

Mr. Michael Montgomery, Investment Officer, City of Portland

Ms. Ellen Hanby, Oregon State Treasury