

BEFORE THE BOARD OF COUNTY COMMISSIONERS

MULTNOMAH COUNTY, OREGON

In the matter of adopting)
Multnomah County's Investment)
Policy.)

RESOLUTION NO. 92-152

WHEREAS, ORS 294.135 requires Municipalities adopt a written Investment Policy;

WHEREAS, Multnomah County's Investment Policy has been reviewed by the Oregon Short Term Fund Board and the Investment Advisory Board.

THEREFORE, BE IT RESOLVED:

1. Multnomah County, Oregon adopts the Investment Policy set forth in Exhibit A.
2. The Finance Director or Treasury Manager is authorized to administer the Investment Policy.

This Resolution replaces Resolution No. 91-125.

Adopted this 20th day of August, 1992.



BY Gladys McCoy
Gladys McCoy, Chair
Multnomah County, Oregon

John Dubay
John Dubay, County Counsel
of Multnomah County, Oregon

EXHIBIT A

MULTNOMAH COUNTY, OREGON

INVESTMENT POLICY

1. Scope

This investment policy applies to all activities of Multnomah County with regards to investing the financial assets of all funds. Funds will be invested in compliance with ORS 294, other applicable statutes, this policy and written procedures.

2. Investment Objectives

- a. The primary objective of Multnomah County's investment activities is the preservation of capital and the protection of investment principal.
- b. In investing public funds, the County will not assume unreasonable investment risk to obtain current investment income.
- c. The County's investment portfolio will remain sufficiently liquid to enable the County to meet all operating requirements which might be reasonably anticipated. This need for investment liquidity will be tempered to the extent that the County is able to issue short-term notes to meet its operating requirements.
- d. The County will diversify its investments to avoid incurring unreasonable risks regarding specific security types or individual financial institutions.
- e. The County will conform with Federal, State and other legal requirements.
- f. Attain a market rate of return throughout budgeting and economic cycles.

3. Delegation of Authority

The Treasury Manager is designated as the Investment Officer of the County and is responsible for the daily cash management and investment decisions and activities.

4. Prudence

The standard of prudence to be used by the Treasury Manager in the context of managing the overall portfolio shall be the prudent investor rule, which states, "Investments shall be made with judgement and care, under circumstances then

prevailing, which persons of prudence, discretion and intelligence exercises in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived."

The Treasury Manager and staff, acting in accordance with written procedures and exercising due diligence, shall not be held personally responsible for a specific security's credit risk or market price changes, provided that these deviations are reported as soon as practical and that appropriate action is taken to control adverse developments.

5. Investment Diversification

The County will diversify its investments across security type and institution. No more than 45 percent of the County's total investment portfolio will be invested in a single security type or with a single financial institution or as limited by ORS 294.035, whichever is less, except as follows:

1. The County may invest 100 percent of its portfolio in U. S. Treasury securities.
2. The funds invested in the Local Government Investment Pool may exceed 45 percent due to pass-through funds.
3. The County may invest up to 15 percent of its portfolio in A2 or P2 graded Oregon-based and up to 30 percent of its portfolio in A1 or P1 graded domestic commercial paper.

6. Investment Maturity

- a. To the extent possible, the County will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the County will not directly invest in securities maturing more than three years from the date of purchase: \$5 million is the maximum amount that may be invested in securities maturing more than two years up to the three year maturity limitation. However, the County may collateralize its repurchase agreements using longer-dated investments.
- b. Commercial paper investments shall not exceed 270 days.
- c. Bond Sinking Fund or reserve monies may be invested in securities exceeding three years if the maturity of such investments are made to coincide as nearly as practicable with the expected use of the funds.

7. Investment Limitations

Security types will be limited to those listed in ORS 294.035 and may further be limited at the discretion of the Investment Officer. These limitations are listed as Addendum A and may be further amended from time to time without effecting this policy by notification to the County Chair, the Board of County Commissioners, and the Investment Advisory Board.

8. Securities Lending

Before the County loans securities, the financial institution must sign a securities lending agreement. The County will instruct its custodian to wire the loaned securities only after the specified swap collateral has been received. Trading instructions will require that all collateral be at least 102 percent of the market value of the loaned securities and be adjusted for fluctuations in market values. The County shall not lend securities for longer than a 60-day period.

9. Delivery of Securities

All securities purchased pursuant to this investment policy with maturities over 45 days or purchase from other than an Oregon qualified bank, will be delivered by either book entry or physical delivery to a third party safekeeping agency. "Depository banks" or "depository" as defined in ORS 295.005 are exempt from the delivery requirement if they qualify for pledging collateral at 25 percent of the aggregate deposits or certificates outstanding.

10. Authorized Financial and Dealers Institutions

- a. The Treasury Manager will maintain a list of financial institutions and primary securities dealers as designated by the Federal Reserve Bank authorized to provide investment services. To the extent practical, this list will be supplemented to include qualified minority and women owned business enterprises. The County will limit all investment and banking activities to the institutions on these lists.
- b. The Treasury Manager is authorized to sign a Trading Authorization agreement or master repurchase agreement with any institution included on this list.
- c. Deletions from this list may be made, based on the following:

request of the dealer or institution; or,
consistent lack of competitiveness; or,
perceived financial difficulties.

Additions to this list will be made at the discretion of the Investment Officer with written notification to the County Chair, the Board of County Commissioners and the Investment Advisory Board.

- d. Before the County purchases securities over \$100,000 from banks or savings and loans, the County must have on file the following items:

- 1. Most recent audited financial report.
- 2. Executed repurchase agreement, if applicable.

11. Accounting Method

- a. Investments will be carried at cost. Gains or losses from investments will be credited or charged to investment income at the time of sale. Premiums or discounts on securities will be accreted or amortized over the life of the securities.
- b. Investment interest earnings will be credited to the proper funds according to Federal and State laws and County policies.

12. The Investment Advisory Board

- a. The County Chair will appoint an Investment Advisory Board composed of three members. These individuals shall be nominated on the basis of their understanding and knowledge of financial markets. The Advisory Board will meet at least semi-annually to review the County's investment performance and existing investment plan. All such meetings of the Advisory Board will be open and publicized as required by the open meetings law.
- b. After each meeting of the Investment Advisory Board the Treasury Manager will report the results of the meeting to the Board of County Commissioners.

13. Reporting Requirements

At each meeting of the Advisory Board, the Treasury Manager will provide the Investment Advisory Board with copies of a monthly portfolio performance report and the County's current investment plan. These reports will also be provided to the Chair of the Board, the Executive Assistant, the Finance Director and the Board of County Commissioners.

14. Indemnity Clause

The County shall indemnify staff and Advisory Board personnel from personal liability for losses that might occur pursuant to administering this investment policy.

15. Internal Controls

The Treasury Manager shall follow the internal controls outlined in Executive Order #196 and Finance Division policies and procedures.

16. Performance Evaluation

The performance of the County's portfolio shall be measured against the performance of the Oregon Local Government Investment Pool, using the monthly net yield of both portfolios as an index.

17. Investment Policy Adoption

- a. The County's investment policy will be reviewed by the Investment Advisory Board for appropriate modifications on an annual basis.
- b. This policy and any amendments to this policy is to be approved by the Board of County Commissioners.

ADOPTED THIS 20th DAY OF August, 1992, for fiscal year 1992-93.

ADDENDUM A

INVESTMENT POLICY
AS OF 06/30/92

SECURITY TYPE LIMITATIONS

Investment Limitations

Security types will be limited to those listed in ORS 294.035 and may further be limited due to current market conditions. These limitations are listed as Addendum A and may be changed from time to time without effecting this policy by notification to the County Chair and Investment Advisory Board.

a. U.S. Government and U.S. Agency Securities

The following list of U.S. Government and U.S. Agency Securities may be purchased by the County:

1. U.S. Treasury Bills
2. U.S. Treasury Bonds
3. U.S. Treasury Notes
4. U.S. Treasury Strips
5. Federal Home Loan Bank (FHLB) Bonds, Notes and Discount Notes
6. Federal Intermediate Credit Bank (FICB)
7. Federal Farm Credit Bank (FFCB) Bonds, Notes and Discount Notes
8. Federal National Mortgage Association (FNMA) Notes, Debentures, and Discount Notes
9. Federal Land Bank (FLB)
10. Student Loan Marketing Association (SLMA) Notes and Discount Notes

b. States and Municipalities

In addition to the requirements stated in ORS 294.035, 1 through 6, the County will further limit its purchases of securities to municipalities which have obtained an A rating or better on Revenue Bonds and a Baa rating or better on General Obligation Bonds. The County may purchase securities from unrated municipalities after receiving approval from the Treasury Manager, Finance Director and the Investment Advisory Board.

c. Time Certificates of Deposits (CD or TCD)

In purchasing time certificates of deposit, the County will not invest an amount which is more than 10 percent of the total deposits of any single institution. As required by ORS Chapter 295, the Treasury Manager will be responsible to ensure that a Certificate of Collateral Participation has been issued by the institution to cover outstanding Time Certificates of Deposits.

d. Repurchase Agreements with Dealers and Brokers (REPOs)

All repurchase agreements will be fully collateralized by U.S. Government and U.S. Agency obligations marked to market. A signed master repurchase agreement will be obtained from brokerage firms. The collateral securing the repurchase agreements with maturities over 45 days will be delivered to the County's custodial safekeeping agent. The County will not enter into repurchase agreements with maturities over 90 days.

e. Reverse Repurchase Agreements

Before entering into a reverse repurchase agreement, the County will obtain a signed repurchase agreement from the brokerage firm. The firm's current net worth must be over \$50 million. Reverse repurchases cannot exceed 2 percent of the firm's liabilities. The County will not enter in reverse repurchase agreements with maturities over 60 days.

f. Banker's Acceptance (BA's)

All bankers' acceptances will be purchased from Oregon financial institutions. The County will limit its purchases to banks which qualify for pledging collateral, under ORS 295.

g. Local Government Investment Pool

With the exception of pass-through funds, the maximum amount to be placed with the LGIP is \$20 million. Per ORS 294.810 the County elects to maintain the following accounts:

4017 County routine account

5567 Provisional account

4390 ODOT Project account

h. Commercial Paper (CP)

All commercial paper will be purchased in accordance with ORS 294.035 (12) and (13) except limits will be 15 percent and 30 percent, respectfully.

ADDENDUM B

INVESTMENT POLICY
AS OF 06/30/92

FINANCIAL INSTITUTIONS

Brokerage Firms

1. Dean Witter Reynolds Inc.
2. Dain Bosworth, Inc.
3. PaineWebber Incorporated
4. Merrill Lynch Capital Markets
5. Seattle Northwest Securities Corp.

Financial Institutions

Banks

1. Bank of America
2. US Bank
3. First Interstate Bank
4. Bank of California
5. Bank of Tokyo
6. Key Bank
7. West One Bank
8. American State Bank (\$100,000 maximum)

Savings and Loans

None at this time.

Other

Oregon Local Government Investment Pool (\$20,000,000 maximum)

ADDENDUM C

INVESTMENT POLICY
AS OF 06/30/92

INVESTMENT ADVISORY BOARD

Rebecca Marshall Chao
President
Regional Financial Advisors, Inc.
733 SW Vista Avenue
Portland, OR 97205
(503) 227-2009

George Scherzer
Executive Vice President
Smith Barney
200 SW Market, Suite 1200
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Richard Harris
CPA
Harris & Kalberg
825 NE Multnomah, Suite 1285
Portland, OR 97202
(503) 233-5417

ADDENDUM D
INVESTMENT POLICY
AS OF 06/30/92
STAFF AUTHORIZATIONS

Patricia Shaw, Treasury Manager

Full Authorization


(signature)

Holds certification for both CCM (certified cash manager, 1986) and CCT (certified county treasurer, 1991).

Experience includes 13 years as a cash manager and six years of general financial experience (A/R, A/P, Payroll, Budget and general bookkeeping).

Bryan Walden, Treasury Specialist 2

Full Authorization


(signature)

Experience includes 3 years as Treasury Specialist 2, dealing in all phases of cash management and 3 years experience in cost accounting.

Cliff Pengra, Treasury Specialist 1

Full Authorization


(signature)

Experience includes 2 years as Treasury Specialist 1, dealing in most phases of cash management and 20+ years in general bookkeeping and accounting.

BACK-UP

David Boyer, Finance Director

Full Authorization


(signature)

Experience includes 13 years County management in accounting and treasury management.

ADDENDUM E

**INVESTMENT POLICY
AS OF 06/30/92**

CASHFLOW

MULTNOMAH COUNTY, OREGON
MONTHLY CASH FLOW
PROJECTIONS FOR FISCAL YEAR 1992/93 (1)
(In Thousands)

| | July | August | September | October | November | December | January | February | March | April | May | June | Total |
|------------------------|----------|----------|-----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|
| Beginning Cash | \$1,685 | \$10,770 | \$4,415 | \$138 | \$183 | \$362 | \$22,335 | \$20,087 | \$14,762 | \$12,969 | \$12,212 | \$354 | \$1,685 |
| Property Taxes | 0 | 0 | 0 | 382 | 26,374 | 34,528 | 608 | 965 | 4,896 | 730 | 908 | 6,671 | \$76,061 |
| Other Taxes | 2,531 | 443 | 581 | 3,985 | 515 | 402 | 3,511 | 305 | 1,266 | 6,412 | (2,471) | 4,918 | \$22,400 |
| Intergovernmental | 433 | 500 | 1,019 | 853 | 886 | 134 | 598 | 2,232 | 806 | 880 | 571 | 1,931 | \$10,843 |
| Interest | 1 | 1 | 6 | 9 | 1 | 1 | 73 | 277 | 176 | 151 | 10 | 348 | \$1,053 |
| Other Receipts | 638 | 549 | 953 | 797 | 106 | 841 | 964 | 953 | 860 | 785 | 1,442 | 191 | \$9,080 |
| TAN Proceeds | 11,500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | \$11,500 |
| Cash Transfers | 0 | 0 | 505 | 5,026 | 0 | 102 | 283 | 439 | 37 | 24 | 251 | (500) | \$6,166 |
| Service Reimbursements | 0 | 0 | 0 | 0 | 357 | 942 | 2,678 | 623 | 1,263 | 1,021 | 877 | 8,121 | \$15,880 |
| Total Available Cash | \$16,788 | \$12,263 | \$7,480 | \$11,190 | \$28,422 | \$37,311 | \$31,049 | \$25,881 | \$24,066 | \$22,971 | \$13,799 | \$22,034 | \$154,668 |
| TANS Repaid | \$0 | \$0 | \$0 | \$484 | \$11,616 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$12,100 |
| Payroll Costs | 4,817 | 4,804 | 4,849 | 4,832 | 7,239 | 4,916 | 4,972 | 4,989 | 4,885 | 4,941 | 6,322 | 5,530 | \$63,095 |
| Material and Services | 590 | 1,651 | 1,730 | 1,316 | 1,774 | 1,959 | 1,956 | 1,619 | 3,162 | 2,145 | 3,310 | 4,586 | \$25,800 |
| Capital Outlay | 7 | 108 | 80 | 119 | 44 | 68 | 84 | 32 | 46 | 41 | 119 | 479 | \$1,226 |
| Cash Transfers | 0 | 0 | 0 | 3,423 | 6,319 | 7,360 | 3,042 | 3,695 | 2,491 | 2,541 | 3,094 | 7,873 | \$39,838 |
| Service Reimbursements | 603 | 1,286 | 682 | 833 | 1,068 | 673 | 909 | 783 | 513 | 1,091 | 601 | 2,060 | \$11,103 |
| Total Disbursements | \$6,018 | \$7,848 | \$7,342 | \$11,007 | \$28,060 | \$14,977 | \$10,962 | \$11,119 | \$11,098 | \$10,759 | \$13,446 | \$20,528 | \$153,162 |
| Ending Cash | \$10,770 | \$4,415 | \$138 | \$183 | \$362 | \$22,335 | \$20,087 | \$14,762 | \$12,969 | \$12,212 | \$354 | \$1,506 | \$1,506 |

(1) Includes General Fund receipts and disbursements only.