

BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

RESOLUTION NO. 09-118

Adopting Multnomah County Investment Policy and Repealing Resolution 08-151

The Multnomah County Board of Commissioners Finds:

- a. ORS 294.135 requires the county to adopt a written investment policy.
- b. Treasury has modified the investment policy adopted by the Board on November 13, 2008, by Resolution 08-151, to more closely conform to the model policies of the State Treasury and Government Finance Officers Association.
- c. The County's Investment Advisory Board reviewed the attached Multnomah County Investment Policy (Investment Policy) and recommended no changes.
- d. The Oregon Short Term Fund Board reviewed the Investment Policy and recommended no improvements or changes.

The Multnomah County Board of Commissioners Resolves:

1. The Board adopts the attached Multnomah County Investment Policy dated September, 2009.
2. The Chief Financial Officer and the Treasury Manager are authorized to administer the Investment Policy.
3. This resolution repeals and replaces the previous Investment Policy adopted by Resolution No. 08-151.

ADOPTED this 1st day of October, 2009.



BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON


Ted Wheeler, Chair

REVIEWED:

AGNES SOWLE, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By 

Agnes Sowle, County Attorney

SUBMITTED BY:

Mindy Harris, Director, Department of County Management



MULTNOMAH COUNTY OREGON

Investment Policy

September 2009

I. SCOPE

This investment policy applies to the investing of the financial assets of all funds included in Multnomah County's investment portfolio as defined in this policy. During the Fiscal Year 2008-2009, the County's average daily balance of cash invested was approximately \$305,520,000, with the high of \$895,990,000 occurring in November 2008 and the low of \$154,550,000 occurring in October 2008.

All applicable cash will be invested in compliance with Oregon Revised Statutes 294 and 295, and all other applicable statutes, policies and other written procedures. Investment earnings of the investment portfolio shall be allocated to eligible County governmental, proprietary and fiduciary funds as summarized in Addendum A.

Investments owned by Multnomah County Hospital Facilities Authority do not fall under the purview of Multnomah County or this investment policy.

II. INVESTMENT OBJECTIVES

- The primary investment objective of Multnomah County is the preservation of capital and the protection of investment principal.
- The County's investment portfolio will remain sufficiently liquid to enable the County to meet all reasonably anticipated operating requirements. This preference for liquidity will be basic to investment decisions.
- The County will strive to attain a market rate of return throughout budgeting cycles.
- The County will diversify its investment types and maturities to avoid unreasonable concentration within security types and financial institutions.
- The County will comply with Federal and State laws, IRS Regulations, GAAP and GASB guidelines, Oregon State Treasury guidelines and GFOA best practices.

III. STANDARDS OF CARE

1. Prudence The standard of prudence to be used by the Treasury Manager and treasury staff shall be the "prudent person" standard which states that "Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise 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 treasury staff acting in accordance with written procedures and this investment policy, and exercising due diligence shall be relieved of personal responsibility for an

individual security's credit risk or market price fluctuations, provided deviations from expectations are reported in a timely manner and that investment transactions are carried out in accordance with this investment policy.

2. Ethics and Conflicts of Interest County employees involved in the investment process shall refrain from business activity that could conflict with the proper execution and management of the investment process, or that could impair their ability to make impartial decisions. Such employees shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Such employees shall at all times comply with the State of Oregon Government Standards and Practices code of ethics set forth in ORS 244.

3. Delegation of Authority The Treasury Manager is designated as the investment officer of the County and is responsible for the daily cash management as well as all investment decisions and activities. No person is authorized to engage in an investment transaction for the County except as provided under the terms of this policy and procedures established by the Investment officer. The Treasury Manager may authorize Treasury staff to act as his designees with dual signature requirement. (See Addendum G).

IV. SAFEKEEPING AND CUSTODY

1. Delivery versus Payment All investments eligible for delivery purchased pursuant to this investment policy will be delivered versus payment by either book entry or physical delivery to a third-party custodian.

2. Authorized Financial Institutions and Broker/Dealers The Treasury Manager will maintain and review annually a list of financial institutions authorized to provide the County investment and safekeeping services, as well as a list of approved security broker/dealers. To be eligible, a financial institution must meet at least one of the following three criteria:

- a. Be a primary dealer of the Federal Reserve Bank of New York; or
- b. Report voluntarily to the F.R.B. of New York; or
- c. Affirm that it has met the securities dealers' capital adequacy requirements of the F.R.B. of New York continuously for the preceding 12 months.

The Treasury Manager is authorized to sign a Trading Authorization Agreement or Master Repurchase Agreement with any institution included on the list, and will maintain a file, either electronically or hard copy, of the most recent audited financial reports of each firm on the approved list.

The Treasury Manager is authorized to transact trades directly with issuers of corporate debt and commercial paper provided that the provisions of ORS 294.035 and this investment policy are observed.

The Treasury Manager is responsible for maintaining current files documenting the appropriate licenses and professional credentials of broker/dealers with whom the County transacts trades. Additional documentation to be maintained includes certification of state registration, NASD

certification, and certification of having read and agreeing to comply with the County's current investment policy.

Qualified financial institutions and broker/dealers are included in Addendum B.

3. Internal Controls The Treasury Manager shall be responsible for implementing effective internal controls to address the following areas of concern:

- Clear delegation of authority
- Segregation of duties and separation of responsibilities for trade execution, accounting, and record keeping
- Written confirmation of transactions and funds transfers
- Compliance with investment policy constraints and requirements
- Timely reconciliation of custodial reports
- Appropriate security for online transactions and access to bank accounts and bank data

V. AUTHORIZED INVESTMENTS

This investment policy limits approved investment securities to the following:

1. U.S. Treasury Issues
2. Agencies and Instrumentalities of the United States
3. Municipal Debt
4. Savings and Demand Accounts
5. Time Certificates of Deposit
6. Banker's Acceptances
7. Corporate Debt
8. Repurchase Agreements (collateral margins per Oregon State Treasury)
9. Reverse Repurchase Agreements (with approval of Chief Financial Officer)
10. Oregon Local Government Investment Pool (LGIP)

The specific permitted securities are defined under Oregon Revised Statutes 294.035, 294.040, 294.046 and 294.810. (See Addendum C). Collateral requirements for bank deposits, time deposits, certificates of deposit and savings accounts are defined in ORS 295. (See Addendum D).

VI. INVESTMENT PARAMETERS

The Treasury Manager is responsible for preparing an annual cash flow schedule for all funds included in the County's investment portfolio. The cash flow schedule shall be continuously reviewed to compare projected flows to actual.

County investments shall be diversified by type, maturity and issuer. Before any transaction is concluded, to the extent practicable, the Treasury Manager shall solicit and document competitive bids and offers on comparable securities. When not practicable, the reasons should be similarly documented. At all times the Treasury Manager will strive for best execution of all transactions. Additionally, if reasonably unanticipated events cause the portfolio limits to be exceeded, the Treasury Manager will take the steps necessary to correct the situation as soon as is practicable. The Treasury Manager will promptly advise the Chief Financial Officer and the Investment Advisory Board of the occurrence.

Investments may be sold at a loss when the Treasury Manager deems that such a decision is prudent.

1. Diversification by Type The Treasury Manager shall limit the types of securities owned based on their proportional market value to the total investment portfolio market value and per issuer in the following manner:

- | | |
|----------------------------------|--|
| ○ U.S. Treasury Issues | Up to 100% |
| ○ Agencies and Instrumentalities | Up to 75% and 25% per issuer |
| ○ Municipal Debt | Up to 10% and 10% per issuer |
| ○ Savings Accounts | Up to 50% and 25% per institution |
| ○ Certificates of Deposit | Up to 20% and 1% of deposits per institution |
| ○ Banker's Acceptances | Up to 35% and 25% per issuer |
| ○ Corporate Debt | Up to 25% and 5% per issuer |
| ○ Repurchase Agreements | Per collateral securing repo and margin requirements |
| ○ Reverse Repurchase Agreements | Up to 10% |
| ○ LGIP | Per ORS 294.810 |

Investments in corporate debt may exceed 25% up to a limit of 30% for a period not to exceed 10 successive business days with prompt and appropriate notifications. Investments that are explicitly guaranteed by the U.S. Treasury or the Federal Deposit Insurance Corporation are considered U.S Treasury issues and may be owned without limit.

2. Maximum Maturities In order to insure that funds are available for operating cash flow requirements, the Treasury Manager shall limit the maturities of securities owned based on market value in order to manage the weighted average maturity (WAM) of the portfolio appropriate to current market conditions and economic expectations. The following guidelines shall apply:

- | | |
|-------------------|-------------|
| ○ Under 30 days | Minimum 10% |
| ○ 31 -- 90 days | Minimum 25% |
| ○ 91 -- 270 days | Minimum 50% |
| ○ 271 -- 365 days | Minimum 70% |
| ○ 1 -- 3 years | Maximum 30% |

Investment maturities may exceed the guidelines for a period not to exceed 10 successive business days with prompt and appropriate notifications.

3. Management of Credit Quality The Treasury Manager shall calculate to the extent possible and report the average credit quality of the investment portfolio to manage aggregate portfolio credit risk.

4. Investment of Bond Proceeds Bond proceeds may be segregated within the County's investment portfolio and invested in a manner consistent with Internal Revenue Service limitations on tax-exempt issuers, as well as the trust indenture and anticipated drawdown of proceeds.

Similarly, funds received as a result of a defeasance of previously issued County debt shall be invested in a manner consistent with Oregon Revised Statutes, I.R.S. regulations and the terms of the indenture documents of the debt instrument.

5. Community Banking Investment Program Pursuant to Multnomah County Board Resolution No. 98-129, dated September 10, 1998, the Treasury Manager is authorized to purchase time certificates of deposit from qualified community banks in the face amount of \$95,000 per bank to a total of \$1,500,000. (See Addendum E).

VII. REPORTING AND OVERSIGHT

1. Methodology The Treasury Manager shall prepare monthly a management summary that provides the details of the investment portfolio, as well as transaction details for the reporting period. Details shall be sufficient to document conformity with the provisions of statutes and this

investment policy and shall include a listing of individual securities held at the end of the period. All investments owned will be marked-to-market monthly by the County's third-party custodian.

At the time of settlement of a purchase, an investment will be booked at cost. Any gain or loss resulting from an investment sold or called will be credited or charged to investment income as of the settlement date of the transaction. Premiums and discounts on securities will be amortized or accreted to stated maturity date. In the event of call or sale before maturity, any remaining premiums or discounts will be credited or charged to income as of the call or sale settlement date.

The County shall comply with all legal requirements and generally accepted accounting principals (GAAP). These principals are contained in the pronouncements of authoritative bodies including, but not limited to, the American Institute of Certified Public Accountants (AICPA), the Financial Accounting Standards Board (FASB), and the Government Accounting Standards Board (GASB).

Most of the County's available cash will be pooled for investment purposes in the investment portfolio. Cash not pooled will be restricted to:

- Deferred compensation deposits and investments;
- Cash designated for Certificates of Participation, Full Faith and Credit, General Obligation, and Revenue Bond reserves;
- Cash designated for construction payments;
- Petty cash and other imprest funds.

These items will earn interest income, if applicable, from the financial institution holding the funds in a trust or fiduciary capacity.

The monthly management investment summary will be provided to the Chair of the Board, the members of the Investment Advisory Board, the Chief Financial Officer and the County Auditor.

2. Benchmarks The performance of the County's portfolio will be measured against the performance of the Local Government Invest Pool (LGIP) and the yield of the 91-Day U.S. Treasury Bill. It is the goal of the County to maintain throughout the accounting cycle a yield that is not more than 50 basis points (1/2 percent) lower than that of LGIP, and is not less than 25 basis points (1/4 percent) higher than that of the 91-Day U.S. Treasury Bill. The County will endeavor to compare its portfolio yield with those of Washington County, Clackamas County and the City of Gresham.

3. Portfolio Earnings Allocation The amount of earnings allocated monthly will be calculated by the General Ledger section based on the following:

- The average daily cash balance (ADCB) of each eligible fund will be calculated. The Property Tax Trust Fund ADCB will be reduced by the average daily uncollected funds (float).
- The average monthly yield of the County's investment portfolio will be calculated on a 365-day basis.
- An administrative fee of 100 basis points (1.00%) will be deducted from the earnings allocation prior to distribution.

- If the ADCB of a fund is negative and the fund would normally be credited earnings if the ADCB of that fund were positive, the fund will be debited earnings at the average monthly yield of the portfolio for the period that the fund's cash balance is negative.
- The allocation of earnings process is summarized in Addendum A.

4. Investment Advisory Board The County Chair will appoint the members of the Investment Advisory Board (IAB) to three-year terms. The IAB will consist of five citizen members who will be nominated on the basis of their expertise in financial markets and fixed income investments. (See Addendum F).

The IAB will meet quarterly to review the County's investment performance and adherence to the investment policy. All such meetings will be open to the public and publicized as required by the "Open Meetings Law."

Minutes of each meeting of the IAB shall be recorded and included in the management summary for the following month.

5. Indemnification Clause The County shall indemnify County officials and Investment Advisory Board members from personal liability for losses that might occur pursuant to administering this investment policy.

VII. POLICY ADOPTION

The County's investment policy shall be reviewed annually by the Treasury Manager, Chief Financial Officer and the Investment Advisory Board for appropriate modifications. It will be submitted to the Oregon Short Term Fund Board for comments. Any comments or suggestions made by the OSTFB but not implemented by the County will be explained to the Board of County Commissioners.

This policy and any amendments to this policy are to be approved annually by the Board of County Commissioners.

ADDENDUM A

Investment Earnings Allocation

- A. Pursuant to State law and County policy investment earnings will be allocated to all Debt Service Funds, all Capital Projects Funds, all Special Revenue Funds, except as noted below and the Behavioral Health Managed Care Fund (3002).
- B. Investment earnings will not be allocated to the Federal/State Program Fund because the majority of the expenditures are on a reimbursement basis from the grantor agency and the General Fund provides the cash flow.
- C. The General Fund will receive the balance of the investment earnings. All other Funds that are supported in whole or part by the General Fund will not be allocated investment earnings.
- D. In the event a new fund or account is created, the Chief Financial Officer is authorized to make the determination if the fund or account should receive investment earnings. This determination is to be based on the criteria used for the funds in existence at the time this policy is adopted.

ADDENDUM B

Qualified Financial Institutions and Broker/Dealers

Banks:

- 1) Albina Community Bank
- 2) Bank of America
- 3) Key Bank
- 4) Union Bank of California
- 5) US Bank
- 6) Umpqua Bank
- 7) Wells Fargo Bank
- 8) Oregon Community Banks (Per Resolution No. 98-129)

Brokerage Firms:

- 1) Banc of America Securities
- 2) D.A. Davidson & Co
- 3) Morgan Keegan & Co.
- 4) Piper Jaffray & Co.
- 5) RBC, Inc.
- 6) Seattle Northwest Securities Corp.
- 7) UBS Financial Services
- 8) Union Bank Investment Services
- 9) US Bancorp Investments
- 10) Wells Fargo Brokerage Services

Other:

Oregon Local Government Investment Pool (LGIP)

ADDENDUM C

Liquid Investments Available to Oregon Local Governments

United States Treasury Issues

1. U.S. Treasury Bills
2. U.S. Treasury Notes
3. U.S. Treasury Bonds
4. U.S. Treasury STRIPS (Separate Trading of Registered Interest and Principal of Securities)
5. BECCS (Bearer Corpora Conversions)
6. CUBES (Coupons Under Book-Entry Safekeeping)
7. U.S. Treasury Inflation-Indexed Bonds

All Treasury notes and bonds are strippable. STRIPS are created by separating the interest (coupon) and principal (the note or bond itself), thereby creating zero coupon securities that are sold at a deep discount and payment is received at maturity. STRIPS are direct obligations of the U.S. Treasury and are backed by the full faith and credit of the United States. Strips are not to be confused with CAT's, TIGR's, etc., which are proprietary products that represent a security interest in an underlying U.S. Treasury security. These latter investments ARE NOT permissible investments for local governments.

Previously, when U.S. Treasury Bonds were in physical form, they were literally separated into serial coupons from their respective bonds. This was before book entry; before proprietary products created by dealers that were security interests in some underlying note or bond; and, before the U.S. Treasury itself allowed stripping of its longer debt issues. These old physically separated instruments (basically bearer securities) were converted by the Federal Reserve into wireable book entry form to make the STRIPS market more uniform. These former physical securities that have been so converted are called Coupons Under Book Entry Safekeeping (hence the acronym CUBES). These CUBES are very rare, trade at a higher rate than on-the-run comparable U.S. Treasury STRIPS, and are extremely illiquid. Being old U.S. Treasury securities, CUBES carry the same full faith and credit of the United States Government.

In January, 1997, the United States Treasury started issuing Treasury Inflation Protected Securities (TIPS). Inflation indexed note auctions are usually announced on the first Wednesday of January and July, with the auction process occurring the second week of January and July. Issuance is the 15th of the same month. These bonds will be fully strippable. Like other bonds, they will be offered in denominations of \$1,000.00. More detailed information beyond this cursory description is available from the Internet (www.publicdebt.treas.gov), The Bond Market Association (www.bondmarkets.com), and research data from brokers/dealers.

Agencies and Instrumentalities of the United States

1. Federal Home Loan Banks (FHLB) - Discount Notes, Consolidated bonds, Floating Rate Notes, and MTNs.
www.fhlb-of.com
2. Federal Farm Credit Banks (FFCB) - Consolidated system-wide notes and bonds, Discount notes, Floating Rate Notes, MTNs, and Master notes.
www.farmcredit-ffcb.com
3. Federal National Mortgage Association ("Fannie Mae") - Discount Notes, MTNs, Senior and Subordinated Benchmark Notes (fixed and floating), strips, zero-coupon securities, and mortgage-backed securities.
www.fanniemae.com
4. Federal Home Loan Mortgage Corporation ("Freddie Mac") - Discount Notes, MTNs, Senior and Subordinated Reference Notes (fixed and floating), Mortgage Participation Certificates (PC's), Collateralized Mortgage Obligations (CMO's), and Strips.
www.freddiemac.com
5. Government National Mortgage Association ("Ginnie Mae") - Mortgage-Backed Securities in 15- and 30-year maturities - guaranteed by the full faith and credit of the U.S. Government. Collateralized by FHA, VA, and FMHA insured mortgage loans.
www.ginniemae.gov
6. Financing Corporation (FICO) —Long-term bonds (none issued since 9/89) - Principal repayment defeased by zero coupon Treasuries.
7. Resolution Funding Corporation (REFCORP) - Strips and Bonds — 30 & 40-year issues - Principal collateralized by U.S. Treasuries, interest payments backed by the U.S. Treasury and FIRREA.
8. Tennessee Valley Authority (TVA) - Discount Notes, Strips, Notes, and Bonds - Issues available in maturities 5 to 50 years. www.tva.gov
9. Financial Assistance Corporation (FAC) - 15 year bonds, guaranteed by the Treasury, first issued in 7/88. This entity provides capital to Farm Credit System Institutions.
10. Federal Land Banks (FLB) - Bonds - Currently issued through FFCB. (Banks for Cooperatives and Federal Intermediate Credit Bank also issue through FFCB and have no direct issues outstanding.)
11. Federal Housing Administration (FHA) - Debentures - Backed by the full faith and credit of the U.S. Government.

12. Farmers Home Administration (FMHA) - Certificates of Beneficial Ownership (CBO's). Backed by the full faith and credit of the U.S. Government. Discontinued in 1975, small amount remains outstanding.
13. General Services Administration (GSA) - Participation Certificates - Secured by the full faith and credit of the U.S. Government. No new issues since 1974. www.gsa.gov
14. Maritime Administration - Bonds - Collateralized by ship mortgages, further backed by the full faith and credit of the U.S. Government in the event of default.
15. Washington Metropolitan Area Transit Authority - Bonds - Backed by the full faith and credit of the U.S. Government. Small amount remains outstanding.
16. Small Business Administration (SBA) - Debentures - Backed by the full faith and credit of the U.S. Government. Small amount remains outstanding.
www.sba.gov
17. Department of Housing and Urban Development (HUD) - Notes, New Housing Authority Bonds - 40-year issues with 15-year calls. Backed by the full faith and credit of the U.S. Government. No new issues since 1974. Small amount remains outstanding.
18. United States Postal Service - Bonds - May be backed by the full faith and credit of the U. S. Government. Issues with maturities of 20 years or longer. www.usps.com
19. United States Department of Veterans' Affairs Guaranteed REMIC Pass-Through Certificates Vendee Mortgage Trust 1992-1 (VINNIE MAE). The full and timely payment of principal and interest of these certificates is guaranteed by the Department of Veterans' Affairs and this guarantee is further backed by the full faith and credit of the United States of America.
20. Private Export Funding Corporation (PEFCO) — Secured Notes with maturities of 5 years or longer.-Interest is guaranteed by the Export-Import Bank of the United States (Eximbank, a federal agency) and whose principal is secured by either cash, securities backed by the full faith and credit of the United States, or Guaranteed Importer Notes which are guaranteed by the Eximbank. The Secured Notes, which are rated AAA.
www.pefco.com
21. Federal Agricultural Mortgage Corporation (Farmer Mac), a federally chartered instrumentality of the United States was created to provide capital for agricultural real estate and rural housing. Instruments include discount notes, medium-term notes, and mortgage backed securities. www.farmermac.com

Pursuant to ORS 294.046, this list contains all "agencies and instrumentalities of the United States with available obligations that any county, municipality, political subdivision or school district may invest in...." Generally, all U.S. Treasuries, and Agencies listed in 1 through 8 are appropriate investments for excess cash funds (if the maturities of such instruments are within the local government's investment guidelines). However, attention should be paid to any peculiar characteristics of some of the instruments. For example, mortgage-backed securities like GNMA's may have volatile prepayment characteristics which may make their final maturities unknown. In falling interest rate cycles, borrowers' whose underlying mortgages are the security for the GNMA bonds may refinance their loans accelerating the principal return to the investor. Therefore, the term for a GNMA cannot be relied upon to perform, for example, a debt defeasance. Agencies listed in 9 through 21 are viewed as less appropriate for local government investments, may be infrequently traded, and can be characterized by thin, illiquid markets.

International institutions in which the United States Government owns capital stock (paid-in or callable) are not eligible investments for local governments and are not listed here (World Bank, Asian Development Bank, Inter-American Development Bank, etc.).

Local Government Investment Pool

No minimum investment: deposits are limited to the amount prescribed on: "Memo Regarding Limitation in ORS 294.810." These limits can be temporarily exceeded for 20 business days by county governments and 10 days by other local governments as a result of pass-through funds (ORS 294.810).

Repurchase Agreements

Typically these are investment arrangements involving the purchase of US Government and agency securities with a simultaneous agreement to resell them back to the same seller for the same dollar investment plus a fee. Amounts invested, rate, and terms are negotiable but such repurchase transactions are limited to 90 days maximum term. Maximum percentages for prices paid for the collateral securities are prescribed by the Oregon Investment Council or the Oregon Short-Term Fund Board [ORS 294.035 (11); ORS 294.135 (2)]. On March 12, 1996, the Board prescribed the following minimum pricing margins for repurchase collateral:

US Treasury Securities:	102%
US Agency Discount and Coupon Securities:	102%
Mortgage Backed and Other:	103%*

Bankers' Acceptances

Appropriate if: guaranteed by, and carried on the books of, a qualified financial institution; eligible for discount by the Federal Reserve System; and issued by a qualified financial institution whose short-term letter of credit rating is rated in the highest category by one or more nationally recognized statistical rating organizations.. They are limited to a 25% maximum of the moneys of a local government available for investment on the settlement date per qualified financial institution [ORS 294.035 (8) (a), (b), (c)].

Corporate Indebtedness (secured and unsecured)

These securities are corporate commercial paper and promissory notes that have minimum commercial paper ratings of A1 or P1 or long-term minimum ratings of Aa (Moody's) or AA (S & P) or equivalent by any nationally recognized statistical rating organization. The minimum credit quality may be lowered to A2, P2 for commercial paper and A for long-term if the issuer meets the criteria of paragraphs (A) and (B) of ORS 294.035 (9) (c). They are limited to 35% of the moneys of a local government available for investment [ORS 294.035 (9), (a), (b), (c), (d)]

Municipal Debt Obligations

Lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon and its political subdivisions that have a long-term debt rating of A or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization [ORS 294.035 (2)]. Also, lawfully issued debt obligations of the States of California, Idaho and Washington and their political subdivisions if such obligations have a long-term rating of AA or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization [ORS 294.035 (3)]. For these latter obligations, they are allowable subject to ORS 294.040.

Certificates of Deposits

Certificates of deposit are not an investment security but rather a time deposit in a qualified financial institution. They must be FDIC insured to \$100,000 and further collateralized above the FDIC insurance pursuant to Oregon Revised Statutes.

ADDENDUM D

Collateral Requirements for Public Funds Deposits

Effective July 1, 2008, Oregon Revised Statutes Chapter 295 has been modified by legislative action which transferred the responsibility to the Office of the State Treasurer for insuring that public funds are collateralized appropriately by the public depositories holding the deposits.

ADDENDUM E

RESOLUTION No. 98 – 129

Resolution adopting Multnomah County's Community Banking Investment Program

The Board of County Commissioners finds:

1. Many small banks that are community owned ("Community Banks") are located in rural and urban areas throughout the state and provide valuable services including making small business loans, loans to promote entrepreneurial activities and consumer loans for tuition and purchases of automobiles and homes.
2. Multnomah County, Oregon (the "County") has successfully formed partnerships with Community Banks in Multnomah County by making investments with Albina Community Bank and American State Bank and wishes to expand this partnership to provide an economic engine to link the urban/rural relationships throughout the state.
3. The County is committed to forming partnerships with Community Banks, consumers and businesses to provide the much needed capital to assist in economic development, the creation of jobs and providing loans for home purchases, home improvements automobile loans and tuition expenses.
4. Community Bank loans to businesses and consumers generate significant economic development, provide employment opportunities for the communities in which they are located and enhance the livability of their communities.
5. The economic development, employment opportunities made possible by small businesses add to the quality of life of all Oregonians, including those in Multnomah County.
6. With the restructuring and consolidation of banking in Oregon, small businesses and consumers are placing an even higher demand for loans on Oregon Community Banks and Community Banks are constantly exploring new ways to raise deposits to provide loans to small businesses and consumers.
7. The County, understands and appreciates the positive economic impact and enriched quality of life that Community Banks have in communities throughout the State of Oregon.
8. The County wishes to establish a model Community Banking Investment Program and encourages other governments in a position to implement similar programs to do so.
9. The County is authorized under ORS 294.035 to invest in certificates of deposit in banks, mutual savings banks and savings and loan associations which maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank or savings and loan association.

10. The County's investment policy, adopted by the Board, authorizes the County to purchase time certificates of deposit with financial institutions covered by FDIC insurance or institutions that cause to have a Certificate of Participation issued evidencing collateral on all public funds on deposit.

11. The County's investment policy requires the County to safeguard assets, maintain sufficient liquidity requirements and obtain a competitive rate of return.

12. The County's Investment Advisory Board has reviewed and approved this policy direction.

The Board Resolves:

1. The County will purchase qualified time certificates of deposit from Community Banks to provide deposits for the Community Banks to make loans.

2. The total amount of funds available for this program will be \$1,500,000.

3. The par amount of the certificate of deposit will not exceed \$95,000 per institution.

4. The Community Bank must meet the following requirements to participate in this program:

a. The Community Bank's time certificate of deposit yield must be competitive with similar qualified investments available to the County at the time of purchase.

b. The Community Bank must have headquarters in the State of Oregon.

c. The Community Bank's assets will not exceed \$750,000,000 as of the most recent financial statement.

d. The Community Banks must have the bank's Board of Directors approve a resolution affirming its participation in the Multnomah County Community Banking Investment Program.

e. The Community Bank's loans to deposits ratio shall equal or exceed the national average for similar institutions.

f. The Community Bank's Community Reinvestment Act ("CRA") rating must be satisfactory or higher.

g. The Community Bank must provide evidence that they are a member of the FDIC.

5. When making investments with Community Banks, the Treasury Manager will follow all other provisions contained in the County's Investment Policy.

ADOPTED this 10th day of September 1998.
BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

ADDENDUM F

Multnomah County Investment Advisory Board

Jennifer Cooperman

Term Expires: 6/30/11
Fourth Term

Marc Gonzales

Term Expires: 6/30/11

Thomas Landye

Term Expires: 6/30/12
Fifth Term

Jack Pessia

Term Expires: 6/30/12
First Term

George Scherzer

Term Expires: 6/30/11
Eighth Term

Staff:

Mindy Harris, Chief Financial Officer
Harry Morton, Treasury Manager
Tsultrim Yehshopa, Treasury Specialist
Dan Arenholz, Treasury Specialist

(503) 988-3786
(503) 988-3290
(503) 988-3681
(503) 988-3440

ADDENDUM G

Delegation of Authority

Harry S. Morton
Treasury Manager

Single Signature Authority

Tsultrim C. Yehshopa
Finance Specialist 2

Designee / Dual Signature Authority

Daniel J. Arenholz
Finance Specialist 2

Designee / Dual Signature Authority