

## ***SHORT-FORM INVESTMENT POLICY INSTRUCTIONS***

This investment policy applies only to the investment of bond proceeds.

1. Print this form and fill in your entity's name in section 1.0
2. Send the form to the Oregon Short-Term Fund Board at the following address:

Oregon Short-Term Fund Board  
C/o Oregon State Treasury  
350 Winter St. NE, Suite 100  
Salem, OR 97301

3. Upon delivery to the Oregon State Treasury (Treasury), the policy must be adopted by the entity's governing body annually to be effective. Minutes of your annual adoption from you Governing Body should be sent to Treasury to ensure that the Short-Form is reviewed.
4. This Short-Form cannot be altered or changed in any way. If the Short-Form is not used a comprehensive investment policy should be submitted to the OSTB for investments maturing longer than 18 months.
5. Note the date of adoption on the policy in the space provided.

# ***SHORT-FORM INVESTMENT POLICY***

## ***Bond Proceeds Only***

Date Adopted: \_\_\_\_\_

### **1.0 Policy Statement**

Oregon Revised Statutes Section 294.135 and 294.052 generally requires a local government to have its investment policy reviewed by the Oregon Short Term Fund Board (“OSTFB”) before the local government adopts the policy and makes investments that are longer than 18 months from their purchase date. The \_\_\_\_\_ (Entity) may wish to invest its bond proceeds longer than 18 months to match investment maturity dates to the expected schedule for payment of construction costs. The OSTFB has made this short-form policy available to local governments that desire to invest only bond proceeds or bond related funds described in ORS 294.052 for more than 18 months, and that desire expedited review by the OSTFB before the investment policy is adopted. This short-form policy contains very substantial limitations and does not provide the Entity with the controls or flexibility that a comprehensive investment policy should provide.

### **2.0 Scope**

This investment policy applies only to the investment of bond proceeds or bond related funds described in ORS 294.052. All other funds of the Entity that are subject to ORS 294.135 will be invested under 18 months.

### **3.0 Objective**

The primary objectives, in order of priority, for the Entity’s investment under this policy are as follows:

- 3.1 **Legality:** The investments will be in compliance with all statutes governing the investment of public funds in the State of Oregon.
- 3.2 **Liquidity:** The investments will be made in a manner that generates sufficient cash flow to meet the expected project cost schedule. A liquidity component of at least 10% of the current bond proceed balance will be maintained in cash and/or the LGIP, assuming that this amount is within ORS 294.810 restrictions.
- 3.3 **Safety:** Investments are limited to U.S. Treasury, non-callable fixed rate Government Sponsored Enterprise and Agency securities, and Senior unsecured debt obligations guaranteed by the Federal Deposit Insurance Corporation under the Temporary Liquidity Guarantee Program (TLGP) described in Section 8.0, below.
- 3.4 **Yield:** The yield will be dependent on the timing of the investments.

#### **4.0 Delegation of Authority**

The Investment Officer is responsible for all investment decisions.

#### **5.0 Ethics and Conflicts of Interest**

Officers and employees involved in the investment process shall refrain from personal business activity that may conflict with the proper execution of the investment program, or may impair their ability to make impartial investment decisions.

#### **6.0 Authorized Financial Dealers and Institutions**

The Investment Officer will maintain a list of dealers with whom they are authorized to do business. These may include “primary” dealers or regional dealers that qualify under SEC Rule 15C3-1 (uniform net capital rule). If an investment advisor is hired, the advisor may execute directly with the approved dealers.

#### **7.0 Investment Advisory Services:**

The Entity may seek outside investment advisory services to assist with the investment of bond proceeds. The services will be non-discretionary and the advisor shall be required to act with fiduciary responsibility.

#### **8.0 Authorized and Suitable Investments**

Only the following investments may be purchased under this policy:

- Obligations of the U.S. government;
  - U.S. Treasury Notes, Bonds and Bills
  - Senior unsecured debt obligations guaranteed by the Federal Deposit Insurance Corporation under the Temporary Liquidity Guarantee Program (TLGP)
- Obligations and guarantees of U.S. government agencies, corporations wholly owned by the U.S. government or any Government Sponsored Enterprises (GSE's): Specific listing:
  - Federal Home Loan Bank – FHLB
  - Federal Farm Credit Bank – FFCB
  - Federal Home Loan Mortgage Corporation – FHLMC
  - Federal National Mortgage Association – FNMA
- All treasury and agency securities must be non-callable with a fixed rate.
- Oregon Short-Term Fund – LGIP

#### **9.0 Safekeeping and Custody**

All security transactions entered into by the Entity will be conducted on a delivery-versus-payment (DVP) basis. Securities may be held in safekeeping by a third party custodian designated by the Investment Officer.

## **10.0 Diversification**

The Entity will diversify the total bond project funds by issuer.

Diversification by Issuer:

- |                       |   |
|-----------------------|---|
| o U.S Treasury Issues | Up to 100%  |
| o TLGP                | Up to 35%, with no more than 5% per issuer  |
| o Agency (GSE's)      | Up to 33% per issuer  |
| o LGIP/Cash           | Minimum of 10% of bond proceeds, maximum is the lesser of 100% or the amount permitted by ORS Chapter 294.810 |

## **11.0 Maximum Maturities**

Maximum Maturity of Single Issue 3 years

## **12.0 Reporting Requirements**

The Investment Officer shall prepare quarterly and annual investment reports summarizing the investment portfolio as to types of investments, earnings, maturities, cost, transactions and mark -to -market values.

## **13.0 Internal Controls and Accounting Method**

The Investment Officer, in conjunction with the Secretary of State's office will evaluate conformance of the portfolio with the Investment Policy and audit internal controls. The Entity shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP) relating to investment accounting.

## **14.0 Investment Policy Adoption**

*Must be adopted annually by the Local Government Governing Body and minutes sent to the Oregon State Treasury.*