

## Investment Policies

[NOTE: The City submitted its investment policy to the State of Oregon's Short-Term Fund Board (OTSF) for their review and comments relating to statutory compliance, appropriateness, completeness, and legality. On November 24, 2000, the City received a favorable review from Jim Yasutome, Senior Investment Officer with the OTSF. The OTSF letter said, in part: "In reference to your investment policy submitted to the Oregon Short-Term Fund Board for review and comment ... the City has incorporated all of the Treasury staff suggestions and the City has an excellent policy."]

Invest the City's operating cash to ensure its legality, safety, provide for necessary liquidity, avoid imprudent risk, and optimize yield. Legality, followed by preservation of principal, is always the first objective. Rate-of-return is last.

1. Pursuant to the provisions of ORS 294.035 and 294.125, the City Manager is authorized to invest any surplus funds to include all bond and sinking funds into allowable investments at current market prices as described in ORS 294.035, subject to any limitations imposed by law. The investment objectives are:
  1. Compliance with all applicable statutes and legal provisions.
  2. Preservation of capital and the protection of principal.
  3. Maintenance of sufficient liquidity to meet operating requirements.
  4. Avoidance of imprudent credit, market, or speculative risk.
  5. Attainment of a market rate-of-return throughout all economic and fiscal cycles.
2. Safekeeping shall be consistent with modern investment, banking, and commercial practices and may include physical possession, book entry, and automated recordation.
3. Except for funds requiring special handling (i.e. bond proceeds subject to arbitrage), investments beyond 18 months require the express approval of the City Council.
4. Diversification of the City's investment portfolio will be consistent with the percent limitations under ORS 294.035 (i.e. 5% and 35% maximums for corporate indebtedness) to include certain credit rating minimums.

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