

RESOLUTION NO. 5387-18

A RESOLUTION ADOPTING A SHORT-FORM INVESTMENT POLICY FOR BOND PROCEEDS ONLY

WHEREAS, the City of Tualatin has been operating under Oregon Revised Statute 294 which allows for investments without a specific investment policy and currently invests idle funds in the State Local Government Investment Pool (LGIP); and

WHEREAS, the LGIP has a limit on the amount of funds that can be invested in the Pool and the City is at the limit; and

WHEREAS, the City will be selling transportation bonds in August and needs a mechanism to invest bond proceeds that will maximize investment earnings; and

WHEREAS, the State of Oregon allows for a Short-Form investment policy to be adopted for bond proceeds while the Oregon Short Term Fund Board (OSTFB) reviews the City's proposed full investment policy in the Fall of 2018.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TUALATIN, OREGON, that:

Section 1. The Council wishes to maximize investment earnings on bond proceeds, in conjunction with the projected cash flows of the capital projects funded through the 2018 Transportation Bond.


Section 2. The Council adopts the Short-Form investment policy, which is attached as Attachment A and incorporated by reference, while the City's investment policy is being reviewed by the OSTFB.

Section 3. This resolution is effective upon adoption.

ADOPTED this 23rd day of July, 2018.

CITY OF TUALATIN, OREGON

BY



Mayor

APPROVED AS TO FORM

BY



City Attorney

ATTEST:

BY



City Recorder



City of Tualatin

SHORT-FORM INVESTMENT POLICY - *Bond Proceeds Only*

POLICY:

Bond Issue Description: 2018 Bond Capital Project Fund

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 City of Tualatin 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 City of Tualatin with the controls or flexibility that a comprehensive investment policy should provide.

2.0 Scope

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

3.0 Objective

The primary objectives, in order of priority, for City of Tualatin'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 restriction.
- 3.3. **Safety:** Investments are limited to U.S. Treasury, and non-callable fixed rate Government Sponsored Enterprise and Agency securities 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 Finance Director 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 Finance Director 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 on behalf of the City.

7.0 Investment Advisory Services

The City of Tualatin 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 United States government;
 - U.S. Treasury Notes, Bonds and Bills
- 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
- Bank Deposits insured as defined in ORS 706.008, which includes banks in the state-wide collateralization program.

9.0 Safekeeping and Custody

All security transactions entered into by City of Tualatin will be conducted on a delivery-versus-payment (DVP) basis. Securities will be held in safekeeping by a third-party custodian designated by the Finance Director.

10.0 Diversification

City of Tualatin will diversify the total bond project funds by issuer.

Diversification by Issuer:

- U.S. Treasury Issues: Up to 100%
- Agency (GSE's): Up 33% per issuer
- LGIP or Bank Deposits: Minimum of 10% of bond proceeds

11.0 Maximum Maturities

Maximum Maturity of Single Issue: 3 years

12.0 Reporting Requirements

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

13.0 Internal Controls and Accounting Method

The Finance Director, in conjunction with their respective auditor, will evaluate conformance of the portfolio with the Investment Policy and audit internal controls. The City of Tualatin shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP) relating to investment accounting.

14.0 Investment Policy Adoption

Must be reviewed annually by the City of Tualatin and applies only to the specified bond proceed issue identified in the title section of this policy.

Adoption Date: July 23, 2018
Legal Reference: Resolution No. 5387-18