

## **Operating Fund Investment Policy**

The district has implemented the policy to provide for the guidance of investment decisions for operating and all other funds.

1. **Scope**

This investment policy applies to the operating and other specified funds of the district. The portfolio shall be invested in securities with maturities that do not exceed 18 months. The guidelines of this policy have been determined to meet the specific objectives of the district.

2. **Objective**

The primary objectives, in order of priority, for the district investment activities are as follows:

- a. **Legality:** The investments will be in compliance with all statutes governing the investment of public funds in the state of Oregon.
- b. **Liquidity:** The investments will be made in a manner that provides for sufficient cash flow to meet budgeted liquidity needs. A liquidity component of at least 50 percent of all operating fund balances will be maintained in the LGIP fund, assuming that this amount is within Oregon Revised Statute (ORS) 294.810 restrictions.
- c. **Safety:** Investments are limited to the requirements of ORS 294.035.
- d. **Yield:** The return on the invested funds is expected to achieve market rates of return over interest rate cycles.

3. **Delegation of Authority**

The Chief Financial Officer is responsible for all investment decisions.

4. **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.

5. **Authorized Financial Dealers and Institutions**

The Chief Financial Officer will maintain a list of dealers that are authorized to do business. These may include “primary” dealers or regional dealers that qualify under Securities and Exchange

Commission (SEC) Rule 15C3-1 (uniform net capital rule). If an investment advisor is hired, the advisor may execute directly with their approved dealers.

6. Investment Advisory Services:

The district 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.

7. Authorized and Suitable Investments

The district is empowered to invest in the following types of securities:

- a. Eligible investments are only those securities and deposits authorized by statute (ORS 295) Eligible investments include, but are not limited to:

(1) Obligations of the U.S. Government:

U.S. Treasury Notes, Bonds and Bills.

(2) Oregon Short Term Investment Pool – LGIP.

8. Safekeeping and Custody

All security transactions entered into by the district will be conducted on a delivery-versus-payment (DVP) basis. Securities will be held in segregated safekeeping account by a third party custodian, approved broker/dealer or approved Oregon depository bank.

9. Diversification

The district will diversify the total bond project funds by issuer:

- a. Diversification by Issuer at the time of purchase:

(1) U.S Treasury Issues	Up to 100%
(2) LGIP	Per ORS 294.810

10. Maximum Maturities

Maximum Maturity of Single Issue	1.5 years
Maximum Average Maturity of Total Portfolio	.5 years
Minimum required to be held under 1 month	10%

11. Reporting Requirements

The Chief Financial Officer shall prepare an annual investment reports summarizing the investment portfolio as to types of investments, earnings, maturities, cost, transactions and mark-to-market values. Performance measurements will be based on yield earnings.

12. Internal Controls and Accounting Method

The district shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP) relating to investment accounting and internal controls.

END OF POLICY

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**Legal Reference(s):**

[ORS 294.033](#)

[ORS 294.125](#)

[ORS 294.145](#)

[ORS 294.035](#)

[ORS 294.135](#)

[ORS 294.155](#)