

Greater Albany SD 8J

Code: DFA
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INVESTMENT OF FUNDS

Introduction

The Greater Albany Public School District is the 15th largest public school district in the state of Oregon. There are three high schools, four middle schools, fifteen elementary schools, and an online school. The District serves the communities of Albany, Millersburg and Tangent. The balances of the District's various operating funds range from \$20,000,000 to \$40,000,000 and ongoing project funds can range from \$10,000,000 to \$200,000,000.

Governing Body

The investment program shall be operated in conformance with federal, state, and other legal requirements. Specifically, this investment policy is written in conformance with ORS 294.035; 294.040; ORS 294.052; 294.135; 294.145; and 294.810. All funds within the scope of this policy are subject to regulations established by the state of Oregon. Any revisions or extensions of these sections of the ORS shall be assumed to be part of this Investment Policy immediately upon being enacted. Investment of tax-exempt borrowing proceeds will comply with the "arbitrage" restrictions of Section 148 of the Internal Revenue Code of 1986.

This Policy has been adopted by Resolution 18/19-3 by the Greater Albany Public School District Board of Directors, on January 14, 2019 and replaces the District's previous adoption dated 7/17/17.

Scope

This policy applies to the investment of general funds, and capital project funds, reserve funds and other funds held by the Greater Albany Public School District. Investments of employees' retirement funds and deferred compensation plans are not covered by this policy.

General Objectives

These procedures have been established to provide guidelines for the investment of available funds of the District. The primary objectives for this investment policy, in priority order, shall be: safety, liquidity and yield.

1. Safety: Safety of principal is the foremost objective of the investment program. Investment decisions shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. The objective will be to mitigate interest rate risk and credit risk.
 - a. *Interest Rate Risk:* The District will minimize the price risk, due to changes in general market interest rates, associated with the sale of securities prior to maturity, by:
 - (1) Structuring the investment portfolio and capital project bond proceed funds, so that securities mature to meet cash requirements for ongoing operations and/or capital

projects, thereby avoiding the need to sell securities on the open market prior to maturity.

- (2) Investing operating funds primarily in shorter-term securities or short-term investment pools.
- b. *Credit Risk:* The District will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:
 - (1) Limiting investments to the types of securities listed in this Investment Policy.
 - (2) Pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the District will do business.
 - (3) Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.
2. **Liquidity:** The investment portfolio shall remain sufficiently liquid to meet all operating, capital and construction requirements that may be reasonably anticipated. This is accomplished by structuring the portfolio so that securities mature concurrent with anticipated cash needs. Because of the inherent difficulties in accurately forecasting cash flow requirements, a portion of the portfolio should be continuously invested in readily available funds, such as the Oregon Local Government Investment Pool or held in bank balances to ensure that appropriate liquidity is maintained to meet on-going obligations.
3. **Return:** The investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the investment risk constraints and liquidity needs. Return on investment is of lesser importance compared to the safety and liquidity objectives described above. The portfolio investments are limited to highly rated/low risk securities in anticipation of earning a fair return relative to the risk being assumed.

Securities shall not be sold prior to maturity with the following exceptions:

- a. A security with declining credit may be sold early to minimize loss of principal;
- b. A security swap that would improve the quality, yield, or target duration in the portfolio; and
- c. Liquidity needs of the portfolio require that the security be sold.

Standards Of Care

1. Delegation of Authority

Governing Body: The Director of Business, as authorized by the Greater Albany School District Board, shall manage the District's investment program and ensure compliance with Oregon Revised Statutes and the Investment Policy, designate eligible investment institutions, review periodic investment reports and monitor investment transactions. The governing body will receive reports, pursuant to, and with sufficient detail to comply with ORS 294.085 and 294.155. The Board will retain ultimate fiduciary responsibility for invested funds.

- a. The Director of Business will administer the policy, place investments, maintain accounting records and prepare investment reports. Derived from the following: ORS 294.035 to 294.053, 294.125 to 294.145, and 294.810.
- b. **Investment Advisory Services:** Subject to required procurement procedures, the District may engage the support services of outside professionals in regard to its investment program, so long as it can be demonstrated or anticipated that these services produce a net financial

advantage and necessary financial protection of the District's resources. External service providers shall be subject to Oregon Revised Statutes and the provisions of this Investment policy.

- c. The investment advisory service firm will function in a non-discretionary role and provide technical market research to help in implementing investment strategies. Non-discretionary management requires that the District maintain control of investments by requiring the firm to obtain approval from the District for all investment transactions.

2. Prudence

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers 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 changes, provided deviations from expectations are reported in a timely fashion, and the liquidation and/or sale of securities are carried out in accordance with the terms of this policy.

"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 District's Officers (ORS 294.004 (2)) and staff acting in accordance with this Investment Policy, written procedures, and Oregon Revised Statutes 294.035 and 294.040 and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price change or other loss in accordance with ORS 294.047.

3. Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees, officers and their families shall not undertake personal investment transactions with the same individual with whom business is conducted on behalf of the District. Officers and employees shall, at all times, comply with the State of Oregon Government Ethics Commission code of ethics set forth in ORS Chapter 244.

Authorized Financial Institutions

A list will be maintained of financial institutions authorized to provide investment and safekeeping services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness and other factors considered relevant by the District. These may include primary dealers or regional dealers that qualify under Securities and Exchange Commission (SEC) Rule 15c3-1 (uniform net capital rule). Regional brokers and dealers must be licensed in Oregon in order to be considered for doing business with the District. The District will limit all security purchases to institutions on the approved lists.

1. Broker/Dealer Relationships

- a. The Director of Business shall determine which broker/dealer firms and registered representatives are authorized for the purposes of investing funds within the scope of this investment policy. A list will be maintained and reviewed periodically (at least annually), of

approved broker/dealer firms and affiliated registered representatives. The following minimum criteria must be met prior to authorizing investment transactions. The Investment Officer may impose more stringent criteria.

- (1) Broker/Dealer firms must meet the following minimum criteria:
 - (a) Be registered with the Securities and Exchange Commission (SEC);
 - (b) Be registered with the Financial Industry Regulatory Authority (FINRA).
 - (c) Provide most recent audited financials.
 - (d) Provide FINRA Focus Report filings.
 - (2) Approved broker/dealer employees who execute transactions with the District must meet the following minimum criteria:
 - (a) Be a registered representative with the Financial Industry Regulatory Authority (FINRA);
 - (b) Be licensed by the state of Oregon;
 - (c) Provide certification (in writing) of having read; understood; and agreed to comply with the most current version of this investment policy.
- b. If the District's investment advisor is contracted to provide securities transactions on behalf of the District, the advisor's broker/dealer list must be provided to the Director of Business for approval. The Director of Business can assign the responsibility of broker/dealer due diligence process to the Advisor, and all licensing information on the counterparties will be maintained by the Advisor and available upon request. The advisor broker/dealer review should include:
- (1) FINRA Certification check
 - (2) Firm Profile
 - (3) Firm History
 - (4) Firm Operations
 - (5) Disclosures of Arbitration Awards, Disciplinary and Regulatory Events
 - (6) State Registration Verification
 - (7) Financial review of acceptable FINRA capital requirements or letter of credit for clearing settlements.

The advisor must provide an annual review of the approved list, in addition to any changes to the list prior to transacting on behalf of the District.

2. Financial Bank Relationships

All financial banks that provide bank deposits, certificates of deposits or any other deposit of the bank to the District must either be fully covered by the FDIC or the bank must be a participant of the Public Funds Collateralization Program (PFCP) program. ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the Public Funds Collateralization Program. Bank depositories are required to pledge collateral against any public funds deposits in excess of deposit insurance amounts. This provides additional protection for public funds in the event of a bank loss. ORS Chapter 295 sets the specific value of the collateral, as well as the types of collateral that are acceptable. ORS 295 creates a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. In addition, all financial institutions must be approved by the School Board and placed on the approval list.

3. Investment Advisor

Subject to School District Procurement requirements an Investment Advisor may be hired and must comply with the following requirements:

- a. The investment advisor firm must be registered with the Securities and Exchange Commission (SEC) or licensed by the state of Oregon; (Note: Investment advisor firms with assets under management > \$100 million must be registered with the SEC, otherwise the firm must be licensed by the state of Oregon);
- b. All investment advisor firm representatives conducting investment transactions on behalf of District must be registered representatives with FINRA;
- c. All investment advisor firm representatives conducting investment transactions on behalf of District must be licensed by the state of Oregon;
- d. Contract terms will include that the Investment advisor will comply with the District's Investment Policy.

A periodic (at least annual) review of all authorized investment advisors will be conducted by the Director of Business to determine their continued eligibility within the portfolio guidelines. The Investment Advisor must notify the District immediately if any of the following issues arise while serving under a District Contract:

- a. Pending investigations by securities regulators.
- b. Significant changes in net capital.
- c. Pending customer arbitration cases.
- d. Regulatory enforcement actions.

4. Competitive Transactions

The Director of Business will obtain telephone, faxed or emailed quotes before purchasing or selling an investment. The Director of Business will select the quote which best satisfies the investment objectives of the investment portfolio within the parameters of this policy. The Director of Business will maintain a written record of each bidding process including the name and prices offered by each participating financial institution.

Competitive bids or offers should be obtained, when possible, from at least three separate brokers/financial institutions or through the use of a nationally recognized trading platform.

- a. In the instance of a security for which there is no readily available competitive bid or offering on the same specific issue, then the Director of Business shall document quotations for comparable or alternative securities.
- b. When purchasing original issue instrumentality securities, no competitive offerings will be required as all dealers in the selling group offer those securities at the same original issue price. However, the Director of Business is encouraged to document quotations on comparable securities.

If the District hires an investment advisor to provide transactional services, the advisor must provide documentation of competitive pricing execution on each transaction to the Director of Business. The investment advisor will retain historical documentation and provide upon request.

Safekeeping, Custody And Controls

1. Delivery, Safekeeping and Collateral

All securities purchased or sold will be transferred only under the “delivery versus payment” (DVP, in accordance with ORS 294.145(4) and (5)) method to ensure that funds or securities are not released until all criteria relating to the specific transaction are met. The District will maintain a third-party safekeeping agent to hold all securities on behalf of the District. When a transaction occurs the approved broker/dealer or the investment advisor shall provide the District with a confirmation ticket listing the specific instrument, issuer, coupon, maturity, CUSIP number, purchase or sale price, transaction date, and other pertinent information. The broker/dealer that executes the transaction on the District’s behalf shall deliver all securities on a delivery versus payment method to the designated third-party trustee at the direction of the Director of Business.

Upon request, the safekeeping institution shall make available a copy of its Statement on Standards for Attestation Engagements (SSAE) No. 16.

Cash disbursements: Cash transfers will only be authorized by the Director of Business.

2. Bank Deposits and Certificates of Deposits

The District may hold bank deposits or certificates of deposits at banks qualified under ORS Chapter 295. Demand deposits in qualified depository institutions are considered cash vehicles and not investments and are therefore, outside the scope and restrictions of this policy.

3. Accounting Method

The District shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP) relating to investment accounting. The accounting principles are those contained in the pronouncements of authoritative bodies including but not necessarily limited to, the Governmental Accounting Standards Board (GASB); the American Institute of Certified Public Accountants (AICPA); and the Financial Accounting Standards Board (FASB).

4. Internal Controls and Compliance

- a. The Director of Business shall establish and maintain a system of internal controls consistent with this policy designed to prevent the loss of public funds due to fraud, error, misrepresentation or imprudent actions by third parties or by employees of the District. The internal control structure shall be designed to provide reasonable assurance that these objectives are met. Written internal controls shall be reviewed and tested at least annually or upon any extraordinary event such as turnover of key personnel or the discovery of inappropriate activity.

The written internal controls which shall address the following areas of concern:

- (1) Compliance with investment policy constraints and requirements
- (2) Clear delegation of authority
- (3) Segregation of duties and separation of responsibilities for trade execution, accounting, and record keeping

- (4) Written confirmation of transactions and funds transfers
 - (5) Timely reconciliation of custodial reports
 - (6) Appropriate security for online transactions and access to bank accounts and bank data
 - (7) Custodial safekeeping
 - (8) Control of collusion
 - (9) Review, maintenance and monitoring of security procedures both manual and automated
 - (10) Dual authorizations of wire and automated clearing house (ACH) transfers.
- b. The policies set forth in this document shall be adhered to and monitored. Any instance which is deemed to be out-of-compliance with this investment policy shall be brought back into compliance as soon as prudently feasible.

5. Audits

An external auditor shall provide an annual independent review to assure compliance with Oregon state law and the districts policies and procedures.

Authorized Investments

All investments of the District shall be made in accordance with Oregon Revised Statutes: ORS 294.035 (Investment of surplus funds of political subdivisions; approved investments), ORS 294.040 (Restriction on investments under ORS 294.035), ORS 294.135 (Investment maturity dates), ORS 294.145 (Prohibited conduct for Director of Business including not committing to invest funds or sell securities more than 14 business days prior to the anticipated date of settlement), ORS 294.805 to 294.895 (Local Government Investment Pool). Any revisions or extensions of these sections of the ORS shall be assumed to be part of this Investment Policy immediately upon being enacted.

1. Specific Allowable Investments Under ORS 294.035

- a. US Treasury Obligations: Direct obligations of the United States Treasury whose payment is guaranteed by the United States. [ORS Section 294.035(3)(a)].
- b. US Agency Obligations Primary: Senior debenture obligations of US federal agencies and instrumentalities or U.S. government sponsored enterprises (GSE) that have actively traded markets and provide a higher level of liquidity. These include: Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Banks (FHLB), and the Federal Farm Credit Bureau (FFCB).
- c. US Agency Obligations Secondary: Other US government sponsored enterprises that are less marketable are considered secondary GSEs. They include but are not limited to: Private Export Funding Corporation (PEFCO), Tennessee Valley Authority (TVA), Financing Corporation (FICO) and Federal Agricultural Mortgage Corporation, (Farmer Mac).
- d. Municipal Debt: Lawfully issued debt obligations of the States of Oregon, California, Idaho and Washington and political subdivisions of those states if the obligations have a long-term rating on the settlement date of AA- or better by S&P or Aa3 or better by Moody's. In the case of a split rating, the highest rating of these two rating agencies will be used. No issuer is allowed that has had prior default.
- e. Corporate Indebtedness: Corporate indebtedness must be rated on the settlement date AA- or better by S&P or Aa3 or better by Moody's. In the case of a split rating, the highest rating of these two rating agencies will be used.

- f. Commercial Paper: Commercial Paper that is rated A1+/P1. In the case where both rating agencies provide ratings on the corporation, the highest rating will be used.
 - g. Bank Time Deposit/Savings Accounts: All time deposits shall be held in qualified Oregon depositories in accordance with ORS Chapter 295. Time deposit open accounts or savings accounts in insured institutions as defined in ORS Section 706.008, in credit unions as defined in ORS Section 723.006 or in federal credit unions, if the institution or credit union maintains a head office or a branch in this state [ORS Section 294.035(3)(d)].
 - h. Certificates of Deposit: Certificates of deposit in insured institutions as defined in ORS 706.008, in credit unions as defined in ORS Section 723.006 or in federal credit unions, if the institution or credit union maintains a head office or a branch in this state [ORS Section 294.035(3)(d)].
 - i. Bankers' Acceptances: A short-term credit investment created by a non-financial firm and guaranteed by a qualified financial institution whose long-term letter of credit rating is at least AA- by S&P or Aa3 by Moody's.
 - j. Local Government Investment Pool: Oregon Short Term Fund, up to the statutory limit per ORS Section 294.810.
2. Additional Investments: If additional types of securities are considered for investment, per Oregon state statute they will not be eligible for investment until this Policy has been amended and the amended version adopted by the District.
3. Prohibited Investments
- a. Private Placement or "144A" Securities: Private placement or "144A" securities are not allowed. For purposes of the policy, SEC Rule 144A securities are defined to include commercial paper privately placed under section 4(a)(2) of the Securities Act of 1933.
 - b. US Agency Mortgage-backed Securities: US agency mortgage-backed securities such as those securities issued by FNMA and FHLMC are not allowed.
 - c. Securities Lending: The District shall not lend securities nor directly participate in a securities lending program.
 - d. Restriction on Issuers with Prior Default History: Per ORS 294.040, the bonds of issuers listed in ORS 294.035(3)(a) to (c), which are municipal issued securities, may not be purchased if the issuer had a default of payment either in principal or of interest on the obligations issued by the county, port, school district or city, for a period of five years next preceding the date of the investment.

Investment Parameters

1. Diversification and Suitable Investments

The District will diversify the investment portfolio to avoid incurring unreasonable risks, both credit and interest rate risk, inherent in over investing in specific instruments, individual financial institutions or maturities. These limits may be more restrictive than ORS Chapter 294.

2. Recognized Credit Rating

The District will utilize S&P and Moody’s as recognized rating agencies and issuers must be rated by at least one of the rating agencies as detailed in the table below:

Diversion Constraints on Total Holdings – Liquidity and Core Funds				
Issue Type	Maximum % Holdings	Maximum % per Issuer	Ratings S&P	Ratings Moody’s
US Treasury Obligations	100%	None	N/A	N/A
US Agency Primary Securities FHLB, FNMA, FHLMC, FFCB	100%	40%	N/A	N/A
US Agency Secondary Securities FICO, FARMER MAC etc.	10%	5%	Security must be rated	Security must be rated
Municipal Bonds (OR, CA, ID, WA)	10%	10%	AA-	Aa3
Corporate Bonds	20%	5%*	AA-	Aa3
Commercial Paper	10%		A1+	P1
Bank Time Deposits/Savings Accounts	25%	15%	Oregon Public Depository	Oregon Public Depository
Certificates of Deposit	10%	5%	Oregon Public Depository	Oregon Public Depository
Banker’s Acceptance	25%	5%	A1+ AA- Underlying	P1 Aa3 Underlying
Oregon Short Term Fund	Maximum allowed per ORS 294.810	None	N/A	N/A
*issuer constraints apply to the combined issues in corporate and commercial paper holdings.				

3. Investment Maturity and Managing Risk

- a. **Liquidity Risk:** The risk of not having funds available when needed to make payments and will be managed through cash flow management and tracking.
- b. **Longer term Investments:** Funds in excess of liquidity requirements are allowed for investments maturing greater than one year. Longer-term investments tend to be less liquid than shorter term investments.
- c. **Interest Rate Risk:** Longer-term investments have the potential to achieve higher returns but are likely to exhibit higher market value volatility due to the change in the general level of interest rates over the life of the investment. Interest rate risk will be mitigated by providing adequate liquidity for short term cash needs, and by making longer-term investments only with funds that are not needed for current cash flow purposes.

- d. **Credit Risk:** Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. Credit risk will be mitigated by diversification of issuers and managing the credit ratings of each security held.

The District will not directly invest in securities with a stated maturity more than five (5) years from the date of purchase.

- a. The maximum weighted maturity of the total portfolio shall not exceed 2.0 years. This maximum is established to limit the portfolio to excessive price change exposure.
- b. Liquidity funds will be held in the State Pool, bank deposits or in money market instruments maturing one year and shorter. The liquidity portfolio shall, at a minimum, represent six-month budgeted outflows.
- c. Core funds for Operating Funds will be defined as the funds in excess of liquidity requirements. The investments in this portion of the portfolio will have stated maturities between 1 day and 3 years and will be only invested in high quality and liquid securities.
- d. Bond Proceeds Funds will be invested in a manner to match expected disbursements based on projected funding schedules. The maximum maturity of any single security will be 5.0 years.
- e. Total Portfolio Maturity Constraints

Maturity Constraints	Minimum % of Total Portfolio
Under 30 days	10%
Under 1 year	25%
Under 5 years	100%

Maturity Constraints	Maximum of Total Portfolio in Years
Weighted Average Maturity	2.00

Security Structure Constraint	Maximum % of Total Portfolio
Callable Agency Securities	25%

Investment Of Proceeds From Debt Issuance

Investments of bond proceeds are restricted further and will not include corporate bonds in the dedicated bond proceed portfolio. All other allowable investments including: US treasury, US agency and Commercial Paper may be utilized. The investments will be made in a manner to match cash flow expectations based on managed disbursement schedules.

Liquidity for bond proceeds will be managed through the OSTF Pool or Bank deposit balances.

Funds from bond proceeds and amounts held in a bond payment reserve or proceeds fund may be invested pursuant to ORS 294.052. Investments of bond proceeds are typically not invested for resale and maturity matched with expected outflows.

Information will be maintained for arbitrage rebate calculations.

Investment Of Reserve Or Capital Improvements

Pursuant to ORS 294.135(1)(b), reserve or capital Improvement project monies may be invested in securities exceeding three years when the funds in question are being accumulated for an anticipated use that will occur more than 18 months after the funds are invested, then, upon the approval of the governing body of the county, municipality, school district or other political subdivision, the maturity of the investment or investments made with the funds may occur when the funds are expected to be used.

Policy Compliance And Performance Standards

1. Compliance Report

A compliance report shall be maintained quarterly to document the portfolio versus the investment policy. The compliance report shall encompass all securities held by the District.

2. Compliance Measurement and Adherence

- a. Compliance Measurement: Guideline measurements will use market value of investments.
- b. Compliance Procedures: If the portfolio falls outside of compliance with adopted investment policy guidelines or is being managed inconsistently with this policy, the Investment Officer shall bring the portfolio back into compliance in a prudent manner and as soon as prudently feasible.
- c. Violations of portfolio guidelines as a result of transactions; actions to bring the portfolio back into compliance and; reasoning for actions taken to bring the portfolio back into compliance shall be documented and reported to the Finance Committee.
- d. Due to fluctuations in the aggregate surplus funds balance, maximum percentages for a particular issuer or investment type may be exceeded at a point in time. Securities need not be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained.
- e. As determined on any date that the security is held within the portfolio. If the credit rating of a security is subsequently downgraded below the minimum rating level for a new investment of that security, the Investment officer shall evaluate the downgrade on a case-by-case basis in order to determine if the security should be held or sold. The Investment officer will apply the general objectives of Safety, Liquidity, Yield and Legality to make the decision. If the District has hired the services of an Investor Advisor, the Investment officer will act on the recommendation of the Advisor.

3. Performance Standards

- a. The District's earnings yield will be compared to the OST Fund Pool rate and Bank Deposit Rate, with the understanding that the portfolio maturity will vary from these cash alternatives.
- b. The core investment portfolio will be invested into a predetermined structure that will be measured against a selected benchmark portfolio. The structure will be based upon a chosen minimum and maximum effective duration and will have the objective to achieve market rates of returns over long investment horizons. The purpose of the benchmark is to appropriately manage the risk in the portfolio given interest rate cycles. The core portfolios are expected to provide similar returns to the benchmark over interest rate cycles but may underperform or outperform in certain periods. The portfolios will be positioned to first protect principal and then achieve market rates of return. The benchmark used will be a Treasury 0-3 year standard market index and comparisons will be calculated monthly and reported quarterly.
- c. The bond proceed portfolios will be matched to expected disbursement schedules and will therefore not have a performance benchmark.
- d. When comparing the performance of the District's portfolios, all fees and expenses involved with managing the portfolio may be included in the computation of the portfolio's rate of return.

Reporting

1. Methods

The Director of Business shall prepare an investment report quarterly including a management summary that provides an analysis of the status of the current investment portfolio and transactions made over the previous quarter. The report will be submitted to the Board for review. This management summary will be prepared in a manner which will allow the Board to ascertain whether investment activities during the reporting period have conformed to the investment policy.

Minimum Reporting Requirements for Total Portfolio Quarterly:

- a. Earnings Rate
- b. Holdings Report with mark to market values
- c. Transaction Report
- d. Weighted Average Maturity
- e. Compliance Report

Adoption And Re-Adoption Of Policy

If the District intends to have investments with maturity of greater than 18 months, then this investment policy shall be reviewed by the Director of Business and annually adopted by the District's Board in accordance with ORS 294.135(1)(a). Any significant changes to the rule must be reviewed by the Oregon Short Term-Fund Board prior to submitting to Board for adoption.

1. Review

The investment policy shall be reviewed at least annually to ensure its consistency with the overall objectives of preservation of principal, liquidity and return, and its relevance to current law and financial and economic trends.

The annual report should also serve as a venue to suggest policies and improvements to the investment program and shall include an investment plan for the coming year.

2. Exemptions

Any investment held prior to the adoption of this policy shall be exempted from the requirements of this policy. At maturity or liquidation, such monies shall be reinvested as provided by this policy.