

Central School District 13J

Code: **DFAB**
Adopted: 2/02/09
Readopted: 2/07/11
Orig. Code(s): DFA

Investment of Bond Proceeds

1. Policy Statement

Oregon Revised Statutes Section 294.135 generally requires that an investment policy be written and reviewed by the Oregon Short Term Fund Board for investments that are longer than 18 months from purchase date. The investment of bond proceeds for the district may require investments to be longer than 18 months to match investment maturity dates to the expected disbursements of the construction project. Therefore, this policy is designed to provide for investments for bond proceeds to match investment maturity dates to the expected schedule for payment of constructions costs.

2. Scope

This investment policy applies only to the investment of bond proceeds. The portfolio shall be invested in maturities that generate sufficient cash flow to meet bond fund projected disbursements. All other operating funds will be invested under 18 months as stated in ORS statute 294.035 or guided by the districts Operating Fund Policy.

3. 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 generates sufficient cash flow to meet the expected project drawdown schedule. A liquidity component of at least 10% of the current bond proceed balance will be maintained in the LGIP fund, assuming that this amount is within ORS 294.810 restrictions.
- c. **Safety:** Investments are limited to U.S. Treasury and non-callable fixed rate GSE- Agency securities.
- d. **Yield:** The yield will be dependent on the timing of the investments.

4. Delegation of Authority

The business manager is responsible for all investment decisions.

5. 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. Authorized Financial Dealers and Institutions

The business manager will maintain a list of dealers that 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 district’s approved dealers.

7. 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.

8. Authorized and Suitable Investments

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

Eligible investments are only those securities and deposits authorized by statute (ORS 294) Eligible investments include:

- a. Obligations of the U.S. government;
U.S. Treasury Notes, Bonds and Bills.
- b. Obligations of U.S. government agencies, corporations wholly owned by the U.S. Government or any Government Sponsored Enterprises (GSE’s) as provided by the Oregon State Treasurer pursuant to ORS 294.046, including but not limited to:
 - (1) Federal Home Loan Bank - FHLB;
 - (2) Federal Farm Credit Bank-FFCB;
 - (3) Federal Home Loan Mortgage Corporation - FHLMC;
 - (4) Federal National Mortgage Association - FNMA.
 - (a) All treasury and agency securities must be non-callable with a fixed rate.
 - (b) Oregon Short Term Investment Pool - LGIP
 - (c) Certificates of Deposit - only issuing banks that are on the State Treasurer’s public depositories list, collateralized under ORS 295.

9. 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 a segregated safekeeping account by a third party custodian.

10. Diversification

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

Diversification by Issuer at the time of purchase	Percentage
U.S. Treasury Issues	100%
Agency (GSE's)	Up to 50% per issuer
LGIP	Per ORS 294.810

11. Maximum Maturities

Maximum Maturity of Single Issue 3.0 years

Maximum Average Maturity of Total Bond Project Fund 1.5 years

Maximum Maturity of Certificates of Deposit 1.5 years

12. Reporting Requirements

The business manager shall prepare a quarterly and 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.

13. Internal Controls and Accounting Method

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

14. Investment Policy Adoption

The policy shall be reviewed annually by the Board.

END OF POLICY

Legal Reference(s):

[ORS 294.033](#)

[ORS 294.035](#)

[ORS 294.135\(1\)\(a\)](#)

[ORS 294.155](#)