

Investment of Funds

At this time the District has chosen not to pursue an active investment strategy that would allow for purchase of the full range of securities permitted under Oregon Revised Statute (ORS) 294. Allowed securities have been limited to fixed income holdings that do not require credit analysis to support the investment process. Should this strategy change, the procedures noted below would need to be expanded to support a higher level of analysis and due diligence on the part of the Investment Officer and Board of Directors.

1. Internal Controls

The Investment Officer and Board of Directors are responsible for establishing and maintaining an adequate internal control structure designed to reasonably assure that invested funds are invested within the parameters of this policy and protected from loss, theft or misuse. Specifics for the internal controls shall be documented in writing. The established control structure shall be reviewed annually and updated as needed by the Investment Officer.

2. Permitted Investments

The following investments are permitted pursuant to ORS 294.035, 294.040, and ORS 294.810. (Note: Permitted investments may be more restrictive than ORS 294.035 and 294.810).

- a. US Treasury Obligations: U.S. Treasury and other government obligations that carry the full faith and credit guarantee of the United States for the timely payment of principal and interest.
- b. US Agency Obligations: Senior debenture obligations of US federal agencies and instrumentalities or U.S. government sponsored enterprises (GSE).
- c. Oregon Short Term Fund (which includes the Local Government Investment Pool)
- d. Time Deposit Open Accounts, Savings Accounts and Certificates of Deposit in qualified Oregon depositories.

3. Investment of Proceeds from Debt Issuance

- a. Investments of bond proceeds are restricted under bond covenants that may be more restrictive than the investment parameters included in this policy. Bond proceeds shall be invested in accordance with the parameters of this policy and the applicable bond covenants and tax laws.
- b. 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 are maturity matched with outflows.

4. Investment of Reserve or Capital Improvement Funds

Pursuant to ORS 294.135(1)(b), reserve or capital improvement project monies may be invested in securities with a maturity exceeding 18 months when the funds in question are being accumulated for an anticipated use that will occur more than 18 months after the funds are invested. With the approval of the Board of Directors, the maturity of the investment or investments made with the funds may occur when the funds are expected to be used.

5. Standards of Care

a. Prudence

The standard of prudence to be used by District staff charged with investment responsibility shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. District staff acting in accordance with these procedures and the investment policy, and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or marked price changes, provided deviations from expectations are reported and appropriate action taken to control adverse developments within a timely fashion as defined in these procedures.

The "prudent person" standard states:

"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."

b. Ethics and Conflict of Interest

District staff charged with investment responsibility shall refrain from professional or personal activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial investment decisions. Any real or potential conflict of interest related to the investment program must be reported to the Board of Directors before any investment-related decision is made by the staff member. Upon receiving notice, the Board of Directors will take action to mitigate the conflict or move decision-making authority to a staff member without a conflict of interest.

District staff charged with investment responsibility will disclose any personal financial/investment holdings that could be related to the performance of the investment portfolio on an annual basis, and update this disclosure for any new holdings acquired mid-year. This disclosure will be provided to the Board of Directors on a confidential basis. District staff will refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the District, and will not accept any soft dollars or other "benefits" for directing investment purchases to a specific individual or firm.

6. Transaction Counterparties, Investment Advisers and Depositories

a. Broker/Dealers

The Investment Officer shall determine which broker/dealer firms and registered representatives are authorized for the purposes of investing funds within the scope of this investment program. If needed, a list will be maintained 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.
- (3) The Investment Officer may want to establish practices for engaging broker/dealer firms and registered representatives that are more restrictive than stated in this procedure. Additional requisites or due diligence items may include:
 - (a) Positive references from at least three other local government clients.
 - (b) As part of the periodic due diligence review, inquiries with other local government clients with regard to their recent experiences with broker/dealer firms or registered representatives and any change in relationship status.
 - (c) Requirement that approved registered representatives provide notification within 30 days of any formal investigations or disciplinary actions initiated by federal or state regulators.
 - (d) Requirement that prospective registered representatives have an established history of advising local governments with similar amounts of assets under management.
- (4) Periodic (at least annual) review of all authorized broker/dealers and their respective authorized registered representatives will be conducted by the Investment Officer. Factors to consider would be:
 - (a) Pending investigations by securities regulators.

- (b) Significant changes in net capital.
- (c) Pending customer arbitration cases.
- (d) Regulatory enforcement actions.

Professional conduct; regulatory filing history; and registration status for any registered broker/dealer firm or for an individual registered representative can be researched at the FINRA website using the FINRA BrokerCheck© service at:
www.finra.org/Investors/ToolsCalculators/BrokerCheck/

Additional information (including state issued Enforcement Orders) on brokers and registered representatives licensed by the state of Oregon may also be obtained from the Oregon Department of Consumer and Business Services Division of Finance and Corporate Securities.

b. Investment Advisers

If the Board of Directors chooses to engage an investment adviser, the Investment Officer will develop a list of potential advisers by conducting a process of due diligence. The Board of Directors will select one or more advisers from this list.

- (1) The following items are required for all approved Investment Advisers:
 - (a) The investment adviser firm must be registered with the Securities and Exchange Commission (SEC) or licensed by the state of Oregon; (Note: Investment adviser 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 adviser firm representatives conducting investment transactions on behalf of the District must be registered representatives with FINRA;
 - (c) All investment adviser firm representatives conducting investment transactions on behalf of the District must be licensed by the State of Oregon;
 - (d) Certification, by all of the adviser representatives conducting investment transactions on behalf of the District, of having read, understood and agreed to comply with the investment policy and all related District rules and procedures.
- (2) A periodic (at least annual) review of all authorized investment advisers will be conducted by the Investment Officer to determine their continued eligibility within the investment program guidelines. Factors to consider would be:
 - (a) Pending investigations by securities regulators.
 - (b) Significant changes in net capital.
 - (c) Pending customer arbitration cases.
 - (d) Regulatory enforcement actions.
- (3) The Investment Officer may want to establish practices for engaging investment advisers' services that are more restrictive than stated in this procedure. Additional requisites or due diligence items may include:
 - (a) Positive references from at least three other local government clients of a prospective investment adviser firm.

- (b) As part of the periodic due diligence review, inquiries with other local government clients of approved investment advisers with regard to their recent experiences with the adviser and any change in the relationship status.
- (c) Requirement that approved investment advisers provide notification within 30 days of a relationship termination by an Oregon based local government.
- (d) Requirement that approved investment adviser provide notification within 30 days of any formal investigations or disciplinary actions initiated by federal or state regulators.
- (e) Requirement that prospective investment advisers have an established history of advising local governments with similar amounts of assets under management.

Professional conduct and regulatory filing history for any registered investment adviser or for individual adviser representatives can be researched on the Securities and Exchange Commission's (SEC) Investment Adviser Public Disclosure website. The SEC's Investment Adviser Public Disclosure website provides access to the registration form ("Form ADV") that the adviser filed. Form ADV contains information about an investment adviser and its business operations. Additionally, it contains disclosure about certain disciplinary events involving the adviser and its key personnel. The website also allows users to search for an individual investment adviser representative and view that individual's professional background and conduct, including current registrations, employment history, and disclosures about certain disciplinary events involving the individual.

<http://www.adviserinfo.sec.gov/IAPD/Content/Search/iapd_Search.aspx>

c. Competitive Transactions

- (1) The Investment Officer shall obtain and document competitive bid information on all investments purchased or sold in the secondary market. 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.
- (2) In the instance of a security for which there is no readily available competitive bid or offering on the same specific issue, then the Investment Officer shall document quotations for comparable or alternative securities.
- (3) 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 Investment Officer is encouraged to document quotations on comparable securities.
- (4) If an investment adviser provides investment management services, the adviser must retain documentation of competitive pricing execution on each transaction and provide upon request.

7. Administration and Operations

a. Delivery vs. Payment

All trades of marketable securities will be executed (cleared and settled) by delivery vs. payment (DVP) to ensure that securities are deposited in the District's safekeeping institution prior to the release of funds.

b. Third-Party Safekeeping

Securities will be held by an independent third-party safekeeping institution selected by the District. All securities will be evidenced by safekeeping receipts in the District's name. Upon request, the safekeeping institution shall make available a copy of its Statement on Standards for Attestation Engagements (SSAE) No. 16.

c. Internal Controls

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management. The internal controls shall address the following points at a minimum:

- (1) Compliance with Investment Policy and related rules/procedures.
- (2) Control of collusion.
- (3) Separation of transaction authority from accounting and record keeping.
- (4) Custodial safekeeping.
- (5) Avoidance of physical delivery of securities whenever possible and address control requirements for physical delivery where necessary.
- (6) Clear delegation of authority to subordinate staff members.
- (7) Confirmation of transactions for investments and wire transfers in written or digitally verifiable electronic form.
- (8) Dual authorizations of wire and automated clearing house (ACH) transfers.
- (9) Staff training.
- (10) Review, maintenance and monitoring of security procedures both manual and automated.

d. As part of the District's annual financial statement audit, the District's independent external auditor will review compliance with ORS 294 and the Investment Policy.

e. Prohibited Investments

(1) US Agency Mortgage-backed Securities

US agency mortgage-backed securities such as those securities issued by FNMA and FHLMC are not allowed.

(2) Securities Lending

The District shall not lend securities nor directly participate in a securities lending program.

f. Demand Deposits and Time Deposits

All demand deposits and time deposits (Examples of time deposits are: time deposit open accounts, certificates of deposit and savings accounts) shall be held in qualified Oregon depositories in accordance with ORS Chapter 295. Demand deposits in qualified Oregon depositories are considered cash vehicles and not investments and are therefore outside the scope and restrictions of the Investment policy. Pursuant to ORS 294.035(3)(d), time deposits are considered investments and within the scope of the Investment policy.

8. Investment Parameters

a. 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 has been addressed by limiting allowable District investments to those that pose a minimal credit risk.

The following table provides additional exposure limits for investment types permitted by the Investment Policy:

Issue Type	Maximum % Holdings
US Treasury Obligations	100%
US Agency Securities	100%
Per Agency (Senior Obligations Only)	100%
Oregon Short Term Fund	Maximum allowed per ORS 294.810
Time Deposits/Savings	50%
Accounts/Certificates of Deposit(2) Per Institution	25%

b. Liquidity Risk

Liquidity risk is the risk that an investment may not be easily marketable or redeemable. The following strategies will be employed to mitigate liquidity risks:

- (1) Operating funds will be invested in the Oregon Short Term Fund to the extent permitted by ORS 294.810. Excess amounts shall be invested in adherence with the portfolio maturity constraints listed below:

Maturity Constraints	Minimum % of Operating Funds
Under 3 months	25% or three months estimated operating expenditures
Under 6 months	50%
Under 1 year	75%
Under 18 months	100%

- c. Amounts related to Bond Proceed and Reserve Funds or Capital Improvement Project Funds should be invested to match maturities to expected use of the funds, and are not limited by the constraints noted in section (1) above. Investments with a final maturity exceeding 18 months must be approved by the Board of Directors. Funds expected to be needed in the next 90 days should be invested in the Oregon Short Term Fund or an authorized depository account.

d. Interest Rate Risk

Longer-term investments have the potential to achieve higher returns but are also likely to exhibit higher market value volatility due to the changes in the general level of interest rates over the life of the investment(s). 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.

9. Policy Compliance

If the portfolio falls outside of compliance with adopted investment policy guidelines or is being managed inconsistently with the procedures, the Investment Officer shall bring the portfolio back into compliance in a prudent manner and as soon as prudently feasible.

Violations of investment policy or 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 Board of Directors at the next regularly scheduled meeting.

10. Reporting and Disclosure

a. Quarterly Reporting

The Investment Officer shall prepare a report at least quarterly that allows the Board of Directors to ascertain whether investment activities during the reporting period have conformed to the investment policy.

b. Annual Reporting

At least annually, the Investment Officer shall report comparisons of investment returns to relevant alternative investments (examples: available certificates of deposit; the Oregon Short Term Fund; US Treasury rates; or against one or bond indices with a similar risk profile). The annual report will also include a strategic discussion of investment program direction for the coming year.

11. Policy Maintenance and Considerations

a. 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 review should also serve as a venue to suggest new/revised procedures and improvements to the investment program, and shall include a review of the investment plan for the coming year.

b. Policy Adoption and Amendments

The investment policy and any modifications to the policy must be formally approved in writing by the Board of Directors.

The investment policy must be submitted to the Oregon Short Term Fund (OSTF) Board for review if:

- (1) The policy allows maturities beyond 18 months unless the funds are being accumulated for a specific purpose, including future construction projects, and upon approval of the Board of Directors, the maximum maturity date matches the anticipated use of the funds (ORS 294.135(1)(b)); and either
 - (a) The policy has never been submitted to the OSTF Board for comment; or
 - (b) Material changes have been made since the last review by the OSTF Board.

12. List of Documents Used in Conjunction with this Document

- a. Appendix A: Relevant investment statutes, attached
- b. List of authorized personnel maintained by Financial Services
- c. Sample investment reports, maintained by Financial Services

**Appendix A: Oregon Revised Statute (ORS) 294.035-.155 and 294.810
(2015 Edition)**

294.035 Investment of funds of political subdivisions; approved investments. (1) Subject to ORS 294.040 and 294.135 to 294.155, the custodial officer may invest any sinking fund, bond fund or surplus funds in the custody of the custodial officer in the bank accounts, classes of securities at current market prices, insurance contracts and other investments listed in this section, but only after obtaining from the governing body of the county, municipality, political subdivision or school district a written order that has been entered in the minutes or journal of the governing body.

(2) This section does not:

(a) Limit the authority of the custodial officer to invest surplus funds in other investments when the investment is specifically authorized by another statute.

(b) Apply to a sinking fund or a bond fund established in connection with conduit revenue bonds issued by a county, municipality, political subdivision or school district for private business entities or nonprofit corporations.

(3) Investments authorized by this section are:

(a) Lawfully issued general obligations of the United States, the agencies and instrumentalities of the United States or enterprises sponsored by the United States Government and obligations whose payment is guaranteed by the United States, the agencies and instrumentalities of the United States or enterprises sponsored by the United States Government.

(b) Lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon and its political subdivisions that have a long-term rating of A or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization.

(c) Lawfully issued debt obligations of the States of California, Idaho and Washington and political subdivisions of those states if the obligations have a long-term rating of AA or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization.

(d) Time deposit open accounts, certificates of deposit and savings accounts in insured institutions as defined in ORS 706.008, in credit unions as defined in ORS 723.006 or in federal credit unions, if the institution or credit union maintains a head office or a branch in this state.

(e) Share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

(f) Fixed or variable life insurance or annuity contracts as defined by ORS 731.170 and guaranteed investment contracts issued by life insurance companies authorized to do business in this state.

(g) Trusts in which deferred compensation funds from other public employers are pooled, if:

(A) The purpose is to establish a deferred compensation plan;

(B) The trust is a public instrumentality of such public employers and described in section (2)(b) of the Investment Company Act of 1940, 15 U.S.C. 80a-2(b), as amended, in effect on September 20, 1985, or the trust is a common trust fund described in ORS 709.170;

(C) Under the terms of the plan the net income from or gain or loss due to fluctuation in value of the underlying assets of the trust, or other change in such assets, is reflected in an equal increase or decrease in the amount distributable to the employee or the beneficiary thereof and, therefore, does not ultimately result in a net increase or decrease in the worth of the public employer or the state; and

(D) The fidelity of the trustees and others with access to such assets, other than a trust company, as defined in ORS 706.008, is insured by a surety bond that is satisfactory to the public employer, issued by a

company authorized to do a surety business in this state and in an amount that is not less than 10 percent of the value of such assets.

(h)(A) Banker's acceptances, if the banker's acceptances are:

(i) Guaranteed by, and carried on the books of, a qualified financial institution;

(ii) Eligible for discount by the Federal Reserve System; and

(iii) Issued by a qualified financial institution whose short-term letter of credit rating is rated in the highest category by one or more nationally recognized statistical rating organizations.

(B) For the purposes of this paragraph, "qualified financial institution" means:

(i) A financial institution that is located and licensed to do banking business in the State of Oregon; or

(ii) A financial institution that is wholly owned by a financial holding company or a bank holding company that owns a financial institution that is located and licensed to do banking business in the State of Oregon.

(C) A custodial officer shall not permit more than 25 percent of the moneys of a local government that are available for investment, as determined on the settlement date, to be invested in banker's acceptances of any qualified financial institution.

(i)(A) Corporate indebtedness subject to a valid registration statement on file with the Securities and Exchange Commission or issued under the authority of section 3(a)(2) or 3(a)(3) of the Securities Act of 1933, as amended. Corporate indebtedness described in this paragraph does not include banker's acceptances. The corporate indebtedness must be issued by a commercial, industrial or utility business enterprise, or by or on behalf of a financial institution, including a holding company owning a majority interest in a qualified financial institution.

(B) Corporate indebtedness must be rated on the settlement date P-1 or Aa or better by Moody's Investors Service or A-1 or AA or better by Standard & Poor's Corporation or equivalent rating by any nationally recognized statistical rating organization.

(C) Notwithstanding subparagraph (B) of this paragraph, the corporate indebtedness must be rated on the settlement date P-2 or A or better by Moody's Investors Service or A-2 or A or better by Standard & Poor's Corporation or equivalent rating by any nationally recognized statistical rating organization when the corporate indebtedness is:

(i) Issued by a business enterprise that has its headquarters in Oregon, employs more than 50 percent of its permanent workforce in Oregon or has more than 50 percent of its tangible assets in Oregon; or

(ii) Issued by a holding company owning not less than a majority interest in a qualified financial institution, as defined in paragraph (h) of this subsection, located and licensed to do banking business in Oregon or by a holding company owning not less than a majority interest in a business enterprise described in sub-subparagraph (i) of this subparagraph.

(D) A custodial officer may not permit more than 35 percent of the moneys of a local government that are available for investment, as determined on the settlement date, to be invested in corporate indebtedness, and may not permit more than five percent of the moneys of a local government that are available for investment to be invested in corporate indebtedness of any single corporate entity and its affiliates or subsidiaries.

(j) Repurchase agreements whereby the custodial officer purchases securities from a financial institution or securities dealer subject to an agreement by the seller to repurchase the securities. The repurchase agreement must be in writing and executed in advance of the initial purchase of the securities that are the subject of the repurchase agreement. Only securities described in paragraph (a) of this subsection may be used in conjunction with a repurchase agreement and such securities shall have a maturity of not longer than three years. The price paid by the custodial officer for such securities may not exceed amounts or percentages prescribed by written policy of the Oregon Investment Council or the Oregon Short Term Fund Board created by ORS 294.885.

(k) Shares of stock of any company, association or corporation, including but not limited to shares of a mutual fund, but only if the moneys being invested are funds set aside pursuant to a local government deferred compensation plan and are held in trust for the exclusive benefit of participants and their beneficiaries.

(L) The investment pool as defined in ORS 294.805 and, with the approval of the State Treasurer, any other commingled investment pool that may be established in the discretion of the State Treasurer for investment of the funds of local governments. The State Treasurer may require the governing body of a local government to enter into an investment agreement with the State Treasurer as a condition of investing funds in a commingled investment pool under this paragraph. [Amended by 1957 c.53 §1; 1957 c.689 §1; 1965 c.404 §1; 1973 c.157 §1; 1973 c.288 §1; 1974 c.36 §9; 1975 c.359 §3; 1977 c.300 §1; 1981 c.804 §84; 1981 c.880 §13; 1983 c.456 §2; 1985 c.256 §2; 1985 c.440 §1; 1985 c.690 §2; 1987 c.493 §1; 1991 c.459 §379; 1993 c.59 §1; 1993 c.452 §1; 1993 c.721 §1; 1995 c.79 §102; 1995 c.245 §2; 1997 c.249 §91; 1997 c.631 §446; 1999 c.601 §1; 2001 c.377 §43; 2003 c.405 §1; 2005 c.443 §§13,13a; 2009 c.821 §25; 2013 c.192 §1; 2014 c.18 §1]

294.040 Restriction on investments under ORS 294.035. The bonds listed in ORS 294.035 (3)(a) to (c) may be purchased only if there has been no default in payment of either the principal of or the interest on the obligations of the issuing county, port, school district or city, for a period of five years next preceding the date of the investment. [Amended by 1995 c.245 §3; 2005 c.443 §21]

294.046 List of approved securities for investment under ORS 294.035; distribution. The State Treasurer shall prepare and keep current a list of agencies and instrumentalities of the United States with available obligations that any county, municipality, political subdivision or school district may invest in under ORS 294.035 (3)(a) and 294.040. The list shall be distributed, upon request, to any county, municipality, political subdivision or school district. [1973 c.157 §3; 1975 c.359 §4; 1995 c.245 §4; 2005 c.443 §22]

294.047 Loss of principal on liquidation of investments. Whenever the custodial officer is forced to liquidate investments made pursuant to ORS 294.035 and 294.040 to meet current cash demands and such liquidation results in a loss of invested principal because the securities were liquidated prior to maturity under market conditions unfavorable to such liquidation, the loss shall be charged against current or future investment earnings and the custodial officer shall not be personally liable to make good such loss. [1959 c.612 §1; 1963 c.465 §1; 1975 c.359 §5]

294.048 Borrowing money when premature withdrawal or liquidation of certain investments would cause loss. When funds invested under ORS 294.035 (3)(d) are required to meet current cash demands and when withdrawal or liquidation of such investments at the time would cause a loss because the investment would be withdrawn or liquidated prior to maturity, the custodial officer may, after receiving the approval of the governing body, borrow funds on short-term promissory notes that shall be secured by pledging or assigning the investments held under ORS 294.035 (3)(d). The notes shall mature in not more than six months after date of issue. If a lender demands physical possession of the certificates of deposit or other evidence of an investment pledged or assigned under this section, the custodial officer shall deliver the certificate or other evidence to the lender. [1967 c.411 §1; 1975 c.359 §6; 1995 c.245 §5; 2005 c.443 §23]

294.052 Definitions; investment by municipality of proceeds of bonds. (1) As used in this section:

(a) "Bond" has the meaning given that term in ORS 287A.001.

(b) "Municipality" means a unit of local government within Oregon including, but not limited to, cities, counties, school districts, special districts, public corporations and intergovernmental corporations organized under the authority of ORS 190.010.

(2) Notwithstanding ORS 294.135 or 294.145 or any other law or charter provision, a municipality may invest proceeds of bonds and amounts held in a bond payment reserve or proceeds fund or account in float agreements, debt service deposit agreements, forward investment agreements, guaranteed investment contracts or other investment agreements if the agreements or contracts:

(a) Produce a guaranteed rate of return;

(b) Are fully collateralized by direct obligations of, or obligations guaranteed by, the United States; and

(c) Require that the collateral be held by the municipality, an agent of the municipality or a third-party safekeeping agent. [1999 c.559 §21; 2001 c.537 §7; 2007 c.783 §117]

294.100 Public official expending money in excess of amount or for different purpose than provided by law unlawful; civil liability. (1) It is unlawful for any public official to expend any moneys in excess of the amounts provided by law, or for any other or different purpose than provided by law.

(2) Any public official who expends any public moneys in excess of the amounts or for any other or different purpose than authorized by law shall be civilly liable for the return of the money by suit of the district attorney of the district in which the offense is committed, or at the suit of any taxpayer of such district, if the expenditure constitutes malfeasance in office or willful or wanton neglect of duty.

(3) On the demand in writing of 10 taxpayers of any municipal corporation with a population exceeding 100,000 inhabitants, filed with the tax supervising and conservation commission in the county in which the municipal corporation is situated, which demand sets forth that a public official has unlawfully expended public moneys in excess of the amount or for any other or different purpose than provided by law and that the expenditure constitutes malfeasance in office or willful or wanton neglect of duty, the tax supervising and conservation commission shall make an investigation of the facts as to the expenditure. If the tax supervising and conservation commission finds that public moneys have been unlawfully expended and that the expenditure constitutes malfeasance in office or willful or wanton neglect of duty, the commission shall proceed at law in the courts against the public official who has unlawfully expended the moneys for the return of the moneys unlawfully expended to the treasury of the municipal corporation. A right of action hereby is granted to the tax supervising and conservation commission for the purposes of this section.

(4) This section does not apply to the expenditure of revenues that are allowed to be accrued from a fiscal year to the prior fiscal year under ORS 294.383. [Amended by 2001 c.399 §1; 2002 s.s.4 c.1 §§9,10]

294.120 Use of facsimile signatures. (1) When authorized to use facsimile signatures by the governing body of any county, city, district organized for public purposes or any other public corporation or political subdivision of the state, any person authorized to sign any check, warrant or other instrument on behalf of the county, city, district, public corporation or political subdivision may, in the discretion of the person, sign the check, warrant or other instrument by facsimile signature affixed by rubber stamp or by any mechanical equipment or device.

(2) Where the use of facsimile signatures is authorized under this section, the holder or drawee of any check, warrant or other instrument bearing or purporting to bear a facsimile signature shall be under no duty to determine the authority of the person who affixed the facsimile signature to use facsimile signatures. [1955 c.261 §1]

294.125 Investment of funds authorized by order of governing body; limitations. (1) Subject to ORS 294.040 and 294.135 to 294.155, the custodial officer of any county, municipality, school district or other political subdivision of this state may, after having obtained a written order from the governing body of the county, municipality, school district or other political subdivision, which order shall be spread upon the minutes or journal of the governing body, invest any sinking fund, bond fund or surplus funds belonging to that county, municipality, school district or other political subdivision in the bank accounts, classes of securities at current market prices, insurance contracts and other investments described in ORS 294.035. However, notwithstanding any provision of ORS 190.003 to 190.250, except as provided in ORS 294.035:

(a) No custodial officer of any political subdivision of this state may accept for investment or invest the funds of any other political subdivision of this state; and

(b) No such political subdivision may tender funds for investment to the custodial officer of any other such political subdivision.

(2) Subject to ORS 294.040, 294.135 to 294.155 and subsection (1) of this section, the custodial officer of a port organized under ORS chapter 777 or 778 may invest any sinking fund, bond fund or surplus funds belonging to the port in interest-bearing revenue bonds issued by an export trading corporation formed by the port under ORS 777.755 to 777.800. A custodial officer of a port shall not invest in the aggregate more than \$3 million in revenue bonds issued by an export trading corporation. [1981 c.880 §5; 1983 c.200 §17; 1995 c.245 §6]

294.135 Investment maturity dates. (1) An investment made by a custodial officer under ORS 294.035 (3)(a) to (f), (h) and (i) or 294.125 may not exceed a maturity of 18 months or the date of anticipated use of the funds by the county, municipality, school district or other political subdivision to which the funds belong, whichever period is shorter. However:

(a) The custodial officer may make investments having a maturity longer than 18 months when the governing body of the county, municipality, school district or other political subdivision to which the funds belong has adopted a written investment policy that, prior to adoption, was submitted to the Oregon Short Term Fund Board for review and comment to the governing body, that includes guidelines concerning maximum investment maturity dates and that provides by its terms for re-adoption not less than annually; or

(b) 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.

(2) The maximum term of any repurchase agreement transaction may not exceed 90 days. [1981 c.880 §6,8; 1987 c.389 §1; 1989 c.303 §1; 1995 c.245 §7; 2003 c.41 §1; 2005 c.443 §24; 2009 c.821 §30]

294.145 Prohibited conduct for custodial officer. In making investments pursuant to ORS 294.035, the custodial officer may not:

(1) Make a commitment to invest funds or sell securities more than 14 business days prior to the anticipated date of settlement of the purchase or sale transaction;

(2) Enter into any agreement to invest funds or sell securities for future delivery for a fee other than interest;

(3) Lend securities to any person or institution, except:

(a) On a fully collateralized basis; and

(b) When the lending is specifically permitted under an investment policy adopted pursuant to ORS 294.135 (1)(a);

(4) Pay for any securities purchased by the custodial officer until the officer has received sufficient evidence of title to the securities. Evidence of title must be consistent with modern investment, banking and commercial practices and may include physical possession, book entry and automated recordation of such title. However, the custodial officer may instruct one or more custodial agents or banks to accept or release securities as that custodial officer considers advisable to be held in safekeeping for collection of principal and interest or other income; or

(5) Deliver securities to the purchaser of the securities upon sale prior to receiving payment in full for the securities. However, the custodial officer may deliver the securities to any custodial agent or bank upon instructions to hold the securities pending receipt by the custodial agent or bank of full payment for the securities. [1981 c.880 §7; 1991 c.88 §5; 1995 c.245 §8; 2008 c.18 §1]

294.155 Annual audit report; monthly report. (1) The custodial officer for a local government that holds and invests funds on behalf of another government unit shall at least once a year submit an audited report to that government unit for which funds are invested. An audit report shall be submitted to the local governmental unit or units within 30 days after receipt of the audit report by the custodial officer's governing body. This subsection shall not apply to municipal corporations or political subdivisions exempt from municipal audits in ORS 297.435.

(2) The custodial officer shall prepare a report not less than monthly to each county, municipality, school district and other political subdivision the segregated funds of which the custodial officer is then investing, as to changes made in the investments of the funds of that body during the preceding month. If requested by that body, the custodial officer shall furnish to it details on the investment transactions for its fund. The custodial officer shall also provide copies of any investment policy which has been adopted to the custodial officer's governing body upon request. [1981 c.880 §9; 1995 c.245 §9]

294.810 Local and tribal governments authorized to place limited funds in pool. (1)(a) Subject to paragraph (b) of this subsection, with the consent of the governing body, a local government official or tribal government official may place in the aggregate up to \$30 million of the funds of the local government or tribal government in the investment pool, or, if the assets of the investment pool have been transferred pursuant to ORS 294.882, for investment and reinvestment by the investment officer as provided under ORS 293.701 to 293.857 or 294.805 to 294.895, as the case may be.

(b) The investment officer may require the governing body of the local government or tribal government to enter into an investment agreement as a condition of placing funds with the investment officer pursuant to this subsection.

(2) The \$30 million limitation in this section does not apply either to funds of a governing body that are placed in the investment pool on a pass-through basis or to funds invested on behalf of another government unit. Local governments must remove pass-through funds that result in an account balance in the pool in excess of \$30 million within 10 business days. County governments and tribal governments must remove such excess funds within 20 business days.

(3) The investment officer shall annually adjust the \$30 million limitation in this section by multiplying \$30 million by the percentage, if any, by which the monthly averaged U.S. City Average Consumer Price Index for the 12 consecutive months ending August 31 of the current calendar year exceeds the monthly averaged U.S. City Average Consumer Price Index for the 12 consecutive months ending August 31, 1995. [1973 c.748 §2; 1981 c.880 §15; 1987 c.381 §2; 1995 c.245 §10; 2009 c.11 §38; 2009 c.821 §26; 2013 c.338 §2; 2014 c.18 §2; 2015 c.33 §1]