

Hermiston School District 8R

Code: **DFA-AR(2)**
Adopted: 4/06/09

Short-Form Investment

This investment policy applies only to the investment of bond proceeds.

1. Print this form and fill in your entity's name in section 1.0
2. Send the form to the Oregon Short-Term Fund Board at the following address:

Oregon Short-Term Fund Board
c/o Office of the State Treasurer
350 Winter St. NE, Suite 100
Salem, OR 97301

3. Upon receipt of notice of Board review, the policy must be adopted by the entity's governing body to be effective.
4. Note the date of adoption on the policy in the space provided.

Remember, this policy is only effective for twelve months from the date of adoption. Within that time period either a comprehensive investment policy or a request for waiver must be submitted to the Oregon Short-Term Fund Board if bond proceeds are held in investments maturing longer than 18 months.

SHORT-FORM INVESTMENT POLICY
Bond Proceeds Only

Date Adopted: _____

1.0 Policy Statement

Oregon Revised Statutes Section 294.135 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 _____ (Entity) 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 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 the Entity with the controls or flexibility that a comprehensive investment policy should provide.

The OSTFB strongly believes that all local governments with substantial investable funds should adopt a comprehensive investment policy. In consideration of the OSTFB providing expedited review of this short-form policy, the Entity agrees that it shall, within twelve months after this policy is adopted, either: submit a comprehensive investment policy to the OSTFB; or, request a waiver from the OSTFB. If the Entity neither submits a comprehensive investment policy nor requests a waiver within twelve months after this policy is adopted, this policy shall terminate on twelve months after the date of its adoption.

2.0 Scope

This investment policy applies only to the investment of bond proceeds. All other funds of the Entity that are subject to ORS 294.135 will be invested under 18 months.

3.0 Objective

The primary objectives, in order of priority, for the Entity’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 the LGIP fund, assuming that this amount is within ORS 294-810 restrictions.
- 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 Investment Officer 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 Investment Officer 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.

7.0 Investment Advisory Services:

The Entity 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 U.S. government;
 - o U.S. Treasury Notes, Bonds and Bills
- Obligations of U.S. government agencies, corporations wholly owned by the U.S. government or any Government Sponsored Enterprises (GSE’s): Specific listing:
 - o Federal Home Loan Bank - FHLB
 - o Federal Farm Credit Bank-FFCB
 - o Federal Home Loan Mortgage Corporation – FHLMC
 - o Federal National Mortgage Association – FNMA
- All treasury and agency securities must be non-callable with a fixed rate.
- Oregon Short-Term Fund – LGIP

9.0 Safekeeping and Custody

All security transactions entered into by the Entity will be conducted on a delivery-versus-payment (DVP) basis. Securities may be held in safekeeping by a third party custodian designated by the Investment Officer.

10.0 Diversification

The Entity will diversify the total bond project funds by issuer.

Diversification by Issuer:

- o U.S Treasury Issues Up to 100%
- o Agency (GSE's) Up 33% per issuer
- o LGIP Minimum of 10% of bond proceeds, maximum is the lesser of 100% or the amount permitted by ORS 294.810

11.0 Maximum Maturities

Maximum Maturity of Single Issue 3 years

12.0 Reporting Requirements

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

13.0 Internal Controls and Accounting Method

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

14.0 Investment Policy Adoption

This is a temporary policy. It will expire twelve months after the date it is adopted unless the Entity has then either: submitted a comprehensive investment policy to the OSTFB; or, requested a waiver from the OSTFB.