



NOTICE OF PUBLIC MEETING
CITY OF ALBANY
CITY COUNCIL WORK SESSION
Municipal Court Room
333 Broadalbin Street SW
Monday, October 26, 2015
4:00 p.m.

OUR MISSION IS

*"Providing quality public services
for a better Albany community."*

OUR VISION IS

*"A vital and diversified community
that promotes a high quality of life,
great neighborhoods, balanced
economic growth, and quality public
services."*

AGENDA

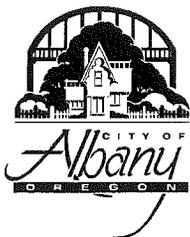
Rules of Conduct for Public Meetings

1. No person shall be disorderly, abusive, or disruptive of the orderly conduct of the meeting.
2. Persons shall not testify without first receiving recognition from the presiding officer and stating their full name and residence address.
3. No person shall present irrelevant, immaterial, or repetitious testimony or evidence.
4. There shall be no audience demonstrations such as applause, cheering, display of signs, or other conduct disruptive of the meeting.

- 4:00 p.m. CALL TO ORDER
- 4:00 p.m. ROLL CALL
- 4:05 p.m. BUSINESS FROM THE PUBLIC
- 4:10 p.m. Financial Policies Review – Stewart Taylor, Sally Walton, and Steve Uerlings [Pages 2-26]
Action Requested: Information, discussion, direction.
- 4:25 p.m. Highway 20 Sheep Creek Bridge Update – Jerry Wolcott, Oregon Department of Transportation [Verbal]
Action Requested: Information.
- 4:50 p.m. Are We Ready for The Big One? – Darrel Tedisch [Page 27]
Action Requested: Information, discussion.
- 5:40 p.m. Channel 28 Programming – Jorge Salinas and Marilyn Smith [Verbal]
Action Requested: Information, discussion, direction.
- 5:50 p.m. PUBLIC SAFETY FACILITIES PROJECT UPDATE
- 5:50 p.m. COUNCILOR COMMENTS
- 5:55 p.m. CITY MANAGER REPORT
- 6:00 p.m. ADJOURNMENT

City of Albany Web site: www.cityofalbany.net

The location of the meeting/hearing is accessible to the disabled. If you have a disability that requires accommodation, advanced notice is requested by notifying the City Manager's Office at 541-917-7508, 541-704-2307, or 541-917-7519.



TO: Albany City Council
VIA: Wes Hare, City Manager
FROM: Stewart Taylor, Finance Director
DATE: October 21, 2015, for the October 26, 2015, City Council Work Session
SUBJECT: Financial Policies

RELATES TO STRATEGIC PLAN THEME: ● Effective Government

RELATES TO: ● Continue recognition from the GFOA for excellence in budgeting and financial reporting.

Action Requested:

Give direction regarding any questions or revisions to the Financial Policies. The City Council will consider adopting the proposed policies at its regular meeting on Wednesday, October 26, 2015.

Discussion:

The City's Financial Policies were last reviewed and adopted by the City Council as Resolution No. 6376 on December 10, 2014. The policies are reviewed on an annual basis.

Last year's review of the Financial Policies included direction by the City Council for staff to work with bond counsel to develop a continuing disclosure policy and to participate in appropriate training to ensure proper and timely disclosure filings. The Council direction was incorporated into the Financial Policies and was implemented during the past year. An administrative policy was adopted on March 1, 2015 and staff participated in continuing disclosure training at the fall conference of the Oregon Government Finance Officers Association.

In January 2015, the City participated in a rating review by Standard & Poor's. Rating reviews are conducted periodically by the rating agencies to identify changes in financial and economic conditions that may cause a change in the City's rating or outlook. The review resulted in an increase in the City's rating from A+ to AA-. Moody's Rating Services last reviewed the City's rating in 2012 and reaffirmed its A+ rating with a stable outlook.

There are no recommended changes to the Financial Policies this year.

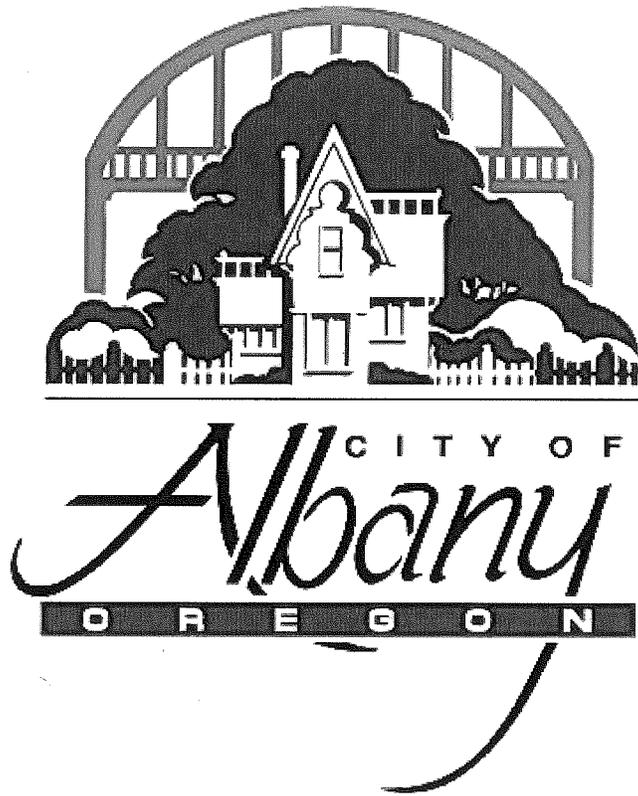
Budget Impact:

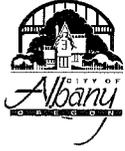
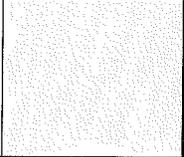
The Financial Policies establish parameters for the annual budget and ongoing financial operations.

ST:md

Attachment: Financial Policies

City of Albany Financial Policies



	<p>City of Albany Finance Policy Policy #: F-07-08-006 Title: Financial Policies</p>	
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I. POLICY STATEMENT

It is the policy of the City of Albany to actively manage financial, operational, and budgetary affairs within established guidelines in order to maintain financial stability both now and in the future.

II. GENERAL GUIDELINES

1. The City Manager and department directors are charged with achieving the themes, goals, and objectives adopted by the City Council in the City's Strategic Plan.
2. The implementing document for the Strategic Plan is the annually adopted budget. The adopted budget establishes types and levels of services through both operating and capital budgets. The relationships between the operating and capital budgets will be explicitly recognized and incorporated into the budget process. Resources will be identified to provide designated levels of service, and maintenance or enhancement of related capital and fixed assets.
3. The City will actively measure performance and pursue process improvements to enhance productivity and maximize resources.
4. Adequate reserves will be maintained for all known liabilities, including employee leave balances and explicit post employment benefits.
5. The City will actively seek partnerships with private interests and other government agencies to achieve common policy objectives, share the costs of providing local services, and support favorable legislation at the state and federal levels.
6. The City will seek out, apply for, and effectively administer federal, state, and foundation grants-in-aid that address the City's priorities and objectives.

III. REVENUES

1. The City will actively identify and administer funding sources that create a reliable, equitable and diversified revenue stream to shelter the City from short-term fluctuations in any single revenue source and to maintain desired levels of services.
2. Revenues will be conservatively estimated in the budget process.
3. Target fund balances for operating budgets will range between 5 and 15 percent of operations.
4. The City will consider full cost recovery and comparable rates charged by other municipalities of similar size in establishing rates, fees, and charges.
5. The City will follow an aggressive policy of collecting revenues.
6. Enterprise and internal service funds are intended to be self-supporting.

IV. EXPENDITURES

1. The City will identify priority services, establish appropriate service levels, and administer the expenditure of available resources to assure fiscal stability and the effective and efficient delivery of services.
2. The City will operate on a current funding basis. Expenditures will be monitored on an ongoing basis so as not to exceed current revenues and targeted fund balances.
3. The City Manager will take immediate corrective actions if at any time during a fiscal year revised revenue and expenditure estimates project a year-end deficit. Mitigating actions may include a hiring freeze, expenditure reductions, fee increases,

or use of contingencies. Actions to be avoided include expenditure deferrals into the following fiscal year, short-term loans, and use of one-time revenues to support ongoing operations.

4. Target contingencies for operating budgets will range between 5 and 15 percent of operations.
5. Internal service charges and project accounting should be used when service recipients and parameters of a project can be easily identified. The charges should be based on methodologies that fairly allocate the full cost of services. The Finance Director shall review the methodologies on a periodic basis to verify that they are consistent with federal guidelines and Oregon Local Budget Law.
6. The City Manager will undertake ongoing staff and third-party reviews of City programs to measure efficiency and effectiveness. Privatization and contracting with other governmental agencies will be evaluated as alternatives to in-house service delivery. Programs that are determined to be inefficient and/or ineffective shall be reduced in scope or eliminated.

V. CAPITAL IMPROVEMENT PROGRAM (CIP)

1. The City will monitor and periodically assess the City's capital equipment and infrastructure, setting priorities for its renovation and replacement based on needs and available resources.
2. The City will develop a multi-year program for capital improvements that will be reviewed annually in the budget process.
3. Projects in the CIP will be flagged as either funded or unfunded depending on whether or not the forecasted operating budget can support or fund the project. All funded projects are included in the operating budget for the corresponding budget year.
4. The City will maintain its physical assets at a level adequate to protect the City's capital investment and minimize future maintenance and replacement costs. The budget process will provide for review of maintenance and orderly replacement of capital assets from current revenues where possible.

VI. CAPITAL ASSETS

1. Capital assets are non-consumable assets with a purchase price of \$5,000 or greater and a useful life of more than one year.
2. The Finance Department will oversee a physical count/inspection of all capital assets at least on a biennial basis. All additions, deletions, and depreciation of infrastructure will be reported consistent with the requirements of the Government Accounting Standards Board Statement Number 34.
3. Adequate insurance will be maintained on all capital assets.

VII. DEBT

1. The City will generally limit long-term borrowing to capital improvements.
2. The City will follow a policy of full disclosure on every financial report, official statement, and bond prospectus.
3. The City Manager will ensure that continuing disclosure policies and procedures are in place and include the following: (this policy has been adopted)
 - a. The City's bond counsel will advise the City in developing appropriate policies and procedures.

- b. The Finance Director is primarily responsible for meeting all post-issuance and continuing disclosure requirements of all bonds issued by the City.
 - c. The Finance Director will participate in timely and appropriate training to be familiar with any changes in continuing disclosure requirements.
 - d. Records will be maintained to substantiate compliance for three years after securities have matured.
 - e. The City will take timely steps to correct any instances of noncompliance.
4. The City will strive to maintain its high bond ratings, currently AA- from Standard & Poor's and A2 from Moody's, and will receive credit ratings on all its bond issues.
 5. General obligation debt will not be used for self-supporting enterprise activities unless the activity provides a community-wide benefit.
 6. The City shall ensure that its general obligation debt margins are within the 3% true cash value limitation as set forth in ORS Section 287.004.
 7. Funding strategies that are necessary to support debt obligations should be implemented prior to debt payments becoming due so that debt obligations can be met from current revenues.
 8. The City will use voter-approved general obligation debt to fund general-purpose public improvements that cannot be financed from current revenues. Special purpose debt including certificates of participation, revenue bonds, and loans will be linked to specific funding sources.

VIII. Grants

1. Community organizations that desire financial support from the City must submit a Community Grant application no later than March 1 in order to be considered for funding in the next budget year. Applications will be reviewed by the department director assigned by the City Manager. Primary consideration will be given to requests that further the goals and objectives in the Strategic Plan. Applications that are approved by the department director and City Manager shall be included in the Proposed Budget to be considered by the Budget Committee and City Council.

Any recipient of a Community Grant shall submit an accounting of how the funds were expended and the benefits achieved as required by City Council Resolution No. 5089. Recipients of grants greater than \$100,000 must also submit an independent review of financial policies and procedures related to the grant proceeds no later than six months following the end of the fiscal year in which the funds were granted.

Notwithstanding the above, community organizations and events funded with transient lodging tax revenues will follow the guidelines set forth in Finance Policy F-12-11-001 as currently adopted or amended.

2. City departments are encouraged to seek grants and other financial support from private, nonprofit, and government agencies that would supplement City resources in meeting adopted goals and objectives. Grants that are available on an annual basis should be included in the proposed budget and do not require further City Council action once the budget is adopted, unless required by the granting agency. The City Manager is responsible to oversee other grant applications. All awarded grants must be accepted and appropriated by resolution of the City Council as required by Oregon Local Government Budget Law (ORS 294.326(3)).

IX. ACCOUNTING, AUDITING, AND FINANCIAL REPORTING

1. The Finance Department is responsible to see that all accounting, auditing, and financial reporting comply with prevailing federal, state, and local statutes and regulations including generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants (AICPA), and the Government Finance Officers Association (GFOA).
2. The Finance Department will conduct periodic internal audits of financial procedures such as cash handling, purchasing, and accounts payable to test internal controls and to detect instances of fraud or abuse. The Finance Director shall establish locations and limits for petty cash, purchase cards, and other cash and purchasing procedures consistent with operational needs, GFOA best practices, and Oregon Administrative Rules and Revised Statutes.
3. The City will seek out and contract for the assistance of qualified financial advisors, consultants, and auditors in the management and administration of the City's financial functions.
4. The City Council will be provided monthly financial reports of revenues and expenditures.
5. A complete independent audit will be performed annually.
6. The City will issue annual financial reports in accordance with generally accepted accounting principles (GAAP) as outlined in the Governmental Accounting, Auditing, and Financial Reporting (GAAFR) publication.
7. The City will annually seek the GFOA Certificate of Achievement for Excellence in Financial Reporting and the GFOA Distinguished Budget Presentation Award.

Supersedes: Res. No. 6376	Created/Amended by/date: 10/28/2015	Effective Date: 10-28-2015	Reviewed by Council: 10/26/2015
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TO: Albany City Council
VIA: Wes Hare, City Manager
FROM: Stewart Taylor, Finance Director
DATE: October 21, 2015, for the October 26, 2015, City Council Work Session
SUBJECT: Investment Policy and Market Update
RELATES TO STRATEGIC PLAN THEME: ● Effective Government

Action Requested:

Receive a market update from the City's investment adviser and discuss the current Investment Policy. The City Council will consider readopting the policy at its regular meeting on Wednesday, October 28, 2015.

Discussion:

The City's investment policy was last reviewed and adopted by the City Council as Resolution No. 6374 on December 10, 2014. Both the policy and ORS Section 294.135(a) require the City Council to review the policy on a periodic basis.

Staff has worked closely with the City's Investment Advisor, Government Portfolio Advisors, to review the current policy and to manage the City's investments consistent with the policy.

Two changes are recommended in the current review. The first is to separate certificates of deposit and bank deposits into individual line items and to limit certificates of deposit to 10% and 5% per issuer and bank deposits to 20% and 10%. Separating the two types of deposits will allow greater clarity in reporting. The second is to clarify the ratings limit on corporate and municipal bonds to AA- for Standard & Poor's and Aa3 for Moody's Investors Services.

Budget Impact:

The Investment Policy sets parameters for the investment of available cash not needed to meet current obligations.

ST:md

Attachments: Memo from Government Portfolio Advisors
Investment Policy



Memorandum

To: Stewart Taylor, Finance Director

From: Deanne Woodring, CFA – President Government Portfolio Advisors
Sally Walton Managing Director

Date: 10/14/15

Subject: Investment Policy Review – 2015/2016

ORS 294.135(a) requires local governments investing in securities with maturities longer than 18 months to annually adopt their investment policies. The City re-adopted the Investment Policy in December 2014. The policy is being presented for re-adoption for 2015 to the City Council with no substantial changes and the following revisions:

UPDATES

- 1) GPA is recommending to separate the Certificates of Deposit allocation and the Bank Deposit allocation line items. Recommending that Certificates of deposit are limited to 10% and 5% per issuer and Bank Deposits to 20% and 10% issuer constraint. Separating will provide for clarity in reporting the types of securities.

- 2) GPA is recommending to further clarify the ratings limit on Corporate and Municipal bonds to AA- for S&P and Aa₃ for Moody's. It was listed as AA and Aa, leaving it open for interpretation for true rating.

City of Albany Investment Policy



CITY OF
Albany
OREGON



City of Albany
Finance Policy
Policy #: F-06-08-007
Title: Investment Policy

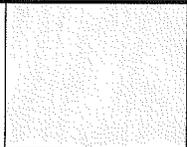


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I. INTRODUCTION

The City of Albany, (hereinafter referred to as "Albany" or "City") was founded in 1848. Albany is the eleventh largest city in the state of Oregon, and is the county seat of Linn County. Albany has a home rule charter and is a Council-Manager form of government where the full time appointed City Manager administers the day-to-day operations and is the chief administrative officer of the City.

The average monthly balance of funds invested in the City's general portfolio, excluding proceeds from bond issues, is approximately \$60,000,000.00. The highest balances occur when taxes are collected.

II. GOVERNING BODY

It is the policy of the City of Albany that the administration of its funds and the investment of those funds shall be handled with the highest public trust. Investments shall be made in a manner that will assure security of principal. Parameters will be set to limit maturities and increase diversification of the portfolio while meeting the daily cash flow needs of the City and conforming to all applicable state and City requirements governing the investment of public funds. The receipt of a market rate of return will be secondary to safety and liquidity requirements. It is the intent of the City to be in complete compliance with local, state, and federal law. The earnings from investments will be used in a manner that best serves the public trust and interests of the City.

III. SCOPE

This policy applies to activities of the City of Albany with regard to investing the financial assets of all funds. Funds held by trustees or fiscal agents are excluded from these rules; however, all funds are subject to regulations established by the state of Oregon.

The City commingles its daily cash into one pooled investment fund for investment purposes of efficiency and maximum investment opportunity. The following funds, and any new funds created by the City, unless specifically exempted by the City Council and this policy, are defined in the City's Comprehensive Annual Financial Report:

- General Fund
- Special Revenue Funds
- Debt Service Funds
- Capital Projects Funds
- Enterprise Funds
- Internal Service Funds
- Permanent Funds

These funds will be invested in compliance with the provisions of all applicable Oregon Revised Statutes (ORS). Investments of any tax-exempt borrowing proceeds and any related Debt Service funds will comply with the arbitrage restrictions in all applicable Internal Revenue Codes.

IV. OBJECTIVES AND STRATEGY

It is the policy of the City that all funds shall be managed and invested with three primary objectives, listed in the following order of priority:

1. Safety of Principal

- Safety of principal is the foremost objective of the City. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio.
- Diversification of the portfolio will include diversification by maturity and market sector and will include the use of multiple broker/dealers for diversification and market coverage.

2. Liquidity

The City's investment portfolio will remain sufficiently liquid to enable it to meet all operating requirements that might be reasonably anticipated.

3. Yield-Return

The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's risk constraints and the cash flow of the portfolio. "Market rate of return" may be defined as the average yield of the current three-month U.S. Treasury bill or any other index that most closely matches the average maturity of the portfolio.

Effective cash management is recognized as essential to good fiscal management. Cash management is defined as the process of managing monies in order to ensure maximum cash availability. The City shall maintain a comprehensive cash management program that includes collection of accounts receivable, prudent investment of its available cash, disbursement of payments in accordance with invoice terms, and the management of banking services.

V. STANDARDS OF CARE

1. Delegation of Investment Authority

- a. Investment Officer. The Finance Director, acting on behalf of the City Council, is designated as the Investment Officer of the City and is responsible for investment management decisions and activities. The Council is responsible for considering the quality and capability of investment advisers and consultants involved in investment management and procedures. All participants in the investment process shall seek to act responsibly as custodians of the public trust.

The Investment Officer and those delegated investment authority under this policy, when acting in accordance with the written procedures and this policy, and in accord with the Prudent Person Rule, shall be relieved of personal responsibility and liability in the management of the portfolio.

- b. Investment Adviser. The City may enter into contracts with external investment management firms on a non-discretionary basis.

If an investment adviser is hired, the adviser will serve as a fiduciary for the City and comply with all requirements of this Investment Policy. Exceptions to the Investment Policy must be disclosed and agreed upon in writing by both parties. The Investment Officer remains the person ultimately responsible for the prudent management of the portfolio.

- c. Staff Designation. The Investment Officer shall designate a staff person as a liaison/deputy in the event circumstances require timely action and the Investment Officer is not available.

2. Prudence

The standard of prudence to be used in the investment function shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio. This 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 expected income to be derived."

3. Ethics and Conflict 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 and investment officials shall disclose any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio. Employees, officers, and their families shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City. Officers and employees shall, at all times, comply with the state of Oregon Government Ethics as set forth in ORS 244.

VI. AUTHORIZED FINANCIAL INSTITUTIONS

1. Broker/Dealer Approval Process

The Investment Officer shall maintain a list of all authorized brokers/dealers and financial institutions that are approved for investment purposes or investment dealings. Any firm is eligible to make an application to the City of Albany and upon due consideration and approval will be added to the list. Additions and deletions to the list will be made at the discretion of the Investment Officer.

At the request of the City of Albany, the firms performing investment services shall provide their most recent financial statements or Consolidated Report of Condition for review. Further, there should be in place, proof as to all the necessary credentials and licenses held by employees of the brokers/dealers who will have contact with the City of Albany as specified by, but not necessarily limited to the Financial Industry Regulatory Authority (FINRA), Securities and Exchange Commission (SEC), etc. The Investment Officer shall conduct an annual evaluation of each firm's credit worthiness to determine if it should remain on the list.

All dealers with whom the City transacts business will be provided a copy of this Investment Policy to ensure that they are familiar with the goals and objectives of the investment program.

If the City hires an investment adviser to provide investment management services, the adviser is authorized to transact with its direct dealer relationships on behalf of the City. A list of approved dealers must be submitted to the investment officer prior to transacting business. The investment officer can assign the responsibility of broker/dealer due diligence process to the Adviser, and all

licensing information on the counterparties will be maintained by the Adviser and available upon request.

2. Investment Adviser

An Investment Adviser may be selected through a competitive RFP process and must meet the following criteria:

- a. The investment adviser firm must be registered with the Securities and Exchange Commission (SEC) or licensed by the state of Oregon if assets under management are less than \$100 million.
- b. All investment adviser firm representatives conducting investment transactions on behalf of the City must be registered representatives with FINRA.
- c. All investment adviser firm representatives conducting investment transactions on behalf of the City must be licensed by the state of Oregon. Factors to be considered when hiring an investment advisory firm may include, but are not limited to:
 - i. The firm's major business
 - ii. Ownership and organization of the firm
 - iii. The background and experience of key members of the firm, including the portfolio manager expected to be responsible for the City's account
 - iv. The size of the firm's asset base, and the portion of that base which would be made up by the City's portfolio if the firm were hired
 - v. Management fees
 - vi. Cost analysis of the adviser
 - vii. Performance of the investment advisory firm, net of all fees, versus the Local Government Investment Pool over a given period of time

3. Financial Bank Institutions

All financial banks that provide bank deposits, certificates of deposits or any other deposit of the bank to the City must either be fully covered by the FDIC or the bank must be a participant of the Public Funds Collateralization Program (PFCP). ORS Chapter 295 governs the collateralization of Oregon public funds and provides the statutory requirements for the PFCP. Bank depositories are required to pledge collateral against any public fund deposits in excess of deposit insurance amounts. The PFCP provides additional protection for public funds in the event of a bank loss.

4. Competitive Transactions

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

The investment adviser must provide documentation of competitive pricing execution on each transaction. The adviser will retain documentation and provide upon request.

VII. Safekeeping and Custody, Controls

1. Safekeeping and Custody Securities

The laws of the state and prudent treasury management require that all purchased securities be bought on a delivery versus payment basis and be held in safekeeping by the City, an independent third-party financial institution, or the City's designated depository.

All safekeeping arrangements shall be designated by the Investment Officer and an agreement of the terms executed in writing. The approved broker/dealer or investment adviser shall provide the City 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 which executes the transaction on the City's behalf shall deliver all securities on a delivery versus payment method to the designated third party trustee at the direction of the Investment Officer.

2. Safekeeping of Funds at Bank Depositories

The City may hold bank deposits or certificates of deposits at banks qualified under ORS 295.

3. Accounting Methods

The City shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP). 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. Pooling of Funds

Except for cash in certain restricted and special funds, the City will consolidate balances from all funds to maximize investment opportunities. Investment income will be allocated to the various funds based on their respective participation and in accordance with Generally Accepted Accounting Principles.

5. Internal Controls

The City will maintain a structure of internal controls sufficient to assure the safekeeping and security of all investments. All out of compliance situations under this policy will be corrected and brought into compliance as soon as prudently possible.

The Investment Officer shall develop and maintain written administrative procedures for the operation of the investment program that are consistent with this investment policy. Procedures will include reference to safekeeping, wire transfers, banking services contracts, and other investment-related activities.

The Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and staff. No officer or designee may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officer and approved by the Council.

VIII. AUTHORIZED AND SUITABLE INVESTMENTS

1. Authorized Investments

All investments of the City 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 294.052 (Definitions; investment by municipality of proceeds of bonds), ORS 294.135 (Investment maturity dates), ORS 294.145 (Prohibited conduct for custodial officer), 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.

2. Suitable Investments

The City will diversify investments across maturities, security types and institutions to avoid incurring unreasonable risks. The City has further defined the eligible types of securities and transactions as follows:

TYPE	DEFINITION
U.S. Treasury Obligation	Direct obligations of the United States Treasury whose payment is guaranteed by the United States. [ORS Section 294.035(3)(a)]
GSE – Agency Obligations	US Government Agencies, Government Sponsored Enterprises (GSEs), Corporations or Instrumentalities of the US Government - Federal Instrumentality Securities include, but are not limited to Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Banks (FHLB), and the Federal Farm Credit Bureau (FFCB). [ORS 294.035(3)(a)]
Commercial Paper	Commercial Paper* that is rated A1/P1 and has long term bonds which have a minimum rating of AA- by Standard and Poor's and Aa3 by Moody's. In the case where both rating agencies provide ratings on the corporation, the lowest rating will be used.
Corporate Indebtedness	Corporate indebtedness must be rated on the settlement date Aa3 or better by Moody's Investors Service or AA- or better by S&P [ORS Section 294.035 (3) (B)]. In the case of a split rating, the lower rating will be used.
Local Government Investment Pool	State Treasurer's local short-term investment fund up to the statutory limit per ORS Section 294.810.
Certificates of Deposit/Bank Deposit/Savings Accounts	Time deposit open accounts, certificates of deposit and 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)].
State Obligations	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 AA- or an equivalent rating or better or are rated on the settlement

	<p>date by S&P, or Moody's [ORS Section 294.035(3)(b)]. In the case where both rating agencies provide ratings on the municipal bond, the lowest rating will be used.</p> <p>Lawfully issued debt obligations of the State 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 by S&P or Moody's[ORS Section 294.035(3)(c)]. In the case where both rating agencies provide ratings on the municipal bond, the lowest rating will be used.</p>
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3. Collateralization

Time deposit open accounts, Certificates of Deposit and savings accounts shall be collateralized through the Public Funds Collateralization Program in accordance with ORS Section 295.018. All depositories must be on the State of Oregon's qualified list. Additional collateral requirements may be required if the Investment Officer deems increased collateral is beneficial to the protection of the monies under the City's management.

IX. INVESTMENT PARAMETERS

1. Diversification

The City 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.

DIVERSIFICATION CONSTRAINTS ON TOTAL HOLDINGS: LIQUIDITY AND CORE FUNDS*		
Issuer Type	Maximum % Holdings	Maximum Per Issuer Name
US Treasury Obligations	100%	
US Agency (GSE) Securities	100%	33%
Bankers Acceptances	10%	5%
Commercial Paper	10%	5%
Corporate Indebtedness	20%	5%
Certificates of Deposit	10%	5%
Bank Deposits and Savings	20%	10%
Municipal Bonds	10%	5%
Local Government Investment Pool	ORS 294.810 Limit	

2. Investment Maturity

The City will not directly invest in securities maturing more than five (5) years from the date of purchase.

- a. The maximum weighted maturity of the total portfolio shall not exceed 1.5 years. This maximum is established to limit the portfolio to excessive price change exposure.
- b. Liquidity funds will be held in the State Pool or in money market instruments maturing six months and shorter. The liquidity portfolio shall, at a minimum, represent three months budgeted outflows.
- c. Core funds will be defined as the funds in excess of liquidity requirements. The investments in this portion of the portfolio will have maturities between 1 day and 5 years and will be only invested in high quality and liquid securities.

Total Portfolio Maturity Constraints:

Maturity Constraints	Minimum % of Total Portfolio
Under 30 days	10%
Under 1 year	25%
Under 5 years	100%
WAM (Weighted Average Maturity)	2 years

Reserve or Capital Improvement Project monies may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds

3. Prohibited Investments

The City shall not lend securities nor directly participate in a securities lending or reverse repurchase program. The purchase of derivatives and use of reverse repurchase agreements are specifically prohibited by this policy. The City shall not purchase mortgage-backed securities.

X. POLICY COMPLIANCE AND PERFORMANCE EVALUATION

1. Compliance Report

A compliance report shall be maintained quarterly to document the portfolio versus the investment policy.

2. Compliance Measurement and Adherence

- a. Compliance Measurement: Guideline measurements will use [par/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 City Council.
- 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 City has hired the services of an Investment Adviser, the Investment Officer will act on the recommendation of the Adviser.

3. Performance Measurement

The performance of the City of Albany will be measured against the performance of the Local Government Investment Pool, using monthly net yield of both portfolios as the yardstick. Preservation of capital and maintenance of sufficient liquidity will be considered prior to attainment of market return performance. Given these considerations, the City's portfolio should provide a net yield that is equal or better to that attained by the Local Government Investment Pool over interest rate cycles.

Additionally, a market benchmark will be determined that is appropriate for longer term investments based on the City's risk and return profile. The investment adviser will provide return comparisons of the portfolio to the benchmark on a monthly basis. When comparing the performance of the City's portfolio, all fees and expenses involved with managing the portfolio shall be included in the computation of the portfolio's rate of return. This would include any in-house management of the funds, as well as outside management.

XI. REPORTING REQUIREMENTS

The Investment Officer shall submit quarterly and annual reports to the local governing board containing sufficient information to permit an informed outside reader to evaluate the performance of the investment program. More frequent reports may be provided when market conditions merit or if requested by the governing board.

Minimum quarterly reporting requirements for total portfolio:

- Earnings Yield
- Holdings Report (including mark to market)
- Transactions Report
- Weighted Average Maturity or Duration
- Compliance Report

XII. INVESTMENT POLICY ADOPTION BY GOVERNING BOARD

This investment policy will be formally adopted by the Albany City Council. The policy shall be reviewed on an annual basis by the Investment Officer and the Albany City Council. Material revisions to this policy will require a review by the Oregon Short Term Fund Board, pursuant to ORS.

Supersedes: Res No. 6374	Created/Amended by/date: 10-28-2015	Effective Date: 10-28-2015	Reviewed by Council: 10-26-2015
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TO: Albany City Council
VIA: Wes Hare, City Manager
FROM: Stewart Taylor, Finance Director
DATE: October 21, 2015, for the October 26, 2015, City Council Work Session
SUBJECT: Risk Management Report and Policy Review
RELATES TO STRATEGIC PLAN THEME: ● Effective Government

Action Requested:

Receive a claims history report from the City's insurance broker and discuss the current Risk Management Policy. The City Council will consider readopting the policy at its regular meeting on Wednesday, October 28, 2015.

Discussion:

The City's Risk Management Policy was last reviewed and adopted by the City Council as Resolution No. 6375 on December 10, 2014. The policy requires an annual report and review by the City Council.

Staff has worked closely with the City's Insurance Broker, Barker-Uerlings Insurance, to review the current insurance coverage and the Risk Management Policy. The list of insurance coverage has been updated. No other changes are recommended in this year's review.

Budget Impact:

Costs of insurance are in the adopted budget. The Risk Management Policy sets parameters for managing risks and insurance coverage.

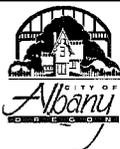
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Attachment: Risk Management Policy

City of Albany Risk Management Policy



CITY OF
Albany
OREGON



City of Albany
Finance Policy
Policy #: F-08-08-004
Title: Risk Management

I. POLICY STATEMENT

It is the policy of the City of Albany to proactively identify and manage the inherent risks of providing municipal services. Potential losses will be mitigated through employee safety committees, loss prevention programs, property and liability insurances, workers' compensation, and employee health, life, and disability benefits.

II. GENERAL RESPONSIBILITIES

Each employee of the City is responsible to contribute to a safe environment for all employees and the public. Employees should help identify and correct unsafe conditions and should follow all established safety laws, policies, and practices.

The City Manager and department directors are responsible to protect the City of Albany's assets by identifying and managing risks. Primary objectives include containing costs, minimizing accidents and injuries to employees and the public, reducing the frequency and severity of property loss, and promoting a healthy employee workforce and working environment.

Department directors are responsible for managing the risks of operations in their respective departments. They ensure that effective safety and loss prevention programs are implemented and oversee the investigation of claims and losses.

Department directors coordinate their efforts with the Senior Accountant who acts as the City's Risk Manager. The Risk Manager is responsible for facilitating claims processing and working closely with third party property and liability insurers.

The City Manager may choose to retain professional advisors, consultants, insurers, brokers, and agents of record to assist the City in placing appropriate insurances and developing effective safety and loss prevention programs.

III. SPECIFIC RESPONSIBILITIES

1. **Human Resources Director.**
 - a. Coordinate and promote city-wide safety awareness and employee wellness programs.
 - b. Manage the City's worker's compensation and health insurance programs to contain costs and promote safety and wellness for employees and their families.
2. **Finance Director.**
 - a. Recommend appropriate levels of property and general liability insurance to the City Manager and City Council.
 - b. Coordinate periodic inventories of all property, buildings, equipment, vehicles, and other capital assets and verify that appropriate insurance is in place.
 - c. Maintain policies, bonds, and other legal documentation of insurance.
 - d. Provide an annual report to the City Council showing claims experience and the costs of insurance programs.
3. **Fire Chief.**
 - a. Conduct fire and life safety inspections of City facilities on a periodic basis according to the level of risk in each facility.

- b. Verify that all facilities are in compliance with recognized fire code standards for fire and life safety.

4. **City Attorney.**

- a. Develop templates of contracts and leases which include language to identify and mitigate liability and other potential losses.
- b. Notify the City Manager of changes in state statutes and common law that affect municipal liability.
- c. Assist insurers in the investigation and settlement of claims against the City.
- d. Review insurance and bond contracts.

IV. RETAINING AND TRANSFERING RISK

1. **Reserve Account.**

A Risk Management Fund will be maintained with a working balance of up to \$2,000,000 for unforeseen catastrophic events and major deductibles. Each department will be responsible for claims and deductibles up to \$10,000 per incident resulting from losses in their respective operations.

2. **Insurance Coverages.**

The following minimum policy limits and deductibles will be maintained:

Property/Boiler & Machinery

Limit:	Determined each year by the filed value of insured property.	
Deductibles:	Buildings/Contents	\$10,000
	Boiler & Machinery	\$10,000
	Mobile Equipment	\$10,000
	Earthquake	3% of value
		\$100,000 min
	Limit	\$25,000,000
	Flood	\$100,000
	Limit	\$10,000,000

Tort Liability

Limit:	\$5,000,000
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Auto Liability

Limit:	\$5,000,000
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Auto Physical Damage

Deductibles:	Comprehensive	\$100
	Collision	\$500

Senior Center Trips

Limit:	\$5,250
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3. **Self Insurance.**

The City shall self-insure to the extent it is more cost effective than commercial insurance and does not present unacceptable financial or other risks to the City.

V. ALLOCATION OF INSURANCE COSTS

Departments and programs that have dedicated revenue sources or are independent legal entities will be charged insurance costs specific to the risk exposures of the operations of those departments and programs.

Premiums and related costs for liability insurance, workers' compensation, and property insurance will be allocated to each department based on claims experience and risk exposure. Property insurance costs are allocated according to the specific properties used and operated by each department or program.

VI. CONFIDENTIALITY OF RECORDS

All personally identifiable and confidential information will be maintained in compliance with the Identity Theft Protection Policy, Finance Policy Number F-04-08. All employee medical records and long-term disability claims held by the City will be maintained in separate locked files and access will be controlled through the City Manager and Human Resources Departments.

All police reports will be kept confidential unless the Albany Police Department and/or the City Attorney approve release.

VII. REPORTING PROPERTY/CASUALTY ACCIDENTS AND LOSSES

1. Accidents and losses must be reported promptly and in accordance with prescribed procedures. The benefits of timely reporting include enhanced citizen confidence, better protection of the City's interests, reduced time lost for employees and equipment, and savings realized through prompt settlements.

Reports of general liability claims and automobile accidents should be immediately reported to the Risk Manager. The following information should be included in every report:

- a. Date, time, and location of accident or event
- b. Description of vehicle, equipment, or property involved
- c. Name(s) of person(s) involved
- d. Name(s) of person(s) injured
- e. Description of any medical attention received
- f. Nature of damage/loss and estimated cost
- g. Description of circumstances; diagram of events if possible
- h. Insurance Policy Numbers, Agents, and/or Agencies
- i. Name(s) and addresses of witnesses
- j. Appropriate signatures
- k. Copy of DMV report, if filed
- l. Copy of police report, if filed

In addition, procedures described in Human Resources Policy HR-SF-02-001 (Property Loss/Damage) must be followed.

2. The Risk Manager will process all accident/loss notices, except workers' compensation, and will notify the appropriate insurance company.
3. The Human Resources Department will file workers' compensation accident reports with the appropriate insurance company. Workers' compensation incidents will be processed in accordance with Human Resources Policy HR-SF-03-001 (Reporting On-the-Job Injuries).
4. Accidents of a serious nature and those occurring on weekends or holidays should be called in to the appropriate supervisor and followed up with the proper accident forms and information. The Risk Manager should be notified of the accident on the first day back to work.

5. As required by law, on-the-job injuries to employees that result in overnight hospitalization for treatment (not just observation), must be reported to OR-OSHA within twenty-four (24) hours of the injury. An on-the-job accident that results in the hospitalization of three or more employees, or in a fatality, must be reported to OR-OSHA within eight (8) hours of the accident. In either of these situations, the Human Resources Generalist or Human Resources Director should be notified immediately so they may make notification to OR-OSHA.

VIII. REPORTS TO BE FILED

1. All Property/Casualty claims reports will be filed with the Risk Manager.
2. Minutes of City Council meetings, safety meetings, and all other City committee meetings in which Risk Management policy or procedure decisions are made will be filed as appropriate.
3. Inspection reports when the building inspector or Fire Department inspects City premises will be filed with the Risk Manager or the Fire Department.
4. Long-term disability and life insurance claims and workers' compensation claims and reports will be filed with the Human Resources Department.

IX. RISK MANAGER RECORDS

The Risk Manager shall keep the following records:

1. An inventory of current locations, descriptions, and insurable values of all property/vehicles owned or leased by the City.
2. An insurance register, outlining all coverages in force and including premiums, policy numbers, servicing agents, terms of coverage, and expiration dates.
3. Premium payment and allocation records.
4. Claims filed and pending.
5. Loss records subdivided into property, liability, and other liability claims paid by the insurer under existing insurance policies.
6. Claim recoveries received from third parties who have damaged City property or who are reimbursing for City wages paid.

Supersedes: Res No. 6375	Created/Amended by/date: 10/28/2015	Effective Date: 10/28/2015	Reviewed by Council: 10/26/2015
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Earthquake report to council
October 26, 2015
Agenda

- **Purpose of the report** Wes Hare

- **What are the risks to Albany** Darrel Tedisch
 - 2015 Hazard Analysis

- **Earthquakes** Darrel Tedisch
 - What are the potential impacts
 - *The New Yorker* report
 - Oregon Field Guide presentation
 - Hasso Hering blog
 - *Corvallis Gazette-Times*
 - *Albany Democrat-Herald*
 - American Geosciences Institute Webinar: “Communicating Cascadia’s Earthquake Risk”
 - Two key points to preparedness

 - Community expects Government will:
 - Are we meeting these expectations?
 - What are we doing in the future
 - Our network

 - Our partners
 - What the community can do