

RESOLUTION NO. 2617

A RESOLUTION AMENDING THE CITY OF ALBANY'S INVESTMENT GUIDELINES AND REPEALING RESOLUTION NO. 2552.

WHEREAS, ORS 294.135 requires municipalities purchasing securities with a maturity exceeding eighteen months to adopt a written investment policy annually; and

WHEREAS, the Oregon Short Term Fund Board advises that guidelines be approved for all municipalities investing their own funds.

NOW, THEREFORE, BE IT RESOLVED that the Albany City Council adopts Exhibit A as the investment policy for the City of Albany's idle funds.

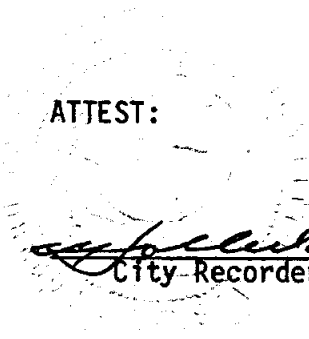

BE IT FURTHER RESOLVED that Resolution No. 2552 is hereby repealed.

DATED THIS 28TH DAY OF MAY, 1986



Mayor

ATTEST:

City Recorder

CITY OF ALBANY
INVESTMENT POLICY AND PORTFOLIO GUIDELINES
April, 1986

The Investment Policy for the City of Albany applies to all funds accounted for in the City's annual financial report.

The Deputy Recorder is the portfolio manager. Under the supervision of the Finance Director, the portfolio manager has the responsibility to have cash available to meet day-to-day demands and invest all excess cash, including bond proceeds and equipment replacement reserves, while adhering to the rules set forth in ORS 294.035 through 294.047 and this investment policy.

The City's short-term portfolio operates on a policy of buying securities and holding them until their specified maturity date, but during certain market conditions it becomes advantageous to sell securities prior to their maturity date and reinvest the proceeds in higher yielding instruments. When it is deemed beneficial to sell a security prior to maturity, the portfolio manager must prepare an analysis of the trade and present it to the Finance Director for approval.

Objectives

Safety of capital is the primary objective in managing the City's excess funds. This is accomplished through diversification and the purchase of high quality money market instruments.

Second to safety of capital, earning at least the average market rate of return is a portfolio objective. Maximizing earnings on principal supplies more capital to provide services to the citizens of the city of Albany. The City shall diversify its investments to the greatest extent possible.

Diversification

Security diversification and staggered maturities are essential to ensure against a significant loss of capital and to make available funds for unexpected cash requirements. As a general policy, cash for daily disbursements will be held in the Local Government Investment Pool. The following schedules will be used as a guideline when "shopping" for investments.

Maturity Scheduling

| | |
|-----------------------|--------------|
| Under 30 days | 10% minimum |
| Under 90 days | 25% minimum |
| Under 180 days | 75% minimum |
| Under 360 days | 90% minimum |
| Under eighteen months | 100% minimum |

Maturities exceeding eighteen months must be approved by the Albany City Council.

Security Selection

Maximum percentages of securities listed below have been set based on the assumed risk factors for each security. All securities are also included in the list of "US Government and Agency Securities for Local Government Investments Under ORS 294.035 and 294.040." This list was compiled by the Office of the Oregon State Treasurer and revised September 1985.

| | | |
|--|-----|-------------|
| U. S. Treasury Bills, Notes, and Bonds (maturing in less than 18 months) | | 75% Maximum |
| Local Government Investment Pool | 75% | 50% Maximum |
| Banker's Acceptances | | 50% Maximum |
| Non-negotiable Time Certificates - Commercial Banks | | 25% Maximum |
| Non-negotiable Time Certificates - Savings and Loans | | 25% Maximum |
| U. S. Government Agency Discount Notes and Bonds (Federal Farm Credit Banks and Federal Home Loan Banks only) | | 50% Maximum |
| Repurchase Agreements (maturing in not more than one business day from settlement date - must be collateralized by 102% of market value in one of the preceding instruments) | | 10% Maximum |

Under no circumstances will forward commitments exceeding 5 business days be allowed.

Safekeeping and Custody

Time certificates of deposits will be held in the vault of the City of Albany. Bearer securities shall be protected by third party custodial safekeeping. Treasuries, Agency Discount Notes and Bonds, and Bankers Acceptances shall be secured through third party custody and safekeeping procedures.

Time Certificates of Deposit

Banks and savings and loans with deposits less than \$2,000,000 will be limited to TCD's of \$100,000. Banks and savings and loans with deposits over \$2,000,000 will be limited to TCD's of up to 10% of deposits. A maximum of \$2,000,000 may be invested with any one financial institution. The portfolio manager is responsible for maintaining sufficient collateral with each financial institution.

Each participating bank or savings and loan must provide a financial statement of condition on an annual basis. This statement will be kept on file in the Finance Department.

Personnel

In the absence of the Deputy Recorder, the Finance Director will manage the investment of funds. If both are absent, Finance Department personnel have the authority to transfer funds between the Local Government Investment Pool and the City's general operating account.

Investment Advisory Committee

An Investment Advisory Committee consisting of four members shall be appointed by the Mayor. Each committee member will serve a two year term. The Committee will meet at least quarterly or as often as changing market conditions dictate.

The purpose of the Investment Advisory Committee is to assist the portfolio manager in developing an overall investment strategy using such factors as the current economic outlook, the City's current Investment Policy, and the potential risks to the City's funds. The Committee will review and recommend changes to this Policy.

Reporting Requirements

At least quarterly, Investment Advisory Committee meeting minutes and a register of outstanding investments will be prepared for the Albany City Council. Any deviation from the preceding guidelines must be approved by the Albany City Council.

Policy Review

The Investment Advisory Committee will refer this Policy to the Oregon Short Term Fund Board for review and comment and the Albany City Council for approval at least annually. This investment policy was written for the capabilities of the current Finance Department staff. If a change in personnel in either the position of Finance Director or Deputy Recorder occurs, this policy must be revised and resubmitted to the Albany City Council Investment Advisory Committee at the next regularly scheduled meeting date after the date that the change occurs.