

RESOLUTION NO. 3038

A RESOLUTION ADOPTING REVISED INVESTMENT GUIDELINES FOR THE CITY OF ALBANY AND REPEALING RESOLUTION NO. 2704.

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

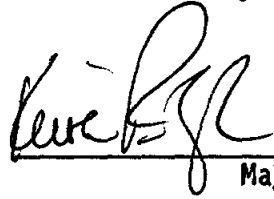
WHEREAS, the Oregon Short Term Fund Board advises that guidelines be approved for all municipalities investing their own funds; and

WHEREAS, the City's Investment Advisory Committee has recommended the approval of revised investment guidelines and has forwarded proposed guidelines to the Oregon Short Term Fund Board for their review and comment.

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

BE IT FURTHER RESOLVED that Resolution No. 2704 is hereby repealed.

DATED THIS 13TH DAY OF MARCH, 1991.



Mayor

ATTEST:



City Recorder

CITY OF ALBANY, OREGON
INVESTMENT POLICY AND PORTFOLIO GUIDELINES
January 1991

This Investment Policy for the City of Albany applies to all funds accounted for in the City's annual financial report with the exception of the Deferred Compensation Fund which is an accumulation of employee designated payroll funds for investment and release to the employee at retirement. Funds held by the county treasurer during tax collection periods shall be governed by the county's investment policies and are not subject to the provisions of this Policy.

The Financial Services Coordinator (Deputy Recorder) is the portfolio manager. Under the supervision of the Finance Director, the portfolio manager is responsible for meeting day-to-day liquidity demands and investing all excess cash while adhering to the rules set forth in ORS 294.035 through 294.047 and this Investment Policy. Any deviations from this Policy must be approved by the Albany City Council.

Short-term Portfolio

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 may become advantageous to sell a security prior to its maturity date. 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

The primary objectives in managing the City's excess funds are: 1) preservation of principal investment, 2) liquidity to meet cash requirements, and 3) maximizing the rate of return on the portfolio. The means of accomplishing these objectives are described throughout this Policy.

Delegation of Authority

As stated above, the Financial Services Coordinator is responsible for the management of the portfolio. This includes not only the selection of securities for the investment of excess cash, but also the availability of funds to meet daily cash needs, serving as staff representative to the City's Investment Advisory Committee, and preparing reports for the Albany City Council. In the absence of the Financial Services Coordinator, the Finance Director will manage the investment of funds. If both are absent, the Finance Department's Division Manager, Accounting Specialist, and Administrative Assistant I are authorized to transfer funds between the Local Government Investment Pool and the City's general operating account.

Investment Standard Prudence

Investments will be made under the prudent investor's rule, which 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." The portfolio manager and all other participants in the investment of City funds shall act responsibly as custodians of the public trust.

The portfolio manager and other authorized investment personnel acting in compliance with ORS 294.035 through 294.047 and this Investment Policy shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported promptly and appropriate action is taken to control adverse developments.

Internal Controls

Internal controls will be reviewed annually by the City's independent auditor. The internal controls are designed to prevent losses of public funds arising from fraud, employee error, misrepresentation by third parties, unanticipated changes in financial markets, or imprudent actions by employees or officers of the City of Albany.

Investment Advisory Committee

A four-member Investment Advisory Committee was established to counsel the portfolio manager in the development of 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, in accordance with Resolution No. 2553 which established the Investment Advisory Committee, will review and recommend changes to this Policy, review daily investment procedures, and approve additions and deletions to the list of authorized financial institutions.

Reporting Requirements

Once each quarter, a Portfolio and Earnings Report which lists holdings at month-end and the average return on investment will be submitted to the Investment Advisory Committee. The Albany City Council will receive a summary of each quarter's investment activity along with the minutes from the most recent Investment Advisory Committee meeting. Investments are reviewed annually by the City's independent auditors and a report of their findings is included in the Comprehensive Annual Financial Report which is published and distributed annually.

Risk

To limit risk, the portfolio manager will diversify investments as to maturity date, type of investment, and financial institution or. Only securities determined to be high quality money market instruments will be purchased. When similar instruments are available multiple quotes will be obtained from authorized institutions or prior to the purchase of any security. It is understood that given the scarcity of some Oregon-issued securities, it is in the City's best interest to commit to purchase at the time of offer to avoid loss of opportunity. For this reason it is important that the portfolio manager be continually aware of the current market conditions.

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 18 months	100% minimum

Maturities exceeding 18 months must be approved by the Albany City Council.

Security Selection and Liquidity

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 "U.S. Government and Agency Securities for Local Government Investments Under ORS 294.035 and 294.040." This list is maintained by the Office of the Oregon State Treasurer.

Securities issued by a single financial institution (Banker's Acceptances, Commercial Paper, Time Certificates of Deposit) will be limited to 25% of the City's total portfolio.

U. S. Treasury Bills, Notes, Strips, and Bonds	100% Maximum
U. S. Government Agency Discount Notes and Bonds (U.S. Government and Agency Securities for Local Government Investments under ORS 294.035 and 295.040, prepared by the Oregon State Treasurer's Office and approved by the City of Albany's Investment Advisory Committee)	50% Maximum
Local Government Investment Pool \$500,000 daily minimum	50% Maximum
Banker's Acceptances (Oregon-issued)	50% Maximum
Commercial Paper (maximum-270 day maturity)	25% Maximum
Oregon-issued, A-2, P-2	25% Maximum
single issuer (included above)	10% Maximum
Oregon-issued, A-1, P-1	25% Maximum
single issuer (included above)	10% Maximum
¹ Nationally-issued, A-1, P-1	10% Maximum
single issuer (included above)	5% Maximum
Nonnegotiable Time Certificates - Commercial Banks	25% Maximum
Nonnegotiable Time Certificates - Savings and Loans	10% Maximum
Repurchase Agreements (maturing in not more than one business day from settlement date - must be collateralized by 102% of market value in an instrument listed on the State Treasurer's approved list.)	10% Maximum

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

Authorized Financial Institutions

The portfolio manager will maintain a list of financial institutions authorized to provide investment services to the City of Albany. The list will be approved by the Investment Advisory Committee. The Investment Advisory Committee will also authorize the addition or deletion of any financial institution or dealer from the approved list.

It is required that participating representatives from each authorized financial institution read this Policy, acknowledge receipt, and agree to make a reasonable effort to preclude unallowable transactions involving the City's funds.

¹Issued by a state other than Oregon; financial statements of these publicly held corporations will be analyzed and filed prior to purchase of these securities.

Safekeeping and Custody

Time certificates of deposits will be held in the vault of the City of Albany. All securities purchased from a financial institution shall be secured through dealer-bank safekeeping.

Time Certificates of Deposit

Purchase of Time Certificates of Deposits (TCD's) will be limited to in-state financial institutions on the Investment Advisory Committee's Approved List. Banks with deposits less than \$2,000,000 will be limited to TCD's of \$100,000. Banks with deposits over \$2,000,000 will be limited to TCD's of up to 10% of deposits. A maximum of \$2,000,000 in TCD's may be invested with any one financial institution. Savings and loan institutions will be limited to TCD's of \$100,000. The portfolio manager is responsible for ensuring that a receipt for the required legal collateral for each TCD is deposited with the state collateral pool.

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.

Accounting Method

The City of Albany will comply with Governmental Accounting Standards Board requirements.

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 annually. This investment Policy was written for use by the current Finance Department staff. If a change in personnel in either the position of Finance Director or Financial Services Coordinator occurs, this Policy must be reviewed, and revised, if necessary, within 30 days and resubmitted to the Investment Advisory Committee at the next regularly scheduled meeting date of the revision.