

BEFORE THE COUNCIL OF THE
METROPOLITAN SERVICE DISTRICT

FOR THE PURPOSE OF ADOPTING) RESOLUTION NO. 83-391
POLICIES FOR THE INVESTING OF)
METRO'S EXCESS CASH BALANCES) Introduced by the Investment
) Committee

WHEREAS, The Metro Council adopted Resolution No. 82-378
creating an Investment Committee; and

WHEREAS, It is the purpose of this Committee to recommend
policy and monitor the investment activities of Metro; now,
therefore,

BE IT RESOLVED,

The specific policies recommended by the Committee and
attached hereto as Exhibit "A" shall govern the investment
activities of the Metropolitan Service District.

ADOPTED by the Council of the Metropolitan Service District
this 24th day of March, 1983.



Presiding Officer

CC/gl
7940B/283
03/08/83



METROPOLITAN SERVICE DISTRICT
527 S.W. HALL ST., PORTLAND, OR. 97201, 503/221-1646

METRO INVESTMENT ADVISORY COMMITTEE
INVESTMENT POLICIES

It shall be the purpose of the Metro Investment Advisory Committee to provide a definite course or method of action, selected from among alternatives and in light of given conditions, to guide and determine present and future decisions concerning the investment of the District's cash balances. These policies shall be:

- I. Compliance with existing legal requirements;
- II. Provide a statement of investment objectives;
- III. Establish a criteria for diversification of investments;
- IV. Establish a term for which investments are held;
- V. To specifically exclude or limit certain investments;
- VI. Provide for accurate, meaningful and timely reporting;
- VII. Agree to a regular meeting time to review and discuss investment policies and results; and
- VIII. Assignment of responsibility to carry out these policies.

I. Compliance with Existing Legal Requirements

- A. Comply with the provisions of ORS Sections 294.035 to 294.048 and other applicable provision as mandated by the State of Oregon.
- B. Comply with Resolutions adopted by the governing Council.

II. Statement of Investment Objectives

The investment objectives of this Committee shall be in order of importance:

- A. To minimize the risk of funds invested and to maximize the safety of principal sums;
- B. To provide for convenience and simplicity of investing and accounting activities;
- C. Maintain sufficient liquidity to meet cash demands;
- D. Provide for prudent diversification among acceptable financial institutions; and
- E. Provide for an adequate rate of return from investment activities.

III. Establish Criteria for Diversification

Diversification of investments shall not exceed:

- | | | |
|----|---|---------------|
| A. | U.S. Treasury Bills, Notes and Bonds | 100% Maximum |
| B. | U.S. Government Agencies
(Highly Liquid) | 100% Maximum |
| C. | Time Certificates of Deposit | 100% Maximum* |
| D. | Repurchase Agreements Over 30 Days | 25% Maximum |
| E. | State of Oregon Investment Pool | 100% Maximum |

IV. Term of Investments

Only investments which can be held to maturity shall be purchased. Investments shall not be planned or made predicated upon selling the security prior to maturity.

Except for special situations (when directed by the majority of the Investment Advisory Committee) investments shall be limited to maturities of six months or less.

V. Exclusion of Certain Investments

- A. Purchase of standby or forward commitments of any sort are specifically prohibited.
- B. A listing of approved financial institutions and investment alternatives will be maintained by the Committee. Any financial institution is eligible to

*Investments with commercial financial institutions shall be placed so that no single institution has more than the lesser of 30 percent of the total available funds or 10 percent of the equity of the institution.

make an application to the Committee and upon due consideration and approval hold available funds. A listing of those eligible institutions will be held by the Manager of Accounting.

VI. Provide Accurate, Meaningful and Timely Reporting

Reports will be prepared by the 15th day of the month following the investment activity. These reports will include at a minimum:

- A. Type of Investment;
- B. Issuer of Instrument;
- C. Date of Issue;
- D. Date of Maturity; and
- E. Stated Interest Rate.

In addition, a report will be prepared for each regular meeting to present historical investment information for the past 12-month period.

VII. Regular Meeting Time

The Committee shall meet at 4:00 p.m. on April 25, July 25 and October 24, 1983, to review, discuss and advise the Manager of Accounting on investment policies and practices.

VIII. Assignment of Responsibility

These policies shall be officially adopted by the Investment Advisory Committee and the Metro Council. The Manager of Accounting using his/her own professional knowledge and judgment, within the bounds of the "Prudent Person Rule," shall govern the management of all investments.

CC/srb
7599B/192
03/02/83

STAFF REPORT

Agenda Item No. 6.3

Meeting Date March 24, 1983

CONSIDERATION OF RESOLUTION NO. 83-391 FOR
THE PURPOSE OF ADOPTING THE INVESTMENT POLICIES
AS RECOMMENDED BY THE INVESTMENT ADVISORY
COMMITTEE

Date: March 8, 1983

Presented by: Leon N. Chitty/
Don Carlson

FACTUAL BACKGROUND AND ANALYSIS

By adopting Resolution Nos. 82-378, 83-379 and 83-386 the Metro Council formed an Investment Advisory Committee composed of the members of the Metro Audit Committee and three citizens from the community expert in fiscal and investment matters.

It is the purpose of the Metro Investment Advisory Committee to review existing investment practices and make policy recommendations from time to time.

On January 10, 24, and February 28, 1983, the Committee met to review, discuss and formulate specific policies for the investing of Metro's excess cash balances. During the process to formulate investment policies the Committee reviewed the existing policies of the City of Portland, Marion County and the State of Oregon's Short-Term Fund Board. After careful consideration of existing investment guidelines, it is the recommendation of this Committee that the policies presented in Exhibit "A" be forwarded to the Metro Council for their approval.

EXECUTIVE OFFICER'S RECOMMENDATION

The Executive Officer recommends that the policies in Exhibit "A" be adopted.

COMMITTEE CONSIDERATION AND RECOMMENDATION

On March 14, 1983, the Council Coordinating Committee unanimously recommended Council adoption of Resolution No. 83-391.