

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON**

RESOLUTION NO. 2015-065

Adopting the Multnomah County Investment Policy and Repealing Resolution No. 2013-016.

The Multnomah County Board of Commissioners Finds:

- a. ORS 294.135 requires the County to adopt a written investment policy.
- b. Treasury has modified the investment policy adopted by the Board on February 28, 2013, by Resolution No. 2013-016, to change the portfolio maximum maturity constraints. This change provides greater flexibility in investment management through cash cycles without increasing liquidity risk.

The Multnomah County Board of Commissioners Resolves:

1. The Board adopts the attached Multnomah County Investment Policy (document dated April 2015).
2. The Chief Financial Officer, or their designee, is authorized to administer the Investment Policy.
3. This resolution repeals and replaces the previous Investment Policy adopted by Resolution No. 2013-016.

ADOPTED this 18th day of June, 2015.

BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON

Deborah Kafoury

Deborah Kafoury, Chair



REVIEWED:
JENNY M. MADKOUR, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

JM Madkour

By _____
Jenny M. Madkour, County Attorney

SUBMITTED BY: Mark Campbell, Chief Financial Officer.



Investment Policy

April 2015

GOVERNING BODY

It is the policy of the Multnomah County 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 County and conforming to all applicable state and County requirements governing the investment of public funds. The receipt of a market rate of return will be tertiary to safety and liquidity requirements. It is the intent of the County 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 County.

I. SCOPE

This investment policy applies to the investing of the financial assets of all funds included in Multnomah County's investment portfolio as defined in this policy. During the Fiscal Year 2013-2014, the County's average daily balance of cash invested was approximately \$438,185,207, with the low of \$263,478,017 occurring in October 2013 and the high of \$1,204,838,226 occurring in November 2013.

All applicable cash will be invested in compliance with Oregon Revised Statutes Chapters 294 and 295, and all other applicable statutes, policies and other written procedures. Investment earnings of the investment portfolio shall be allocated to eligible County governmental, proprietary and fiduciary funds as summarized in Addendum A.

Investments owned by Multnomah County Hospital Facilities Authority do not fall under the purview of Multnomah County or this investment policy. Funds held by a Trustee or Fiscal Agent are excluded, if the County does not have investment control. Deferred Compensation funds are governed by separate rules and are not covered within this policy.

II. INVESTMENT OBJECTIVES

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

1. Safety of Principal

- The primary investment objective of Multnomah County is the preservation of capital and the protection of investment principal.
- 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 County's investment portfolio will remain sufficiently liquid to enable the County to meet all reasonably anticipated operating requirements. This preference for liquidity will be basic to investment decisions.

3. Yield-Return

- The County's investment portfolio shall be designed with the objective of attaining a market rate of return throughout the budgetary and economic cycles, taking into account the County's risk constraints and liquidity requirements. "Market rate of return" may be defined as the average return on established market indices that replicate similar average maturity characteristics to the portfolio. These may include the Bank of America Merrill Lynch 0-1 year or 0-3 year treasury indices..

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 County shall maintain a comprehensive cash management program that includes collection of accounts receivable, prudent investment of its available cash, disbursement of payment in accordance with invoice terms, and the management of banking services.

The County will comply with Federal and State laws, IRS Regulations, GAAP and GASB guidelines, Oregon State Treasury guidelines and GFOA best practices.

III. STANDARDS OF CARE

1. Prudence The standard of prudence to be used by the Chief Financial Officer, or their designee and treasury staff shall be the "prudent person" standard which states that "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 Chief Financial Officer, or their designee and treasury staff acting in accordance with written procedures and this investment policy, and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price fluctuations, provided deviations from expectations are reported in a timely manner and that investment transactions are carried out in accordance with this investment policy.

2. Ethics and Conflicts of Interest County employees involved in the investment process shall refrain from business activity that could conflict with the proper execution and management of the investment process, or that could impair their ability to make impartial decisions. Such employees 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. Such employees shall at all times comply with the State of Oregon Government Standards and Practices code of ethics set forth in ORS Chapter 244.

3. Delegation of Authority The Chief Financial Officer, or their designee is designated as the investment officer of the County and is responsible for the daily cash management as well as all investment decisions and activities. No person is authorized to engage in an investment transaction for the County except as provided under the terms of this policy.. The Chief

Financial Officer, or their designee may also authorize Treasury staff to act as designees with dual signature requirement. (See Addendum F).

4. Investment Advisor Subject to required procurement procedures, the County may engage the support services of outside professionals in regard to its management of the investment portfolio, so long as it can be demonstrated or anticipated that these services produce a net financial advantage or necessary financial protection of the County's resources. External investment advisors shall be subject to Oregon Revised Statutes and the provisions of this Investment Policy. The investment advisor shall provide non-discretionary advisory services, which require prior approval from the Chief Financial Officer or designee on all transactions.

IV. SAFEKEEPING AND CUSTODY

1. Delivery versus Payment All investments eligible for delivery purchased pursuant to this investment policy will be delivered versus payment by either book entry or physical delivery to a third-party custodian.

2. Authorized Financial Institutions and Broker/Dealers The Chief Financial Officer, or their designee will maintain and review annually a list of financial institutions authorized to provide the County investment and safekeeping services, as well as a list of approved security broker/dealers.

The Chief Financial Officer or their designee may utilize the investment advisor's approved broker/dealer list in lieu of the County's approved list. The advisor must submit the approved list to the County annually and provide updates as they occur. The advisor must maintain documentation of appropriate license and professional credentials of broker/dealers on the list. The annual investment advisor broker/dealer review procedures include:

- a. FINRA Certification check
 - i. Firm Profile
 - ii. Firm History
 - iii. Firm Operations
 - iv. Disclosures of Arbitration Awards, Disciplinary and Regulatory Events
 - v. State Registration Verification
- b. Financial review of acceptable FINRA capital requirements or letter of credit for clearing settlements.

For each investment transaction, the investment advisor shall provide the County with a confirmation ticket listing the specific instrument, issuer, coupon, maturity, CUSIP number, par amount, purchase or sale price, transaction date, and other pertinent information.

To be eligible, a financial institution must meet at least one of the following three criteria:

- a. Be a primary dealer of the Federal Reserve Bank of New York; or
- b. Report voluntarily to the F.R.B. of New York; or
- c. Affirm that it has met the securities dealers' capital adequacy requirements of the SEC.

The Chief Financial Officer, or their designee is authorized to sign a Trading Authorization Agreement or Master Repurchase Agreement with any institution included on the list, and will maintain a file, either electronically or hard copy, of the most recent audited financial reports of each firm on the approved list.

The Chief Financial Officer, or their designee is authorized to transact trades directly with issuers of corporate debt and commercial paper provided that the provisions of ORS 294.035 and this investment policy are observed.

The Chief Financial Officer, or their designee is responsible for maintaining current files documenting the appropriate licenses and professional credentials of broker/dealers with whom the County transacts trades. Additional documentation to be maintained includes certification of state registration and FINRA certification.

3. Internal Controls The Chief Financial Officer, or their designee shall be responsible for implementing effective internal controls to address the following areas of concern:

- Clear delegation of authority
- Segregation of duties and separation of responsibilities for trade execution, accounting, and record keeping
- Written confirmation of transactions and funds transfers
- Compliance with investment policy constraints and requirements
- Timely reconciliation of custodial reports
- Appropriate security for online transactions and access to bank accounts and bank data

V. AUTHORIZED INVESTMENTS

The County will diversify investments across maturities, security types and issuers to avoid incurring unreasonable risks. This investment policy limits approved investment securities to the following:

1. U.S. Treasury Issues
2. Agencies and Instrumentalities of the United States
3. Municipal Debt
4. Savings, Demand and Money-Market Accounts
5. Time Certificates of Deposit

6. Banker's Acceptances
7. Corporate Debt
8. Repurchase Agreements (collateral margins per Oregon State Treasury)
9. Reverse Repurchase Agreements (with approval of Chief Financial Officer)
10. Oregon Local Government Investment Pool (LGIP)

The specific permitted securities are defined under Oregon Revised Statutes 294.035, 294.040, 294.046 and 294.810. (See Addendum B). Collateral requirements for bank deposits, time deposits, certificates of deposit and savings accounts are defined in ORS Chapter 295. (See Addendum C).

VI. INVESTMENT PARAMETERS

The Chief Financial Officer, or their designee is responsible for preparing an annual cash flow schedule for all funds included in the County's investment portfolio. The cash flow schedule shall be continuously reviewed to compare projected flows to actual.

County investments shall be diversified by type, maturity and issuer. Before any transaction is concluded, to the extent practicable, the Chief Financial Officer, or their designee shall solicit and document competitive bids and offers on comparable securities. When not practicable, the reasons should be similarly documented. At all times the Chief Financial Officer, or their designee will strive for best execution of all transactions. Additionally, if reasonably unanticipated events cause the portfolio limits to be exceeded, the Chief Financial Officer, or their designee will take the steps necessary to correct the situation as soon as is practicable. The Chief Financial Officer, or their designee will promptly advise the Investment Advisory Board of the occurrence.

Investments may be sold at a loss when the Chief Financial Officer, or their designee deems that such a decision is prudent.

1. Diversification by Type The Chief Financial Officer, or their designee shall limit the types of securities owned based on their proportional market value to the total investment portfolio market value and per issuer in the following manner:

- | | |
|---|------------------------------|
| ○ U.S. Treasury Issues | Up to 100% |
| ○ Agencies and Instrumentalities | Up to 75% and 25% per issuer |
| ○ Municipal Debt | Up to 10% and 10% per issuer |
| ○ Savings, Demand and Money-Market Accounts | Up to 50% and 25% per |

	institution
o Certificates of Deposit	Up to 20% and 5% per institution
o Banker's Acceptances	Up to 25% and 15% per issuer
o Corporate Debt	Up to 25% and 5% per issuer
o Repurchase Agreements	Up to 10% (maturity 90 days)
o Reverse Repurchase Agreements	Up to 10%
o LGIP	Per ORS 294.810

Investments in corporate debt may exceed 25% up to a limit of 30% for a period not to exceed one monthly reporting period with prompt and appropriate notifications to the Chief Financial Officer and the Investment Advisory Board. The Chief Financial Officer is responsible for bringing the investment portfolio back into compliance as soon as is practical. Investments that are explicitly guaranteed by the U.S. Treasury or the Federal Deposit Insurance Corporation are considered U.S Treasury issues and may be owned without limit.

2. Maximum Maturities The County will not directly invest in securities maturing more than three (3) years from date of purchase.

- The maximum weighted maturity of the total portfolio shall not exceed 1.5 years. The maximum is established to limit the portfolio to excessive price change exposure.
- Liquidity funds will be held in cash, the State Pool or in money market instruments maturing in twelve months or shorter. The liquidity portfolio shall, at a minimum, represent three months budgeted outflows.
- Core investment 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 3 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	35%
Under 3 years	100%
WAM (Weighted Average Maturity)	1.5 years

Investment maturities may exceed the guidelines for a period not to exceed 10 successive business days with prompt and appropriate notifications to the Chief Financial Officer and the Investment Advisory Board. The Chief Financial Officer is responsible for bringing the investment portfolio back into compliance as soon as is practical.

3. Management of Credit Quality The Chief Financial Officer, or their designee shall calculate to the extent possible and report the average credit quality of the investment portfolio to manage aggregate portfolio credit risk.

4. Investment of Bond Proceeds Bond proceeds may be segregated within the County's investment portfolio and invested in a manner consistent with Internal Revenue Service limitations on tax-exempt issuers, as well as the trust indenture and anticipated drawdown of proceeds and ORS Chapter 294.

Similarly, funds received as a result of a defeasance of previously issued County debt shall be invested in a manner consistent with Oregon Revised Statutes, I.R.S. regulations and the terms of the indenture documents of the debt instrument.

5. Community Advantage Banking Program Pursuant to Multnomah County Board Resolution No. 2012-045, dated April 26, 2012, the Chief Financial Officer, or their designee is authorized to purchase time certificates of deposit from qualified community banks or credit unions with a par amount not to exceed the FDIC or NCUA insured limits per institution to a total of \$10,000,000. (See Addendum D).

VII. REPORTING AND OVERSIGHT

1. Methodology The Chief Financial Officer, or their designee shall prepare monthly a management summary that provides the details of the investment portfolio, as well as transaction details for the reporting period. Details shall be sufficient to document conformity with the provisions of statutes and this investment policy and shall include a listing of individual securities held at the end of the period. All investments owned will be marked-to-market monthly by the County's third-party custodian.

The monthly management investment summary will be provided to the Chair of the Board, the members of the Investment Advisory Board, the Chief Financial Officer and the County Auditor and any other interested parties upon request.

At the time of settlement of a purchase, an investment will be booked at cost. Any gain or loss resulting from an investment sold or called will be credited or charged to investment income as of the settlement date of the transaction. Premiums on securities will be amortized to the maturity date unless the security is a callable security then it will be amortized to the call date. Discounts on securities will be accreted to stated maturity date. In the event of a sale before maturity, any remaining premiums or discounts will be credited or charged to income as of the settlement date.

The County shall comply with all legal requirements and generally accepted accounting principals (GAAP). These principals are contained in the pronouncements of authoritative bodies including, but not limited to, the American Institute of Certified Public Accountants (AICPA), the Financial Accounting Standards Board (FASB), and the Government Accounting Standards Board (GASB).

Most of the County's available cash will be pooled for investment purposes in the investment portfolio. Cash not pooled will be restricted to:

- o Deferred compensation deposits and investments;

- Cash designated for Certificates of Participation, Full Faith and Credit, General Obligation, and Revenue Bond reserves;
- Cash designated for construction payments;
- Petty cash and other imprest funds.

These items will earn interest income, if applicable, from the financial institution holding the funds in a trust or fiduciary capacity.

2. Benchmarks The performance of Multnomah County total holdings will be measured against the performance of the one year Treasury note. Preservation of capital and maintenance of sufficient liquidity will be considered prior to attainment of market return performance.

A market benchmark will be determined that is appropriate for the core investment fund based on the County's risk and return profile. The County's investment advisor will provide return comparisons of the portfolio to the benchmark on a monthly basis. When comparing the performance of the County's portfolio, all fees and expenses involved with managing the portfolio shall be included in the computation of the portfolios rate of return.

3. Portfolio Earnings Allocation The amount of earnings allocated monthly will be calculated by the General Ledger section based on the following:

- The average daily cash balance (ADCB) of each eligible fund will be calculated. The Property Tax Trust Fund ADCB will be reduced by the average daily uncollected funds (float).
- The average monthly yield of the County's investment portfolio will be calculated on an Actual/365-day basis.
- An administrative fee of 100 basis points (1.00%) will be deducted from the earnings allocation prior to distribution.
- If the ADCB of a fund is negative and the fund would normally be credited earnings if the ADCB of that fund were positive, the fund will be debited earnings at the average monthly yield of the portfolio for the period that the fund's cash balance is negative.
- The allocation of earnings process is summarized in Addendum A.

4. Investment Advisory Board The County Chair will appoint the members of the Investment Advisory Board (IAB) to three-year terms. The IAB will consist of five citizen members who will be nominated on the basis of their expertise in financial markets and fixed income investments. (See Addendum E).

The IAB will meet quarterly to review the County's investment performance and adherence to the investment policy. All such meetings will be open to the public and publicized as required by the "Open Meetings Law."

Minutes of each meeting of the IAB shall be recorded and included in the management summary for the following month.

5. Indemnification Clause The County shall indemnify County officials and Investment Advisory Board members from personal liability for losses that might occur pursuant to administering this investment policy.

VIII. POLICY ADOPTION

The County's investment policy shall be reviewed annually by the Chief Financial Officer, or their designee, and the Investment Advisory Board for appropriate modifications. This policy and any amendments to this policy are to be approved annually by the Board of County Commissioners. Material revisions to this policy will require a review by the Oregon Short Term Fund Board, pursuant to ORS.

ADDENDUM A

Investment Earnings Allocation

- A. Pursuant to State law and County policy investment earnings will be allocated to all Debt Service Funds, all Capital Projects Funds, all Special Revenue Funds, except as noted below and the Behavioral Health Managed Care Fund (3002).
- B. Investment earnings will not be allocated to the Federal/State Program Fund because the majority of the expenditures are on a reimbursement basis from the grantor agency and the General Fund provides the cash flow.
- C. The General Fund will receive the balance of the investment earnings. All other Funds that are supported in whole or part by the General Fund will not be allocated investment earnings.
- D. In the event a new fund or account is created, the Chief Financial Officer is authorized to make the determination if the fund or account should receive investment earnings. This determination is to be based on the criteria used for the funds in existence at the time this policy is adopted.

ADDENDUM B

Liquid Investments Available to Oregon Local Governments

United States Treasury Issues

1. U.S. Treasury Bills
2. U.S. Treasury Notes
3. U.S. Treasury Bonds
4. U.S. Treasury STRIPS (Separate Trading of Registered Interest and Principal of Securities)
5. BECCS (Bearer Corpora Conversions)
6. CUBES (Coupons Under Book-Entry Safekeeping)
7. U.S. Treasury Inflation-Indexed Bonds

Agencies and Instrumentalities of the United States

1. Federal Home Loan Banks (FHLB) - Discount Notes, Consolidated bonds, Floating Rate Notes, and MTNs.
www.fhlb-of.com
2. Federal Farm Credit Banks (FFCB) - Consolidated system-wide notes and bonds, Discount notes, Floating Rate Notes, MTNs, and Master notes.
www.farmcredit-ffcb.com
3. Federal National Mortgage Association ("Fannie Mae") - Discount Notes, MTNs, Senior and Subordinated Benchmark Notes (fixed and floating), strips, zero-coupon securities, and mortgage-backed securities.
www.fanniemae.com
4. Federal Home Loan Mortgage Corporation ("Freddie Mac") - Discount Notes, MTNs, Senior and Subordinated Reference Notes (fixed and floating), Mortgage Participation Certificates (PC's), Collateralized Mortgage Obligations (CMO's), and Strips.
www.freddiemac.com
5. Government National Mortgage Association ("Ginnie Mae") - Mortgage-Backed Securities in 15- and 30-year maturities - guaranteed by the full faith and credit of the U.S. Government. Collateralized by FHA, VA, and FMHA insured mortgage loans.
www.ginniemae.gov

6. Financing Corporation (FICO) — Long-term bonds (none issued since 9/89) - Principal repayment defeased by zero coupon Treasuries.
7. Resolution Funding Corporation (REFCORP) - Strips and Bonds — 30 & 40-year issues - Principal collateralized by U.S. Treasuries, interest payments backed by the U.S. Treasury and FIRREA.
8. Tennessee Valley Authority (TVA) - Discount Notes, Strips, Notes, and Bonds - Issues available in maturities 5 to 50 years. www.tva.gov
9. Financial Assistance Corporation (FAC) - 15 year bonds, guaranteed by the Treasury, first issued in 7/88. This entity provides capital to Farm Credit System Institutions.
10. Federal Land Banks (FLB) - Bonds - Currently issued through FFCB. (Banks for Cooperatives and Federal Intermediate Credit Bank also issue through FFCB and have no direct issues outstanding.)
11. Federal Housing Administration (FHA) - Debentures - Backed by the full faith and credit of the U.S. Government.
12. Farmers Home Administration (FMHA) - Certificates of Beneficial Ownership (CBO's). Backed by the full faith and credit of the U.S. Government. Discontinued in 1975, small amount remains outstanding.
13. General Services Administration (GSA) - Participation Certificates - Secured by the full faith and credit of the U.S. Government. No new issues since 1974. www.gsa.gov
14. Maritime Administration - Bonds - Collateralized by ship mortgages, further backed by the full faith and credit of the U.S. Government in the event of default.
15. Washington Metropolitan Area Transit Authority - Bonds - Backed by the full faith and credit of the U.S. Government. Small amount remains outstanding.
16. Small Business Administration (SBA) - Debentures - Backed by the full faith and credit of the U.S. Government. Small amount remains outstanding.
www.sba.gov
17. Department of Housing and Urban Development (HUD) - Notes, New Housing Authority Bonds - 40-year issues with 15-year calls. Backed by the full faith and credit of the U.S. Government. No new issues since 1974. Small amount remains outstanding.
18. United States Postal Service - Bonds - May be backed by the full faith and credit of the U. S. Government. Issues with maturities of 20 years or longer. www.usps.com
19. United States Department of Veterans' Affairs Guaranteed REMIC Pass-Through Certificates Vendee Mortgage Trust 1992-1 (VINNIE MAE). The full and timely payment of principal and interest of these certificates is guaranteed by the Department of Veterans' Affairs and this guarantee is further backed by the full faith and credit of the United States of America.
20. Private Export Funding Corporation (PEFCO) — Secured Notes with maturities of 5 years or longer.-Interest is guaranteed by the Export-Import Bank of the United States (Eximbank, a federal agency) and whose principal is secured by either cash, securities backed by the full faith and credit of the United States, or Guaranteed Importer Notes which are guaranteed by the Eximbank. The Secured Notes, which are rated AAA.
www.pefco.com
21. Federal Agricultural Mortgage Corporation (Farmer Mac), a federally chartered instrumentality of the United States was created to provide capital for agricultural real estate and rural housing. Instruments include discount notes, medium-term notes, and mortgage backed securities. www.farmermac.com

Pursuant to ORS 294.046, this list contains all "agencies and instrumentalities of the United States with available obligations that any county, municipality, political subdivision or school district may invest in...." Generally, all U.S. Treasuries, and Agencies listed in 1 through 8 are appropriate investments for excess cash funds (if the maturities of such instruments are within the local government's investment guidelines). However, attention should be paid to any peculiar characteristics of some of the instruments. For example, mortgage-backed securities like GNMA's may have volatile prepayment characteristics which may make their final maturities unknown. In falling interest rate cycles, borrowers' whose underlying mortgages are the security for the GNMA bonds may refinance their loans accelerating the principal return to the investor. Therefore, the term for a GNMA cannot be relied upon to perform, for example, a debt defeasance. Agencies listed in 9 through 21 are viewed as less appropriate for local government investments, may be infrequently traded, and can be characterized by thin, illiquid markets.

Supranational institutions in which the United States Government owns capital stock are not listed above as agencies and instrumentalities of the United States because they are not solely owned or operated by the US government. Appropriate classification of the indebtedness of supranational institutions (e.g., World Bank, Asian Development Bank, Inter-American Development Bank, etc.) is subject to interpretation by the local government investor.

Local Government Investment Pool

No minimum investment: deposits are limited to the amount prescribed on: "Memo Regarding Limitation in ORS 294.810." These limits can be temporarily exceeded for 20 business days by county governments and 10 days by other local governments as a result of pass-through funds (ORS 294.810).

Repurchase Agreements

Typically these are investment arrangements involving the purchase of US Government and agency securities with a simultaneous agreement to resell them back to the same seller for the same dollar investment plus a gain. Amounts invested, rate, and terms are negotiable but such repurchase transactions are limited to 90 days maximum term. Maximum percentages for prices paid for the collateral securities are prescribed by the Oregon Investment Council or the Oregon Short-Term Fund Board [ORS 294.035 (11); ORS 294.135 (2)]. On March 12, 1996, the Board prescribed the following minimum pricing margins for repurchased collateral:

US Treasury Securities:	102%
US Agency Discount and Coupon Securities:	102%
Mortgage Backed and Other:	103%*

Bankers' Acceptances

Appropriate if: guaranteed by, and carried on the books of, a qualified financial institution; eligible for discount by the Federal Reserve System; and issued by a qualified financial institution whose short-term letter of credit rating is rated, on the day of purchase, in the highest category by one or more nationally recognized statistical rating organizations.. They are limited to a 25% maximum of the moneys of a local government available for investment on the settlement date per qualified financial institution [ORS 294.035 (8) (a), (b), (c)].

Corporate Indebtedness (secured and unsecured)

These securities are corporate commercial paper and promissory notes that have minimum commercial paper ratings, on the day of purchase, of A1 or P1 or long-term minimum ratings of Aa (Moody's) or AA (S&P) or equivalent by any nationally recognized statistical rating organization. The minimum credit quality may be lowered to A2, P2 for commercial paper and A for long-term if the issuer meets the criteria of paragraphs (A) and (B) of ORS 294.035 (9) (c). They are limited to 35% of the moneys of a local government available for investment [ORS 294.035 (9), (a), (b), (c), (d)]

Municipal Debt Obligations

Lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon and its political subdivisions that have a long-term debt rating, on the day of purchase, of A or an equivalent rating or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization [ORS 294.035 (2)]. Also, lawfully issued debt obligations of the States of California, Idaho and Washington and their political subdivisions if such obligations have a long-term rating of AA or better or are rated on the settlement date in the highest category for short-term municipal debt by a nationally recognized statistical rating organization [ORS 294.035 (3)]. For these latter obligations, they are allowable subject to ORS 294.040.

Certificates of Deposits

Certificates of deposit are not an investment security but rather a time deposit in a qualified financial institution. They must be FDIC insured to \$250,000 and further collateralized above the FDIC insurance pursuant to Oregon Revised Statutes.

ADDENDUM C

Collateral Requirements for Public Funds Deposits

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 if the deposit amount exceeds the FDIC or NCUA limits. Additional collateral requirements may be required if the Investment Officer deems increased collateral is beneficial to the protection of the monies under the County's management..

ADDENDUM D

**BEFORE THE BOARD OF COUNTY COMMISSIONERS
MULTNOMAH COUNTY, OREGON**

RESOLUTION NO. 2012-045

Establishing the Community Advantage Banking Program (CAB) and repealing Resolution No. 2010-160.

The Multnomah County Board of Commissioners Finds:

- a. Our nation has been reeling from the worst economic recession since the 1930s and recovery is proving to be a slow process. Multnomah County residents are suffering right alongside their fellow Oregonians with the 12th highest rate of unemployment in the country. 8.8% of the State's population is without a job.
- b. The County has the opportunity to be innovative with its investment dollars. It has the opportunity to be an economic driver, and build capital resources in partnership with our local community banks and credit unions.
- c. The County's investment dollars can be used by Oregon banks for loans that promote new and existing businesses that help save and create jobs for Oregonians.
- d. The County's investment dollars can be used by Oregon banks for loans that enable home purchases and improvements, automobile purchases and tuition expenses that stimulate our local economy.
- e. The County as an economic engine can promote lending opportunities, adding to the quality of life of all Oregonians - including those in Multnomah County, and encourage other local authorities to follow suit.
- f. Local Community Banks are banks with headquarters in the State of Oregon, are located throughout the State of Oregon and provide valuable financial services to the small business and agricultural sectors ("Local Community Bank").
- g. In addition to deposits with Local Community Banks, the County is also authorized under ORS 294.035 to invest in time deposit open accounts, certificates of deposit and savings accounts in Credit Unions as defined in ORS 723.006 or in federal credit unions, if the credit union maintains a head office or a branch in this state ("Local Credit Union").
- h. The County's investment policy, adopted by the Board, authorizes the County to purchase time certificates of deposits with financial institutions covered by FDIC insurance and institutions covered by National Credit Union Administration (NCUA) insurance.
- i. The County Investment Policy requires the County to safeguard assets, maintain sufficient liquidity requirements and obtain a competitive rate of return. This policy is affirmed annually by an independent Investment Advisory Board.
- j. On November 18, 2010, by Resolution 2010-160, the Board established a Community Banking Investment Program, and it is in the best interests of the County to update the program requirements with respect to local banks and credit unions.

The Multnomah County Board of Commissioners Resolves:

1. Resolution 2010-160 is repealed.
2. The County will purchase qualified time certificates of deposit from qualifying Local Community Banks and Local Credit Unions headquartered in Oregon to provide deposits for those institutions to make loans.
3. The total amount of funds available for this program will be \$10,000,000.
4. The par amount of the certificate of deposit will not exceed the FDIC and NCUA insured limit.
5. Local Community Banks and Local Credit Unions must meet the following requirements to participate in this program:
 - (a) The yield on time certificates of deposit must be competitive with similar qualified investments available to the County at the time of purchase.
 - (b) The institution must have headquarters in the State of Oregon.
 - (c) The institutions that participate in the program must provide evidence that they are a member of the FDIC or NCUA.
6. When making investments with Local Community Banks and Local Credit Unions, the Treasury Manager will follow all other provisions contained in the County Investment Policy.

ADOPTED this 26th day of April, 2012.

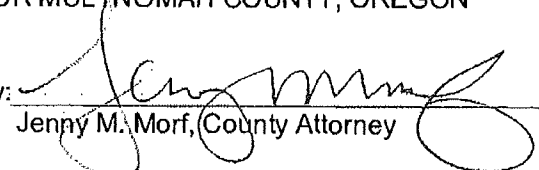


BOARD OF COUNTY COMMISSIONERS
FOR MULTNOMAH COUNTY, OREGON



Jeff Cogen, Chair

REVIEWED:
JENNY M. MORF, COUNTY ATTORNEY
FOR MULTNOMAH COUNTY, OREGON

By: 

Jenny M. Morf, County Attorney

SUBMITTED BY: Guillermo A. Maciel, Policy Advisor - Chair's Office.

ADDENDUM E

Multnomah County Investment Advisory Board

Jennifer Cooperman

Term Expires: 6/30/17
Sixth Term

Thomas Landye

Term Expires: 6/30/15
Seventh Term

Jack Pessia

Term Expires: 6/30/15
Third Term

George Scherzer

Term Expires: 6/30/17
Tenth Term

Tony Tursich

Term Expires: 6/30/17
First Term

Staff:

Mark Campbell, Chief Financial Officer
Eric Arellano, Deputy CFO
Dan Arenholz, Investment Officer
Tsultrim Yehshopa, Treasury Specialist
Grant Gibson, Treasury Specialist

(503) 988-6229
(503) 988-6718
(503) 988-3440
(503) 988-3681
(503) 988-5535

ADDENDUM F

Delegation of Authority

Mark Campbell
Chief Financial Officer

Single Signature Authority

Eric Arellano
Deputy CFO

Designee/Dual Signature Authority

Daniel J. Arenholz
Finance Specialist Senior

Designee / Dual Signature Authority

Tsultrim C. Yehshopa
Finance Specialist 2

Designee / Dual Signature Authority

Grant A. Gibson
Finance Specialist 1

Designee / Dual Signature Authority