

INFORMAL SESSION MINUTES

April 25, 2017

2:00 p.m.

Room 32, Courthouse

PRESENT: Commissioners Mary Starrett, Stan Primozich, and Richard L. "Rick" Olson.

Staff: Laura Tschabold, Christian Boenisch, and Mikalie Frei.

Guests: Nicole Montesano, News-Register.

* indicates item forwarded to formal agenda

Commissioner Primozich called the meeting to order at 2:09 p.m.

- * Minutes - see agenda for details.
- * Authority - see agenda for details.
- * Contracts - see agenda for details.
- * Committees - see agenda for details.
- * Financial - see agenda for details.
- * Letters - see agenda for details.
- * Policies - see agenda for details.

Treasurer update – Mike Green gave a brief overview of the overall investments and stated that they are stable. He also reviewed the recommendations being made by the Local Investment Advisory Committee (see Exhibit A). The recommendation for the investment limit to be raised to 2.5M with quarterly review by the Investment Committee was also presented.

Following commissioner updates, the meeting adjourned at 3:21 p.m.

Keri Hinton
Secretary

Accepted by Yamhill County
Board of Commissioners on
6-22-17 by Board Order
17-218

SP  MS  RO 

TO: Board of Commissioners
FROM: M. Green - Treasurer
SUBJ: Quarterly Update
DATE: April 24, 2017

Performance Summary

Total investments through March 31, 2017 equaled \$19.974M. This represents an increase from the prior quarter of \$1.1M. Earnings (LGIP and Investments) for the quarter totaled \$168,709 versus \$102,890 for the same period last year. YTD investments totaled \$446,917 versus \$268,263 for the same period last year.

Key performance criteria for the period are:

- YTM – 1.88
- YTW – 1.83
- Investment Rating (OST scale) – 1.22
- Per Cent Invested versus Targeted Ceiling – 99%
- Average maturity in years – 3.80
- Adjusted WAM – 3.05
- LGIP increased to 121 bps in March

Discussion

The bond market has stabilized. No bonds were called in the quarter. The bond market has seen a steady increase in return during this quarter. The overall YTM and YTW are up 4 bps. Bonds are continue to trade slightly higher but have rebounded slightly since the Fed announced a rate increase.

Investment Committee Discussion/Recommendations

The Committee primarily focused on cash balances and any possible exposure. Discussion centered on the US Bank balance and the cash balance maintained by HH&S. Concern was expressed that the County could be losing earnings given the differential (59 bps) credited by the Bank towards service charges and the actual LGIP earnings (121 bps). M. Green agreed to work with Becky over the next quarter to get a better

understanding and report back to the Committee in July. Much discussion ensued on HH&S cash balance. After input from M. Green and L. Tschabold it was felt that there was no immediate cause for concern regarding the Portfolio. The Committee recommended that given the size of the HH&S fund balance that it continue to be monitored.

Motions made by the Committee were:

- Add the specific agency AA ratings to the investment policy as recommended by the OSTF
- Increase the Portfolio ceiling from \$20M to \$22.5M
- Define the Investment Portfolio cap (non LGIP investments) to be the sum of the Portfolio (LGIP and investments) – 18 month maturity constraint (35% of the total portfolio)

Actions Required by the BOC

1. Re-appointment of Stuart Jacobson to a second term on the Investment Committee
2. Approval of the Investment Policy changes :
 - Adding the more detailed ratings for the three agencies (S&P, Moody, and Fitch)
 - Adding the Portfolio Ceiling Cap

Increase in the investment ceiling from \$20M to \$22.5M

Earnings History

Fiscal Year	11-12	12-13	13-14	14-15	15-16	1Q 16 - 17	2Q 16 - 17	3Q 16 - 17	16-17 YTD
Earnings									
LGP	\$113,665	\$134,931	\$159,641	\$137,941	\$201,790	\$63,426	\$92,830	\$94,861	\$251,117
Investments			<u>\$16,552</u>	<u>\$110,526</u>	<u>\$204,711</u>	<u>\$43,838</u>	\$78,114	\$73,848	\$195,800
	\$113,665	\$134,931	\$176,193	\$248,467	\$406,501	\$107,264	\$170,944	\$168,709	\$446,917
\$ Increase		\$21,266	\$41,262	\$72,274	\$158,034				
% Increase		18.7%	30.6%	41.0%	64%				

Assumptions: 14-15

Average annual monthly cash balance continues at \$30M
 Average portfolio balance of \$7M
 Average LGIP balance of \$23M

Actual: 14-15

Average annual cash balance \$33.9M
 Average portfolio balance of \$6.9M
 Average balance \$26.6

Assumptions: 15-16

Average annual monthly cash balance continues at \$33M
 Average portfolio balance of \$9.5M
 Average LGIP balance of \$25.5M

Actual: 15-16

Average annual cash balance \$37.4M
 Average portfolio balance of \$9.5M
 Average balance \$31.6

Assumptions: 16-17

Average annual monthly cash balance continues at \$33M
 Average portfolio balance of \$10.5M @ 1.70% YTW = \$178,500
 Average LGIP balance of \$25.0M @ .55% = \$140,250

	16-17est	16-17rev		17-18 est
	\$ 140,250	\$ 195,000	<u>\$30M@.65</u>	\$ 285,000
	\$ 178,500	\$ 221,000	<u>\$13M@1.70</u>	\$ 301,000
	\$ 318,750	\$ 416,000		\$ 586,000

YAMHILL COUNTY INVESTMENT SUMMARY

	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17
Total Liquidity	\$ 45,000,000								
Banks									
LGIP	\$ 28,345,392	\$ 27,627,492	\$ 24,781,895	\$ 24,168,478	\$ 42,390,750	\$ 34,212,945	\$ 34,539,015	\$ 33,775,766	\$ 31,320,267
US Bank	\$ 2,774,321	\$ 3,580,744	\$ 3,624,921	\$ 6,300,219	\$ 2,308,235	\$ 5,185,129	\$ 2,497,340	\$ 3,559,216	\$ 2,814,574
Key Bank	\$ 108,266	\$ 108,012	\$ 107,758	\$ 3,069,923	\$ 299,783	\$ 293,725	\$ 292,709	\$ 292,201	\$ 291,684
	\$ 31,227,979	\$ 31,316,248	\$ 28,514,574	\$ 33,538,620	\$ 44,998,768	\$ 39,691,799	\$ 37,329,064	\$ 37,627,183	\$ 34,426,525
Investments	\$ 15,000,000								
Agencies									
FNMA	\$ 2,531,000	\$ 2,651,000	\$ 2,651,000	\$ 2,651,000	\$ 3,133,000	\$ 3,133,000	\$ 3,133,000	\$ 3,133,000	\$ 3,133,000
FHLB	\$ 1,446,177	\$ 1,446,177	\$ 1,446,177	\$ 1,446,177	\$ 1,849,177	\$ 2,349,177	\$ 2,659,177	\$ 2,659,177	\$ 2,659,177
FHLMC	\$ 2,132,000	\$ 2,282,000	\$ 1,937,000	\$ 1,400,000	\$ 1,800,000	\$ 2,095,000	\$ 2,095,000	\$ 2,095,000	\$ 2,095,000
FFCB	\$ 2,762,000	\$ 2,747,000	\$ 2,747,000	\$ 2,577,000	\$ 2,882,000	\$ 3,332,000	\$ 3,332,000	\$ 3,182,000	\$ 3,182,000
FAMCA	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Total	\$ 8,971,177	\$ 9,226,177	\$ 8,881,177	\$ 8,174,177	\$ 9,764,177	\$ 11,009,177	\$ 11,319,177	\$ 11,169,177	\$ 11,169,177
	62.1%	62.1%	60.2%	57.6%	56.3%	57.2%	57.2%	56.2%	55.9%
Corporate	\$ 4,500,000								
Apple	\$ 480,000	\$ 480,000	\$ 480,000	\$ 480,000	\$ 580,000	\$ 580,000	\$ 580,000	\$ 580,000	\$ 580,000
Coca Cola	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000	\$ 125,000
Merck	\$ 279,000	\$ 279,000	\$ 279,000	\$ 279,000	\$ 279,000	\$ 279,000	\$ 279,000	\$ 279,000	\$ 279,000
Microsoft					\$ 145,000	\$ 145,000	\$ 145,000	\$ 145,000	\$ 145,000
Wells Fargo	\$ 575,000	\$ 575,000	\$ 575,000	\$ 575,000	\$ 575,000	\$ 575,000	\$ 925,000	\$ 925,000	\$ 925,000
Bank of Montreal									\$ 100,000
US Bank	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ -	\$ -	\$ -
John Hopkins	\$ 235,000	\$ 235,000	\$ 235,000	\$ 235,000	\$ 235,000	\$ 235,000	\$ 235,000	\$ 235,000	\$ 235,000
Exxon Mobile	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000	\$ 355,000	\$ 355,000	\$ 355,000	\$ 355,000
IBM	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 570,000	\$ 570,000	\$ 570,000	\$ 570,000	\$ 570,000
Westpac Banking	\$ 350,000	\$ 350,000	\$ 350,000	\$ 510,000	\$ 510,000	\$ 510,000	\$ 510,000	\$ 510,000	\$ 510,000
Shell	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 522,000	\$ 522,000	\$ 522,000	\$ 522,000	\$ 522,000
Toyota					\$ 150,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
Total Cap	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 266,000	\$ 366,000	\$ 366,000	\$ 366,000
JP Morgan-Chase	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000	\$ 350,000
Bank of Nova Scotia	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
Berkshire Hathaway					\$ 150,000	\$ 150,000	\$ 250,000	\$ 250,000	\$ 250,000
Wal-Mart	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Toronto Dominion		\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
GE Capital					\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000	\$ 100,000
General Electric	\$ 223,000	\$ 223,000	\$ 223,000	\$ 223,000	\$ 223,000	\$ 223,000	\$ 223,000	\$ 223,000	\$ 223,000
Chevron	\$ 510,000	\$ 510,000	\$ 510,000	\$ 510,000	\$ 610,000	\$ 610,000	\$ 610,000	\$ 610,000	\$ 610,000

YAMHILL COUNTY INVESTMENT SUMMARY

Total		\$ 4,507,000	32.4%	\$ 4,657,000	31.4%	\$ 4,657,000	31.6%	\$ 4,817,000	33.9%	\$ 6,004,000	34.6%	\$ 6,445,000	33.5%	\$ 6,795,000	34.3%	\$ 6,795,000	34.2%	\$ 6,895,000	34.5%
Municipals										\$ 5,250,000		\$ 7,000,000							
Wash, Mult, Yamh Sch Dist		\$ 250,000		\$ 250,000		\$ 250,000		\$ 250,000		\$ 250,000		\$ 250,000		\$ 250,000		\$ 250,000		\$ 250,000	
Santa Clara Valley		\$ 100,000		\$ 100,000		\$ 100,000		\$ 100,000		\$ 100,000		\$ 100,000		\$ 100,000		\$ 100,000		\$ 100,000	
Avalon										\$ 130,000		\$ 130,000		\$ 130,000		\$ 130,000		\$ 130,000	
Oregon State Lottery												\$ 155,000		\$ 155,000		\$ 155,000		\$ 155,000	
Ontario CA Intl Arprt												\$ 200,000		\$ 200,000		\$ 200,000		\$ 200,000	
Oregon State		\$ 250,000		\$ 250,000		\$ 250,000		\$ 250,000		\$ 250,000		\$ 250,000		\$ 250,000		\$ 250,000		\$ 250,000	
LA Redev Agency												\$ 100,000		\$ 100,000		\$ 100,000		\$ 100,000	
Umatilla Cnty Sch		\$ 65,000		\$ 65,000		\$ 65,000		\$ 65,000		\$ 65,000		\$ 65,000		\$ 65,000		\$ 65,000		\$ 65,000	
Soledad Redev Agency		\$ 100,000		\$ 100,000		\$ 240,000		\$ 240,000		\$ 240,000		\$ 240,000		\$ 240,000		\$ 240,000		\$ 240,000	
CA Industry		\$ 100,000		\$ 100,000		\$ 100,000		\$ 100,000		\$ 100,000		\$ 100,000		\$ 100,000		\$ 100,000		\$ 100,000	
Port Morrow		\$ 200,000		\$ 200,000		\$ 200,000		\$ 200,000		\$ 200,000		\$ 200,000		\$ 200,000		\$ 200,000		\$ 200,000	
Total		\$ 965,000	6.7%	\$ 965,000	6.5%	\$ 1,205,000	8.2%	\$ 1,205,000	8.5%	\$ 1,590,000	9.2%	\$ 1,790,000	9.3%	\$ 1,690,000	8.5%	\$ 1,910,000	9.6%	\$ 1,910,000	9.6%
Total		\$ 14,443,177		\$ 14,848,177		\$ 14,743,177		\$ 14,196,177		\$ 17,358,177		\$ 19,244,177		\$ 19,804,177		\$ 19,874,177		\$ 19,974,177	
Total		\$ 45,671,156		\$ 46,164,425		\$ 43,257,751		\$ 47,734,797		\$ 62,356,945		\$ 58,935,976		\$ 57,133,241		\$ 57,501,360		\$ 54,400,702	

Liquidity based on month end financial statements.

YAMHILL COUNTY
PORTFOLIO ALLOCATION

Total Portfolio Maturity Constraints
Section 9b of Yamill County Investment Policy

<u>Maturity Constraint</u>	<u>Minimum % of Total Portfolio</u>
Under 30 days	Lesser of 10% of total portfolio or 2 months operating expenditures
Under 180 days	Lesser of 25% of total portfolio or 4 months operating expenditures
Under 18 months	35% of total portfolio
Under 36 months	60% of total portfolio
Under 60 months	100% of total portfolio

<u>Investment Portfolio</u>	<u>Mar-17</u>
LGIP	\$ 31,320,267
Investments under 180 days	\$ 560,000
Investments under 18 months	\$ 1,416,000
Investments under 36 months	\$ 5,344,000
Investments under 60 months	\$ 9,663,000
	\$ 48,303,267 (1)
Investments over 60 months	\$ 3,009,000

<u>Constraint Allocation</u>	<u>Minimum</u>	<u>Actual</u>
Under 30 days	\$ 4,830,327 (2)	\$ 31,320,267
Under 180 days	\$ 12,075,817 (3)	\$ 31,880,267
Under 18 months	\$ 16,906,143 (4)	\$ 33,296,267
Under 36 months	\$ 28,981,960	\$ 38,640,267
Under 60 months	\$ 48,303,267	\$ 48,303,267

<u>Non LGIP Investment Levels</u>	<u>Permitted Level</u>
Maximum Available	\$ 43,472,940 Equal (1) - (2)
Under 180 days restriction	\$ 36,227,450 Equal (1) - (3)
Under 18 months restriction	\$ 31,397,124 Equal (1) - (4)

Recommended Outside (non LGIP) Investment Levels

	<u>LGIP Min</u>	<u>Invest Max</u>	
Under 180 days	\$ 12,075,817	\$ 36,227,450	Investment maximum = Total Portfolio (1) - L
Under 18 months	\$ 16,906,143	\$ 31,397,124	

Note: Assuming 100 bps difference between LGIP and Investment Portfolio for each \$1M invested generates \$10,000 per year in additional revenue.

8. Suitable and Authorized Investments

a. Investment Types

The following investments are permitted pursuant to ORS 294.035, 294.040 and 294.810. Bank demand deposits in qualified depository institutions are considered cash vehicles, not investments, and are therefore outside the scope of this policy.

- U.S. Treasury Obligations: U.S. Treasury and other government obligations that carry the full faith and credit guarantee of the United States for the timely payment of principal and interest.
- U.S. Agency Senior Debenture Obligations: Senior Debenture Obligations of U.S. Federal agencies and instrumentalities or U.S. government-sponsored enterprises (GSE).
- Bank Time Deposits/Savings Accounts/Certificates of Deposits.
- Corporate Indebtedness
 - Commercial paper issued under the authority of section 3(a)(3) of the Securities Act of 1933.
 - Corporate bonds.
- Repurchase Agreements.
- Banker's Acceptances.
- Oregon Short-Term Fund.
- Debt obligations of the agencies and instrumentalities of the State of Oregon and its political subdivisions.
- Debt obligations of the states of California, Idaho, and Washington and political subdivisions of those states.
- **Oregon Local Government Intermediate Fund ("OLGIF")**

b. Approval of Permitted Investments

If additional types of securities are considered for investment, per Oregon state statute, they will not be eligible for investment until this Policy has been amended and the amended version adopted by the County.

c. Bank Deposits and Savings Accounts

All bank deposits, time deposits, certificates of deposits, and savings accounts, shall be held in qualified Oregon depositories in accordance with ORS Chapter 295.

d. Prohibited Investments

i. Private Placement or "144A" Securities

Private placement or SEC Rule 144A securities are not allowed. SEC Rule 144A securities include commercial paper issued under section 4(2) of the Securities Act of 1933.

ii. U.S. Agency Mortgage-backed Securities

U.S. Agency Mortgage-backed securities, such as those securities by FNMA and FHLMC, are not allowed.

iii. Securities Lending

The County shall not lend securities nor directly participate in a securities lending.

e. Repurchase Agreements

i. ORS 294.035(3)(j) requires repurchase collateral to be limited in maturity to three years and priced according to percentages prescribed by written policy of the Oregon Investment Council or the Oregon Short-Term Fund Board.

ii. ORS 294.135(2) limits the maximum term of any repurchase agreement to 90 days.

iii. Repurchase agreements must meet the margins adopted by the OSTF Board. Current margins are:

- U.S. Treasury Securities: 102%
- U.S. Agency Discount and Coupon Securities: 102%
- Mortgage-backed and Other: 103%

9. Investment Parameters

a. Credit Risk

Credit risk is the risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. Credit risk will be mitigated by the following guidelines:

i. Diversification – It is the policy of the County to diversify its investments. Where appropriate, exposure will be limited by security type, maturity, issuance, issuer, and security type. Allowed security types and investment exposure limitations are detailed in the table below.

ii. Investment Credit Ratings – Investments must have a rating from at least one of the following nationally recognized statistical ratings organizations (NRSROs), as detailed in the table below: Moody's Investor Service, Standard and Poor's, and Fitch Rating Service. Ratings used to apply the guidelines below should be investment-level ratings and not issuer-level ratings.

Exposure Constraints		
Issue Type	Maximum % Holdings	Minimum Ratings Moody's/S&P/Fitch
U.S. Treasury Obligations	100%	None
U.S. Agency Securities	100%	
Per Agency (Senior Obligations Only)	50%	
Oregon Short-Term Fund	Maximum allowed per ORS 294.810	
Oregon Local Government Intermediate Fund ("OLGIF")	20%	
Corporate Debt	35%	
Corporate Commercial Paper	25%	
Per Issuer	5%	A1/P1/F1
Corporate Bonds	35%	
Per Issuer	5%	AA-/Aa3/Aa3
Repurchase Agreements	5%	
Banker's Acceptance	25%	A1+/P1/F1+
Bank Time Deposits/Savings	50%	
Accounts/Certificates of Deposit		
Per Institution	25%	
Municipal Debt (Total)	35%	
State of Oregon	25%	A2/A/A
States of Idaho, California & Washington	25%	AA/Aa2/AA/AA

- iii. Restrictions on Issuers with Prior Default History- Per ORS 294.040, the bonds of issuers listed in ORS 294.035(3)(a) to (3)(c) may be purchased only if there has been no default in payment of or the interest on the obligations of the issuing county, port, school district, or city for a period of five years next preceding the date of the investment.
 - iv. Portfolio Credit Rating – The minimum weighted average credit rating of the portfolio's rated investments shall be Aa/AA/AA by Moody's Investors' Service/Standard and Poor's/Fitch Ratings Service respectively.
- b. Liquidity Risk
Liquidity risk is the risk that an investment may not be easily marketable or redeemable. The following strategies will be employed to mitigate liquidity risks:
- i. The value of at least 25% of funds available for investing will be invested in the Oregon Short-Term Fund with a qualified depository institution or investments maturing within 180 days to provide sufficient liquidity for expected disbursements. Budgeted operating expenditures shall not include ending budget balances, contingences, reserves, and other long-term (greater than 12 months) budgeted items.

- ii. Funds in excess of liquidity requirements are allowed for investments maturing in greater than 180 days. However, longer-term investments tend to be less liquid than shorter-term investments. Portfolio investment maturities will be limited as follows:

Total Portfolio Maturity Constraints	
Maturity Constraints	Minimum % of Total Portfolio
Under 30 days	Lesser of 10% or 2 months net operating expenditures
Under 180 days	Lesser of 25% or 4 months net operating expenditures
Under 18 months	35%
Under 36 months	60%
Under 60 months	100%

In no event shall the Investment Portfolio (non-LGIP investments) be greater than the sum of the Total Portfolio (LGIP and non-LGIP investments) minus the 18-month maturity constraint (35% of the Total Portfolio).

Due to fluctuations in the surplus funds balance, maximum percentages for a particular issuer, investment type, or maturity may be exceeded at a point in time subsequent to the purchase of a particular security. Securities need not be liquidated to realign the portfolio.

- iii. Reserve or Capital Improvement Project monies may be invested in securities exceeding the maximum term if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.
- iv. Larger issuance sizes enhance liquidity as there are likely to be a greater number of investors. Issuance sizes above a minimum amount qualify a municipal debt bond issuance for index eligibility. Index-eligible bonds have a significantly larger investor base, which improves liquidity.
- v. Limiting investments in a specific debt issuance improves secondary market liquidity by ensuring there are other owners of the issuance.

Issue Type	Maximum % of Issuance* (Par)
U.S. Agency Securities	50%
Corporate Debt (Total)	
Corporate Commercial Paper	25%
Corporate Bonds	25%
Municipal Bonds	50%

*The par amount issued under a single CUSIP

c. Interest Rate Risk

Longer-term investments have the potential to achieve higher returns, but are likely to exhibit higher market value volatility due to the changes in the general level of interest rates over the life of the investment(s). Interest rate risk will be mitigated by providing adequate

liquidity for short-term cash needs and by making longer-term investments only with funds that are not needed for current cash flow purposes. Certain types of securities, including variable rate securities, securities with principal paydowns prior to maturity, and securities with embedded options, will affect the interest rate risk profiles of the portfolio differently in different interest rate environments. The following strategies will be employed to control and mitigate adverse changes in the market value of the portfolio due to changes in interest rates:

- i. Where feasible and prudent, investment maturities should be matched with expected cash outflows to mitigate market risk.
- ii. To the extent feasible, investment maturities not matched with cash outflows, including liquidity investments under eighteen months, should be staggered to mitigate reinvestment risk.
- iii. No commitments to buy or sell securities may be made more than 14 days prior to the anticipated settlement date, or receive a fee other than interest for future deliveries.
- iv. The maximum percent of callable securities in the portfolio shall be 35%.
- v. The maximum stated final maturity of individual securities in the portfolio shall be five years, except as otherwise stated in this policy.
- vi. The maximum portfolio average weighted maturity exclusive of Reserve or Capital Improvement Project monies measured with stated final maturity shall not exceed 4 years. Callable bonds will be calculated using their final maturity dates rather than their callable dates. LGIP and other money market investments shall be excluded from the average weighted maturity calculation.

10. Investment of Proceeds from Debt Issuance

- a. Investment of bond proceeds is restricted under bond covenants that may be more restrictive than the investment parameters included in this policy. Bond proceeds shall be invested in accordance with the parameters of this policy and the applicable bond covenants and tax laws.
- b. Funds from bond proceeds and amounts held in a bond payment reserve or proceeds fund may be invested pursuant to ORS 294.052. Investment of bond proceeds are typically not invested for resale and are maturity matched with outflows. Consequently, surplus funds within the scope of ORS 294.052 are not subject to this policy's liquidity risk constraints within section 10(b).

11. Investment of Reserve of Capital Improvement Funds