

RESOLUTION 2009-_____

**A RESOLUTION AUTHORIZING THE INVESTMENT POLICY OF THE CITY
OF ASHLAND AND REPEALING RESOLUTION NO. 98-16**

Recitals:

ORS Chapter 294.035 prohibits local governments from investing money unless the governing body of the local government has authorized the investments.

The Mayor and City Council resolve: The investment of City monies in accordance with the attached policy is authorized.

This Resolution supersedes Resolution No. 98-16 authorizing the investment of City monies and the purchase of Bancroft Bonds.

THE CITY OF ASHLAND RESOLVES AS FOLLOWS:

SECTION 1.

This resolution was duly PASSED and ADOPTED this _____ day of _____, 2009, and takes effect upon signing by the Mayor.

Barbara Christensen, City Recorder

John Stromberg, Mayor

Reviewed as to form:

Richard Appicello, City Attorney

CITY OF ASHLAND, OREGON INVESTMENT POLICY

I. POLICY STATEMENT

It is the policy of the City of Ashland to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds.

II. SCOPE

This investment policy applies to activities of the City of Ashland and Ashland Parks & Recreation in regard to investing the financial assets of all funds except for funds held in trust for deferred compensation funds for the employees of the City of Ashland. In addition, funds held by trustees or fiscal agents are excluded from these rules; however, all funds are subject to regulations established by the State of Oregon. Other than bond proceeds or other unusual situations, the estimated portfolio size ranges from \$15,000,000 to \$24,000,000.

These funds are accounted for in the City of Ashland's Comprehensive Annual Financial Report and include:

- General Fund
- Special Revenue Funds
- Capital Projects Funds
- Debt Service Funds
- Enterprise Funds
- Internal Service Funds
- Trust & Agency Funds

Funds of the City will be invested in compliance with the provisions of all applicable Oregon Revised Statutes. Investments of any tax-exempt borrowing proceeds and any related Debt Service funds will comply with the arbitrage restrictions in all applicable Internal Revenue Codes.

III. OBJECTIVES AND STRATEGY

The primary objectives, in priority order, of the City of Ashland's investment activities shall be:

1. **Legality.** This Investment Policy will be in conformance with federal laws, state statutes, local ordinances, and internal policies and procedures.
2. **Liquidity.** The City of Ashland's investment portfolio will remain sufficiently liquid to enable the City of Ashland to meet all operating requirements which might be reasonably anticipated.
3. **Diversification.** 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.
4. **Yield.** The City of Ashland's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, commensurate with the City of Ashland's investment risk constraints and the cash flow characteristics of the portfolio. "Market rate of return" may be defined as the average yield of the current three-

month U.S. Treasury bill or any other index that most closely matches the average maturity of the portfolio.

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 City shall maintain a comprehensive cash management program that includes collection of accounts receivable, and the management of banking services.

IV. STANDARDS OF CARE

1. **Delegation of Authority.** Authority to manage the City of Ashland's investment program is delegated to the City Recorder/Treasurer and Administrative Services Director who are the designated investment officers of the City and are responsible for investment decisions and activities, under the review of City Council. The day to day administration of the cash management program is handled by the City Recorder/Treasurer or by, the Administrative Services Director in the absence of the City Recorder/Treasurer.

Management responsibility for the investment program is hereby delegated to the City Recorder/Treasurer and Administrative Services Director, who shall establish written procedures for the operation of the investment program consistent with this investment policy and subject to review and adoption by City Council. Procedures should include reference to: safekeeping, PSA repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the City Recorder/Treasurer and Administrative Services Director. The City Recorder/Treasurer and Administrative Services Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

2. **Prudence.** The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. These standards 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."
3. **Limitation of Personal Liability.** The Investment Officer acting in accordance with written procedures, the investment policy and in accord with the Prudent Person Rule shall not be held personally liable in the management of the portfolio.
4. **Ethics and Conflict of Interest.** Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and Investment Officers shall disclose any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the investment portfolio. Employees, officers, and their families shall refrain from undertaking personal investment transactions with the same individual with whom business is conducted on behalf of the City. Officers and employees shall, at all times, comply with the State of Oregon, Government Standards and Practices Commission, code of ethics set forth in ORS Chapter 244.

IV. AUTHORIZED AND SUITABLE INVESTMENTS.

1. **Authorized Investments.** All investments of the City shall diversified by type, maturity and issuer. Before any transaction is concluded, to the extent practicable, the Investment Officer shall solicit and document competitive and offers on comparable securities. When not practicable, the reasons should be similarly documented. At all times the Investment Officer will strive for best execution of all transactions. Additionally, if reasonably unanticipated events cause the portfolio limits to be exceeded, the Investment Officer will take the steps necessary to correct the situation as soon as practicable. Investments may be sold at a loss when the Investment Officer deems that such a decision is prudent.
2. **Suitable Investments.**
 - a. U.S. Treasuries
 - b. Agencies and Instrumentalities of the United States.
 - c. Savings and Demand Accounts (Oregon depositories only)
 - d. Time Certificates of Deposit (Oregon depositories only)
 - f. Banker's Acceptances (Oregon issued)
 - g. Corporate Debt
 - h. Municipal Debt (States of Oregon, California, Idaho and Washington only)
 - i. Oregon Local Government Investment Pool (LGIP)

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

V. INVESTMENT PARAMETERS

1. **Diversification.** The City will diversify the investment portfolio to avoid incurring unreasonable risks, both credit and interest rate risk, inherent in over investing in specific instruments, individual financial institutions or maturities.

Diversification Constraints on Total Holdings:

<u>ISSUER TYPE</u>	<u>% of portfolio</u>
U.S. Treasury Obligations	Up to 100%
U.S. Government Agency Securities and Instrumentalities of Government Sponsored Corp.	Up to 75% and 25% per issuer
Bankers' Acceptances (BA's)	Up to 25% and 15% per issuer
Certificates of Deposit (CD)	Up to 35% and 5% of deposits per institution
Municipal Debt	Up to 35% and 10% per issuer
Corporate Debt (AA, A1, P1)	Up to 25% and 5% per issuer
State of Oregon Investment Pool Securities	ORS Limit 294.810

The investment officers will routinely monitor the contents of the portfolio comparing the holdings to the markets, relative values of competing instruments, changes in credit quality, and

benchmarks. If there are advantageous transactions, the portfolio may be adjusted accordingly, but not to exceed % as stated.

2. **Investment Maturities.** The City will not directly invest in securities maturing more than three (3) years from the date of purchase.
 - a. The maximum weighted maturity of the total portfolio shall not exceed 1.5 years. This maximum is established to limit the portfolio to excessive price change exposure.
 - b. Liquidity funds will be held in the State Pool or in money market instruments maturing six months and shorter. The liquidity portfolio shall, at a minimum, represent six month budgeted outflow.
 - c. Core funds will be the defined as the funds in excess of liquidity requirements. The investments in this portion of the portfolio will have maturities between 1 day and 5 years and will be only invested in high quality and liquid securities.

Total Portfolio Maturity Constraints:

Under 30 days	10% minimum
Under 90 days	25% minimum
Under 270 days	50% minimum
Under 1 year	75% minimum
Under 18 months	80% minimum
Under 3 years	100% minimum

Exception to 3 year maturity maximum: Reserve or Capital Improvement Project monies may be invested in securities exceeding three (3) years if the maturities of such investments are made to coincide as nearly as practicable with the expected use of the funds.

Due to fluctuations in the aggregate surplus funds balance, maximum percentages for a particular issuer or investment type may be exceeded at a point in time subsequent to the purchase of a particular issuer or investment type may be exceeded. Securities do not need to be liquidated to realign the portfolio; however, consideration will be given to this matter when future reinvestments occur.

VII. SAFEKEEPING, CUSTODY AND AUTHORIZED DEALERS

1. **Safekeeping and Custody of Securities.** The laws of the state and prudent treasury management require that all purchased securities be bought on a delivery versus payment basis and be held in safekeeping by the City, or the City's designated depository.

All safekeeping arrangements shall be designated by the Investment Officer and shall list each specific security, rate, description, maturity, and cusip number. Each safekeeping receipt will clearly state that the security is held for the City or pledged to the City. In addition, repurchase requirements including Master Repurchase Agreements shall be in place prior to any business being conducted.

2. **Authorized Financial Dealers.** The Investment Officer shall maintain a list of all authorized brokers/dealers and financial institutions that are approved for investment purposes or investment dealings. Any firm is eligible to make an application to the City of Ashland and upon due consideration and approval will be added to the list. Additions and deletions to the list will be made at the discretion of the Investment Officer. 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 F.R. B. of New York continuously for the preceding 12 months.**

At the request of the City of Ashland, the firms performing investment services shall provide their most recent financial statements or Consolidated Report of Conditions for review. Further, there should be in place, proof as to all the necessary credentials and licenses held by employees of the brokers/dealers who will have contact with the City of Ashland as specified by, but not necessarily limited to the Financial Industry Regulatory Authority (FINRA), Securities and Exchange Commission (SEC), etc.

All dealers with whom the City transacts business will be provided a copy of this Investment Policy to ensure that they are familiar with the goals and objectives of the investment program.

If the City hires an investment advisor to provide investment management services, the advisor is authorized to transact with its direct dealer relationships on behalf of the City. A list of approved dealers must be submitted to the Investment Officer prior to transacting business.

3. **Competitive Transactions.** The Investment Officer will obtain telephone, faxed or emailed quotes before purchasing or selling an investment. The Investment Officer will select the quote which best satisfies the investment objectives of the investment portfolio within the parameters of this policy. The Investment Officer will maintain a written record of each bidding process including the name and prices offered by each participating financial institution.

The investment advisor must provide documentation of competitive pricing execution on each transaction. The advisor will retain documentation and provide upon request.

VIII. CONTROLS

1. **Accounting Method.** The City shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP). The accounting principles are those contained in the pronouncements of authoritative bodies including but not necessarily limited to, the Governmental Accounting Standards Board (GASB); the American Institute of Certified Public Accountants (AICPA); and the Financial Accounting Standards Board (FASB).

Pooling of Funds: Except for cash in certain restricted and special funds, the City will consolidate balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles.

2. **Internal Controls.** The City will maintain a structure of internal controls sufficient to assure the safekeeping and security of all investments.

The Investment Officer shall develop and maintain written administrative procedures for the operation of the investment program that are consistent with this investment policy.

Procedures will include reference to safekeeping, wire transfers; banking services contracts, and other investment related activities.

The Investment Officer shall be responsible for all transactions undertaken.

No officer or designee may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Investment Officer and approved by the Council.

3. **External Controls.** The City of Ashland may enter into contracts with external investment management firms on a non-discretionary basis. These services will apply to the investment of the City's short-term operating funds and capital funds including bond proceeds and bond reserve funds.

If an investment advisor is hired, the advisor will comply with all requirements of this Investment Policy. The investment advisor will provide return comparisons of the portfolio to the benchmark on a monthly basis. Exceptions to the Investment Policy must be disclosed and agreed upon in writing by both parties. The Investment Officer remains the person ultimately responsible for the prudent management of the portfolio.

Factors to be considered when hiring an investment advisory firm may include, but are not limited to:

- a. The firm's major business
- b. Ownership and organization of the firm
- c. The background and experience of key members of the firm, including the portfolio manager expected to be responsible for the City's account
- d. The size of the firm's assets base, and the portion of that base which would be made up by the City's portfolio if the firm were hired
- e. Management Fees
- f. Cost Analysis of advisor
- g. Performance of the investment advisory firm, net of all fees, versus the Local Government Investment Pool or other benchmarks over a given period of time

IX. PERFORMANCE EVALUATION AND REPORTING

The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

The city's investment strategy is active. 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 longer term investments based on the City's risk and return profile. When comparing the performance of the City's portfolio, all fees and expenses involved with managing the portfolio shall be included in the computation of the portfolio's total rate of return. This would include any in-house management of the funds, as well as outside management.

The Investment Officer shall prepare monthly and quarterly compliance summary reports that provide 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 the 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 City's third-party custodian.

The performance (total return) of the City's portfolio will be measured against the performance of the Local Government Investment Pool (LGIP) and the yield of the 91-day U.S. Treasury Bill.

X. INVESTMENT POLICY ADOPTION BY GOVERNING BODY

This investment policy will be formally adopted by the City Council. The policy shall be reviewed on an annual basis by the Investment Officer and the City Council. Material revisions to this policy will require a review by the Oregon Short Term Fund Board, pursuant to current Oregon Revised Statutes.

ADDENDUM A

Chapter 294 — County and Municipal Financial Administration

294.035 Investment of surplus funds of political subdivisions; approved investments.

(1) Subject to ORS 294.040 and 294.135 to 294.155, the custodial officer may invest any sinking fund, bond fund or surplus funds in the custody of the custodial officer in the bank accounts, classes of securities at current market prices, insurance contracts and other investments listed in this section, but only after obtaining from the governing body of the county, municipality, political subdivision or school district a written order that has been entered in the minutes or journal of the governing body.

(2) This section does not:

(a) Limit the authority of the custodial officer to invest surplus funds in other investments when the investment is specifically authorized by another statute.

(b) Apply to a sinking fund or a bond fund established in connection with conduit revenue bonds issued by a county, municipality, political subdivision or school district for private business entities or nonprofit corporations.

(3) Investments authorized by this section are:

(a) Lawfully issued general obligations of the United States, the agencies and instrumentalities of the United States or enterprises sponsored by the United States Government.

(b) Lawfully issued debt obligations of the agencies and instrumentalities of the State of Oregon and its political subdivisions that have a long-term rating 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.

(c) Lawfully issued debt obligations of the States of California, Idaho and Washington and political subdivisions of those states if the obligations have a long-term rating of AA 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.

(d) Time deposit open accounts, certificates of deposit and savings accounts in insured institutions as defined in ORS 706.008, in credit unions as defined in ORS 723.006 or in federal credit unions, if the institution or credit union maintains a head office or a branch in this state.

(e) Share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

(f) Fixed or variable life insurance or annuity contracts as defined by ORS 731.170 and guaranteed investment contracts issued by life insurance companies authorized to do business in this state.

(g) Trusts in which deferred compensation funds from other public employers are pooled, if:

(A) The purpose is to establish a deferred compensation plan;

(B) The trust is a public instrumentality of such public employers and described in section (2)(b) of the Investment Company Act of 1940, 15 U.S.C. 80a-2(b), as amended, in effect on September 20, 1985, or the trust is a common trust fund described in ORS 709.170;

(C) Under the terms of the plan the net income from or gain or loss due to fluctuation in value of the underlying assets of the trust, or other change in such assets, is reflected in an equal increase or decrease in the amount distributable to the employee or the beneficiary thereof and, therefore, does not ultimately result in a net increase or decrease in the worth of the public employer or the state; and

(D) The fidelity of the trustees and others with access to such assets, other than a trust company, as defined in ORS 706.008, is insured by a surety bond that is satisfactory to the public employer, issued by a company authorized to do a surety business in this state and in an amount that is not less than 10 percent of the value of such assets.

(h)(A) Banker's acceptances, if the banker's acceptances are:

(i) Guaranteed by, and carried on the books of, a qualified financial institution;

(ii) Eligible for discount by the Federal Reserve System; and

(iii) Issued by a qualified financial institution whose short-term letter of credit rating is rated in the highest category by one or more nationally recognized statistical rating organizations.

(B) For the purposes of this paragraph, "qualified financial institution" means:

(i) A financial institution that is located and licensed to do banking business in the State of Oregon; or

(ii) A financial institution that is wholly owned by a financial holding company or a bank holding company that owns a financial institution that is located and licensed to do banking business in the State of Oregon.

(C) A custodial officer shall not permit more than 25 percent of the moneys of a local government that are available for investment, as determined on the settlement date, to be invested in banker's acceptances of any qualified financial institution.

(i)(A) Corporate indebtedness subject to a valid registration statement on file with the Securities and Exchange Commission or issued under the authority of section 3(a)(2) or 3(a)(3) of the Securities Act of 1933, as amended. Corporate indebtedness described in this paragraph does not include banker's acceptances. The corporate indebtedness must be issued by a commercial, industrial or utility business enterprise, or by or on behalf of a financial institution, including a holding company owning a majority interest in a qualified financial institution.

(B) Corporate indebtedness must be rated on the settlement date P-1 or Aa or better by Moody's Investors Service or A-1 or AA or better by Standard & Poor's Corporation or equivalent rating by any nationally recognized statistical rating organization.

(C) Notwithstanding subparagraph (B) of this paragraph, the corporate indebtedness must be rated on the settlement date P-2 or A or better by Moody's Investors Service or A-2 or A or better by Standard & Poor's Corporation or equivalent rating by any nationally recognized statistical rating organization when the corporate indebtedness is:

(i) Issued by a business enterprise that has its headquarters in Oregon, employs more than 50 percent of its permanent workforce in Oregon or has more than 50 percent of its tangible assets in Oregon; or

(ii) Issued by a holding company owning not less than a majority interest in a qualified financial institution, as defined in paragraph (h) of this subsection, located and licensed to do banking business in Oregon or by a holding company owning not less than a majority interest in a business enterprise described in sub-subparagraph (i) of this subparagraph.

(D) A custodial officer may not permit more than 35 percent of the moneys of a local government that are available for investment, as determined on the settlement date, to be invested in corporate indebtedness, and may not permit more than five percent of the moneys of a local government that are available for investment to be invested in corporate indebtedness of any single corporate entity and its affiliates or subsidiaries.

(j) Securities of any open-end or closed-end management investment company or investment trust, if the securities are of the types specified in paragraphs (a) to (c), (h) and (i) of this subsection and if the investment does not cause the county, municipality, political subdivision or school district to become a stockholder in a joint company, corporation or association. A trust company or trust department of a national bank while acting as indenture trustee may invest funds held by it as indenture trustee in any open-end or closed-end management investment company or investment trust for which the trust company or trust department of a national bank or an affiliate of the trust company or trust department of a national bank acts as investment adviser or custodian or provides other services. However, the securities of the investment company or investment trust in which the funds are invested must be of the types specified in paragraphs (a) to (c), (h) and (i) of this subsection and the investment must not cause the county, municipality, political subdivision or school district whose funds are invested to become a stockholder in a joint company, corporation or association. For purposes of this paragraph, companies are affiliated if they are members of the same affiliated group under section 1504 of the Internal Revenue Code of 1986 (26 U.S.C. 1504).

(k) Repurchase agreements whereby the custodial officer purchases securities from a financial institution or securities dealer subject to an agreement by the seller to repurchase the securities. The repurchase agreement must be in writing and executed in advance of the initial purchase of the securities that are the subject of the repurchase agreement. Only securities described in paragraph (a) of this subsection may be used in conjunction with a repurchase agreement and such securities shall have a maturity of not longer than three years. The price paid by the custodial officer for such securities may not exceed amounts or percentages prescribed by written policy of the Oregon Investment Council or the Oregon Short Term Fund Board created by ORS 294.885.

(L) Shares of stock of any company, association or corporation, including but not limited to shares of a mutual fund, but only if the moneys being invested are funds set aside pursuant to a local government deferred compensation plan and are held in trust for the exclusive benefit of participants and their beneficiaries. [Amended by 1957 c.53 §1; 1957 c.689 §1; 1965 c.404 §1; 1973 c.157 §1; 1973 c.288 §1; 1974 c.36 §9; 1975 c.359 §3; 1977 c.300 §1; 1981 c.804 §84; 1981 c.880 §13; 1983 c.456 §2; 1985 c.256 §2; 1985 c.440 §1; 1985 c.690 §2; 1987 c.493 §1; 1991 c.459 §379; 1993 c.59 §1; 1993 c.452 §1; 1993 c.721 §1; 1995 c.79 §102; 1995 c.245 §2; 1997 c.249 §91; 1997 c.631 §446; 1999 c.601 §1; 2001 c.377 §43; 2003 c.405 §1; 2005 c.443 §§13,13a]

294.040 Restriction on investments under ORS 294.035. The bonds listed in ORS 294.035 (3)(a) to (c) may be purchased only if there has been no default in payment of either the principal 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. [Amended by 1995 c.245 §3; 2005 c.443 §21]

294.046 List of approved securities for investment under ORS 294.035; distribution. The State Treasurer shall prepare and keep current a list of agencies and instrumentalities of the United States with available obligations that any county, municipality, political subdivision or school district may invest in under ORS 294.035 (3)(a) and 294.040. The list shall be distributed, upon request, to any county, municipality, political subdivision or school district. [1973 c.157 §3; 1975 c.359 §4; 1995 c.245 §4; 2005 c.443 §22]

294.810 Local governments authorized to place limited funds in pool. (1) With the consent of the governing body, a local government official may place in the aggregate up to \$30 million of its funds in the investment pool, or, if the assets of the investment pool have been transferred pursuant to ORS 294.882, in the state investment fund established pursuant to ORS 293.721, for investment and reinvestment by the investment officer as provided under ORS 293.701 to 293.820 or 294.805 to 294.895, as the case may be. The \$30 million limitation stated in this section shall not apply either to funds of a governing body which are placed in the investment pool on a pass-through basis or to funds invested on behalf of another government unit. Local governments must remove pass-through funds which result in an account balance in the pool in excess of \$30 million within 10 business days. County governments must remove such excess funds within 20 business days. The investment officer shall promptly report each instance of noncompliance with, or apparent abuse of, the limitations of this section to the Secretary of State and to the governing body of the local government involved.

(2) The \$30 million limitation contained in subsection (1) of this section shall increase in proportion to the increase occurring after September 9, 1995, in the Consumer Price Index for All Urban Consumers of the Portland, Oregon, Standard Metropolitan Statistical Area, as compiled by the United States Department of Labor, Bureau of Labor Statistics. [1973 c.748 §2; 1981 c.880 §15; 1987 c.381 §2; 1995 c.245 §10]

ADDENDUM B

Chapter 295 — Depositories of Public Funds and Securities

295.001	Definitions for ORS 295.001 to 295.108
295.002	Deposit of public funds; limitation; exception
295.004	Conditions for deposit of funds in excess of specified amounts
295.006	Bank depository and public official filings with State Treasurer; rules
295.008	Conditions for acting as custodian or bank depository
295.013	Custodian's receipt; duties of custodian
295.015	Maintenance of securities by bank depository
295.018	Increase in required collateral of bank depository; notifications; failure to increase collateral
295.022	Collateral not required for deferred compensation funds
295.031	Notice to public officials regarding adequacy of collateral
295.034	Withdrawal of inadequately collateralized funds
295.037	Distribution of collateral after loss in bank depository; assessments
295.041	Subrogation rights of State Treasurer
295.046	Limitation on depository acceptance of public funds from single public official; exception
295.048	Limitations on aggregate public funds deposits; notice; exceptions
295.053	Custodian duties when bank depository ceases holding public funds; securities
295.056	Liability of public officials for loss of public funds
295.061	Treasurer reports; filing; notification of changes
295.071	Investigation by regulatory bodies other than State Treasurer
295.073	Report to State Treasurer of certain actions by Director of Department of Consumer and Business Services
295.081	Time deposits
295.084	Designation of depository; collection for claims due state
295.087	Department of State Lands to invest proceeds from sales of public lands
295.091	Preference in selecting depositories for political subdivisions; apportioning funds; interest
295.093	Depositing moneys with treasurer of political subdivision
295.101	Public funds not subject to ORS 295.001 to 295.108
295.106	State Treasurer charges; expenses
295.108	State Treasurer rules; form of report
295.195	When deposit in foreign country authorized; effect on collateral
295.205	Accounts in financial institutions outside Oregon; conditions; rules

295.001 Definitions for ORS 295.001 to 295.108. As used in ORS 295.001 to 295.108, unless the context requires otherwise:

(1) "Adequately capitalized" means a bank depository that is classified as adequately capitalized by its primary federal regulatory authority.

(2) "Bank depository" means an insured institution or trust company that:

(a) Maintains a head office or branch in this state in the capacity of an insured institution or trust company; and

(b) Complies with ORS 295.008.

(3) "Business day" means any day other than a federal or State of Oregon legal holiday or a day on which offices of the State of Oregon are otherwise authorized by law to remain closed.

(4) "Credit union depository" means a credit union as defined in ORS 723.006 or a federal credit union if:

(a) The shares and deposits of the credit union or federal credit union are insured by the National Credit Union Share Insurance Fund; and

(b) The credit union or federal credit union maintains a head office or branch in this state in the capacity of a credit union or federal credit union.

(5) "Custodian bank" or "custodian" means one of the following institutions designated by the bank depository for its own account:

(a) The Federal Home Loan Bank designated to serve this state, or any branch of that bank; or

(b) Any insured institution or trust company that:

(A) Is authorized to accept deposits or transact trust business in this state;

(B) Complies with ORS 295.008; and

(C) Has been approved by the State Treasurer to serve as a custodian bank, if the State Treasurer has approved custodians under ORS 295.008.

(6) "Custodian's receipt" or "receipt" means a document issued by a custodian bank describing the securities deposited with it by a bank depository to secure public fund deposits.

(7) "Depository" means a bank depository or a credit union depository.

(8) "Financial institution outside this state" means a financial institution, as defined in ORS 706.008, that is not an extranational institution, as defined in ORS 706.008, and is not a bank depository or credit union depository, as defined in this section.

(9) "Insured institution" means an insured institution as defined in ORS 706.008.

(10) "Loss" means the issuance of an order by a regulatory or supervisory authority or a court of competent jurisdiction:

(a) Restraining a bank depository from making payments of deposit liabilities; or

(b) Appointing a receiver for a public depository.

(11) "Maximum liability" of a bank depository on any given date means a sum equal to:

(a) For a well capitalized bank depository, 10 percent of the greater of:

(A) All public funds held by the bank depository, as shown on the most recent treasurer report;

(B) The average of the balances of public funds held by the bank depository, as shown on the last four immediately preceding treasurer reports; or

(C) An amount otherwise prescribed in ORS 295.001 to 295.108.

(b) For an adequately capitalized bank depository, 25 percent of the greater of:

(A) All public funds held by the bank depository, as shown on the most recent treasurer report;

(B) The average of the balances of public funds held by the bank depository, as shown on the last four immediately preceding treasurer reports; or

(C) An amount otherwise prescribed in ORS 295.001 to 295.108.

(c) For an undercapitalized bank depository, 110 percent of the greater of:

(A) All public funds held by the bank depository; or
(B) The average of the balances of public funds held by the bank depository, as shown on the last four immediately preceding treasurer reports.

(12) "Net worth" of a bank depository means:

(a) The equity capital of the bank depository, as shown on the immediately preceding report of condition and income, and may include capital notes and debentures that are subordinate to the interests of depositors; or

(b) An amount of equity capital designated by the State Treasurer.

(13) "Pledge agreement" means a written agreement among an insured institution or trust company, the State Treasurer and a custodian that pledges the securities deposited by the insured institution or trust company with the custodian as collateral for deposits of public funds held by the insured institution or trust company. The agreement must be approved by the board of directors or loan committee of the insured institution or trust company and must be continuously maintained as a written record of the insured institution or trust company.

(14) "Public funds" or "funds" means funds under the control or in the custody of a public official by virtue of office.

(15) "Public official" means each officer or employee of this state or any agency, political subdivision or public or municipal corporation thereof, or any housing authority, who by law is made the custodian of or has control of any public funds.

(16) "Report of condition and income" means the quarterly report submitted to a bank depository's primary federal regulatory authority.

(17) "Security" or "securities" means:

(a) Obligations of the United States, including those of its agencies and instrumentalities and of government sponsored enterprises;

(b) Obligations of the International Bank for Reconstruction and Development;

(c) Bonds of any state of the United States:

(A) That are rated in one of the four highest grades by a recognized investment service organization that has been engaged regularly and continuously for a period of not less than 10 years in rating state and municipal bonds; or

(B) Having once been so rated are ruled to be eligible securities for the purposes of ORS 295.001 to 295.108, notwithstanding the loss of such rating;

(d) Bonds of any county, city, school district, port district or other public body in the United States payable from or secured by ad valorem taxes and that meet the rating requirement or are ruled to be eligible securities as provided in paragraph (c) of this subsection;

(e) Bonds of any county, city, school district, port district or other public body issued pursuant to the Constitution or statutes of the State of Oregon or the charter or ordinances of any county or city within the State of Oregon, if the issuing body has not been in default with respect to the payment of principal or interest on any of its bonds within the preceding 10 years or during the period of its existence if that is less than 10 years;

(f) With the permission of the State Treasurer and in accordance with rules adopted by the State Treasurer, loans made to any county, city, school district, port district or other public body in the State of Oregon, if the borrower has not been in default with respect to the payment of principal or interest on any of its loans within the preceding 10 years or during the period of its existence if that is less than 10 years;

(g) With the permission of the State Treasurer and in accordance with rules adopted by the State Treasurer, bond anticipation notes issued, sold or assumed by an authority under ORS 441.560;

(h) Bonds, notes, letters of credit or other securities or evidence of indebtedness constituting the direct and general obligation of a federal home loan bank or Federal Reserve bank;

(i) Debt obligations of domestic corporations that are rated in one of the three highest grades by a recognized investment service organization that has been engaged regularly and continuously for a period of not less than 10 years in rating corporate debt obligations; and

(j) Collateralized mortgage obligations and real estate mortgage investment conduits that are rated in one of the two highest grades by a recognized investment service organization that has been engaged regularly and continuously for a period of not less than 10 years in rating corporate debt obligations.

(18) "Treasurer report" means a written report signed or authenticated by an officer of a bank depository setting forth as of the close of business on a specified date:

(a) The total amount of public funds on deposit with the bank depository;

(b) The net worth of the bank depository;

(c) The amount and nature of eligible collateral then on deposit with its custodian to collateralize the bank depository's public funds deposits; and

(d) The identity of its custodian.

(19) "Treasurer report due date" means a date not less than 10 business days after the date a bank depository's report of condition and income is due to be submitted to its federal regulatory authority.

(20) "Trust company" means a trust company as defined in ORS 706.008.

(21) "Undercapitalized" means a bank depository that is classified as undercapitalized by its primary federal regulatory authority.

(22) "Value" means the current market value of securities.

(23) "Well capitalized" means a bank depository that is classified as well capitalized by its primary federal regulatory authority. [Formerly 295.005]

Note: The amendments to 295.001 (formerly 295.005) by section 15a, chapter 871, Oregon Laws 2007, become operative July 1, 2008, and apply to all public funds on deposit on or after July 1, 2008. See sections 36 and 37, chapter 871, Oregon Laws 2007, as amended by sections 39 and 40, chapter 871, Oregon Laws 2007. The text that is operative until July 1, 2008, including amendments by section 123, chapter 783, Oregon Laws 2007, is set forth for the user's convenience.

295.001. As used in ORS 295.001 to 295.125, unless the context requires otherwise:

(1) "Certificate of participation" or "certificate" means a nonnegotiable document issued by a pool manager to a public official.

(2) "Custodian bank" or "custodian" means the following institutions designated by the depository bank for its own account:

(a) The Federal Reserve Bank designated to serve this state, or any branch of that bank;

(b) The Federal Home Loan Bank designated to serve this state, or any branch of that

bank;

(c) Any insured institution or trust company, as those terms are defined in ORS 706.008, that is authorized to accept deposits or transact trust business in this state and that complies with ORS 295.008; and

(d) The fiscal agency of the State of Oregon, duly appointed and acting as such agency pursuant to ORS 286A.132.

(3) "Custodian's receipt" or "receipt" means a document issued by a custodian bank to a pool manager describing the securities deposited with it by a depository bank to secure public fund deposits.

(4) "Depository bank" or "depository" means an insured institution or trust company, as those terms are defined in ORS 706.008, a credit union, as defined in ORS 723.006, the shares and deposits of which are insured by the National Credit Union Share Insurance Fund, or a federal credit union, if the institution, trust company or credit union:

(a) Maintains a head office or a branch in this state in the capacity of an insured institution, trust company, credit union or federal credit union; and

(b) In the case of an insured institution or trust company, complies with ORS 295.008.

(5) "Pool manager" means:

(a) The State Treasurer;

(b) Any insured institution or trust company, as those terms are defined in ORS 706.008, a credit union, as defined in ORS 723.006, the shares and deposits of which are insured by the National Credit Union Share Insurance Fund, or a federal credit union, if the institution, trust company or credit union:

(A) Is authorized to accept deposits or transact trust business in this state; and

(B) In the case of an insured institution or trust company, complies with ORS 295.008;

(c) The Federal Reserve Bank designated to serve this state, or any branch of that bank; or

(d) The Federal Home Loan Bank designated to serve this state, or any branch of that bank.

(6) "Public funds" or "funds" means funds under the control or in the custody of a public official by virtue of office.

(7) "Security" or "securities" means:

(a) Obligations of the United States, including those of its agencies and instrumentalities;

(b) Obligations of the International Bank for Reconstruction and Development;

(c) Bonds of any state of the United States:

(A) That are rated in one of the four highest grades by a recognized investment service organization that has been engaged regularly and continuously for a period of not less than 10 years in rating state and municipal bonds; or

(B) Having once been so rated are ruled to be eligible securities for the purposes of ORS 295.001 to 295.125, notwithstanding the loss of such rating;

(d) Bonds of any county, city, school district, port district or other public body in the United States payable from ad valorem taxes levied generally on substantially all property within the issuing body and that meet the rating requirement or are ruled to be eligible securities as provided in paragraph (c) of this subsection;

(e) Bonds of any county, city, school district, port district or other public body issued pursuant to the Constitution or statutes of the State of Oregon or the charter or ordinances of any county or city within the State of Oregon, if the issuing body has not been in default with respect to the payment of principal or interest on any of its bonds within the preceding 10 years or during the period of its existence if that is less than 10 years;

(f) Bond anticipation notes issued, sold or assumed by an authority under ORS 441.560;

(g) One-family to four-family housing mortgage loan notes related to property situated in the State of Oregon, which are owned by a depository bank, no payment on which is more than 90 days past due, and which are eligible collateral for loans from the Federal Reserve Bank of San Francisco under section 10(b) of the Federal Reserve Act and regulations thereunder;

(h) Bonds, notes, letters of credit or other securities or evidence of indebtedness constituting the direct and general obligation of a federal home loan bank or Federal Reserve bank;

(i) Debt obligations of domestic corporations that are rated in one of the three highest grades by a recognized investment service organization that has been engaged regularly and continuously for a period of not less than 10 years in rating corporate debt obligations;

(j) Collateralized mortgage obligations and real estate mortgage investment conduits that are rated in one of the two highest grades by a recognized investment service organization that has been engaged regularly and continuously for a period of not less than 10 years in rating corporate debt obligations; and

(k) One-family to four-family housing mortgages that have been secured by means of a guarantee as to full repayment of principal and interest by an agency of the United States Government, including the Government National Mortgage Association, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation.

(8) "Public official" means each officer or employee of this state or any agency, political subdivision or public or municipal corporation thereof who by law is made the custodian of or has control of any public funds.

(9) "Value" means the current market value of securities.

295.002 Deposit of public funds; limitation; exception. (1) Any public official may retain undeposited such reasonable cash working fund as is fixed by the governing body of the political subdivision or public corporation for which the public official acts. Except to the extent of such cash working fund, each public official shall deposit public funds in the custody or control of the public official in one or more depositories currently qualified pursuant to ORS 295.001 to 295.108. The public official may not have on deposit in any one credit union depository an aggregate sum in excess of the deposit insurance limits established by the National Credit Union Administration. With respect to bank depositories, unless a bank depository has entered into the agreement described in ORS 295.008 (2)(b) and has deposited securities pursuant to ORS 295.015 (1), the public official shall not have on deposit in any one bank depository and its branches a sum in excess of:

(a) The amount insured by the Federal Deposit Insurance Corporation; or

(b) For any amount over the amount insured by the Federal Deposit Insurance Corporation, the amount insured or guaranteed by private deposit insurance or a deposit guaranty bond issued by an insurance company rated A- or better by a recognized insurance rating service.

(2) Compliance with ORS 295.001 to 295.108 relieves the public official of personal liability on account of the loss of the public funds in the custody or control of the public official. [Formerly 295.025]

Note: The amendments to 295.002 (formerly 295.025) by section 19, chapter 871, Oregon Laws 2007, become operative July 1, 2008, and apply to all public funds on deposit on or after July 1, 2008. See sections 36 and 37, chapter 871, Oregon Laws 2007, as amended by sections 39 and 40, chapter 871, Oregon Laws 2007. The text that is operative until July 1, 2008, is set forth for the user's convenience.

295.002. (1) Any public official may retain undeposited such reasonable cash working fund as is fixed by the governing body of the political subdivision or public corporation for which the public official acts. Except to the extent of such cash working fund, each public official shall deposit public funds in the custody or control of the public official in one or more depositories currently qualified pursuant to ORS 295.001 to 295.125. The public official may not have on deposit in any one depository bank that is a credit union or federal credit union an aggregate sum in excess of \$100,000. With respect to other depository banks, the public official, without procuring certificates of participation issued by the pool manager of the depository in an amount equal to the excess deposit, shall not have on deposit in any one depository bank and its branches a sum in excess of:

(a) The amount insured by the Federal Deposit Insurance Corporation; or

(b) For any amount over the amount insured by the Federal Deposit Insurance Corporation, the amount insured or guaranteed by private deposit insurance or a deposit guaranty bond issued by an insurance company rated A- or better by a recognized insurance rating service.

(2) Whenever a public official holds a certificate of participation issued by a pool manager in an amount exceeding the amount required by subsection (1) of this section, upon the written request of the depository bank the public official shall surrender it to the pool manager or direct the pool manager in writing to cancel it in whole or in a designated part.

(3) Compliance with ORS 295.001 to 295.125 relieves the public official of personal liability on account of the loss of the public funds in the custody or control of the public official.

295.004 Conditions for deposit of funds in excess of specified amounts. (1) A public official may deposit public funds in a bank depository in an amount in excess of the amount allowed in ORS 295.002 without requiring the bank depository to show that it has entered into the agreement described in ORS 295.008 (2)(b) or deposited securities pursuant to ORS 295.015 (1) if the funds are initially deposited into a bank depository in Oregon and the Oregon bank depository participates in a program through which:

(a) The Oregon bank depository arranges for deposit of the funds into one or more certificates of deposit or time deposits issued by other financial institutions in the United

States;

(b) Each certificate of deposit or time deposit is fully insured by the Federal Deposit Insurance Corporation;

(c) The Oregon bank depository administers the funds on behalf of the public official; and

(d) Other financial institutions participating in the program place funds into the Oregon depository in an amount at least equal to the amount deposited into the Oregon bank depository by the public official for purposes of the program.

(2) Until the Oregon bank depository places public funds into one or more certificates of deposit or time deposits as provided in subsection (1) of this section, any public funds held by the Oregon bank depository pending such placement that are in excess of the amounts allowed in ORS 295.002 must be collateralized as provided in ORS 295.001 to 295.108 for other public funds deposits.

(3) The provisions of ORS 295.006, 295.013, 295.015, 295.018 and 295.037 do not apply to public funds deposits deposited into a bank depository in Oregon that the bank depository arranges for under the provisions of the program described in this section. The provisions of ORS 294.035 and 295.001 requiring deposit of public funds into depositories that have offices or branches in Oregon do not apply to certificates of deposit or time deposits that an Oregon bank depository arranges for under the provisions of the program described in this section. [Formerly 295.027]

Note: The amendments to 295.004 (formerly 295.027) by section 20, chapter 871, Oregon Laws 2007, become operative July 1, 2008, and apply to all public funds on deposit on or after July 1, 2008. See sections 36 and 37, chapter 871, Oregon Laws 2007, as amended by sections 39 and 40, chapter 871, Oregon Laws 2007. The text that is operative until July 1, 2008, is set forth for the user's convenience.

295.004. (1) A public official may deposit public funds in an amount in excess of the amount allowed in ORS 295.002 without procuring a certificate of participation if the funds are initially deposited into a depository in Oregon and the Oregon depository participates in a program through which:

(a) The Oregon depository arranges for deposit of the funds into one or more certificates of deposit or time deposits issued by other financial institutions in the United States;

(b) Each certificate of deposit or time deposit is fully insured by the Federal Deposit Insurance Corporation;

(c) The Oregon depository administers the funds on behalf of the public official; and

(d) Other financial institutions participating in the program place funds into the Oregon depository in an amount at least equal to the amount deposited into the Oregon depository by the public official for purposes of the program.

(2) The provisions of ORS 294.035 and 295.001 requiring deposit of public funds into depositories that have offices or branches in Oregon do not apply to certificates of deposit or time deposits that an Oregon depository arranges for under the provisions of the program described in this section.

(3) As used in this section, "public funds" and "public official" have the meanings given those terms in ORS 295.001.

295.005 [1967 c.451 §1; 1973 c.157 §4; 1973 c.288 §2; 1973 c.378 §1; 1973 c.797 §426; 1975 c.515 §8; 1981 c.440 §2; 1983 c.104 §3; 1983 c.456 §4; 1985 c.439 §1; 1985 c.565 §51; 1987 c.524 §1; 1989 c.536 §1; 1991 c.352 §6; 1993 c.74 §1; 1993 c.229 §23; 1993 c.318 §12; 1997 c.631 §447; 1999 c.311 §1; 1999 c.412 §3; 2003 c.195 §17; 2003 c.405 §2; 2005 c.443 §§32,32a; 2007 c.783 §123; 2007 c.871 §15a; renumbered 295.001 in 2007]

295.006 Bank depository and public official filings with State Treasurer; rules. (1)

Each bank depository shall keep on file with the State Treasurer the name and address of its custodian bank.

(2) Each public official shall keep on file with the State Treasurer the names, addresses and such other information as the State Treasurer shall prescribe by rule of each depository in which the public official deposits public funds. [Formerly 295.055]

Note: The amendments to 295.006 (formerly 295.055) by section 22, chapter 871, Oregon Laws 2007, become operative July 1, 2008, and apply to all public funds on deposit on or after July 1, 2008. See sections 36 and 37, chapter 871, Oregon Laws 2007, as amended by sections 39 and 40, chapter 871, Oregon Laws 2007. The text that is operative until July 1, 2008, is set forth for the user's convenience.

295.006. Each depository bank shall keep on file with the State Treasurer the names and addresses of each of its custodian banks and pool managers.

295.008 Conditions for acting as custodian or bank depository. (1)(a) An insured institution or trust company may not be a custodian bank under ORS 295.001 to 295.108, unless it certifies in writing to the State Treasurer that it will furnish the reports required under ORS 714.075 to the Director of the Department of Consumer and Business Services.

(b) The State Treasurer may approve one or more insured institutions or trust companies to serve as custodians for bank depositories. The State Treasurer shall promptly notify all bank depositories of the approval of an insured institution or trust company to serve as a custodian.

(2) An insured institution or trust company may not be a bank depository under ORS 295.001 to 295.108, unless it:

(a) Certifies in writing to the State Treasurer that it will furnish the reports required under ORS 714.075 to the Director of the Department of Consumer and Business Services;

(b) Except as provided in subsection (4) of this section, enters into a pledge agreement; and

(c) Complies with subsection (3) of this section.

(3) After July 1, 2008, any insured institution or trust company that is not acting as a bank depository on July 1, 2008, and that wishes to become a bank depository shall file with the State Treasurer an initial written report signed or authenticated by an officer of the insured institution or trust company setting forth, as of the date the insured institution or trust company intends to commence acting as a bank depository:

(a) The estimated total amount of public funds that will be on deposit with the insured institution or trust company;

(b) The estimated net worth of the insured institution or trust company;

(c) The amount and nature of the collateral that will be deposited with its custodian to collateralize the public funds deposits; and

(d) The identity of its custodian.

(4) An insured institution or trust company may be a bank depository under ORS 295.001 to 295.108 without entering into a pledge agreement or complying with subsection (3) of this section if the insured institution or trust company does not hold any funds on deposit for a public official that exceed the limits specified in ORS 295.002 for that type of depository. The provisions of ORS 295.006, 295.013, 295.015, 295.018, 295.037 and 295.061 do not apply to an insured institution or trust company that is a bank depository under this subsection. [2005 c.112 §3; 2007 c.871 §16]

Note: The amendments to 295.008 by section 16, chapter 871, Oregon Laws 2007, become operative July 1, 2008, and apply to all public funds on deposit on or after July 1, 2008. See sections 36 and 37, chapter 871, Oregon Laws 2007, as amended by sections 39 and 40, chapter 871, Oregon Laws 2007. The text that is operative until July 1, 2008, is set forth for the user's convenience.

295.008. (1)(a) An insured institution or trust company described in ORS 295.001 (2)(c) may not be a custodian bank under ORS 295.001 to 295.125, unless it certifies in writing to the State Treasurer that it will furnish the reports required under ORS 714.075 to the Director of the Department of Consumer and Business Services.

(b) With the approval of the State Treasurer, a depository bank may be a custodian bank with respect to its own securities.

(2) An insured institution or trust company described in ORS 295.001 (4) may not be a depository bank under ORS 295.001 to 295.125, unless it:

(a) Certifies in writing to the State Treasurer that it will furnish the reports required under ORS 714.075 to the Director of the Department of Consumer and Business Services; and

(b) Except as provided in subsection (3) of this section, enters into a written agreement with the State Treasurer and a custodian that pledges the securities deposited by the insured institution or trust company with the custodian as collateral for deposits of public funds held by the insured institution or trust company. The agreement must be approved by the board of directors or loan committee of the insured institution or trust company and shall be continuously maintained as a written record of the insured institution or trust company.

(3) An insured institution or trust company described in ORS 295.001 (4) may be a depository bank under ORS 295.001 to 295.125 without entering into the agreement described in subsection (2) of this section if the insured institution or trust company does not hold any funds on deposit for a public official that exceed the limits specified in ORS 295.002 for that type of depository. The provisions of ORS 295.006, 295.013, 295.015, 295.018, 295.045, 295.065, 295.105 and 295.185 do not apply to an insured institution or trust company that is a depository bank under this subsection.

(4) An insured institution or trust company may not be a pool manager with respect to

securities that it deposits with its custodians as collateral for the security of public fund deposits, and an insured institution or trust company may not be a pool manager unless it certifies in writing to the State Treasurer that it will furnish the reports required under ORS 714.075 to the Director of the Department of Consumer and Business Services.

Note: Section 33, chapter 871, Oregon Laws 2007, provides:

Sec. 33. On or before July 1, 2008, each insured institution and trust company that wishes to act as a bank depository under ORS 295.005 to 295.165 [renumbered 295.001 to 295.108] from and after July 1, 2008, shall file with the State Treasurer an initial written report signed or authenticated by an officer of the insured institution or trust company, together with an executed copy of its pledge agreement. The report shall set forth:

- (1) The estimated total amount of public funds that will be on deposit with the insured institution or trust company as of July 1, 2008;
- (2) The estimated net worth of the insured institution or trust company on July 1, 2008;
- (3) The amount and nature of the collateral that will be deposited with its custodian to collateralize the public funds deposits; and
- (4) The identity of its custodian. [2007 c.871 §33]

295.010 [Amended by 1953 c.352 §3; 1957 c.172 §1; 1965 c.169 §1; repealed by 1967 c.451 §32]

295.011 [2005 c.112 §4; 2005 c.443 §32c; 2007 c.783 §124; renumbered 295.101 in 2007]

295.013 Custodian's receipt; duties of custodian. (1) Upon receipt of securities from the bank depository, the custodian bank shall issue to the State Treasurer, with a copy to the bank depository, a custodian's receipt describing the securities.

(2) Each custodian shall:

(a) Maintain an accurate inventory of the securities of each bank depository described in the custodian's receipts issued by the custodian to the State Treasurer, and adjust the inventory to reflect withdrawals and substitutions of securities previously inventoried.

(b) Appraise the value of the securities added to and withdrawn from the inventory of the bank depository, and appraise the value of the entire inventory of the bank depository on the last day of each month and at such other times as the State Treasurer directs.

(c) Provide a monthly report to the State Treasurer listing the securities pledged by each bank depository and setting forth the value of each security and of the entire inventory of securities pledged by the bank depository.

(d) Notify a bank depository in writing whenever the value of the securities held by the custodian for the bank depository is less than:

(A) For a bank depository that is subject to increased collateral requirements under ORS 295.018, 110 percent of the greater of:

(i) All public funds held by the bank depository; or

(ii) The average of the balances of public funds held by the bank depository, as shown on the last four immediately preceding treasurer reports; or

(B) For a bank depository that is not subject to increased collateral requirements under ORS 295.018, the maximum liability for the bank depository.

(e) Notify the State Treasurer in writing if a bank depository fails to increase the value of its securities within five business days after receipt of notice under paragraph (d) of this subsection.

(f) Notify the State Treasurer in writing if a bank depository increases the value of its securities to an adequate amount after receipt of notice under paragraph (d) of this subsection.

(g) Notify the State Treasurer whenever a bond in the inventory of a bank depository no longer meets the rating requirements described in ORS 295.001 (17)(c) or (d).
[Formerly 295.035]

Note: The amendments to 295.013 (formerly 295.035) by section 21, chapter 871, Oregon Laws 2007, become operative July 1, 2008, and apply to all public funds on deposit on or after July 1, 2008. See sections 36 and 37, chapter 871, Oregon Laws 2007, as amended by sections 39 and 40, chapter 871, Oregon Laws 2007. The text that is operative until July 1, 2008, is set forth for the user's convenience.

295.013. Upon receipt of securities from the depository bank, the custodian bank shall issue to the pool manager designated by the depository a custodian's receipt describing the securities.

295.015 Maintenance of securities by bank depository. Except as provided in ORS 295.018:

(1)(a) Each bank depository throughout the period of its possession of public fund deposits in excess of the amounts insured or guaranteed as described in ORS 295.002 (1)(a) and (b) shall maintain on deposit with its custodian, at its own expense, securities having a value at least equal to its maximum liability and as otherwise prescribed in ORS 295.001 to 295.108. Such collateral shall be deposited with the bank depository's custodian and shall be clearly designated as security for the benefit of depositors of public funds under ORS 295.001 to 295.108.

(b) For purposes of this section, when pledged as collateral for public funds deposits, loans described in ORS 295.001 (17)(f) shall be discounted to 75 percent of the unpaid principal balance owing on the loan from time to time, or to a lower value determined by the State Treasurer from time to time.

(c) When a bond anticipation note is pledged as collateral for public funds deposits, if there is no readily determinable market value for the note, it shall be discounted to 75 percent of the unpaid principal balance owing on the note from time to time, or to a lower value determined by the State Treasurer from time to time.

(2) The bank depository may deposit other eligible securities with its custodian and withdraw from deposit securities theretofore pledged to secure deposits of public funds, if the remaining securities have a value not less than its maximum liability. The State Treasurer shall execute such releases and surrender such custodian's receipts as are appropriate to effect substitutions and withdrawals of matured and excess pledged securities.

(3) If a bank depository's maximum liability increases because it ceases to be a well

capitalized bank depository or because it ceases to be an adequately capitalized bank depository, within five business days after the date on which the bank depository's maximum liability increases, the bank depository shall:

(a) Notify its custodian and the State Treasurer in writing that the bank depository's maximum liability has increased, setting forth the bank depository's new maximum liability; and

(b) Tender to its custodian additional securities having sufficient value to increase the total value of its securities pledged as collateral for public funds deposits to the new maximum liability of the bank depository.

(4) If a bank depository's maximum liability decreases because it moves from being an undercapitalized bank depository to being a well capitalized bank depository or an adequately capitalized bank depository, or because it moves from being an adequately capitalized bank depository to a well capitalized bank depository, the bank depository may:

(a) Notify its custodian and the State Treasurer in writing that the bank depository's maximum liability has decreased, setting forth the bank depository's new maximum liability; and

(b) With the written approval of the State Treasurer, withdraw from its custodian any securities that exceed the bank depository's new maximum liability.

(5) The State Treasurer shall act upon requests for releases and withdrawals of securities under subsections (2) and (4)(b) of this section within three business days after the receipt of each request. [1967 c.451 §2; 1975 c.515 §3; 2007 c.871 §17]

Note: The amendments to 295.015 by section 17, chapter 871, Oregon Laws 2007, become operative July 1, 2008, and apply to all public funds on deposit on or after July 1, 2008. See sections 36 and 37, chapter 871, Oregon Laws 2007, as amended by sections 39 and 40, chapter 871, Oregon Laws 2007. The text that is operative until July 1, 2008, is set forth for the user's convenience.

295.015. Except as provided in ORS 295.018:

(1) Each depository throughout the period of its possession of public fund deposits shall maintain on deposit with its custodians, at its own expense, securities having a value not less than 25 percent of the certificates of participation issued by its pool manager.

(2) The depository may deposit other eligible securities with its custodian and withdraw from deposit securities theretofore pledged to secure deposits of public funds, if the remaining securities have a value not less than 25 percent of outstanding certificates of participation of the pool manager. The pool manager shall execute such releases and surrender such custodian's receipts as are appropriate to effect substitutions and withdrawals of excess pledged securities.

295.018 Increase in required collateral of bank depository; notifications; failure to increase collateral. (1) The State Treasurer may require any bank depository during any period when it has in its possession public fund deposits to maintain on deposit with its custodians securities having a value not less than 110 percent of the greater of:

(a) All public funds held by the bank depository; or

(b) The average of the balances of public funds held by the bank depository, as shown

on the last four immediately preceding treasurer reports.

(2) An increase in collateral under subsection (1) of this section shall be ordered upon the advice of the Director of the Department of Consumer and Business Services. If the bank depository is a national bank or a federally chartered savings bank or savings and loan association, in giving advice to the State Treasurer the director may rely exclusively on information provided to the director by federal regulatory agencies and by the association on forms prescribed by the director. As a condition of being analyzed and reviewed by the director, a federal association shall agree and consent to provide the director with accurate, pertinent and timely information.

(3) Failure of the director to inform the State Treasurer of the condition of any bank depository does not give any public depositor any right or impose any liability on the director. The State Treasurer shall not be liable to any public depositor or to any bank depository for increasing or not increasing the collateral requirement as authorized in subsection (1) of this section.

(4) Any bank depository notified by the State Treasurer of the increased collateral requirement shall comply with the order within five business days by increasing the collateral in the same manner as required for the initial deposit of collateral in ORS 295.015 and, within the same five days, shall notify the State Treasurer of its compliance by supplying copies of the custodian's receipts for, or statement of activity showing, the increased collateral.

(5)(a) If the State Treasurer does not receive the notice required in subsection (4) of this section within the required five business days, the State Treasurer shall immediately notify the director of the failure and shall send notice to all public officials served by that bank depository of its failure to comply.

(b) If, after giving notice as required by paragraph (a) of this subsection, the State Treasurer receives notice that the bank depository is in compliance with the increased collateral requirements, the treasurer shall notify the public officials served by the bank depository that the bank depository is once again in compliance.

(6) A bank depository that does not comply with subsection (4) of this section shall accept no further public funds deposits that are not insured by the Federal Deposit Insurance Corporation.

(7) The names of financial institutions contained in records received or compiled by the State Treasurer pursuant to the provisions of this section shall be exempt from public disclosure unless the public interest requires disclosure in the particular instance. [1975 c.515 §2; 1981 c.440 §1; 1985 c.762 §182; 1987 c.373 §§28a,28b; 1987 c.554 §1; 1989 c.171 §41; 1991 c.327 §1; 2007 c.871 §18]

Note: The amendments to 295.018 by section 18, chapter 871, Oregon Laws 2007, become operative July 1, 2008, and apply to all public funds on deposit on or after July 1, 2008. See sections 36 and 37, chapter 871, Oregon Laws 2007, as amended by sections 39 and 40, chapter 871, Oregon Laws 2007. The text that is operative until July 1, 2008, is set forth for the user's convenience.

295.018. (1) The State Treasurer may require any depository bank during any period when it has in its possession public fund deposits to maintain on deposit with its custodians securities having a value not less than 110 percent of the certificates of

participation issued by its pool manager. The increase in collateral shall be ordered upon the advice of the Director of the Department of Consumer and Business Services. If the depository bank is a federally chartered savings and loan association, in giving its advice to the State Treasurer the director may rely exclusively on information provided to the director by federal regulatory agencies and by the association on forms prescribed by the director; as a condition of being analyzed and reviewed by the director, a federal association shall agree and consent to provide the director with accurate, pertinent and timely information.

(2) Failure of the director to inform the State Treasurer of the condition of any depository does not give any public depositor any right or impose any liability on the director. The State Treasurer shall not be liable to any public depositor or to any depository bank for increasing or not increasing the collateral requirement as authorized in subsection (1) of this section.

(3) Any depository bank notified by the State Treasurer of the increased collateral requirement shall comply with the order within 10 business days by increasing the collateral in the same manner as required for the initial deposit of collateral in ORS 295.015. The bank shall notify the State Treasurer and the pool manager of its compliance by supplying copies of the custodian's receipts for the increased collateral.

(4) If any depository bank notified by the State Treasurer of an increased collateral requirement fails to notify the State Treasurer of compliance therewith within 10 business days, the State Treasurer shall immediately notify the director of the failure and shall send notice to the pool manager and all public depositors served by that depository bank of its failure to comply.

(5) A depository bank described in subsection (4) of this section shall accept no further public deposits.

(6) Financial institutions named in records received or compiled by the State Treasurer pursuant to the provisions of this section shall be exempt from public disclosure unless the public interest requires disclosure in the particular instance.

295.020 [Repealed by 1967 c.451 §32]

295.022 Collateral not required for deferred compensation funds. Notwithstanding any other provision of this chapter, when a bank, mutual savings bank or savings and loan association receives moneys of the Deferred Compensation Fund established under ORS 243.411 from the state for deposit or investment, the institution shall not have to maintain the collateral required under this chapter for those deferred compensation moneys. [1977 c.721 §15; 1997 c.179 §27]

295.025 [1967 c.451 §3; 1973 c.288 §3; 1999 c.48 §1; 2003 c.405 §6; 2007 c.871 §19; renumbered 295.002 in 2007]

295.027 [2005 c.58 §1; 2007 c.871 §20; renumbered 295.004 in 2007]

295.030 [Repealed by 1967 c.451 §32]

295.031 Notice to public officials regarding adequacy of collateral. (1) Within five

business days after the State Treasurer receives notice from a custodian pursuant to ORS 295.013 (2)(e) indicating that a bank depository has failed to pledge adequate collateral with its custodian, the treasurer shall send written notice of the failure to each public official who has public funds on deposit in the bank depository with respect to which the notice under ORS 295.013 (2)(e) was given.

(2) Within five business days after the State Treasurer receives notice from a custodian pursuant to ORS 295.013 (2)(f) indicating that a bank depository has once again pledged adequate collateral with its custodian, the treasurer shall send written notice to each public official who was notified under subsection (1) of this section stating that the bank depository once again has adequate collateral. [2007 c.871 §2]

Note: ORS 295.031, 295.034, 295.037, 295.041, 295.046, 295.048, 295.053, 295.056, 295.061, 295.071, 295.073, 295.106 and 295.108 become operative July 1, 2008, and apply to all public funds on deposit on or after July 1, 2008. See sections 36 and 37, chapter 871, Oregon Laws 2007, as amended by sections 39 and 40, chapter 871, Oregon Laws 2007.

295.034 Withdrawal of inadequately collateralized funds. (1) Within 20 business days after a public official receives a notice from the State Treasurer pursuant to ORS 295.018 (5)(a) or 295.031 (1), the public official shall withdraw from the bank depository to which the notice applies all public funds deposits except those deposits that are insured by the Federal Deposit Insurance Corporation.

(2) If a public official receives a notice from the State Treasurer pursuant to ORS 295.018 (5)(a) or 295.031 (1), beginning 20 business days after the public official receives the notice, the public official may not deposit into the bank depository to which the notice applies any public funds deposits if, as a result of such a deposit, the total public funds of the public official on deposit with the bank depository exceed the deposit insurance limit of the Federal Deposit Insurance Corporation. The prohibition on deposits continues until the public official receives notice under ORS 295.018 (5)(b) or 295.031 (2) indicating that the bank depository is in compliance with ORS 295.013 or 295.018, as applicable.

(3) Except as required by any applicable law or regulation, a bank depository may not impose any early withdrawal penalty or any forfeiture of interest with respect to a withdrawal made by a public official pursuant to this section. [2007 c.871 §3]

Note: See note under 295.031.

295.035 [1967 c.451 §4; 2007 c.871 §21; renumbered 295.013 in 2007]

295.037 Distribution of collateral after loss in bank depository; assessments. (1) The deposit of securities by a bank depository with its custodian pursuant to ORS 295.001 to 295.108 constitutes consent by the bank depository to the disposition of the securities in accordance with this section.

(2) When a loss has occurred in a bank depository, the bank depository shall as soon as possible make payment to the proper public officials of all funds subject to the loss, pursuant to the following procedures:

(a) The Director of the Department of Consumer and Business Services or the receiver shall, within 20 days after the issuance of a restraining order or taking possession of any bank depository, ascertain the amount of public funds on deposit in the bank depository as disclosed by its records and the amount of the public funds covered by deposit insurance and certify the amounts to the State Treasurer and to each public official who has public funds on deposit in the bank depository.

(b) Each public official who has public funds on deposit in the bank depository shall, within 10 days after receipt of the certification from the Director of the Department of Consumer and Business Services or the receiver, furnish to the State Treasurer verified statements of the public funds that the public official has on deposit in the bank depository.

(3) Upon receipt of the certification from the Director of the Department of Consumer and Business Services or the receiver and the verified statements from the public officials who have public funds on deposit in the bank depository, the State Treasurer shall ascertain and fix the amount of public funds on deposit in the bank depository, plus interest to the date the funds are distributed to the public official at the rate the bank depository agreed to pay on the funds, minus any amount covered by deposit insurance.

(4) After making the calculation described in subsection (3) of this section, the State Treasurer shall assess the net amount of public funds against all bank depositories, as follows:

(a) First, against the bank depository that suffered the loss, to the extent of the full value of its collateral deposited with its custodian pursuant to ORS 295.001 to 295.108; and

(b) Second, against the collateral of all other bank depositories, on a proportionate basis determined as provided in subsection (5) of this section.

(5) For purposes of subsection (4) of this section, the proportionate share of each of the other bank depositories shall be determined by:

(a) Averaging the amounts of the total public funds deposits reported on the bank depository's last four treasurer reports;

(b) Averaging the total amounts of the total public funds deposits reported on the last four treasurer reports of all of the bank depositories; and

(c) Dividing the result of the calculation performed under paragraph (a) of this subsection by the result of the calculation performed under paragraph (b) of this subsection.

(6) Notwithstanding the assessment provisions of subsection (4) of this section, the State Treasurer shall assess the net amount of public funds deposits of a public official only against the bank depository that suffered the loss, and not against the collateral of other bank depositories, if the public official:

(a) Was given appropriate notice about the bank depository by the State Treasurer under ORS 295.018 (5)(a) or 295.031 (1); and

(b) The public official did not comply with ORS 295.034.

(7) Assessments made by the State Treasurer are payable on the fifth business day following demand. If any bank depository fails to pay its assessment, the State Treasurer shall take possession of the securities segregated as collateral by the bank depository and liquidate the securities for the purpose of paying the assessment.

(8) The State Treasurer shall distribute the net proceeds of the assessments and of any

liquidated collateral, to the extent that they do not exceed the total net amount of public funds deposits and accrued interest claimed by the public officials, among the public officials entitled to the proceeds in proportion to the public officials' respective claims.

(9) If the net proceeds of the assessments and of any liquidated collateral are inadequate, after all other available sources are applied, to meet the total claims of the public officials entitled to the proceeds, the public officials may make claims against the closed bank depository as general creditors.

(10) The prohibition on transfers of assets set forth in ORS 711.410 does not apply to assessments, payments, transfers or sales of securities made pursuant to this section. [2007 c.871 §4]

Note: See note under 295.031.

295.040 [Amended by 1959 c.330 §1; 1963 c.128 §1; 1965 c.629 §1; repealed by 1967 c.451 §32]

295.041 Subrogation rights of State Treasurer. Upon the distribution of the proceeds of assessments and liquidated collateral pursuant to ORS 295.037 by the State Treasurer to any public official, the State Treasurer shall be subrogated to all of the right, title and interest of the public official against the closed bank depository, and shall share in any distribution of its assets ratably with other depositors. Any sums received from any distribution shall be paid to the public officials to the extent of any unpaid net deposit liability and the balance remaining shall be paid to the bank depositories against which the assessments were made, pro rata in proportion to the assessments actually paid by each bank depository. However, the closed bank depository may not share in any distribution of the balance remaining. If the State Treasurer incurs expenses in enforcing the treasurer's rights under this section, the expenses may be charged as provided in ORS 295.106. The State Treasurer shall submit a claim for expenses to the bank depository, and if the charges are thereafter paid to the treasurer, they shall be treated as a liquidation expense of the closed bank depository. [2007 c.871 §6]

Note: See note under 295.031.

295.045 [1967 c.451 §5; repealed by 2007 c.871 §35]

Note: 295.045 is repealed July 1, 2008. See section 35, chapter 871, Oregon Laws 2007, and section 36, chapter 871, Oregon Laws 2007, as amended by section 39, chapter 871, Oregon Laws 2007. 295.045 is set forth for the user's convenience.

295.045 Designation of pool managers; procedure for changing managers. Each depository bank shall designate one or more pool managers as provided in ORS 295.001 to 295.125; but it shall designate only one pool manager to function with respect to the public fund deposits and the security therefor of a single public official. If the depository elects to change pool managers, the public official shall surrender certificates of participation issued by the former pool manager in exchange for certificates of like amount issued by the successor pool manager, and the former pool manager shall cause

the custodian to deliver to the successor pool manager custodian's receipts for security no longer required to support its outstanding certificates of participation. Such transactions may be arranged by escrows or otherwise, as the parties agree.

295.046 Limitation on depository acceptance of public funds from single public official; exception. (1) A bank depository may not accept a deposit of public funds if the deposit would cause the aggregate of public funds deposits made by any one public official in the bank depository to exceed at any time the net worth of the bank depository. If a bank depository's net worth is reduced, the bank depository may allow public funds on deposit in excess of the reduced net worth to remain if the bank depository deposits with its custodian eligible securities valued at market value in an amount at least equal to the amount of the excess public funds deposits. If the additional securities required by this section are not deposited with the custodian, the bank depository shall permit the public official to withdraw deposits prior to maturity, including accrued interest, in accordance with applicable statutes and governmental regulations.

(2) The limitations of subsection (1) of this section do not apply to public funds deposits held by a bank depository in a certificate of deposit or time deposit under the program described in ORS 295.004. [2007 c.871 §10]

Note: See note under 295.031.

295.048 Limitations on aggregate public funds deposits; notice; exceptions. (1) Notwithstanding ORS 295.046, a bank depository may not permit the aggregate of public funds deposits on deposit with the bank depository from all public officials to exceed at any time:

(a) 100 percent of the value of the bank depository's net worth, if the bank depository is an undercapitalized bank depository;

(b) 150 percent of the value of the bank depository's net worth, if the bank depository is an adequately capitalized bank depository;

(c) 200 percent of the value of the bank depository's net worth, if the bank depository is a well capitalized bank depository; or

(d) 30 percent of the total aggregate public funds deposits of all public officials in all bank depositories as reported in the most recent notice received by the bank depository from the State Treasurer.

(2) The State Treasurer shall notify each bank depository and its custodian of the total aggregate public funds deposits of all public officials in all bank depositories, based on the most recently submitted treasurer reports. The treasurer shall give the notification required by this subsection by the last day of the month in which bank depositories are required to submit a treasurer report.

(3) If a bank depository's aggregate of public funds deposits exceeds the amount set forth in subsection (1) of this section, the bank depository shall, not later than 20 business days after receipt of notice from the State Treasurer, cease accepting deposits of public funds.

(4) Notwithstanding subsections (1) and (3) of this section:

(a) A bank depository may accept and hold public funds deposits in excess of the limits provided in subsection (1) of this section if the State Treasurer, upon good cause

shown, approves the request of the bank depository to hold public funds in excess of the limits provided in subsection (1) of this section for a period not exceeding 90 days.

(b) The limitations of subsection (1) of this section do not apply to public funds deposits held by a bank depository in a program described in ORS 295.004.

(c) A well capitalized bank depository or an adequately capitalized bank depository may accept and hold public funds deposits in excess of the limit provided in subsection (1)(d) of this section if eligible securities are deposited with the bank depository's custodian as collateral in an amount at least equal to the amount of the public funds deposits in excess of the limitation prescribed in subsection (1)(d) of this section. [2007 c.871 §11]

Note: See note under 295.031.

295.050 [Repealed by 1967 c.451 §32]

295.053 Custodian duties when bank depository ceases holding public funds; securities. (1) If a bank depository ceases holding public funds deposits, the bank depository's custodian shall continue to hold the pledged securities of the bank depository as collateral pursuant to ORS 295.001 to 295.108. Unless the State Treasurer directs that the bank depository's securities be held for a longer period, the custodian shall hold the bank depository's pledged securities for a period of:

(a) 30 days, in the case of a bank depository that was well capitalized as of the date the bank depository ceased holding any public funds deposits;

(b) 90 days, in the case of a bank depository that was adequately capitalized as of the date the bank depository ceased holding any public funds deposits; or

(c) One year, in the case of a bank depository that was undercapitalized as of the date the bank depository ceased holding any public funds deposits.

(2) If any of a bank depository's pledged securities mature during the periods described in subsection (1) of this section, the bank depository shall pledge substitute securities that shall be held by its custodian until the expiration of the period.

(3) At the end of the applicable holding period, if the bank depository has not, during that period, had on deposit any public funds deposits, the custodian shall tender the bank depository's securities to the bank depository.

(4) Notwithstanding the release of a bank depository's securities pursuant to subsection (3) of this section, the bank depository shall continue to be treated as a bank depository and shall be subject to assessment under ORS 295.037 until one year after the bank depository ceased holding any public funds deposits. If the bank depository no longer has pledged collateral that may be used to pay the assessment, the bank depository shall remain liable for payment of the assessment from its other assets. [2007 c.871 §13]

Note: See note under 295.031.

295.055 [1967 c.451 §6; 2007 c.871 §22; renumbered 295.006 in 2007]

295.056 Liability of public officials for loss of public funds. When public funds deposits are made in accordance with ORS 295.001 to 295.108, a public official may not

be held liable for any loss of public funds that results from the failure or default of any depository without fault or neglect on the public official's part or on the part of the public official's officers or employees. [2007 c.871 §12]

Note: See note under 295.031.

295.060 [Repealed by 1967 c.451 §32]

295.061 Treasurer reports; filing; notification of changes. (1) On or before each treasurer report due date, each bank depository that has in its possession public funds deposits of one or more public officials that exceed the limits specified in ORS 295.002 shall file its treasurer report with its custodian bank and with the State Treasurer.

(2) Each bank depository that files reports with the State Treasurer under subsection (1) of this section shall notify the State Treasurer in writing or by electronic means within 10 business days of:

(a) The date on which the bank depository's net worth is reduced by an amount greater than 10 percent of the amount shown as its net worth on the most recent report submitted pursuant to subsection (1) of this section; or

(b) The date on which the bank depository ceases to be well capitalized and becomes adequately capitalized or undercapitalized, or ceases to be adequately capitalized and becomes undercapitalized.

(3) An undercapitalized bank depository shall report the actual amount of public funds deposits held by it at least weekly to its custodian bank and to the State Treasurer. [2007 c.871 §7]

Note: See note under 295.031.

295.065 [1967 c.451 §7; 1973 c.378 §2; 1975 c.515 §4; repealed by 2007 c.871 §35]

Note: 295.065 is repealed July 1, 2008. See section 35, chapter 871, Oregon Laws 2007, and section 36, chapter 871, Oregon Laws 2007, as amended by section 39, chapter 871, Oregon Laws 2007. 295.065 is set forth for the user's convenience.

295.065 Duties of pool manager. Each pool manager shall:

(1) Maintain an accurate inventory of the securities of each depository bank described in the custodian's receipts transmitted to it from custodian banks, and adjust the inventory to reflect withdrawals and substitutions of securities previously inventoried.

(2) Appraise the value of the securities added to and withdrawn from the inventory of the depository bank, and appraise the value of the entire inventory of the depository on October 1 of each year and at such other times as it is directed to do so by the State Treasurer.

(3) Issue certificates of participation to public officials in amounts designated by the depository bank and, upon the direction of the depository bank and the written consent of the public official to whom it is issued, reduce, modify or cancel a certificate.

(4) Notify in writing holders of certificates of participation in the collateral of a depository bank whenever, after 10 days' notice to the depository bank, the value of the

securities continues to be less than 25 percent of outstanding certificates.

(5) Notify the State Treasurer of the occurrence whenever a bond in the inventory of a depository bank loses its rating requirement provided in ORS 295.001 (7)(c) and (d).

295.070 [Repealed by 1967 c.451 §32]

295.071 Investigation by regulatory bodies other than State Treasurer. (1) The State Treasurer may request that the Director of the Department of Consumer and Business Services or another state or federal agency with primary regulatory authority over any financial institution that is a bank depository or that applies to become a bank depository investigate and report to the State Treasurer concerning the condition of the financial institution.

(2) The financial institution examined under this section shall pay the expenses of the investigation and report.

(3) In lieu of an investigation and report, the State Treasurer may rely upon information made available to the State Treasurer or the Director of the Department of Consumer and Business Services by the Office of the Comptroller of the Currency, the Office of Thrift Supervision, the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System or any state bank or thrift regulatory agency. [2007 c.871 §8]

Note: See note under 295.031.

295.073 Report to State Treasurer of certain actions by Director of Department of Consumer and Business Services. The Director of the Department of Consumer and Business Services shall advise the State Treasurer of any action the director takes or directs any bank depository to take that will result in a reduction of greater than 10 percent of the net worth of the bank depository as shown on the most recent treasurer report submitted pursuant to ORS 295.061. [2007 c.871 §9]

Note: See note under 295.031.

295.075 [1965 c.629 §3; repealed by 1967 c.451 §32]

295.080 [Amended by 1959 c.330 §2; 1963 c.520 §2; 1967 c.335 §33; repealed by 1967 c.451 §32]

295.081 Time deposits. (1) Subject to ORS 295.002, 295.015 and 295.018, any depository may offer in writing to accept from the State Treasurer time deposits without limitation in amount or in an aggregate amount therein stated and to pay interest on the time deposits at rates specified in the offer. The offer shall be a continuing offer until it is modified or withdrawn by notice in writing delivered or mailed by registered or certified mail to the State Treasurer. While the offer continues in effect, the depository is bound to accept upon the terms therein specified time deposits tendered by the State Treasurer.

(2) Any funds deposited by the State Treasurer on a time basis shall be deposited at the highest rate of interest available for the amount and term of the deposit.

(3) The State Treasurer shall establish time deposits so as to make the deposited moneys as productive as possible, and shall exercise the judgment and care which persons of prudence, discretion and intelligence exercise in the management of their own affairs, considering the probable income and the probable safety of the moneys deposited, including the distribution of the deposits among depositories so as to minimize the possibility of loss of moneys. [Formerly 295.115]

Note: The amendments to 295.081 (formerly 295.115) by section 23, chapter 871, Oregon Laws 2007, become operative July 1, 2008, and apply to all public funds on deposit on or after July 1, 2008. See sections 36 and 37, chapter 871, Oregon Laws 2007, as amended by sections 39 and 40, chapter 871, Oregon Laws 2007. The text that is operative until July 1, 2008, is set forth for the user's convenience.

295.081. (1) Any depository may offer in writing to accept from the State Treasurer time deposits without limitation in amount or in an aggregate amount therein stated and to pay interest on the time deposits at rates specified in the offer. The offer shall be a continuing offer until it is modified or withdrawn by notice in writing delivered or mailed by registered or certified mail to the State Treasurer. While the offer continues in effect, the depository is bound to accept upon the terms therein specified time deposits tendered by the State Treasurer.

(2) Any funds deposited by the State Treasurer on a time basis shall be deposited at the highest rate of interest available for the amount and term of the deposit.

(3) The State Treasurer shall establish time deposits so as to make the deposited moneys as productive as possible, and shall exercise the judgment and care which persons of prudence, discretion and intelligence exercise in the management of their own affairs, considering the probable income and the probable safety of the moneys deposited, including the distribution of the deposits among depositories so as to minimize the possibility of loss of moneys.

295.084 Designation of depository; collection for claims due state. (1) The State Treasurer may designate such banks as are necessary within this state as depositories for the collection of drafts, checks, certificates of deposit and coupons received by the State Treasurer on account of any claim due the state.

(2) The State Treasurer, on receipt of any draft, check or certificate of deposit, on account of a claim due the state, may place it in a depository for collection. The depository shall collect it without delay and shall notify the State Treasurer when collected. The compensation to be paid by the depository shall be fixed by the State Treasurer upon the best terms obtainable for the state. [Formerly 295.135]

295.085 [1967 c.451 §8; repealed by 2007 c.871 §35]

Note: 295.085 is repealed July 1, 2008. See section 35, chapter 871, Oregon Laws 2007, and section 36, chapter 871, Oregon Laws 2007, as amended by section 39, chapter 871, Oregon Laws 2007. 295.085 (2005 Edition) is set forth for the user's convenience.

295.085 Requiring special certification of collateral value. If, in the opinion of the

State Treasurer, market conditions so indicate, the State Treasurer may require certification of collateral value in accordance with ORS 295.065 at other times throughout the year. The decision to request a special certification shall be solely at the discretion of the State Treasurer.

295.087 Department of State Lands to invest proceeds from sales of public lands.

Nothing in ORS 295.001 to 295.108 deprives the Department of State Lands of the power to invest or dispose of the funds derived from the sale of public lands as provided by law. [Formerly 295.145]

295.090 [Amended by 1959 c.330 §3; repealed by 1967 c.451 §32]

295.091 Preference in selecting depositories for political subdivisions; apportioning funds; interest.

(1) In selecting banks or trust companies to act as depositories, public officials are not limited to the appointment of banks or trust companies in any particular locality. However, if banks or trust companies are engaged in business at an office or offices within the corporate limits of the political subdivision or public corporation and qualify to receive the funds, such depositories shall be given preference. If there is more than one such local qualifying depository, the depositing public official shall apportion the funds in the hands of the public official to such depositories in a manner that is equitable and in the best interests of the political subdivision or public corporation.

(2) The depositories shall be required to pay to the political subdivision or public corporation upon deposits evidenced by certificates of deposit or deposits that by agreement may not be withdrawn on less than 30 days' notice, interest at such rate or rates as shall be agreed upon between the governing body of the political subdivision or public corporation and the depository.

(3) All interest received on deposits of moneys under this section shall accrue to and become a part of the fund the moneys of which were deposited.

(4) This section does not apply to the State Treasurer. [Formerly 295.155]

295.093 Depositing moneys with treasurer of political subdivision. Any public official may deposit moneys coming into the hands of the public official in connection with official duties with the treasurer of the political subdivision or public corporation concerned and obtain a receipt therefor. [Formerly 295.165]

295.095 [1967 c.451 §9; 1969 c.314 §20; 1973 c.378 §3; 1983 c.456 §7; repealed by 1999 c.311 §8]

295.100 [Repealed by 1967 c.451 §32]

295.101 Public funds not subject to ORS 295.001 to 295.108. (1) The following public funds are not subject to the provisions of ORS 295.001 to 295.108:

(a) Funds that are deposited for the purpose of paying principal, interest or premium, if any, on bonds, as defined in ORS 286A.001 and 287A.001, and related costs or securing a borrowing related to an agreement for exchange of interest rates entered into under ORS 286A.110 or 287A.335.

(b) Funds that are invested in authorized investments under provisions of law other than ORS 295.001 to 295.108. Funds invested under ORS 293.701 to 293.820 are invested in authorized investments for purposes of this subsection from the time the funds are transferred by the State Treasurer to a third party under the terms of a contract for investment or administration of the funds that requires such a transfer until the time the funds are returned to the treasurer or paid to another party under the terms of the contract.

(c) Negotiable certificates of deposit purchased by the State Treasurer under ORS 293.736 or by an investment manager under ORS 293.741.

(2) Notwithstanding subsection (1) of this section, funds deposited by a custodial officer under ORS 294.035 (3)(d) are subject to the provisions of ORS 295.001 to 295.108. [Formerly 295.011]

295.105 [1967 c.451 §10; 1973 c.438 §1; 1975 c.515 §5; 1983 c.296 §10; 1985 c.762 §183; 1999 c.311 §2; repealed by 2007 c.871 §35]

Note: 295.105 is repealed July 1, 2008. See section 35, chapter 871, Oregon Laws 2007, and section 36, chapter 871, Oregon Laws 2007, as amended by section 39, chapter 871, Oregon Laws 2007. 295.105 is set forth for the user's convenience.

295.105 Effect of deposit of securities; procedure in case of default of depository bank; rules. (1) The deposit of securities by a depository bank with its custodian pursuant to ORS 295.001 to 295.125 constitutes consent by the depository to the disposition of the securities in accordance with this section.

(2) When a depository is closed by order of the Director of the Department of Consumer and Business Services or the Comptroller of the Currency, the State Treasurer shall:

(a) Demand and receive from the pool manager the custodian's receipts; and

(b) Demand and receive from the custodian the securities pledged to secure deposits of public funds and liquidate in an orderly manner the securities or such thereof as the State Treasurer may determine advisable at public or private sale and distribute the proceeds as provided in this section.

(3) Each public official shall advise the State Treasurer of the amount of the public official's deposits in the defaulted depository bank, and the State Treasurer shall proceed to determine the total amount of the claims payable out of the collateral of the depository. The claim of a public official for purposes of this section shall be the lesser of:

(a) The amount of the public official's deposits plus interest to the date the funds are distributed to the public official at the rate the depository agreed to pay on the funds reduced by the portion thereof that is insured by the Federal Deposit Insurance Corporation; or

(b) The amount of the public official's certificates of participation plus interest on the public official's deposits to the date the funds are distributed to the public official at the rate the depository agreed to pay on the funds.

(4) The State Treasurer shall distribute the net proceeds of the collateral, to the extent that they do not exceed the total claims, among the public officials entitled thereto in proportion to their respective claims. The State Treasurer shall remit to the depository bank any of its collateral or the proceeds thereof in excess of the amount so distributable

to public officials.

(5) If the net proceeds of the collateral are inadequate, after all other available sources are applied, to meet the total claims of the public officials entitled thereto, the public officials may make claims against the depository bank as general creditors.

(6) The State Treasurer, in accordance with ORS chapter 183, shall adopt rules to carry out this section.

295.106 State Treasurer charges; expenses. The State Treasurer may charge bank depositories for the reasonable expenses of the State Treasurer in connection with the services, duties and activities of the State Treasurer related to ORS 295.001 to 295.108. The State Treasurer shall deposit all moneys received under this section in the Miscellaneous Receipts Account established in the General Fund for the State Treasurer. Moneys received under this section are continuously appropriated to the State Treasurer for the payment of the reasonable expenses of the State Treasurer in connection with the services, duties and activities of the State Treasurer related to ORS 295.001 to 295.108. A bank depository shall pay to the State Treasurer all fees and other amounts charged under this section or under rules adopted to implement this section. [2007 c.871 §5]

Note: See note under 295.031.

295.108 State Treasurer rules; form of report. (1) The State Treasurer shall adopt rules implementing the provisions of ORS 295.001 to 295.108.

(2) The State Treasurer shall design the treasurer report required by ORS 295.061. The report shall be designed to minimize the regulatory burden of completing and submitting the report and, to the greatest extent practicable, the form of the report and the content required in the report shall be consistent with the information required by the bank depository's report of condition and income. [2007 c.871 §14]

Note: See note under 295.031.

295.110 [Amended by 1953 c.352 §3; repealed by 1967 c.451 §32]

295.115 [1967 c.451 §11; 1989 c.319 §1; 2007 c.871 §23; renumbered 295.081 in 2007]

295.120 [Amended by 1953 c.352 §3; repealed by 1967 c.451 §32]

295.125 [1967 c.451 §12b; 1981 c.189 §1; 1989 c.319 §2; repealed by 2007 c.871 §35]

Note: 295.125 is repealed July 1, 2008. See section 35, chapter 871, Oregon Laws 2007, and section 36, chapter 871, Oregon Laws 2007, as amended by section 39, chapter 871, Oregon Laws 2007. 295.125 (2005 Edition) is set forth for the user's convenience.

295.125 Deposits for terms not exceeding two years; interest; retention of sum by State Treasurer to pay current obligations. (1)(a) The State Treasurer may deposit moneys not required to meet current demands for a term not to exceed two years at such interest rates and upon such conditions as to withdrawals of such moneys as may be agreed upon between the State Treasurer and any depository bank or banks in the state.

(b) All interest received on deposits of moneys under this subsection shall accrue to and become a part of the General Fund as required by ORS 293.140.

(2)(a) The State Treasurer may deposit moneys of any of the funds mentioned in ORS

293.701 (2), except moneys deposited under subsection (1) of this section, at such interest rates and upon such conditions as to withdrawals of such moneys as may be agreed upon between the State Treasurer and any depository bank or banks in the state.

(b) Notwithstanding ORS 293.140, all interest received on deposits of moneys under this subsection shall accrue to and become a part of the fund the moneys of which were deposited.

(3) The State Treasurer may retain on hand in the state vault or in a depository, the sum the treasurer considers necessary as a reserve for the purpose of paying the current obligations and appropriations of the state.

295.130 [Amended by 1953 c.352 §3; repealed by 1967 c.451 §32]

295.135 [1967 c.451 §13; 1981 c.189 §2; 1991 c.6 §1; renumbered 295.084 in 2007]

295.140 [Repealed by 1953 c.352 §3]

295.145 [1967 c.451 §14; renumbered 295.087 in 2007]

295.150 [Repealed by 1967 c.451 §32]

295.155 [1967 c.451 §15; 2005 c.22 §225; renumbered 295.091 in 2007]

295.160 [Repealed by 1967 c.451 §32]

295.165 [1967 c.451 §16; renumbered 295.093 in 2007]

295.170 [Repealed by 1967 c.451 §32]

295.175 [1967 c.451 §30; 1989 c.569 §5; repealed by 2007 c.871 §35]

Note: 295.175 is repealed July 1, 2008. See section 35, chapter 871, Oregon Laws 2007, and section 36, chapter 871, Oregon Laws 2007, as amended by section 39, chapter 871, Oregon Laws 2007. 295.175 is set forth for the user's convenience.

295.175 Expenses of State Treasurer as pool manager; rules. The expense of the State Treasurer in acting as a pool manager shall be paid to the State Treasurer by the depository bank using the services as pool manager. The State Treasurer, under rules and regulations to be adopted by the State Treasurer pursuant to ORS chapter 183, shall deposit funds so received and may require advance deposits to be made by any depository bank. The moneys credited pursuant to this section are continuously appropriated for the payment of expenses incurred in the administration of ORS 295.001 to 295.125.

295.180 [Repealed by 1967 c.451 §32]

295.185 [1983 c.456 §6; repealed by 2007 c.871 §35]

Note: 295.185 is repealed July 1, 2008. See section 35, chapter 871, Oregon Laws 2007, and section 36, chapter 871, Oregon Laws 2007, as amended by section 39, chapter 871, Oregon Laws 2007. 295.185 is set forth for the user's convenience.

295.185 Maintenance of certain securities as collateral at rate set by State Treasurer. Notwithstanding the provisions of ORS 295.001 to 295.125, securities described in ORS 295.001 (7)(g) shall be maintained as collateral for public deposits at the value determined by the State Treasurer.

295.190 [Repealed by 1967 c.451 §32]

295.195 When deposit in foreign country authorized; effect on collateral. (1)

Notwithstanding any other provision of ORS chapter 295, the Department of Higher Education, with the approval of the State Treasurer, may deposit funds in a financial institution in a foreign country, if the circumstances under which the funds are to be used render it impracticable to keep the funds in a domestic financial institution or if the terms of a grant, gift or contract require that the funds be kept in a foreign country.

(2) Notwithstanding any other provision of this chapter, to the extent estimated to be necessary to fund operations or activities for one biennium of the State of Oregon in a foreign country, the State Treasurer may deposit funds in a financial institution in a foreign country.

(3) When funds are deposited in a financial institution in a foreign country pursuant to subsection (1) or (2) of this section, the institution shall not be required to maintain collateral as provided in ORS 295.015. Reasonable and prudent measures to protect the public funds from loss shall be exercised to the extent permitted under the laws of the foreign country.

(4) The State Treasurer shall report to the Legislative Assembly biennially on the amounts of deposits in foreign countries, and the operation and activities funded by such deposits. The report shall be submitted to the offices of the President of the Senate and the Speaker of the House of Representatives and shall be referred by each of them to appropriate standing committees other than committees concerned with budgets of the State Treasurer or the activity or operation so funded. [1983 c.374 §§1,2; 1989 c.399 §1]

295.200 [Repealed by 1967 c.451 §32]

295.205 Accounts in financial institutions outside Oregon; conditions; rules. (1)

Notwithstanding any other law:

(a) The State Treasurer may establish demand deposit accounts in financial institutions outside this state for the purpose of accepting deposits of funds related to the state investments in the geographical areas respectively serviced by the institutions.

(b) Moneys paid to or collected by a financial institution or other entity under an agreement to provide loan servicing for a state agency, political subdivision or public corporation may be deposited in accounts in financial institutions outside this state for the purpose of:

(A) Accepting payments of loan principal and interest;

(B) Accepting and holding escrow funds;

(C) Accepting and holding funds required to be held in reserve with or on behalf of the state agency, political subdivision or public corporation; or

(D) Collecting and holding any other moneys required by the agreement for loan servicing to be collected or held by the financial institution or other entity prior to remittance to the state agency, political subdivision or public corporation or a third party.

(c) Moneys held by a trustee or escrow agent pursuant to a bond indenture, certificate of participation indenture or escrow agreement with a state agency, political subdivision or public corporation in this state that are public funds, as defined in ORS 295.001, may be deposited in accounts in financial institutions outside this state.

(2) The State Treasurer shall establish the demand deposit accounts described in subsection (1)(a) of this section in accordance with rules adopted pursuant to ORS

183.310 to 183.410 that ensure that reasonable and prudent measures are taken to protect the state investment funds from loss.

(3) When accounts are established for a state agency, political subdivision or public corporation under subsection (1)(b) or (c) of this section, the state agency, political subdivision or public corporation in the agreement to provide loan servicing or the bond indenture, certificate of participation indenture or escrow agreement shall ensure that reasonable and prudent measures are taken to protect the moneys in the accounts from loss.

(4) A public official may not have on deposit in any credit union that is a financial institution outside this state an aggregate sum in excess of the deposit insurance limit established by the National Credit Union Administration.

(5) As used in this section, the terms “financial institution outside this state” and “public official” have the meanings given those terms in ORS 295.001. [1993 c.69 §1; 1995 c.259 §5; 1997 c.171 §15; 2007 c.871 §24]

Note: The amendments to 295.205 by section 24, chapter 871, Oregon Laws 2007, become operative July 1, 2008, and apply to all public funds on deposit on or after July 1, 2008. See sections 36 and 37, chapter 871, Oregon Laws 2007, as amended by sections 39 and 40, chapter 871, Oregon Laws 2007. The text that is operative until July 1, 2008, is set forth for the user’s convenience.

295.205. (1) Notwithstanding any other law:

(a) The State Treasurer may establish demand deposit accounts in financial institutions outside this state for the purpose of accepting deposits of funds related to the state investments in the geographical areas respectively serviced by the institutions.

(b) Moneys paid to or collected by a financial institution or other entity under an agreement to provide loan servicing for a state agency, political subdivision or public corporation may be deposited in accounts in financial institutions outside this state for the purpose of:

(A) Accepting payments of loan principal and interest;

(B) Accepting and holding escrow funds;

(C) Accepting and holding funds required to be held in reserve with or on behalf of the state agency, political subdivision or public corporation; or

(D) Collecting and holding any other moneys required by the agreement for loan servicing to be collected or held by the financial institution or other entity prior to remittance to the state agency, political subdivision or public corporation or a third party.

(c) Moneys held by a trustee or escrow agent pursuant to a bond indenture, certificate of participation indenture or escrow agreement with a state agency, political subdivision or public corporation in this state that are public funds, as defined in ORS 295.001, may be deposited in accounts in financial institutions outside this state.

(2) The State Treasurer shall establish the demand deposit accounts described in subsection (1)(a) of this section in accordance with rules adopted pursuant to ORS 183.310 to 183.410 that, to the extent practicable, provide that deposits of state investment funds are collateralized and managed in the manner otherwise required for deposits of public funds in the state under ORS 295.001 to 295.125.

(3) When accounts are established for a state agency, political subdivision or public

corporation under subsection (1)(b) or (c) of this section, the state agency, political subdivision or public corporation in the agreement to provide loan servicing or the bond indenture, certificate of participation indenture or escrow agreement shall require that:

(a) All moneys deposited in the accounts, to the extent practicable, must be collateralized at the same level and managed in the same manner otherwise required for deposits of public funds in this state under ORS 295.001 to 295.125;

(b) Compliance with the collateralization and management requirements of this subsection be monitored and evidence of compliance that is satisfactory to the state agency, political subdivision or public corporation be periodically supplied to the state agency, political subdivision or public corporation; and

(c) Failure by a financial institution or other entity to maintain deposits collateralized and managed as required by this subsection shall constitute a breach of the applicable loan servicing agreement, bond indenture, certificate of participation indenture or escrow agreement.

295.210 [Repealed by 1967 c.451 §32]

295.220 [Repealed by 1967 c.451 §32]

295.230 [Repealed by 1967 c.451 §32]

295.240 [Repealed by 1967 c.451 §32]

295.410 [Repealed by 1967 c.451 §32]

295.420 [Repealed by 1967 c.451 §32]

295.430 [Repealed by 1967 c.451 §32]

295.440 [Amended by 1957 c.171 §1; 1965 c.169 §2; repealed by 1967 c.451 §32]

295.450 [Repealed by 1967 c.451 §32]

295.460 [Repealed by 1967 c.451 §32]

295.470 [Repealed by 1967 c.451 §32]

295.480 [Repealed by 1967 c.451 §32]

295.490 [Amended by 1963 c.502 §5; repealed by 1967 c.451 §32]

295.500 [Repealed by 1967 c.451 §32]

295.510 [Repealed by 1967 c.451 §32]

295.520 [Repealed by 1967 c.451 §32]

295.530 [Repealed by 1967 c.451 §32]

295.990 [Repealed by 1967 c.451 §32]

295.991 [1967 c.451 §18; repealed by 1971 c.743 §432]

RESOLUTION 98- 16

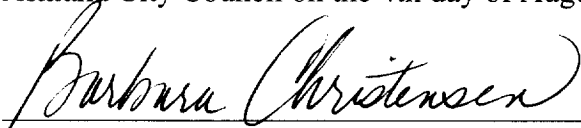
A RESOLUTION AUTHORIZING THE INVESTMENT POLICY
OF THE CITY OF ASHLAND AND REPEALING
RESOLUTION NO. 89-26.

Recital: ORS 294.035 prohibits local governments from investing money unless the governing body of the local government has authorized the investments.


The Mayor and City Council resolve: The investment of City monies in accordance with the attached policy is authorized.

This resolution supersedes Resolution No. 89-26 authorizing the investment of City monies and the purchase of Bancroft Bonds.

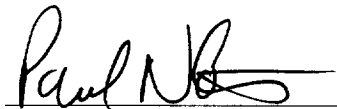
The foregoing resolution was READ and DULY ADOPTED at the regular meeting of the Ashland City Council on the 4th day of August, 1998.


Barbara Christensen, City Recorder

SIGNED and APPROVED this 5th day of August, 1998.


Carole Wheeldon, Council Chairperson

Reviewed as to form:


Paul Nolte, Attorney

CITY OF ASHLAND INVESTMENT POLICY



Effective August, 1998

**CITY OF ASHLAND
INVESTMENT POLICY
TABLE OF CONTENTS**

	PAGE
POLICY.....	1
SCOPE.....	1
PRUDENCE.....	1
OBJECTIVE.....	1
SAFETY.....	1
LIQUIDITY.....	1
RETURN ON INVESTMENTS.....	2
DELEGATION OF AUTHORITY.....	2
ETHICS AND CONFLICTS OF INTEREST.....	2
AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS.....	2
AUTHORIZED & SUITABLE INVESTMENTS.....	3
INVESTMENT POOLS.....	3
SAFEKEEPING AND COLLATERALIZATION.....	3
ACCOUNTING METHOD.....	3
DIVERSIFICATION.....	4
MAXIMUM MATURITIES.....	4
INTERNAL CONTROL.....	4
PERFORMANCE STANDARDS.....	4
REPORTING.....	4-5
INVESTMENT POLICY ADOPTION.....	5
DEFINITIONS.....	5-8

CITY OF ASHLAND, OREGON
INVESTMENT POLICY (Revised August 1998)

1.0 POLICY. It is the policy of the City of Ashland to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds.

2.0 SCOPE. This investment policy applies to activities of the City of Ashland and Ashland Parks & Recreation in regard to investing the financial assets of all funds except for funds held in trust for deferred compensation funds for the Employees of the City of Ashland. In addition, funds held by trustees or fiscal agents are excluded from these rules; however, all funds are subject to regulations established by the State of Oregon. Other than bond proceeds or other unusual situations, the estimated portfolio size ranges from \$15,000,000 to \$24,000,000.

These funds are accounted for in the City of Ashland's **Comprehensive Annual Financial Report** and include:

- General Fund
- Special Revenue Funds
- Capital Projects Funds
- Debt Service Funds
- Enterprise Funds
- Internal Service Funds
- Trust & Agency Funds

Funds of the City will be invested in compliance with the provisions of, but not necessarily limited to, ORS 294.035 through 294.048; ORS 294.125 through 294.155; ORS 294.810 and other applicable statutes. Investments of any tax-exempt borrowing proceeds and any related debt service funds will comply with the arbitrage restrictions in all applicable Internal Revenue Codes.

3.0 PRUDENCE. Investments shall be made with judgement 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.

3.1 The standard of prudence to be used by investment officials shall be the "**prudent person**" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy and exercising due diligence shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

4.0 OBJECTIVE. The primary objectives, in priority order, of the City of Ashland's investment activities shall be:

4.1 SAFETY. Safety of principal is the foremost objective of the investment program. Investments of the City of Ashland shall be undertaken in a manner that seeks to ensure the preservation of capital and the protection of principal in the overall portfolio. To attain this objective, **diversification** is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

4.2 LIQUIDITY. The City of Ashland's investment portfolio will remain sufficiently liquid to enable the City of Ashland to meet all operating requirements which might be reasonably anticipated.

4.3 RETURN ON INVESTMENTS. The City of Ashland's investment portfolio shall be designed with the objective of attaining a rate of return throughout budgetary and economic cycles, commensurate with the City of Ashland's investment risk constraints and the cash flow characteristics of the portfolio. The city may self-finance the Bancroft Debt in order to reduce the overall debt financing costs.

5.0 DELEGATION OF AUTHORITY. Authority to manage the City of Ashland's investment program are the City Recorder/Treasurer and Director of Finance who are designated as the investment officers of the city and are responsible for investment decisions and activities, under the review of Ashland City Council. The day to day administration of the cash management program is handled by the City Recorder/Treasurer or by, the Director of Finance and the Accounting Supervisor in the absence of the Treasurer.

Management responsibility for the investment program is hereby delegated to the City Recorder/Treasurer and Director of Finance, who shall establish written procedures for the operation of the investment program consistent with this investment policy and subject to review and adoption by City Council. Procedures should include reference to: safekeeping, PSA repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the City Recorder/Treasurer and Finance Director. The City Recorder/Treasurer and Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

6.0 ETHICS AND CONFLICTS OF INTEREST. Investment Officers involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Investment Officers shall disclose to the City Council any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City of Ashland, particularly with regard to the time of purchases and sales.

7.0 AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS. The investment officers shall maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the State of Oregon. Further, there should be in place, proof as to all the necessary credentials and licenses held by employees of the broker/dealers who will have contact with the City of Ashland as specified by but not necessarily limited to the National Association of Securities Dealers (NASD), Securities and Exchange Commission (SEC), etc. Additions or deletions to the list will be made at the discretion of the investment officers.

Securities broker/dealers not affiliated with a bank shall be required to have an office located in Oregon and be classified as reporting dealers affiliated with the Federal Reserve as primary dealers. These may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission rule 15C3-1 (uniform net capital rule). No public deposit shall be made except in a qualified public depository as established by state laws.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the investment officers with the firms most recent financial statements or Consolidated Report of condition ("call report") for review.

An annual review of the financial condition and registrations of qualified bidders will be conducted by the investment officers. A current audited financial statement is required to be on file for each financial institution and broker/dealer in which the city invests.

8.0 AUTHORIZED & SUITABLE INVESTMENTS. The City of Ashland is empowered by statute to

invest in the following types of securities.

1. U.S. Treasury Obligations (Bills, notes and bonds)
2. U.S. Government Agency Securities and Instrumentalities of Government Sponsored Corporations.
3. Bankers' Acceptances (BA's)
4. Certificates of Deposit (CD)
 - a. Commercial Banks which have a branch in Oregon
 - b. Savings & Loan Associations which have a branch in Oregon.
5. State & Local Government Securities
6. Commercial Paper (A1, AA,P1)
7. State of Oregon Investment Pool
8. Repurchase Transactions

In selecting authorized investments consideration will be given to credit ratings on commercial paper, bankers acceptances, and collateralization of applicable instruments. If repurchase agreements are authorized, a Master Repurchase Agreement must be signed with the bank or dealer.

Before the investment officers invests funds or sells securities prior to their maturity, competitive offers or bids will be sought from two institutions. The most favorable offer or bid will be awarded the transaction.

9.0 INVESTMENT POOLS. A thorough investigation of the pool/fund is required prior to investing, and on a continual basis. There shall be an annual review which will answer the following general questions:

1. A description of eligible investment securities, and a written statement of investment policy and objectives.
2. A description of interest calculations and how it is distributed, and how gains and losses are treated.
3. A description of how the securities are safeguarded (including the settlement processes), and how often are the securities priced and the program audited.
4. A description of who may invest in the program, how often, what size deposit and withdrawal.
5. A schedule for receiving statements and portfolio listings.
6. Are reserves, retained earnings, etc. utilized by the pool/fund?
7. A Fee schedule, and when and how is it assessed.
8. Is the pool/fund eligible for bond proceeds and/or will it accept such proceeds?

10.0 SAFEKEEPING AND COLLATERALIZATION. Purchased investment securities will be delivered by either Fed book entry, DTC, or physical delivery, and held in third party safekeeping with a designated custodian. The trust department of a bank may be designated as custodian for safekeeping securities purchased from that bank.

The purchase and sale of securities will be on a delivery versus payment basis. The custodian shall issue a safekeeping receipt to the City of Ashland listing the specific instrument, selling broker/dealer, issuer, coupon, maturity, CUSIP number, purchase or sale price, transaction date, and other pertinent information. Delivery versus payment will also be required for all repurchase transactions and with the collateral priced and limited in maturity in compliance with ORS 294.035 (11). Demand and time deposits shall be collateralized through the State collateral pool as required by statute for any excess over the amount insured by an agency of the U.S. government Repurchase agreement collateral will 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.

11.0 ACCOUNTING METHOD. The City of Ashland shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP). The accounting principles are those contained in the pronouncements of authoritative bodies including, but not necessarily limited to, the American Institute of Certified Public Accountants (AICPA); the Financial Accounting Standards Board (FASB); and the Government Accounting

Standards Board (GASB).

12.0 DIVERSIFICATION. The City will diversify its investments by security type and institution. With the exception of U.S. Treasury, Government Agency Securities and authorized pools, no more than 50% of the cities total investment portfolio will be invested in a single security type or with a single financial institution.

<u>Diversification by instrument</u>	<u>% of portfolio</u>
U.S. Treasury Obligations	100%
U.S. Government Agency Securities and Instrumentalities of Government Sponsored Corp.	100%
Bankers' Acceptances (BA's)	50%
Certificates of Deposit (CD)	35%
State & Local Government Securities	35%
Repurchase Transactions	25%
Commercial Paper (AA,A1,P1)	10%
State of Oregon Investment Pool Securities	100%

The investment officers will routinely monitor the contents of the portfolio comparing the holdings to the markets, relative values of competing instruments, changes in credit quality, and benchmarks. If there are advantageous transactions, the portfolio may be adjusted accordingly, but not to exceed % as stated.

13.0 MAXIMUM MATURITIES. To the extent possible, the city will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the city will not directly invest in securities maturing more than 18 months from the date of purchase. All investments with maturities in excess of one year shall pay interest at least annually.

1.	Under 30 days	10% minimum
2.	Under 90 days	25% minimum
3.	Under 270 days	50% minimum
4.	Under 1 year	75% minimum
5.	Under 18 months	80% minimum
6.	Under 3 years	100% minimum

14.0 INTERNAL CONTROL. The investment officers shall maintain a system of written internal controls which shall be reviewed and tested by the independent auditor at least annually or upon any extraordinary event, i.e., turnover of key personnel, the discovery of any inappropriate activity to assure compliance with policies and procedures.

15.0 PERFORMANCE STANDARDS. The investment portfolio shall be designed with the objective of obtaining a rate of return throughout budgetary and economic cycles, commensurate with the investment risk constraints and the cash flow needs.

The city's investment strategy is active. Given this strategy, the basis used by the investment officers to determine whether market yields are being achieved shall be the six-month U.S. Treasury Bill and the Oregon Local Government Investment Pool using the monthly net yield of both portfolio's as the yardstick..

16.0 REPORTING. The investment officers shall provide to City Council quarterly investment reports which

provide a clear picture of the status of the current investment portfolio. The report should include data on investment instruments being held, as well as any narrative necessary for clarification.

In addition, monthly reports shall be prepared with the following information:

1. A listing of individual securities held at the end of the reporting period by authorized investment category.
2. Average life and final maturity of all investments listed.
3. Coupon, discount or earnings rate.
4. Par value of each investment.
5. Percentage of the Portfolio represented by each investment category.

17.0 INVESTMENT POLICY ADOPTION. The City of Ashland's investment policy shall be formally adopted by resolution by the City Council. If investments exceeding a maturity of eighteen months are contemplated, further review and comment by the Oregon Short-Term Fund Board will be sought; and thereafter, this policy will be re-adopted annually even if there are no changes.

18.0 DEFINITIONS. It is the policy of the City of Ashland to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the entity and conforming to all state and local statutes governing the investment of public funds.

AGENCIES. Federal agency securities.

ASKED. The price at which securities are offered.

BANKERS' ACCEPTANCE (BA). A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BID. The price offered by a buyer of securities. (When you are selling securities, you ask for a bid.) See Offer.

BROKER. A broker brings buyers and sellers together for a commission.

CERTIFICATE OF DEPOSIT (CD). A time deposit with a specific maturity evidenced by a certificate. large-denomination CD's are typically negotiable.

COLLATERAL. Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COMMERCIAL PAPER. Short-term unsecured promissory note issued for a specified dollar amount with a maturity that can be tailored to meet an investor's needs. Notes have maximum maturities of 270 days, but the majority of CP is issued in the 30-50 day maturity range.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR). The official annual report for the City of Ashland. It includes five combined statement of each individual fund and account group prepared in conformity with GAAP. It also includes supporting schedules necessary to demonstrate compliance with finance related legal and contractual provisions, extensive introductory material, and a detailed Statistical Section.

COUPON.

- (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value.
- (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER. A dealer, as opposed to a broker, acts as principal in all transactions, buying and selling for his/her own

account.

DEBENTURE. A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT. There are two methods of delivery of securities: delivery versus payment and delivery versus receipt. Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DERIVATIVES. (1) Financial instruments whose return profile is linked to, or derived from, the movement of one or more underlying index or security, and may include index or security, and may include a leveraging factor, or (2) Financial contracts based upon nominal amounts whose value is derived from an underlying index or security (interest rates, foreign exchange rate, equities or commodities).

DISCOUNT. The difference between the cost price of a security and its maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES. Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g. U.S. Treasury Bills.

DIVERSIFICATION. Dividing investment funds among a variety of securities offering independent returns.

FEDERAL CREDIT AGENCIES. Agencies of the Federal Government set up to supply credit to various classes of institutions and individuals, e.g. S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC). A federal agency that insures bank deposits, currently up to \$100,000 per deposit.

FEDERAL FUNDS RATE. The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB). Government sponsored wholesale banks (currently 12 regional banks) which lend funds and provide correspondent banking services to member commercial banks, thrift institutions, credit unions and insurance companies. The mission of the FHLBs is to liquefy the housing related assets of its members who must purchase stock in their district bank.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA). FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing and Urban Development (HUD). It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. the corporation's purchases include a variety of adjustable mortgages and second loans, in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC). Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member, while the other Presidents serve on a rotating basis. The committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM. The central bank of the United States created by Congress and consisting of a seven member Board of Governors in Washington D.C., 12 regional banks and about 5,700 commercial banks that

are members of the system.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae). Securities influencing the volume of bank credit guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations, and other institutions. Security holder is protected by full faith and credit of the U.S. Government. Ginnie Mae securities are backed by the FHA, VA or FMHM mortgages. The term "pass throughs" is often used to describe Ginnie Maes.

LIQUIDITY. A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP). The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE. The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT. A written contract covering all future transactions between the parties to repurchase--reverse repurchase agreements that establishes each party's rights in the transactions. A master agreement will often specify, among other things, the right of the buyer-lender to liquidate the underlying securities in the event of default by the seller-borrower.

MATURITY. The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET. The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

OFFER. The price asked by a seller of securities. (When you are buying securities, you ask for an offer.) See Asked and Bid.

OPEN MARKET OPERATIONS. Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PORTFOLIO. Collection of securities held by an investor.

PRIMARY DEALER. A group of government securities dealers who submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange Commission (SEC)-registered securities broker-dealers, banks and a few unregulated firms.

PRUDENT PERSON RULE. An investment standard. In Oregon the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the custody state--the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES. A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has

been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN. The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond the current income return.

REPURCHASE AGREEMENT (RP or REPO). A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date. The security "buyer" in effect lends the "seller" money for the period of the agreement, and the terms of the agreement are structured to compensate him/her for this. Dealers use RP extensively to finance their positions. Exception: When the Fed is said to be doing RP, it is lending money, that is, increasing bank reserves.

SAFEKEEPING. A service to customers rendered by banks for a fee whereby securities and valuable of all types and descriptions are held in the bank's vaults for protection.

SECONDARY MARKET. A market made for the purchase and sale of outstanding issues following the initial distribution.

SECURITIES & EXCHANGE COMMISSION. Agency created by Congress to protect investors in securities transactions by administering securities legislation.

SEC RULE 15C3-1. See Uniform Net Capital Rule.

STRUCTURED NOTES. Notes issued by Government Sponsored Enterprises (FHLB, FNMA, SLMA, etc.) and Corporations which have imbedded options (e.g., call features, step-up coupons, floating rate coupons, derivative-based returns) into their debt structure. Their market performance is impacted by the fluctuation of interest rates, the volatility of the imbedded options and shifts in the shape of the yield curve.

TREASURY BILLS. A non-interest bearing discount security issued by the U.S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BONDS. Long-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities of more than 10 years.

TREASURY NOTES. Medium-term coupon-bearing U.S. Treasury securities issued as direct obligations of the U.S. Government and having initial maturities from two to 10 years.

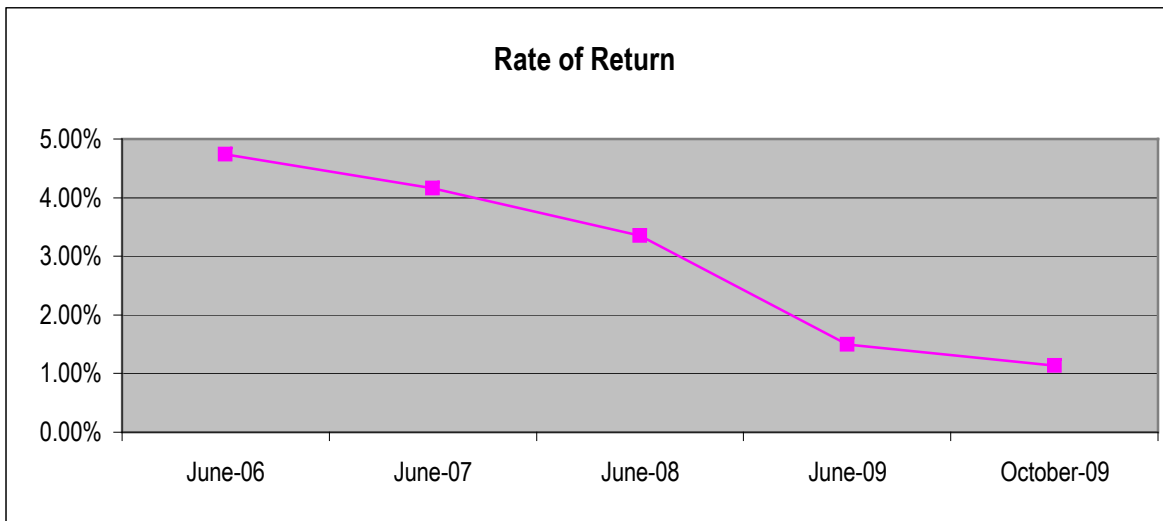
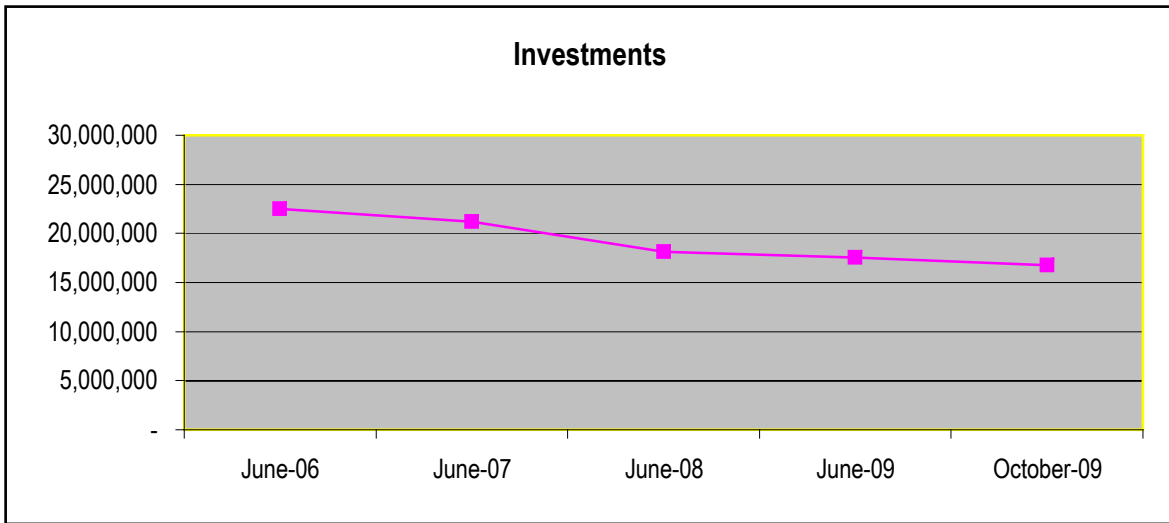
UNIFORM NET CAPITAL RULE. Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a ratio of indebtedness to liquid capital of 15 to 1; also called **net capital rule** and **net capital ratio**. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD. The rate of annual income return on an investment, expressed as a percentage.

- (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security.
- (b) **NET YIELD or YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.

City of Ashland
5-Year Portfolio History
Investment/Rate of Return

Period Ending	Earnings Rate	Portfolio Balance
June-06	4.7434%	\$22,492,756.68
June-07	4.1600%	\$21,170,307.64
June-08	3.3500%	\$18,158,053.24
June-09	1.4975%	\$17,555,988.67
October-09	1.1316%	\$16,774,445.71



City Investment Officer
Barbara Christensen
City Recorder/Treasurer

City of Ashland Investment Portfolio as of October 31, 2009										Bond yields																				Next Interest Payment	Days Until Interest Paid
Maturity Date	Identifier	Type of Investments	Bank	Next Interest Date	Purchase Date	Maturity Date	Days left 10/31/09	Rate	WELLS BANK	BofA BANK	US BANK	KEY BANK	OTHER	LGIP	Investment Cost	Daily Rate 360 Days	Footnotes	less < 31	<90 and>31	<270 and>91	<360 and>271	<540 and>361	<1080 and>541	0.00							
Identifier	5373	Local Gov't Pool				10/31/09	0	0.075%						7,312,222.32	7,312,222.32		15.23														

11/2/09	FHLN	Wells	11/2/09	12/15/08	11/2/09	2	0.073%	993,738.89							993,738.89	2.02		993,738.89	2.02	0.00	0.00	0.00	0.00	993,738.89						
11/2/09	CD	Umpqua	9/2/09	5/2/09	11/2/09	2	2.000%				500,000.00				500,000.00	27.78														
11/3/09	FFCB	Wells	5/3/09	10/28/08	11/3/09	3	3.050%	1,000,000.00							1,000,000.00	84.72		1,000,000.00	84.72	0.00	0.00	0.00	0.00	1,000,000.00						
12/15/09	CD	BoFA	12/15/09	12/15/08	12/15/09	45	3.010%				500,000.00				500,000.00	41.81														
5/12/10	CD	KeyBank	5/12/10	8/14/09	5/12/10	193	0.086%				0.00		500,000.00		500,000.00	1.19														
5/11/10	FHLN	Wells	11/11/09	5/11/09	5/11/10	192	0.065%	500,000.00							500,000.00	0.90		0.00	0.90	0.00	0.00	0.00	0.00	0.00						
8/23/10	CD	Umpqua	1/23/10	7/23/09	8/23/10	296	2.500%					500,000.00			500,000.00	34.72														
8/13/10	CD	Umpqua	8/13/10	8/13/09	8/13/10	286	1.610%					500,000.00			500,000.00	22.36														
8/13/10	CD	BoFA	8/13/10	8/13/09	8/13/10	286	1.000%				500,000.00		0.00		500,000.00	13.89														
12/10/10	FICO	Wells	3/10/09	9/16/09	12/10/10	405	0.070%	934,984.50							934,984.50	1.82		0.00	1.82	0.00	0.00	0.00	0.00	0.00						
3/3/11	FFCB	Wells	3/3/10	9/15/09	3/3/11	488	0.700%	1,033,500.00							1,033,500.00	20.10		0.00	20.10	0.00	0.00	0.00	0.00	0.00						
3/23/11	FFCB	Wells	12/23/09	9/30/09	3/23/11	508	0.840%	1,000,000.00							1,000,000.00	23.33		0.00	23.33	0.00	0.00	0.00	0.00	0.00						
4/28/11	FFCN	Wells	1/28/10	10/28/09	4/28/11	544	0.820%	1,000,000.00							1,000,000.00	22.78		0.00	22.78	0.00	0.00	0.00	0.00	0.00						
	Totals							6,462,223.39	1,000,000.00		0.00	500,000.00	1,500,000.00	7,312,222.32	9,462,223.39	297.42	0.00	1,993,738.89	155.67	0.00	0.00	0.00	0.00	1,993,738.89	0.00					
														Cross foot	16,774,445.71		1.1316%	Combined rate	50.00%	0.00%	0.00%	0.00%	0.00%	0.00%						
															7,312,222.32		0.0750%	Pool												
																	1.0566%	Difference												
																	4.7249%	Portfolio excluding Pool												
																	99.973.91	Annual (Loss)/Gain												

Diversification by Financial Institution

	Amount	Actual %	Policy %	
Bank of America	1,000,000.00	6%	50%	
Wells Fargo	6,462,223.39	39%	50%	
US Bank	0.00	0%	50%	
Key Bank	500,000.00	3%	50%	
Other	1,500,000.00	9%	50%	
Local Gov't Invest	7,312,222.32	44%	100%	NOTE: Aggregate balance limitation for pool: \$35,645,902.00
	16,774,445.71	100%		

Diversification by Instrument

	Amount	Actual %	Policy %	Per G. L.	Variance
Treasury Obligati	0.00	0%	100%	0.00	
US Agency's	6,462,223.39	39%	100%	9,462,223.39	
Bankers Accepta	0.00	0%	50%		0.00
Certificates	3,000,000.00	18%	35%		3,000,000.00
State and Local Gov't Ob		0%	35%		0.00
Repurcahse Agreements		0%	25%		0.00
Comm Paper		0%	10%		0.00
LGIP	7,312,222.32	44%	100%	7,312,222.32	0.00
	16,774,445.71	100.00%		16,774,445.71	3,000,000.00
Amount					

Investment Maturities

	Amount	Actual %	Policy %
Under 30 days	1,993,738.89	12%	1/0/00
Under 90 days	1,993,894.56	12%	1/0/00
Under 270 days	1,993,894.56	12%	1/0/00
Under 1 Year	1,993,894.56	12%	1/0/00
Under 18 Months	1,993,894.56	12%	1/0/00
Under 3 Years	3,987,633.45	24%	1/1/00