

Date: February 23, 2022

To: Board of Directors

From: Sam Desue, Jr.

Subject: RESOLUTION NO. 22-02-04 OF THE TRI-COUNTY METROPOLITAN TRANSPORTATION DISTRICT OF OREGON (TRIMET) ADOPTING A REVISED INVESTMENT POLICY

1. **Purpose of Item**

This Resolution requests that the TriMet Board of Directors (Board) approve a revised Investment Policy.

2. **Type of Agenda Item**

- Initial Contract
- Contract Modification
- Other: Revised Investment Policy

3. **Reason for Board Action**

The current Investment Policy (Policy), approved by the Board in September 2020, states that the Board will review the Policy on an annual basis, as required by State law. This review is required because the Board has ultimate responsibility and authority for the investment of District funds. The Policy establishes the rules and guidelines under which TriMet’s funds can be invested and establishes a framework for accountability, oversight and reporting with respect to District investments.

4. **Type of Action**

- Resolution
- Ordinance 1st Reading
- Ordinance 2nd Reading
- Other _____

5. **Background**

TriMet’s Investment Policy is updated on an annual basis by Finance & Administrative Services. Where the Policy notes significant changes from one year to the next, the Investment Policy is submitted to the Oregon Short Term Fund (OSTF) Board, part of the Oregon State Treasurer’s office for review and approval. Policy changes with this update were not substantial enough to require OSTF review. This Resolution amends and replaces TriMet’s existing Policy adopted by Resolution 20-09-37 in September 2020.

The current Policy is found at: [TriMet-Investment-Policy.pdf](#), and a copy of the revised and updated Policy is found at Exhibit A, attached to this Resolution.

Investment of public funds is controlled by Oregon statute, primarily Oregon Revised Statutes (ORS) Chapter 294. The Oregon Short Term Fund (OSTF) Board provides guidance

and makes recommendations to public entities within the state with respect to their investment policies, with a focus on compliance with Oregon statute and “best practices” with respect to the investment of public funds.

The 2022 updated Policy includes revisions to align with Oregon Short Term Fund Board best practices for investment policies for local governments. Following summarizes the changes to the Policy:

- 1) Section 7.2 Suitable Investments and Cash Management Tools includes clarifying language on Corporate Indebtedness – Commercial Paper. Revision to the Standard & Poor’s rating to A-1 from A-1+. An obligor rated A-1 has strong capacity to meet its financial commitments. Within this category, certain obligors are designated with a plus sign (+). This indicates that the obligor’s capacity to meet its financial commitments is extremely strong. OSTF recommends A-1, which is also consistent with other local governments’ investment policies. Additional language revisions in this section provide consistency with recommended best practices.
- 2) Section 8.1.4 Investment Parameters – Exposure Constraints. For Commercial Paper & Corporate Bonds, increasing the total percentage of the portfolio from 25% to 35%. Given the current interest rate environment, commercial paper has experienced favorable rates over Treasuries. Increasing the total percentage is within OSTF guidelines.
- 3) Section 8.3.3 Investment Maturity – increasing the maximum weighted maturity of the portfolio from 2.0 years to 2.5 years. With the current interest rate environment, long-term investments can carry more favorable rates. Increasing to 2.5 years, allows for more flexibility in investment maturities in the portfolio while seeking to maximize earnings.

6. **Financial/Budget Impact**

There is no financial impact to adopting TriMet’s Investment Policy.

7. **Impact if Not Approved**

If the updates and revisions to TriMet’s Investment Policy are not adopted, TriMet will continue to follow the existing Investment Policy, but will be out of compliance with our own guidelines to update the Policy annually.

RESOLUTION NO. 22-02-04

**RESOLUTION NO. 22-02-04 OF THE TRI-COUNTY METROPOLITAN
TRANSPORTATION DISTRICT OF OREGON (TRIMET) ADOPTING A
REVISED INVESTMENT POLICY**

WHEREAS, the TriMet Board of Directors (Board) originally approved a Working Capital Investment Policy and Guidelines (Policy) on May 25, 1988, approved a revised Investment Policy on July 26, 1995, which was updated by the Finance and Audit Committee in October 2003 and has been revised and approved by the Board on an annual basis thereafter; and

WHEREAS, the Policy is periodically amended as financial and statutory requirements change;

NOW, THEREFORE, BE IT RESOLVED:

1. That the TriMet Investment Policy is amended and adopted as set forth in the attached and incorporated Exhibit A.

Dated: February 23, 2022

Presiding Officer

Attest:

Recording Secretary

Approved as to Legal Sufficiency:

Gregory E. Skillman

Legal Department