


**Date:** March 27, 2024

**To:** Board of Directors

**From:** Sam Desue, Jr. 

**Subject:** **RESOLUTION NO. 24-03-15 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 March 2023, states that the Board will review the Policy on an annual basis, as required by State law. 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 1<sup>st</sup> Reading
- Ordinance 2<sup>nd</sup> Reading
- Other \_\_\_\_\_

5. **Background**

Investment of public funds is controlled by Oregon statute, primarily Oregon Revised Statutes (ORS) Chapter 294. As required by that statute, TriMet’s Policy is reviewed on an annual basis by the Finance & Administrative Services Division. Ordinarily, if the Policy incorporates significant changes from one year to the next, it is submitted to the Oregon Short Term Fund (OSTF) Board, part of the Oregon State Treasurer’s office, for review and approval. However, the updates in this Policy revision are not substantial enough to require OSTF review.

Adoption of this Resolution will amend and replace TriMet’s existing Policy, adopted by Resolution No. 23-03-10, in March 2023. The existing Policy is found at: [TriMet-Investment-Policy.pdf](#). A copy of the proposed, revised Policy is attached hereto as Exhibit A, pp. 1-18, and a copy of the proposed Policy showing redlined changes is attached hereto as Exhibit B, pp. 1-19.

Changes to the current Policy are further explained in the attached Exhibit C, pp. 1-3, and are summarized below:

- 1) **Section 6.0, SAFEKEEPING, CUSTODY AND AUTHORIZED DEALERS.** Subsection 6.3, p 7, Authorized Financial Dealers, includes revised language requiring the District to maintain a list of broker/dealers who are approved to transact with the District for investment purposes. This provision will allow Finance and Administrative Services staff to work with more than just the current maximum number of four broker/dealers to design, build and maintain a robust and prudent strategic cash management program.
- 2) **Section 7.0, AUTHORIZED AND SUITABLE INVESTMENTS.** In Subsection 7.2, p 9, Suitable Investments and Cash Management Tools – U.S. Agency Obligations and Instrumentalities. Clarifying language is included to provide examples of U.S. Government Sponsored Enterprises (GSE), explaining that Federal Home Loan Bank (FHLB), Fannie Mae, Freddie Mac, Federal Farm Credit Bank (FFCB), Tennessee Valley Authority, are among the GSEs in which the District may invest.
- 3) **Section 7.0, AUTHORIZED AND SUITABLE INVESTMENTS.** In Subsection 7.2, p 9, Suitable Investments and Cash Management Tools – Corporate Indebtedness – Corporate Bonds. Updated language from “or” to “and” to indicate ratings are required by both rating agencies, Moody’s and Standard & Poor’s, and not just one or the other.
- 4) **Section 7.0, AUTHORIZED AND SUITABLE INVESTMENTS.** In Subsection 7.2, p 10, Suitable Investments and Cash Management Tools – Municipal Debt Obligations. Updated language from “or” to “and” to indicate ratings are required by both rating agencies, Moody’s and Standard & Poor’s, and not just one or the other.
- 5) **Section 7.0, AUTHORIZED AND SUITABLE INVESTMENTS.** In Subsection 7.3, p 11, Prohibited Investments, paragraph 7.3.4 is new to indicate cryptocurrencies, non-fungible tokens (NFT) or other new or volatile investment type are strictly prohibited.
- 6) **Section 8.0, INVESTMENT PARAMETERS.** In Subsection 8.1, p 12, Credit Risk, paragraph 8.4.1, Exposure Constraints table is revised to indicate the per issuer constraint for U.S. Treasury Obligations as not applicable, “N/A” and to increase the per issuer constraint in U.S. Agency Obligations from 33% to 35% to allow for slightly greater investing capacity by issuer for U.S. Agencies.
- 7) **Section 8.0, INVESTMENT PARAMETERS.** In Subsection 8.3, p 12, Investment Maturity, paragraph 8.3.1 includes clarifying language to indicate the “settlement” date. Investment maturities are measured from the settlement date, which is the date when TriMet takes ownership of the purchased security.
- 8) **Section 9.0, REPORTING REQUIREMENTS.** In Subsection 9.2, p 14, Performance Standards, paragraph 9.2.1 includes language to indicate how we will measure or benchmark the performance of the portfolio. Revised language states the performance of “the portfolio will be compared to the performance of investments such as: Oregon Local Government Investment Pool Rate, Treasury Bill Rates, Rates earned on Certificates of Deposit.” Benchmarking helps ensure TriMet is recognizing an appropriate return on

investments. Where investment returns deviate from established benchmarks, staff will review investments and reallocate holdings.

6. **Financial/Budget Impact**

There is no financial impact to adopting the revised Policy, but the revisions are intended to improve TriMet's ability to efficiently manage its investments.

7. **Impact if Not Approved**

If the revisions to the 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.

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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, and approved a revised Investment Policy on July 26, 1995; and

**WHEREAS**, Oregon law requires the Board to review the Policy on an annual basis and periodically amend it as financial and statutory requirements change; and

**WHEREAS**, the Investment Policy 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 Board most recently revised the Policy on March 22, 2023, through Resolution No. 23-03-10; and

**WHEREAS**, the Board wishes to revise the current Policy consistent with the attached Exhibit A;

**NOW, THEREFORE, BE IT RESOLVED:**

That the revised TriMet Investment Policy is hereby adopted as set forth in the attached Exhibit A.

Dated: March 27, 2024

  
Presiding Officer

Attest:

  
Recording Secretary

Approved as to Legal Sufficiency:

  
Legal Department